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IN FOCUS

CHAIRMAN'S MESSAGE

By Patrick Bouchard

Dear RCCAQ members:

Over the past few months, the RCCAQ's permanent staff and the Board of Directors have been working on various issues together with a view to moving the insurance brokerage sector forward. Today, I'd like to take a look at three topics that mean a lot to me.

NEW JUNIOR BROKER OF DISTINCTION AWARD

As you probably know from our recent communications, we have launched the nominations process for this year's Junior Broker of Distinction Award.

The award includes various new features. First of all, we are very pleased to present the award in collaboration with L'Association de la Relève en assurance du Québec (LARAQ), a group that works closely with junior insurance brokers. Their support means a lot as young brokers is at the heart of this association's mission.

We hope this support will lead to more candidates for this prestigious award. There are many talented and promising young professionals in Quebec's insurance brokerage sector, and we hope to be able to sing their praises! That will be a positive step forward, not only for the next generation of insurance professionals, but also because they serve as role models and will help to enhance the standing of our profession.

So I encourage you to submit nominations on behalf of junior brokers (35 years of age or younger)



who meet the award criteria. Candidates rarely submit nominations for themselves. That's why it's important for their colleagues to get involved and promote them on their own behalf!

PROFESSIONAL OVERSIGHT AND TRAINING: TWO ROLES THAT REQUIRE INDEPENDENCE

We recently provided you with a copy of the letter we sent to Quebec's finance minister, Carlos Leitão, reiterating our view that CHAD's dual role (providing professional oversight as well as training services to its members) is problematic.

In our view, this situation shows a flagrant lack of independence that has led to a series of problems. We have asked the minister to assign respon-

sibility to the AMF for all activities relating to professional oversight of insurance representatives. In our view, such as decision would offer a number of advantages:

- The process of inspecting firms and representatives would be much more efficient. Having a single organization in charge would avoid duplication of resources and differences of interpretation.
- Public protection would be better due to greater simplicity, particularly as regards the complaint handling process.
- Firms' administrative burden would be reduced.
- Taxpayers' financial resources would be used more appropriately.

For all of those reasons, we believe that the AMF should be assigned full responsibility for protecting the public in the insurance sector. Consumers as well as certified insurance representatives all stand to benefit.

TO ENSURE THAT OUR VOICES ARE HEARD LOUD AND CLEAR, KINDLY FORWARD THIS LETTER TO YOUR MNA. FULL DETAILS ARE PROVIDED IN THE EMAIL WE SENT OUT ON SEPTEMBER 26.

CONVENTION PREPARATIONS ARE IN FULL SWING!

The RCCAQ's annual convention is scheduled for November 23-24, 2016. We will be offering a winning combination of guest speakers and activities during this event, which will be organized around the theme of "The Client Experience: A Guarantee of Our Success". We are committed to providing a wide variety of viewpoints and expertise on this topic so the convention is sure to offer a wealth of content.

The event will kick off with the Ad Hoc Research survey results. This company interviewed consumers about their expectations regarding brokerage firms. The survey results will shed new light on today's consumers and what they want. I'm convinced that the findings will be useful and relevant to us all, not only individual brokers but firms as well.

You will also have the good fortune to hear **Alexandre Taillefer**, president and founder of TEO Taxi, and his business partner and product manager, **Patrick Gagné**. If there ever was a traditional industry, the taxi industry is it! Mr. Taillefer has brought about a mini-revolution, so this seminar is sure to be inspiring!

We will also be privileged to welcome **Éric Stevenson**, the AMF's Superintendent of Client Services and Distribution Oversight. Last but not least, you can listen to **Jasmin Bergeron** and **Sean H. Mulcair**, who will be suggesting concrete tools to enhance the client experience, along with our traditional insurer/expert panels.

And since we want to have some fun as well, the activities on Wednesday, November 23 will close off with a reception and a gala banquet. The insurers' evening will be held on Thursday, November 24.

I look forward to seeing you at the convention! To consult the full program of activities and to register, please click [here](#).

Patrick Bouchard, CIP
RCCAQ Chairman



USING DIFFERENTIATION POINTS TO BUILD THE CLIENT EXPERIENCE

By Gladys Caron

The client experience: it's much more than a trendy idea! It's actually the key to your company's success. This means that clients choose to do business with a company and they're willing to spread the good word about it!

In addition to being more demanding, consumers expect that the companies they do business with will bring them value. They come in contact with numerous companies on a daily basis and their client service experiences are increasingly positive! The pressure on firms to enhance the client experience doesn't just come from the industry; it also comes from the sum total of consumer experiences that their clients have.

That's why the client experience will be the cornerstone theme of the RCCAQ's upcoming convention. A number of seminars will be dealing with this topic. Since the issue is crucial to the brokerage industry's future, a training activity will also be offered to the participants.

AN APPROACH BASED ON DIFFERENTIATION POINTS

Gradient Solutions' approach is based on the concept of "Points of Differentiation". This involves determining how a firm can set itself apart from its competitors by identifying particular ways in which it does things differently and brings its clients increased value. This may involve on the firm's operations, business strategy or communication techniques. In other words, points of differentiation are used to create real value around products and services. If there are no differentiating points, the only difference for the client is price. This approach allows you to maximize your opportunities with each client to truly see the value in dealing with a Broker.

But this approach is not limited to the firm's own activities, notes Sean Mulcair. "You have to see differentiating points from a very broad perspective. Differentiating points exist in other areas, not just in the firm's activities. The products offered to clients, as well as insurers' business practices, are



also way to differentiate. The broker's role is to use these three vectors (firm + insurer + product) to create a multiplier effect aimed at bringing service standards to the next level."

KILLING TWO BIRDS WITH ONE STONE: LEARN ABOUT DIFFERENTIATION POINTS AND EARN 2 PDUS!

In this regard, the training activity will be run by Sean H. Mulcair, co-founder of Gradient Solutions, and Stéphane Cantin, a process reengineering and implementation specialist (participants will be eligible for 2 PDUs in the area of professional development). During the session, a very concrete approach will be presented to the participants, which will enable them to take action right after the training. "Even though our model is based on assisting firms seeking to give their business a boost, we're always happy to share as much information as possible with firms. There's so much to be done in so many places that we want to promote the basic idea of our approach to as many brokers as we can in order to inspire them to improve their client experience," says Mr. Mulcair.

Mr. Mulcair also believes that it is possible for brokerage firms to set themselves apart, even though insurance products are basically intangible. Instead, he notes, the potential associated with building a unique experience is enormous because you can think outside the box and invent a whole host of ways to make things simpler and more pleasant for your clients.

FOR THOSE WHO WISH TO GO FURTHER...

Participants will leave the training activity with a basic «recipe» for fuelling reflections on their own differentiation points. Those who wish to go further with the process may contact the Gradient Solutions team to provide assistance with the SCORE program. Upon completion of this two-day program, participants will have all the tools they need to roll out practices that are most relevant to the realities they face.

“Our clients see a jump in referrals, an improvement in their close rate and increased client retention,” concludes Mr. Mulcair.

GRADIENT SOLUTIONS IS AN INSURANCE INDUSTRY STRATEGIST FIRM, CONCENTRATING ON PROCESS OPTIMIZATION, MANAGEMENT COACHING AND STRATEGIC THINKING. THE FIRM HAS OPERATIONS ACROSS CANADA AND HAS WORKED CLOSELY WITH THE RCCAQ FOR OVER NINE YEARS.



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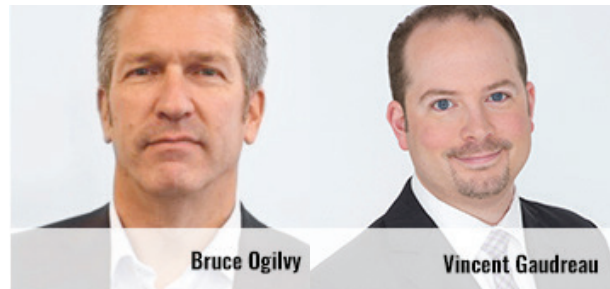
TECHNOLOGY CHAMPIONS

OGILVY INSURANCE AND GAUDREAU ASSURANCES

Par Gladys Caron

It's a bit of a coincidence that **Ogilvy Insurance**, founded 90 years ago, found itself among the first brokerage firms to be named «Technology Champion». One day, **Bruce Ogilvy**, one of the firm's two partners, read an article asking firms to evaluate their own technological level. Since his firm had always been very IT-proactive, he was curious to see how his firm would rank. To his great surprise, he ended up receiving a call from the Centre for Study of Insurance Operations (CSIO) informing him that Ogilvy Insurance was one of the few firms to obtain a perfect score!

“We were really proud,” says Mr. Ogilvy. “It's the culmination of lots of hard work over the past 20 years!” The firm gradually reviewed all its business processes for technology adaption purposes. Founded in 1924, the firm operated 100% manually for several decades, that is, until the technology revolution began. “The changes we've seen weren't just in the area of computers. They were also cultural,” he notes.



Bruce Ogilvy

Vincent Gaudreau

HOOKED ON HIGH-TECH IMPROVEMENTS

The history of Gaudreau Assurances is quite different. Founded in 1999, the firm started out using various technologies for its administrative functions. Around 10 years ago, it began computerizing the processes for its personal insurance lines. In 2015, all of the commercial insurance operations were migrated to a computerized management system. “We'd originally planned to convert the smaller clients and then move on to the bigger ones, over an 18-month period,” explained **Vincent Gaudreau**, vice-president of Gaudreau Assurances. “The process with the initial group of clients went so smoothly and we saw so many benefits that we accelerated the schedule and completed the whole project in only 10 months.”

As Mr. Gaudreau sees it, technology's benefits are twofold. Needless to say, the firm's efficiency

gains have been significant, creating a snowball effect by improving client service quality thanks to increased speed and greater process fluidity. “Each new project brings us an array of benefits, which encourages us to keep on going. It’s like we’re hooked on high-tech improvements!” adds Mr. Gaudreau with a laugh.

The Gaudreau Assurances team is quite young, so the firm’s technological advances have been a big hit among its employees. Management has expressed an interest in testing new applications whenever computer companies are getting ready to launch new products. According to Mr. Gaudreau, “This enabled us to become even more familiar with the development process for high-tech systems. On top of that, we were among the very first firms to use these new tools when they were market-ready. This approach has been very beneficial for us.”

THE IMPORTANCE OF GETTING INVOLVED AND TRAINING TEAMS EFFECTIVELY

At Ogilvy Insurance, Bruce Ogilvy encourages other firms to cast aside any technological misgivings they may have. “Often, it’s less complicated than you might think. The most important thing is to surround yourself with the right people. Hiring a consultant is often a key part of getting a project off the ground and getting everyone on track. And you don’t always have to embark on big projects to make improvements. Often, there are unused features in our current systems. So that’s always a good place to start! There are also growing numbers of applications and tools that are ready to be integrated in existing systems.”

Mr. Ogilvy also addressed the question of HR management when rolling out new technologies. “The best advice I can give is to consider how your employees will be involved in these projects. You have to take time out beforehand to tell your employees what they’ll be expected to do and what the benefits are. But you can’t play down or minimize any changes. Change is always a source of anxiety, so you have to be transparent and state things clearly. After that, the key is keeping teams informed on an ongoing basis, in addition to training and retraining your employees! They’re the ones who end up using the new systems, so they need time to familiarize themselves with them so they feel comfortable in front of their clients.”

One thing is certain, says Mr. Ogilvy. “All firms have to get involved. The future of our industry is on the line. Clients now expect to access electronic transactions whenever and wherever they like. The brokerage insurance sector needs to make progress in this regard.”

THE BEST WAY TO TAKE ON THE DIRECT INSURERS

Vincent Gaudreau concurs. After serving as the RCCAQ’s chair in 2014-15, Mr. Gaudreau now summarizes the issue as not being a question of whether a firm should computerize its processes, but when. “There’s no time to lose! The best way to take on the direct insurers is to offer our clients efficient, smooth and straightforward processes. If we’re not up to the task in this regard, how can we ever promote our value added or our advisory services? Our clients won’t even go there.” Mr. Gaudreau added that failing to embrace progress would mean losing out on business opportunities and market share. “Is that what we want? I don’t think so!»

- **OGILVY ASSURANCE HAS TWO OFFICES (MONTREAL/TORONTO) AND AROUND 50 EMPLOYEES.**
- **BASED IN MONTREAL, GAUDREAU ASSURANCES WAS FOUNDED IN 1999 AND NOW HAS AROUND 25 EMPLOYEES.**



COMPENSATION TAX AND TEMPORARY REFUNDABLE TAX CREDIT FOR DAMAGE INSURANCE FIRMS

By Maude Proulx, M. Fisc.
Manager, Tax Services
&
Sylvain Thibeault, Attorney, M. Fisc.
Senior Manager, Commodity Taxes
BDO Canada

On July 11, 2013, Quebec's finance ministry announced two measures designed to ease the tax burden for damage insurance firms. The first measure abolished the compensation tax, while the second introduced a temporary refundable tax credit. Seeing as it has been a little more than three years since these measures were announced, we would like to provide you with a few important reminders.

COMPENSATION TAX

In line with the financial services tax exemption under the QST regime, the abolition of the base rate portion of the compensation tax, calculated as 1% of total payroll, took effect on January 1, 2013. However, a temporary contribution added to the base component applicable to insurance brokers (introduced in March 2010) was not abolished; in fact, it increased. In July 2013, the finance ministry officially announced the abolition of this temporary contribution for financial institutions included in the «other persons» category, including insurance brokers¹ (this measure was retroactive to January 1, 2013).

Insurance brokers no longer have to pay compensation tax on their payroll, nor do they have to pay a temporary contribution (effective January 1, 2013). Therefore, any insurance brokers who paid the compensation tax after January 1, 2013 may file an adjustment request with Revenu Québec. If the tax was paid following an audit or a new assessment, a cancellation or adjustment request can also be filed with Revenu Québec.



TEMPORARY REFUNDABLE TAX CREDIT FOR DAMAGE INSURANCE FIRMS

Also, another measure was introduced more recently to reduce the additional financial impact of non-recoverable QST costs for damage insurance firms.. Announced in July 2013, a temporary refundable tax credit was introduced for 2013, 2014 and 2015.

Please bear in mind that this credit is calculated based on qualified current expenditures incurred by a qualified corporation in its last year ended before January 1, 2013. The rate of the credit is determined using a gradually declining percentage over the three tax years.²

To claim the credit, a form (CO-1029.8.36.AD «Tax credit for damage insurance firms») must be completed within 18 months following the end of a tax year that includes all or part of the 2013, 2014 or 2015 calendar years. Firms that have not filed the form for the tax year ended April 30, 2014 have until October 31, 2016 to do so.


For all companies with a permanent establishment in Quebec, we recommend attaching the tax credit claim form to the corporation income tax return (CO-17), that needs to be filed annually within six months of their tax year-end. This form can also be submitted separately if the annual corporation income tax return was already filed.

Since this credit is refundable, even corporations with no income tax payable for a tax year occurring at any point between January 1, 2013 and December 31, 2015 can be a qualified corporation to claim the credit and may apply to claim it. Please note that this credit is taxable and must be included in the calculation of the corporations taxable income for the tax year in which it was received.

For additional information on payment or non-payment of the compensation tax and on eligibility for the tax credit, please feel free to contact the authors of this article.

IMPORTANT NOTICE

This article was carefully prepared but was written in general terms and should be seen as broad guidance only. This article cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained herein without obtaining specific professional advice. Please contact your BDO Canada LLP advisor to discuss these matters in the context of your particular circumstances.

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1. Please note that a financial institution having made the joint election set out in Section 150 of the Excise Tax Act with a bank, loan company, trust company, securities company, savings/credit union, insurance company or professional association is still subject to the temporary component.
 2. 7.5% for 2013, 5% for 2014 and 2.5% for 2015.