

Agenda Item 5(a)(i)
October 5/21 Board Meeting

27 September, 2021

Mr. Éric Jacob
Superintendent, Client Services and Distribution Oversight
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1

c.c. Ms. Louise Gauthier, Senior Director, Distribution Policies
Mr. Mario Beaudoin, Director, Alternative Insurance Distribution Practices

Dear Mr. Jacob:

On behalf of our Association's Board of Directors, member companies, and ourselves, we are writing to thank you for the very productive *Get Acquainted and Dialogue Virtual Meeting* we had with you and your AMF colleagues Louise Gauthier and Mario Beaudoin on 10 September, 2021.

It was a pleasure to make your acquaintance, and we very much appreciated your sharing of your priorities as the AMF's new Superintendent, Client Services and Distribution Oversight. It is CAFII's strongly held view that regular, recurring, open, and transparent dialogue between industry Associations and regulatory authorities allows for candid sharing of information that is conducive to better regulation; and, as such, to better outcomes for consumers and the industry alike.

We want to express again CAFII's appreciation for the AMF's recent granting, at our Association's request, of a three-month deadline extension to 17 December, 2021 for the industry's compliance with the AMF's expectations around the *Regulation respecting Alternative Distribution Methods (RADM)*'s application to credit card-embedded insurance benefits.

Further, related specifically to our 10 September dialogue, CAFII and its Members want to thank you for your engaged listening and consideration; and the mutually beneficial, "finding the right balance" flexibility you demonstrated. In particular, we are very appreciative of the willingness you expressed to have the AMF work with the industry on possible modifications to the Fact Sheet and the Notice of Rescission in order to make the wording of those documents fit with the realities of credit card-embedded insurance benefits -- i.e. make them not inaccurate and misleading for credit card holder consumers -- and in that connection, to allow sufficient time for an AMF-led pan-industry working group process to occur towards that objective.

Coming out of our 10 September meeting, we thank you and your AMF colleagues for extending the following concession (our summary of what was proposed and agreed-upon):

With respect to the Regulation respecting Alternative Distribution Methods (RADM) and its application to credit card-embedded insurance benefits, the AMF will not expect affected insurers to provide the Fact Sheet and Notice of Rescission to relevant Québec credit card holders by 17 December, 2021.

Rather, affected insurers should indicate in the Action Plans which they submit to the AMF by 17 December, 2021 that, at this time, they are working through CAFII and with the AMF to find a solution for the distribution of the Fact Sheet and Notice of Rescission to relevant Québec credit card holders.

In addition, in the near future, the AMF will lead a pan-industry working group tasked with identifying mutually agreeable wording modifications to the Fact Sheet and the Notice of Rescission in order to create versions of those documents which fit the realities of credit card-embedded insurance benefits.

In that connection, CAFII is currently working with our internal stakeholders in order to be ready to make a meaningful and impactful contribution to the AMF-led pan-industry working group on the Fact Sheet and Notice of Rescission. As you may appreciate, credit card-embedded insurance benefits are a unique product set, in that the insurance coverages are embedded within separate financial products: i.e. credit cards, which are typically administered by a unit within the financial institution (FI) which is separate and distinct from the insurance distribution arm. Therefore, we are seeking out subject matter experts in our FI members' credit card businesses to ensure that we have suitable expertise available for the pan-industry working group discussions.

Éric, at our 10 September meeting, we also shared some of the highlights of the legal opinion which CAFII obtained earlier this year from Norton Rose Fulbright Corporation (NRFC) on the *RADM's* applicability to credit card-embedded insurance benefits -- along with related considerations such as the Fact Sheet and Notice of Rescission -- which we sought out in order to better understand the legal foundation and underpinnings of these matters while not altering our Association's compliance mindset. We offered to arrange for NRFC to provide you with an executive summary of relevant excerpts from its legal opinion to CAFII. You indicated that you would be pleased to receive that NRFC summary and would read it with interest.

Please find the NRFC legal opinion executive summary attached to this email.

As further mentioned in our 10 September meeting, we would also be pleased to arrange for a virtual meeting in which NRFC's Marc Duquette and Dominic Dupoy could verbally highlight and elaborate upon their legal opinion findings for you and any AMF colleagues whom you would like to attend such a meeting, and answer any questions which the AMF may have. Please do not hesitate to let us know if that would be of interest.

Please accept again our sincere appreciation for your open dialogue with us and the consideration and flexibility you have offered to CAFII and the industry. We extend our personal regards to you and your colleagues.

Sincerely,



Keith Martin, Co-Executive Director, CAFII
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Brendan Wycks, Co-Executive Director, CAFII
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About CAFII

CAFII is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. Our Association was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels. Our members provide insurance through client contact centres, agents and brokers, travel agents, direct mail, branches of financial institutions, and the internet.

CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services. Our members offer credit protection, travel, life, health, and property and casualty insurance across Canada. In particular, credit protection insurance and travel insurance are the product lines of primary focus for CAFII as our members' common ground.

CAFII's diverse membership enables our Association to take a broad view of the regulatory regime governing the insurance marketplace. We work with government and regulators (primarily provincial/territorial) to develop a legislative and regulatory framework for the insurance sector which helps ensure that Canadian consumers have access to insurance products that suit their needs. Our aim is to ensure that appropriate standards are in place for the distribution and marketing of all insurance products and services.

CAFII's members include the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players Assurant; Canada Life Assurance; Canadian Premier Life Insurance Company; Canadian Tire Bank; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Sun Life; and Valeyo.