



IN THE MATTER OF THE *FINANCIAL INSTITUTIONS ACT*
RSBC 1996, CHAPTER 141

and

MANULIFE FINANCIAL CORPORATION AND MANUFACTURERS LIFE
INSURANCE COMPANY, BENESURE CANADA INC. (THE COMPANIES)

AMENDMENT TO UNDERTAKINGS
[s. 208]

WHEREAS the Superintendent of Financial Institutions ("Superintendent") received undertakings from the Companies on February 28, 2014 ("Undertakings");

AND WHEREAS the Companies have requested that the Undertakings be amended to extend certain times set out in Undertaking No. 8 such that the date of January 1, 2015 is extended to April 1, 2015 and the date of June 15, 2015 is extended to September 15, 2015;

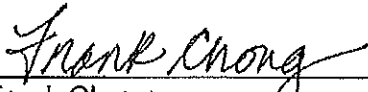
AND WHEREAS the Superintendent agrees to the request;

AND WHEREAS the timing of the Undertakings Nos. 9 and 10 are affected, and should be changed as follows:

1. Undertaking No. 9's date of December 31, 2015 is extended to March 31, 2016; and
2. Undertaking No. 10's date of June 30, 2015 is extended to September 30, 2015 and the date of March 31, 2015 is extended to June 30, 2015;

THEREFORE, Undertakings Nos. 8, 9 and 10 are amended by extending dates as described above.

Dated at the City of Vancouver,
Province of British Columbia, this 19
day of December, 2014.



Frank Chong
Acting Superintendent of Financial
Institutions, Province of British Columbia



IN THE MATTER OF THE *FINANCIAL INSTITUTIONS ACT*
RSBC 1996, CHAPTER 141

and

MANULIFE FINANCIAL CORPORATION AND MANUFACTURERS LIFE
INSURANCE COMPANY, BENESURE CANADA INC. (THE COMPANIES)

AMENDMENT TO UNDERTAKINGS
[s. 208]

WHEREAS the Superintendent of Financial Institutions ("Superintendent") received undertakings from the Companies on February 28, 2014 ("Undertakings");

AND WHEREAS the Companies have requested that the Undertakings be amended to extend the time for completion of training in Undertaking No. 6(a) from May 31, 2014 to July 31, 2014;

AND WHEREAS the Superintendent agrees to the request:

THEREFORE, Undertaking No. 6(a) is amended such that the training deadline date of May 31, 2014 is now July 31, 2014.

Dated at the City of Vancouver,
Province of British Columbia, this 20
day of July, 2014.

Carolyn Rogers
Superintendent of Financial Institutions
Province of British Columbia





IN THE MATTER OF THE *FINANCIAL INSTITUTIONS ACT*
RSBC 1996, CHAPTER 141

and

MANULIFE FINANCIAL CORPORATION AND MANUFACTURERS LIFE
INSURANCE COMPANY, BENESURE CANADA INC. (THE COMPANIES)

UNDERTAKINGS
[s. 208]

WHEREAS the Superintendent of Financial Institutions (Superintendent) ordered the investigation of the practices and procedures of the Companies with respect to the sale of creditor's group (mortgage) insurance known as the Mortgage Protection Plan (MPP) in British Columbia through mortgage brokers under the *Insurance Licensing Exemptions Regulation*;

WHEREAS the Companies have cooperated with the Superintendent's investigation;

WHEREAS the Superintendent considers it appropriate to require and receive Undertakings from the Companies in order to ensure the Companies rectify product and sales discrepancies to ensure that the distribution of the MPP by the Companies through exempt mortgage brokers shall be conducted in compliance with the requirements of the *Financial Institutions Act* and the *Insurance Act*, and so that the interests of insureds are not placed at risk;

AND WHEREAS the Superintendent and the Companies have entered into a Memorandum of Understanding on December 11, 2013 on the basis that the Companies are cooperating with the said investigation, and on the basis that the Companies are prepared to provide voluntary Undertakings as set out herein;

THEREFORE the Companies provide Undertakings as set forth below, pursuant to section 208 of the *Financial Institutions Act*:

1. Subject to the dates set out below in Undertaking 3 for related printed and electronic items, Benesure Canada Inc. undertakes immediately to not

conduct unauthorized insurance business in British Columbia, including the soliciting, sale, collection of premiums, and adjudication of claims in British Columbia with respect to the MPP product.

2. Manulife Financial Corporation and Manufacturers Life Insurance Company (the Companies) undertake to immediately cease the Broker Shield indemnification certificate program and ensure any incidental indemnities in administration agreements are clearly explained and are not marketed so as to create the misunderstanding that they are insurance products.
3. The Companies undertake to replace their MPP marketing materials, policy contracts and certificates to ensure that they more clearly identify the insurer as follows:
 - a. By February 28, 2014 for all related printed items; and
 - b. By April 30, 2014 for all related electronic items.
4. The Companies undertake to revise their MPP administration agreements to ensure that the Companies contract directly with insurance licensees or exempt sales persons with respect to the sale, distribution, and adjudication of the MPP product. This will begin by implementing one or more interim inter-company service level agreements by January 31, 2014, with the understanding that amendments and additional agreements may be made thereafter as necessary. The Companies will provide the Superintendent with copies of all such agreements and any amendments made until December 31, 2014.
5. By March 1, 2014, the Companies undertake to determine whether licensed insurance advisors will provide consumers with information and assistance in purchasing MPP. Should the Companies decide to use licensed advisors, the Companies will, by April 30, 2014, provide details about the sales process and the role of the advisor and the mortgage brokers for approval of the Superintendent and then implement the sales process based on a plan and schedule also approved by the Superintendent.
6. Should the Companies decide not to use licensed advisors, by April 30, 2014 the Companies undertake to put into place enhanced systems and procedures as applicable with respect to the sale of its MPP through exempt mortgage brokers so that mortgage brokers who are involved in the sale of the MPP in British Columbia shall have an appropriate level of knowledge about such insurance and so consumers are provided with

information about the product they are purchasing such that consumers have enough information to make an informed decision, as follows:

- a. The Companies undertake to enhance training materials and requirements for all mortgage brokers who are involved in the sale of the MPP in British Columbia. Any training done in-person will be provided by persons licensed to sell insurance in British Columbia. More specifically:
 - i. Existing mortgage brokers who sell the MPP must successfully complete the training requirements by May 31, 2014, and are otherwise prohibited from selling the MPP until such time as they successfully complete the training requirements;
 - ii. New mortgage broker sales persons are prohibited from selling the MPP until they successfully complete the training; and
 - iii. All mortgage brokers who sell the MPP successfully complete refresher training on an annual basis;
- b. The training will include sufficient detailed information on each of the MPP policies so that mortgage brokers will be knowledgeable about the following aspects of the insurance being offered:
 - i. The fact that the insurance purchase is optional and that must be disclosed to consumers;
 - ii. The coverage options and benefits provided under each plan;
 - iii. The exclusions and eligibility requirements for each plan;
 - iv. The application forms, policy forms, and any other documentation to be used in selling the plan(s);
 - v. The guidelines that the seller must follow when offering the plan(s);
 - vi. The cancellation provisions and any "free look" period terms;

- vii. Certificates evidencing coverage and any other documentation that is to be provided to a consumer who purchases coverage;
 - viii. What to do in the event of a claim;
 - ix. Who to contact in the event of questions;
 - x. How to identify when it is apparent that a client is ineligible and what to tell the ineligible client; and
 - xi. What to do when it is unclear as to whether a client is eligible and how to direct the client to the Companies to clarify eligibility prior to sale.
- c. The training will include a testing component and the Companies shall not permit any mortgage broker to sell the MPP unless they demonstrate, through the testing, sufficient competency in understanding the matters described in section 3(b) of these Undertakings; and
 - d. The Companies will create and require mortgage brokers selling the MPP to use a printed or online sales guide describing the key features and exclusions of the insurance when selling the product. The Companies will create printed materials describing the MPP which will include a toll free telephone number for consumers to contact an insurance agent licensee or exempt salaried employee of the Companies in order to ask questions about the MPP and mortgage brokers shall be instructed by the Companies that they must deliver such materials to clients who are solicited for or inquire about the MPP.
7. By May 31, 2014, the Companies undertake to implement additional oversight of sales by mortgage brokers of the MPP, as follows:
- a. The Companies will immediately implement a process to monitor all complaints, premium refunds, and claim denials by category in connection with MPP sold in British Columbia through mortgage brokers, and track that information by distribution location;
 - b. A quarterly report of the results of the monitoring will be produced and provided to the Companies' claims manager as well as the Companies' Executive Vice President, Institutional

for the purposes of analyzing whether there are any apparent patterns with respect to mortgage broker sales of the MPP in British Columbia either with respect to mortgage brokers in general or with respect to a particular mortgage brokerage. If that occurs, the Companies will take immediate corrective action aimed to ensure that insureds are not being placed at risk; and

- c. If the Companies choose to continue to use exempt mortgage brokers to solicit and sell MPP, the Companies will implement a monitoring program to ensure that no mortgage brokers are selling the MPP without having successfully completed the mandatory training, as required by the Companies.
8. By June 15, 2014, the Companies undertake to develop and propose a new MPP policyholder structure to ensure compliance with the requirement that the creditor effects the insurance pursuant to the *Insurance Act*, otherwise the Companies undertake to cease selling MPP in British Columbia by January 1, 2015. The Companies will implement such a new structure by June 15, 2015. The Companies and Superintendent understand that the Superintendent or Financial Institutions Commission will issue a Bulletin that may supercede the timing in this Undertaking such that the Companies will not be required to implement this new structure earlier than the rest of the insurance industry but in any event, no earlier than January 1, 2015.
9. The Companies undertake to provide a copy of all monitoring, oversight and compliance related reports provided to senior management and the Companies' boards regarding the MPP business to the Superintendent until December 31, 2015. Such reports shall be subject to the privilege and confidentiality agreed upon in the said Memorandum of Understanding unless otherwise required for use or reference for regulatory purposes by the Superintendent or Financial Institutions Commission or other regulatory body which has regulatory authority over any of the Companies.
10. The Companies further undertake to include in their internal audit plan for 2015 a specific review of the MPP, and provide the internal audit report to the Audit Committee and the Superintendent on or before June 30, 2015. The internal auditor is to review, report, make recommendations (if needed) and opine on the implementation and effectiveness of the controls, oversight and monitoring mechanisms of the Companies described in these Undertakings. It is understood that the report will be based on creditor's group (mortgage) insurance operations from June 30, 2014 to March 31, 2015.

- 11. All audit reports provided to the Superintendent shall be subject to the privilege and confidentiality agreed upon in the said Memorandum of Understanding unless otherwise required for use or reference for regulatory purposes by the Superintendent or Financial Institutions Commission or other regulatory body which has regulatory authority over any of the Companies.
- 12. These Undertakings may be amended with agreement in writing of the Superintendent.

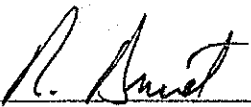
Province of ONTARIO
this 19th day of FEBRUARY, 2014

Manulife Financial Corporation



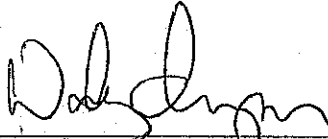
By its Authorized Signatory
Name: Rick Brunet
Title: VP INSTITUTIONAL

Manufacturers Life Insurance Company



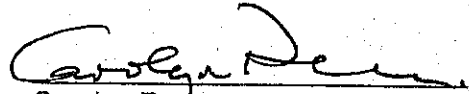
By its Authorized Signatory
Name: Rick Brunet
Title: VP INSTITUTIONAL

Benesure Canada Inc.



By its Authorized Signatory
Name: Wally Thompson
Title:

Received at the City of Vancouver,
Province of British Columbia, this 28
day of February, 2014.



Carolyn Rogers
Superintendent of Financial Institutions
Province of British Columbia

