

# BUSINESS

## No bank insurance on web: Flaherty

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By Julian Beltrame

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OTTAWA — The federal government intends to stop Canada's banks from using the Internet to promote and sell insurance on their websites.

Finance Minister Jim Flaherty said Wednesday he has written the banks telling them to stop marketing their insurance activities on the bank websites, adding that he intends to pass legislation to make the practice illegal in the future.

As expected, the insurance brokerage industry welcomed the move.

However, the association representing the Canadian banking industry said it was shocked by the government's move and said consumers will suffer from it, with less information to make informed choices on financial services.

"We are completely shocked that Mr. Flaherty would want to limit how and where consumers can access information about insurance," said a statement late Wednesday from the Canadian Bankers Association.



Jim Flaherty

"Further, Mr. Flaherty has taken this step without any public consultations with Canadians or the banking industry."

Currently, banks can sell insurance through separate subsidiary companies, not from bank branches.

In a recent ruling, however, the Office of the Superintendent of Financial Institutions found that under existing law the policy separation did not extend to websites.

"But in my view it contravenes the policy intent," Flaherty said late Wednesday outside the Commons.

"I wrote the banks telling them this was not consistent with government policy... and asked the banks to quickly stop the practice."

The minister's action comes as Liberal MP Alexandra Mendes introduced a private member's bill with the intent, she said, of levelling the playing field between Canada's large banks and independent insurance companies.

The insurance brokerage industry had complained to the federal government and lobbied MPs about the issue.

Mendes called current legislation outdated, noting that the law still refers to telecommunications and not the Internet.