

xx May, 2021

Mr. Mario Beaudoin
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1

Mr. Patrick Déry, Superintendent, Solvency
Ms. Louise Gauthier, Senior Director, Distribution Policies
Ms. Kim Lachapelle, Interim Superintendent, Client Services and Distribution Oversight

Dear Mr. Beaudoin:

Re: Deadline Extension Request for insurers' disclosure of each product embedded in credit cards; posting of product summaries on websites; and providing the AMF with an action plan regarding compliance with RADM's applicability to credit card-embedded insurance benefits

We are writing in follow-up to your March 30, 2021 letter which requires that CAFII member insurers who underwrite credit card embedded insurance benefits complete the following by September 17, 2021:

- "Disclose each product embedded in the credit cards under the DWR regime" (one file per product);
- "Make each product summary and a specimen of the policy or the insurance certificate accessible on their own website"; and
- "Provide the AMF with an action plan to implement the delivery of the summary by their distributors to the clients, to train their distributors and to implement the necessary adjustments to their process to comply with Quebec laws and regulations."

Our member insurers and their credit card issuer partners have indicated that they will be challenged to meet the stipulated September 17, 2021 deadline in a thorough and complete manner that is satisfactory to the AMF.

Our Association has therefore resolved to make this request, on behalf of all CAFII members, to the AMF: a deadline extension of three months to **Friday, December 17, 2021**.

Our members have indicated that having an additional three months will be critically important to their ability to meet the AMF's above-noted expectations, in the best interests of customers.

To share supporting operational context, the primary reason for this deadline extension request is the volume-based fact that each CAFII member insurer has a portfolio of many different credit cards and each card typically has several different embedded insurance benefits.

In addition,

- the creation of product summaries that will comply with the *Regulation respecting Alternative Distribution Methods* (RADM) for the many different embedded insurance benefits, which are sometimes underwritten by multiple insurance companies, is a complex undertaking. It will require substantive, collaborative, iterative, and time-consuming effort. Insurers have stringent internal approval protocols in place to ensure adherence with appropriate change management guidelines, including legal, compliance, branding, and technology risk assessments. Product summary documentation will need to be carefully reviewed to ensure that the information is provided in clear and comprehensible language for credit card applicants. In addition, communication and training will need to occur with relevant staff, to support the new consumer disclosure information posted on insurers' websites; and
- regarding the AMF's expectation around the submission of action plans, insurers are working concurrently on them and the same resources will be tasked with delivering them, which further adds to project complexity and further taxes internal capacity. Preparing the action plans will require insurers to conduct an in-depth impact-analysis on the change to both their own processes and their card issuer partner's operations. Maintaining a seamless customer experience is an important overarching/guiding principle for insurers and a key consideration in their impact analysis and action planning.

Due to these complex and interdependent operational realities, CAFII is requesting a three month extension to the AMF's deadline, to December 17, 2021, which would make a significant and favourable difference in the ability of our members to meet your expectations in a thorough, accurate, professional, and complete manner.

We would like to assure you that CAFII member insurers and their distributor partners continue to work diligently on this file. We thank you, in advance, for your consideration of this deadline extension request, made on behalf of all CAFII members. Should you require additional information or clarification related to this request or wish to arrange a meeting with CAFII representatives for that purpose, please contact Keith Martin, Co-Executive Director, at keith.martin@cafii.com or 647-460-7725.

We look forward to receiving your response at your earliest convenience.

Sincerely,

Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

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 travel, life, health, property and casualty, and creditor's group insurance across Canada. In particular, creditor's group 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 that helps ensure Canadian consumers get the insurance products that suit their needs. Our aim is to ensure 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; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Sun Life; and Valeyo.