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Regulatory Update – CAFII Executive Operations Committee, November 30, 2023

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Federal/National

Canadian Association of Financial Institutions in Insurance (CAFII)

CAFII Completes Its Regulatory and Policy-Maker In-Person Tours in PEI, New Brunswick, Nova Scotia, and Newfoundland and Labrador

CAFII met with regulators and policy-makers from PEI (September 20, 2023); New Brunswick (September 21, 2023); Nova Scotia (October 18, 2023); and Newfoundland and Labrador (October 19, 2023).

CAFII's presentation, conducted primarily by Keith Martin with input from Brendan Wycks and CAFII's delegation of member representatives, focused on informing regulators about CAFII's history, including previous regulatory issues and misunderstandings around credit protection insurance, and key priorities for the Association, such as the increasing importance of digital/electronic channels of insurance. Emphasis was placed on the importance of dialogue with regulators for better consumer protection. One of CAFII's primary goals is to learn about regulators' objections and concerns so that CAFII can remain informed regarding consumer protection initiatives, and overall regulatory and policy-maker attitudes towards credit protection insurance.

After the completion of each Regulatory presentation, CAFII contacted the regulators to thank them for their time and share a copy of the PowerPoint deck presentation. Generally, all expressed gratitude for CAFII's commitment to an in-person presentation.

See [Nova Scotia](#) and [Newfoundland and Labrador](#) subsections for more provincially-specific meeting information. A complete and detailed summary of Phase 1 and 2 of the Atlantic Tour will be distributed after the completion of the entire Tour.

Generally, and across all provinces, the presentations made the following points:

CAFII's presentations focused on education about CAFII and the industry; key priorities for our Association; and the findings from the 2022 Pollara research on the attitudes of holders of credit protection insurance towards CPI. CAFII's recently expanded, current membership was highlighted, and there was a review of the improvements that have been made to the Association's website, which is a source of consumer-oriented financial literacy information.

The point was made that there had been a tremendous level of regulatory activity in the past year and a half, as regulators caught up on initiatives after a pause due to the COVID-19 pandemic. CAFII's commitment to regulator and policy-maker relationship building was emphasized, including the importance of these sorts of in-person meetings. CAFII deals with 31 different regulator and policy-maker bodies across Canada on behalf of its members, and the complexity of the regulatory environment makes harmonization critical to the industry. There

was a discussion on the difference between harmonization versus alignment. CAFII's commitment to regulators having rule-making authority was noted.

There was a review of some of the key points made by the guest speakers at CAFII Reception events in recent months and an update on the Association's many webinars. With respect to CAFII webinars, many regulators and policy-makers whom CAFII met with offered unsolicited favourable feedback about how informative and useful they have found CAFII webinars to be and how much they enjoyed attending them.

There was a review of technology and digitization changes taking place in the insurance marketplace, including artificial intelligence (AI) deployment, and how these could impact the industry and regulators.

CAFII noted that according to LIMRA research, a significant proportion of Canadians are underinsured or uninsured and that it was important to not restrict Canadians' access to life and health insurance products, including credit protection insurance.

CAFII emphasized its members' commitment to the fair treatment of customers and reviewed how CAFII members plan for, execute, and monitor activity with respect to proper sales practices not only through employee training but also by embedding fair treatment of customers-based sales practices in processes and in technology mechanisms.

There was reference made to CAFII's commitment to fostering and supporting diversity, equity, and inclusion (DEI).

It was noted that Brendan Wycks would be retiring at the end of 2023 and that Shanay Smith (Operations Manager) and Robyn Jennings (Research Analyst) have recently been hired to succeed B. Wycks on the CAFII staff team.

The 2022 Pollara research results were then summarized, with the following being the key highlights:

Canadians with CPI indicate that they are highly satisfied with the products and do not know what they would do without them if an unforeseen life and health-insurable event were to occur. It was noted that 69% of CPI holders believe that the products are affordable and 66% believe that they provide good value for the money. According to Pollara, those two data points actually are very good results, as people always feel that the products they purchase are too expensive.

CPI holders are confident that they understand what would happen if they made a claim, and 77% held the view that a claim would be paid as expected.

More than half of CPI holders had sought information from sources other than the firm from which they had obtained the insurance.

On digitization, it was noted that the research results were a bit contradictory, with consumers wanting digital options but also wanting the ability to meet representatives in-person. The key take-away is that a hybrid model will be required going forward.

Consumer comprehension of CPI documentation is good but not great, with 65% saying that they found the documents easy to understand; and this will be a continued area of investment and focus for CAFII and its members going forward.

The Pollara consumer survey respondents reported that more than 8 in 10 processed CPI claims were paid, and 95% of mortgage life insurance claims were paid out.

While 8 in 10 CPI holder claimants were satisfied with the claims experience, complaints about claims went up in 2022 (33%) relative to 2018 (25%); and satisfaction with how the complaints were handled dropped from 85% to 62%. Context for these findings was provided, including the temporary drop in service levels during the pandemic, the increased tendency of people to complain and their increased levels of stress and frustration overall, and the greater ease today, relative to pre-pandemic, to be able to file a complaint. It was noted that while complaints have increased, claims payout levels remained the same.

Nevertheless, the fundamental point made was that CAFII and its members are committed to understanding and responding to these findings and to always seeking to improve the customer experience.

Read the complete [Atlantic Canada Regulatory and Policymaker Tour Summary](#), which includes the summaries from the PEI and New Brunswick presentations.

CAFII Hosts a Webinar on Words Matter with Elissa Gurman on October 26, 2023

On October 26, 2023, CAFII hosted a webinar on inclusive language in the workspace titled *Words Matter*. The webinar was led by Elissa Gurman, who is a principal at [MacPhie Consulting](#) (a management consultant company). She specializes in organizational development, strategic facilitation, and inclusive communication. E. Gurman earned a Ph.D. degree from the University of Toronto and a Diversity, Equity, and Inclusion certificate from Cornell University.

Co-Executive Director Keith Martin began the webinar with an acknowledgment of those in attendance. In addition to the many representatives from CAFII's 15 member companies and nine associates, in attendance from allied industry associations were:

- The Canadian Life and Health Insurance Association (CHLIA);
- The Travel and Health Insurance Association (THiA);

- The Canadian Banker Association (CBA);
- British Columbia Financial Services Authority (BCFSA);
- Insurance Counsel of British Columbia;
- Alberta Treasury Board and Finance (ATBF)
- The Insurance Counsels of Saskatchewan (ICS); and,
- The Financial Services Regulatory Authority of Ontario (FSRA).

This *Words Matter* webinar is a part of a larger course offered through [MacPhie](#) on inclusive language. E. Gurman began her presentation by discussing the importance of language in the workspace, including the necessity of proper definitions of certain buzzwords – diversity, equity, and inclusion, or DEI. What do these terms mean?

Diversity means, simply, difference. It means both visible and invisible dimensions that result in individual and communal differences in our working habits and workplace experiences. **Equity** means a recognition of individual and/or group differences that may result in barriers within the workplace and society at large. Many confuse equity with equality, but they are not the same. Equality means we all have the same outcomes and are working towards one common goal; equity means working towards fair outcomes for people or groups by treating them in ways that address their unique barriers. **Inclusion** is a feeling. Where diversity acknowledges our differences, equity responds to these differences in a way that allows all employees to thrive; inclusion is the thriving in which all employees feel they can succeed. Inclusion is what allows for diversity and equity to find expression and permanence.

Understanding DEI leads us to inclusive language. The goal of inclusive language is to help others feel seen and respected. It is an ever-evolving practice since language is continuously changing. To practice inclusive language is to always be mindful and open to changing our language habits to be empathetic to others.

There is a lot of fear around inclusive language. This speaks to cancel culture, which turns inclusive language into a conversation about personal discomfort rather than the feelings of those around us. Therefore, inclusive language asks that, instead of only worrying about ourselves as the interlocutor, we must think about our listeners.

E. Gurman went on to give some key rules of conduct or pointers for a few specific categories:

- **Disability & Illness:** Use people-first language. This means putting people-first language to empower rather than limit someone to their disability and/or illness. An example is *survivor* versus *victim*; one implies strength and perseverance, while the other implies something done to someone.
- **Race & Culture:** Be specific. If you are going to talk about someone's race or ethnicity, be specific. For example, when writing about people of Asian ancestry, say if they are

Chinese, for example, or Malaysian. Another example is the use of the words African American. African America is not always interchangeable with Black and has been misused as an umbrella term for people of African ancestry worldwide, obscuring other ethnicities or nationalities.

- **Gender & Sexuality:** Remember that not everyone is a straight, cisgender man. English, like other languages, assumes the norm is straight and male; therefore, we should cater our workplace language habits towards more gender-neutral wording. Instead of using *he* as the default pronoun, use *they* or *them*. Instead of saying sexual preference, say sexual orientation; one implies choice, while the other implies nature.

The aforementioned rules and their examples are just a few of the many that E. Gurman provided for each of the above categories. She also provided historical and societal insights into each to contextualize many of the words, idioms, expressions, and habits we use or have that are rooted in an offensive history. For more information, please check out [E. Gurman's comprehensive course on Inclusive Language](#).

Before concluding the webinar, E. Gurman mentioned two more important points for inclusive language, which were:

- Be direct – avoid idioms and expressions that may be rooted in discrimination and bias.
- Consult with, respect, and defer to people with lived experiences. When someone tells you of their lived experience, listen to them.

There were many questions posed during the webinar. One person asked when it is appropriate or necessary to “call someone out” for using an outdated or outright offensive term. She suggested using your judgment; if the term is a slur, then calling this out immediately is right and necessary; however, it is up to your discretion to call out an idiom or expression that could be offensive. One such example is someone using a term like “grandfather;” often, people do not know the racist history behind this word and, therefore, do not intend it to be racist. It is up to your judgment (and dependent on your relationship with the individual) to gauge if, when, or how you want to let them know that that term is offensive. If you yourself are called out for using an offensive term, listen and be appreciative. Though it may feel like an attack or be embarrassing, it is not; this is a learning opportunity and a way to show your commitment to DEI.

E. Gurman's course on inclusive language can be found [here](#).

The video of the webinar can be found on the CAFII website here: [CAFII Webinar: Words Matter by Elissa Gurman](#).

CAFII Hosts a Webinar on Travel Trends and Travel Insurance Developments in 2023 with Katia Umutoniwase, Helen Cosburn, and Sheila Burns on November 22, 2023

On November 22, 2023, CAFII hosted its seventh and final webinar for 2023 – *Travel Trends and Travel Insurance Developments in 2023*. Co-Executive Director Keith Martin was joined by Katia Umutoniwase, Helen Cosburn, and Sheila Burns to discuss the travel insurance industry's regulatory landscape.

Katia Umutoniwase is the head of Sales Operations & Digital Enablement at Manulife and the Chair of CAFII's Travel Health Insurance Committee. She is a seasoned professional with 23 years of experience in the Travel Insurance industry. Helen Cosburn is the Director of Strategic Partnerships at Allianz Global Assistance. Helen has been with Allianz for the last 10 years across various sales and distribution leadership roles. Helen currently serves as the Chair of the Membership and Communications Committee for the Travel Health Insurance Association of Canada (THIA). Sheila Burns is the Director of Health and Disability Policy at the CLHIA, where she works with the member and associate companies to build consensus on industry policy positions. Sheila has worked in the insurance industry for over 20 years.

Co-Executive Director Keith Martin began the webinar with an acknowledgment of those in attendance. In addition to the many representatives from CAFII's 15 member companies and nine associates, in attendance from allied industry associations and regulators and policy-makers from across Canada were:

- Canadian Life and Health Insurance Association, or CLHIA;
- The Travel and Health Insurance Association, or THIA;
- The British Columbia Financial Services Authority, or BCFSa;
- The Insurance Council of British Columbia;
- Alberta Treasury Board & Finance, or ATBF;
- The Alberta Insurance Council;
- The Insurance Councils of Saskatchewan;
- The Insurance Council of Manitoba;
- The Financial Services Regulatory Authority of Ontario, FSRA;
- The Autorité des marchés financiers, or AMF;
- The Financial and Consumer Services Commission of New Brunswick, or FCNB.

Keith Martin began the webinar by posing a question: has travel fully returned to pre-pandemic levels? Helen Cosburn responded that this is a big question and one whose answer changes every month. Certain indicators, however, do suggest a recovery has taken place. Canadian airport traffic, travel out of the country, and travel type are good metrics and, combined, do indicate that levels are almost back to pre-pandemic levels, although it is hard to be conclusive about this. Business travel is still lagging compared to the 2019 business travel levels. Sheila

Burns suggested that 2024 travel may provide a more accurate picture of travel trends. Another indicator, S. Burns explained, is travel claims paid. In 2019, this was around \$900 million; in 2022, this number was nearly back to that level at \$700 million. It is surmisable, from these numbers, that travel is returning to pre-pandemic normal.

The audience was polled to see if they believed Canadians were travelling more, less, or the same as pre-pandemic. The audience responded that 30% felt there has been more travel, 27% felt there has been less, and 43% felt it has been at the same levels. These polls are indicative of the lack of clarity around travel trends.

K. Martin asked a follow-up question: what has changed since the pandemic days around travel and travel insurance? K. Umutoniwase explained that the way people travel has changed. Longer duration trips have increased, as have multi-generational trips. People seem more inclined to splurge on very expensive trips. Group travel has increased, which may be a response to people wanting to be around people after the social distancing experienced during the pandemic. People are also increasingly using travel agents to help them plan their trips.

When it comes to insurance, before COVID, corporate travellers didn't seem to utilize insurance often, but this is no longer the case; now, many more are purchasing coverage. This is also true for individuals visiting Canada. There has been a huge increase in purchases of comprehensive insurance packages, which could likely be a response to the uncertainty COVID-19 created. H. Cosburn agreed that comprehensive coverage is on the rise. In fact, a recent consumer-based study by Allianz indicated that 3 in 4 Canadians felt travel insurance was equally, if not more, important post-pandemic than pre-pandemic. S. Burns added that Airline Passenger Protection Regulation has also become a bigger topic, particularly with government.

Moving the conversation to risk and travel, S. Burns explained that Canadians are thinking about this more, especially young people; millennials *are* buying travel insurance. Canadians are thinking about the details more, asking more questions, and becoming increasingly aware of their options. News stories can be very helpful for spreading the word about what is available and what is already covered. Lately, a big question has been how much coverage is enough. It seems the mentality has moved from *what is the cheapest* to *what is the best for me*. This is why knowing your coverage is critical. H. Cosburn mentioned that at Allianz, the volume of customer calls asking about their benefits has increased significantly. Allianz has also incorporated questions about coverage appropriateness into its sales process to better cater to consumers. K. Umutoniwase agreed, adding that Canadians are conscious about the coverage they purchase. She drew a connection between this increased awareness and COVID-19; when the pandemic began, coverage for COVID-19 was separate from a typical health insurance package, therefore, consumers had to educate themselves on the products available that would

truly protect them. Post-pandemic, where there no longer are travel advisories in relation to COVID, COVID-19 is now a part of standard health insurance packages.

The audience was polled again and asked if they thought Canadians were spending more, less, or the same amount on travel insurance. The audience overwhelmingly felt Canadians were spending more. This was not surprising to the three speakers; after the discussion on the increased desire for comprehensive coverage, it is not surprising that Canadians would be spending more.

K. Martin talked briefly to the three speakers about Pearson Airport and its infamous reputation as a terrible airport. All agreed that, while not the best airport, it has improved post-pandemic. That being said, improvements are still needed.

Digging into the comments made earlier that Canadians are taking different kinds of trips, K. Martin asked the speakers to elaborate further on the shifts and ensuing trends emerging. H. Cosburn said that, first and foremost, Canadians value travel. This can be seen with the trend of revenge travel post-pandemic. Now, old trends are re-emerging, including snow-bird travel and the ongoing Canadian desire to travel to sunny destination locations. Secondly, another trend is a rise in downtime travel, where Canadians are engaging in travel that is relaxing rather than adventurous. Many, however, are still very interested in gaining new experiences, and many seem to be willing to spend more money on creating that ultimate experience. K. Umutoniwase added that another trend is Canadians going on their once-in-a-lifetime travel earlier in life now, rather than in retirement. S. Burns agreed and noted the influence of social media, especially for younger generations, on travel and travel trends.

On the topic of coverage, particularly on travel health insurance, trip cancellation insurance, and baggage loss insurance, K. Martin asked how these coverages have changed. S. Burns commented that, while these have each changed during and post-pandemic, some changes were already emerging and changing pre-pandemic as well. In direct response to the pandemic, however, there are now more options available within travel health, trip cancellation, and baggage loss insurance. S. Burns remarked that, in terms of baggage loss, it was not clear if there really was a change within this part of the industry or if people have changed the way they travel, with fewer now checking bags.

Clarity of language is key in travel insurance packages, H. Cosburn added. Every traveller needs to be able to understand the coverage they are buying and how to make a claim if need be. K. Umutoniwase added that people need to be able to understand what coverage they have and also what is not covered in the package they purchase. People are more frequently seeking comprehensive coverage, but not everyone is looking for the same level of it. Understanding package differences through clarity of language is, therefore, critical. Travel insurance providers

cannot be only interested in the products they offer from their perspective; they need to care about how their products are offered to and accessed by consumers.

There was a question from the audience asking if COVID is covered at the same or different maximum limit from other coverages. K. Umutoniwase responded that it is covered at the same maximum limit since it is now considered a medical condition like any other.

Another audience member asked how travellers can tell if they are paying too much for travel insurance. K. Umutoniwase advised that travellers get a quote from multiple providers to compare prices and coverages. She went on to explain that this comparison should extend beyond price because what is covered and what is not is equally important.

One of the final topics of the webinar was on harmonization. K. Martin noted that CAFII and CLHIA had often collaborated on the importance of this issue in interactions with regulators, and asked S. Burns if there were any current efforts around harmonizing the language used in travel insurance products offered by different companies in the industry. More specifically, Mr. Martin mentioned the confusion that could be caused by using different words for the same coverage and asked if the industry is trying to use the same words to make this easier for consumers. S. Burns articulated that this has been an important discussion point for industry stakeholders since 2019. Policy comparison is critical for harmonization, but this takes time, especially as industry innovates and changes resulting in different coverages being offered in a highly competitive marketplace.

K. Martin posed another series of questions to the speakers about aging travellers. He noted that Canadians are getting older and asked at what age does travel insurance become prohibitively expensive? He followed up by asking what can older Canadians do to mitigate these expenses? Mr. Martin also asked what is the best insurance option for snowbirds? K. Umutoniwase said that it is difficult to define a specific time when travel insurance is going to become more expensive; this is dependent on health, lifestyle, travel location, income, etc. She recommended purchasing travel insurance if it is affordable regardless of age. She also said that knowing your health status is important because you can then purchase a plan that best suits you. K. Martin remarked that this answer echoes the theme of the webinar – there is no one-size-fits-all answer for travel insurance, particularly during this rapidly changing post-pandemic world. H. Cosburn commented on the medical costs of different countries; the US has an incredibly expensive healthcare system, for example, so not travelling there could mean that one could purchase travel insurance at a better price. Therefore, snowbirds may want to consider travelling to a different country if they are concerned for their health and the potential cost of travel insurance.

For the final question of the webinar, the speakers were asked what travel insurance issue keeps them up at night. S. Burns said it was the occasionally poor depiction of travel insurance in the

media based on exceptional events that was always a concern. K. Martin noted that CAFII research has found that 98% of travel insurance claims are paid out, but we often only hear about the unpaid 2%. H. Cosburn replied that what keeps her up is hearing stories about travellers who go abroad only to get sick or hurt and then need their insurance, only to find out that they did not purchase the package they should have. K. Umutoniwase said that during COVID, there was a huge increase in customer requests, and industry could not respond immediately. What if something similar happens in future, she asked—would industry be prepared?

K. Martin asked the speakers if they had any final comments before ending the webinar in terms of major trends for 2024. K. Umutoniwase said the major trend for travel and travel insurance is the increasing use of technology. Clients want to feel like companies are with them every step of the way, and technology will facilitate this. Following this train of thought, H. Cosburn said 2024 will see a new normal in which technology will be used in new and innovative ways to better serve the consumer. Finally, S. Burns said 2024 will see carriers offering new products, particularly for visitors new to Canada and for temporary foreign workers.

After the webinar, AMF regulator Mario Beaudoin wrote the following message to Keith Martin:

Great job Keith!

Extremely interesting. Topic was good, panelists where great and you did an excellent job!

Definitely one of my favorite webinar.

If there is a weblink that I can share internally, I will promote it.

Mario

The video of the webinar can be found on the CAFII website here: <https://www.cafii.com/cafii-webinar-travel-trends-and-travel-insurance-developments-in-2023/>

Canadian Council of Insurance Regulators (CCIR)

CCIR Publishes its 2022 Report on the Annual Statement on Market Conduct

In early December 2023, CCIR published its public report on the statistics gathered in 2022 in the Annual Statement on Market Conduct. The report found that:

- In both insurance sectors:
 - The vast majority of respondents indicate compliance with the Fair Treatment of Customers (FTC) guidance is a priority within their business and they have mechanisms in place to demonstrate it their compliance;
 - Cancellation and non-renewal rates were either stable or returning to pre-pandemic levels; and;

- Premium volume remained the most prevalent factor considered by insurers when measuring staff performance and determining incentives/commissions.
- The three most common reasons for denial of claims continue to be:
 - Exclusions and limitations in the policy;
 - Not covered, except for exclusions and limitations in the policy; and
 - Failure to disclose or misrepresentation of material facts.
- In the Life & Health Insurance (L&H) sector:
 - The industry average of agent distribution contracts in the independent distribution channel continued to increase;
 - Commission ratios (measured as the amount of commissions relative to direct written premium) increased slightly;
 - Most complaints were related to Life for Individual lines of business, and Accident and Sickness for Group; and
 - Ontario saw a modest increase in complaints relative to its population size, while Quebec had a similar decrease.

The report also states that “A majority of insurers indicated FTC is a priority in every area of their operations and have documented practices to promote FTC. Insurers should expect regulators to confirm these practices when supervisory reviews are conducted and be prepared to demonstrate their implementation” (page 7).

In an important statement, the report states “CCIR expects outreach to customers using tools such as customer satisfaction surveys are a simple, effective, and direct way of assessing outcomes related to the fair treatment of customers. All insurers regardless of size are encouraged to explore all possible avenues to allow the voice of their customers to be heard” (page 8). Since CAFII regularly conducts such customer satisfaction surveys, this bodes well for how this activity will be positively received by the CCIR and its provincial regulatory members.

The report concludes with the following statements:

CCIR members see value in publishing this report to communicate observations to the industry and Canadian customers. CCIR will continue to use the ASMC to support its efforts and activities such as co-operative examinations. Building on the use of ASMC data coupled with risk assessments, this will inform supervisory plans and activities for regulators that may include but not limited to thematic reviews, questionnaires, etc. to examine practices that will ensure fair treatment of customer outcomes.

CCIR appreciates the steps taken by the industry to develop practices to ensure FTC and recognize FTC initiatives and approaches must evolve to keep pace with an ever-changing insurance market. As noted in the FTC Guidance, insurers differ in

size, business procedures and company culture. A one-size-fits-all approach may not achieve the desired outcomes for all insurers. Insurers are encouraged to review this report and consider how their organization is conducting business in a manner that meets CCIR's expectations regarding the fair treatment of customers.

The full report can be found here: <https://www.ccir-ccra.org/Documents/View/3848>

CCIR Issues Its Fall Communiqué on November 22, 2023

The Canadian Council of Insurance Regulators (CCIR) issued its Fall Communiqué on November 22, 2023. It noted that the fall meeting of the CCIR was held on October 5 and 6, 2023 in St. John's Newfoundland and Labrador, and that David McCarron was the new member representing Nova Scotia. CAFII met Mr. McCarron in Halifax, Nova Scotia on October 18, 2023, during its Atlantic Regulatory and Policy-Maker Tour.

CCIR members participated on November 20, 2023, in the meeting of the Joint Forum of Financial Regulators, at which the keynote speaker was Dr. Cristie Ford, Professor, Allard School of Law, the University of British Columbia. Ms. Allard was a panelist in a May 3, 2022, CAFII webinar on principles-based regulation.

The CCIR plans to publish a report on the findings from the 2022 data submitted under the Annual Statement on Market Conduct (ASMC) in November 2023.

The communiqué also noted that the FTC Working Group discussed the implementation of the Guidance: Conduct of Insurance Business and Fair Treatment of Customers (FTC Guidance), and stated that the Incentives Management Guidance, released on November 30, 2022, is a compendium piece to the FTC Guidance.

The full communiqué can be found at <https://www.ccir-ccra.org/Documents/View/3841>.

CCIR Releases Changes to Annual Statement on Market Conduct

An email to CAFII from CCIR on 14 December, 2023 announces that changes to the Annual Statement on Market Conduct are now available.

From: CCIR-CCRA <ccir-ccra@fsrao.ca>

Date: December 14, 2023 at 3:31:30 PM EST

To: CCIR-CCRA <ccir-ccra@fsrao.ca>

Subject: **CCIR Information Session - Changes on the ASMC - Presentations now available online**

Good afternoon,

Please note that the CCIR Information Session - Changes on the ASMC presentations for L&H and P&C insurers are now available on the AMF website in French and English:

[Market conduct | AMF \(lautorite.gc.ca\)](#)

Feel free to share this information with your members.

*Thanks,
Sarah O'Connor
CCIR Secretariat*

Financial Consumer Agency of Canada (FCAC)

Summary of The FCAC's Launch of Financial Literacy Month on November 1, 2023

On November 1/2023, the Financial Consumer Agency of Canada (FCAC) launched their 13th annual Financial Literacy Month. The launch took place in Ottawa at the Bank of Canada's Museum. CAFII's Research Analyst, Robyn Jennings, was able to attend in person, but virtual attendance was available to all CAFII members.

The launch began with a brief speech from the Bank of Canada's (BoC) Governor, Tiff Macklem. He said it is the Bank of Canada's job to promote the economic and financial wealth of Canadians, but this cannot be done alone; collaboration is key to achieving financial literacy in Canada. It is for this reason that this month's theme is *Managing Your Money in a Changing World*. Canadians are facing great economic changes, including the housing crisis. Thus, now is a crucial time for Canadians to learn how to manage their money. T. Macklem concluded his speech by explaining that the goal of this financial literacy month is to empower Canadians to save, manage debt, and learn more about finance so that they can be empowered in the future.

After the Governor concluded his speech, FCAC's Commissioner Judith Robertson made comments. She began her speech by noting how struck she had been by the common theme amongst Canadians that they wished they had begun learning about finances earlier. She summarized what she felt were the key factors of this year's theme - financial literacy education, managing debt, and saving money in a changing world. J. Robertson stressed the need for organizations to work together through the national financial literacy strategy to help Canadians. Consumer protection mandate, regulatory attention, and research are, thus, deeply important.

The next presenter was Marianne Spear, a certified Trainee in Personal insurance. M. Spear's speech was succinct and to-the-point; she immediately stated that, at the moment, the most pressing issue plaguing Canadians is debt. Debt impacts the quality of life, from stress to

employment opportunities to lifestyle. Therefore, knowledge of debt and debt management are crucial when it comes to the conversation on financial literacy.

M. Spears noted that access to financial education cannot be limited because of language or accessibility; institutions must do better to cater to *all* Canadians.

The next speaker was Rubina Ahmed-Haq. R. Ahmed-Haq is a journalist who has spent 15 years covering personal finance. Over the last few years, particularly since the beginning of the COVID-19 Pandemic, she has found that Canadians' top concerns are, in no particular order:

- Housing affordability,
- Mounting debt,
- Inability to save,
- low income regardless of education,
- Increased family costs, and
- Consistent feelings of despair caused by finances limiting lifestyle.

She went on to say that, to help mitigate the aforementioned concerns, financial institutions need to focus on the following:

- The current state of financial literacy in Canada and how it can be improved;
- Who needs financial literacy the most and how they can help; and,
- How financial institutions can improve their financial literacy communications in general.

There is good news R. Ahmed-Haq noted; more Canadians now than ever are interested in personal finance and financial literacy. In fact, the last three years have been the most revolutionary as can be seen with the growing importance of digitizing education since things have gone increasingly online. Money lessons, therefore, must also go digital.

Echoing M. Spears, R. Ahmed-Haq concluded that we must be able to contact Canadians where they are and in the language they speak. Institutions need to understand that people's backgrounds are fundamentally influential to their financial knowledge and that this is not, in fact, a roadblock to better knowledge; rather, it is merely a part of their journey. Because of this, financial advisors need to know how to give impartial advice.

Finally, R. Ahmed-Haq concluded her speech by noting a few things institutions can begin working on immediately:

- Provide info on how to negotiate a higher wage or promotion,
- How to set realistic financial goals,
- The dangers of shopping apps or spending habits,
- Provide more resources for first-time home buyers,

- Talk about the prioritization of parents vs children and how parents can take care of themselves while taking care of their kids, and
- Managing expectations without having to sacrifice individual enjoyment of life.

The final presenter of the launch was Supriya Syal, the Deputy Commissioner of Research, Policy and Education at the FCAC. S. Syal began by commenting on the overwhelming amount of financial information available online that muddy Canada's financial ecosystem. Because of this, she explained that it is the responsibility of financial institutions to help Canadians live better, financially literate lives and create an ecosystem that is built around the protection and education of consumers. Institutions must identify and then remove barriers impeding or halting Canadians from living better financial lives. This is what the 2021 national financial literacy strategy called for.

S. Syal made an important observation that echoes some of the messages previously articulated: institutions must acknowledge gender, racial, economic status, and status gaps when it comes to financial literacy. It is well-established that environment influences individual resilience and mental fortitude. Therefore, increasing financial literacy and education across Canada cannot be simply pushed off onto the individual but falls onto the financial institutions and associations to support Canadians.

The FCAC's Launch of Financial Literacy Month concluded with an acknowledgement that great progress has been made, with incredible support through the adoption and implementation of the national financial literacy measurement plan. The continuation of these collaborative efforts is the goal for the next two and a half years.

Click [here](#) to watch the recording of FCAC's launch of Financial Literacy Month.

Access CAFII's complete summary [here](#).

[The FCAC Has Launched a Consultation Period on Proposed Guidelines on Complaint-Handling Procedures for Trust and Loan Companies and Insurance Companies](#)

The Financial Consumer Agency of Canada (FCAC) has opened a consultation period for comments on its proposed Guideline on Complaint-Handling Procedures for Trust and Loan Companies and Insurance Companies (Guideline).

The Guideline sets out FCAC's expectations with respect to trust and loan companies', foreign trust and loan companies', insurance companies' and foreign insurance companies' (Company or Companies) implementation of the complaint-handling provisions in the Trust and Loan Companies Act and the Insurance Companies Act and corresponding regulations. FCAC has stated that:

The consultation is primarily intended for the financial industry and stakeholders with an interest in financial consumer protection. Interested members of the public are also invited to participate. The consultation will give all interested parties an opportunity to express their views and enable FCAC to benefit from a wide range of perspectives.

*This consultation is open. **All submissions must be received by January 8, 2024.***

For more information, including how to submit feedback, see [FCAC's full launch announcement](#). Read the [Proposed Guidelines on Complaint-Handling Procedures for Trust and Loan Companies and Insurance Companies](#).

CAFII has asked for and received an extension to 22 January, 2024 for this consultation.

KPMG

KPMG Hosted Its 32nd Annual Insurance Conference - KPMG's 2023 Insurance Conference: Shaping the Future – on November 16, 2023.

On November 16th, 2023, KPMG hosted its 32nd Annual Insurance Conference. CAFII's contact at our auditor KPMG, partner Hudson Lopez, offered CAFII three complimentary tickets to the KPMG 2023 Conference in Toronto, allowing Keith Martin, Shanay Smith, and Robyn Jennings to attend. This year's theme focused on the top dynamic changes influencing the regulatory landscape. Particular attention was paid to emerging digitalization trends, the growing importance of ESG to the industry, the accelerating shift towards embedded insurance, and how customer expectations are impacting the Canadian insurance industry. The event included discussions on regulatory challenges at OSFI due to the implementation challenges of IRFS 17.

The first presentation of the conference, *A View of the Global Insurance Market*, covered many of the day's key areas of discussion. Speakers Chris Cornell (Partner & National Insurance Leader at *KPMG Canada*) and Frank Pfaffenzeller (Global Insurance Leader at *KPMG International*) spoke about embedded insurance as the way of the future for the industry. They then talked about the continued demand for cyber security and what businesses can do to build operational resilience while they incorporate cyber security. Finally, they mentioned how the workforce has changed (fewer days in the office, lifestyle instead of capital as a motivator for employees, etc.) after COVID and with the influx of younger generations in the workforce.

The second presentation of the morning, *Embedding ESG: Executive views on ESG enablement and Innovation*, discussed how considerations for ESG and climate change have become imperative to industry. Climate change is a systemic risk which is impacting the regulatory environment and the pressures on businesses to have policies that promote a reduction in their carbon imprint. Businesses and industry leaders will increasingly need to commit to sustainable practices.

CAFII staff attended a breakout session in which the speakers provided their thoughts on draft Guideline E-21, as well as a practical guide to approaching the potential new requirements from the forthcoming update to Guideline E-23 and updated Guideline E-15. It was mentioned that OSFI is looking to revise Guideline E-23 by extending it to insurers who are not currently within its scope. Once again, operational resilience was brought up several times as something businesses should consider when structuring or restructuring. It was noted that these Guidelines are somewhat vague and that the industry and OSFI will need to have an ongoing dialogue to clarify how the industry can comply with the expectations of the regulator.

Over lunch, a panel talked about generative artificial intelligence (AI) and its impact on industry. The early implementation of generative AI was on internal applications, but increasingly AI programs are interacting directly with customers. As a result, companies will increasingly need policies around AI to ensure proper change management, data management, and risk security so that their businesses are safeguarded against misuse and fraud.

The final breakout room of the day was on embedding DEI in the customer and employee experience. The speakers talked about the importance of a DEI-focused workplace. DEI is a boon to the workforce because it fosters a sense of safety and trust, which breeds loyalty in employees. The idea of calling people *in* rather than calling them out (open conversations, authenticity, along with a willingness to learn and be corrected) is an important way the workplace can incorporate DEI.

The last panel of the day focused on embedded insurance. The speakers remarked on how embedded insurance has evolved from a one-size-fits-all approach to being increasingly individualized as a means of prioritizing the customer experience. To continue this positive trend, they suggested insurers engage in:

- Embedded insurance strategizing, including identifying partners in the market and including brand alignment in market strategy;
- Evolving their underwriting process to leverage partner data to streamline the process;
- Fostering customer centricity by tailoring their products and experiences to target customers as well as amending current products.

More innovation is still needed to continue tailoring embedded insurance toward customer experience, but great progress has been made.

Further information about the conference can be found here:

<https://kpmg.com/ca/en/home/events/2023/07/kpmgs-2023-insurance-conference.html>.

Life Insurance Marketing and Research Association (LIMRA)

LIMRA Releases Its Life Insurance Executive Survey – Seizing Growth Opportunities.

In early November 2023, LIMRA released its *Life Insurance Executive Survey: Seizing Growth Opportunities*. Key highlights follow:

Today's dynamic insurance industry offers a new set of opportunities for life insurance leaders. Carriers that are proactive in addressing these opportunities will be well-positioned to grow within today's changing environment. Findings from the 2023 Insurance Barometer Study from LIMRA and Life Happens suggest that over 100 million U.S. adults need insurance but don't have it or don't have enough. This is a big opportunity.

It was in the context of this complex and vigorous market that LIMRA and BCG conducted the third edition of our biennial executive study. Consumers' increased desire for life coverage makes this an opportune time for life insurers to address protection gaps around the globe. The goal of the 2023 study is to provide insights into the highest priorities of life insurance leaders as they tackle today's challenges and embrace emerging opportunities. In terms of challenges — profitable growth topped the list, cited by 33 percent of the respondents. The previous edition's top challenge, technology, dropped to third, cited by 28 percent of the respondents. Executives also mentioned a broader set of emerging challenges, including macroeconomic uncertainty, disruptive potential of new tools like generative AI, complex talent dynamics and others that have moved to the forefront of their strategic focus.

These unprecedented opportunities and challenges are creating a pivotal point for the industry, and industry leaders are already taking action. The research revealed six key opportunities based on executive responses: focus the portfolio to win, personalize the journey, help advisors to help clients, modernize technology front-to-back, partner to accelerate innovation and win lasting talent.

Focus Portfolio:

When asked about their top strategy priorities, 51 percent of executives surveyed said they planned to focus on higher profit margin products. Many companies, especially public companies, have been selling off pieces of their business to better focus on key product priorities. Whether it's the sale of a retirement business (Prudential, 2022) or the spinoff of a retail business (MetLife, 2017, AIG, 2022), or the sale of ancillary business (Corebridge sale of an Irish health care business, 2023), this activity does not seem to be slowing down.

Personalize the Journey:

Leading carriers today are enabling data-driven personalization of products and services. Many executives believe that customer experience — advisor and consumer — and the

critical capabilities that enable it will drive growth. Simplifying the customer journey will enhance the experience, increase sales and improve persistency over time.

Advisor Experience:

Distribution remains a challenge and opportunity, and many companies are looking to differentiate themselves through the advisor experience. Nearly 2 in 3 told us advisor enablement is a top distribution challenge. Leading insurers are focused on improved tools and insights to help advisors build and maintain relationships. To this end, carriers are building new capabilities to meet advisor needs. These include services around lead generation and applied analytics, the provision of holistic advice and automation of account services.

Technology Modernization:

Having strong technology is a prerequisite for long-term success. Despite this, many executives do not believe their companies are prepared. Less than 27 percent of executives consider their companies well equipped for existing technology challenges. Legacy modernization remains an issue for more than half of the executives we surveyed. While companies continue to address this, they are also focused on future needs. Insurers are investing in technology across the value chain, with digital automation and data analytics as top priorities.

Partnerships:

The services the business needs to provide, and the technology needed to provide them, require significant investment. Many insurers are partnering to provide them rather than building it themselves. Insurtechs and other innovative companies are helping create more scalable opportunities for insurers. These partnerships allow insurers to do things like embed insurance at purchase points, enable direct-to-consumer (D2C) sales channels, enhance distribution efficiency, improve underwriting, and streamline backend functions to better manage expenses.

Growing Talent:

Attracting and retaining talent, particularly in digital and data roles, remains a challenge. Insurers need to act now to build the workforce of the future. More than 25 percent of the insurance workforce is age 55 or older, and future skills like critical thinking, agility and collaboration are becoming more important. Promoting employee engagement is the number one talent focus area for executives. Insurers are reassessing the hiring process and job requirements, developing programs to reskill and upskill

talent, building ecosystems of shared, temporary talent, and building a strategy and infrastructure for remote and hybrid work.

The life insurance industry is changing and will continue to evolve. Carriers that move quickly to build the products and services they need with the infrastructure to support it will be well-positioned to achieve growth and longevity.

Access the entire survey on LIMRA's website [here](#).

The Travel Health Insurance Association (THiA)

The Travel Health Insurance Association (THiA) Hosts Its Annual Innovation Summit on October 20, 2023

On October 20, 2023, THiA hosted its fourth annual Innovation Summit. This one-day summit explored industry trends and leading technological and regulatory advancements influencing insurance in Canada. There was a networking component as well that allowed attendees to meet important travel and health insurance industry players.

CAFII's Research Analyst, Robyn Jennings, attended the summit. The main topic of the event was Generative Artificial Intelligence (Gen. AI) and its impact on the travel insurance industry. Mike Delarme, Data Scientist for Manulife, talked about the how Gen. AI should be looked at as an opportunity, not a threat. He encouraged associations and institutions to ask themselves: what is our analytic roadmap to using AI? He stated that the employment of AI, both internally and externally to interface with the public, is a growing reality for industry.

Keynote speaker, Amber Mac, echoed Delarme's statement – AI is already here and is a growing part of the industry. While the idea of an AI workplace can seem oppressive, A. Mac pushed back on this notion, arguing that Gen. AI, like anything, is a tool for employees and employers alike. But, she warned, without proper regulation, issues will arise. One such issue, for example, is job usurpation. This is a common argument against AI; however, A. Mac argued that humans in the workforce will never become obsolete because it is the human element that fosters customer trust and loyalty. Industry must, therefore, find a way to incorporate and regulate AI so that it focuses on improving productivity. Furthermore, associations and institutions that utilize AI must maintain a degree of transparency to retain consumer trust. A. Mac concluded her presentation by stressing the importance of purpose-focused business models; consumers, particularly the younger generations, respond to businesses they trust and agree with morally.

CAFII is currently in discussions with Amber Mac about her participating in a CAFII webinar in 2024.

After A. Mac's presentation, the midday panel discussed innovation in the travel insurance industry. The panelists unanimously agreed that innovation is a mindset rather than a product and must be cultivated. AI has added to this cultivation because it could potentially help the

travel insurance industry move from a responsive industry to an increasingly predictive one. DEI is another important aspect to industry innovation. In fact, DEI is fundamental to this since it allows for the introduction of new perspectives, experiences, policies, and product ideas.

The final speaker, Mukul Ahuja, AI Strategy Leader at Deloitte, echoed many of the previous sentiments, particularly the importance of adopting a collaborative approach to AI. He stressed that this augmented and assisted intelligence is the inevitable future of the industry and mentioned three key things organizations need to consider:

- *Internal workforce and organizational structures.* How can institutions reorganize or restructure their job structure as to retain their workforce while incorporating AI? How can organizations restructure their internal safety net to ensure data safety, customer information safety, etc.?
- *Education.* Leadership needs to be ready and educated on the use and deployment of AI so that they can support their team, thereby creating a culture of trust and competency.
- *Evolving the hiring process.* Organizations may need to reconsider how they assess talent and potential so that, if AI is used to improve this process, biases are not being applied to employment decisions.

M. Ahuja urged industry leaders – individuals and associations alike – to look at AI as a sustainability tool. This is not to say it is without risk, but with proper protocol, preparation, and deployment AI can be a great boon to any organization.

The final panel of the day explored ideas of attainable innovations to aid travelers across the travel insurance industry. Speakers Will McAleer, Vice President of CanAM Insurance, and Bradley Adams, Co-Founder at Aerogami, talked about the importance of financial literacy for individual travelers. They emphasized the responsibility industry must educate travelers in a comprehensible and accessible manner. Again, echoing the notion that industry is working towards a predictive rather than responsive nature, B. Adams asked how insurers can connect with and cater to travelers *before* they need to file a claim. Can AI help with this? How can insurers streamline both the travel and travel claims process to make the whole process more streamlined and tolerable? W. McAleer and B. Adams concluded their conversation by expressing the growing importance of digitalization, particularly with the younger generations, further cementing the new normalcy of AI and technology as a fundamental part of industry.

Provincial/Territorial

British Columbia

BC Financial Services Authority (BCFSA)

BC Financial Services Authority (BCFSA) Issues the Latest Filing Requirements for B.C. Licensed Life and Mortgage Insurance Companies and Fraternal Benefit Societies

On October 27, 2023, the BCFSA issued the latest filing requirements for the B.C. licensed life and mortgage insurance companies and fraternal benefit societies. Updates to the filing requirements include:

- Revised the format required for LF4 from Special Excel and ASCII Files to Excel File.
- Added a footnote to clarify the due date for Auditor's Report on MICAT is within 90 days of the company's fiscal year end.

Read all updates to the [B.C Filing Requirements for Licensed Life Insurance Companies and Fraternal Benefit Societies](#).

The BCFSA has also updated their [2023 Regulatory Statement](#), which reflects the same changes to the Filing Requirements mentioned above.

The Insurance Council of BC

The Insurance Council of BC Hosts Its Inaugural Insurance Council of BC Regulatory Update 2023 Webinar on November 15, 2023

On November 15, 2023, the Insurance Council of BC hosted a webinar focused on its regulatory updates for 2023. Donna Thorne, Chair of the Insurance Council, began the webinar by explaining the Council's goal, which is to provide proactive support for licensees and stakeholders to meet their professional obligations, including practice guidance and continuing education resources. D. Thorne reported that the two key initiatives for the Council are:

- *The development of general insurance competency frameworks*. The Council is focused on professional competence and how they are supporting their licensees to uphold certain standards to help the public. Therefore, the BC Council is establishing an updated foundation for licensing qualifications that will help drive harmonization across the country and establish a competency framework for general insurance. The work on this framework will help establish the same expectations for general insurance, promoting consistency and professionalism across all classes of insurance.
- *Enhancing resources to support licensees in making their continued education requirements*. Through the Council's continued education requirement, licensees enhance their knowledge and competency, thereby, increasing public trust and confidence. The Continued Education Accreditation Program is one example of the

Council's efforts to promote and maintain informed licensees. The long-term benefit of this commitment is licensees that are better equipped to help customers.

One particular challenge the Council and its regulated entities are facing is staying informed on the rapid growth in digitalization and its impact on the public. The Council is, therefore, conducting research to learn how these new technologies are being applied in BC. This research will inform the development of oversight that will protect consumers and provide industry with the ability to innovate.

The next speaker, Janet Sinclair, CEO of the Insurance Council, began by providing an overview of the Council's membership and how it operates. She explicitly highlighted the Council's emphasis on proactive regulatory approaches when working with regulators to better support consumers. She then spoke about the key figures and regulatory trends from 2023.

As of November 2023, the Insurance Council of BC has over 50,000 insurant professional licensees, which is a 5% increase from 2022 and a 12% increase from 2021. Approximately 54% of these are Life, Accident, and Sickness licensees and 43% are general. The consistent growth rate and retained number of licenses speaks to the importance of the insurance industry to BC.

In terms of disciplinary action, the Council opened 76 investigations last years stemming from complaints. 24 discipline orders were issued as a result, which is consistent with previous years.

The Council has seen a significant increase in practice inquiries; this past year, 5,306 inquiries were received, which is a 77% increase from 2021. The Council is pleased that its licensees are clearly seeing it as a resource to help them better serve the public.

May 2023 was the end of the Council's three-year strategic plan. The work over those three years have been focused on:

- alignment with international regulatory standards;
- modernizing regulatory oversight to protect consumers without stifling innovation;
- increasing efficiency and effectiveness of services; and
- increasing ability to support stakeholders.

Saskatchewan

The Saskatchewan Restricted Insurance Agents Advisory Committee (RIACC)

CAFII Participates in a Meeting of the Saskatchewan Restricted Insurance Agents Advisory Committee (RIACC) on October 23, 2023

Keith Martin (in-person) and Brendan Wycks (virtually) participated in a meeting on October 23, 2023 of the Meeting of the Saskatchewan Restricted Insurance Agents Advisory Committee (RIACC) held in the offices of the CLHIA in downtown Toronto. The meeting was chaired by Moira Gill of TD Insurance. There was a thorough discussion of information-gathering by the

Insurance Councils of Saskatchewan, with Executive Director April Stadnek advising that the area of greatest concern for the Councils are incidental sales of insurance by automobile dealerships.

Keith Martin noted that CAFII had not presented for scheduling reasons to the Insurance Councils of Saskatchewan during its recent western Regulatory and Policy-Maker Tour, and Ms. Stadnek said that she would reach out to CAFII about arranging for a presentation. Ms. Stadnek advised that she had recently hired Mike Smith as her new Director of Compliance. Mr. Smith previously worked in the Ontario public service.

There was a discussion about other jurisdictions in the west with Restricted Insurance Agents regimes—Manitoba, Alberta, and soon British Columbia—also have an advisory committee, and there was agreement it might be more efficient if all these jurisdictions jointly engaged meeting with an Advisory Committee. Ms. Stadnek said that she would pursue this concept with her western Canada licensing colleagues.

Ontario

The Financial Services Regulatory Authority of Ontario (FSRA)

CAFII Meets with Ontario Regulatory Authority, FSRA, on November 15, 2023

A delegation of eleven (11) CAFII representatives met in-person with representatives of Financial Services Regulatory Authority of Ontario (FSRA) staff executives.

In attendance in-person at the meeting from CAFII were

- Rob Dobbins; Assurant;
- Brad Kuiper, Scotia Bank;
- Charles MacLean; RBC Insurance;
- Peter Thorn, TD Insurance;
- Andrea Stuska, TD Insurance;
- Isake Tom, Canada Life Assurance;
- Gaurav Sharma, Canada Life Assurance;
- Keith Martin, CAFII;
- Brendan Wycks, CAFII;
- Shanay Smith, CAFII;
- Robyn Jennings, CAFII.

In attendance in-person at the meeting from the Financial Services Regulatory Authority of Ontario (FSRA) were

- Huston Loke, Executive Vice-President, Market Conduct;
- Erica Hiemstra, Head, Insurance Conduct;

- Joel Gorlick, Director, Market Conduct Policy;
- Swati Agrawal Nevatia, Director, Market Conduct – Life & Health Insurance Companies & National Supervision;
- Kevin Lim, Senior Manager – Life & Health Insurance Companies;
- Tim Mifflin, Senior Manager, Policy.

In attendance virtually at the meeting from and FSRA were

- Deepa Dey, Senior Manager, Life & Health Insurance Companies;
- Robert Prior, Senior Manager, Life & Health Insurance Agents;
- Rosemary Steffler, Senior Manager (Acting); and
- Nelly Ching, Administrative Assistant.

In attendance virtually at the meeting from CAFII were

- Dallas Ewen, Canada Life Assurance; and
- Miriam Krikorian, CIBC Insurance.

Keith Martin began the presentation by introducing CAFII and outlining some of its top priorities. He explained that CAFII views its website as a consumer financial literacy tool, which underscores CAFII members' commitment to fair treatment of customers (FTC). Consumers' attention spans are shorter now than ever, and CAFII endeavours on the website to be concise, accessible, and visual in its communications.

CAFII views FSRA as an open and engaged regulator, K. Martin indicated. Huston Loke interjected that FSRA is always operating with the consumer's best interests in mind, particularly regarding access to insurance. His goal, he said, for these kinds of meetings is to engage in open dialogue as to how this sector can allow for better access for consumers. In that respect, the fair treatment of customers must be at the forefront of all conversations for FSRA. Rob Dobbins and K. Martin both agreed with this perspective. H. Loke's body language and tone during this interaction indicated openness and engagement and left the impression that he wanted to highlight the importance of this perspective before CAFII's presentation continued.

When K. Martin spoke about harmonization, Swati Agrawal Nevatia expressed concerns about how companies were implementing those policies. FSRA has had many discussions around harmonization, and it typically reviews many different criteria to determine if an organization is meeting its expectations. FSRA is active in trying to identify gaps in industry players' implementation of harmonization and publish reports on areas for improvement.

Brendan Wycks highlighted what he deemed to be "a positive harbinger" for regulator-led harmonization efforts at the Canadian Insurance Services Regulatory Organisations (CISRO)

national co-ordinating body table. Specifically, the Insurance Councils of Saskatchewan (ICS), through its current Executive Director April Stadnek and her former colleague, then-Executive Director Ron Fullan, had launched, in summer 2021, a Saskatchewan Restricted Insurance Agents Advisory Committee (RIAAC). And more recently, through a July 2023 meeting of the four Western Canada Insurance Councils, hosted by the Alberta Insurance Council in Edmonton, Ms. Stadnek had volunteered to play a leadership role in the development of a Western Canada Insurance Agents Advisory Committee, through which all four provinces could pool their resources and share in the insights and outcomes generated, rather than each provincial RIA regime having to set up its own such advisory committee.

E. Hiemstra said that she was very happy to hear of this news, recalling that when she was a staff executive at the Canadian Life and Health Insurance Association (CLHIA) in the 2014 to 2018 timeframe, CLHIA and CAFII had combined forces in developing and advancing a joint proposal to ICS for the launch of a Restricted Insurance Agents Advisory Committee. During this exchange with B. Wycks, E. Hiemstra's body language and facial expression were very engaged and friendly, and her comments were supportive.

For the majority of the presentation, the FSRA team was quiet and attentive. However, S. Agrawal Nevatia did ask for clarification on how, during its research, CAFII had defined vulnerable consumers and determined what qualifies as a vulnerable consumer base. She indicated that FSRA's research findings indicated different outcomes than CAFII's with respect to the attitudes of consumers around life and health insurance, with consumers indicating a lack of trust of insurance companies. R. Dobbins clarified that CAFII's recent research work was focused exclusively on credit protection insurance (CPI) consumers; therefore, FSRA's research on vulnerable consumers and insurance products in the broader life and health insurance sector cannot be compared against CAFII's more focused research.

E. Hiemstra mentioned that the Canadian Council of Insurance Regulators (CCIR) has been looking at the ombudservice framework and expressed an interest in conducting a follow-up with CAFII to discuss the work CCIR is currently doing around complaints. She was appreciative of CAFII's honesty and transparency with its recent research results, and its willingness to openly. When it comes to the complaints, it may be interesting to see how many relate to buyer's remorse or if that should even be considered a complaint. She suggested that this could be another ongoing conversation between CAFII and FSRA. E. Hiemstra also expressed an interest in talking about compensation arrangements around the distribution of CPI, which have changed with the implementation of the CCIR/CISRO Guidance on the Conduct of Insurance Business and Fair Treatment of Customers.

H. Loke, the current Chair of CCIR, shared some of CCIR's key priorities for 2024. CCIR publishes an annual plan, which includes all of its initiatives currently underway. He highlighted the following key priorities from the CCIR annual plan:

- Guidance documents that will be released on total cost reporting in the distribution of segregated funds;
- Working more on the P&C insurance side on issues related to climate change. Some consumers do need to be nudged towards the right products in this area, and CCIR will be conducting research on what this looks like.
- CCIR is looking at the ombudsperson channel and is always interested in learning and working on how to better help vulnerable sectors of the population.

Mr. Loke added that CCIR and FSRA have also observed the trends that CAFII referenced in its presentation, such as angrier consumers, increased expectation levels, more frustration etc.

K. Martin asked if some of the work being done by FSRA around MGA's had resulted in any lowering of trust of consumers in insurance. H. Loke added that misconduct by insurance industry players cannot help but increase a general level of distrust in the industry, even in companies that have nothing to do with the misconduct. For this reason, he is open to engaging further with CAFII and its members to avoid misconduct and work on regaining consumer trust.

FSRA Executives Participate in CAFII Reception following 5 December, 2023 Board Meeting

FSRA was well represented at the reception following CAFII's 5 December, 2023 Board meeting, with the following FSRA executives in attendance:

- Mark White, President & CEO;
- Stuart Wilkinson, Chief Consumer Officer;
- Erica Hiemstra, Head, Insurance Conduct;
- Fern Kalsh, Senior Policy and Technical Lead.

One member reported that Erica Hiemstra volunteered how productive and informative the presentation by CAFII on 15 November, 2023, was and how much she appreciated the open dialogue.

FSRA Chief Consumer Officer Stuart Wilkinson Writes CAFII to Provide Advance Notice of an Impending Consultation on Vulnerable Consumers

On 15 December, 2023, FSRA Chief Consumer Officer Stuart Wilkinson wrote Keith Martin and Robyn Jennings to provide advance notice of an impending consultation on vulnerable populations:

From: Stuart Wilkinson <Stuart.Wilkinson@fsrao.ca>

Sent: Friday, December 15, 2023 11:43 AM

To: Keith Martin <Keith.Martin@cafii.com>; Robyn Jennings

<Robyn.Jennings@cafii.com>

Cc: Jisha Sarwar <Jisha.Sarwar@fsrao.ca>

Subject: Heads up - FSRA vulnerable consumers consultation

Hi Keith and Robyn,

Thanks for having me at CAFII's year-end reception on December 5. I'm very glad I got to congratulate Brendan on his retirement in person and I'm sorry I had to leave quickly after the speeches (our CEO arrived when I was leaving so I don't think it was a bad trade for you all).

[CAFII's response](#) to FSRA's consultation on its 2024-25 Statement of Priorities mentioned CAFII's support for, and interest in, our work related to vulnerable consumers. With that in mind I am writing to give you a heads up about a consultation we will launch in January 2024 on the topic of protection of vulnerable consumers across all of FSRA's regulated sectors.

In alignment with FSRA's statutory objectives to protect the rights and interests of consumers, we recognize the significance of prioritizing the protection of vulnerable consumers in our sectors. As you know our evidence indicates that vulnerable consumers are more susceptible to unfair treatment, with varying impacts across different sectors.

To address this, we have developed an approach designed to strengthen the protection of vulnerable consumers. This proposed approach is grounded in evidence gathered from FSRA's research and supervisory endeavors, as well as a review of approaches implemented by other regulators to improve outcomes for vulnerable consumers.

We are reaching out to provide you with advanced notice that a consultation paper (unpublished version attached to this email) outlining this proposed approach will be posted on FSRA's website for public consultation in January 2024. The aim is to solicit input from consumers, pension plan beneficiaries, regulated entities, and other stakeholders with a focus on the following key areas:

Problem definition – confirming views on whether or not this topic merits more attention from FSRA;

Lived experiences – seeking further information on the experiences of vulnerable consumers and regulated entities that serve them;

Proposed approach – objectives and possible action items to strengthen protection of vulnerable consumers; and

Proposed definition for vulnerable consumers.

CAFII's insights and expertise are important to us refining our understanding of both problems affecting vulnerable consumers and solutions FSRA can deliver. I will follow up to let you know when the consultation paper is posted on our website, and please feel free to reach out to me and Jisha Sarwar, who is leading this work at FSRA, if you would like to discuss in more detail.

*Thanks,
Stuart*

*Stuart Wilkinson (he/him)
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As indicated in his email, Stuart Wilkinson attached FSRA's unpublished Proposed Approach to Strengthening Protection of Vulnerable Consumers. The approach can be accessed [here](#).

FSRA Releases Their 2023 Ontario Stakeholder Audit Research – CAP/SAC

FSRA recently released the executive summary from their [Ontario Stakeholder Audit Research Survey – CAP/SAC](#). Conducted entirely over the phone, FSRA's Stakeholder Advisory Committee (SAC) members were asked for their views and perceptions of FSRA to better understand the Regulator's strengths and weaknesses (areas of improvement). In a November 1, 2023, email about the survey results to members of the SAC, which Keith Martin sits on representing CAFII, Huston Loke made the following comments:

Dear SAC member,

I would like to express my thanks for your participation in our Stakeholder Advisory Committee (SAC) telephone survey. At FSRA, we are committed to continuous improvement as a regulator, and your candid feedback is of utmost importance in achieving this goal. As promised during your interview, we have prepared an executive summary for your review, which is attached for your convenience.

The results have been shared with the executive leadership team and our Board. Your insights on enhancing our engagement strategies are greatly appreciated. As a result of our review:

- *We heard that the Board / SAC sessions are valuable. Therefore, we would like to extend the SAC terms to May 2024, to allow the SAC to have another engagement session with the Board. After the Spring Board session, we will relaunch our SAC with revised terms of reference and a call for members.*
- *We heard that FSRA is trying to accomplish a lot, and not giving the sectors enough time to respond. As a result, we are formalizing a standard 60-day consultation period.*
- *SAC members want to see FSRA be more proactive and efficient in identifying and punishing bad actors. For this reason, FSRA will now be sending all enforcement news releases to SAC members.*

In addition to the SAC interviews, we have also done a broader stakeholder survey.

Once again, I extend my sincere appreciation for your contributions to FSRA.

In addition to this survey, FSRA conducted a broader stakeholder survey. That survey found that areas **where FSRA is doing well were:**

- Bringing awareness of the change from FSCO and DICO to FSRA (95% favourable)
- Positive perception of FSRA since 2019 (72% favourable)
- Promoting high standards of business conduct (70% favourable)
- Prioritizing consumer protection (66% favourable)
- Operating as a principles-based regulator (63% favourable)
- Increasing regulatory effectiveness (60% favourable)

Key insights on where FSRA could focus its efforts were:

- Reducing the regulatory burden (46% favourable)
- Encouraging innovation (51% favourable)
- Responding to market changes quickly (53% favourable)
- Fostering a sustainable, competitive financial services sector (55% favourable)

The full report can be [read here](#).

FSRA's Holds Life & Health Insurance Sectoral Advisory Committee Meeting, Focused on FSRA's 2024-25 Statement of Priorities and Budget

On November 2, 2023, Keith Martin attended a virtual meeting of FSRA's Life & Health Insurance Sectoral Advisory Committee, which was focused on FSRA's FY2024-2025 Statement of Priorities and Budget. The meeting was chaired by EVP Market Conduct Huston Loke, and focused on the problems that FSRA is dealing with in the MGA channel around practices that FSRA feels are causing harm to consumers. Erica Hiemstra, Head, Insurance Conduct spoke to some of FSRA's priorities in this area, and Swati Agrawal, Director, Market Conduct, provided details on some of the next steps and enforcement activities that FSRA is planning.

Previously, FSRA met with their Stakeholder Advisory Committee for L&H Insurance on May 9, 2023. A summary of this meeting can be found [here](#) on the FSRA website.

FSRA Releases Its Final IT Risk Management Guidance

On November 8, 2023, FSRA released its final IT Risk Management Guidance. As per the announcement:

The Financial Services Regulatory Authority of Ontario (FSRA) is taking active steps to further protect consumers and their data against harmful IT risks, like cyber threats.

Today we released our final Information Technology (IT) Risk Management Guidance following robust consultation.

The Guidance will help FSRA-regulated sectors and individuals effectively manage threats to their IT systems, infrastructure, and data.

The Guidance includes:

- ***seven practices for effective IT risk management;***
- ***a process to notify FSRA in the event of an IT risk incident;***
- ***sector-specific requirements for credit unions and caisses populaires, Ontario-incorporated insurance companies and reciprocals, and pension plan administrators.***

Regulated entities must still comply with existing requirements related to IT risk and the protection of personal information, including the requirements of the Personal Information Protection and Electronic Documents Act ("PIPEDA").

In response to the feedback gathered from January 23 to March 31, 2023, FSRA amended the proposed guidance as identified in the consultation summary. Some changes include:

- *The effective date of the Guidance has been changed from June 2023 to April 1, 2024;*
- *The IT incident reporting timeframe has been updated to “as soon as feasible, which would normally fall within the 48 to 72 hours range”;*
- *More flexibility to inform FSRA in the event of a material incident, including using a secure portal.*

FSRA thanks all stakeholders for their comments and feedback. The final Guidance and summary of feedback are now available on FSRA's website.

Read FSRA's Final Information Technology (IT) Risk Management Guidance [here](#).

FSRA Recruiting New Members for Its Consumer Advisory Panel

FSRA has made the following announcement:

FSRA is looking for new members to join its Consumer Advisory Panel (the Panel). As a Panel member your perspectives would be considered when the regulator is developing policies or considering initiatives or decisions that could impact consumers. The Panel is made up of a diverse group of consumers and consumer representatives and their input is shared internally with FSRA's senior leadership team and the Board of Directors. Panel members are appointed for a two-year term.

Applicants will be selected based on their relevant professional and lived experiences, skills, knowledge, and perspectives, with an emphasis on the sectors FSRA regulates. To learn more about member qualifications and responsibilities, please see the Panel's current Terms of Reference.

Submission requirements

*Those interested in applying should submit the following two documents to ConsumerOffice@fsrao.ca by **Friday, January 5, 2024**.*

- *A current resume*
- *A cover letter that sets out:*
 - *why you are interested in serving on the Panel;*
 - *how your skills and experiences match the purpose, mandate, and responsibilities of the Panel*
 - *the types of insights that you would bring to the Panel (e.g., consumer advocacy experience, technical expertise in a particular sector, general policy expertise, etc.)*

Learn more about the Consumer Advisory Panel and its current membership at the [FSRA Consumer Advisory Panel webpage](#).

FSRA Has Launched Consultations on Its Proposed Guidance on Life Insurance Agent & MGA Licensing Suitability

On November 21, 2023, FSRA announced that, to better protect consumers, it has released its proposed Guidance on Life Insurance Agent & MGA Licensing Suitability for consultation from industry stakeholders. This release is a part of the regulator's six-point action plan to correct troubling business practices in the life insurance sector.

The proposed Guidance provides a reference for applicants and agents to understand how past and current conduct may affect their suitability to hold a life insurance agent licence. It also reiterates oversight responsibilities for life insurance companies.

The consultation period is open now until February 9, 2024.

To review the proposed Guidance and submit feedback, please visit [FSRA's website](#).

Ministry of Finance (MOF)

The Ministry of Finance (MOF) Proposes Streamlining the Minimum Consultation Period for the Ontario Securities Commission and Financial Services Regulatory Authority of Ontario

Ontario is proposing to amend the Securities Act, the Commodity Futures Act and the Financial Services Regulatory Authority of Ontario Act, 2016. The amendments would allow the Ontario Securities Commission and Financial Services Regulatory Authority of Ontario to reduce the minimum public consultation period from 90 days to 60 days on proposed new rules if they are simple and straightforward. Both agencies would retain the ability to hold longer consultations for more complex rules.

CAFII has made a submission on this consultation.

Read the complete announcement [here](#).

Québec

Autorité Des Marchés Financiers (AMF)

The AMF Names Éric Jacob as Its New Enforcement Chief

The Autorité des marchés financiers' (AMF) interim head of enforcement, Éric Jacob, has been named as the division's new chief. Mr. Jacob has served as Interim Executive Director of Enforcement since March 17, however, as of November 13, he took over the role permanently. While serving as interim head of enforcement, Mr. Jacob also maintained his previous position as Superintendent, Client Services and Distribution Oversight, a position he held since 2021. He will now continue in that role on an interim basis.

On 24 November, 2023, CAFII Board Chair Peter Thompson held his regular quarterly virtual meeting with Mr. Jacob at which Mr. Jacob assured Peter Thompson that previous agreements and understands with the AMF would continue to be adhered to after Mr. Jacob's departure.

The full report on that meeting can be found [here](#).

New Brunswick

The Financial and Consumer Services Commission (FCNB)

The FCNB Introduces the Consumer Protection Act on November 21, 2023

On November 21, 2023, the FCNB released a bulletin notifying stakeholders that the standard for fair business practices in New Brunswick will soon increase with the government's introduction of the Consumer Protection Act. FCNB has made it clear that this new Act will be soon open for consultation and feedback from consumers and stakeholders alike.

As per the official noticed published on FCNB's website:

The Consumer Protection Act, administered by the Financial and Consumer Services Commission (FCNB), will consolidate, update and elevate provincial consumer protection laws and protect New Brunswickers by raising the standard for fair business practices, aligning New Brunswick with other Canadian jurisdictions.

The Act will consolidate and update six existing regulatory areas overseen by FCNB and introduce the following six new consumer protection areas under one Act:

- *Unfair Practices Provisions - to protect consumers from unfair practices such as sellers making false statements about the quality of a product, and sellers taking advantage of vulnerable persons.*
- *Unsolicited Goods and Services – to prohibit businesses from sending or giving consumers goods or services not requested and requiring payment.*
- *Internet Sales Contracts – to protect consumers making online purchases by requiring the suppliers to provide certain information and giving consumers rights for cancellations and refunds.*
- *Future Performance Contracts – defines the consumer contract for services when either the consumer does not pay in full upfront, or the consumer pays for services to be completed later. Consumers will have some legislated cancellation rights and funds recovery options.*
- *Personal Development Services Contracts – regulating health and fitness, exercise, dieting, modelling, and other similar activities and services.*
- *High-Cost Credit Products - licensing and oversight of high-cost credit lenders.*

This legislation benefits both businesses and consumers and is intended to help foster and strengthen the New Brunswick economy. The legislation should enhance consumer confidence in the marketplace and ensure businesses that comply with legal rules are not disadvantaged by competing against those that do not.

Most businesses that have already adopted high standards for their business practices will be minimally impacted by the legislation. While some changes could result in short-term costs for some businesses, these changes are important for the longer-term benefit of modernizing the Act and better protecting consumers.

Consumers and businesses will soon be invited to provide feedback on rules and regulations that are currently under development. In the meantime, business owners can stay informed by subscribing to email notifications to receive updates on the Consumer Protection Act and visit FCNB.ca to learn more about the new and enhanced protections in the Act.

Read [the official notice on FCNB's website](#).

Nova Scotia

CAFII Meets with Nova Scotia Regulatory Authorities on October 18, 2023

A delegation of seven (7) CAFII representatives travelled to Halifax, Nova Scotia, to meet in-person with relevant staff executives from the Nova Scotia's Department of Finance and Treasury Board's Insurance Division.

In attendance in-person at the meeting from CAFII were

- Michelle Costello, CUMIS/The Co-Operators;
- John Burns, Securian Canada;
- Rob Dobbins, Assurant;
- Keith Martin, CAFII;
- Brendan Wycks, CAFII;
- Shanay Smith, CAFII;
- Robyn Jennings, CAFII;

In attendance in-person at the meeting from the Nova Scotia's Department of Finance and Treasury Board's Insurance Division were

- David McCarron, Executive Director, Financial Institutions, and Superintendent of Credit Unions, Trust, and Loan companies, Insurance, and Pensions;
- Rahul Deshmukh, Deputy Superintendent of Insurance; and
- Angela MacLeod, Insurance Officer.

Summary of Meeting

Keith Martin began the meeting by informing the Nova Scotia regulators of CAFII's strategic plan to meet, in-person, with regulators every 18 months. He stressed the degree of importance which CAFII places on this and expressed gratitude to the Nova Scotia team for meeting with the CAFII team. The Nova Scotia regulators were engaged and friendly throughout the presentation.

K. Martin explained that CAFII's desire is for its website to be a place for customers to gain financial literacy and education; therefore, the website has been developed in consultation with specialists who have indicated that it needs to communicate key messages visually and simply as the average Canadian has a short attention span. This has impacted the approach to the website, and CAFII has responded in turn with website vignettes and videos that explain various aspects of insurance in a visual and easy-to-follow manner.

Rahul Deshmukh asked K. Martin about mobile phones versus laptops and how Canadians are accessing insurance information. K. Martin responded that the findings indicate that mobile phone usage for information access is increasing every year while laptop usage is decreasing. The CAFII website is adjusting to accommodate this. CAFII consultants have advised that within 1 to 2 years, the mobile phone will surpass the laptop as the principal channel to access information and websites.

One of the biggest successes of the meeting was the conversation on harmonization. K. Martin first outlined CAFII's harmonization definition and goals, then explained that harmonization does not mean regulators relinquish their regulatory authority. K. Martin noted that BCFSFA had recently adopted the *CCIR Guidance: Conduct of Insurance Business and Fair Treatment of Customers* practically word for word (with a few adjustments around the supervision of intermediaries) as its legislatively required Insurer Code of Market Conduct. This was greatly appreciated by CAFII because now its members can use the wording of the CCIR Guidance for British Columbia. Nova Scotia took the same approach, which was much appreciated by CAFII. D. McCarron added that CCIR is quite vocal about the importance of harmonization, which has prompted good discussion on the subject within the Nova Scotia team.

K. Martin asked the Nova Scotia team to share their experience of the recent Regulators Week, held from October 3-6/23 in St. John's, Newfoundland, particularly with respect to the CCIR and CISRO meetings held there. R. Deshmukh responded that CISRO and Nova Scotia had good conversations over the week, particularly on climate change. That remark prompted an exchange on the impacts of climate change on the insurance industry and claims.

D. McCarron advised that CCIR has also done a lot of work on cybersecurity guidance. K. Martin mentioned OSFI's Incident Reports Guidelines, which both BC and Nova Scotia have adopted. The CAFII team expressed their appreciation and approval of this harmonized approach.

On the issue of a decline in the CAFII poll results around complaints around claims, there was a discussion of the delays caused by doctors who are required to fill out forms. David McCarron noted that his office had been working for some months on this issue, with a particular focus on short-term disability forms that doctors needed to fill out. Rob Dobbins noted that Assurant had an active project on this very issue, and David McCarron expressed interest in any additional information and progress CAFII could share on this file.

K. Martin mentioned New Brunswick's recently launched RIR regime, and which B. Wycks asked if Nova Scotia was monitoring that development. David McCarron said they were monitoring it closely since Nova Scotia likes to harmonize with the other Atlantic Canada provinces. K. Martin then stated frankly that CAFII felt there were certain elements in New Brunswick's new RIR regime that were not harmonized well with the other such regimes existing in Canada, nor did New Brunswick address much of the industry feedback concerns expressed by CAFII and other stakeholders during the consultation period. K. Martin said that CAFII would be more than happy to talk to Nova Scotia further about New Brunswick's RIR regime and some of the concerns with certain of its features.

B. Wycks brought up FSRA's efforts to examine certain MGA firms and identify poor practices around the fair treatment of customers.

David McCarron was very interested in CAFII's findings around artificial intelligence (AI), digitization, and its implication for the regulatory environment.

The CAFII webinars were mentioned, to which A. MacLeod responded that she had attended several and found them informative. She expressed interest in the upcoming travel insurance webinar on November 22, 2023.

D. McCarron asked how open banking was, and K. Martin said that this was more of an issue for the Canadian Bankers Association, with which CAFII collaborates closely, but that CAFII was keeping a watchful eye on this file.

D. McCarron stated how relevant and interesting a presentation this was for Nova Scotia. R. Dobbins mentioned how important research is to CAFII, to which the Nova Scotia team responded that they found this work invaluable, especially as a smaller jurisdiction.

Newfoundland and Labrador

CAFII Meets with Newfoundland and Labrador Regulatory Authorities on October 19, 2023

A delegation of seven (7) CAFII representatives travelled to St. Johns, Newfoundland and Labrador to meet in person with relevant staff executives from Newfoundland and Labrador's Consumer and Financial Services Insurance Division.

In attendance in-person at the meeting from CAFII were:

- Michelle Costello, CUMIS/The Co-Operators;
- John Burns, Securian Canada;
- Rob Dobbins, Assurant;
- Keith Martin, CAFII;
- Brendan Wycks, CAFII;
- Shanay Smith, CAFII;
- Robyn Jennings, CAFII.

In attendance in-person at the meeting from Newfoundland and Labrador's Consumer and Financial Services' Insurance Division were:

- Jean Bishop, Director of Consumer and Financial Services Division, and Superintendent of Insurance;
- Kris Adams, Deputy Superintendent of Insurance;
- Scott Jones, Assistant Deputy Minister – Regulatory Affairs Branch - of Digital Government and Service;
- Sean Dutton, Deputy Minister of Digital Government and Service.

Summary of Meeting

K. Martin shared CAFII's membership structure and its top priorities, including the desire for its website to be a tool for financial literacy. He then moved on to mention the significant increase in regulatory initiatives in the immediate aftermath of the COVID pandemic.

K. Martin explained the difference between harmonization and alignment, stressing the importance of the former over the latter for the Canadian provincial regulatory environment. CCIR and CISRO, in CAFII's opinion, are critical to achieving harmonization objectives. K. Martin mentioned CAFII's response to CISRO in its 2023-2026 Strategic Plan regarding RIR or RIA regimes, where CAFII suggested that CISRO play a leadership role in moving different provincial regimes towards a common approach.

K. Martin asked if Newfoundland and Labrador had given any thought to adopting a Restricted Insurance Agent regime. Jean Bishop responded that they were keenly aware of the insurance industry's desire to have harmonized approaches and had no current plans to adopt such a regime. Brendan Wycks raised CAFII's concerns with the recently adopted New Brunswick RIR Licensing regime. CAFII suggested that, in its view, the most effective of these regimes is the one in place in Manitoba. Jean Bishop indicated that if Newfoundland and Labrador moved down the road of formally exploring adopting a RIA regime, there would be consultations with industry including CAFII.

The presentation then focused on digitization and artificial intelligence, with the Newfoundland and Labrador regulators suggesting that this was an area of keen interest, and one which they

felt challenged to keep up with. K. Martin noted that insurance is a data-hungry industry, with underwriting in particular requiring statistical analysis, which machines are uniquely suited to carry out. Jean Bishop agreed with that assessment and said it was important that any technology developments not undermine the protection of consumers.

Jean Bishop took several minutes to recap some of the discussions that took place over regulators week, which was held from October 3-6, 2023, in Newfoundland and Labrador. She noted that among the topics discussed was the fair treatment of customers, including additional guidelines around incentive management. Other topics were around segregated funds guidance, ombudsperson services, claims processing performance, and climate change.

J. Bishop stated that Newfoundland and Labrador endorsed CCIR's *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*. K. Adams brought up the province's *Principles for the Sale of Insurance* as Newfoundland and Labrador's main means of protecting consumers. John Burns suggested engaging in further consultation for the *Principles for the Sale of Insurance* document to get the language harmonized with other jurisdictions, and Jean Bishop agreed and expressed interest in continuing a conversation about this document to learn what can be amended or revised in it.

The presentation concluded with an agreement between both CAFII and Newfoundland and Labrador to engage in further discussions on harmonization and potential collaboration on the province's *2007 Principles for the Sale of Insurance* document.

International Developments, Research, and Thought Leadership

Digital Insurance

Digital Insurance To Host a Webinar on December 19, 2023, Titled Predicting the Future: Insurance Issues to Watch in 2024

In October 2023, Digital Insurance reached out to insurance professionals to learn which trends they believe will be shaping the industry and affecting their businesses in 2024 and beyond. As a result of this communication, Digital Insurance is hosting a webinar - *Predicting the Future: Insurance Issues to Watch in 2024* – to engage in a transformation forum that examines the risks and other factors insurers anticipate will affect their coverage and their policyholders in the coming months. Understand the increasing role of technology in the industry, economic concerns and how they relate to business planning, and how carriers are addressing the talent shortage and more.

CAFII Research Analyst, Robyn Jennings, will attend and provide a summary in the January Regulatory update.