

Friday, October 14th, 2016

Mr. C. Michael Mitchell and
Hon. John C. Murray
Special Advisors
Changing Workplaces Review, ELCPB
Ontario Ministry of Labour
400 University Avenue, 12th Floor
Toronto, Ontario, M7A 1T7
CWR.SpecialAdvisors@ontario.ca

Dear Mr. Mitchell and Mr. Murray,

Subject: Ontario Changing Workplaces Review – Interim Report Submission

The Co-operators Group Limited (“The Co-operators”) is a co-operative and along with its various subsidiaries provides insurance and financial products and services to Canadians in all jurisdictions, including Ontario. Our 43 member organizations include co-operatives and credit union centrals, whose combined member-customers represent millions of Canadians. In Ontario alone, we employ over 2,700 people and insure over 455,000 private passenger vehicles, 287,000 homes, 8,000 farms, and 29,000 businesses. As well, in 2015, The Co-operators contributed over \$1.8 million to Ontario charities and community organizations.

The insurance and financial products and services provided by The Co-operators are delivered primarily through our independently contracted, but exclusive, face-to-face advisor channel. In Ontario, The Co-operators has independent distribution contracts with 249 advisors, operating 282 agencies in 310 locations. In turn, these independent advisors hire and employ their own office staff and employ or independently contract with approximately 926 associate insurance and financial advisors.

As a co-operative organization, concern for our clients, employees, advisors and the communities in which we operate is continually top of mind. Under our exclusive insurance-based distribution model, our independent advisors, their employees and associate advisors are treated fairly, are engaged in full-time working roles, carry on their work in safe and healthy environments, are paid reasonable salaries, and have access to group benefit and group retirement plan options; all the while retaining an arm’s length independent contractor

relationship. We also perform periodic reviews and audits of our advisors and their agency offices to ensure these elements of fair treatment and good business practice are in place and being fully utilized.

While insurance and financial services was not specifically mentioned in the Interim Report as an area of concern for the Government of Ontario, The Co-operators is concerned about possible unintended consequences of potential changes to employment standards and/or labour relations legislation. Specifically, we are concerned about potentially extending the obligations and liability of our independent advisors under such legislation to The Co-operators. This could negatively impact The Co-operators and our independent, but exclusive insurance distribution model. For example, such changes could result in negative taxation consequences for our independent advisors if they are classified as dependent contractors rather than independent contractors.

The implementation of such legislative changes would compel The Co-operators to conduct a complete review and likely implement significant modifications to its distribution model to compensate for the negative impacts. This is of particular concern for us as our independent but exclusive distribution model is working well and none of the issues identified in the interim review paper are present within in our distribution model. In this context, and from our perspective, our business model is not broken; we feel there is no need to fix it or apply a fix intended for others.

If the Government of Ontario chooses to proceed with changes to employment standards and/or labour relations legislation, we suggest that such changes be limited in scope and targeted to specific areas or industries in which the Government's concerns actually manifest themselves. To this end, we respectfully submit that independent, but exclusive insurance and financial services distribution arrangements like The Co-operators business model be specifically exempted from the application of any such modified legislation.

We appreciate having the opportunity to respond to the issues addressed in the Interim Report. Please do not hesitate to contact our Director of Government Relations, Maya Milardovic, at 519-824-4400 or maya_milardovic@cooperators.ca for further discussion.

Sincerely,

Original signed.

Jim Wingrove
Vice President, Distribution – Sales Support
The Co-operators Group Limited