

## **CAFII Summary Notes**

### **Presentation of Regulatory and Policy-Maker Deck to the AMF**

**Quebec City, 28 September, 2023**

## **Background**

CAFII has been presenting key messages along with the highlights of commissioned research to regulators and policy-makers across Canada. This is a key element of CAFII's strategic plan, which mandates that CAFII should be meeting with regulators and policy-makers in their own jurisdictions no less than once every 18 months—something we have not done for nearly four years due to the pandemic. To catch up, CAFII is intending to go to all the provinces in 2023 to meet with regulators and policy-makers. In May and June a CAFII delegation met with 7 regulators and policy-makers in British Columbia, Alberta, Saskatchewan, and Manitoba. In September a CAFII delegation met with authorities in PEI and New Brunswick, and in October a CAFII delegation will hold meeting with regulators and policy-makers in Nova Scotia and Newfoundland.

The development of a detailed presentation on CAFII's key messages, priorities, and research findings offered an opportunity to make a similar presentation to the AMF. CAFII reached out to the AMF to make such an offer, and the AMF agreed to a 90-minute meeting, and suggested it be held in Quebec City at their Head Office, and that the presentation be made in French.

## **Attendees**

In attendance in person from the AMF:

- Mario Beaudoin, directeur des pratiques de distribution alternatives (DPDAA);
- Christian Beaulieu, Directeur principal des opérations d'encadrement de la distribution;
- Charlene Boucher, Analyste à l'encadrement de la distribution;
- Julie Dallaire, analyste sous la DPDAA;
- Marie-Eve Bouffard, coordonnatrice experte en surveillance à la DSPC;
- Véronique Martel, coordonnatrice experte en surveillance à la DSPC.

In attendance virtually from the AMF:

- Mélissa Perreault, directrice des pratiques de distr. et des OAR;
- Karim Trad, coordonnateur expert à la direction de l'encadrement prudentiel et des simulations.

In attendance in person from CAFII :

- Deliska Beauregard, Chef des affaires juridiques et Secrétaire Générale, Securian Canada;
- Jonathan Poulin, Conseiller sénior, Affaires juridiques et conformité, BNC;
- Pierre-Olivier Cyr, Directeur Tarification et Évolution des produits, Assurance des particuliers, Desjardins;
- Katia Umutoniwase, Directrice des opérations de vente et de l'activation numérique, Manuvie;
- Keith Martin, co Directeur-général, CAFII.

In attendance virtually from CAFII:

- Jason Beauchamp, Canada Life;
- Jackie Kasongo, CIBC;
- Élyse Lemay, Canada Life;
- Nadine Roy, Assurant Canada;
- Martine Romain, CIBC;

## CAFII PRESENTATION TO THE AMF ON 28 SEPTEMBER 2023

- Suzie Blanchard, Manulife;
- Robyn Jennings, CAFII.

### **Engagement with the AMF**

CAFII made a formal presentation to the AMF during the session, a summary of which can be found in Appendix A to this update. If you wish to receive an English or a French version of the presentation, please let Keith Martin know [keith.martin@cafii.com](mailto:keith.martin@cafii.com)

The AMF appeared engaged and interested in the presentation, with lots of nodding and positive body language, as well as asking a number of questions. On the issue of consumers expecting both an excellent digital experience while also wanting to be able to communicate in person, CAFII's delegation said that this was consistent with the experience in their own businesses. On the issue of documentation being understood, several members of the CAFII delegation spoke about the balance between clear language, which is a priority, and the legal requirement to ensure that the details of the insurance contract are laid out for the protection of consumers as well as the company offering the insurance.

Mario Beaudoin asked what percentage of mortgages are insured by CPI, and Keith Martin said that while CAFII did not track that number, he had heard that roughly 36% are, a figure one of the CAFII delegation members said sounded accurate. On the subject of CAFII's efforts around diversity, inclusion, and equity, the AMF requested that any research studies that CAFII knows about on this subject be shared with the AMF, if possible, and Keith Martin said he would follow up on this. Christian Beaulieu, who is Mario Beaudoin's boss, asked about the work we had done regarding the increase in complaints around claims, and specifically whether we were planning on doing more studies on this, and if so if they could be shared with the AMF. Keith Martin said that CAFII would get consumer feedback at some point again and we would share those results with the AMF, but that there is also work being done by our individual members on their own performance around complaints, and that work is internal to the organizations in question. Mr. Beaulieu said that that made perfect sense to him.

After the meeting, there was a separate session with Mario Beaudoin, Christian Beaulieu, Louise Gauthier, and Éric Jacob from the AMF; and Keith Martin and Brendan Wycks from CAFII, to discuss plans for the upcoming 10 October, 2023 liaison lunch and industry dialogue session with the AMF in Montreal. Éric Jacob said he was looking forward to the meeting, but he was extremely busy and could only stay on the call for a few minutes. He did say before leaving that while new AMF CEO Yves Ouellet could not come to the 10 October meeting, he was interested in meeting with CAFII and the AMF would work with us to find an opportunity to arrange for such a meeting. Louise Gauthier was asked about the AMF's views around holding the 10 October meeting in English given the new Charter of the French Language and its mandate that business communication in Quebec should be in French only, and she said that she thought that we needed to be sensitive to that but that in principle the meeting could be held in English. She did suggest that we try to work some French into some of our comments.

Mario Beaudoin said that the AMF presentation at the 10 October meeting would be an update on the statistics that the AMF had gathered around claims denial rates, and he said he would be providing an aggregated perspective of the numbers. He said that the numbers should not be surprising to CAFII as they are consistent with what has been shared in the past. CAFII indicated a desire to have further conversations with the AMF about how to interpret these numbers, and at first Mario Beaudoin seemed

## CAFII PRESENTATION TO THE AMF ON 28 SEPTEMBER 2023

reticent, but he eventually said he would explore such a meeting with us. He said that to get further precision around the numbers would also have the potential to be more cumbersome for the industry, as to do this he would likely need to ask for more metrics, for example by moving from collecting information for 10 numbers to 30 numbers.

Mario Beaudoin and Charlène Boucher accompanied Keith Martin and Deliska Beauregard, who was supplied with an office until we left, to the elevator banks. He was very friendly and relaxed, and thanked us for coming to Quebec City for the presentation; and he said he looked forward to seeing us soon in Montreal for our liaison meeting.

## Appendix A

### Summary of the Presentation Made to the AMF

CAFII's presentation focused on education about CAFII and the industry; key priorities for our Association; and the findings from the 2022 Pollara research on the attitudes of holders of credit protection insurance towards CPI. CAFII's recently expanded, current membership was highlighted, and there was a review of the improvements that have been made to the Association's website, which is a source of consumer-oriented financial literacy information.

The point was made that there had been a tremendous level of regulatory activity in the past year and a half, as regulators caught up on initiatives after a pause due to the COVID-19 pandemic. CAFII's commitment to regulator and policy-maker relationship building was emphasized, including the importance of these sorts of in-person meetings. CAFII deals with 31 different regulator/policy-maker/ombudservice bodies across Canada on behalf of its members, and the complexity of the regulatory environment makes harmonization critical to the industry. There was discussion of the difference between harmonization versus alignment. It was also noted that CAFII understood the unique features of Quebec including French as the official language and a civil law system, and that this would result in some different approaches to harmonization in Quebec. CAFII's commitment to regulators having rule-making authority was noted.

There was a review of some of the key points made by the guest speakers at CAFII Reception events in recent months, and an update on the Association's many webinars. There was a review of technology and digitization changes taking place in the insurance marketplace, including artificial intelligence (AI) deployment, and how these could impact upon the industry and regulators.

CAFII noted that according to LIMRA research, a significant proportion of Canadians is underinsured or uninsured, and that it was important to not restrict Canadians' access to life and health insurance products including credit protection insurance.

CAFII emphasized its members' commitment to the fair treatment of customers, and reviewed how CAFII members plan for, execute on, and monitor activity with respect to proper sales practices not only through employee training, but also by embedding fair treatment of customers-based sales practices in processes and in technology mechanisms.

There was reference made to CAFII's commitment to fostering and supporting diversity, equity and inclusion (DEI). This seemed to be an area the AMF was exploring itself, and the AMF asked if we could share any external research we have access to with them.

It was noted that Brendan Wycks would be retiring at the end of 2023, and that two new hires reporting into Keith Martin had recently been hired.

CAFII PRESENTATION TO THE AMF ON 28 SEPTEMBER 2023

The 2022 Pollara research results were then summarized, with the following being the key highlights:

*Canadians with CPI indicate that they are highly satisfied with the products and do not know what they would do without them if an unforeseen life and health insurable event were to occur. It was noted that 69% of CPI holders believe that the products are affordable and 66% believe that they provide good value for the money. According to Pollara, those two data points actually are very good results, as people always feel that the products they purchase are too expensive.*

*CPI holders are confident that they understand what would happen if they make a claim, and 77% held the view that a claim would be paid as expected.*

*More than half of CPI holders had sought information from sources other than the firm from which they had obtained the insurance.*

*On digitization, it was noted that the research results were a bit contradictory, with consumers wanting digital options but also wanting the ability to meet representatives in-person. The key take-away is that a hybrid model will be required going forward.*

*Consumer comprehension of CPI documentation is good but not great, with 65% saying that they found the documents easy to understand; and this will be a continued area of investment and focus for CAFII and its members going forward.*

*The Pollara consumer survey respondents reported that more than 8 in 10 processed CPI claims were paid, and 95% of mortgage life insurance claims were paid out.*

*While 8 in 10 CPI holder claimants were satisfied with the claims experience, complaints about claims went up in 2022 (33%) relative to 2018 (25%); and satisfaction with how the complaints were handled dropped from 85% to 62%. Context for these findings was provided, including the temporary drop in service levels during the pandemic, the increased tendency of people to complain and their increased levels of stress and frustration overall, and the greater ease today, relative to pre-pandemic, to be able to file a complaint. It was noted that while complaints have increased, claims payout levels remained the same. Nevertheless, the fundamental point made was that CAFII and its members are committed to understanding and responding to these findings, and to always seeking to improve the customer experience.*