

Agenda Item 5.1
April 7, 2015 Board Meeting

Regulator Meeting Notes
Confidential: Not For Distribution

Regulator:	Harry James, Chair, CCIR Working Group On Travel Insurance
Date:	March 24, 2015 (during first 1.5 hours of CAFII EOC Meeting)
Purpose:	Provide feedback on preliminary draft of CCIR's "Industry Survey – Data Request Regarding Travel Insurance"
EOC Attendees:	Greg Grant, CIBC Insurance; Rose Beckford, ScotiaLife Financial; Charles Blaquiere, Canadian Premier Life Insurance (by phone, for part); Emily Brown, BMO Insurance; Andre Duval, Desjardins Financial Security; Eleanore Fang, TD Insurance (by phone); Moira Gill, TD Insurance; Sue Manson, CIBC Insurance (by phone); Rosemary Pulla, BMO Insurance; Maria Sanchez-Chung, TD Insurance; Jodi Skeates, CUMIS (by phone); Brendan Wycks, Executive Director
Visitor Attendees:	Isabelle Forget, RBC Insurance (by phone); Brigitte Gougeon, TD Insurance; John Thain, Assurant Solutions (current Past-President of Travel Health Insurance Association)

Executive Summary

The purpose of this meeting – requested by Harry James, Chair of CCIR's Working Group On Travel Insurance - was to discuss the Working Group's draft survey of Canadian travel health insurance underwriters and the challenges that there might be in obtaining the requested information, so that the survey can be fashioned into an efficient and effective data gathering instrument for both regulators and the industry.

CAFII EOC members provided comments and suggestions, with the two key points of feedback being

- getting travel insurance-related consumer complaint data from OLHI, GIO, and the FCAC, as a first step, would be helpful to CCIR in narrowing the focus of the survey; and
- as currently drafted, the survey will be a massive job for insurer respondents, simply to gather and collate the data. It's larger than any regulator survey the industry has encountered before, and it will take months for many insurers to be able to respond.

Concluding Comments by Harry James: based on the feedback received in this meeting, it's clear that a fundamental discussion needs to occur at the CCIR meeting on Thursday, March 26, including on what steps need to be taken to help refine and better align the objectives before the survey is disseminated. If the Working Group is going to take some other steps first, then that will impact the timing of the survey. After listening to your feedback, my sense is that we're going to have to moderate our timetable and rethink our approach somewhat, so the plan to get the survey out to insurers in April may have to be pushed back. And I'll probably want to come back to the industry Associations with another iteration of the survey before it is sent out to the insurers.

Next Steps: CAFII to get back to Harry James with specific, written feedback on the draft survey.

Opening Statement By Harry James

The Terms of Reference for the CCIR Working Group on Travel Insurance were approved in the Council's winter conference call. And in the CCIR meeting coming up on Thursday, March 26, one of the key agenda items is to go over the draft survey, which I've shared with you on a confidential basis, and get it approved.

The purpose of this meeting is to discuss the survey. The survey is to be completed by travel health underwriters, which applies only to a handful of CAFII members. But because the member FIs are all distributors of travel health insurance, you'll probably be called upon to provide information to help your underwriter respond to the survey. It's important for us as regulators to have comfort that underwriters will have ready access to the data we're requesting.

The mandate of the Working Group is to focus on travel health insurance, and also the portion of trip cancellation coverage that is due to health reasons.

There was a recent case that came to BC FICOM that related to a denial of claim for trip cancellation due to health reasons, and it ended up in the Minister's Office. As the media stories about denied travel insurance claims continue to come through, there is an increasing risk that a government somewhere in the country may decide to take unilateral action. So we want to work with the industry to find effective, lasting solutions to problems that, in our view, boil down to an erosion in consumer confidence about travel health coverage.

In taking a risk- and principles-based approach to regulatory activity, we want to focus our resources on the areas of primary concern. We need the data from this survey to know where to focus attention.

This survey will be a fairly deep dive. We recognize that the survey and the whole travel insurance review will be burdensome for the industry, but it's necessary. Through the survey, we hope to identify target areas right away in order to minimize the burden as much as possible.

We fully recognize that there are other elements under the travel insurance umbrella that require attention and improvement – such as consumer education – but we're initially focusing on the hypothesis that deep-seated issues with the product have caused a major waning in consumer confidence.

So we'll start with the insurer survey, which will help validate/confirm the hypothesis of low consumer confidence.

The survey will not be issued by CCIR itself but rather by one of the provincial regulators that has self-evaluative privilege.

Questions/Feedback On Draft Survey; And Responses (Where Provided)

Question/Feedback: The survey doesn't seem to ask any questions that will get at data about how people buy travel insurance and whether or not they have confidence in the coverage they've purchased.

Response: CCIR recently put out a Media Release inviting consumers to submit information on their experiences with travel insurance; and the purpose of that was to collect more anecdotal information. In addition to the survey, we'll be contacting the various Ombuds services – OLHI, GIO, FCAC, BC Consumer Protection Agency, etc. – with the goal of getting data regarding consumer experiences with travel health insurance.

It is possible that the vast majority of purchasers are satisfied with their coverage, in part because they haven't had to make a claim. But this is about more than denials. It's more about the misunderstandings; and it's very possible that enhancing consumer education is a critical component of the solution. But when there are licensed agents who aren't confident in selling the product because they themselves aren't confident their clients will be covered, there is cause for concern. Still, as regulators, we don't want to remove products from the market or narrow consumer choice.

At this time, we aren't planning on conducting a consumer survey. But we may be open to doing a survey of consumers at a subsequent stage. We aren't seeing a lot of issues in any particular distribution channel, so we'd rather focus on areas that are more problematic.

Question/Feedback: Would getting the data from OLHI, GIO, and the FCAC first not be helpful to CCIR in narrowing the focus of the survey?

Response: That's a useful suggestion. Changing the sequence of events may be a better way to start.

Question/Feedback: This survey will be one massive job for insurer respondents, simply to gather and collate the data. It's larger than any regulator survey the industry has encountered before, and it will take months for many insurers to be able to respond. **(No direct response provided by Harry.)**

Question/Feedback: With respect to the medical portion of trip cancellation/interruption insurance, the elements of this coverage are sold as an aggregated package for which a single, integrated premium is collected. It will be difficult to disaggregate this coverage and provide information solely for the medical/health portion.

Response: Okay, it's good for us to be aware of that constraint.

Question/Feedback: Can you clarify what you're referring to in the questions that relate to "Agreements"?

Response: In the CCIR's guidelines paper on MGA relationships, there was a substantive section that talked about the need for insurers to have robust relationships with outsourced providers, as well as a monitoring and audit process. We are looking for information from those sorts of Agreements. An issue that we as regulators have had in the past in this area is related to unlicensed parties and the roles that they're performing. It was clear that these parties were adjusting claims but yet they weren't assigned those responsibilities under the Agreement, so that is something that is of concern.

Question/Feedback: Some companies have Agreements that are hundreds of pages long and it would be onerous for regulators to have to sift through it all. Is there a plan for dealing with that?

Response: We aren't interested in the business side of the Agreements. Of the hundreds of pages, much of it is probably related to financial terms, which is not our focus. We're interested in the Roles and Responsibilities, and Oversight. We're also open to receiving representative samples of standardized Agreements.

Question/Feedback: Perhaps the survey should be broken up into smaller segments and sequential chunks.

Response: We're open to that as a suggestion if it helps to reduce the burden and produce a more optimal outcome for both the industry and us as regulators. The Working Group is intuitively expecting that we may need to focus on an older age demographic, perhaps 55 and older, and whether they are medically scored or not, so perhaps that is one segment that we might end up dealing with on its own.

Question/Feedback: CAFII members have a lot of internal expertise in research and data analysis of this sort, so if you can take the time to take a methodical approach, we can help you focus your research objectives.

(No direct response provided by Harry.)

Question/Feedback: Have you given some thought to perhaps using third party professional expertise, particularly to assist in the questionnaire design and data analysis phases of the survey?

And we encourage you to use a survey software that will allow respondents to attach documents and provide explanations in their responses, versus just being able to choose from answer option responses.

Response: We have given some thought to perhaps using a professional survey research firm or an independent actuarial firm, but we're not there yet. We don't want to engage one until there is more certainty around what the survey will be targeting.