

EXAM 6 – CANADA, FALL 2015

2. (1.75 points)

a. (1 point)

Briefly describe four aspects related to the financial soundness of an insurance company with which the federal legislation is particularly concerned.

b. (0.75 point)

Fully discuss the outcome of the case “The Attorney-General for Canada v. The Attorney General for Alberta” with respect to how a provincially incorporated insurer can carry on business in a different province.

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EXAM 6-CANADA SAMPLE ANSWERS AND EXAMINER'S REPORT

QUESTION 2	
TOTAL POINT VALUE: 1.75	LEARNING OBJECTIVE: A1, A3
SAMPLE ANSWERS	
Part a: 1 point	
<ul style="list-style-type: none"> • Conditions that insurance companies are required to meet in order to enter the insurance industry/Conditions that must be satisfied to enter business in Canada/Licensing of foreign companies and condition of admission in the market/Requirements for a new insurer to enter the market • Restrictions on the type of investments that the insurance companies can make/Control over investment and calculation of assets. • Filing of financial information/Financial reporting at regular intervals/Periodic report on the financial condition of the insurer • Other matters that can protect the interest of the policyholders/Protection of interest of policyholder/Protect policyholders' best interest outside of the insurance contract. 	
Part b: 0.75 point	
<p>An insurer incorporated in one province was doing business in a different province. The Federal government believes this to fall under their jurisdiction of Trade. However, the Provincial government believed that insurance contracts did not count as trade. The Privy Council took the side of the province and ruled this ultra vires with respect to the Federal government.</p>	
EXAMINER'S REPORT	
Part a	
<p>Only a small number of candidates got full marks. Students seemed to understand the question but couldn't name the four aspects. A common pitfall was to have 2 responses that were the same answer but reworded so only partial credit was given.</p>	
Part b	
<p>Overall candidates did very well and about half got full marks. The question was not challenging and for the most part when students didn't get full marks they had a good understanding but the response was too brief for full marks.</p> <ul style="list-style-type: none"> • The case was based on the federal government believing that provincial insurers had to be federally licensed to operate in a province outside where it is incorporated. • The Supreme Court ruled this not to be true. It was ultra vires since it is not in the federal power to license in province. • A provincially incorporated company can operate in another province as long as that province has granted permission for the company to do so. 	