

Agenda Item 2 c (1)
December 5/23 Board Meeting

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Regulatory Update – CAFII Executive Operations Committee, October 24, 2023

Prepared by Robyn Jennings, Research Analyst, and Keith Martin, CAFII Co-Executive Director

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Federal/National

Canadian Association of Financial Institutions in Insurance (CAFII)

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

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

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

See [Prince Edward Island](#) and [New Brunswick](#) subsections in this regulatory update for more provincially specific meeting information. A complete and detailed summary of Phase 1 and 2 of the Atlantic Tour will be distributed after the completion of the entire Tour.

More specifically, the presentations made the following points:

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

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

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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 Shanay Smith (Operations Manager) and Robyn Jennings (Research Analyst) have recently been hired to succeed B. Wycks on the CAFII staff team.

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

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

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

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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's Webinar and Virtual Fireside Chat with FSRA's Glen Padassery and Stuart Wilkinson

On September 26, 2023, CAFII hosted a webinar and virtual fireside chat with Glen Padassery and Stuart Wilkinson. In addition to representatives from CAFII's 15 member companies and 9 Associates, representatives from the following allied industry Associations attended:

- Canadian Life and Health Insurance Association, or CLHIA;
- the Travel Health Insurance Association, or THIA;
- the Insurance Bureau of Canada, or IBC;
- The British Columbia Financial Services Authority, or BCFSa ;
- The Insurance Council of British Columbia ;
- Alberta Treasury Board & Finance, or ATBF;
- The Alberta Insurance Council, or AIC;
- The Alberta Auto Insurance Rate Board ;

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- The Financial and Consumer Affairs Authority of Saskatchewan, or FCAA ;
- The Financial Services Regulatory Authority of Ontario, FSRA ;
- Quebec's Autorité des marchés financiers, or the AMF;
- The Financial and Consumer Services Commission of New Brunswick, or FCNB ;
- The OmbudService for Life and Health Insurance, or OLHI.

In attendance as keynote presenters from FSRA were Glen Padassery, Executive Vice President, Policy & Chief Consumer Officer, and Acting EVP, Auto/Insurance Products at the Financial Services Regulatory Authority of Ontario or FSRA); and by Stuart Wilkinson, FSRA's Chief Consumer Officer.

As Executive Vice President, Policy & Chief Consumer Officer; and Acting EVP, Auto/Insurance Products at FSRA, Glen Padassery is responsible for working across core regulatory areas to develop rules regulating a myriad of sectors. In addition to leading FSRA's strategic policy function, Mr. Padassery also has responsibility for the Innovation Office and the Consumer Office roles within the organization. He has spent over 20 years within the public sector, with extensive policy, program design, and consumer protection experience, most recently as Assistant Deputy Minister of Consumer Protection with Ontario's Ministry of Government and Consumer Services.

Mr. Padassery's colleague Stuart Wilkinson has spent over a decade working in public policy with a focus on financial services regulation in Ontario. He has held several different roles at FSRA, including Senior Manager of Strategic Policy on the Authority's pre-launch transition team; Director of Auto / P&C Insurance Policy after FSRA launched, and most recently as Chief Consumer Officer. As Chief Consumer Officer, Mr. Wilkinson is responsible for leading FSRA's Consumer Office. Before joining FSRA, Stuart Wilkinson worked in the P&C insurance industry and at the Ontario Ministry of Finance, where he provided advice to the government on financial services regulation, including reforms to the province's auto insurance system and the government's response to the expert panel that originally recommended the creation of FSRA.

After brief introductory remarks by Glen Padassery, the fireside chat began with Stuart Wilkinson explaining the history of the Office of the Consumer, including why it was created and its main functions. In 2016, the Ontario government hosted an expert panel review of three regulatory agencies and concluded that a new regulatory authority should be created – FSRA. The panel also suggested the creation of the Office to give voice to Ontario consumers of various financial products across the Ontario insurance industry. Therefore, when FSRA and the Office began, it had the panel's recommendation for a Consumer Office, a refreshed consumer-focused mandate from the government, and a regulator down the street in the Ontario Securities Commission that had already created a strong Investor Office. At its inception, the

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Office's purpose was to give voice to Ontario consumers where there has, historically, been a lack of such a voice. This remains its core focus.

Funding for the Office, like FSRA, is derived from fees and assessments collected from FSRA regulates. The Office is a common cost centre in FSRA, and as such, each section regulated by FSRA bears a portion of the Office's cost. Cost assignment is largely determined by size. FSRA has always been and will continue to be transparent about its use of funds. With government approval, FSRA has the authority to retain its proceeds from enforcement action, although there are stipulations on the proper use of these funds. Soon, FSRA will be publishing its revised approach to the use of these funds to show its commitment to transparency in the sector.

Early in 2023, FSRA's enterprise-wide strategy function was moved into the Office, which prompted a re-evaluation of the Office's objectives. With the top priority continuing to remain amplifying the voices of Ontario consumers, the Office also identified a few other key areas. They are:

- Strategic foundations: this relates to the foundational frameworks and processes that support and sustain FSRA. The flagship responsibility with this objective is to effectively lead FSRA's enterprise-wide strategic and business planning process.
- Policy leadership: the Office will identify and address issues and opportunities that are multi-sectorial, allowing FSRA to broaden its reach and understanding of Ontario consumers.

An important caveat was noted: the Office does *not* deal with consumer inquiries or complaints directly – FSRA has a separate centre for that. The Office is also not responsible for the delivery of FSRA consumer educational activities.

Stuart Wilkinson then highlighted the Office's achievements to date. In terms of consumer-focused endeavours, the Office created a Consumer Advisory Panel whose main function is to inform FSRA of consumer perspectives and provide feedback on a variety of industry-specific topics. The Panel is now in its fourth year of operation and has allowed for a high quality of engagement between FSRA and its members. The Panel not only generates interesting discussions but it provides important and insightful feedback from industry stakeholders. The Office's research efforts have also been successful, and it is now generating insightful

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publications summarizing consumers' voices. Each publication also includes a responsive plan-of-action on how the Office plans on using or acting upon its findings.

Regarding its strategic foundation objectives, the Office is a few weeks away from publishing its proposed Statement of Priorities for feedback. Finally, in terms of policy leadership, the Office is responsible for some FSRA publications, including a framework for complaints resolution and a recent consultation draft of guidance on IT risk management. It also has also created an internal framework for the use of disclosure as a consumer protection tool, which has been shared with and presented to many of its regulator peers. This has helped the Office to take a more thoughtful approach as an organization to how and when it thinks of disclosure as a viable tool for achieving positive consumer outcomes.

Stuart Wilkinson then touched upon the ways in which the Office impacts CAFII members, the primary and perhaps most immediate impact being that CAFII members now have a regulator actively trying to work alongside them to understand Ontario consumers. This increasingly collaborative environment also indicates an industry shift in thinking towards a more consumer-centric model. That being said, there is still much work that needs to be done. Stuart Wilkinson identified two specific items: sharing consumer research and improving its external-facing processes. These are top priorities because the Office wants interactions with stakeholders, such as CAFII members, to be more efficient and informed. One such way FSRA and the Office have made efforts to improve their external-facing process is by making this the longest consultation period to date for their priorities.

Keith Martin mentioned that protecting consumers can be challenging because as a group they are not organized, not funded, and do not have one focused perspective. Stuart Wilkinson said that he completely agreed, and he said that insurance protection was critically important to Ontarians. A consumer-centric approach already exists within the insurance sector, and FSRA is aligned with that focus. A focus on vulnerable consumers is particularly important for FSRA going forward. Keith Martin noted that the insurance relationship with consumers is entirely based on trust, and what FSRA wants and what the industry is foundationally based on is completely aligned, and Stuart Wilkinson said that he was completely in agreement on that: "There is really strong alignment between all parties."

Finally, the virtual fireside chat concluded with a brief explanation of the Office's plans for the rest of 2023 and beyond. Of continued interest, the Office's objectives include transforming its strategy and business planning process; publishing final guidance on IT risk management; launching its new approach to using proceeds from enforcement; and continuing to conduct and publish research results. However, aside from those objectives, Stuart Wilkinson indicated that one of the future goals for FSRA and the Consumer Office is to increase understanding and

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efforts around the treatment of vulnerable consumers across sectors. FSRA and the Consumer Office will be reaching out to CAFII members to ask for input and insight on this topic.

For the full fireside chat with Stuart Wilkinson, please visit [the News and Events page on CAFII's website here](#).

KPMG

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

On November 16th, 2023, KPMG will host its 32nd Annual Insurance Conference. This year's theme focuses on the top dynamic changes influencing the regulatory landscape. Particular attention will be paid to emerging digitalization trends, the growing importance of ESG to the industry, and how customer expectations are impacting the Canadian insurance industry.

More information, including registration options and a breakdown of the conference's itinerary, has been provided through KPMG's website and can be accessed [here](#).

The Travel Health Insurance Association (THiA)

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

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

CAFII Research Analyst Robyn Jennings attended and will provide a written summary of the event.

To learn more about the Summit, visit THiA's website [here](#).

Provincial/Territorial

British Columbia

Insurance Council of British Colombia

Galen Aker of the Insurance Council of British Columbia Updates CAFII on the BC Restricted Insurance Agency Regime Initiative

On October 20, 2023, Galen Aker provided CAFII with an update on the progress of the Insurance Council of British Columbia initiative around the BC RIA regime initiative:

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Hello Brendan and Keith,

I hope you have been keeping well since we last spoke here in Vancouver this summer. It has been a while since we met to discuss the development of the Restricted Licensing Regime, and I am reaching out with a brief update. Currently, our team is working through the review process for the skills indicators we mentioned during our last meeting about the Performance Requirements Framework. A brief reminder, these skills indicators provide additional details on how organizations can demonstrate their competency outlined in the framework.

Since some of the indicators are specific to certain insurance products, we will be reaching out to you to schedule a discussion and get your feedback once formal regulations have been published by the Ministry of Finance. This will allow us to be certain of the requirements before presenting them to a wider audience. At this time, we do not have a confirmed date when the regulations will be made public, but when they are, we will be in touch.

If you have any questions about the process or the next steps, please let me know.

Thank you,

Galen Aker (he, him) | Stakeholder Engagement Specialist | **Insurance Council of British Columbia**

1400-745 Thurlow Street, Vancouver, BC V6E 0C5

Direct Tel: 604-260-3447

Tel: 778-788-2537 Toll-Free within Canada: 1-877-688-0321

gaker@insurancecouncilofbc.com | insurancecouncilofbc.com

The Insurance Council of British Columbia (BC) Has Released its 2022-2023 Annual Report

The Insurance Council of BC recently published its 2022-2023 Annual Report, which summarizes the progress it has made on regulatory projects and priorities over the past year. This marks the end of the Council's three-year strategic plan.

The complete Annual Report can be found here: [Insurance Council of BC - Annual Report.](#)

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Ontario

The Financial Services Regulatory Authority of Ontario (FSRA)

The Financial Services Regulatory Authority of Ontario (FSRA)'s Stakeholder Advisory Committee for Life & Health Insurance Will Be Meeting with FSRA Management on November 2, 2023, to Discuss FSRA's L&H Priorities.

Management representatives from the Financial Services Regulatory Authority of Ontario (FSRA) will be meeting with the Stakeholder Advisory Committee for Life & Health Insurance on November 2, 2023, to discuss FSRA's L&H priorities.

CAFII Co-Executive Director Keith Martin will be in attendance as a CAFII representative. FSRA's Stakeholder Advisory Committee for L&H Insurance membership includes:

- Keith Martin, CAFII;
- Susan Allemang (Independent Financial Brokers of Canada);
- Dennis Craig (RBC Insurance);
- Chris Donnelly (Manulife);
- Lyne Duhaime (CLHIA);
- Paniz Ghazanfari (Advocis);
- Ali Ghiassi (Canada Life);
- Moira Gill (TD Insurance);
- Jamie Greenfield (HUB Financial Inc.);
- Cathy N. Hiscott (PPI);
- Jim Mavroidis (Cigna Life Insurance company of Canada);
- Rosie Orlando (Primerica);
- Neil Paton (Third Party Administrators Association of Canada);
- Ali Salam (Sun Life Financial);
- Yasmin Visram (iA Financial Group); and,
- Eric Wachtel (Canadian Association of Independent Life Brokerage Agencies (CAILBA)).

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

In Preparation for the 2 November, 2023, FSRA SAC Met on Life & Health Insurance, Keith Martin Met with Key FSRA Insurance Managers.

In preparation for the November 2, 2023, meeting, Keith Martin met with FSRA managers on 13 October from 3.30-4.00pm:

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- Erica Hiemstra, Director, Market Conduct;
- Tim Mifflin, Senior Manager, Policy;
- Kevin Lim, Senior Manager, Life and Health Companies;
- Kim Wasylciw, Senior Compliance Officer.

The meeting was very positive with Erica Hiemstra especially interested in CAFII's views of FSRA's supervisory activities with MGAs. Keith Martin said that the reputation of the insurance industry requires that actors not practicing Fair Treatment of Customers face consequences, and Erica Hiemstra said that FSRA greatly appreciated that position. Keith Martin also provided an update on CAFII's regulatory tours and mentioned that we would be presenting that deck to FSRA on 15 November 2023, at FSRA's offices. Erica Hiemstra said she and her colleagues were very much looking forward to participating in that session.

The Financial Services Regulatory Authority of Ontario (FSRA) Has Launched a Public Consultation Requesting Input from FSRA Committees and Stakeholders on its Proposed 2024-2025 Statement of Priorities.

On October 10, 2023, FSRA launched a public consultation on its proposed 2024-2025 Statement of Priorities and Associated Financial Plan. The aim is to hear from FSRA's stakeholders on the topic of "principles-based regulation" to help FSRA continue to deliver on "outcomes that protect the public interest, foster competition, innovation and effectively address emerging risks in Ontario's financial services sector." The Statement of Priorities is the foundation of FSRA's Annual Business Plan, and feedback is encouraged.

The deadline to submit input is November 13, 2023.

Click [here](#) to access FSRA's Statement of Priorities. If you would like to submit a comment or ask a question to FSRA in regard to its Statement of Priorities, you may do so through their website. CAFII will be providing a written submission on this consultation.

The Financial Services Regulatory Authority of Ontario (FSRA) published revised guidance on its approach to the use of proceeds for the enforcement of consumer research and education purposes.

FSRA recently published a revised guidance on its approach to the use of proceeds for the enforcement of consumer research and education purposes. In May 2022, CAFII provided feedback to FSRA on its *Use of Retained Revenues under regulation "Money retained Outside the Consolidated Fund" Guidance*. This feedback was largely positive and in agreement with FSRA's guidance, however, CAFII offered two suggestions:

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- FSRA utilized an ongoing, rolling, multi-year pool to house all retained revenues funds; and,
- FSRA amend their Guidance to include a requirement that the Authority provide an annual accountability and transparency report to the industry, broken down by sector, on its implementation of the *Use of Retained Revenues under regulation “Money retained Outside the Consolidated Fund” Guidance*.

FSRA’s revised Guidance considered CAFII’s suggestions and included a section dedicated to reporting. Transparency is a top priority for FSRA, and CAFII’s suggestions were well-received since they aligned with this concern.

In an October 12, 2023, email to CAFII, Stuart Wilkinson wrote the following message:

Hi Brendan, Keith, and Robyn,

I’m writing to let you know that FSRA has published revised guidance on its approach to using proceeds of enforcement for consumer research and education purposes. Our announcement is [here](#).

CAFII has expressed interest in this topic in the past – I’m attaching your previous submission to us on the topic for reference. You will see from the guidance when you have a chance to review it that we have done a pretty significant rewrite of what you saw previously.

One key point from your submission was about transparency in the use of proceeds of enforcement. That is top of mind to us, and the new guidance has a section dedicated to reporting.

Please let me know if you have any questions about the guidance once you’ve had a chance to review.

Thanks,

Stuart

You can review FSRA’s [Use of Retained Revenues under regulation “Money retained Outside the Consolidated Fund” Guidance](#).

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Québec

Autorité Des Marchés Financiers (AMF)

CAFII Presents Key Association Messages and Important Insights Gained From Commissioned Research to the AMF In-Person and In French in Quebec City on September 28, 2023.

On September 28, 2023, CAFII Co-Executive Director Keith Martin went to Quebec City to make a formal presentation, in French, to the AMF on CAFII's key messages, priorities, and research findings. CAFII reached out to the AMF with the offer to present, and the AMF agreed, asking for the meeting to be conducted entirely in French and in-person at their head office in Quebec City.

During the 90-minute meeting, the AMF attendees looked engaged and receptive to CAFII's messages. CAFII explained that increasingly and following the COVID-19 pandemic, customers expect both an excellent digital experience as well as excellent in-person communication service. CAFII's delegation said that this was consistent with the experience in their own businesses. CAFII spoke about harmonization, which is an Association priority, and the importance of language clarity in insurance documentation. Emphasis was placed on striking a balance between clear language and the legal requirement so that consumers are protected and understand both the products offered to them and all details of their insurance contract.

Mario Beaudoin asked what percentage of mortgages are insured by CPI, and Keith Martin said that while CAFII did not track that number, he had heard that roughly 36% are, a figure one of the CAFII delegation members said sounded accurate. Regarding CAFII's efforts around diversity, inclusion, and equity, the AMF requested that any research studies that CAFII knows about on this subject be shared with the AMF, if possible, and Keith Martin said he would follow up on this. Christian Beaulieu, who is Mario Beaudoin's boss, asked about the work CAFII had done regarding the increase in complaints around claims, specifically whether we were planning on doing more studies on this, and if so if the findings could be shared with the AMF. Keith Martin said that CAFII would get consumer feedback at some point again and share those results with the AMF, but that there is also work being done by our individual members on their own performance around complaints, and that work is internal to the organizations in question. Mr. Beaulieu said that that made perfect sense to him.

After the meeting, there was a separate session with Mario Beaudoin, Christian Beaulieu, Louise Gauthier, and Éric Jacob from the AMF; and Keith Martin and Brendan Wycks from CAFII, to discuss plans for the upcoming 10 October, 2023, liaison lunch and industry dialogue session with the AMF in Montreal. Éric Jacob said he was looking forward to the meeting, but he was extremely busy and could only stay on the call for a few minutes. He did say before leaving that while new AMF CEO Yves Ouellet could not come to the 10 October meeting, he was interested in meeting with CAFII, and the AMF would work with us to find an opportunity to arrange for

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such a meeting. Louise Gauthier was asked about the AMF's views around holding the 10 October meeting in English given the new Charter of the French Language and its mandate that business communication in Quebec should be in French only, and she said that she thought that we needed to be sensitive to that but that in principle the meeting could be held in English. She did suggest that we try to work some French into some of our comments. This is reflective of Quebec's increasing emphasis on French becoming both the primary and sole language of business.

Mario Beaudoin said that the AMF presentation at the 10 October meeting would be an update on the statistics that the AMF had gathered around claims denial rates, and he said he would be providing an aggregated perspective of the numbers. CAFII indicated a desire to have further conversations with the AMF about how to interpret these numbers, and at first Mario Beaudoin seemed reticent, but he eventually said he would explore such a meeting with us.

In attendance in-person from the AMF were:

- Mario Beaudoin, directeur des pratiques de distribution alternatives (DPDAA);
- Christian Beaulieu, Directeur principal des opérations d'encadrement de la distribution;
- Charlène Boucher, Analyste à l'encadrement de la distribution;
- Julie Dallaire, analyste sous la DPDAA;
- Marie-Eve Bouffard, coordonnatrice experte en surveillance à la DSPC;
- Véronique Martel, coordonnatrice experte en surveillance à la DSPC.

In attendance virtually from the AMF were:

- Mélissa Perreault, directrice des pratiques de distr. et des OAR;
- Karim Trad, coordonnateur expert à la direction de l'encadrement prudentiel et des simulations.

In attendance in-person from CAFII were:

- Deliska Beauregard, Chef des affaires juridiques et Secrétaire Générale, Securian Canada;
- Jonathan Poulin, Conseiller sénior, Affaires juridiques et conformité, BNC;
- Pierre-Olivier Cyr, Directeur Tarification et Évolution des produits, Assurance des particuliers, Desjardins;
- Katia Umutoniwase, Directrice des opérations de vente et de l'activation numérique, Manuvie;
- Keith Martin, co Directeur-général, CAFII.

In attendance virtually from CAFII were:

- Jason Beauchamp, Canada Life;
- Jackie Kasongo, CIBC;

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- Élyse Lemay, Canada Life;
- Nadine Roy, Assurant Canada;
- Martine Romain, CIBC;
- Suzie Blanchard, Manulife;
- Robyn Jennings, CAFII.

K. Martin provided a complete summary of the presentation and subsequent meeting, which was circulated to all CAFII members. Most of K. Martin's summary has been captured above in this Regulatory Update.

CAFII and the AMF Hold Their Annual Liaison Lunch and Industry Issues Dialogue.

On October 10, 2023, CAFII met with the AMF executive staff for its Annual Liaison Lunch and Industry Issues Dialogue. The meeting began with a brief round table for introductions followed by presentations and discussion. It was quickly established by both CAFII and the AMF that, because of efforts taken over the last year, significant strides have been made between CAFII and the AMF to create not only a more amicable working relationship but also to find common ground. Since last year, quarterly meetings have taken place between Eric Jacob (AMF) and Peter Thompson (CAFII Board Chair), the main purpose of which was to identify files that are of high importance for both CAFII and the AMF. These led to additional meetings that allowed for the following strong discussions between CAFII and AMF. Overall, these quarterly liaison meetings have fostered a more collaborative working relationship, and both parties have benefitted.

The initial topic of concern for CAFII, and one that was brought up during P. Thompson and E. Jacob's initial meeting, was credit card-embedded insurance. A resolution was reached in February 2023 that provided an "unwritten agreement" that CAFII members did not need to distribute the Fact Sheet and the Notice of Rescission for credit card-embedded insurance benefits. Additionally, it was resolved that CAFII and the AMF would meet annually to discuss industry issues, share research information and findings (particularly regarding regulations around complaints and dispute resolution), and identify complex files that may require a specific working group.

Over the past year, CAFII and the AMF have renewed discussions around spousal insurance coverage. This is following an agreement between the AMF and CAFII to suspend the cancellation of these policies for 5 years with a deadline of January 1, 2025. With the deadline fast approaching, this has been identified as an area of concern for CAFII Board Members. After discussion, the AMF asked CAFII to gather statistics on the natural attrition of spousal insurance policies since 2019. As per the original agreement, no new policies have been issued since 2019,

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but the agreement was to see the attrition of the current and remaining policies. Additional conversations are planned between the two parties to determine the best course of action.

Another area of interest that CAFII saw great strides in with the AMF was the regulation around dispute resolution. The AMF shared that they had found there to be a lot of industry anxiety and uncertainty around that regulation. Éric Jacob noted that this was why the AMF had opened a second formal consultation on the Regulation, which was unusual.

Overall, both P. Thompson and E. Jacob expressed gratitude and noted how productive, collaborative, and amicable the last year has been between CAFII and the AMF. With a total of 11 meetings, great headway has been made in finding common ground and mutual understanding so that industry issues can be handled with care, consideration, and efficiency. K. Martin agreed with the sentiments expressed.

The dialogue concluded with a few thoughts from É. Jacob. He echoed the message P. Thompson and K. Martin expressed, noting the importance of an open constructive dialogue and a mutual understanding of the positions of both organizations, even if there are different perspectives. He said that the AMF appreciates the acknowledgement by CAFII of its perspective and vice versa; this speaks to mutual respect and an attempt at finding common ground. He also expressed the importance of quarterly meetings with P. Thompson and praised P. Thompson and K. Martin on their handling of these discussions, stating that these conversations are where solutions are found. Visibility is critical to the AMF, therefore, transparency between CAFII and AMF is highly important.

Regarding the complaint regulation, É. Jacob was happy with how this issue was handled, and the AMF's objective is to publish before the end of 2023 an updated regulation, with allowance for plenty of implantation time.

The dialogue portion of the meeting concluded with an agreement to continue maintaining regular meetings between the AMF and CAFII, and that a specific introductory meeting will be scheduled to introduce the AMF's new CEO, Yves Ouellet, to CAFII members.

The dialogue moved to the presentation portion of the meeting, in which Mario Beaudoin (AMF, Director of Alternative Distribution Practices in Insurance) presented the AMF's research findings on the performance of CAFII members relative to industry around written premiums paid and claims denial rates. The presentation built on previous work done by the AMF and was focused on a three-year snapshot, with the AMF's key message being that where a member is below the industry standards on claims denial rates, the AMF would like to know why and to receive an action plan on how the company plans to rectify the situation.

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K. Martin posed a question to M. Beaudoin on how these research and result efforts will unfold over the next year. M. Beaudoin responded that the AMF is preparing letters for all the companies who provided statistics to the AMF on their denial rates as a follow-up measure. In addition, the AMF is working on updated findings to provide to all companies that gave information. Mario Beaudoin also noted that Véronique Martel in his team had recently been promoted.

At this point, E. Jacob spoke up and articulated that the culture of discussion and information sharing is important for the AMF as a means of fair treatment of customers. He went on to encourage future discussions around harmonization.

The AMF concluded their presentation with a question period.

In-person attendance:

- Keith Martin (CAFII)
- Brendan Wycks (CAFII)
- Éric Jacobs (AMF)
- Mario Beaudoin (AMF)
- Élyse Lemay (Canada Life)
- Peter Thompson (National Bank Insurance)
- Paul Cosgrove (Assurant Canada)
- Rob Dobbins (Assurant Canada)
- Pamela Hicks (Managing Matters)
- Robyn Jennings (CAFII)
- Moira Gill (TD Insurance)
- Heather McLachlin (CUMIS/The Co-Operators)
- Louie Georgakis (Canada Life Assurance)
- Charles MacLean (RBC Insurance)
- Julie Gaudry (RBC Insurance)
- Christian Beaulieu (AMF)
- John Burns (Surrogate for Nigel Branker, Securian Canada)
- Michelle Costello (CUMIS/The Co-Operators)
- Karyn Kasperski (RBC Insurance)
- Iman Muntazir (RBC Insurance)
- Deliska Beauregard (Securian Canada)
- Paul Cosgrove (Assurant Canada)

Virtual Attendance

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- Adam Vespi (Canadian Tire Bank)
- Dallas Ewen (Canada Life Assurance)
- Rohit Thomas (BMO Insurance)
- Wayne Hewitt (Scotia Insurance)
- Ian Oncea (CIBC Insurance)
- Rahul Kakar (Chubb life)
- Ian Oncea (CIBC Insurance)
- Rohit Thomas (BMO Insurance)
- Rahul Kakar (Chubb Life Insurance Company of Canada)
- Wayne Hewitt (Scotia Insurance)
- Fernando Heleno (RBC Insurance)
- Isabelle Choquette (Desjardins Insurance)
- Jonathan Poulin (National Bank Insurance)
- Fergal Murphy (TD Insurance)
- Valerie Gillis (TD Insurance)
- Nicole Benson (Valeyo)
- Tejal Harri-Morar (BMO Insurance)
- Veronique Martel (AMF)
- Julie Dallaire (AMF)
- Shanay Smith (CAFII)
- Simon Lacroix-Hubert (Desjardins Insurance)

*Autorité Des Marchés Financiers (AMF) Has Released Its Rapport Annuel de Gestion 2022-2023
(Annual Report 2022-2023)*

The AMF recently released its 2022-2023 Annual Management Report, which summarized key areas of interest and concern, growing industry trends, and general progress made on various regulatory projects and priority areas. This marks the halfway point of the AMF's four-year (2021-2025) strategic plan.

As per the Report, digitalization and fraud remain an area of concern. The AMF published a discussion paper early this year detailing the potentials risks and rewards of digital financial services for consumers. The AMF called for industry stakeholders to incorporate more financial literacy into their communications with the general populace to increase knowledge, thereby, increasing consumer vigilance against fraud. In relation, the AMF has maintained surveillance over the crypto asset ecosystem due to its high risk of fraud.

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Finally, sustainable finance and ESG remains of great interest to the AMF. Work will continue on the AMF's development of a framework for the better disclosure of information related to climate issues.

The AMF's financial statements were also provided.

The complete Annual Report can be found here: [AMF Rapport Annuel de Gestion 2022-2023](#).

Prince Edward Island

CAFII Meets with PEI Regulatory Authorities on 21 September, 2023

A delegation of eight (8) CAFII representatives travelled to Charlottetown to meet with representatives of PEI's Financial and Consumer Services Division, Ministry of Justice, and Public Safety.

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

- Michelle Costello, CUMIS/The Co-operators;
- Andrea Stuska, TD Insurance;
- John Burns, Securian Canada;
- Rob Dobbins; Assurant;
- Keith Martin, CAFII;
- Brendan Wycks, CAFII;
- Shanay Smith, CAFII; and,
- Robyn Jennings, CAFII.

In attendance in-person at the meeting from the PEI Financial and Consumer Services Division, Ministry of Justice, and Public Safety were:

- Curtis Toombs, General Counsel, Financial and Consumer Services Division, Ministry of Justice and Public Safety;
- Lauren Keefe-Hogan, Manager, Registry and Licensing Counsel, Financial and Consumer Services Division, Ministry of Justice and Public Safety; and,
- Robert Bradley, Superintendent of Insurance, Financial and Consumer Services Division, Ministry of Justice and Public Safety.

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Steve Dowling (Division Director, Financial and Consumer Services Division, Ministry of Justice and Public Safety) did not attend but was instrumental in setting up this meeting.

Keith Martin began CAFII's presentation with a breakdown of the Association's priorities and issues. He also explained CAFII's membership structure and relationship with insurance regulators and policy-makers. He brought up the issue of harmonization and explained how there is a general misunderstanding that harmonization is the same thing as alignment; however, that is not what harmonization really means. Harmonization means exact and precise parallelism and striving to use the exact same wordings and exact same regime structure features to the maximum degree possible. The problem with a lack of harmonization is that it compels a focus on exception management, where resources must be dedicated to understanding the subtle differences in wording from one jurisdiction to the next. Exception management saps the resources of regulated entities, diverting them away from a single-minded focus on meeting regulators' fair treatment of customers (FTC) expectations.

Robert Bradley responded to Keith Martin's comments by explaining that PEI's practice has been to harmonize with other jurisdictions in Canada to the extent that is possible. Mr. Bradley also said that as a small province, PEI tends to be a follower, which adopts regulatory initiatives after they have been led and achieved by other provinces. CAFII EOC Chair Rob Dobbins noted the importance to CAFII of the Canadian Council of Insurance Regulators (CCIR) as a national coordinating body and its leadership efforts around national harmonization.

Robert Bradley asked about loss ratios for the credit protection insurance products offered by CAFII members, and Keith Martin responded that that information was not tracked by CAFII.

In response to the finding -- in the CAFII-commissioned consumer research carried out by Pollara Strategic Insights -- that 95% of CPI mortgage life insurance claims are paid out, Robert Bradley indicated that he was not convinced by that independent, third-party research finding; that he believed that post-claims underwriting was a concern with respect to CPI; and that he personally would "not purchase CPI products." Brendan Wycks replied that post-claims underwriting was an inaccurate allegation and a myth levelled against CPI by players in the advice-based channel of the life and health insurance sector; and that the claims adjudication process followed by CPI insurers was the exact same process practised by all of life and health insurers, including those which underwrite term life and other forms of life and health insurance that is offered exclusively through licensed agents and brokers. for all insurance products and was not post-claims underwriting.

Rob Dobbins added that CAFII's research findings indicate that customers appreciate having CPI made available to them as an optional form of insurance coverage in the marketplace; and that they are satisfied with the product. Andrea Stuska added that consumers may not have access

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to any other kind of life and health insurance, depending upon their financial situation and their desirability as a client to a licensed insurance agent/broker; and that, as a result, access to CPI can be critically important for certain consumer segments.

Robert Bradley advised that there were no imminent regulatory changes in PEI which should be made aware. Curtis Toombs and Lauren Keefe-Hogan expressed interest in being apprised of the results of any future consumer-focused research which CAFII might commission.

New Brunswick

CAFII Meets with New Brunswick Regulatory Authorities on 22 September, 2023

A delegation of seven (7) CAFII representatives travelled to Fredericton, New Brunswick, to meet in-person with relevant staff executives from the Financial and Consumer Services Commission of New Brunswick (FCNB)'s Insurance Division.

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

- Michelle Costello, CUMIS/The Co-operators;
- Andrea Stuska, TD Insurance;
- John Burns, Securian Canada;
- Rob Dobbins, Assurant;
- Keith Martin, CAFII;
- Brendan Wycks, CAFII; and,
- Robyn Jennings, CAFII.

In attendance in-person at the meeting from the Financial and Consumer Services Commission of New Brunswick (FCNB)'s Insurance Division were:

- Angela Mazerolle, Vice-President, Regulatory Operations; and Superintendent of Insurance and Pensions;
- Jennifer Sutherland Green, Director, Insurance;
- Catherine Haines, Deputy Director – Licensing;

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- Ryan Adams, Senior Legal Counsel; and,
- Robert Picard, Compliance Officer.

Angela Mazerolle responded to CAFII's comments on the importance of harmonization by stating that a situation of completely harmonized regulation across the country was not achievable in a national federation nation such as Canada, where different provinces and territories have different requirements and priorities. EOC Chair Rob Dobbins agreed that CAFII's harmonization request was an aspirational ask, but he stressed that the greater the degree of harmonization, the better. Angela Mazerolle said that FCNB would be receptive to doing what it could to avoid adopting and implementing unique approaches in New Brunswick.

Keith Martin acknowledged FCNB's proactiveness in consumer protection, as evidenced by its frequent consumer protection bulletins, and he said that FCNB was a leader in this area. Angela Mazerolle confirmed that that sort of consumer communication was a big priority for the FCNB; and that it regarded consumer education and fostering financial literacy to be an important part of how to protect consumers. Keith Martin noted CAFII's support of regulatory authorities obtaining rule-making authority.

Angela Mazerolle stated that she personally would not purchase CPI products, and CAFII delegation members, including Brendan Wycks, Rob Dobbins, and Andrea Stuska responded by further explaining the benefits of CPI protection to certain segments of Canadian consumers and the positive views that CPI protection had received in the recent CAFII-commissioned independent consumer research carried out by Pollara Strategic Insights.

There was a discussion around the recent 2023 implementation of New Brunswick's new Restricted Insurance Representative (RIR) licensing regime, with Keith Martin noting that the industry felt that many of the issues raised in the consultation process were not actually acted upon.

Brendan Wycks noted that CAFII lingering concerns about the Section 46 requirement in FCNB's Rule INS-001 to suggest to consumers who have opted to become enrolled in CPI coverage that they may wish to seek advice from a licensed insurance agent, and he asked if FCNB would be interested in receiving a written submission from CAFII with some suggested alternate wording, along with its perspectives on some other issues related to the RIR regime. Ms. Mazerolle said she would welcome such input from CAFII in writing.

After the formal meeting was concluded and Angela Mazerolle had departed for an immediately ensuing meeting, several of the other FCNB staff executives present remained

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behind to engage in informal conversation with the CAFII delegation members; and they appeared very interested in and receptive to the points being made in informal dialogue by the CAFII representatives. In particular, Catherine Haines, Deputy Director of Licensing, who is responsible for the RIR regime's licensing portal, said she would welcome any feedback or further input from CAFII on how to improve it.