

Financial Institutions Commission of BC

Service Plan

Fiscal Year 2006/2007 – Fiscal Year 2008/2009

February 21, 2006



**BRITISH
COLUMBIA**

Province of British Columbia
Ministry of Finance

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Vision, Mission and Values

Vision

To be the most progressive and cost-effective regulator in Canada of financial services, pensions, and real estate services.

Mission

Maintain confidence in British Columbia's financial services sector by effective regulation.

Values

FICOM VALUES

Our actions are guided by the following values:

Effectiveness — We focus on obtaining results, even when they are difficult to measure, rather than on activities. We anticipate problems before they arise and address them in a timely manner.

Integrity — We value honesty, cooperation, transparency, reliability, fairness and respect within the workplace and demonstrate these qualities in the exercise of our regulatory function.

Professionalism — We take pride in the quality of our work and continually strive to improve ourselves by seeking knowledge, revising our methods and providing innovative solutions.

Accountability — We are accountable for the decisions we make.

Section 1:	Plan In Brief
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Responsibilities

The Financial Institutions Commission of British Columbia (“FICOM”) is responsible for regulating financial services in the Province of British Columbia — this includes credit unions, trust services, insurance, pensions, mortgage brokers and the marketing of multi-unit real estate developments.

FICOM’s mission is to maintain confidence in the financial services sector by effective regulation.

In support of its mission, FICOM has seven organizational goals:

Goal 1:	British Columbians have confidence in credit unions and trusts.
Goal 2:	British Columbians have confidence in insurers.
Goal 3:	British Columbians have confidence in provincially regulated pension plans.
Goal 4:	British Columbians have confidence that mortgage brokers are regulated effectively.
Goal 5:	British Columbians have confidence in the regulation of multi-unit real estate development marketing and the approval process for strata plans.
Goal 6:	The investigative activities of FICOM deter non-compliance with statutes and criminal activities related to financial services in British Columbia.
Goal 7:	FICOM is administratively effective and efficient.

Section 2: Resource Summary

Projected Annual Operating Budget By Program

Core Businesses	2005/06	2006/07	2007/08	2008/09
Operating Expenditures*				
Credit Unions and Trusts	4,721,090	4,905,600	4,905,600	4,905,600
Insurance	2,114,340	2,309,600	2,309,600	2,309,600
Pensions	1,113,560	1,376,400	1,376,400	1,376,400
Real Estate and Mortgage Brokers	3,433,010	3,067,400	3,067,400	3,067,400
Recoveries	(11,381,000)	(11,658,000)	(11,658,000)	(11,658,000)
Totals	1,000	1,000	1,000	1,000

* Operating expenditures expressed in constant dollars.

Projected Staffing Complement By Program Full Time Equivalents (FTEs)

Core Businesses	2005/06	2006/07	2007/08	2008/09
Staff FTEs				
Credit Unions and Trusts	44.3	47.6	47.6	47.6
Insurance	16.8	18.1	18.1	18.1
Pensions	12.4	13.3	13.3	13.3
Real Estate and Mortgage Brokers	19.5	21.0	21.0	21.0
Totals	93.0	100.0	100.0	100.0

Section 3:

Overview of FICOM and Core Business Areas

FICOM has four core business areas that are organized around its areas of regulatory responsibility.

Credit Unions and Trusts

- Regulates credit unions and trust services under the *Financial Institutions Act* and the *Credit Union Incorporation Act*.
- Administers deposit insurance for credit unions through the Credit Union Deposit Insurance Corporation.

Insurance

- Responsible for the regulation of insurers under the *Financial Institutions Act*, *Insurance Act*, *Insurance (Captive Company) Act*, and *Insurance (Marine) Act*.
- The Insurance Council of British Columbia is responsible for licensing insurance intermediaries — agents and adjusters.
- The Superintendent of Financial Institutions may appeal disciplinary decisions of the Insurance Council, and is responsible for investigating unlicensed insurance activities.

Pensions

- Regulates pension plans registered in British Columbia under the *Pension Benefits Standards Act*.

Mortgage Brokers and Real Estate

- Regulates mortgage brokers under the *Mortgage Brokers Act*.
- Regulates the marketing of multi-unit real estate developments under the *Real Estate Development Marketing Act*.
- Approves strata plan schedules under the *Strata Property Act*.

- Under the *Real Estate Services Act*, the Real Estate Council of British Columbia, a self-regulatory organization, regulates real estate brokerages and representatives, and property managers. Effective January 2006, strata managers are regulated by the Real Estate Council.
- The Superintendent of Real Estate has powers to intervene in the regulation of real estate professionals if an urgent concern for the public interest arises, and is responsible for investigating unlicensed real estate activities.
- The Superintendent may appeal disciplinary decisions of the Real Estate Council.

Support Functions

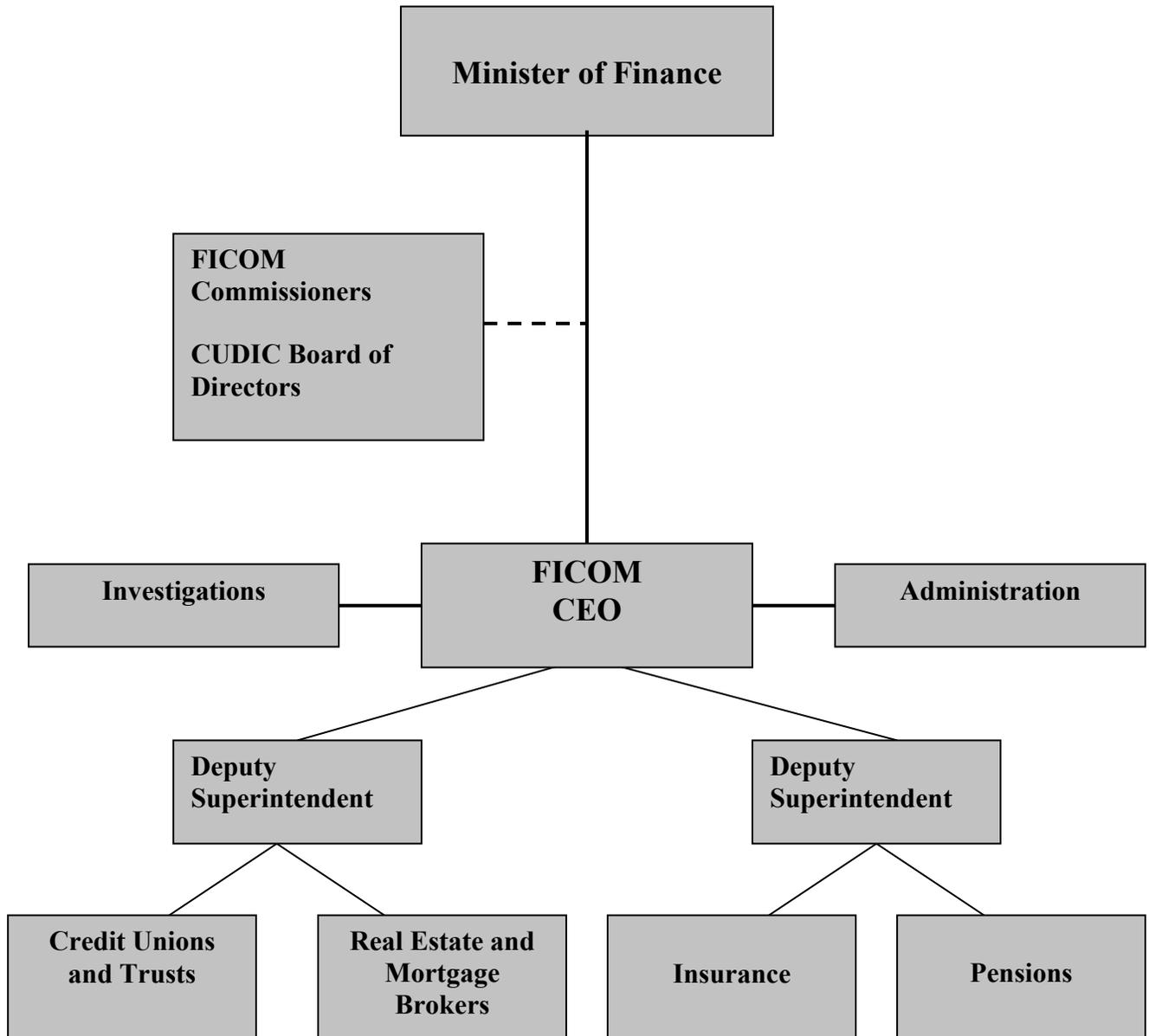
INVESTIGATIONS

The Investigations department investigates significant statutory breaches of all acts administered by FICOM. It also investigates related criminal matters, such as fraud, that may be uncovered in the course of these investigations.

ADMINISTRATION

FICOM's core business areas are supported by the following departments: Records, Systems, Accounting, Operational Services, and the CEO's office. These departments provide a wide variety of services including records management, reception, communications, systems support, accounting, budgeting, purchasing, freedom of information requests, policy research, legislative reviews, performance planning and reporting, strategic human resources management, and administrative support.

Organizational Chart



Section 4:

**Performance Planning
— Organizational Goals,
Responsibilities, Strategic
Activities and Results**

As a British Columbia government entity, FICOM prepares its service plan in accordance with guidelines issued by the Ministry of Finance’s Treasury Board.

As a financial services regulator, these guidelines can be adhered to, but with some limitations. FICOM uses a process of identifying organizational goals and then listing the specific regulatory responsibilities that fall under each organizational goal. Strategic activities are then identified for each area.

Strategic activities represent how FICOM is improving its functions as a financial services regulator in the coming years.

FICOM also identifies key performance indicators. FICOM reports on its results in its annual report.

Organizational Goals

FICOM has identified seven organizational goals:

Goal 1:	British Columbians have confidence in credit unions and trusts.
Goal 2:	British Columbians have confidence in insurers.
Goal 3:	British Columbians have confidence in provincially regulated pension plans.
Goal 4:	British Columbians have confidence that mortgage brokers are regulated effectively.
Goal 5:	British Columbians have confidence in the regulation of multi-unit real estate development marketing and the approval process for strata plans.
Goal 6:	The investigative activities of FICOM deter non-compliance with statutes and criminal activities related to financial services in British Columbia.
Goal 7:	FICOM is administratively effective and efficient.

Goal 1: *British Columbians have confidence in credit unions and trusts.*

OUTCOME/KEY INDICATOR

Confidence in BC credit unions and trusts.

CORE BUSINESS AREA

Credit Unions and Trusts.

RESPONSIBILITIES

FICOM has broad responsibilities relative to credit unions and trusts in British Columbia. The primary focus of FICOM's regulatory activities is the monitoring of the solvency of these institutions. FICOM also administers the granting of business authorizations and, through the Credit Union Deposit Insurance Corporation (CUDIC), provides deposit insurance for credit unions.

The specific regulatory responsibilities of FICOM are as follows:

1. Identify credit unions and their specific practices that pose a risk to depositors and take regulatory action where appropriate.
2. Identify trusts and their specific practices that pose a risk to clients and take regulatory action where appropriate.
3. Provide a timely and efficient business authorization system for credit unions and trusts.
4. Ensure that CUDIC is managed effectively.
5. Oversee supervisory activities that are delegated to Stabilization Central Credit Union.

STRATEGIC ACTIVITIES

In 2006-07, FICOM will carry out the following activities to improve its regulation of credit unions and trusts:

1. Administer and evaluate the risk-based supervisory framework for credit unions and trusts.
2. Consult with stakeholders and survey the public on the regulatory effectiveness of FICOM's activities related to credit unions and trusts.
3. Review collection procedures for required credit union financial data.
4. Ensure that emerging trends, risks and policy issues are closely monitored.

5. Monitor regulatory burden on credit unions and trusts and seek to reduce where possible.
6. Implement and review new CUDIC treasury procedures following implementation of new investment policy.
7. Provide ongoing training to staff to keep them up-to-date on industry issues.

PERFORMANCE REPORTING

FICOM monitors confidence in financial institutions and evaluates its effectiveness as a financial services regulator. FICOM's annual report includes detailed performance reporting.

Goal 2: *British Columbians have confidence in insurers.*

OUTCOME/KEY INDICATOR

Confidence in BC insurers.

CORE BUSINESS AREA

Insurance.

RESPONSIBILITIES

FICOM regulates the solvency and market conduct of insurers, and registers captive insurance companies operating in British Columbia. However, FICOM's specific responsibilities for solvency vary depending on the jurisdiction of an insurer's incorporation. FICOM does not regulate the Insurance Corporation of British Columbia ("ICBC").

Solvency regulation ensures that insurers operating in British Columbia can be reasonably expected to have the resources to meet the policy obligations they enter into. FICOM is the principal regulator of solvency for British Columbia's incorporated insurers, and is the secondary regulator for extra-provincial insurers.

FICOM regulates market conduct for all insurers in BC. Market conduct supervision ensures that problems identified with insurers complying with their statutory obligations are addressed.

The specific regulatory responsibilities of FICOM are as follows:

1. Identify insurers and their specific practices that pose a risk to policy holders and take regulatory action where appropriate.
2. Address insurer related statutory market conduct issues.
3. Provide a timely and efficient business authorization system for insurers and captive insurance companies, and address licensing issues.
4. Maintain a strong working relationship with the Insurance Council of British Columbia.

STRATEGIC ACTIVITIES

In 2006-07, FICOM will carry out the following activities to improve its regulation of insurance:

1. Continue to administer the newly implemented risk-based supervisory framework for insurers.
2. Review regulatory requirements for insurers with other regulators and eliminate unnecessary requirements.

3. Review emerging risks and policy issues, and assist the Ministry of Finance with updates to the legislation and regulations that apply to insurers.
4. Ensure that emerging trends, risks and policy issues are closely monitored.
5. Identify opportunities to harmonize regulations with other jurisdictions.
6. Complete development of an electronic filing system for financial information and filings required of insurers.
7. Consult with stakeholders and survey the public on the regulatory effectiveness of FICOM's insurance related activities.

PERFORMANCE REPORTING

FICOM monitors confidence in financial institutions and evaluates its effectiveness as a financial services regulator. FICOM's annual report includes detailed performance reporting.

Goal 3: *British Columbians have confidence in provincially regulated pension plans.*

OUTCOME/KEY INDICATOR

Confidence in BC's provincially regulated pension plans.

CORE BUSINESS AREA

Pensions.

RESPONSIBILITIES

FICOM is responsible for the regulation of provincial pension plans in British Columbia under the *Pension Benefits Standards Act*. As the regulator, FICOM has two fundamental responsibilities:

- It oversees the financial health of pension plans and administers the rules for the investment of plan assets, funding standards and solvency standards.
- It oversees adherence by pension plans to minimum standards for eligibility, vesting, portability, survivor benefits, employer contributions and disclosure to members.

The specific regulatory responsibilities of FICOM are as follows:

1. Provide an efficient registration system for pension plans.
2. Identify pension plans and specific practices that pose a risk to members, and take appropriate regulatory action.
3. Respond to public queries regarding pension plans.

STRATEGIC ACTIVITIES

In 2006-07, FICOM will carry out the following activities to improve its regulation of provincially regulated pension plans:

1. Continue to develop and implement a risk-based regulatory system for pensions.
2. Develop an electronic system for required pension plan filings.
3. Review emerging inter-jurisdictional policy issues and assist with corresponding updates to the legislation and regulations that apply to pensions.
4. Implement new annual information returns and test on-site examination procedures.
5. Ensure that emerging trends, risks and policy issues are closely monitored.

6. Identify opportunities to streamline and harmonize regulations with other jurisdictions, and otherwise eliminate unnecessary regulatory burden.
7. Consult with stakeholders and survey the public on the regulatory effectiveness of FICOM's activities related to pensions.

PERFORMANCE REPORTING

FICOM monitors confidence in financial institutions and evaluates its effectiveness as a financial services regulator. FICOM's annual report includes detailed performance reporting.

Goal 4: *British Columbians have confidence that mortgage brokers are regulated effectively.*

OUTCOME/KEY INDICATOR

Confidence in British Columbia mortgage brokers.

CORE BUSINESS AREA

Mortgage Brokers and Real Estate.

RESPONSIBILITIES

FICOM is the regulator of mortgage brokers, who are registered to arrange, buy, sell, administer or fund mortgages on real estate.

The regulatory responsibilities of FICOM related to mortgage brokers are as follows:

1. Regulate mortgage brokers in British Columbia.
2. Maintain an efficient registration system for mortgage brokers.
3. Investigate unregistered mortgage broker activity.
4. Provide information to the public on mortgage fraud schemes so that people are not unknowingly involved in illegal mortgage schemes.
5. Encourage industry group development and self-discipline among mortgage brokers.
6. Maintain a strong working relationship with the British Columbia Securities Commission to ensure that regulatory responsibilities are harmonized.

STRATEGIC ACTIVITIES

In 2006-07, FICOM will carry out the following activities to improve its regulation of mortgage brokers:

1. Continue to develop a risk-based framework for mortgage broker regulation.
2. Develop a performance reporting system for the processing of required mortgage broker applications.
3. Assist in the development of a new mortgage broker statute.
4. Review mortgage broker application forms.

PERFORMANCE REPORTING

The following performance measures have been identified for FICOM's regulation of mortgage broker related activities:

- Survey of confidence in mortgage brokers.
- Timeliness of processing of mortgage broker applications.

DISCUSSION OF INDIVIDUAL PERFORMANCE MEASURES

Survey of Confidence in Mortgage Brokers

A survey of consumer confidence in mortgage brokers provides a general perspective on how well the regulatory system is operating.

Timeliness of Processing of Mortgage Broker Applications

The processing of applications in a timely manner provides a measure of both effectiveness and efficiency.

Goal 5: *British Columbians have confidence in the regulation of multi-unit real estate development marketing and the approval process for strata plans.*

OUTCOME/KEY INDICATOR

Internal review of administrative effectiveness in addressing real estate development and strata plan responsibilities.

CORE BUSINESS AREA

Real Estate and Mortgage Brokers.

RESPONSIBILITIES

FICOM administers the *Real Estate Development Marketing Act* and *Strata Property Act*. The Superintendent of Real Estate has limited powers under the *Real Estate Services Act*.

The regulatory responsibilities of FICOM related to real estate and strata plans are as follows:

1. Ensure that developers of new multi-unit real estate developments provide complete disclosure to consumers.
2. Approve strata plan schedules under the *Strata Property Act*.
3. Investigate unlicensed real estate activity.
4. Intervene in the regulation of real estate professionals if a serious concern for the public interest arises.
5. Maintain a strong working relationship with the Real Estate Council of British Columbia to ensure that regulatory responsibilities are harmonized.

STRATEGIC ACTIVITIES

In 2006-07, FICOM will carry out the following activities to improve its regulation of real estate:

1. Develop a new risk-based approach to processing of filings under the *Real Estate Development Marketing Act*.
2. Utilize new legislative framework for enhanced compliance monitoring of regulated real estate developments.

PERFORMANCE REPORTING

The following performance measures have been identified for FICOM's real estate and strata plan activities:

- Monitoring of the marketing of certain real estate developments for compliance with disclosure requirements.
- Timeliness of processing of real estate related filings.
- Timeliness of processing strata plan approvals.

DISCUSSION OF INDIVIDUAL PERFORMANCE MEASURES

Monitoring of the Marketing of Certain Real Estate Developments for Compliance with Disclosure Requirements

Whether or not disclosure requirements are widely adhered to by real estate developers provides a good measure of how well the public interest is supported.

Timeliness of Processing of Real Estate Filings

The processing of filings that are required of certain real estate developers in a timely manner provides a measure of both effectiveness and efficiency.

Timeliness of Processing of Strata Plan Approvals

The processing of strata plan approvals in a timely manner provides a measure of both effectiveness and efficiency.

Goal 6: *The investigative activities of FICOM deter non-compliance with statutes and criminal activities related to financial services in British Columbia.*

OUTCOME/KEY INDICATOR

Annual Internal Review of Investigative Effectiveness.

CORE BUSINESS AREA

Support service to all core business areas.

RESPONSIBILITIES

FICOM has responsibilities for investigating the specific sectors of the financial services industry that are regulated by FICOM, including investigations of statutory breaches and criminal activity.

FICOM is not responsible for investigations of federally-regulated financial services providers such as banks.

The specific regulatory responsibilities of FICOM are as follows:

1. Respond professionally to enquiries and complaints received and, where appropriate, direct the public to government, industry or self-regulatory organizations as required.
2. Review complaints of statutory and regulatory contraventions in British Columbia related to provincially-regulated financial services and investigate further if significant concerns are raised.
3. Review complaints of criminal activity involving provincially-regulated financial services in British Columbia and investigate further if significant concerns are raised.
4. Provide information to the public on detecting fraudulent or other inappropriate business practices.
5. Provide information to financial institutions on fraud schemes that may have a systemic impact.

STRATEGIC ACTIVITIES

In 2006-07, FICOM will carry out the following activities to improve its investigations function:

1. Begin implementation of electronic filing of investigations related files, records and exhibits.
2. Implement new investigations file management software within the investigations department.

PERFORMANCE REPORTING

- Internally produced year-end report on FICOM's investigative effectiveness.

DISCUSSION OF INDIVIDUAL PERFORMANCE MEASURES

Internally Produced Year-end Report on FICOM's Investigative Effectiveness

An internal assessment of FICOM's investigative effectiveness provides a good measure of the effectiveness in investigations activities as judged from the standpoint of what approaches were taken in conducting investigations and their relative success.

Goal 7: *FICOM is administratively effective and efficient.*

OUTCOME/KEY INDICATOR

Comparative review of administrative services.

CORE BUSINESS AREA

Support services to all core business areas.

RESPONSIBILITIES

FICOM operates under a “\$1,000 vote” for budgeting purposes: it is a self-funded entity. As such, it is responsible for ensuring that it operates in an administratively effective and efficient manner.

FICOM has identified the following as specific administrative and operational responsibilities:

1. Ensure that FICOM’s working environment supports staff productivity and development.
2. Ensure that FICOM’s computer systems meet the standard required of both staff and regulated entities, and that systems security risks are adequately addressed.
3. Ensure that FICOM’s accounting functions are efficient and that financial reporting is meaningful.
4. Ensure that FICOM’s purchasing and inventory functions are efficient.
5. Ensure that FICOM’s records management functions are efficient.
6. Ensure that “make vs. buy” analysis is completed as part of ongoing corporate planning.
7. Ensure that FICOM has adequately assessed organizational risks and that identified risks are responsibly managed.
8. Maintain an effective website that meets the communication needs of the public and industry stakeholders.
9. Respond professionally to freedom of information (FOI) requests made to FICOM.
10. Prepare and publish service plan and annual report in accordance with BC government guidelines and statutory deadlines.

STRATEGIC ACTIVITIES

In 2006-07, FICOM will carry out the following activities to improve its administrative function:

1. Develop and implement new information systems to accommodate improvements in services and risk-based regulation.
2. Conduct a strategic planning session with FICOM executive staff to address developing issues in financial services regulation and their administrative and operational consequences for FICOM.
3. Review effectiveness of FICOM's website as a communications tool.
4. Review Contact Centre operations following implementation and develop an enquiry and complaint tracking system.
5. Complete development and implementation of new pension's filings information system.
6. Develop computer skills training program for staff.
7. Improve online options for payment of fees.

PERFORMANCE REPORTING — EFFICIENCY MEASURES

Comparison of Website with that of Comparable BC Government Agencies

The comparison of FICOM's website with that of comparable BC government agencies provides a good indication of how effectively FICOM is communicating with the public.

Comparison of Annual Report with that of Comparable BC Government Agencies

The comparison of FICOM's annual report with that of comparable BC government agencies provides a good indication of how effectively FICOM is communicating with the public.

Comparison of Service Plan with that of Comparable BC Government Agencies

The comparison of FICOM's service plan with that of comparable BC government agencies provides a good indication of how effectively FICOM is communicating with the public.

Completion of Freedom of Information Requests within Statutory Deadlines

The *Freedom of Information and Protection of Privacy Act* specifies deadlines for processing freedom of information (FOI) requests. FICOM tracks FOI requests for adherence to these deadlines.

PERFORMANCE REPORTING — EFFICIENCY MEASURES

Credit Unions

- Total credit union regulatory fees per \$1000 of system assets.
- Total deposit insurance assessments per \$1000 of system deposits.
- Total credit union regulatory fees and total deposit insurance assessments per \$1000 of system assets.

Insurance

- Total insurance regulatory fees per \$1000 of premiums written.

Pensions

- Regulatory fees per pension plan member — defined benefit plan.
- Regulatory fees per pension plan member — defined contribution plan.
- Regulatory fees per \$1000 of pension plan assets — defined benefit plan.
- Regulatory fees per \$1000 of pension plan assets — defined contribution plan.

Mortgage Brokers and Real Estate

- Total regulatory fees per mortgage sub-broker.
- Total regulatory fees per mortgage broker.