

Agenda & Briefing Document For
CAFII Stakeholder Meeting With Canadian Council of Insurance Regulators

Date: Thursday, October 25, 2018

Pre-meeting – Rendez-vous at 2:00 p.m. at The Victor Cafe, Main Lobby, Le Germain Hotel, 30 Mercer St., Toronto; 866-345-9501; we will take the elevator up one level to the Hatley Room on the Mezzanine level at 2:35 p.m. for our Stakeholder Meeting at 2:40 p.m.

Stakeholder Meeting with CCIR - 2:40 to 3:20 p.m.; location: The Hatley Room, Mezzanine Level, Le Germain Hotel, 30 Mercer St., Toronto; 866-345-9501.

CAFII Attendees:

In-Person

Peter McCarthy, CAFII Director from BMO Insurance, Immediate-Past CAFII Board Chair

Martin Boyle, BMO Insurance, EOC Chair

John Lewsen, BMO Insurance

Pete Thorn, TD Insurance

Moir Gill, TD Insurance

Bob Grant, CAFII Director from ScotiaLife Financial

Brad Kuiper, ScotiaLife Financial

Paul Cosgrove, CAFII Director from Assurant Canada

David Fear, CAFII Director from Canada Life Assurance Company

Charles MacLean, RBC Insurance

Brendan Wycks, CAFII Co-Executive Director

Keith Martin, CAFII Co-Executive Director

Chris Knight, CAFII Director from TD Insurance (tentative acceptance)

Sandra Rondzik, CAFII Director from CIBC Insurance (tentative acceptance)

Sue Manson, CIBC Insurance (tentative acceptance)

Wally Thompson, CAFII Director from Manulife Financial (tentative acceptance)

Kelly Tryon, CAFII Director from CUMIS Services Inc. (tentative acceptance)

Teleconference

Nicole Benson, CAFII Director from CPL/Valeyo, CAFII Board Chair

Purpose of meeting: In 2012, CCIR instituted these dedicated face-to-face meetings with industry stakeholder groups to take the place of presentations at its semi-annual meetings. This allows CCIR to focus on industry input, rather than trying to combine that input with the rest of the CCIR agenda. These meetings are informal from CCIR's perspective, and no formal presentations are expected. These sessions provide industry representatives and other interested parties with an opportunity to discuss concerns and emerging issues in the country's insurance sector directly with the provincial and territorial regulatory authorities. CCIR members view the meetings as a valuable opportunity for stakeholders to provide input, insight, and context around emerging regulatory issues and priorities affecting Canada's insurance market.

Martin Boyle, now Manager, Compliance and Operational Risk at BMO Insurance and CAFII's EOC Chair, has advised – based on his experience as a former CCIR Policy Manager -- that CCIR much prefers that these Stakeholder Meetings have an informal tone. He therefore advises against (i) too much scripting of the session on the Stakeholder's part; (ii) sharing of the topics/questions among the Stakeholder delegation members, as that introduces an air of formality (ie. it is better to have just one or two representatives introduce each agenda topic); and spending any time on an "About/Introductory" statement, as CCIR is already well-familiar with each Stakeholder group.

*CCIR and CISRO Release New Guidance On Fair Treatment of Customers: **See Appendix A***
*Joint Forum of Financial Market Regulators Holds Its Annual Meeting (April 2018): **See Appendix B***
*CCIR Re-Appoints Executive Committee Members; Adds Third Vice-Chair (April 2017): **See Appendix C***
*CCIR's New Strategic Plan Puts Focus On Co-operative Supervision (June 2017): **See Appendix D***
*CCIR Releases Travel Health Insurance Products Position Paper (May 2017): **See Appendix E***

CCIR Dialogue with Stakeholders

October 25, 2018

The Hatley Room, Mezzanine Level, Le Germain Hotel

30 Mercer St., Toronto, Ontario

Agenda

1. Introductions
2. Welcome and Purpose of Meeting (CCIR Chair)
3. Presentation / Dialogue on Stakeholder's Topics of Mutual Interest (CAFII)
4. Summing up (CCIR Chair)
5. Thank You and Wrap-Up (CAFII)

1. Introductions

Each CAFII representative and each regulator member of CCIR present in-person or on the phone will introduce him/herself.

2. Welcome and Purpose of Meeting (CCIR Chair Patrick Déry)

3. Presentation/Dialogue on Stakeholder's Topics of Mutual Interest

Brendan Wycks will thank CCIR for this Annual Stakeholder Meeting opportunity to discuss current matters of mutual interest.

Keith Martin or Brendan Wycks will then introduce each of the following topics, in succession, with CAFII Member representatives being encouraged to participate via the posing of follow-up supplementary questions; providing examples of and colour commentary on the points discussed in the dialogue, etc.

(a) Progress Over the Past Year On CCIR's 2017-2020 Strategic Plan (See Appendix D)

Brendan Wycks:

Brendan Wycks will ask CCIR representatives to outline progress made over the past year in achieving the objectives set out in the Council's Strategic Plan 2017-2020, in particular with respect to

- developing a co-operative approach to financial services and insurance technology; and
- partnering with industry stakeholders to identify opportunities to increase regulatory and supervisory harmonization, where practicable and appropriate.

(b) Transition/Integration Of Financial Services Regulatory Authority of Ontario (FSRA) Into CCIR

Keith Martin:

Keith Martin will ask CCIR representatives whether any special transition and/or integration steps are being taken with respect to FSRA's becoming the successor to FSCO effective April 1, 2019; and FSRA's initial involvement within CCIR.

(c) IMF's Financial Sector Assessment Program (FSAP) Visit To Canada This Fall

Brendan Wycks

Brendan Wycks will ask CCIR representatives for an update on how the International Monetary Fund's Financial Sector Assessment Program (FSAP) visit to Canada this Fall is going, including which provincial insurance regulators are being visited, scope of the audit/assessment, timelines for completion, etc.

Background Only: the International Monetary Fund is due back in Canada in 2018 for a Financial Sector Assessment Program (FSAP) review, five years after its initial review in 2013, to assess the strength of our country's insurance regulation system, on behalf of the International Association of Insurance Supervisors.

(d) CCIR/CISRO "Guidance: Conduct of Insurance Business and Fair Treatment of Customers"

Keith Martin:

Keith Martin will thank CCIR and CISRO for taking the feedback of CAFII and other stakeholders into account in producing a final version of the recently released "*Guidance: Conduct of Insurance Business and Fair Treatment of Customers*"; and for keeping the Guidance principles-based and providing insurers and intermediaries with the latitude to determine how best to achieve the expected customer outcomes based on the nature, size, and complexity of their activities.

****If possible, CAFII Member representatives present will then provide information/anecdotes to indicate how their companies are reviewing the CCIR/CISRO Guidance document and taking steps to ensure that their business practices and Fair Treatment of Customers measures are in conformity with it.****

(e) Annual Statement on Market Conduct

Brendan Wycks:

Brendan Wycks will ask CCIR representatives the following:

-how have you found the Year 2 experience with the Annual Statement, as compared to Year 1, in terms of data integrity; ease of analysis and insights generation; etc.?; and

-in that connection, are there any thematic reviews planned for 2019 which you can share with us at this time?

(f) Relationship Between CCIR and the Financial Consumer Agency of Canada (FCAC)

Keith Martin:

Keith Martin will ask CCIR representatives what plans, if any, the Council has for future liaison meeting, co-ordination, and co-operation with the FCAC with respect to oversight and regulation of Authorized Insurance Products and, in particular, creditor's group insurance.

Background Only: The federal government is expected this Fall to provide the FCAC with increased powers around consumer protection. A confidential source has informed CAFII that the FCAC has alluded, in recent discussions with provincial regulators, to its intention to expand its reach with respect to these products offered by federally regulated financial institutions.

That news was not well-received by some provincial regulators who felt that the FCAC might be moving into areas of insurance regulation that the Canadian Constitution mandates are the exclusive jurisdiction of provincial and territorial authorities.

This also could produce a "tug of war" around jurisdiction between the FCAC and provincial and territorial regulators; and bank-owned insurers/distributors could find themselves being the "rope."

The above indication with respect to plans for enhanced regulatory powers for the FCAC is consistent with a recent discussion that David Moorcroft had on CAFII's behalf with the CBA's Vice President of Communications Aaron Boles. Mr. Boles stated that the FCAC and the Department of Finance are expected to release a report this Fall recommending new protections for consumers. Finance has asked the industry to remain in a "no noise" mode about consumer protection issues until after the report is issued.

(g) CBC Marketplace's Plan To Air A Story In November On Credit Card Balance Protection Insurance

Keith Martin:

Keith Martin will provide CCIR representatives a short, high-level summary of the fact that CAFII is aware that CBC Marketplace plans to air a negative story/segment on credit card balance protection insurance in November (target air date: Friday, November 9/18) and of the positions that our Association and the four bank Member FIs whom the CBC has contacted have decided to take with respect to this story.

(h) Any Other Updates Coming Out Of CCIR Summer Teleconference or Fall Meeting?

Brendan Wycks:

If time allows, Brendan Wycks will ask CCIR representatives whether there are any updates coming out of their Summer Teleconference on June 20/18 or their Fall Meeting which occurred earlier this month, which they would like to share with CAFII at this time.

4. Summing Up (CCIR Chair Patrick Déry)

5. Thank You and Wrap-up (Keith Martin)

Keith Martin will thank CCIR members for their time and attention; and express CAFII's desire to continue to dialogue and co-operate with CCIR on a regular basis.

Appendix A

NEWS RELEASE

For Immediate Release Canadian Council of Insurance Regulators Canadian Insurance Services Regulatory Organizations

CCIR and CISRO release new guidance on fair treatment of customers

September 27, 2018

TORONTO – Today, the Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO) released a joint guidance that sets out their overarching expectations for how insurers and intermediaries conduct insurance business and ensure the fair treatment of customers.

The joint guidance is principles-based and provides insurers and intermediaries with the necessary latitude to determine how best to achieve the expected customer outcomes based on the nature, size and complexity of their activities. A distinct characteristic of the joint guidance is that it aims to speak to all insurance market participants as they interact with customers.

Modelled after the international standards for insurance regulation developed by the International Association of Insurance Supervisors, the joint guidance reflects the specifics of the Canadian insurance market. As each jurisdiction in Canada has its own regulatory approach for the conduct of business, based on its unique culture, traditions and legal regime, CCIR and CISRO have consulted with other regulatory partners and industry stakeholders to increase regulatory and supervisory harmonization while enhancing consumer protection.

The joint guidance further demonstrates increasing cooperation among Canadian insurance regulators and a growing recognition of international insurance standards.

Insurance regulators and insurance market participants both agree that the fair treatment of customers is essential. "Fair treatment of customers is a key focus of financial services regulatory authorities in Canada and abroad. This joint guidance confirms that regulatory partners and industry stakeholders can work collaboratively to achieve common goals in the insurance sector," said Patrick Déry, Chair, CCIR.

"Our mandate as insurance regulators is to ensure that all market participants have a focus on treating customers fairly. This guidance document outlines the key principles that we expect those market participants to engrain into their daily practices," said Ron Fullan, Chair, CISRO.

Appendix B

For Immediate Release

April 23, 2018

Joint Forum of Financial Market Regulators holds its Annual Meeting

Montreal – The Joint Forum of Financial Market Regulators (Joint Forum) has concluded its Annual Meeting held in Montréal, Québec. The Joint Forum brings together members of the Canadian Council of Insurance Regulators (CCIR), the Canadian Securities Administrators (CSA), the Canadian Association of Pension Supervisory Authorities (CAPSA) and representation from the Canadian Insurance Services Regulatory Organizations (CISRO).

“The current financial services marketplace, marked by new and innovative technologies, products, services, and delivery models, combined with rapidly developing consumer expectations around service, transparency and accountability, presents a dynamic regulatory landscape with important challenges for regulators,” noted Patrick Déry, Superintendent, Solvency, at the Autorité des marchés financiers (Québec), Chair of the CCIR and Chair of this year’s Joint Forum meeting.

Plenary discussions focused on these realities and the important progress being made to support the development of innovative products, services and applications, and their impact over the members’ oversight models, to ensure consumers are protected and treated fairly. Of particular interest were lessons emerging from the development and implementation by the CSA of a regulatory sandbox to support fintech businesses, as well as various initiatives led under the Cooperative Market Conduct Supervision Framework by CCIR members.

“This annual meeting of the Joint Forum represents a unique opportunity for provincial and territorial financial market regulators to share information on common developing trends observed in the markets they oversee with a view to identifying cross-sectoral issues that pose real threats to the protection of investors and consumers. This meeting’s extensive attendance by members of all Joint Forum constituent organizations is evidence of the regulators’ engagement to streamline and harmonize regulatory outcomes across sectors and jurisdictions where required,” said Louis Morisset, CSA Chair and President and CEO of the Autorité des marchés financiers (Québec).

Joint Forum participants also focused on the expansion of automated financial advice, recovery of enforcement sanctions and administrative monetary penalties, and cooperative supervision activities. CCIR members provided updates on the prototype fee statement for segregated funds. Projects relating to the enhancement of obligations registrants owe their clients and regulation of investment fund fees, both pursued by the CSA, were also discussed. Finally, a CAPSA presentation on leverage investment strategies of pension plans was made, and members shared updates on ombudservice oversight across banking services and investments, life, health and general insurance sectors. The organizations were all focused on consumer protection and the fair treatment of consumers.

“As members of the Joint Forum, we are committed to providing greater opportunities for regulators to exchange views and share best practices, enhance cooperation and build regulatory capacity to support the consumer expectations as mentioned above, while ensuring consumers are protected and treated fairly,” added Angela Mazerolle, Chair of CAPSA and Superintendent of Pensions and Insurance at the Financial and Consumer Services Commission (New Brunswick).

Coming away from this year’s meeting, the Joint Forum is considering how to best increase the regular periodic sharing of issues facing regulators in each sector.

Appendix C

CCIR Re-Appoints Executive Committee Members; Adds Third Vice-Chair

At its April 6-7/17 Spring meeting, CCIR made the following Executive Committee re-appointments for a two-year term: Patrick Déry; Chair; Brian Mills, Vice-Chair; and Robert Bradley, Vice-Chair; and Scott Moore was added as a third Vice-Chair.

Appendix D

CCIR’s New Strategic Plan Puts Focus On Co-operative Supervision

The Canadian Council of Insurance Regulators (CCIR) published its new strategic plan for the years 2017 to 2020 on June 27/17.

In its new Plan, CCIR says it will develop an annual cooperative supervisory plan to conduct thematic and insurer-specific reviews across provinces and territories.

In addition, when it comes to consumers, the CCIR says it will work to “ensure good outcomes from the interactions of insurers and intermediaries with their customers, focusing on disclosures and transparency, incentives management and client relationships.” The Plan also aims to increase consumer awareness of risks related to natural disasters, insurance options and coverages that are available as well as how disaster relief programs work across jurisdictions.

The CCIR says it will pursue a co-ordinated approach for regulators across sectors to stay informed, work together and leverage regulatory capacity. It will also make harmonization a priority and work with industry stakeholders to identify specific areas for greater consistency in approach across jurisdictions.

To determine its strategic priorities, the CCIR consulted stakeholders and took into account the current insurance environment. “The work the CCIR has done over the last three years has had a considerable impact on the evolution of insurance regulation in Canada,” says Patrick Déry, chair of the CCIR. “We have developed the foundation for greater collaboration, cooperation and information sharing among our members and introduced stronger supervisory partnerships. The 2017-2020 strategic plan will leverage these efforts and build upon that foundation moving forward.”

Appendix E

CCIR Releases Travel Health Insurance Products Position Paper

On May 31/17, CCIR released its Travel Health Insurance Products Position Paper, along with a related Media Release. The Position Paper sets out the Council's final recommendations with respect to the reforms it expects the industry to make to the travel health insurance market to achieve the goal of enhancing consumer protection and increasing confidence in travel health insurance products.

"While the CCIR believes Canada has a strong and competitive travel health insurance marketplace, it also believes there are opportunities for improvements to be made," the CCIR Media Release stated.

The Position Paper recommends

- the development of common standardized definitions and terminology;
- improvements to the application, screening and claims process;
- simplifying and improving disclosure documents;
- ensuring adequate controls and oversight mechanisms are in place throughout the product lifecycle; and
- improved training and information for sales forces.

"We have heard the concerns of the public and the insurance brokerage community and with this clear, nationally agreed way forward, we are reinforcing the pre-eminent goal of consumer confidence in their insurance protection when they travel," said CCIR chair Patrick Déry. "It is our belief that these measures will go a long way towards meeting consumer expectations wherever Canadians live in the country."

CCIR says it will monitor the industry's implementation of the recommendations to ensure they are adopted in a timely manner. "CCIR members remain determined to see that the changes make a difference for all Canadians."