

**Agenda Item 2(c)**  
**July 18/23 EOC Meeting**

**CONFIDENTIAL TO CAFII MEMBERS AND ASSOCIATES; NOT FOR WIDER DISTRIBUTION**

**June/July 2023 Regulatory Update**

Prepared by Keith Martin and Brendan Wycks, CAFII Co-Executive Directors

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## Federal/National

### Canadian Association of Financial Institutions in Insurance (CAFII)

*CAFII Issues Press Release on Wally Thompson Appointment as New CAFII Board Vice-Chair*

CAFII has issued a press release on Wally Thompson's Appointment as the new Vice-Chair of the Board. The press release can be found here:

<https://www.cafii.com/manulifes-wally-thompson-is-cafiis-new-vice-chair/>

Insurance Business Canada ran a story on the appointment, noting that "CAFII collaborates with government and regulators at the provincial and territorial levels to develop a legislative and regulatory framework for the insurance sector. The association's aim is to [establish appropriate standards](#) for the distribution and marketing of all insurance products and services."

The story can be found here:

[CAFII appoints Manulife VP as board vice chair | Insurance Business Canada \(insurancebusinessmag.com\)](#)

*Guest Speaker Anthony Ostler, CEO of the Canadian Bankers Association, Speaks at a Reception Following CAFII Board Meeting and Annual Meeting of Members*

Anthony G. Ostler, President & CEO of the Canadian Bankers Association (CBA), spoke at a CAFII Reception on 6 June, 2023, following the Association's 2023 Annual Meeting of Members and first meeting of its newly appointed 2023-24 Board of Directors.

Mr. Ostler gave an overview of the key priorities of the Canadian banking sector, noting that Canada benefits greatly from a stable, innovative financial services environment.

He noted that the banking industry accounts for almost 4% of Canada's GDP, employs nearly 300,000 Canadians, accounted for more than 10% of the country's total corporate income tax in 2021, made annual dividend payments of more than \$22 billion to millions of Canadians last year, and has extended \$1.7 trillion in credit to Canadian businesses, including small and medium-sized enterprises.

Mr. Ostler called out the tendency of the federal government to levy special taxes upon the banking and insurance sectors. Over the past year, he noted, the federal government has levied more than \$9.4 billion in new taxes on banks and insurers.

He emphasized that such special, additional taxes put those industries at a competitive disadvantage and run counter to prudent public policy, noting that “The cumulative impact of these discriminatory actions will deter the flow of capital into the financial system, resulting in slower growth, less job creation and diminished productivity.”

Climate change was another major theme Mr. Ostler highlighted, which he described as a very real crisis real that has produced complex challenges for society. He emphasized that Canada’s banks are committed to responding to this crisis, noting that they “are helping Canada realize its net-zero ambitions while also helping to meet interim energy demands in a volatile global context . . .”

Extending his message on the banking sector’s responsiveness, Mr. Ostler reported that Canada’s banks have continuously innovated, providing Canadians with extensive and trustworthy digital solutions. The sector has also made considerable investments in digitization to meet evolving consumer expectations. In that connection, however, Mr. Ostler expressed serious concerns about the lack of regulator scrutiny of non-bank payment service providers, an oversight gap which creates a material risk for the entire sector. Similarly, he also emphasized the importance of reviewing the reasoning behind creating a retail Central Bank Digital Currency, and questioned if such a currency is truly necessary.

Mr. Ostler concluded his remarks by underscoring the critical importance of the banking sector’s employees to its success and, in turn, to Canada’s success as a nation. He highlighted the sector’s related commitment to diversity, equity and inclusion so that all employees can thrive, noting that “Our industry has embraced action plans against systemic racism, exceeded benchmarks for women on boards and in executive positions, made meaningful progress on Indigenous reconciliation, and championed the rights of all Canadians.”

*Romy Proulx, Associate, Stikeman Elliott and Paul Prosterman, Senior Partner, Norton Rose Fulbright, Are Panelists in a CAFII Webinar on the Quebec Charter of the French Language*

On 27 May, 2023, CAFII held a webinar with Romy Proulx, Associate, Stikeman Elliott and Paul Prosterman, Senior Partner, Norton Rose Fulbright. Ms. Proulx noted that Bill 96 builds upon the original Quebec Charter of the French Language, which was adopted in 1977 to protect the status of French in Quebec. That original Charter provides that French is the official language of the province of Quebec. However, the new Charter amends the original Charter in many ways, including around the language of insurance policies. The new Charter is very recent and there are scant regulations or guidance, leading to many grey areas.

Paul Prosterman said that the rules governing the language of insurance policies are impacted due to new requirements around “contracts of adhesion.” Such contracts currently may be drawn up in English if that is the express wish of the parties. Bill 96 will change that by requiring that the parties to a contract of adhesion drawn up in English can only be bound by such a contract if they are provided with a French version of the contract before they enter into the contract. At a minimum, a French version of the policy must be available to the insured before entering into the contract. As well, Romy Proulx noted that pleadings must now be made in French. Filings may be in English, but a French version by a certified translator must be attached.

Mr. Prosterman said that the contract of adhesion is one party draws up a contract that is non-negotiable. Generally, insurance contracts are contracts of adhesion. Certainly, even if a master policy is negotiated and not therefore a contract of adhesion, that is not true for individuals who are covered by the master policy and issued certificates. So for credit protection insurance and travel insurance, a French version of the contract must be provided to the individual first.

Romy Proulx agreed that the Charter is filled with untested elements and ambiguity. She added that asking the Office of the French Language questions could lead to answers that are not optimal. There are guidelines on the website of the Office that are quite helpful.

Both panelists felt that further constitutional challenges of the Charter were possible. It was noted that these rules in the Charter apply to call centres and interactions on the phone. If a customer is bound on the phone to an insurance policy, that policy must be presented in French first to the customer.

In addition to CAFII members, there were attendees from the Canadian Life and Health Insurance Association, or CLHIA; the Travel Health Insurance Association, or THIA; from the Canadian Bankers Association, or CBA; and from insurance and financial services regulators and policy-makers from across Canada, including the following:

- Quebec’s Autorité des marchés financiers, or the AMF;
- The Government of Nova Scotia; and
- Alberta Treasury Board & Finance.

The recording of the webinar and the presentation made can be found here:

<https://www.cafii.com/category/events/>

*CAFII Holds a Webinar with Nicholas Herbert-Young, Senior Relationship Manager to the International Association of Insurance Supervisors (IAIS), on International Regulatory Trends & the Work of the International Association of Insurance Supervisors (IAIS).*

CAFII held a webinar on 27 April, 2023 with Nicholas Herbert-Young, who is a member of the UK Financial Conduct Authority's International Department, where he has a focus on global institutions, and where, as part of his FCA responsibilities, he is also Senior Relationship Manager to the International Association of Insurance Supervisors (IAIS). Mr. Herbert-Young was recommended as a webinar speaker by FSRA CEO Mark White, who is the Chair of the Market Conduct Committee of the IAIS, which Committee Mr. Herbert-Young sits on.

Mr. Herbert-Young said that the UK Financial Conduct Authority is one of two regulators in the UK, with a focus on market conduct. Mr. Herbert-Young's role is to ensure that the FCA is properly represented at the IAIS and engages on the issues where it can add value. The IAIS exists to ensure that supervision creates fair and safe outcomes for consumers, along with a focus on financial stability. The key focus for the FCA on the IAIS is the Market Conduct Committee, which Mark White chairs and which the AMF also has representation on. The IAIS produces issues papers on matters of interest.

The IAIS has over 200 jurisdictions which represents 90% of the world's premiums. Other international organizations are also involved in it, such as the National Association of Insurance Commissioners. The IAIS sets up layers of principles, standards, and guidance which are agreed between the members. There are also systems of review so that members can be assessed. It does not have enforcement capabilities, but review exercises are very important and impactful. Insurance Core Principles including ISP19 on the conduct of business are also fundamentally important.

The IAIS has 35 staff members supporting its activities, and there is a paid Executive Director. There is an agreed five-year plan with stated objectives, and the organization has become more worldwide as opposed to being driven by developed countries only. Funding comes from the members and is based on premium income for the jurisdictions they represent. A variety of committees provide input on specific issues. The head office is located in Basel, Switzerland but meetings are held in different locations, and virtual meetings are now much more common. There is also an Annual General Meeting each year in November, which is hosted by a member. The Market Conduct Working Group has over 30 members.



Nicholas Herbert-Young said that the main contributors to the market conduct work of the IAIS have been the AMF, and more recently FSRA. Key regulatory trends of the IAIS in the market conduct area has been on culture and diversity, equity, and inclusion (DEI). The work on culture has been done with the Governance Working Group, and has led to some working papers. The DEI work has focused on vulnerable populations and their treatment by insurers.

Keith Martin noted the importance to CAFII members of principles-based regulation, and Nicholas Herbert-Young said the IAIS seeks to accommodate that approach. The IAIS is based on standards and does not take a prescriptive approach, but members may have their own approach. Mr. Herbert-Young noted that often those who request a principles-based approach follow up with a request for more clarity and detail, which is he said completely understandable.

The IAIS is also exploring vulnerable populations and financial resilience, with some of this work being explored by the DEI Working Group. In terms of the challenges caused by COVID-19, the FCA pivoted very quickly to a virtual model. There was also discussion of the mortality and health impacts of climate change, and the resultant impact on the life and health insurance sector. This is something that the IAIS is turning more attention to. The IAIS has a fintech forum and is also monitoring the impact of technology developments on insurance and insurance regulation. Another topic was operational resilience, which the IAIS has a Task Force on. Firms need to be able to serve their customers properly, and to overcome financial crises.

Among the big issues that need to be tackled were the cost of living crisis and the impact it has on vulnerable populations. Management of risk was another broad bucket that was critical, including in the context of global warming. International cooperation was another critical requirement going forward.

In addition to CAFII members, there were attendees from the Canadian Life and Health Insurance Association, or CLHIA; the Travel Health Insurance Association, or THIA; and from insurance and financial services regulators and policy-makers from across Canada, including the following:

- The Financial and Consumer Services Commission of New Brunswick, or FCNB;
- Quebec's Autorité des marchés financiers, or AMF;
- The Financial Services Regulatory Authority of Ontario, or FSRA;
- The Insurance Councils of Saskatchewan, or ICS;
- The Alberta Insurance Council, or AIC;
- The Government of Alberta;



- Alberta Treasury Board and Finance, or ATBF;
- the Financial and Consumer Affairs Authority of Saskatchewan, or FCAA;
- the Government of British Columbia;
- the Insurance Council of British Columbia;
- the British Columbia Financial Services Authority, or BCFSa; and
- the Government of Nova Scotia.

A summary of the webinar can also be found here:

<https://www.cafii.com/category/events/>

The IAIS Website can be accessed here:

<https://www.iaisweb.org/>

Links to relevant resources follow:

**IAIS:**

[IAIS Year in Review 2022](#)

[IAIS Year in Review 2021](#)

[DEI stakeholder session, 9 February 2023](#)

[IAIS Stocktake on Diversity Equity and Inclusion \(iaisweb.org\)](#)

[Issues Paper on Insurer Culture, November 2021](#)

[Application Paper on the Use of Digital Technology in Inclusive Insurance, November 2018](#)

[Issues Paper on Increasing Digitalisation in Insurance and its Potential Impact on Consumer Outcomes, November 2018](#)

[Issues Paper on the Use of Big Data Analytics, February 2020](#)

**FCA:**

[FCA's Consumer Duty](#)

**Sustainable Insurance Forum:**

[Sustainable Insurance Forum](#)

## **Travel Health Insurance Association (THIA)**

### *THIA Holds 2023 Annual General Meeting*

On 21 June, 2023, Keith Martin and Brendan Wycks attended the Annual General Meeting of the Travel Health Insurance Association (THIA). About 50 people were in attendance. The THIA treasurer noted that the 2023 annual conference organized by THIA in Nashville, Tennessee was a significant revenue generator. THIA has also stopped the decline of members it experienced during the pandemic, but it still has a way to go to return to pre-pandemic membership levels.

A special guest presentation was made by Warren Brown on “Journeying Out: LGBTQ Travel Trends and Considerations,” focusing on the challenges and opportunities the LGBTQ community faces around international travel.

FSRA CEO Mark White was interviewed by the Chair of THIA’s Regulatory Affairs Committee Sean McGurran, with Mr. White emphasizing the commitment that FSRA has to principles-based regulation. Sean McGurran is with Zurich Insurance but was formerly with RSA Canada, during which time he was active with CAFII as RSA Canada was a CAFII Associate. Brendan Wycks spoke to Mark White after his presentation and shared the news that Yves Ouellet had just been appointed as the new CEO of the AMF, which Mr. White found very interesting.

## **Principles for Sustainable Insurance Initiative’s Canadian Insurance Industry Task Force Social Thematic Working Group**

### *Paper Released on Closing the Protection Gap in Canada*

Developed by the Principles for Sustainable Insurance Initiative’s Canadian Insurance Industry Task Force, a paper has been released that is a first step by the Canadian insurance industry to open the discussion and dialogue about climate change adaptation considerations and the role that the insurance industry can take to help individuals, especially the most vulnerable.

The paper provides recommendations for widespread action on climate change adaptation integrating social equity considerations. The paper aims to trigger more initiatives from the industry and raise awareness and drive action around the relationship between climate change adaptation, insurance (particularly life and health insurance), and social inequities.

The paper can be accessed here:

<https://www.unepfi.org/industries/insurance/closing-the-protection-gap-in-canada-a-social-sustainability-framework-for-the-canadian-life-and-health-insurance-industry/>

## Provincial/Territorial

### Western Provinces

*CAFII Holds Regulatory and Policy-Maker Tours with Government Officials in the Four Western Provinces*

In late May and June of 2023, CAFII delegations met with insurance regulators and policy-makers in Saskatchewan, Manitoba, British Columbia, and Alberta. The next section of this Regulatory Update includes high-level information about who attended, and when each meeting was held. A separate document details the discussions held and can be accessed here:

[Summary Notes CAFII Western Tour](#)

Some members cannot access MS 365. If that is the case and you would like a copy of the Summary Notes, please let Brendan Wycks or Keith Martin know and we will forward it to you.

### 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 as part of its Western Canada regulatory tour. 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, Securion Canada;
- Lindsey Leclair, Valeyo;
- Keith Martin, CAFII;
- Brendan Wycks.

The delegation met for 60 minutes in-person at 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.

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.

More detailed notes on the meeting can be found here, starting on page 8:

### [Summary Notes CAFII Western Tour](#)

## **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 as part of its Western Canada regulatory tour. 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, CAFII.

The delegation met for 90 minutes in-person at BCFSA office in Vancouver (with other CAFII member representatives attending virtually) with Blair Morrison, CEO (attended for first 20 minutes only, in-person); Saskia Tolsma, Vice-President, Policy and Stakeholder Engagement; Marina Makhnach, 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 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."

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.”

More detailed notes on the meeting can be found here, starting on page 9:

### [Summary Notes CAFII Western Tour](#)

#### *BCFSa Releases Final Insurer Code of Market Conduct*

In a July 10, 2023 Advisory to industry stakeholders, BCFSa communicated that it had finalized the province’s new Insurer Code of Market Conduct. This new Code of Conduct, the BC version of the Fair Treatment of Customers guidance, has been significantly modified from its original draft and is now well-harmonized with the CCIR/CIRSO Guidance, in response to industry feedback including from CAFII. In summarizing its approach, BCFSa states the following:

*In fall 2019, the B.C. government introduced a series of legislative amendments aimed at modernizing BCFSa’s approach to market conduct supervision and oversight. This included a new provision, section 94.1 of the FIA, that requires insurers to adopt and follow a Code of Market Conduct established by BCFSa. As this requirement is now in force, BCFSa is establishing an Insurer Code of Market Conduct.*

*The Code establishes principles that insurers will be required to adopt and follow to help ensure consumers are protected throughout the product lifecycle. This principles-based approach emphasizes the importance of embedding the fair treatment of customers (“FTC”) in governance and practices while providing insurers with latitude to implement the principles in their operations in a flexible manner.*

*On June 21, 2022, BCFSa released a draft of the proposed Code and an accompanying Guideline for public consultation. A summary of the [consultation feedback](#) is available on BCFSa’s website.*

*Based on feedback received during the consultation period, BCFSa has redrafted the Code to reflect the Canadian Council of Insurance Regulators’ (“CCIR”) Conduct of Insurance Business and Fair Treatment of Customers guidance (“FTC guidance”). BCFSa will not proceed with an accompanying Guideline at this time.*

*To align the requirements in B.C. with the national guidance, the Code uses the 12 expected outcomes from CCIR's FTC guidance as principles that insurers in B.C. will be required to follow. The Code does not include the remainder of the FTC guidance beyond the articulated expected outcomes.*

*Once the Code has been adopted by insurers, BCFSa will work with industry to identify and address potential market conduct issues to ensure consumers continue to be treated fairly and strengthen public trust and confidence in the insurance segment. Insurers are encouraged to review FTC-related reports and guidance published by CCIR on a periodic basis to increase awareness of practices that may support insurers' adherence to the principles in the Code.*

BCFSa will hold a 30 minute webinar on the approach it is taking. Those interesting in attending the webinar on July 20, 2023 from 2:00-2:30 pm EST can register here:

[Webinar Registration - Zoom](#)

#### *One Day Industry Stakeholder Conference Held by BCFSa on June 12, 2023*

BCFSa held a one-day industry stakeholder conference in Vancouver on 12 June, 2023. The conference was opened by Saskia Tolsma, Vice President, Policy and Stakeholder Engagement at BCFSa, who noted that "BCFSa's mission is to promote confidence in British Columbia's financial services sector by providing risk-based and proportional regulation and protecting the public." She noted that BCFSa publishes a regulatory roadmap, which is tied to areas of risk. BCFSa CEO Blair Morrison also provided comments on the role of the organization.

The conference was very focused on BC-specific issues and topics including global economic issues and in BC, building resilience in BC's economy, regulatory and government priorities in uncertain times, digital transformation of financial services: risks and opportunities, and panel discussions on the future of housing in BC, and on what a climate-ready financial sector looks like.

### **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 as part of its Western Canada regulatory tour. 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.

The delegation met for 90 minutes in-person at Insurance Council of BC office in Vancouver (with other CAFII member representatives attending virtually) with Janet Sinclair, CEO; Brett Thibault, Director, Governance and Stakeholder Engagement; and Galen Aker, Stakeholder Engagement Specialist, Insurance Council of BC.

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.”

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 on national harmonization in the Council’s new Strategic Plan.

More detailed notes on the meeting can be found here, starting on page 10:

[Summary Notes CAFII Western Tour](#)



## 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 Insurance Council of Alberta on 15 June, 2023 as part of its Western Canada regulator tour. 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 at the Alberta Insurance Council office in Edmonton (with other CAFII member representatives attending virtually) 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); Alberta Insurance Council.

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.

CAFII 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.

More detailed notes on the meeting can be found here, starting on page 12:

[Summary Notes CAFII Western Tour](#)

## **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 the Alberta Treasury Board and Finance (ATBF) on 15 June, 2023 as part of its Western Canada regulator tour. 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 at the Alberta Treasury Board and Finance office in Edmonton (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).

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.

More detailed notes on the meeting can be found here, starting on page 13:

[Summary Notes CAFII Western Tour](#)

## Saskatchewan

### Insurance Councils of Saskatchewan

*CAFII and CLHIA Members Hold Meeting of the Insurance Councils of Saskatchewan Restricted Insurance Agent Advisory Committee*

CAFII and CLHIA members held a meeting on 8 June, 2023 of the Insurance Councils of Saskatchewan Restricted Insurance Agent Advisory Committee (RIACC). This Advisory Committee provides an opportunity for the credit protection insurance industry to provide feedback and input to the Insurance Councils of Saskatchewan. Chaired by Moira Gill (TD Insurance), this meeting covered a wide variety of topics including new product trends. This advisory group is viewed by CAFII as a model that could be replicated in other jurisdictions which have an RIA licensing regime.

In attendance at the meeting were:

- Moira Gill (RIAAC Chair), TD Insurance;
- Charles MacLean (RIAAC Vice-Chair), RBC Insurance;
- Shawna Sykes, CUMIS/The Co-operators;
- Greg Shirley, Manulife;
- Luke O'Connor, CLHIA;
- Brent Mizzen, CLHIA;
- Keith Martin, CAFII;
- Brendan Wycks, CAFII.

The meeting was arranged and moderated by April Stadnek, Executive Director, Insurance Councils of 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 meeting in Regina, Saskatchewan with the Saskatchewan Financial and Consumer Affairs Authority (FCAA) on 31 May, 2023. In attendance at the meeting from CAFII were:

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

The delegation met for 90 minutes in-person at FCAA office in Regina (with other CAFII member representatives attending virtually) with Jan Seibel, Executive Director, Insurance and Real Estate Division; and Ann Ottenbrite, Lawyer, FCAA.

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.

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 misrepresentation 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.

More detailed notes on the meeting can be found here, starting on page 6:

[Summary Notes CAFII Western Tour](#)

## 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. In attendance from CAFII were:

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

The delegation met for 90 minutes in-person at 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).

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.

More detailed notes on the meeting can be found here, starting on page 7:

[Summary Notes CAFII Western Tour](#)

## Ontario

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

#### *FSRA Releases Q4 Standards Scorecard*

FSRA has released a Q4 standards scorecard that it says demonstrates that it “continues to maintain high service standards for the benefit of Ontario consumers.” The report states that in its fourth quarter service standards report, FSRA met or exceeded performance targets 97% of the time.

The report measures activities such as license renewals, regulatory applications, and the handling of complaints. FSRA says it will monitor the standards and performance targets on a regular basis and propose changes based on its regulatory activities in the current market, resources, and stakeholder needs.

FSRA uses the performance data to evaluate the efficiency and effectiveness of its resourcing, business processes, and public service year-round.

### *FSRA Releases its 2023-2026 Annual Business Plan*

FSRA has released its 2023-2026 Annual Business Plan, which can be accessed here:

<https://www.fsrao.ca/media/22321/download>

FSRA's life and health insurance focus is around the MGA distribution channel, and segregated funds (see pages 43-44). It makes no reference to credit protection insurance as a current priority.

## Quebec

### **Autorité des marchés financiers (AMF)**

#### *CAFII Meets with AMF on the Draft Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector*

On Wednesday, 21 June, CAFII (Rob Dobbins, EOC Chair; Karyn Kasperski, EOC Vice-Chair, and Keith Martin, CAFII Co-Executive Director) held a follow up meeting with the AMF on the *Draft Regulation respecting complaint processing and dispute resolution in the financial sector*. The first meeting on this issue was held on 11 May, 2023.

In attendance at the 21 June, 2021 meeting from the AMF were:

- Louise Gauthier, Senior Director, who led the discussion, and who reports to Éric Jacob;
- Mélissa Perreault, Director, who reports to Louise Gauthier;
- Nathalie Sirois, Director, who reports to Patrick Déry;
- Cindy Côté, Analyst, who was also very involved in the discussion;
- Isabelle Déry.

The tone was very cordial and collaborative, with the AMF indicating that they understood that there were some areas of confusion. The AMF shared a document which highlighted some of the changes they were contemplating with respect to the regulation. Of note in the document:

- The AMF is considering changing the shorter timeline for resolving complaints to 20 days (instead of 10 days);
- The observation "Insurers expressed their wish that the definition of a complaint corresponds to the definition established by the CCIR for the purposes of providing information on complaints in the Annual statement on market conduct";
- The intent to clarify the definition of complaints and provide examples of what is not covered by the definition of a complaint;
- Considering allowing an 18-24 month implementation period for the regulation.

*CAFII Holds Special Purpose Virtual Meeting with Autorité des Marchés Financiers (AMF), Quebec around its Gathering of Industry Statistics on Debtor Life, Health and Employment Insurance (DLHE: AMF acronym) Claims Denials and Utilization Intentions for Those Statistics*

CAFII held a meeting on 8 June, 2023 on the Debtor Life, Health and Employment Insurance statistics that the AMF has recently gathered and its intended use of them. In attendance at the meeting were:

- Peter Thompson, BNC Insurance and CAFII Board Chair;
- Rob Dobbins, Assurant Canada and CAFII EOC Chair;
- Karyn Kasperski, RBC Insurance and CAFII EOC Vice-Chair;
- Keith Martin, CAFII.

The session lasted for 60 minutes virtually with Christian Beaulieu, Senior Director of Distribution Framework Operations (Mario Beaudoin's boss), and Mario Beaudoin, Director of Alternative Distribution Practices in Insurance, AMF, for an initial meeting on this subject matter in which the CAFII representatives were largely in "listening mode". Mario Beaudoin did most of the talking for the AMF, and was cordial and forthcoming. He said that the AMF wanted a high-level understanding of the trends in the marketplace, and also to understand what companies were performing at a lower standard than the benchmark and why. But this is not an enforcement-oriented activity at this time and it is a long-term project. The intention is also to align the statistics with CCIR's Annual Statement on Market Conduct (ASMC).

Mr. Beaudoin said that there was a lot of variance in the performance of banks in the "debtor life and loss of employment" space. Understanding that variance was part of the AMF's efforts around the fair treatment of customers. Mr. Beaudoin added that companies that the AMF has reached out to have been very collaborative. In the discussion, it became apparent that one of the areas that the AMF is concerned about is the car dealership sector, where it clearly has some issues with some of the sales practices it believes are being used. He noted that the AMF had seen circumstances where there is 60-70% compensation in the car dealership space. Mr. Beaudoin also said that the credit card balance protection insurance claims denial rate was up to 15% in some companies and that was a concern.

Mr. Beaudoin said that companies with the best statistics are those that collect this information internally, who report on it internally, and which have processes in place to address any shortcomings. This is what the AMF is hoping to see across industry.



There was discussion of how there was a qualitative and a quantitative element to these statistics, and each product needs to be assessed independently as they are all different. Mario Beaudoin emphasized that the AMF wanted to understand the marketplace and trends within it better, and was not attempting to impose a standard or benchmark on industry, and he also emphasized that this is not a short-term project. He noted that the AMF has a lot of priorities right now and there are other initiatives that will be ahead of this one in terms of resources and effort.

Peter Thompson asked about milestones and timelines, and Mario Beaudoin said that the AMF was focused on 2022 data right now, and would look again at claims denial rates in the summer of 2023, and expected companies that were outliers to come up with action plans to address the shortcomings. Not all companies with problems have been contacted by the AMF yet. Mr. Beaudoin also made reference to a new Quebec law (Bill C-30) that essentially prohibits single premiums for multi-year insurance policies.

CAFII thanked the AMF for the collaborate nature of the meeting, and Christian Beaulieu said that he agreed that these meetings were helpful and that he was committed to continuing with the dialogue.