



Canadian Life & Health  
Insurance Association  
Association canadienne des  
compagnies d'assurances  
de personnes

January 8, 2025

### **Member Regulation Policy**

Canadian Investment Regulatory Organization  
Suite 2600  
40 Temperance Street  
Toronto, Ontario M5H 0B4

Submitted by e-mail to: [memberpolicymailbox@ciro.ca](mailto:memberpolicymailbox@ciro.ca)

### **Re: Enhanced Cost Reporting – Proposed CIRO Rule Amendments**

Dear Sir/Madam:

The Canadian Life and Health Insurance Association (CLHIA) is pleased to provide comments respecting the CIRO consultation on Proposed Rule Amendments for Enhanced Cost Reporting.

The CLHIA is a voluntary association whose member companies account for 99 per cent of Canada's life and health insurance business. These insurers provide financial security products including life insurance, annuities (including TFSAs, RRSPs, RRIFs and pensions) and supplementary health insurance to nearly 30 million Canadians. They hold over \$1 trillion in assets in Canada, including over \$130 billion in assets for individual variable insurance contracts, and employ almost 180,000 Canadians.

The CLHIA has been actively involved with assisting insurance companies with implementation of total cost reporting (“TCR”) for segregated funds. One of the key issues that has arisen is what approach will be taken to TCR reporting by CIRO dealers when segregated funds are held in “nominee name” as part of a CIRO dealer client account. To provide clarity for the industry, the CLHIA would like to request that CIRO issue updated guidance on the approach that should be taken for non-securities related products.

When CRM2 was introduced in 2016, it was determined that if the information was available, it was an expectation that dealers would similarly report distribution cost information for segregated funds, including trailer fees at the account level.

MFDA Bulletin #0689-P dated May 13, 2016 entitled, “Implementation of Requirements under CRM2 Phase 2 Amendments to NI 31-103 – Frequently Asked Questions (FAQs)” in response to the question, “Are charges and compensation related to segregated funds required to be disclosed on the Report on Charges and Other Compensation?” stated:

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*“No, charges and compensation disclosure, as required under Rule 5.3.3, must be provided in respect of transactions in securities. In the interests of providing more fulsome reporting to clients, and where reliable data is available, we would encourage Members to provide disclosure on the Report on Charges and Other Compensation in respect of non-securities investment products. Such disclosure will further assist investor decision-making and is consistent with the obligation of Members to deal fairly, honestly and in good faith with their clients.”*

The CLHIA thinks it would be logical to extend this concept to the CRM3 reporting. The industry has been proceeding on the basis that dealers may choose to voluntarily include TCR for segregated funds.

We recommend that the approach be based on the concept of harmonized reporting requirements for investment funds and segregated funds. This would involve inclusion of embedded costs and FER% information but would not extend to other specific insurer reporting elements such as guarantees.

A beneficial contractholder will receive cost information from both the dealer and insurer.

Please feel free to contact us at [JWood@clhia.ca](mailto:JWood@clhia.ca) if you would like further information.

Regards,

“James Wood”

James Wood  
Senior Counsel

**cc: Trading and Markets**

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**Capital Markets Regulation**

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