



Advocis
390 Queens Quay West, Suite 209
Toronto, ON M5V 3A2
T 416.444.5251
1.800.563.5822
F 416.444.8031
www.advocis.ca

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Hon. Stan Struthers
Minister of Finance
Room 103 Legislative Building
450 Broadway
Winnipeg, MB R3C 0V8

Email: minfin@leg.gov.mb.ca
Fax: 204-945-6057

Dear Minister Struthers:

Re: Retail Sales Tax on Group Insurance

We are writing about the proposed expansion of the scope of the Retail Sales Tax on prescribed insurance premiums (the Premium Tax), during the course of the legislative implementation of the 2012 Budget (the Budget Legislation).

Who we are

Advocis is the association of choice for financial advisors and planners. With more than 11,000 members across the country and 500 members in Manitoba, Advocis is the definitive voice of the profession, advocating for professionalism and consumer protection. Our members are provincially licensed to sell life and accident and sickness insurance. Almost all Advocis members also are regulated under provincial securities commissions as registrants for the sale of mutual funds or other securities. Members of Advocis are primarily owners and operators of their own small businesses and create thousands of jobs across Canada. Advocis members provide advice in a number of key areas, including estate and retirement planning, wealth management, risk management, tax planning, employee benefits, critical illness and disability insurance.

Professional financial advisors and planners are critical to the ongoing success of the economy, helping consumers to make sound financial decisions that ultimately lead to greater financial stability and independence both for the consumer and the country. No one spends more time with consumers than financial advisors, educating them about financial matters and helping them to reach their financial goals. Advocis works with decision-makers and the public, stressing the value of financial advice and striving for an environment in which all Canadians have access to the advice they need.

Our comments

We noted this week, on the tabling of the Budget Legislation (the Bill), that the scope of the application of the Premium Tax that was announced in the 2012 Budget, and was discussed in meetings with Ministry staff last month, has been expanded to include individual Critical Illness (CI) and Disability Insurance (DI) and (perhaps inadvertently) corporate-owned insurance.

We were pleased to have the opportunity to meet with your staff last month, to discuss the application of the Premium Tax to prescribed insurance premiums. We are accordingly surprised to see the scope of the tax being expanded well beyond what was disclosed in the Budget and during the consultations that followed, with the scope of the Premium Tax being expanded significantly without further consultation during the Budget implementation phase of the process.

The Bill expands the scope of the Premium Tax beyond what was announced in the Budget and consulted on in May, by extending it to individual Disability Insurance and Critical Illness insurance; corporate-owned policies; and group and creditor insurance other than health insurance.

Governments are increasingly placing limits of program expenditures and downloading burdens onto families and small businesses. Consumers purchase CI and DI coverages, both individually and through employment-based group plans, to protect themselves financially from risks that governments increasingly do not cover. Adding Premium Taxes to such coverages makes it more difficult for consumers and employers to step up and fill the gaps.

If some of the changes to the scope of the Premium Tax, such as the capture of corporate-owned policies, were not intended but resulted from drafting, we hope that appropriate changes can be made to the legislation.

We urge you to remove CI, DI and corporate-owned insurance from the Budget Legislation, to permit, at a minimum, appropriate consultation and consideration of the impact of such measures on consumers and small businesses in Manitoba.

Advocis would welcome the opportunity to discuss any of the issues that we have raised and look forward to working with you.

Yours sincerely,



Greg Pollock, M.Ed., LL.M., C.Dir., CFP
President and CEO



Dean Owen, CLU, CH.F.C.
Chair, National Board of Directors