

3 January, 2024

M. Éric Jacob

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Paul Cosgrove, CAFII Board Vice Chair

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Karyn Kasperski, CAFII Vice EOC Chair and Vice Board Secretary

Keith Martin, CAFII Executive Director

Fabricio Naranjo, Partner, RSM Canada

Re: CAFII Report on Quebec Spousal Policies

Dear M.  Jacob:

On 18 October, 2023 you and I had a virtual meeting at which one of the topics discussed was the number of spousal policies still in-force in Quebec for CAFII members. CAFII members no longer issue these policies in Quebec, and since 2019 these policies have been naturally running off. Currently, we have a deadline of 1 January, 2025 before these policies need to be cancelled, something CAFII members very much wish to avoid as this would be a negative customer experience and we believe would expose CAFII members to reputational and other risks.

You requested of me that CAFII produce a more formal report that includes the starting number of these policies in 2019, the run-off each year since, and the expected number of such policies that would be projected to be in place by the end of 2024. We have engaged RSM Canada to solicit this data from CAFII members, and to aggregate and assemble it in a formal report. In addition RSM Canada has projected the number of such policies after attrition out to the end of 2029 to gain a sense of what further run-off of these policies would occur if the projected timeline was extended out.

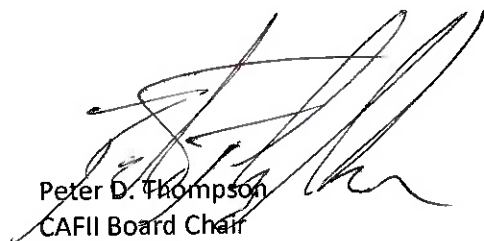
I am pleased to provide you with the report. The report demonstrates that CAFII members are successfully reducing the number of policies in-force. From Dec. 31, 2019 to Dec. 31, 2023 we saw an average attrition rate of 9.8% annually, and we project that attrition rate or higher will continue moving forward to the end of Dec. 31, 2029 and beyond. At the end of 2024, we project that 41% or 367,332 of the number of policies in force at the beginning of 2020 will have been eliminated. At the end of 2029, approximately 579,224 Spousal Policies are projected to be eliminated, representing 65% of the 2020 figures. These figures show that the natural attrition strategy is working, and will continuously reduce the number of policies over time.

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In addition, we would be pleased to present the report to you and any colleagues you would like to bring to a meeting on this subject, either in-person or virtually. Such a meeting would include me and some CAFII colleagues including Keith Martin, CAFII's Executive Director, and Fabricio Naranjo, the lead Partner on this project at RSM Canada.

Éric, I have very much enjoyed and appreciated our collaboration on a variety of issues over the past year, and I look forward to hearing from you on what your preferred next steps are on this important file.

Sincerely,



Peter D. Thompson
CAFII Board Chair