

Agenda Item 2.6
October 1/19 Board Meeting

Committee Reports Addressing CAFII Priorities

Licensing Efficiency Issues Committee

Since the CAFII Board last met in June, the Licensing Committee has overseen the preparation and delivery of the following CAFII submissions:

- Financial and Consumer Services Commission of New Brunswick (FCNB)'s *Consultation Paper 2019: Licensing of Insurance Adjusters and Damage Appraisers in New Brunswick*, a select number of points raised in which were germane to CAFII members; and
- the Insurance Council of BC's *Consultation on Updated Guidance for New Life Agent Supervision Requirement*.

We also continue to liaise closely and exchange information with David Weir, lead on the FCNB's project to rewrite his province's Insurance Act and, as part of that modernization initiative, introduce a Restricted Insurance Agent (RIA) licensing regime which would be the first in Atlantic Canada.

CAFII has communicated to Mr. Weir, and will continue to reinforce our view, that the FCNB's preliminary intention to change the nomenclature/terminology around its planned RIA regime by calling it an "Incidental Sellers of Insurance Licensing Regime" would be an ill-advised move for a number of reasons, including the fact that it would give rise to some unintended consequences such as precluding the licensure of travel insurance under the regime, as that product is not sold incidentally.

Market Conduct Committee

Since the Board's previous meeting, the Market Conduct Committee has overseen the preparation and delivery of the following CAFII submissions:

- an *Insurance Fees Consultation Paper* related to the industry's "self-funding" of the new BC Financial Services Authority (BCFSA) -- which will replace FICOM, effective November 1/19, and be an independent Crown Corporation;
- a congratulatory and CAFII (re-)introduction letter to Judith Robertson on her appointment as the Financial Consumer Agency of Canada (FCAC)'s new Commissioner; and
- a September letter to the AMF on its decision to require affected insurers to terminate existing/in-force credit protection insurance coverage for non-debtor spouses, where the creditor's pecuniary interest in the life and/or health of the non-debtor spouse cannot be demonstrated to the AMF's satisfaction. Our submission has resulted in a two-month deadline extension, to November 30/19, for affected insurers to submit Action Plans related to this AMF directive.

Other anticipated market conduct regulatory issues for which we are maintaining a watching brief include

- the BC Ministry of Finance's Final Policy Recommendations Paper, arising from its 10-Year Review of the province's Financial Institutions Act, which is expected to be released this Fall;
- Alberta's plans to create a single, integrated financial services regulator;
- an updated Sound Commercial Practices Guideline from the AMF; and
- Phase 2 of the FCAC's Domestic Bank Retail Sales Practices Review.

Media Advocacy Committee

We have been rolling out, or are about to publish, much enhanced content on CAFII's consumer-facing website.

Vignettes, consisting of short, personalized stories about individuals or families purchasing our members' creditor protection insurance and travel insurance products have been published on the website (see example below).

Three new videos, one on mortgage life credit protection insurance, and two on the Pollara Consumer Research on credit protection insurance, have been completed and will be posted on the website within the next few weeks.

The Pollara research was press-released and resulted in four positive trade press stories. As well, CAFII released a press statement on the Ontario government's intention to eliminate OHIP out-of-country coverage, which received much media pickup including CAFII being quoted in the editorials of several newspapers including the Toronto Star. CAFII also participated in an interview with ZOOMER Radio (Libby Znaimer) on OHIP's elimination of out-of-country coverage. Both the live interview, and an English and French transcript of the interview, are now posted on the News section of the CAFII website.

Our search engine optimization firm RankHigher continues to do background work to improve our search results; and in the next month or so, CAFII Board and EOC members will be invited to a meeting at which RankHigher will report on the significant improvements that have continued to occur on our credit protection insurance web search results.

The Media Advocacy Committee will recommend to the Board continued investments in the CAFII website, including the production of additional videos; and, in that respect, will be submitting a request for a \$40K budget allocation for 2020 website enhancements, along with a recommendation to continue with the existing retainer with our media consultant David Moorcroft.

EXAMPLE OF CAFII WEBSITE VIGNETTE



Anne-Sophie and Mathieu, who have two children, have been approved for a \$250,000 mortgage to purchase a home. Anne-Sophie is the primary income earner, and the family's ability to make their mortgage payments is largely dependent on her income.

Peace of mind and predictability of expenses are important for Anne-Sophie and Mathieu, so they purchase Mortgage Life Insurance for Anne-Sophie, which will pay out the balance of their mortgage (up to the maximum specified in the certificate of insurance) in the event of her death. They like the fact that their premiums will not change over the life of their mortgage, which means that they are not exposed to higher costs for this coverage as Anne-Sophie ages or possibly develops health issues.

They also like the fact that the proceeds of her mortgage life insurance will go directly to pay out the mortgage balance rather than possibly being used to pay other debts. It's important to Anne-Sophie that her family will be able to continue living in their family home, without financial duress.

[See FAQ section for more information](#)

Research & Education Committee

The focus for the Research & Education Committee for most of 2019 has been to work on the release of the Pollara Consumer Survey on Mortgage and HELOC Credit Protection Insurance. The report has now been publicly released, and has received positive trade press pickup. Two videos highlighting the research are also close to being finalized and posted on the CAFII website.

Presentations were made on the research results to CCIR/CISRO (webinar), FSRA (in-person), and to the AMF (webinar, in French). We have also presented the results to the CLHIA.

The feedback on those presentations of the research results has been positive and the Research & Education Committee believes that research, such as this most recent Pollara work, contributes to the enhanced public profile of CAFII and helps convey a positive view of credit protection insurance and its many consumer benefits.

The Pollara Consumer Survey was released publicly in June 2019, and so it would have been difficult to engage in another major research initiative in 2019. As well, financial pressures created by AMEX Bank of Canada's departure as a CAFII member put some pressure on CAFII's 2019 operations and financial management. As a result, the \$60K allocated for 2019 research was not spent.

However, the Research & Education Committee will be requesting a \$50K budget allocation in 2020 to fund another research project. The committee will be reconvening this Fall to discuss options around 2020 research, with the objective of providing our recommendation to the Board for approval at its December 3/19 meeting.

Travel Medical Experts Working Group

Over the past several months, the Travel Medical Experts Working Group has been involved in the following issues on behalf of CAFII members.

AMF's Distribution Guide/Summary Document Requirement for Credit Card-Embedded Insurance Coverages

In a recent phone conversation with a CLHIA/ACCAP senior staff member, an AMF staff executive asserted, without being questioned or prompted on this issue, that the regulator will require that a Summary document be provided to consumers who are receiving travel insurance coverage embedded in a credit card.

This ruling by the AMF will significantly impact the industry's ability to distribute credit cards in Quebec.

CAFII will shortly consider the Travel Medical Experts Working Group Chair's recommendation that our Association initiate a possible joint/collaborative approach (CAFII, CLHIA and THIA) to the AMF on this issue, to review and reconsider its decision and/or to provide a deadline extension to implement the Summary document by at least an additional year.

Joint CLHIA/CAFII/THIA Meeting With Ontario Ministry Of Health On The Province's Implementation Of Its Elimination Of Out-of-Country Travel Health Claims

A joint CLHIA/CAFII/THIA meeting with Ontario Ministry of Health (MOH) officials was hosted by CLHIA on September 19/19. The MOH was represented at the meeting by Randy Riddell, Senior Manager Claims Reimbursement; Julie Ingo, Senior Manager; and Leanne Palilionis, Senior Program Consultant.

The following were the key items communicated by the MOH and discussed in the meeting:

- **Implementation** on January 1, 2020 – End of OHIP coverage for out-of-country travel health claims;
- **Claims Payment:** MOH will be responsible for any claims up to December 31/19 @ 11:59 pm (time zones may be a complication; however MOH is willing to work out arrangements directly with insurers);
- **Exception:** renal dialysis patients will continue to receive funding for hospital and physician claims through a special program set up with the Ontario Renal Network in Cancer Care Ontario; this is not a continuance of the OHIP out-of-country program but rather a new program; all Ontario OHIP out-of-country coverage ends December 31/19.
- **Communications Plan:** a communications plan has been developed that uses web postings, social media, starting around Canadian Thanksgiving and will surge at other prominent travel holidays such as US Thanksgiving, Black Friday, and Christmas. MOH will encourage CLHIA and the other industry Associations to add links to or retweet. The OHIP message to buy travel insurance will likely carry on, as OHIP recommends travel insurance even for inter-provincial travel.

- **Question from MOH:** what premium increases will be seen as a result of these OHIP changes?
Action Item: CLHIA will draft an answer and circulate it to the Committee for comment, before forwarding it as a response to the MOH's question.
- **Comment from MOH:** concern from patients that contracts/booklets indicate OHIP is the first payer. This is a concern related mainly to the group travel insurance side as contracts/booklets are not frequently updated. MOH would like some wording regarding this that they can share in communications. Action Item: CLHIA will draft an answer and circulate to the Committee for comment, before forwarding it as a response to the MOH's comment.