



May 11, 2023

Senator Pamela Wallin, Chair
Senate Committee on Banking, Commerce and the Economy
Senate of Canada
Ottawa, Canada
K1A 0A6

To Senator Wallin,

Thank you for the opportunity to contribute to the pre-study of Bill C-47 ***An Act to implement certain provisions of the budget***, specifically, Part 4 division 33.

Canadians are rightly proud of the strength of our financial services sector. This has been demonstrated many times over the decades as Canadian consumers and businesses were spared the worst of the excesses and failures that happened in other countries. One of the contributing factors to this has been OSFI's focussed and proactive regulatory approach to prudential oversight in Canada. This regulatory stability and focus helps ensure that Canadians are well protected and that our financial system remains strong and stable even during periods of economic uncertainty.

The Canadian Life and Health insurance Association (CLHIA) is concerned with the proposal included in Bill C-47 that would expand OSFI's mandate into areas that extend beyond ensuring the "financial safety and soundness" of the financial services industry. Division 33 expands OSFI's mandate to include addressing emerging security and integrity risks, including those stemming from foreign interference. These amendments were not consulted on prior to inclusion in Bill C-47 and the objective OSFI is being asked to supervise to is not clearly defined or understood.

While there may be legitimate concerns with respect to possible foreign interference in the Canadian financial services sector, we do not believe that OSFI is the most appropriate agency to monitor and address these issues. Other Government agencies, such as the FINTRAC, Canadian Security Intelligence Service or the Royal Canadian Mounted Police, may be better placed to address concerns over foreign interference. Such a mandate would better align with their current mandates, which already address foreign interference and other criminal activity in the Canadian economy in other ways.

We urge the Government to remove Division 33 from Bill C-27 and to engage in a robust consultation on the most appropriate path forward both with the financial services sector as well as other Government agencies that may already have the tools to monitor these possible

risks. If the Government decides to move forward with these legislative amendments, it is important that the expanded mandate be very narrowly defined, include an FRFI's existing measures that protect it from foreign influence, and ensure that appropriate guardrails are put in place to ensure that the mandate is not unduly expanded over time. In this instance, we strongly encourage the Government to consult with the financial services industry on regulations before the legislative amendments come into force.

Thank you for your attention to this issue and we look forward to continuing the dialogue on this important change.

About the CLHIA

The CLHIA is a voluntary association whose member companies account for 99 per cent the life and health insurance business in Canada. These insurers are significant contributors to Ontario and its economy. They provide financial security to about 11 million Ontarians made over \$50 billion in benefit payments in 2021 (of which 90 per cent went to living policyholders as annuity, disability, supplementary health, or other benefits with the remaining 10 per cent went to life insurance beneficiaries). In addition, life and health insurers have more than \$382 billion invested in Ontario's economy.

Yours truly,



Stephen Frank, President & CEO, Canadian Life and Health Insurance Association

c.c. Clerk, Senate Committee on Banking, Commerce and the Economy