



CONSULTATION BY THE DEPARTMENT OF FINANCE CANADA
ON THE MERITS OF OPEN BANKING

DOCUMENT PREPARED BY
THE CANADIAN ASSOCIATION OF MUTUAL INSURANCE COMPANIES

February 11, 2019

Thank you for asking for input from stakeholders on your study of "open banking". The Canadian Association of Mutual Insurance Companies (CAMIC) represents 78 mutual insurers across Canada, and we are pleased to provide our input for your consideration.

Firstly we commend the Department of Finance for having undertaken such a study; this concept of "open banking" is a large and expansive discussion that may fundamentally change the financial landscape of Canada. It may impact every single Canadian, and their most private financial information. As such we agree that the consultation is a good start to this discussion. However we believe it is only a start; seeing that this has such wide implications, a fulsome and thorough study done by all legislators is critical in how this discussion takes place. When extraordinary changes are contemplated, extraordinary scrutiny should take place.

As it pertains to the insurance sector and our members, we are very concerned to ensure that an "open banking" framework does not unintentionally undermine the government's long-established policy of keeping the businesses of insurance and banking separate, which is now implemented through S.416 of the Bank Act, as well as the Insurance Business Banking Regulations that flow from that section of the Act. With the exception of a few instances of "authorized insurance", section 416 and the regulations prohibit a bank using its customers' banking data for underwriting insurance products; this prohibition extends to the transfer of banking data from a bank to any insurance company, agent or broker.

We are confident that the government would endorse and share the objective that any "open banking" regime in Canada must robustly enshrine the prohibition on the use of banking data, in any fashion, directly or indirectly, for the purposes of underwriting an insurance product by any entity. We must leave the method and construction of such a prohibition up to the drafters of the framework; however our hope is that all Parliamentarians would thoroughly scrutinize this process to ensure this objective is achieved.

We would propose that, at a minimum, the following principles should be used to guide the consultation:

- Banking data should be controlled exclusively by the consumer
- Consumers should provide informed and explicit consent for any of their data to leave their bank
- The federal and provincial standards of privacy protection should apply to ALL participants in the supply chain, including intermediaries
- Privacy regulators should have the mandate and required resources to enforce privacy standards
- Any "open banking" framework should continue the legislative and regulatory prohibition of the use of consumer banking data for insurance underwriting purposes

We look forward to participating in the on-going consultation.

Sincerely,



Normand Lafrenière
President