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**RE: Draft Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector**

**About Primerica**

Primerica Financial Services (Canada) Ltd. is a leading distributor of basic financial savings and protection products to middle-income households throughout Canada. Our Canadian corporate group includes our life insurance company Primerica Life Insurance Company of Canada (PLICC). Primerica has been serving the Canadian public since 1986. PLICC is represented by over 12,000 licensed life insurance advisors across the country, with over 1200 licensed in Quebec. About 60% of our life insurance advisors are dually licensed as mutual fund representatives through PFSL Investments Canada Ltd. (PFSL). We insure almost 550,000 lives and operate in every province and territory in Canada. We currently have \$131 Billion of individual term life insurance in force protecting Canadian families, with \$15 Billion of that in Quebec.

**General Comments**

We appreciate the opportunity to provide feedback to the *Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector* consultation. For clarity purposes, we will address our comments in the order the proposed regulation has been drafted. Areas that have not been discussed in this document may not be relevant to Primerica or do not require further feedback.

**Purpose, Scope and Interpretation**

We support the intended purposes of this draft regulation, which seeks to establish a higher standard of rules and practices that should be followed by financial institutions. A strong complaint processing and dispute resolution policy is critical to ensuring the fair treatment of customers.

While we believe it is necessary to ensure complaint processing practices and regulations are met to a significant degree, it should be noted, the purpose of a regulation should not be to impose monetary administrative penalties in the event of non-compliance. Rather, penalties should be imposed as a deterring mechanism to promote the purpose of a policy. In this case, to ensure compliance is met with higher standards regarding complaints processing.

**I. Provisions common to financial institutions, financial intermediaries and credit assessment agents**

Ensuring that complaints are registered without delay is an appropriate industry practice that we support and encourage.

Consistent with MFDA requirements, we suggest the AMF proposed provision as written under Division 1, General Provisions, “A financial institution or financial intermediary **must** provide a complaint drafting assistance service **to any person expressing a need for it** who is a member of the clientele of the financial institution or financial intermediary”, be amended to reflect the requirements under MFDA Policy No. 3 – Complaint Handling, Supervisory Investigations and Internal Discipline (the “Policy”) - 5. Member Assistance in Documenting Verbal Complaints, specifically, “Members **should be prepared** to assist clients in documenting verbal complaints where it is **apparent that such assistance is required**.”

That said, the AMF proposed provision and the MFDA’s current Policy raises concerns in that providing such assistance can introduce the following:

- **Conflict of Interest:** A firm/individual that is charged with the responsibility of providing assistance with drafting the complainants concerns and/or allegations may be viewed as a conflict of interest (real or perceived), as the firm/individual attempts to not only interpret and document the verbal grievance but then has an obligation to review and respond to the complainant.
- **Potential to Compromise the Integrity of the “Pure” Statement:** In a more formal setting (courts), the statement or grievance that is interpreted by the firm/individual may no longer be considered “pure” as it may be perceived to be influenced, by the firm/individual.
- **Regulatory and/or Reputational Risk:** There is an element of risk as complaints have been known to evolve and change in nature when a complainant is dissatisfied with the outcome. In doing so the complainant may allege the complaint, as verbally expressed, was incorrectly interpreted or purposely incorrectly stated for the benefit of the individual.”.

A framework for receipt acknowledgement of a complaint, as well as a follow up response of the analysis of the complaint are reasonable expectations to fulfill the complaint and dispute process. We support a framework that promotes strong communication as it ensures the fair treatment of customers.

#### **i. Complaint processing time period**

While it is important to maintain high standards for complaint processing time periods, there are instances in which a 60-day period may not be possible. The 30% decrease to the complaint processing time may contribute to harming and worsening human resource issues within Firms. Firms may be faced with competing priorities stemming from the AMF and CSF. As such, we suggest maintaining the complaint processing time period at 90-day, which would be consistent with the MFDA Policy mentioned above. This would ensure any processing delays or administrative issues do not interfere with this timeline. We appreciate that the processing and dispute resolution are calculated separately to allow for the fair treatment of customers. For clarity purposes, we suggest harmonizing this to our recommendation to be completed after a 90-day period. The proposed 20-day period for the complainant to respond after an offer is made to resolve the complaint is sufficient and does not pose any issues.

We suggest examining the MFDA Policy regarding prompt handling of client complaints as it outlines situations in which extensions may be granted. The current proposed regulation indicates that the time period is non-extendable, which may pose significant problems, both with penalties and dispute resolution. The following are examples where time frames for a substantive response to resolve complaints may be considered:

- Complainant fails to co-operate during the complaint resolution process
- If the matter requires an extensive amount of fact-finding or complex legal analysis

## **ii. Simplified process for certain complaints**

The simplified process for situations where complaints can be processed and the offer to resolve is accepted within 10 days following the complaint registration date is a proactive policy that may help to relieve administrative burden. While the proposed regulation indicates that a single notice that would combine the information relating to the receipt, processing and resolution of the complaint covers everything required in the complaint and dispute resolution process, it should be noted that a complainant does not have to indicate that they have received the notice. We ask that the AMF consider implementing a clause that requires consumers to acknowledge that they have received the notice to ensure there is no administrative error on both ends or at the very least reliance on the date the notice was forwarded to the complainant, barring no complication (i.e. returned mail) and applying 5 days in terms of receipt.

## **iii. Prohibitions**

We agree and support the proposed guideline that dictates financial institution, financial intermediary or credit assessment agent may not attach conditions to offers that prevents the complainant from exercising the right to request to have the complaint record examined by the Authority, requires the complainant to withdraw other complaints, or prevents them from communicating with the Authority. This is in line with the fair treatment of consumers and establishes a high standard of practice for the industry.

## **Conclusion**

We appreciate AMF's continued work on establishing a common set of rules and practices to be followed by financial institutions, financial intermediaries and credit assessment agents in processing complaints and resolving disputes. While it is relatively easy to increase the standard of practice through strict policy, it is much more difficult to remedy the unintended consequences that accompany a policy that is not fully contemplated. We hope AMF is open to negotiations on this proposed guideline and achieves a fair and appropriate outcome.

We appreciate the opportunity to provide comments on the *Draft Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector* and AMF's continued consultative approach to Rule making. We are always open to discussion and are willing to contribute further insights and explanations for our recommendations.

Sincerely,

*[Original signed by]*

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