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Keep banks, insurance separate, brokers argue

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The Insurance Brokers Association of Canada is reviving its campaign to ensure that banks cannot sell most insurance products in their branches, and is seeking new restrictions online.

Chief executive officer Dan Danyluk will be in Ottawa on Tuesday telling the media and parliamentarians why he believes the credit crunch illustrates the need to maintain the barriers separating banks from insurers.

The association, which represents more than 33,000 brokers, filed complaints with the country's banking and insurance regulator, and has not been satisfied by the response, a spokesman for the association told The Globe and Mail.

One complaint focused on banks' marketing of insurance products online. The banks are not allowed to market most insurance products in their branches, and the brokers say the same rule should apply online. The regulator, the Office of the Superintendent of Financial Institutions, said that websites are not a branch and the same rules do not apply, said Steve Masnyk, a spokesman for the association.

OSFI could not be reached for comment late Monday.

The brokers' association is asking OSFI to enforce in the online environment the same rules that apply to branches, and is also lobbying politicians and the public on the need to reign in the banks' insurance businesses.

Most of the big banks have been pouring resources into their burgeoning insurance businesses lately, seeking to take them as far as they can within the constraints imposed by Ottawa.

Royal Bank of Canada is building insurance offices right next door to many of its branches, and its insurance business saw profits go up in the latest quarter while those from consumer banking fell. Toronto-Dominion Bank has begun an insurance advertising campaign, and Bank of Montreal recently paid \$375-million for AIG Life Insurance Co. of Canada.

Mr. Danyluk will tell politicians and reporters Tuesday that the separation of banking and insurance has never been more important than during the credit crunch, and that the regulations splitting the two sectors prevent the banks from unfairly dominating the insurance industry at the expense of consumers.

Ottawa last reviewed the rules in 2006, and the banks made a forceful but unsuccessful push for the barriers to come down. The Conservatives' had made a campaign pledge not to allow banks to market insurance in their branches.

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