1. (3 points)

   a. (1 point)

      Briefly describe four ways that Canadian insurance regulation promotes solvency.

   b. (1 point)

      Describe two reasons the insurance industry was singled out for public oversight of solvency.

   c. (1 point)

      Compare and contrast the oversight responsibilities of the Canadian federal and provincial insurance regulators.

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SAMPLE ANSWERS AND EXAMINER'S REPORT

QUESTION *1*	
TOTAL POINT VALUE: *3*	**LEARNING OBJECTIVE: *A1***
SAMPLE ANSWERS	
Part a: *1* point(s)	
- Restrict the licensing and creation of foreign and domestic insurers - Mandate periodic filings of financial information of insurers - Create a government office for compliance - Restrict type of investments insurers can make	
Part b: *1* point(s)	
- There were a large number of bankruptcies of insurers and this lead to concerns that policyholders wouldn't have their obligation paid for - Short term price competition wasn't in public's long-term interest, because they wanted to make sure obligations would be paid for	
Part c: *1* point(s)	
Federal **-**mainly responsible for solvency issues of insurers. Do this by making sure insurers meet conditions for engaging in insurance business, protect policyholder interest Provincial **-**responsible for market conduct, approving premium rates, reviewing sales practices and claims settlement practices and licensing of agents/brokers	
EXAMINER'S REPORT	
Candidates generally performed very well on this question.	
Part a	
candidates generally scored very well listing a wide-range of ways that the federal government uses to promote solvency	
Part b	
candidates did good job at identifying the reasons but lost points for not able to fully explaining the implications.	
Part c	
candidates generally scored very well.	