

**NEW BRUNSWICK
FINANCIAL AND CONSUMER SERVICES COMMISSION**

***IN THE MATTER OF THE INVESTIGATION INTO THE CO-OPERATORS LIFE
INSURANCE COMPANY INVOLVEMENT IN THE CO-OP ATLANTIC PENSION PLAN***

UNDERTAKING

WHEREAS Co-operators Life Insurance Company (“CLIC”) is a life insurance company licensed to provide life insurance services within the Province of New Brunswick;

AND WHEREAS beginning in or about 1984, CLIC undertook the limited role as processor of pension payments to retired members of the Co-op Atlantic Defined Benefit Pension Plan (the “Pension Plan”);

AND WHEREAS CLIC’s role as payment processor was defined in the Co-op Atlantic Group Pension Segregated Investment Fund Contract as being limited to the set up and maintenance of pension records, the issuance of monthly cheques to retired members of the Pension Plan, and the issuance of annual T4As to retired members of the Pension Plan (the “Payment Processing Arrangement”);

AND WHEREAS CLIC continued to be engaged by Co-op Atlantic in the Payment Processing Arrangement until February 28, 2013;

AND WHEREAS during the Payment Processing Arrangement, CLIC issued certain correspondence to retired members of the Pension Plan which referenced “annuity” payments and also referenced in most, but not all, cases the relationship of “annuity” payments to the Pension Plan (the “Annuity Correspondence”);

AND WHEREAS in some circumstances, the Annuity Correspondence was accompanied by a document which bore the title “annuity certificate” (the “Annuity Certificate”);

AND WHEREAS some retirees complained to the New Brunswick Financial and Consumer Services Commission (“FCNB”) that the Annuity Correspondence and the Annuity Certificate (collectively, the “Documents”) led them to believe that immediate or deferred life annuities had been purchased for them in lieu of their pension entitlements and that those annuities were purchased from and guaranteed by a life insurance company;

AND WHEREAS the above-noted retired individuals became aware that their pension entitlements would be reduced when the Pension Plan wound-up in a deficit position with the sponsor insolvent even though they were in receipt of the Documents. As a result, the above-noted retired individuals filed a formal complaint to FCNB;

AND WHEREAS CLIC should not have issued the Documents making reference to the word “annuity”, as no annuities were ever issued to Pension Plan members and CLIC’s role was only that of a payment processor of the Pension Plan;

AND WHEREAS CLIC, in acknowledging that the Documents making reference to the word “annuity” should not have been issued during the Payment Processing Arrangement, will provide the following undertakings under section 395 of the *Insurance Act*;

NOW, THEREFORE, CO-OPERATORS LIFE INSURANCE COMPANY UNDERTAKES AS FOLLOWS

1. It shall not act as a processor of pension plan payments in respect of any pension plan registered in New Brunswick until such time as CLIC has obtained written confirmation from the New Brunswick Superintendent of Pensions and Insurance (the “Superintendent”) that the Superintendent is satisfied that CLIC has operational and regulatory compliance processes and controls in place to effectively support the performance of such pension payment processing services in accordance with pension and insurance regulatory requirements (the “Written Confirmation”);
2. To notify the Superintendent in writing, at any time, that CLIC wishes for the Superintendent to conduct a compliance review to determine if CLIC has the operational and regulatory compliance processes and controls in place to effectively support the performance of pension payment processing services (the “Compliance Review”) provided that, if CLIC wishes to act as a processor of pension payments, then CLIC shall notify the Superintendent, in writing, at least ninety (90) days before the start of any such arrangement so as to allow the Superintendent to conduct the Compliance Review;
3. CLIC undertakes to provide such supporting information and documentation as the Superintendent may reasonably require and request relating to CLIC’s operational and regulatory compliance processes and controls to be utilized by CLIC in respect of the processing of pension plan payments;
4. In the event that CLIC has not requested confirmation of satisfaction from the Superintendent in accordance with paragraph 2 of this Undertaking within one (1) year from the date of this Undertaking, the Superintendent shall initiate the Compliance Review to determine if confirmation under paragraph 1 of this Undertaking can be provided;
5. Upon receipt by CLIC of the Written Confirmation, CLIC shall have fully complied with this Undertaking, which Undertaking shall expire concurrently and automatically and notice of the same will be published by FCNB in accordance with FCNB policies respecting the publication of Undertakings. For greater certainty, following receipt of the Written Confirmation, CLIC will not be required to seek further confirmations from the Superintendent, pursuant to this Undertaking, regarding pension payment processing arrangements into which CLIC may wish to enter in the future; and
6. This undertaking does not constitute an admission by CLIC of any legal liability in any civil proceeding in respect of any claims made or alleged against CLIC relating to its role as payment processor under the Co-op Atlantic Defined Benefit Pension Plan.

FCNB hereby confirms that this Undertaking being given by CLIC is being given to dispose of the ongoing administrative investigation into CLIC pertaining to the complaint made against CLIC by certain retired members of Co-op Atlantic in accordance with Section 395 of the *Insurance Act* (New Brunswick).

CLIC acknowledges that this Undertaking, once executed, is a public document which may be published and publicly disclosed by FCNB on its website.

CLIC acknowledges that any failure to comply with these undertakings constitutes an offence pursuant to paragraph 386(1)(e) of the *Insurance Act* (New Brunswick).

DATED this 18 day of May, 2021,

**CO-OPERATORS LIFE INSURANCE
COMPANY**

Original signed by Paul Gobeil

Per: Paul Gobeil
Position: VP, Indiv. Ins. & Wealth Mgmt and Chief Actuary, Life

Original signed by Angela Mazerolle

Angela Mazerolle
New Brunswick Superintendent of
Pensions and Insurance