

EXAM 6 – CANADA, SPRING 2017

1. (2.75 points)

a. (1 point)

Identify four matters that are *intra vires* of the federal Parliament.

b. (0.5 point)

Briefly describe two areas that the federal legislation is concerned with regarding the financial soundness of an insurance company.

c. (1.25 points)

Identify whether each of the following is *intra vires* of provincial legislation.

- i. Reinstatement premium rate
- ii. Premium payment schedule
- iii. Brokerage fees
- iv. Rating methodology
- v. Claims handling process

CONTINUED ON NEXT PAGE

EXAM 6C SPRING 2017 SAMPLE ANSWERS AND EXAMINER'S REPORT

QUESTION 1	
TOTAL POINT VALUE: 2.75	LEARNING OBJECTIVE(S): A1
SAMPLE ANSWERS	
Part a: 1 point	
<p>Any four of the following:</p> <ul style="list-style-type: none"> • regulation of trade and commerce • raising money by taxation • banking • bankruptcy and insolvency • naturalization and aliens • criminal law • peace, order and good of government 	
Part b: 0.5 point	
<p>Any two of the following:</p> <ul style="list-style-type: none"> • conditions that must be satisfied for a company to enter into the business of insurance • reports relating to the financial condition of the company that must be submitted at regular intervals • control over the investments, calculation of asset values and policy reserves • protecting the interests of policyholders in areas other than those related to the control of insurance 	
Part c: 1.25 points	
<p><u>Sample 1</u> All 5 items are intra vires of provincial legislation</p> <p><u>Sample 2</u> i. yes ii. yes iii. yes iv. yes v. yes</p>	
EXAMINER'S REPORT	
<p>Candidates were expected to differentiate between federal and provincial responsibilities when it comes to legislation and insurance regulation.</p>	
Part a	
<p>Candidates were expected to list four items intra vires of the federal Parliament.</p> <p>A common error was not listing enough items, or providing vague answers like "make law". In particular, "criminal law" was infrequently provided as an answer.</p>	

EXAM 6C SPRING 2017 SAMPLE ANSWERS AND EXAMINER'S REPORT

Part b

Candidates were expected to understand areas of federal legislation concerns with regard to insurance company financial soundness.

A common error was not being specific enough such as just answering "insurer can fulfill obligation to policyholders." Candidates would need to provide more detail such as that provided above in the sample answers.

Part c

Candidates were expected to state that all five items were intra vires, that is, all five items could be legislated by the provincial government if it wished to. Candidates were expected to synthesize material across the syllabus to determine answers to part c.

Common errors included incorrect answers on sub-parts iii. and iv.