

Agenda Item 3.8.i(1)
November 28/17 Board Meeting

From: Keith Martin [mailto:keith.martin@cafii.com]
Sent: Tuesday, November 21, 2017 11:09 AM
To: CAFII EOC Members
Subject: FW: Consultation - Incidental Insurance Questionnaire & Bank Owned Insurance Company Attestation

Dear EOC Member,

For some time, we have been aware that FSCO intended to ask Bank-Owned Insurance Companies to fill out a questionnaire and attestation on their practices and controls. Those draft documents have now been received, for our Association's review and feedback as part of a consultation process; the two documents are attached here and FSCO's related transmittal email is set out below.

The exercise consists of a questionnaire, and a CEO attestation. The questionnaire states that companies "not undertaking in the manufacturing and offering of incidental (typo) products are NOT required to complete the Questionnaire" but that regardless, the attestation must still be completed. However, it is not clear if just offering the incidental products, without manufacturing them, is enough to trigger not being required to fill out the questionnaire.

The Questionnaire includes the following context-setting information:

Scope of Questionnaire:

The Questionnaire is provided in three parts. The first part requests information on the types of incidental insurance products your company offers and your respective distribution channels. The second part focuses on how your company maintains control and oversight of incidental selling of insurance (ISI) including, but not limited to, policies, procedures and practices for distributors as they relate to the sale of these products, as well as the servicing of these products by the insurer. The third part is a Chief Executive Officer (CEO) Attestation in which FSCO is requesting the CEO to confirm in writing that to the best of their knowledge, the information presented is true and accurate. Please note: Insurance companies not undertaking in the manufacturing and offering of incidental insurance products are NOT required to complete the Questionnaire. They are only required to complete the CEO Attestation on Page 3.

The transmittal email from FSCO contains the following statement:

"We request that you treat the draft Questionnaire and Attestation as confidential and limit distribution to those who may provide support to the consultation process."

This suggests that distribution to the EOC and Board is acceptable, and that you should feel free to share the document, with the confidentiality provision noted, to your legal counsel and others in your company who will be involved in the process of generating input as to how CAFII should respond—but not more widely; and, in particular, not to anyone who won't be directly involved in providing input on this matter.

The key face-to-face meeting opportunity which this FSCO consultation will culminate in for our Association is a 90 minute meeting to provide feedback, for which FSCO has proposed the following date/time options:

Friday, December 1st: 2:00 pm to 3:30 pm
Tuesday, December 5th: 10:30 am to 12:00 pm
Friday, December 8th: 2:00 pm to 3:30 pm

Therefore, I am proposing the following Critical Path for us to prepare for this meeting:

Action Date

- Distribution of Questionnaire and Attestation to EOC members; c.c. to Board members: 21 November, 2017
- Send any proposed input for the response to FSCO to Keith Martin: End of day, 24 November, 2017
- Initial written summary of proposed response, to be distributed by Keith Martin to EOC members: 27 November, 2017
- Conference call to review proposed written response, and discuss next steps : No later than 29 November, 2017

If you have any questions or concerns about the proposed Critical Path, please let me know.

Keith Martin
Co-Executive Director
Canadian Association of Financial Institutions in Insurance
keith.martin@cafii.com
T: 647.460.7725
www.cafii.com

From: Maria Gardanis [mailto:Maria.Gardanis@fSCO.gov.on.ca]
Sent: November 17, 2017 3:42 PM
To: 'Keith.martin@cafii.com' <Keith.martin@cafii.com>
Subject: Consultation - Incidental Insurance Questionnaire & Bank Owned Insurance Company Attestation

Dear Mr. Martin,

The Financial Services Commission of Ontario (FSCO) is undertaking an information gathering exercise across the insurance industry including bank-owned insurers in order to gain a better understanding of market conduct principles, policies, and procedures, with a focus on the sale of incidental insurance products through distribution channels and the fair treatment of members.

Prior to undertaking this information gathering exercise across the sector, FSCO wishes to consult with industry members to ensure the Questionnaire and Attestation meet our intended purpose, and request your feedback with regards to the content and structure of the Questionnaire and have you or a delegate participate in a meeting (either over the phone or in-person) to provide your comments and feedback.

At this time, we request that you indicate all dates/times you are available from the below. Based on the responses received, we will try to book a meeting which accommodates all participants:

Friday, December 1st : 2:00 pm to 3:30 pm

Tuesday, December 5th: 10:30 am to 12:00 pm

Friday, December 8th: 2:00 pm to 3:30 pm

We request that you treat the draft Questionnaire and Attestation as confidential and limit distribution to those who may provide support to the consultation process.

Upon receipt of this email, please confirm you have received the draft Questionnaire and Attestation and indicate who in your organization will be participating in the consultation process, and if you will be attending in-person or via conference call.

If you have any questions regarding the consultation process, feel free to either call or email me.

Thank you,

Maria

Maria Gardanis, FCIP, CRM
Manager
Market Conduct Compliance Unit / Market Regulation Branch
Financial Services Commission of Ontario (FSCO)
T: 416-226-7998
E: Maria.Gardanis@fSCO.gov.on.ca
www.fSCO.gov.on.ca