

Agenda Item 2(a)
July 18/23 EOC Meeting

**CAFII 2023 Western Canada
Insurance Regulators and Policy-Makers
Visits Tour:
Meeting Summaries and Insights Highlights**

CAFII 2023 WESTERN CANADA INSURANCE REGULATORS AND POLICY-MAKERS VISITS TOUR

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CAFII 2023 Western Canada Insurance Regulators and Policy-Makers Visits Tour—Key Messages Delivered Via Powerpoint Presentation

CAFII Delivers Key Messages to Regulators and Policy-Makers via Presentation that Includes Results of 2022 Pollara Research on Consumer Attitudes towards CPI

CAFII's presentations, all but one made via a 90 minute meeting, 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/policy-maker/ombudservice bodies across Canada on behalf of its members, and the complexity of the regulatory environment makes harmonization critical to the industry. There was discussion of 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 in Western Canada 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 upon the industry and regulators.

CAFII noted that according to LIMRA research, a significant proportion of Canadians is 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 on, 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 two new hires reporting into Keith Martin were currently being recruited.

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

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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 make 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.

CAFII Regulatory and Policy-Maker Tour—Phase 1, Saskatchewan and Manitoba

Saskatchewan

Saskatchewan Financial and Consumer Affairs Authority (FCAA)

CAFII Holds Liaison and Relationship-Building meeting with Saskatchewan Financial and Consumer Affairs Authority (FCAA) as part of 2023 Western Canada Insurance Regulators and Policy-Makers Visits Tour, Phase 1 (Saskatchewan and Manitoba).

CAFII held a session in Regina, Saskatchewan with the Saskatchewan Financial and Consumer Affairs Authority (FCAA) on 31 May, 2023. In attendance in-person at the meeting from CAFII were:

- Michelle Costello, CUMIS/The Co-operators;
- Shawna Sykes, CUMIS/The Co-operators;
- Keith Martin, CAFII;
- Brendan Wycks, CAFII.

In attendance virtually were Greg Caers (BMO Insurance), Sean Kradjian (Scotia Insurance), Dallas Ewen (Canada Life Assurance), Nicole Benson (Valeyo), and Lauren Ross (CIBC Insurance).

The delegation met for 90 minutes in-person at FCAA office in Regina with Jan Seibel, Executive Director, Insurance and Real Estate Division; and Ann Ottenbrite, Lawyer, FCAA.

CAFII began with a presentation on its key priorities and the findings of the Pollara research on consumer attitudes towards credit protection insurance. The discussion was open and collegial, with Jan Seibel projecting a warm and friendly demeanour. She noted the importance of open and transparent consumer disclosures, with a view to ensuring that they understand the insurance contracts that they were entering into, including any exclusions.

Ms. Seibel noted that she had not previously heard of the CAFII member company Valeyo; and CAFII Board member Nicole Benson, President and CEO of Valeyo who participated in this meeting virtually, provided an overview of her organization in response.

In dialogue with the CAFII delegation, Ms. Seibel asked what are the reasons why 5% of CPI mortgage life insurance claims are denied. CAFII representatives responded with the information requested, including a death that resulted from suicide and for material mis-representation on the insurance application. CAFII clarified that Medical Assistance In Dying (MAID) does not constitute suicide and is not a cause for a CPI life insurance claim denial.

Ms. Seibel shared that a young, 20-something man of her acquaintance had recently died tragically due to a severe adverse reaction to Tylenol 3s taken for a prolonged headache/pain situation; and she had assisted the family in question in clarifying for the insurer that this was not a case of suicide.

Ms. Seibel observed that since the last time that CAFII had visited with the FCAA in October 2019, the following CAFII-relevant FCAA initiatives had taken place:

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- FCAA had finalized and posted the following regulatory documents:
 -G1/2019 Records to be Kept in Saskatchewan or approved locations; and
 -IB1/2019 Notice of Dispute Resolution Process.
- FCAA has hired, as new team members, or promoted the following individuals who may have some contact/interplay with CAFII member companies:
 -Lisa Liesch, Director, Insurance and Real Estate Division;
 -Jennifer Schmidt, Financial Institutions Officer;
 -Kayode Osobu, Senior Policy and Program Analyst; and
 -Margherita Vittorelli, Director of Communications.

Ms. Seibel noted that Saskatchewan had explicitly adopted Fair Treatment of Customers in the province through recent amendments to the Insurance Councils of Saskatchewan's bylaws. She also advised that under the province's recently amended Insurance Act, appeals no longer come to her as Executive Director of the Insurance and Real Estate Division, but rather they are heard by a panel of FCAA authorities.

Manitoba

Manitoba Superintendent of Insurance, and the Insurance Council of Manitoba
CAFII Holds Liaison and Relationship-Building Joint Meeting with Manitoba Superintendent of Insurance (Financial Institutions Regulation Branch (FIRB), Government of Manitoba) and Insurance Council of Manitoba (ICM) as part of 2023 Western Canada Insurance Regulators and Policy-Makers Visits Tour, Phase 1 (Saskatchewan and Manitoba).

CAFII held a joint meeting on 1 June, 2023 in Winnipeg, Manitoba with the Manitoba Superintendent of Insurance and the Insurance Council of Manitoba (ICM). In attendance from CAFII were:

- Michelle Costello, CUMIS/The Co-operators;
- Dallas Ewen, The Canada Life Assurance Company;
- Catherine Laspina, The Canada Life Assurance Company;
- Marco DeiCont, Valeyo;
- Keith Martin, CAFII;
- Brendan Wycks, CAFII.

In attendance virtually were Casandra Litniansky (CUMIS/The Co-operators), Sean Kradjian (Scotia Insurance), Shawna Sykes (CUMIS/The Co-operators), Deliska Beauregard (Securian Canada), and John Burns (Securian Canada).

The CAFII delegation met for 90 minutes in-person at the ICM office in Winnipeg (with other CAFII member representatives attending virtually) with Scott Moore (attended virtually), Manitoba Superintendent of Insurance, and Stacey Aubrey (attended in-person), Executive Director, Insurance Council of Manitoba (ICM).

The discussion was open and collegial, with both Stacey Aubrey and Scott Moore thoroughly engaged.

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Scott Moore shared that there would not be much insurance policy activity in Manitoba in the coming months as the next provincial general election in the province was scheduled for October 3, 2023. He also observed that there would not likely be any major Insurance Act or related Regulation changes in the province in 2024 or for the foreseeable future.

There was discussion of the important roles that CCIR and CISRO play as national co-ordinating bodies, and CAFII emphasized the difference between alignment between regulators and harmonization.

Artificial intelligence was raised and its potential to be used in insurance, with underwriting noted as an obvious first area for AI to make an impact. Scott Moore asked a question about what sort of process industry players would follow in assessing and deciding how and when to start deploying AI in insurance, whether in underwriting or other areas. Brendan Wycks offered to share an article on that very subject which he had just come across, and Scott Moore and Stacey Aubrey both asked that Mr. Wycks forward the article to them (see Appendix A for article shared with Mr. Moore and Ms. Aubrey on June 2/23).

In one surprising interjection, Scott Moore responded to the 2022 Pollara research statistic indicating a 95% payout rate on credit protection mortgage life insurance claims by asking how that compared to other life insurance products which “did not practise post-claims underwriting.” Keith Martin said that the CPI industry did not practise post-claims underwriting, and that was a myth propagated and perpetuated by the advice-based channel. Questions are asked at the time of application, and at the time of a claim the applicant’s responses are reviewed to ensure that the questions were answered truthfully. Dallas Ewen, Canada Life Assurance, added that adjudication after a claim is made occurs across all life insurance products, and that the same major life and health insurers are using the same process for adjudicating credit protection insurance claims as they do in the case for adjudicating claims made under other types of coverage such as term life insurance (see Appendix B for a more complete version of the response delivered by CAFII to Mr. Moore’s question in this Manitoba meeting).

CAFII Regulatory and Policy-Maker Tour—Phase 2, British Columbia and Alberta

British Columbia

British Columbia Ministry of Finance

CAFII Holds Liaison and Relationship-Building Meeting with British Columbia Ministry of Finance, as part of CAFII 2023 Western Canada Insurance Regulators and Policy-Makers Visits Tour, Phase 2 (BC and Alberta).

CAFII met with the British Columbia Ministry of Finance officials on 13 June, 2023 at the BCFSA office in Vancouver. In attendance from CAFII were:

- Rob Dobbins, Assurant Canada;
- Karyn Kasperski, RBC Insurance;
- Pete Thorn, TD Insurance;
- Casandra Litniansky, CUMIS Services/The Co-operators;
- John Burns, Securian Canada;
- Lindsey Leclair, Valeyo;
- Keith Martin, CAFII;
- Brendan Wycks.

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The delegation met for 60 minutes in-person at the BCFSa office in Vancouver (with other CAFII member representatives attending virtually) with Kari Toovey, Director, Financial Institutions, Financial and Corporate Sector Policy Branch; Joey Primeau, Acting Senior Executive Director, Financial and Corporate Sector Policy Branch; and Tiffany Norman, Acting Executive Director, Financial and Corporate Sector Policy Branch, BC Ministry of Finance.

The first item on the agenda for this meeting was CAFII making a specific point of sharing with the three BC Ministry of Finance staff executives the fact that our Association, in its subsequent meeting with BCFSa staff executives later that day, would be delivering a sincere kudos/thanks to BCFSa for listening to and accepting industry stakeholder feedback in finding a “reasonable accommodation way forward” for fulfilling its legislation-based mandate to introduce a BC-specific “Insurer Code of Market Conduct.” BCFSa had made a hugely important recognition of the importance of harmonization to the industry by effectively copying and pasting the principles set out in the CCIR/CISRO “Guidance: Conduct of Insurance Business and Fair Treatment of Customers” (2018) and making only some slight modifications to them, to reflect BCFSa’s specific scope and mandate as a regulatory Authority, and then declaring that largely harmonized, excerpt-type document to be the BC Insurer Code of Market Conduct.

In this meeting an abbreviated version of the CAFII Powerpoint deck was presented and a discussion occurred around the in-development BC Restricted Insurance Agency (RIA) licensing regime, and when it would be in place.

Kari Toovey provided an update by indicating the Ministry’s Regulation -- which would empower the Insurance Council of BC to start to develop Rules to add flesh to the bones of the framework set out by the Ministry’s Regulation – was still in-development but was expected to be completed and released sometime in the Fall of 2023. The Regulation will specify the types of insurance that will be eligible to be offered under the BC RIA regime as well as the types of organizations that will be eligible to apply for an RIA licence.

Because the Ministry of Finance had asked in its 2022 RIA Regime Consultation Document (CAFII submission made on October 3, 2022) about the industry’s response to a possible deferred sales model being imposed upon credit protection insurance, the CAFII delegation reiterated and emphasized key messages about the importance to the marketplace of credit protection insurance, and about the consumer harms that would potentially arise if obstacles and constraints were put in place around the accessibility of CPI to consumers under BC’s new RIA regime.

British Columbia Financial Services Authority (BCFSa)

CAFII Holds Liaison and Relationship-Building Meeting with British Columbia Financial Services Authority (BCFSa), as part of CAFII 2023 Western Canada Insurance Regulators and Policy-Makers Visits Tour, Phase 2 (BC and Alberta).

CAFII met with the British Columbia Financial Services Authority (BCFSa) on 13 June, 2023 at the Authority’s office in Vancouver. In attendance from CAFII were:

- Rob Dobbins, Assurant Canada;
- Karyn Kasperski, RBC Insurance;
- Pete Thorn, TD Insurance;
- Casandra Litniansky, CUMIS Services/The Co-operators;
- John Burns, Securian Canada;

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- Lindsey Leclair, Valeyo;
- Keith Martin, CAFII;
- Brendan Wycks, CAFII.

In attendance virtually from CAFII were Dallas Ewen (Canada Life) and David Self (CIBC Insurance).

The CAFII delegation met for 90 minutes in-person at BCFSAs office in Vancouver with Blair Morrison, CEO (attended for first 20 minutes only, in-person); Saskia Tolsma, Vice-President, Policy and Stakeholder Engagement; Marina Makhnatch, Director, Market Conduct, Financial Institutions; Thomas Taller, Managing Director, Policy & Oversight; Rob O'Brien, Manager, Financial Institutions Policy (attended virtual-only); and Lucas Neufeld, Senior Policy Analyst, BC Financial Services Authority (BCFSA).

The first item on the agenda for this meeting was CAFII extending a sincere kudos/thanks to BCFSA for listing to and accepting industry stakeholder feedback in finding a "reasonable accommodation way forward" for fulfilling its legislation-based mandate to introduce a BC-specific "Insurer Code of Market Conduct." BCFSA had made a hugely important recognition of the importance of harmonization to the industry by effectively copying and pasting the principles set out in the CCIR/CISRO "Guidance: Conduct of Insurance Business and Fair Treatment of Customers" (2018) and making only some slight modifications to them, to reflect BCFSA's specific scope and mandate as a regulatory Authority, and then declaring that largely harmonized, excerpt-type document to be the BC Insurer Code of Market Conduct.

CAFII's kudos was received warmly and with appreciation by Blair Morrison, CEO, and his BCFSA colleagues.

The meeting was notable for its high level of engagement and collegiality. Blair Morrison said he believed in Canada and was committed to his regulatory Authority protecting consumers, and that he was also committed to a national approach and approaching issues from a Canadian lens. He indicated that "if there is a national solution, BCFSA is going to try to adopt it." He noted that the Authority's recently published Regulatory Roadmap should give industry stakeholders a good sense of where BCFSA is headed. BCFSA's role/job is all about "confidence in the marketplace" which essentially means safety/soundness of financial services and insurance markets and consumer protection, Mr. Morrison asserted. That said, he noted that "we don't have all the answers" and, as a result, engagement with stakeholders was critical to the success of BCFSA.

Saskia Tolsma participated throughout the session, and emphasized the commitment of BCFSA to discussion, dialogue, and transparency.

There was also some discussion of the impact of climate change upon insurance, including life and health insurance.

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Insurance Council of British Columbia

CAFII Holds Liaison and Relationship-Building Meeting with Insurance Council of British Columbia, as part of CAFII 2023 Western Canada Insurance Regulators and Policy-Makers Visits Tour, Phase 2 (BC and Alberta).

CAFII met with the Insurance Council of British Columbia on 14 June, 2023 at the Council's office in Vancouver. In attendance from CAFII were:

- Rob Dobbins, Assurant Canada;
- Karyn Kasperski, RBC Insurance;
- Pete Thorn, TD Insurance;
- Casandra Litniansky, CUMIS Services/The Co-operators;
- John Burns, Securian Canada;
- Keith Martin, CAFII;
- Brendan Wycks, CAFII.

In attendance virtually from CAFII were Deliska Beauregard, Securian Canada;; Dallas Ewen, Canada Life Assurance; Sean Kradjian, Scotia Insurance; Lauren Ross, CIBC Insurance; David Self, CIBC Insurance; and Shannon Dowe, RBC Insurance.

The CAFII delegation met for 90 minutes with Insurance Council staff executives Janet Sinclair, CEO; Brett Thibault, Director, Governance and Stakeholder Engagement; and Galen Aker, Stakeholder Engagement Specialist.

The first item on the agenda for this meeting was CAFII making a specific point of sharing with the three Insurance Council of BC staff executives the fact that our Association, in its just-completed meeting with BCFSa staff executives the previous day, had extended a sincere kudos/thanks to BCFSa for listening to and accepting industry stakeholder feedback in finding a "reasonable accommodation way forward" for fulfilling its legislation-based mandate to introduce a BC-specific "Insurer Code of Market Conduct" and the reasons why our Association had done so. BCFSa had made a hugely important recognition of the importance of harmonization to the industry by effectively copying and pasting the principles set out in the CCIR/CISRO "Guidance: Conduct of Insurance Business and Fair Treatment of Customers" (2018) and making only some slight modifications to them, to reflect BCFSa's specific scope and mandate as a regulatory Authority, and then declaring that largely harmonized, excerpt-type document to be the BC Insurer Code of Market Conduct.

The demeanour of the three Insurance Council of BC staff executive hosts was warm, receptive, and engaged.

Janet Sinclair, CEO, said that "as a regulator, we have a different perspective as to how things work; so this kind of dialogue with industry Associations is vitally important to us."

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Ms. Sinclair made an emphatic point of highlighting for CAFII the fact that in the Council's recently adopted new 2024-2026 Strategic Plan (CAFII note: about which there had not been any consultation with industry stakeholders), there is specific Strategy – under Goal 2 of four goals re “Regulatory oversight that protects consumers and enables industry innovation”; and that Goal's Priority Statement re “Modernize regulatory oversight to keep pace with changes in the insurance marketplace and support/enable transformation” -- to “Drive harmonization with other Canadian jurisdictions.” (Goal 3 of three Goals). CAFII thanked Ms. Sinclair and her colleagues for placing such an explicit emphasis and accountability upon national harmonization in the Council's new Strategic Plan.

Ms. Sinclair advised that the Council had been working very closely with the Government of BC/Ministry of Finance on preliminary work with respect to developing and launching a Restricted Insurance Agency (RIA) licensing regime in the province. “We will get our language/terminology and the framework guide re our RIA regime from the Regulation that the Government is working to finalize right now,” she advised.

In specific discussion about BC's in-development RIA regime, CAFII indicated that New Brunswick's recently launched RIA regime was quite different from those already in existence in the other three Western Canada provinces; and there was concern therefore that BC's new regime would also be unique in some ways. Ms. Sinclair expressed a commitment to harmonization and to avoiding different approaches without justification. However, she also noted that BC had an obligation to learn from and build upon what previously launched RIA regimes had done and learned; and that the BC regime had to capture not only what sophisticated regulated entities – such as banks and credit unions as distributors of insurance -- had as their operational practices, but also those of smaller and less sophisticated players.

There was some discussion about the contemplated “individual customer service representative competency requirements/Agency performance requirements framework,” about which the Insurance Council had engaged in a preliminary consultation process with industry stakeholders in April and May 2023, with CAFII noting that individual employee training was only one way to ensure compliance with regulatory expectations. CAFII's members, it was emphasized, built compliance into their very processes, through scripts, prompts, and technology.

Through the dialogue on this issue, it became apparent to some in-person CAFII delegation members that Janet Sinclair, the Insurance Council's CEO, is approaching her preliminary thinking about BC's RIA regime based not solely on the corporate licensure frameworks set out in the existing RIA regimes in four other Canadian provinces, but also upon her prior career experience as Chief Operating Officer at the Association of Professional Engineers and Geoscientists of BC (APEGBC), which governs a profession that has individual competency and continuing professional development requirements for licensure.

There was brief discussion of CAFII's desire for Restricted Insurance Agency (RIA) licence holders, under the new regime that the Insurance Council will be developing and launching, to have some representation and a “voice” mechanism to the Insurance Council or on the Council itself. Ms. Sinclair replied that, currently, all appointees to the Insurance Council of BC are required to be domiciled in the province. It was acknowledged that while there are some representatives currently sitting on Council who work for banks, they are engaged in the advice-based channel, not CPI. Ms. Sinclair invited CAFII to let Galen Aker know of any BC-domiciled CAFII representative who might like to be appointed to the Insurance Council, either as a Voting Member or a Non-Voting Member.

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Alberta

Alberta Insurance Council

CAFII Holds Liaison and Relationship-Building Meeting with Alberta Insurance Council (AIC), as part of CAFII 2023 Western Canada Insurance Regulators and Policy-Makers Visits Tour, Phase 2 (BC and Alberta).

CAFII met with the Alberta Insurance Council (AIC) on 15 June, 2023 at the Council's office in Edmonton. In attendance from CAFII were:

- Rob Dobbins, Assurant Canada;
- Karyn Kasperski, RBC Insurance;
- Casandra Litniansky, CUMIS Services/The Co-operators;
- John Burns, Securian Canada;
- Keith Martin, CAFII;
- Brendan Wycks, CAFII.

In attendance virtually was Doug Weir (CIBC Insurance).

The delegation met for 90 minutes with Joanne Abram, CEO (Edmonton office); Brent Rathgeber, Chief Operating Officer and General Counsel (Edmonton office); Sylvia Boyetchko, Director of Licensing (Edmonton office); Zabeda Yaqoob, Director of Legal and Regulatory Affairs (Calgary office); and Joseph Fernandez, Director of Compliance (Calgary office).

The meeting was chaired by Brent Rathgeber, Chief Operating Officer, but Joanne Abram, CEO was the most active and engaged in the dialogue, and she was very gracious and receptive throughout.

There was interest in the findings from CAFII's 2022 Pollara research study, and a good discussion of the importance of balancing consumer protection with industry efficiency. Ms. Abram was very interested in the comments from CAFII supporting regulatory rule-making authority, something that the Alberta Insurance Council does not have at this time, but strongly desires.

We noted that we would be meeting later that same day with Alberta Treasury Board and Finance staff executives, and we offered to share with them our view that the Alberta Insurance Council should have rule-making authority.

Joseph Fernandez, the AIC's recently hired new Director of Compliance who came to the Insurance Council from the Alberta Real Estate Council, asked a clarification question about CAFII's ongoing battle to dispel the myth about "post-claims underwriting" being a defining feature of CPI's business model. The answer which Brendan Wycks provided on behalf of CAFII is set out in Appendix B.

There was considerable discussion about the merits and benefits of national harmonization of insurance policy and regulation in Canada, and the role of national co-ordinating bodies such as CCIR and CISRO in leading such initiatives, even if that meant stepping outside of their historical comfort zone and taking on a more aspirational leadership role around harmonization. In that connection, Joanne Abram and Joseph Fernandez suggested that CAFII should ramp up and strengthen its communication and advocacy efforts to insurance regulators and policy-makers across the country about the importance of harmonization by engaging with and drawing upon the expertise of the following resources:

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- Canadian Network of Agencies for Regulation (CNAR): <https://www.cnar-rcor.ca/>; and
- Harry Cayton, a semi-retired professional standards and “right touch regulation” authority from the UK: <https://www.harrycayton.net/>.

In thanking the CAFII delegation for making the trip to Edmonton to meet with AIC staff executives and in bringing the meeting to a close after 95-plus minutes of dialogue, Brent Rathgeber opined that in pursuing its harmonization, rule-making authority for AIC, and other insurance policy and regulation priorities, CAFII should probably target the Ministry of Service Alberta and Red Tape Reduction in addition to the Ministry of Finance (Alberta Treasury Board and Finance).

Alberta Treasury Board and Finance (ATBF)

CAFII Holds Liaison and Relationship-Building Meeting with the Alberta Treasury Board and Finance (ATBF), as part of CAFII 2023 Western Canada Insurance Regulators and Policy-Makers Visits Tour, Phase 2 (BC and Alberta).

CAFII met with Alberta Treasury Board and Finance (ATBF) on 15 June, 2023 at the ATBF’s office in the Terrace Building, a Government of Alberta building within immediate proximity to the province’s legislature building. In attendance from CAFII were:

- Rob Dobbins, Assurant Canada;
- Karyn Kasperski, RBC Insurance;
- Casandra Litniansky, CUMIS Services/The Co-operators;
- John Burns, Securian Canada;
- Keith Martin, CAFII;
- Brendan Wycks, CAFII.

The delegation met for 90 minutes in-person (technology/internet connection difficulties prevented other CAFII member representatives from attending virtually) with David Sorensen, Deputy Superintendent of Insurance; David Mulyk, Executive Director, Pension and Insurance Policy; and Thembi Mathwasa, Manager, Compliance; ATBF. (Mark Brisson, Superintendent of Insurance, was expected to attend this meeting, but was a last minute no-show due to unexpected competing priorities).

There was an open and engaged discussion. David Mulyk was impressed by the high claims payout numbers for CPI mortgage life insurance from the Pollara research, and he said that CAFII should publicize those sorts of numbers. Regulators and policy-makers tend to hear the bad news only, and sometimes do not get exposure to the real trends and realities, he opined.

These sorts of meetings are critical to ensuring open lines of communication and information, Mr. Sorensen said.

CAFII made the point that the Alberta Insurance Council should be given rule-making authority to allow it to respond to marketplace and technology emergent issues and trends more nimbly. However, the point was made by the ATBF representatives that it is difficult to get on the Ministry of Finance’s priority list and such a change would not happen quickly.

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Mr. Mulyk suggested that if CAFII would like to recommend to the Government of Alberta that the AIC should be given rule-making powers, it should make its case in a letter to be sent to both the Minister of Finance and the Minister of Service Alberta and Red Tape Reduction. He offered that the ATBF staff executives would be willing to provide feedback on a draft of a CAFII letter to those two Ministers, if our Association would like to avail of that offer of assistance.

Appendix A

Company Launches Specialized Conversational Agent In The Insurance Field

By Laurène Jardin, The Insurance Portal, May 26, 2023

Koïos Intelligence has just launched *Olivo*, a specialized, insurance customer-focused, cloud-based application using natural language processing (NLP). The new technology has attracted major investors, securing \$6.5-million in funding in a recent financing round.

Koïos Intelligence is a Quebec-based company founded in 2017 by Mohamed Hanini, its CEO and chief technologist. With a bachelor's degree in actuarial science and a master's degree in mathematical and computational finance from the University of Montreal, he launched Koïos Intelligence with the general goal of finding solutions and improving processes, specifically in the insurance domain in life and health and property and casualty.

"We are thrilled to support and welcome a visionary company like Koïos into our startup ecosystem, offering an innovative solution that enhances the experience of all parties involved throughout the value chain," expressed Geneviève Biron, founder and president of Propulia Capital, an investment platform that supports technology companies. Brion recently joined Koïos' board of directors.

A look at Olivo

Olivo directly interacts with clients through online chat, provides a wide variety of insurance product information and the firm claims a seamless and efficient claims process.

"The objective was to reduce waiting time and offer a new interaction experience for consumers, not only for purchases but also for updating client information," the firm's founder says.

"The main idea is to process real-time information and make life easier for consumers while facilitating the work of brokers. Brokers will evolve towards providing more personalized advice," he added.

The conversational agent then becomes a virtual assistant for the broker, allowing quick access to consumer research and contract updates. Moreover, the user always has the option to speak with a human agent during their conversation with Olivo. The application follows a 100 per cent hybrid approach, providing consumers with the choice to interact with both artificial intelligence and a broker, Hanini explains.

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Specialized application in its field

The Olivo agent has been trained to analyze and classify user requests. It employs multi-modal artificial intelligence (AI), a type of AI that utilizes multiple channels of information transmission through algorithms. If a consumer asks questions unrelated to insurance, the robot will be unable to respond. The application employs a specific deep learning model, established within a neural network, to predict the user's meaning and intentions based on structured data.

"After identifying the user's intention and understanding the instruction, the machine needs to predict an action and consequently provide a response to the question," explained Hanini. Olivo has been trained to give precise, prepared, and controlled answers based on its specialized insurance database. This distinguishes it from typical conversational agents that generate responses by relying on information found on the internet.

Hanini tested Chat GPT by asking whether the colour of a car could influence insurance premiums. He says the Olivo conversational agent has been trained not to make mistakes when faced with such questions.

Beyond online chat, Olivo possesses a revolutionary feature in the realm of conversational agents, according to Hanini. Users have the option to address the robot vocally – the agent has been trained to receive instructions or questions through voice recognition. In addition to this capability, it can communicate in forty languages.

Confidentiality and security

Ensuring data protection and securing users' personal information is essential for the company. Koïos Intelligence has enlisted professionals specialized in cyber-security, risk management, and operational chains. It has also partnered with various experts from the international scientific community, including the Institute for Data Valorization (IVADO) and the Montreal Institute for Learning Algorithms (MILA).

Another key aspect of confidentiality is that the Olivo agent has not been trained to reuse user's personal information but only to store it directly in the client's database.

"In our development environment, we do not have access to the user's identity. The model does not consider this information. Moreover, the robot has not been trained to retain a user's personal data. The conversational agent's neurons have only been trained with insurance-related data from our specialized database. They are primarily prediction models," Hanini adds.

The company says it is committed to the responsibilities and obligations it has regarding clients. Consumer data is the property of the client – it's a clause stated in their contract. "Apart from the broker or insurer, no one else can use the consumer's personal data. The information is protected and controlled by the client," Hanini adds.

He also emphasized another important point regarding server geolocation. All of the company's servers are based in Canada and are therefore governed by the country's laws, which protect personal information in the private sector.

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Other projects

The company is continuously improving the performance and expanding the functionality of its Olivo application, according to Hanini. Currently, it plans to establish a "modern" call center managed by artificial intelligence. Users will be able to interact with the conversational agent via phone, utilizing voice recognition. Conversations will be recorded, allowing the agent or the broker to access information already expressed by the consumer in real-time.

Koïos Intelligence is also working on a second funding campaign, scheduled to take place in a few months. With locations in Canada, the United States, and North Africa, the company has also recently expanded its presence to France.

The company relies on demonstrations through its website to increase its visibility and awareness.

Read Story (Subscription Required): [Company launches specialized conversational agent in the insurance field - Insurance Portal \(insurance-portal.ca\)](#)

Appendix B

October 3, 2022 CAFII Comments to BC Ministry of Finance on Amendment to Bill 37 to Amend Section 225.1 (2) by adding: “(iii) restricting post-claim underwriting by those licensees, employees and agents, and”

CAFII disagrees with the assumptions and misunderstandings underlying this statement because they do not accurately reflect the CPI and travel insurance products offered by our members.

Underwriting refers to determining the risk involved in offering coverage to a potential insured, and then determining the premium or “price” required to assume or “underwrite” that risk.

At the time of offering the insurance coverage at the appropriate premium/price, there is a trade-off between the amount of information gathered, and the simplicity, efficiency, and consumer-friendliness of the underwriting process.

As part of the process that the consumer goes through in applying for coverage, CPI attempts to simplify things by asking only limited health-related questions and avoiding, where possible, the taking of para-medical bodily fluid samples.

This process of “simplified underwriting” is now commonplace throughout the entire life and health insurance marketplace. It is not unique to CPI, and is deployed by all major term life insurance underwriters.

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At the time of a claim, the insured's responses to the questions asked at the time of application need to be verified. This is not "post-claims underwriting," but rather a claims verification process that all insurers employ for all types of life and health insurance coverage. Before paying out a claim, all insurers go through a process of confirming that no material misrepresentations were made in response to the health questions asked at the time of application; that the claim is not the result of a pre-existing medical condition that was excluded at the time of application; and that eligibility is met.

"Post-claims underwriting" is a term that does not line up with the marketplace reality: a reality in which CPI insurers are the very same insurers that underwrite term life and other forms of non-CPI life and health insurance coverage.