

Agenda Item 4(c)(ii)
July 25/17 EOC Meeting

Regulatory Visit Report
Liaison Lunch Meeting Between CAFII Representatives and
CCIR Policy Managers
Friday, June 23/17; Trio Restaurant, Novotel, North York

CCIR Representatives present:

-Martin Boyle, CCIR Policy Manager

-Sean Jacobs, CCIR Policy Manager

CAFII Representatives present:

-Rob Dobbins, Assurant Solutions

-John Lewsen, BMO Insurance

-Tim Rainville, Canadian Premier Life Insurance Company

-Andrea Stuska, TD Insurance

-Huma Pabani, TD Insurance

-Diane Quigley, The CUMIS Group Ltd.

-Brendan Wycks, Co-Executive Director

-Keith Martin, Co-Executive Director

CCIR Review of Travel Health Insurance

S. Jacobs advised that since CCIR released its Travel Health Insurance Products Position Paper on May 31/17, it had received

- no particular feedback from industry stakeholders;
- two letters from the public, within the past couple of days, which S. Jacobs had not yet had a chance to review and assess; and
- no coverage by mass media outlets and minimal coverage by industry publications. The Position Paper's release had received coverage in Thompson's World Insurance News; the International Travel & Health Insurance Journal; and online publication "Insurance Business."

In terms of next steps related to the Position Paper, CCIR will be re-connecting with industry stakeholders and setting up follow-up meetings with them in the late summer this year and periodically thereafter. CCIR will be monitoring for industry compliance with the reforms recommended in the Paper.

CCIR's 2015 survey of travel health insurers will be integrated into the Annual Statement on Market Conduct, for the year 3 version in 2019, M. Boyle advised. "When CCIR sets expectations for the industry, we now have the Annual Statement to utilize as a monitoring tool and we also have a thematic review that could be used as another tool," he said.

Signatories To CCIR's MOU For Co-operative Market Conduct Framework

Newfoundland has recently signed CCIR's Memorandum of Understanding related to its Framework for Co-operative Market Conduct Supervision. That leaves only the Yukon as a non-signatory among the 13 provincial/regional jurisdictions in the country; and it is currently going through some staff changes in terms of its insurance supervision roles. Jonathan Parker is the new Superintendent of Insurance for the Yukon. Yukon will not be permitted to participate in the Annual Statement on Market Conduct process until it signs the MOU.

Annual Statement on Market Conduct

M. Boyle advised that as of that week (June 19-23/17), there was 100% compliance among insurers required to complete the Year 1 version of the Annual Statement.

In keeping with terms of CCIR's MOU supporting its Framework for Co-operative Market Conduct Supervision, the AMF is collecting the Annual Statement data submitted by insurers; and framing the data into analytical reports, the first drafts of which are expected to be delivered to CCIR members in early July.

There will be three types of reports:

- overall industry reports for life and health insurers, and for p&c insurers (stemming from the two distinct versions of the Annual Statement);
- insurer-specific reports; and
- raw data tables.

In addition, CCIR plans to share an aggregated results report from the Year 1 Annual Statement with the industry late in 2017.

The Annual Statement is intended to be a "risk indicator" or a "red flag generator," M. Boyle said. And it's expected that there will be a natural maturation and improvement process with the Annual Statement, i.e. an iterative process of the data getting better each successive year.

CCIR definitely plans to add questions to the Annual Statement in future years, but not in the Year 2 version in 2018. Any additions will be made to the Year 3 version in 2019, and in subsequent years.

2018 Annual Statement on Market Conduct

For the Year 2 Annual Statement in 2018, CCIR plans to "brush up"/improve the completion instructions; improve the clarity of some of the questions asked; and generally make things easier to understand. A brief survey on the experience in completing the Year 1 Annual Statement has already been sent to insurers.

In 2018, not all insurers will be required to complete the Year 2 version of the Annual Statement. The number of insurers that will have to complete it will grow beyond the group that was included in Year 1; but it still won't be the entire universe. "We're taking a staggered, incremental approach towards full participation, which we'll likely reach in Year 3 or Year 4," M. Boyle indicated. In 2018, the Annual Statement will remain focused on personal lines of business, i.e. individual insurance purchased by consumers on their own behalf.

A decision as to the precise group of insurers that will be required to complete the Year 2 Annual Statement likely won't be made until CCIR's Fall Meeting in early October.

2019 Annual Statement on Market Conduct

For the Year 3 Annual Statement in 2019, it is not guaranteed that there will be a substantive revision to the existing version; but if there are any substantive additions and/or changes to be made, they will be implemented in 2019 at the earliest, M. Boyle advised.

On the p&c side, CCIR expects to add "commercial lines insurers" (moving beyond personal lines of business) to the group of insurers who must complete the Annual Statement in Year 3 and it will be taking a roughly parallel incremental approach with the Life & Health Annual Statement, he said.

CCIR 2017-2020 Strategic Plan

CCIR's new 2017-2020 Strategic Plan will be published on June 27/17, M. Boyle advised. Some of the key initiatives in the new Strategic Plan will be

- Fair Treatment of Consumers. Distribution has become a big issue for insurance regulators around the world. CCIR will be forming a new FTC Working Group, chaired by Louise Gauthier of the AMF.
- Regulatory Harmonization. CCIR will be forming a new Regulatory Harmonization Working Group chaired by Anatol Monid of FSCO.
- Fintech. CCIR will be forming a new Fintech Working Group chaired by Helene Samson of the AMF, who is also Chair of CCIR's existing CCIR Electronic Commerce Committee. The Fintech Working Group will focus on both insurtech and regtech (regulatory technology), and new developments happening in these areas around the world but particularly in Canada.
- Property Insurance. This will continue as a strategic initiative. CCIR will soon be issuing a Position Paper on insurance coverage for natural catastrophes, resulting from the work of the existing CCIR/Industry Working Group. The hope is that with an ensuing educational campaign, more consumers will buy coverage for natural catastrophes. The FCAC is collaborating with CCIR so that together they can do a better job of raising consumer awareness about the need for coverage against natural catastrophes.

CCIR 2017 Fall Meeting

CCIR's Fall meeting will take place October 5-6/17 in Halifax.

CCIR 2017 Stakeholder Dialogue Meetings

CCIR's 2017 Stakeholder Dialogue meetings will take place October 25/17 in Toronto, with 40 minute slots being assigned to a limited number of stakeholder invitees. CAFII will be among the industry stakeholder groups invited to participate in these annual face-to-face stakeholder dialogue sessions with the Council.