

**EXAM 6 – CANADA, SPRING 2015**

2. (1.5 points)

a. (0.5 point)

Briefly describe the two mandates of the Canadian Council of Insurance Regulators.

b. (1 point)

Describe two significant implications of the Dodd-Frank Wall Street Reform and Consumer Protection Act on the insurance industry in the United States.

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**EXAM 6C SPRING 2015 SAMPLE ANSWERS AND EXAMINER'S REPORT**

<b>QUESTION 2</b>	
<b>TOTAL POINT VALUE: 1.50</b>	<b>LEARNING OBJECTIVE: A1</b>
<b>SAMPLE ANSWERS (BY PART, AS APPLICABLE)</b>	
<b>Part a: 0.50 point</b>	
Candidate needed to provide an element from each axis to receive full credit.	
<ul style="list-style-type: none"> <li>1) Legislation axis <ul style="list-style-type: none"> <li>a. Drafting legislation</li> <li>b. To ensure adequacy of provincial regulation</li> <li>c. Promote consistency of insurance regulation among provinces</li> <li>d. improve efficiency of canadian insurance regulation</li> <li>e. discuss matters related to insurance regulation</li> <li>f. Review legislations or Study proposed legislation</li> </ul> </li> <li>2) Practices axis <ul style="list-style-type: none"> <li>a. Encourages uniform practices in the industry (such as common industry wide rules, teaching and testing materials for licensing of insurance agents)</li> <li>b. Provide education</li> <li>c. Consumer Protection</li> <li>d. Promote transparency to the public</li> <li>e. Fair treatment of policyholders</li> <li>f. Provide the public with information about their insurance policies</li> </ul> </li> </ul>	
<b>Part b: 1.00 point</b>	
Any two of the following received full credit:	
<ul style="list-style-type: none"> <li>a. Establishes the Federal Insurance Office charged with studying and collecting information on the insurance industry and the rate insurance regulatory system, and drafting a proposed federal insurance regulatory framework</li> <li>b. Establishes the Financial Stability Oversight Council which monitors the financial services markets, including the insurance industry, to identify potential risks to the financial stability of the United States</li> <li>c. Financial Stability Oversight Council (FSOC) is authorized to require a state insurance regulator to either apply new or heightened financial standards on insurance companies, or explain to the FSOC in writing why the regulator chose not to apply such standards</li> <li>d. FSOC may declare that a nonbank financial company, including an insurance company under certain circumstances – poses a systematic risk such that it is subject to supervision by the US Federal Reserve System</li> <li>e. Requires single-state regulation of surplus lines insurance placements and requires all states to apply uniform eligibility criteria for surplus lines insurers</li> <li>f. Mandates certain requirements for reinsurance credits and generally preempts non-domiciliary state laws to insurers with respect to certain reinsurance issues.</li> </ul>	

## EXAM 6C SPRING 2015 SAMPLE ANSWERS AND EXAMINER'S REPORT

EXAMINER'S REPORT (BY PART, AS APPLICABLE)
Candidates generally performed well on this question. For part a, most candidates received partial credit, but few received full credit.
<b>Part a</b>
<p>The expectations were that the candidate should at least be able to discuss one element of the “legislation axis” part of the CCIR mandate.</p> <p>Most candidates that didn’t get full marks either mentioned that CCIR mandate was to write the P&amp;C 1 instructions or solvency. As CCIR is a committee of insurance legislators, some candidates confused the mandate of the CCIR with the mandate of its members and OSFI. Also no credits were awarded for just stating “solvency” or “federal or provincial regulations”. So no mark for anything specifically related to P&amp;C 1, the mandate is larger than just that.</p> <p>The other part we were looking for was “uniform practices”. We gave credits to candidates that provided answers along this line.</p> <p>Providing an element from both the legislation axis and the practices axis yielded full marks.</p> <p>We didn’t give additional credit to candidates that repeated a legislation element or a practices element, i.e Draft legislation. More uniform legislation across provinces would yield only partial credits.</p>
<b>Part b</b>
Most candidates knew at least two of the consequences. A common mistake was to say that federal legislation of insurance was ultra vires.