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**Regulatory Update – CAFII Executive Operations Committee, 22 September 2020**

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**Federal/National**

**Canadian Council of Insurance Regulators (CCIR)**

*Canadian Council of Insurance Regulators Announces Frank Chong As New Chair*

The Canadian Council of Insurance Regulators announced on 10 September, 2020 that Patrick Déry of the AMF was stepping down as the Chair of the CCIR after five years in this role, and would be replaced by Frank Chong, Vice-President and Deputy Superintendent, Regulation, with the BC Financial Services Authority. It is noteworthy that usually such CCIR Chair succession announcements are made in the summer, coming out of CCIR’s June meeting.

**Canadian Association of Pension Supervisory Authorities (CAPSA)**

*Canadian Association of Pension Supervisory Authorities Invites CAFII To Join Industry Working Group Regarding CAPSA Capital Accumulation Plans (CAP)*

The Canadian Association of Pension Supervisory Authorities’ (CAPSA) has invited CAFII Co-Executive Directors Keith Martin and Brendan Wycks to participate in an Industry Working Group (IWG) to assist CAPSA’s work on Capital Accumulation Plans (CAP).

CAPSA notes that

*CAPSA established the CAP Guideline Committee (the Committee) in April 2019. Since then, the Committee has reviewed the Guideline and is proposing several revisions. It is now looking for technical support and expertise from industry, and has identified your organization as a key stakeholder to provide valuable input towards this work.*

*The IWG will consist of cross-sectoral stakeholders to ensure that there is expertise from all three sectors - pension, insurance and securities.*

Mr. Martin and Mr. Wycks are currently assessing this CAPSA invitation with respect to its fit with CAFII’s mission and scope, and the degree to which an affirmative response from one of them might contribute to the Association’s regulatory relationship-building strategic priority.

## Federal Consumer Agency of Canada (FCAC)

### *CAFII Holds Get-Acquainted Session with Frank Lofranco, Deputy Commissioner FCAC, Along with Three FCAC Colleagues, on 14 September, 2020*

On 14 September, 2020, CAFII held a Get Acquainted and Dialogue Meeting with recently appointed FCAC Deputy Commissioner Frank Lofranco and three FCAC staff executive colleagues: Brad Schnarr, Manager, Supervision and Enforcement; Stephen Wild, Senior Research & Policy Officer; and Thierry Plante, Senior Consumer Education Officer (focused on financial literacy).

This 90-minute virtual meeting was well-attended by approximately 30 CAFII member representatives. A key, CAFII-relevant insight gained from this meeting is that Stephen Wild, Senior Research & Policy Officer, who reports to Brad Schnarr, Manager, Supervision and Enforcement, who in turn reports to Frank Lofranco, Deputy Commissioner, Supervision and Enforcement, will be the lead on drafting the “appropriateness provision/test” for financial products which is embedded within the Financial Consumer Protection Framework (FCPF) section of Bill C-86 which received Royal Assent in December 2018.

That drafting/development work will be completed over the next six to eight months. Part of the FCAC’s process will involve determining which financial products the appropriateness provision/test should apply to, including whether or not Authorized Insurance Products (credit protection insurance and travel insurance) offered by federally regulated financial institutions should be covered.

The FCAC’s critical path for the development and finalization of the appropriateness provision/test includes a pre-consultation with a sounding board/test group in late Fall 2020 or early Winter 2021, followed by a full public consultation on a draft of appropriateness provision/test.

Other key insights gained in the meeting were:

- there are three pillars or streams of responsibility which fall under Frank Lofranco as FCAC Deputy Commissioner, Supervision and Enforcement: Regulatory Guidance & Co-ordination; Supervision (which the FCAC is being more proactive about, given increased powers and resources); and Enforcement (when breaches do occur).
- as Deputy Commissioner, Supervision and Enforcement, Frank Lofranco is effectively the FCAC’s second-in-command (2IC). However, Commissioner Judith Robertson is putting in place a new management team at the Agency, which will include the appointment of a Deputy Commissioner, Consumer Education (with a focus on financial literacy) in the near future.
- Commissioner Robertson has made the decision that the FCAC will have an official Toronto office presence; and after the COVID-19 pandemic when this plan is officially announced and comes to fruition, Deputy Commissioner Frank Lofranco will head up and work out of that FCAC satellite office in Toronto, where he is currently located.
- implementation of the FCPF falls under Brad Schnarr as Manager, Supervision and Enforcement.

## CAFII

### *CAFII Holds Webinar on the Impact of COVID-19 on Insurance Regulation, with Frank Chong of BCFSA, Nathalie Sirois of the AMF, and Huston Loke of FSRA*

CAFII held its first of three Summer 2020 virtual webinars with regulators on 28 July, 2020. On the panel of presenters were **Frank Chong**, Vice-President and Deputy Superintendent, Regulation at the British Columbia Financial Services Authority, or BCFSA; **Nathalie Sirois**, Senior Director, Supervision of Insurers and Control of Right to Practise at L'Autorité des marchés financiers (AMF) in Québec; and **Huston Loke**, Executive Vice-President, Market Conduct at the Financial Services Regulatory Authority of Ontario, or FSRA.

There was excellent attendance at the webinar from insurance regulators and policy-makers across Canada, including the BC Financial Services Authority; the BC Ministry of Finance; the Insurance Council of BC; the Alberta Insurance Council; Alberta Treasury Board and Finance; Insurance Council of Manitoba; the Saskatchewan Financial and Consumer Affairs Authority; Nova Scotia's Office of the Superintendent of Insurance; the Ontario Ministry of Finance; the Financial Services Regulatory Authority of Ontario; the Autorité des marchés financiers in Quebec; the Canadian Council of Insurance Regulators, or the CCIR; the Canadian Insurance Services Regulatory Organisations, or CISRO; and the federal Office of the Superintendent of Financial Institutions.

There was a vibrant and engaged discussion on a variety of insurance issues. With respect to the industry's COVID-19 response, Frank Chong commented that<sup>1</sup>

*...Canada and the broader insurance sector has really performed exceptionally well during this global issue. And credit should really be given to each of you for really contributing to being focused on your customers though this very challenging environment.*

In the context of how the AMF has responded to the challenges posed by the COVID-19 pandemic, Nathalie Sirois commented that

*...we had to adapt how we approached our supervisory work. And as an organisation, most of our employees were already ready to work remotely from home, so it was not a real issue for us. But I would say that we had to adapt how we do our supervisory activities, so of course we decided that there was not going to be any on-site supervision. But at the same time, we were very conscious of the fact that insurers themselves had to adapt to the situation, had many adjustments to put in place; and we had to maintain ... our supervision just to make sure (whether) any institution would face any difficulty in their financial condition.*

On the issue of regulators supporting industry at a time of great stress, Huston Loke commented that

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<sup>1</sup> The comments from the three panelists have been lightly edited.

*During a time of crisis, especially a health crisis like this, we have to all think about why are we here? So, the reason I think why we're here is because we want to allow people to receive, to have fulfilled, that promise of security that they purchased in the form of insurance. We want to be able to support them as they access their insurance that they've paid up for. We want to support them, in order to have access to buy new insurance products. All through the pandemic, people continue to have life events, whether it's, you know, having children, getting married, having some other situation in their family and access (to insurance) is important. How can we, as regulators, support access to insurance? And how can we as regulators allow insurers to fulfil their commitment to their customers? Well, coordination is one good way. So, I head up one of the CCIR committees for COVID-19, I'm joined by my capable colleagues across the country and we wanted to make ourselves very available to industry Associations in particular to provide a harmonized view on things.*

On the issue of what lessons can be learned during this time and what may endure after the pandemic, Frank Chong commented that

*... I think that once we are out of the pandemic, it will be worthwhile for not only the industry, but also for regulators, to sort of sit down and talk about what were some of the lessons learned out of the pandemic. And I think it's very important that we take stock of all the different things that we had not only discussed, whether or not that's at CCIR or individual regulators, and have that conversation with the policy-makers. Because I think that the attendee's (question) is correct to point out that the overarching, sort of legislative framework that we're all operating under does need to get modernized, and we do need to look at how we can do that from the lens of still being able to meet the public interest. Because I think that at the end of the day, what we have seen I think in extraordinary manner was that the industry was able to still meet the public interest in many ways, but doing it in a different manner than maybe perhaps under the old constructs of many of the provincial insurance Acts. And so, there's also some things we may want to sort of re-evaluate and discuss as to whether or not they are still relevant today. But I think that taking stock at the very end once we're out of this, I think is an important, first step in that journey towards modernization.*

On this same topic, Nathalie Sirois added:

*I'm totally in agreement about what (Frank Chong) was saying about the fact that once we are out of this crisis we will need to get together and see what were the lessons learned from the crisis. What went well, what went less well, and if there is need for improvements in our framework, whether legislative or regulation. I think it will be a good opportunity even for regulators and our governments to sit down together, and other parties that maybe had to grow in this crisis, to sit together and see how we can in the future be better... just to make sure that we will be in a better position to be proactive and less reactive.*

Picking up on this theme, Huston Loke said:

*What I'd add is some of these things are not necessarily legislative in terms of things that you take away post-pandemic, and I'll give you an example. We always talk about fair treatment because that's the principle that all the work hinges upon. Sometimes fair treatment is a lot less complicated than we make it out to be. It starts with fulfilling the promise to the customer -- what did the customer think they purchased and what ends up happening when they need insurance?*

*You know, when you think what just happened to us, this was a period where there was no question of the value of insurance. The value of coverage over the last number of months has been made plain and clear. If you had the right coverage, you could be taken care of, and I think one thing that we will take away is the practice that we've seen from some companies and industry Associations to publish their position on things, in real time. So, not waiting for six months and then coming out with an extra thirty pages that they add on to their policy, but actually to issue a press release to guide people and say here is what we are going to cover, and here are the processes that follow, and here is what we are going to be excluding. Because in a time of crisis, and in a time of need, that's fair treatment, to know what you're up against or to know what you're covered for.*

The full one-hour webinar was recorded and is available on the CAFII website at the following link:

<https://www.cafii.com/research/>

*CAFII Holds Webinar on the Impact of COVID-19 on Insurance Regulation, With a Focus on Licensing Issues, with Catherine Haines of New Brunswick's FCNB; Brent Rathgeber, Alberta Insurance Council; and Brett Thibault, Insurance Council of BC*

CAFII held its second of three Summer 2020 virtual webinars with regulators on 25 August, 2020. On the panel of presenters were **Catherine Haines**, Deputy Director of Licensing at New Brunswick's Financial and Consumer Services Commission (FCNB); **Brent Rathgeber**, Director of Policy and Government Relations at the Alberta Insurance Council; and **Brett Thibault**, Director of Governance and Stakeholder Engagement at the Insurance Council of BC.

There was excellent attendance at the webinar from insurance regulators and policy-makers from across Canada, including the BC Financial Services Authority; the BC Ministry of Finance; the Insurance Council of BC; the Alberta Insurance Council; Alberta Treasury Board and Finance; the Insurance Council of Manitoba; the Saskatchewan Financial and Consumer Affairs Authority; l'Autorité des marchés financiers (AMF) in Québec; the Insurance Councils of Saskatchewan; the Government of Yukon; the Financial Services Regulatory Authority of Ontario, or FSRA; the Canadian Council of Insurance Regulators, CCIR; the Canadian Insurance Services Regulatory Organisations, CISRO; the federal Office of the Superintendent of Financial Institutions, or OSFI; and the Ombudsman for Life and Health Insurance (OLHI).

There was a fulsome and engaged discussion among the three panelists, with Catherine Haines commenting that

*We certainly appreciate the regular communication from industry members reaching out either directly to our office or via the CCIR or CISRO organizations to provide updates and to outline the challenges they have been experiencing. And again, it's not surprising necessarily but good to see that companies were really keeping the safety of their employees and the needs of their customers front and centre...*

On the issue of the Alberta Insurance Council adjusting to the COVID-19 lockdown, Brent Rathgeber commented that

*We were able to adjust to hearings and Council meetings quite easily. ... When COVID-19 struck, our meetings beginning in late March, early April ... most of our Board members were Zooming in on a computer...we were already used to having virtual meetings.*

On the issue of how regulators would respond to complaints from clients denied insurance because they travelled to a country which Global Affairs Canada had issued an advisory against travelling to, Brett Thibault said

*...our job is to oversee the sales process, the licensee process, and so what we would want to do regardless of the complaint is to make sure and review what the sales process looked like, what was communicated to the client by our licensees, the people we have authority over, and take it from there, decide whether that was appropriate and adequate.*

The full one-hour webinar was recorded and is available on the CAFII website at the following link:

<https://www.cafii.com/research/>

### **Desjardins Insurance**

*Mylène Sabourin, Previously A Staff Executive at the AMF, Joins Desjardins as its Chief Compliance Officer for Insurance and Wealth Management*

Mylène Sabourin, previously a staff executive at the AMF for the past four years who played a lead role in the Autorité's drafting of the Regulation respecting Alternative Distribution Methods (RADM), left the AMF in April 2020 to become the Chief Compliance Officer, for insurance along with other areas, for Desjardins Insurance, working out of its corporate office in Levis, Quebec.

CAFII Co-Executive Directors Brendan Wycks and Keith Martin have reached out to Ms. Sabourin about CAFII and its initiatives, and the three of them held a one-hour get-acquainted session on 11 September, 2020. Ms. Sabourin's formal title at Desjardins is: *Directrice principale Conformité, Gestion de patrimoine et Assurance; or, in English: Senior Director Compliance, Wealth management and Insurance.*

## Provincial/Territorial

### Ontario

#### Financial Services Regulatory Authority of Ontario (FSRA)

##### *FSRA To Meet With Stakeholder Advisory Committee for Life & Health Insurance On New Issue*

FSRA has established Stakeholder Advisory Committees (SACs) to serve as consultation bodies for FSRA management and, in particular, for the FSRA Board on FSRA's priorities and budget. CAFII's representative on the Life & Health SAC is Co-Executive Director Keith Martin.

On 4 September, 2020 FSRA CEO Mark White emailed SAC for Life & Health Insurance members to schedule a virtual (via Zoom) discussion meeting with them on October 9, 2020 at 3:00 pm for approximately two hours. This meeting will allow the committee to prepare for an upcoming meeting with the FSRA Board.

In addition, Mark White advised that FSRA management also plans to convene a virtual (via Zoom) discussion with the Life & Health Insurance SAC on September 29, 2020 regarding a FSRA initiative to transform and modernize the current Unfair or Deceptive Acts or Practices (UDAP) Regulation (a holdover from FSCO) into a FSRA Rule.

### Quebec

#### Authorité des Marchés Financiers

##### *AMF To Launch Consultations on Updated Sound Commercial Practices Guideline; and New Regulation On Complaints Imminently*

CAFII has learned that throughout the month of September, the AMF is holding private, one-on-one pre-launch meetings with various stakeholder groups, in anticipation of its imminent launch of formal consultations on an updated/amended Sound Commercial Practices Guideline; and a new Regulation on Complaints.

The staff executive leads on the Sound Commercial Practices Guideline Consultation are Hélène Samson, Director of Prudential Supervision of Financial Institutions, who reports to Patrick Déry, Superintendent, Solvency; and Julien Reid, Senior Director of Financial Institutions Supervision, Resolution and Deposit Insurance, Ms. Samson's colleague who also reports to Mr. Déry.

The staff executive lead on the Regulation on Complaints consultation will be Louise Gauthier, Senior Director of Distribution Policy, who reports to Frédéric Pérodeau, Superintendent, Client Services and Distribution Oversight.



## International Developments, Research, and Thought Leadership

### Managing Matters

*Article by CAFII's Association Management Company Managing Matters on Fostering Inclusion in the Workplace*

The 10 September, 2020 newsletter of the Trillium (Toronto) Chapter of the Canadian Society of Association Executives (CSAE) includes a piece by CAFII Association Management Company Managing Matters on “Fostering Inclusion at Managing Matters.” The piece notes that “Inclusion and diversity should always be woven into culture and values” and goes on to state that

*In order to achieve this, three internal Committees (Education, MM Gives Back, Health) have been working together to create a series of MM Diversity initiatives. The Education Committee provided a starting point for learning and awareness in the monthly internal newsletter. This offered resources from a variety of sources to increase knowledge and awareness on issues surrounding diversity and anti-racism, especially as they relate to the Canadian experience. We also made sure this information was shared in a variety of ways, to account for our team's diverse learning styles.*

The full piece can be found at:

<http://csae-trillium.tv/fostering-inclusion-at-managing-matters/>

### Global Risk Institute

*Global Risk Institute Interview with Jodi Spall, Manulife's AVP of Marketing and Operational Excellence, Global Talent Acquisition, on Virtual Onboarding*

Jodi Spall, AVP, Marketing & Operational Excellence, Global Talent Acquisition at Manulife, spoke with the Global Risk Institute on virtual onboarding of new employees. Ms. Spall noted that “At Manulife, our goal was to focus on that *high human touch, welcoming experience* for new hires.” As well, given how many new processes were being implemented, human resources held weekly “ask me anything” sessions with hiring managers to help them with the onboarding process.

Ms. Spall notes that

*The other consistent theme that we have heard from new hires is, as I referenced, starting a new job at the best of times can be challenging, let alone during the pandemic. Many of us have personal commitments outside of our day jobs - some of us have elder care, are parents, and so on. We need to balance all of those requirements with working. It's one thing when you are doing that in an organization that you may be familiar with, and it is another to do it in a brand-new organization. Some new hires have been a little anxious about the support available to continue to balance their personal needs. They have felt overwhelming support from all levels of Manulife to both help to start in the new job and get them settled and recognizing that there are personal commitments that they need to fulfill outside of that role.*

The full interview can be found at:

<http://blog.tfi.ca/tfi-talent-talks-virtual-onboarding-manulife>

*Global Risk Institute Interview with Karen Collins, Chief Talent Officer, BMO, on Leading Virtual Teams*

Karen Collins, Chief Talent Officer at BMO, spoke with the Global Risk Institute on how to lead virtual teams. She stated in the interview that “The BMO response was guided by our approach to employee health and safety. We have been consulting with our medical advisors globally, in addition to local health authorities, and our colleagues in other parts of the world who are further ahead in their pandemic response.”

She added that

*The health and wellbeing of our employees has been our utmost priority, along with keeping the economy and the banking system functioning. From the early days of the pandemic, we've had a hybrid workforce, with some people working in on-site centres and others working from home. We have core banking services that are essential services for our customers, and as such, require some colleagues to be physically present at those locations.*

Ms. Collins said a cornerstone of BMO's approach is to communicate extensively, adding that

*One of the biggest elements of the “Communicate, Communicate, Communicate” protocol was leading with empathy. We appreciated that people's lives had been upended and we needed to offer our employees more empathy and more flexibility.*

*We are now focused on virtual empathy. We want people first of all, to be safe and healthy, and second of all, to be productive. In order to do that, we need to talk to them as people first and bankers second.*

BMO has also been conducting regular surveys of employees, and Ms. Collins noted that “In the last survey ... 86% of our employees who are working from home said they feel as or more productive than they did working in the office pre-pandemic.”

Ms. Collins noted that mental health issues and stress are key issues in this environment:

*One of the biggest hurdles has been the stress and mental health challenge of what we're facing because of COVID. In our employee surveys, 57% of our workforce said they were feeling a moderate to high degree of stress, which is not unexpected. We're living through a global pandemic. They're worried about their health. They're worried about their family's health. They're worried about being socially isolated.*

Commenting on the impact of digitization, Ms. Collins noted that

*... we feel that the pandemic has accelerated the digitization of financial services by 10 years. There were a lot of things that the organization dreamed of doing previously but they seemed like future goals. The pandemic has nudged us into doing those now. One example is the number of contact centre agents that we have working from home or from their local branches. Six months ago, I would have said, that's a dream of mine, but we're not able to do it. Now we have those employees working from home productively. Previously, 90% of our contact centre agents were working in BMO buildings. Now, 70% of our agents in North America are working from home or from the branch near their houses.*

*That's important for a number of reasons. The first is the silver lining of people not having to commute. They have a lot more time at home, doing things that they find rewarding.*

*Second is the increased access to talent. When people can work either at home or at a branch, it opens up a labour pool that was previously unavailable due to geographic location. We can also increase our access to candidates with disabilities, who cannot easily come into an office. This change will help us to achieve BMO's bold commitment of zero barriers to inclusion.*

*We are committed to seeing this continue post-pandemic once we get back to the new normal.*

The full interview can be found at: <http://blog.tfi.ca/leading-virtual-teams-with-bmos-karen-collins>

*Global Risk Institute Interview with Emily Schur, Senior Vice President, Global Talent, at SunLife, on Building a Flexible Workforce*

Ms. Schur noted that in a recent employee survey, SunLife "asked employees for their preferences related to physical workplaces and 75% of our employees reported that they would like to continue to work "all, or mostly from home". She added that the pandemic had not shifted the "war for talent," but had complicated it, noting the following key issues:

- i. Generational identity differences and preferences - newer and younger workers have different expectations and value systems compared with the more tenured generations.*
- ii. A zero interest-rate environment makes every person's contribution count that much more, as we are constantly evaluating expenses and cost initiatives.*
- iii. Client, customer, and employee demand for choice is at an all-time high.*
- iv. Requirements for new skills is rapidly evolving, with a continued scarcity of in-demand skills in the marketplace.*

An example of implementing these ideas is the use of “gig” projects at SunLife, where employees are tasked with a shorter-term project that they complete, and then move on to another project: “A gig is defined as anywhere between a few hours a week, to a few months of intensive project work. This pilot allows us to gauge employee and leader interest, and to test the effectiveness of the skills inventory in matching skills to work.”

The full interview can be found at:

<http://blog.tfi.ca/building-a-flexible-workforce-with-sun-lifes-emily-schur-0>