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Regulatory Update – CAFII Board of Directors and Executive Operations Committee

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Federal / National

Travel and Health Insurance Association of Canada (THiA)

THiA Survey Finds that One in Five Canadians Planning a Vacation this Year are Unaware of the Implications of Travelling with Cannabis

Insurance Business Canada reports that a recent survey by the Travel Health Insurance Association of Canada (THiA) found that one fifth of Canadians planning a vacation this year are unaware of the implications of travelling with cannabis. Furthermore, 22% of survey respondents with medical cannabis prescriptions said that now the drug is legal, they can pack medical cannabis products in their carry-ons just like other prescription drugs, regardless of where they're travelling to.

Under the Cannabis Act, which came into effect on October 17, 2018, the legalization and regulation of cannabis in Canada does not change the country's border rules. Taking cannabis or any product containing cannabis into, or outside of Canada, remains illegal and can result in serious criminal penalties both in Canada and abroad. This applies even when travelling to or from places that have legalized or decriminalized cannabis.

THiA executive director, Will McAleer, commented: "Even though cannabis has been legalized across the country, travellers need to be vigilant if they decide to travel with the drug. People work hard to enjoy their vacations and should be aware of all implications before they travel, regardless of whether they decide to travel with marijuana or not. The most popular travel destination for Canadians is the US, a jurisdiction where it's illegal under federal laws to possess cannabis in any form."

National Bank Insurance

National Bank Insurance Partners with Insurtech Breathe Life

Investment Executive reports that National Bank Insurance (NBI) has partnered with Breathe Life, an insurtech company that specializes in direct online insurance distribution. The partnership will accelerate the online availability of life insurance products to clients in a secure way, NBI says in a news release.

NBI's latest term life insurance product, designed by Breathe Life, will be offered via a network of licensed agents attached to National Bank Insurance Firm Inc., the release says. The product features an integrated single-session quote creation and application process, and offers up to \$30,000 of critical illness coverage and up to \$750,000 of coverage eligibility. Since NBI's term life insurance product has been offered online, 70% of traffic and purchases originate from mobile devices, says the release.

"We're thrilled to team up with a market leader like Breathe Life to continue driving forward relevant and seamless solutions for our clients," said Peter D. Thompson, Senior Vice President, Insurance and President, National Bank Insurance.

Mr. Thompson, who has just joined the CAFII Board of Directors, went on to say: "We're proud to offer the most differentiating life insurance product of this category in the market, which truly reflects consumer habits, preferences and needs. For us, it's fundamental to empower clients to choose how and when to purchase insurance, in a secure and effortless way. And for clients who want support in the process, our seasoned team of agents is only a phone call away to provide guidance and advice."

The Co-operators

The Co-operators has named Emmie Fukuchi as Executive Vice-President and Chief Digital and Marketing Officer

The Co-operators has named Emmie Fukuchi as executive vice-president and chief digital and marketing officer. A release said that Fukuchi's appointment takes effect January 14, 2019. Fukuchi was most recently senior vice-president of customer experience and marketing at Great-West Lifeco for the insurer's three life insurance brands. Prior to that role, she was vice-president of marketing innovation, digital and product development for LoyaltyOne, which operates the AIR MILES program.

"Emmie will play a key leadership role with The Co-operators as we embark on our next four-year corporate strategy," said The Co-operators president and CEO Rob Wesseling. "In addition to overseeing The Co-operators brand, she will lead the continuing development of our digital capabilities to ensure clients are free to choose how, when and where they do business with us. Emmie's strategic mindset and proven leadership experience in digital, client experience and marketing make her ideally suited for this position," Wesseling added.

"I'm excited to be joining The Co-operators," commented Fukuchi. "There is a significant opportunity to empower clients and partners to engage with the organization in ways that best suit their own lives and needs. I value The Co-operators' strong commitment to their clients and community, and look forward to contributing to that vision."

Scotiabank

Scotiabank Announces It Will Sell its Insurance Operations in the Caribbean

Insurance Business Canada reports on 27 November, 2017 that Scotiabank has announced plans to exit nine countries and sell multiple insurance operations amid a major business shake-up. The Canadian banking giant said it will refocus its business in the Caribbean region by selling its insurance operations in Jamaica and Trinidad & Tobago to Sagicor Financial Corporation. After the sale, Scotiabank will partner with Sagicor Financial to sell insurance in those countries. More recently, on 21 December, 2018 Scotiabank further announced that it will sell its insurance operations in the Dominican Republic.

Canadian Banks

Canada's Banks Turn to Hackers to Improve Cyber Resiliency

Insurance Business reports that with cyberattacks becoming more sophisticated and debilitating, Canada's major banks are choosing to fight fire with fire – by hiring other hackers to advise them on cybersecurity. According to a 2017 report by Statistics Canada, 21% of Canadian businesses reported that they were affected by a cyber security incident that disrupted their operations. Of the various industries and businesses affected by the attacks, banking institutions reported the highest level of incidents, at 47%.

To combat cyberattacks, several of Canada's biggest banks are turning to experts for help – specifically those with hacking experience. “We’re doing it exactly how our adversaries would do it... So if we find a weakness or something like that, we can close it or address it before a real attacker,” TD Bank vice-president of cyber threat management Alex Lovinger told *The Canadian Press*. Late last year, TD Bank established an in-house “red team” of ethical hackers. These ethical hackers are cybersecurity professionals who evaluate a computer network’s security by simulating an attack.

Other banks have introduced similar initiatives. BMO is currently looking for a senior manager with a certification in ethical hacking. The responsibilities of the senior manager include managing a team of “network penetration testing” specialists.

ATB Financial is similarly looking for a “senior penetration tester” with ethical hacking experience. The Bank of Nova Scotia has also established its own in-house “red team” of hackers as well. “Scotiabank has used and continues to use third-parties to handle this penetration testing. However, because the volume of global cyber threats has significantly risen, the Bank wanted to have its own capabilities in-house and created its own red team this year,” chief information security officer Steve Hawkins revealed.

RBC has had in-house ethical hackers for some years already, and the bank has been increasing its cybersecurity budget and team each year to keep up with threats. “We want to make sure that we are testing our defences to make sure they stay relevant,” said RBC vice-president of cyber operations and chief information officer Adam Evans.

Global Risk Institute in Financial Services

Sonia Baxendale tapped to lead the Global Risk Institute in Financial Services

Insurance Journal reports that the Global Risk Institute in Financial Services (GRI) announced Dec. 13 that Sonia Baxendale will be its new President and CEO, effective Jan. 7, 2019.

Baxendale succeeds Richard Nesbitt who is retiring as an officer and a director. Richard Nesbitt was CAFII’s keynote speaker at its 2018 Annual Members’ Luncheon.

Toronto-based GRI is a think tank for the management of risks in financial services. It is a non-profit, public and private partnership with 32 government and corporate members from asset management, banking, insurance and pension management.

"Sonia has experience at the highest levels of financial services and in many facets of the business that dominate the industry today," said Tiff Macklem, Chair of the GRI Board of Directors. "Her financial services background combined with her experience as a corporate director will bring perspective and leadership to further grow GRI's impact and build on our recent successes."

Baxendale is a Director of Laurentian Bank, Foresters Financial, SickKids Foundation, and Toronto Artscape Inc. She was previously the President of CIBC Retail Markets where she led the Retail and Wealth Management businesses from 2005 to 2011. From July 2017 to January 2018, Baxendale served as Co-Interim President and CEO of Foresters Financial. She was named one of the "Top 100 Most Powerful Women in Canada" for three years in a row and then joined the ranks of the Top 100 Hall of Fame in 2010.

"I am excited to join GRI to continue the excellent work with world leading institutions, government, regulators and academia in ensuring Canada continues to leverage its risk capability as a competitive advantage," said Baxendale. "Partnering in research and education will allow us to maintain a sound financial system in an increasingly complex world of global risks."

On behalf of GRI's Board, Tiff Macklem thanked Richard Nesbitt for his contribution to the organization's development. "Under Richard's leadership, the quantity, quality and reach of GRI's applied research has grown substantially and its risk education extends from graduate university programs to boards of directors."

Torys LLP

Torys LLP Lists Brigitte Goulard as a Toronto-Based Senior Counsel Lawyer With Their Firm

Torys LLP's website now lists former Financial Consumer Association of Canada (FCAC) Deputy Commissioner Brigitte Goulard as a member of their Toronto-based team, specializing in "Consumer Protection" and "Financial Services." She is listed as "Senior Counsel" and no press release or public announcement was made of her appointment. Ms. Goulard was first called to the Ontario Bar in 1989.

Equitable Bank

Equitable Bank Launches Line of Credit Backed by Life-Insurance

Insurance Journal reports that a subsidiary of the Equitable Group (no link to Equitable Life Insurance), Equitable Bank announced on its website that customers can borrow up to 90% of the surrender value of their policy tax-free. This small Toronto-based bank that employs over 650 professionals has \$26 billion in assets under management and specializes in loans and mortgage lines of credit, deposit services and commercial lending.

This new line of credit follows on the heels of its reverse mortgage *PATH Home Plan*, launched in May. A reverse mortgage lets homeowner borrow on a portion of the home equity to free up liquid assets for retirement. Equitable Bank CEO Andrew Moor thinks demand for this type of product is strong in Canada. The bank plans to expand its offer of financial solutions tailored to aging Canadians.

Equitable Bank notes that 22 million Canadians hold some form of life insurance, for total coverage of over \$4.3 trillion. As the population ages, the overall value of policies will increase. Equitable Bank estimates that the value of loans backed by life insurance will expand to \$1 billion by 2023.

“The Equitable Bank CSV Line of Credit gives a growing Canadian demographic financial flexibility to retire comfortably and pursue their retirement dreams, whether that is supporting a business venture or helping a loved one,” Moor explains. He says he wants to offer a variety of financial options to meet diverse needs.

Mahima Poddar, Vice President, Product and Corporate Development, at Equitable Bank, told *Insurance Journal* in an interview that the Bank is highlighting products intended for older people across Canada because traditional banks are not meeting their needs very well. “Their loan products, like mortgage and line of credit, require underwriting usually depending on regular income. Often, the income of aging people might be lower or more unpredictable than required by the big banks. We’ve streamlined our process and made our products available to the mass market.” She adds that Equitable Bank targets a similar niche to that of competitors like Manulife Bank.

What’s more, needs are growing. Poddar cites Statistics Canada figures that put the number of Canadians ages 65 and over at 4.2 million in 2005; the figure will rise to 10.1 million in 2035. “It’s an increase of 140%,” she says.

The new line of credit is similar to what the industry calls a collateral loan. “You’ll get quick access to cash and no ongoing payments are typically required while your policy continues to grow,” the bank explains. In its marketing brochure, Equitable Bank recommends that clients meet with an advisor to purchase the line of credit. “Meet with your financial advisor or a professional insurance broker to fill out an application. By working with them, we’ll review your eligibility to determine if you qualify,” it says.

The document mentions that clients who are accepted have four financing options: a single one-time amount, an ad-hoc advance, an advance scheduled on a monthly basis or a combination of these options. Poddar says the minimum amount of the loan equal to 90% of the surrender value is \$15,000.

Co-founder of Portag3 Ventures, Paul Desmarais III (member of the family that owns Great-West and subsidiaries) is excited to partner with Equitable Bank in this offer to help people make the most of their life insurance contracts, which he considers traditionally an underused asset.

In terms of the ventures available, Mahima Poddar said that Great-West and its subsidiaries were just a starting point. “We’re actively looking for other insurance companies,” she adds. Poddar also said that Equitable Bank wanted to continue extending its offer to other insurance-based products such as Insurance Financial Agreements.

Innovation Hub “Slice Labs”

Innovation hub for on-demand insurance products opens in Toronto

Canadian Underwriter reports that an insurance cloud platform provider has opened an “innovation hub” in downtown Toronto to “ideate, experiment, test and deploy” new on-demand insurance products.

Slice Labs announced Wednesday the opening of the Slice Launch Studio for the company and its partners to test and deploy new products on the Slice Insurance Cloud Services (ICS) platform. Insurers and technology companies from around the world can come to the Launch Studio to collaborate on hackathons, a key step in Slice’s approach to getting product to market quickly, the company said in a release. Slice will also host events year-round, bringing together thought leaders from across the globe to discuss and address emerging and increasing risks. Slice is currently working with insurers in the United States, Canada, United Kingdom and Southeast Asia to launch new on-demand insurance products, using a minimum viable product methodology which allows for launch in under three months.

The Co-Operators Group, which recently launched its digital insurance brand Duuo and an on-demand homeshare insurance product via Slice ICS, is the pilot partner for the Launch Studio. The Guelph, Ont.-based carrier will host a hackathon with the goal to build the vision for its next on-demand insurance product. Duuo provides insurance for homesharing hosts who rent their properties from sites like Airbnb, HomeAway and VRBO. The Co-operators president and CEO, Rob Wesseling, told *Canadian Underwriter* in July “there are a number of product ideas that we have on the list now.” Although he didn’t offer specifics, he said there will be a “steady stream” of product launches in the future. “The sky’s the limit in terms of P&C opportunities, life opportunities and health opportunities in the episodic and on-demand space.”

The Slice Launch Studio is located on the 42nd floor of the Scotia Plaza (40 King St. West in downtown Toronto) and is open from 9-5 p.m. ET Monday to Friday by appointment to protect the ICS user intellectual capital. Participants can make appointments at www.slice.is/launchstudio.

Provincial

Alberta

Alberta Insurance Council (AIC)

Alberta Insurance Council Fines Two Insurance Agents for Helping a Colleague Complete his Harmonized Life License Program Certification Examination

The Alberta Insurance Council (AIC) says two former insurance agents registered with World Financial Group Insurance Agency of Canada (WFG), Gurjeet Singh Kang and Jaspreet Singh Gill “demonstrated dishonesty or untrustworthiness” contrary to sections of the *Insurance Act* when they helped a colleague successfully complete his Harmonized Life License Program certification examination.

Both agents and the unnamed examinee were dismissed by WFG in October 2017 following an investigation into acts of collusion, when the course provider, Oliver Publishing, by webcam observed the two licensed associates assisting the candidate during the examination.

Kang and Gill both claim they were simply sharing the office, working on unrelated client files when the incident took place. In an email to the AIC, Gill, the senior agent, told investigators that the examinee would regularly use his office to practice mock exams. During the process he says the examinee could not always understand the English questions and would sometimes read the questions back to the agents to get a better understanding. “Sometimes I (would) read the questions on the computer screen and translate back to him in Punjabi language. I never had any intention to help him pass any of the exams,” Gill writes. It was, he says, an unconscious mistake to believe the exam was “just like the mock exam. We did not realize the person taking the exam has to be left alone. We thought the LLQP exam is an open book exam...and did not realize that being with a person would be considered cheating.”

After considering the images captured by the course provider where the agents are pictured sitting next to the examinee, despite claims that that they were present only to attend an unrelated meeting, the council concluded that the agent has “demonstrated dishonesty or untrustworthiness as described by section 480(1)(a) of the (*Insurance Act*.” The AIC ordered a civil penalty of \$5,000 be levied against each former agent.

Ontario

Financial Services Regulatory Authority of Ontario (FSRA)

Financial Services Regulatory Authority of Ontario (FSRA) Appoints Judy Pfeifer as its Chief Public Affairs Officer

FSRA has announced the appointment of Judy Pfeifer as FSRA's Corporate Secretary and Deputy General Counsel. Ms. Pfeifer attended the 27 November, 2018 CAFII reception at the Canada Life Building, at which FSRA President and CEO Mark White spoke, on what was her first official day of work with FSRA. In the announcement, FSRA states the following:

Judy Pfeifer is a dynamic and strategic senior leader with extensive expertise and experience in internal and external communications, communications strategy and planning, corporate reputation management, media relations, and stakeholder management. Recognized for her ability to inspire high performing teams, Judy will work with leaders and staff across FSRA to champion the organizational culture and vision and help manage FSRA's relationships with multiple stakeholders in government, industry, and with consumers.

Throughout Judy's career, she has held senior leadership positions across multiple sectors including the private, not-for-profit, public and municipal sectors, most recently as the Chief Communications and Public Affairs Officer at Metrolinx. She was also a Professor in the School of Media, Faculty of Communication, Art and Design at Seneca College.

A published author, Judy is a highly sought after speaker on public engagement, stakeholder relations and communications. She holds an Honours Bachelor of Arts in Political Science from Carleton University and a graduate Certificate in Human Resources Management from Seneca College.

Quebec

Autorité des marchés financiers (AMF)

Autorité des marchés financiers (AMF) Announces New Fees as of 1 January, 2019

The Autorité des marchés financiers (AMF) announced on 21 December, 2018 that as of January 1, 2019 the annual and other fees payable under the laws administered by the AMF will be adjusted. The adjusted fees are set out in three notices published in Part 1 of the *Gazette officielle du Québec* and in section 1.1 of the *AMF Bulletin* dated December 20, 2018 (Vol. 15, No. 50). The AMF notes that this information will be available on the AMF website via the *Regulations and obligations* page, in the Fees and costs payable to the AMF section under each Act administered by the AMF.

Specifically, fees in respect of the examination of a distribution guide prescribed in the Regulation respecting distribution without a representative will be adjusted by 1.71% as of January 1, 2019.

Appendix A**CAFII Alerts November 20, 2018 – January 15, 2019**

<u>Date of Email Alert</u>	<u>Topic of CAFII Alert</u>
January 4	National Bank Insurance Confirms Its Desire To Rejoin CAFII As A Foundation Member
December 21	Insurance Journal's Life and Health Insurance Industry "Outlook 2019": Challenges and Opportunities Facing the Industry
November 26	Deputy Commissioner Brigitte Goulard Leaving FCAC, Effective November 30/18, For A Position In The Private Sector
November 26	Financial and Consumer Affairs Authority Delays Proclamation of The Insurance Act (Saskatchewan), Likely to January 1, 2020
November 22	FCAC to probe banks' complaints handling processes