

June 17, 2003

Stephen Paglia
Senior Policy Analyst
Joint Forum Project Office
Joint Forum of Financial Market Regulators
5160 Yonge Street, 17th Floor, Box 85
North York, ON M2N 6L9

Re: Joint Forum Practice Standards Project - Stakeholder Consultation

Dear Mr. Paglia:

On behalf of Atlantic Blue Cross Care and our President, Pierre-Yves Julien, I am pleased to provide a qualified expression of support for recommendations the Joint Forum has developed. We view the move toward regulation of our industry that is consistent across provincial boundaries as a positive step forward. On the whole we are quite supportive of the intent and the scope of the principles and practices described in your document. There are a few areas I would like to specifically address:

1. Your document describes a preference for voluntary regulation and acknowledges potential problems with enforcement. I have a concern about the same points. We recognize that most insurers and intermediaries will have no problem adhering to the principles and practices being proposed. I also have no doubt that the vast majority of industry practitioners currently meet or exceed what is being proposed. The reliance upon industry associations to self-enforce will only have an impact on individuals and organizations that see a need to maintain their memberships in these associations in good standing. I suspect that most of the likely offenders do not currently have such memberships. In that light, there is little incentive for them to improve their professionalism and they face little, if any consequences for failing to do so. While we support the document in general, we see this area as requiring more work, in order to be effective.

2. We would support a requirement for an intermediary to have appropriate Errors and Omissions (E&O) coverage as a mandatory condition for licensing in all provinces. This suggestion is stronger than your principles and practices recommendations. The majority of responsible insurance agents and brokers would most likely voluntarily have this coverage in place. However, I suspect those who are most likely to need E&O will opt to save the money and take their chances in the absence of regulatory requirements. It is my understanding that E&O coverage is becoming increasingly more difficult to obtain and more expensive. This may encourage the less responsible agent or broker to forego coverage, unless required by his/her licensing authority.

3. We are pleased to see the issue of compensation disclosure addressed. We support disclosure by an intermediary of the type of compensation he/she receives and believe that disclosure is essential for a client to clearly understand the options presented to him by the intermediary. We would suggest that in order to avoid potential conflicts of interest, the intermediary should be required to disclose **differences** in compensation level on a product by product basis, when products of a similar nature (i.e. Term 10 Life insurance) are presented for a client's consideration. Without this knowledge, it is difficult (at best) for a client to evaluate the objectivity of the intermediary.

Thank you for the opportunity to comment on your document and if you have any questions or concerns regarding this response or any other issues of interest please contact me at any time.

Sincerely,

Stephen Stewart
Vice President, Sales