

**EXAM 6 – CANADA, FALL 2016**

1. (1.25 points)

a. (0.25 point)

Identify the main objective of the Office of Superintendent of Financial Institutions.

b. (1 point)

Identify four matters targeted by provincial insurance regulation.

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**EXAM 6C FALL 2016 SAMPLE ANSWERS AND EXAMINER'S REPORT**

<b>QUESTION 1</b>	
<b>TOTAL POINT VALUE: 1.25</b>	<b>LEARNING OBJECTIVE(S): A1</b>
<b>SAMPLE ANSWERS</b>	
<b>Part a:</b> 0.25 point	
<p>Any of the following:</p> <ul style="list-style-type: none"> <li>• Regulate and ensure the financial health of the federally regulated financial institutions in Canada by playing an active role in solvency monitoring and intervention measures where necessary</li> <li>• Regulate the financial safety &amp; soundness of federally regulated institutions.</li> <li>• Monitor and promote solvency of insurer</li> </ul>	
<b>Part b:</b> 1 point	
<p>Any four of the following:</p> <ul style="list-style-type: none"> <li>• Incorporation of insurance companies with provincial objectives</li> <li>• Private or local matters of province</li> <li>• Rate regulation</li> <li>• Mandatory coverages</li> <li>• Claims handling practices / claims settlement</li> <li>• Licensing of agents</li> <li>• Market conduct</li> <li>• Unfair / sales practices</li> <li>• Premium payments</li> <li>• Duty to disclose</li> <li>• Insurable interest</li> <li>• Designation of Beneficiary</li> <li>• Reinstatement</li> <li>• Incontestability</li> <li>• Policy details / terms and conditions of contract</li> <li>• Facility associations and Risk Sharing Pools (Residual Markets)</li> <li>• Solvency of provincially incorporated insurers</li> <li>• Protect consumers' interest / policyholder interest</li> <li>• Policyholders dispute with insurers</li> </ul>	
<b>EXAMINER'S REPORT</b>	
<p>Candidates were expected to demonstrate understanding of the objectives of federal insurance company regulation vs provincial company regulation.</p>	
<b>Part a</b>	
<p>Candidates were expected to state that OSFI's objective is for insurers to meet their obligations to policyholders (safety &amp; soundness / solvency).</p> <p>A common mistake was related to answers that were too vague (e.g. "protect policyholders").</p>	

## EXAM 6C FALL 2016 SAMPLE ANSWERS AND EXAMINER'S REPORT

### **Part b**

Candidates were expected to identify any four provincial regulation matters from either the KPMG PACICC or MacDonald papers.

Some candidates approached the question by identifying four separate contract matters, while others identified contract matters as one of four overarching matters. Both approaches were credited.

A common mistake was for candidates to list "contract matters" as well as specific contract matters (such as "designation of beneficiaries") in the same list of four items. The "contract matters" item was not awarded points in this case due to overlap.