

## Insurance Brokers Welcome Continuation of Consumer Protections in Budget Bill

*Bill C-74 further enshrines restrictions on bank business powers*

**April 19, 2018** – The Insurance Brokers Association of Canada (IBAC) welcomes the continuation of consumer protection provisions in the recently-introduced Budget Implementation Bill. Among other things, Bill C-74 includes proposed amendments to the Bank Act that give greater flexibility for financial institutions to undertake fintech activities. IBAC is pleased that these changes specifically maintain the banks' existing restrictions on business powers. As the government develops regulations for fintech, it will be important to ensure that the historical separation between banking and insurance continues to be preserved.

"IBAC and its members across Canada are happy to see that the government has followed through on its pre-budget commitment," said Peter Braid, IBAC CEO. "It is encouraging to see that this bill reinforces the prohibitions on banks entering the insurance space. However, as the government now moves to develop regulations, it will be important to guard against unintended consequences. We must ensure that banks are not allowed to do through the back door what they're prohibited from doing through the front door with regards to retailing or making referrals in the insurance marketplace."

IBAC supports measures to modernize the federal financial sector framework through technology and innovation. Brokers believe that this goes hand-in-hand with additional budget proposals to enhance consumer protection in dealings with banks. For insurance brokers, the principle of protecting consumers is paramount. That is why insurance ought not to be sold to consumers at the point of granting credit. This position has been upheld by successive governments and further expanded to include the online environment. Bill C-74 explicitly states that new provisions in the area of fintech will continue to be subject to the banks' traditional restrictions on business powers in insurance.

"We applaud the government for reaffirming the consumer protection policies and bank regulations that have made our financial system the envy of the world," continued Braid. "As financial sector players continue to innovate and bring new products to consumers, it will become more important than ever to ensure that our regulations continue to be effectively applied and enforced. We look forward to this bill's eventual passage into law, and to continuing to work with the government to create a consumer focused regulatory regime."

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*Representing over 38,000 insurance brokers across Canada, the Insurance Brokers Association of Canada (IBAC) is the national voice of P&C (Property and Casualty) insurance brokers and an advocate for insurance consumers. IBAC represents the interests of both insurance brokers and their customers to the Government of Canada.*