Summary of CAFII's Meetings with the FCAC and the Federal Department of Finance in Ottawa on March 17, 2025.

On March 17, 2025, CAFII's Executive Director, Keith Martin, CAFII's Research Analyst, Robyn Jennings, and a delegation of volunteers from several CAFII member organizations went to Ottawa to meet with the Financial Consumer Agency of Canada (FCAC) and the Federal Department of Finance respectively. The meetings, which occurred over the course of the day, were both successful, generating excellent discussion from both regulatory bodies. Below is a summary of the day.

Summary of Meeting with the Financial Consumer Agency of Canada (FCAC)

The CAFII team, including volunteers, met at 9:15 a.m., prior to the meetings, to prepare for the day. In addition to the CAFII team, the following individuals were in attendance on behalf of the Association:

- Karyn Kasperski, RBC – *EOC Chair*
- John Burns, Securian Canada – *EOC Vice-Chair*
- Rob Dobbins, Assurant Canada
- Andrea Stuska, TD Canada
- Michelle Costello, CUMIS/Co-Operators

In attendance from the FCAC were:

- Shereen Miller – *Commissioner of the FCAC*
- Frank LoFranco – *Deputy Commissioner of the FCAC*
- Anne Gorman – *Chief of Staff at the FCAC*
- Eric Dagenais – *Title not clear; formerly Senior Executive at Innovation, Science, and Economic Development Canada (ISED)*
- David Weir - *Policy Subject Matter Expert*
- Stephanie Duhaime - *Director, Program and Policy Innovation*

The meeting began at 10 a.m. with introductions. Shereen Miller expressed the importance of meetings like this, particularly due to the insurance industry's ever-changing nature. She said that the FCAC is about to take on a more activist/advocate role as a regulator; a significant portion of her career has been focused on advocacy work. Two of her core values are the fair treatment of customers (FTC) and consumer protection. Therefore, consumer advocacy will only continue to grow within the FCAC.

S. Miller explained that since the FCAC now has an open banking mandate, one of the first things she did as Commissioner was to conduct a focus test on Canadians' knowledge of open banking; the findings indicated that Canadians knew very little about it. Therefore, increasing awareness and knowledge of open banking will likely be an uphill battle in terms of educating the public on its benefits. She reiterated that her primary focus is on consumer protection and education; it is simply good business practice to protect the people you serve. S. Miller commented that to have a strong depth of research, industry cooperation and collaboration are needed. Meetings like the current one encapsulate this. She concluded by remarking that, for her, the goal of the day is to learn from CAFII.

K. Martin agreed, adding that CAFII is philosophically aligned with all that S. Miller said. Collaboration makes us all better, which is another reason CAFII wanted to meet with the FCAC. With that, K. Martin dove into his presentation. He explained what CPI is, how it's sold, how it works, and why it's valuable. He explained that CAFII conducts yearly research projects, which the Association views as a kind of financial literacy tool. He mentioned the Deloitte research and the upcoming April webinar, which he invited the FCAC to attend.

At this point, S. Miller asked, of the percentage of Canadians that own CPI, how many actually end up using it versus not. K. Martin did not have the number for that specific question, however, CAFII did do claims reviews that found that 95% of claims are paid out.

K. Martin began talking about at-risk Canadians and insurance. S. Miller asked K. Martin to define at-risk and explain how it comes into play. He explained that it means those who have less than 7-10 years of their salary saved but have credit (debt) and dependents. Nearly 40% of Canadians would not meet these qualifications, meaning they do not have adequate insurance to pay off their debts while supporting their dependents should they pass away, suffer a critical illness or disability, or lose their job. CPI comes into play because it can help mitigate the risk of debt, particularly mortgage, should the primary earner suffer one of these life events.

Continuing on the topic of debt, there are significant levels of debt among Canadians. L&H insurance is important because unforeseen events can happen at any time to anyone. At this point, Eric Dagenais commented that if someone loses employment, the bank will work with them to delay payments because the bank doesn't want to foreclose on a mortgage. How is CPI different than this, and what additional protection does it provide compared to what the bank will do? K. Martin explained that with CPI, the policy would automatically kick in if a life event occurred as per the policy's stipulations.

As the presentation continued, K. Martin stressed the importance of FTC. He discussed the claims process, which is an area that CAFII's members are always trying to improve. Customers have complained that claims take too long and require too much paperwork, particularly doctor's notes. AI could potentially help with this. S. Miller expressed some hesitancy around AI. She remarked how important it is to work with people since AI can be frustrating and unhelpful. CAFII agreed and elaborated that AI should be viewed as a tool rather than a replacement for human interaction.

At this point in the presentation, CAFII brought up complaints handling. K. Martin explained that all CAFII's members adhere to the FCAC's Financial Consumer Protection Framework and that the Fair Treatment of Customers (FTC) is a key priority. S. Miller commented that it is difficult to find consistency when it comes to defining terms like FTC. It is also hard to then ensure that all interpretations of these terms and subsequent claims resolutions are aligned. She noted that while the FCAC previously engaged with the Canadian Council of Insurance Regulators (CCIR), it has not done so recently. She said that though she would consider doing so again, it's difficult because it will be, essentially, data sharing without MOUs because those require cabinet approval.

While S. Miller did not explicitly use the word "harmonized," that was her point; the FCAC is aligned with promoting harmonization.

S. Miller explained that the FCAC does not handle complaints but rather focuses on complaints reporting; it looks at how *others* are handling and resolving complaints.

E. Dagenais asked, hypothetically, if someone was going into the bank with the aim to purchase insurance coverage, is the bank employee allowed to compare CPI to term life? K. Martin explained that, no, bank representatives are not licensed life insurance agents, and they cannot offer advice or produce a needs analysis. Instead, the bank employee can let the customer know that the insurance is available and can share relevant documents so the individual can investigate on their own. E. Dagenais asked, then, how does CPI versus term life compare in terms of premiums? CAFII's EOC Chair, Karyn Kasperski, responded that credit insurance is a group policy, whereas term life is priced with individual demographics. Group rates are often banded, which means one rate is paid out over the entire coverage period, whereas the term life rate changes every 5, 10, or 15 years, depending on the policy agreement. In that respect, they are not directly comparable products.

Near the end of the presentation, S. Miller asked if CAFII does any direct-to-consumer literacy work. K. Martin replied that, currently, CAFII does not, but it is something the Association could look into. She expressed that she doesn't like financial literacy as a term and prefers financial well-being and resiliency. She added that she believes that organizations have an obligation to properly inform their customers about their products. Thus, while she can acknowledge how research is great for sales, it needs to be used to help inform consumers. She concluded by suggesting that CAFII should consider participating in the FCAC's financial literacy strategy. EOC Member Andrea Stuska commented that perhaps there is a way for CAFII to leverage its partnerships to increase awareness, thereby increasing resilience.

FCAC's Frank Lofranco added that, across all products and services, financial knowledge is asymmetrical – institutions have significantly more knowledge than the consumers who need it. He explained organizations need to not only educate their consumers but do so in a timely manner so customers can make informed decisions. K. Kasperski asked F. Lofranco about this claim that FIs know their products and services more than their clients. She asked how the research was conducted, and whether it is publicly available. He explained that, internally, there has been a lot of conversation around this and that some research has been done on the topic. While he claimed that much has been published on the subject, he said that he would need to check and find the publications.

E. Dagenais asked if there were any efforts to eliminate inter-provincial trade barriers. K. Martin explained that this is an ongoing process. He added that he feels provincial regulators would say it is difficult because of the various legislative requirements that differ across the provinces. CAFII is facing this issue with the Insurance Council of British Columbia, which has proposed an unharmonized approach to training accreditation and corporate licenses versus individual licensing. K. Martin remarked that he is hopeful that some of the conversations he has been having with the Insurance Council are making an impact.

CCIR has had success with FTC across provinces where regulators are working together to achieve commonality. This has been a huge effort from both industry and regulators. Therefore, this kind of collaboration can work and has worked. This is not to say the provinces have never tried; they just have their specific challenges. An example was how BC ended up using OSFI's form for incident reporting after much discussion occurred when they proposed having their own form.

At the end of the presentation, K. Martin discussed having a webinar with the FCAC in the Spring, to which S. Miller replied that they would be interested.

Before leaving, S. Miller made a few final remarks. She stated that when it is boiled down to FTC, there is so much commonality. This is why collaboration is so important. She mentioned the social policy coming out of Quebec, which tends to be very strong and feels that when a province comes out with a strong sensible policy, the other provinces should try to align. She feels a lot of legislative reforms may occur over the coming years. S. Miller also commented on the importance of keeping consumers informed because there is a huge amount of information available yet unknown. This is why FIs should use plain and impactful language and engage in efforts like journey mapping to capture relevance.

At the end of the meeting, there was some mingling and informal discussion.

After the meeting with the FCAC, the CAFII team went for lunch. The team then headed to the Federal Department of Finance's offices for the next meeting of the day.

Summary of Meeting with the Federal Department of Finance

In attendance, both in person and virtually, from the Federal Department of Finance were:

- Mark Radley – *Director, Consumer Affairs(in-person)*
- Judith Hamel – *Director General, Finance Services Division, Finance Sector Policy Branch*
- Anne Loosen – *Senior Project Leader and Economist (in-person)*
- Michael Chan – Senior *Advisor*
- Nathalie Chevassu – *Economist*

Due to extenuating circumstances, the otherwise 90-minute meeting had to be cut short (60 minutes instead). It is worth noting that Prime Minister Mark Carney had just announced a new cabinet on March 14, 2025, and a new Minister of Finance (François-Philippe Champagne) had just been announced, which might have prompted the need to shorten the meeting.

The meeting began with round-table introductions, after which CAFII's Executive Director, Keith Martin, started his presentation. Unlike the meeting with the FCAC, there were very few questions during K. Martin's presentation. Once he concluded, K. Martin opened the floor for comments and questions. Mark Radley commented that consumer-driven banking is a big priority for the financial sector's team and that they are currently working on the next steps.

CAFII's EOC Chair, Karyn Kasperski, mentioned the Federal Department's decision not to include insurance in the criminal rate of interest. She thanked them for this decision and for being so willing to work with CAFII on the issue. M. Radley remarked that the Department has not seen or heard of any issues from consumer groups regarding the criminal rates of interest and credit products. Therefore, it didn't seem necessary or sensical to include them.

M. Radley explained to CAFII that, while it is a transitional time at the Department, there is still a large focus on FTC and the improvement of consumer experiences. K. Kasperski brought up the growing importance of collaboration and asked if the Department foresees any lessening of interprovincial trade barriers. She asked what, if anything, this industry can do to facilitate this. Harmonization was brought up as a starting point to facilitate this. K. Kasperski suggested thinking of removing trade barriers as a form of harmonization.

Judith Hamel mentioned that there is momentum within the Department to collaborate cross-provincially.

M. Radley asked, generally, in terms of consumer education and showcasing the value of credit protection products, what can FIs do before the point of sale? K. Martin explained that FIs can do very little. While there are tools available to consumers to facilitate research on these products, under the current regulatory framework, there is little that can be done in terms of advice or needs analysis. The banks can show the clients where to access this information, but given the restrictions, that is all they can do. They cannot compare term life to CPI, for example. M. Radley then asked if it is only at the point of sale that CPI can be purchased. The CAFII team explained that clients can buy CPI even after they have purchased a mortgage. Where it gets complicated, however, is in maintaining a degree of conversation with the client that facilitates the purchase because, usually, if a client does not buy at the time of purchase, they will not come back for it.

The Department asked if customers could insure their mortgage from a third party, to which CAFII explained that they could not. If someone gets a mortgage from TD, they cannot then go to RBC to insure that mortgage.

Michael Chan asked about CPI's payout and the reasons for someone being denied a claim. K. Martin explained suicide is one reason (after a certain period of time), however, M.A.I.D. is not included as suicide. The other major reason for claims denial is a false answer to anunderwriting questions. However, with a 95% mortgage life claims payout, K. Martin said that the great majority of claims are paid.

As the meeting concluded, Anne Loosen asked if CAFII could send her the presentation.