

*Agenda Item 4(d)
 December 6/22 Board Meeting*

CCIR Stakeholder Meeting – CAFII

Date: November 4, 2022 | 1:00 – 1:40 pm

AGENDA

**Location: Zoom Join Zoom Meeting
<https://us06web.zoom.us/j/87183587129>**

**Meeting ID: 871 8358 7129
 Passcode: 158574**

	Item	Lead	Time
Stakeholder Meeting – CAFII Attendees: Brendan Wycks and Keith Martin			
1.	Welcome and Introductions	Robert Bradley, Chair CCIR and Laurie Balfour, Chair of the Strategic Planning Committee	1: 00 – 1:05
2.	Presentation from CAFII Questions	CAFII	1:05 – 1:35
3.	Next Steps and Thanks	Laurie Balfour and Robert Bradley	1:35 - 1:40

CAFII Preliminary Feedback Comments on CCIR Draft 2023-2026 Strategic Plan
For Delivery In Virtual Stakeholder Session On Friday, November 4/22, 1:00 to 2:00 p.m. EDT

Peter Thompson, Chair, CAFII

- My name is Peter Thompson and I'm Chair of the CAFII Board of Directors. In my day job, I'm *President of National Bank Insurance*.
- On behalf of our 15 Member companies, our Board, our Executive Operations Committee, and our Co-Executive Directors Keith Martin and Brendan Wycks, I want to extend our thanks and appreciation to CCIR for recognizing our CAFII as an important and responsive industry stakeholder; and thereby including us among the select group of stakeholders whom you've invited to provide early, verbal feedback on your Draft 2023 to 2026 Strategic Plan, via a virtual session with the Council today. Our Association will also be making a formal written submission by your 30 November, 2022 deadline.
- At CAFII, we strongly believe that regular, transparent, and candid communication between insurance regulators and policy-makers—including vitally important national co-ordinating bodies such as the CCIR—and industry stakeholders such as CAFII leads to better regulatory and Fair Treatment of Customers outcomes. That's why we value so greatly a communication forum such as this meeting. Ours is an important reciprocal relationship, so let's keep making it a priority; and let's make it of even stronger mutual benefit as we go forward.
- So thank you for the opportunity to offer some of CAFII's preliminary thoughts on your Draft 2023-2026 Strategic Plan today. I will now turn it over to Keith and Brendan to share with you our particular feedback points.

Keith Martin, Co-Executive Director, CAFII

- Thank you for the opportunity to offer comments today. I will focus on some broad themes, and Brendan will offer some specific comments.
- CAFII commends CCIR for embarking on this process of consulting on your strategic plan, but also on developing such a plan, as you have done in the past. By defining broad strategic objectives, you are laying a foundation for success and giving yourselves milestones and targets to measure yourself against.
- We are largely supportive of the approach you have taken and of your priorities. However, there are issues of emphasis that we would like to share with you for your consideration.
- For industry, one of the most important objectives of a national coordination body like CCIR is harmonization. We would encourage CCIR to more explicitly identify harmonization as a key objective. One or two examples—FSRA using CCIR FTC Guidance –BC Security Reporting definitions based on CCIR.

- More specifically, we note that some provincial jurisdictions have adopted the CCIR fair treatment of customers Guideline as their own, while others build upon the CCIR Guideline but add their own wording. Also different schedules for guidelines to be released. Too much local priorities. We are very concerned that this latter approach undermines the effectiveness of these regulatory objectives by focusing attention on “exception management” as opposed to seeing energy focused on meeting the FTC objectives we all share. Harmonization includes common language, schedules, and approach across all the businesses. Harmonization is about customer centricity and is fundamental to the best client experience.
- Similarly, some jurisdictions want to expand the existing CCIR FTC Guideline, but intend to do so by adding sections to their own guidance. We encourage CCIR to work with provincial regulators to develop such enhancements principally through the CCIR. Avoiding a patchwork of different guidance documents is ultimately in the interest of what regulators throughout the provinces are seeking to achieve.
- We also encourage CCIR to develop its resources so as to allow it to enhance its coordination capabilities. By way of example, as regulators return to priorities they may have had to pause temporarily due to the pandemic, we have seen an unprecedented level of regulatory activity and consultations in the past fifteen months. If possible, coordination among provincial and Territorial regulators would allow for an approach that allows consultations to be spread out; or at minimum, if regulators are aware of each others’ activities, they may be in a better position to determine the best timeline for consultations.
- Finally, we wanted to suggest for your consideration that much was learned during the pandemic, including how industry and government were able to move to an at-home work environment and rapidly provide stakeholders and consumers with digital means of communication. We would consider it valuable for the CCIR to have a working group with industry to review the pandemic learnings—including what went well, what could have been done better, and what we can do together to prepare for the next unforeseen event such that it can build on our learnings of the past few years so as to ensure the best, least disruptive impact on consumers and consumer protections. Great idea.
- Should also focus on future of digital—possibly via a joint CCIR/industry working group.
- Leverage ASMC more fully to address CCIR members’ information needs as opposed to individual asks.
- Burden reduction.

Brendan Wycks, CAFII Co-Executive Director

- We support CCIR's priorities. In particular, alignment with international standards developed by the International Association of Insurance Supervisors (IAIS) is an important objective and one we support entirely. However, in the process of ensuring alignment with the IAIS' Insurance Core Principles (ICPs), we implore CCIR to always ensure that you interpret and apply those ICPs in a manner that is suitable for the Canadian insurance marketplace and business environment; and not just pursue a wholesale, "as is" adoption of the Principles.
- CAFII extends a kudo and commendation to CCIR for the Council's stated intention on page 4 of the new Strategic Plan to "establish an annual Operational Plan to communicate planned initiatives and activities while also providing the capacity to respond to emerging risks and member/stakeholder priorities and feedback during the Strategic Plan period." We see that as a critically important new development and commitment within the Strategic Plan; and our Association looks forward to being a part of the planned communications arising from annual Operational Plans.
- CAFII acknowledges that CCIR's work, with CISRO, on Segregated Funds is an important and beneficial priority. However, Segregated funds are out-of-scope for our Association, because they are not among the discrete, particular set of insurance products that bring our Members together in common cause within CAFII – so we do not deal with matters related to segregated funds.
- We also support the priority around Demonstrate Regulatory Efficiency and Effectiveness Through Cooperative Supervision. However, we note that this is a priority that we believe could benefit from greater emphasis on harmonization and coordination across the Council's members.
- We wholeheartedly agree with the priority around Strengthening Regulatory Outcomes Through Collaboration and Stakeholder Engagement, but we encourage CCIR to explicitly call out the importance of working not only with other financial services sector regulatory bodies, but also the industry Associations that represent regulated entities in the various sub-sectors such as CAFII, CLHIA, and THIA, as we part of the stakeholder universe with which CCIR engages.
- Climate change and natural catastrophes—CAFII would be pleased to co-operate and participate assist in the life and health insurance aspects of this important CCIR consumer communication and awareness initiative.
- On the issue of your standing committees, we feel you have a solid group of such committees on key issues, but would encourage language that clarifies that over the course of the three year strategic plan, new Committees may be created to respond to emerging issues. As we have all learned again, the future is unpredictable, three years is a long time, and there may need to be issues addressed over that time span that are not on anyone's radar right now.

- OSFI—encourage you to get FCAC at the table as well.
- Please clarify whether OSFI is a signatory to the MOU. Emphasize more transparency around what they are working on and what their priorities are.
- Innovation is an appropriate Committee for CCIR, but we think that a related but separate topic for your consideration is more broadly the role of technology in enhancing regulators' capabilities. We note RegTech developments, as well as the relentless push for digital capabilities. These issues will challenge all organizations and we think it may be worthwhile for this to be a formal area of Committee work for CCIR. This is in line with your own astute recognition of these issues under "key issues and emerging trends" where your document speaks to "technological advancement and innovation."
- Technology as a risk—is this really a sales issue? Ask them why they see this as a risk. Don't propose word changes.
- The Conduct and Culture priority might benefit from a specific reference to incorporating fair treatment of customers into business culture, and discussions with industry on how to measure fair treatment of customers. FTC is one of the major areas of discussion between industry and regulators, including CCIR, and we observe that the new Strategic Plan, in our view, does not reflect fully the importance it plays and will continue to play in our discussions. Culture is critical and we would like CCIR to emphasize what culture it wants and what it seeks.
- A critically important role for regulators is to promote consumer confidence in the regulated industries and sectors, so we encourage CCIR to turn its mind to reporting good news coming out of its data gathering and supervision initiatives, not just bad news. The vast majority of the insurance products being offered in Canada's life and health insurance marketplace are working well and significant benefits and protection to consumers.