

***Read Only Agenda Item 5(a)
July 26/22 EOC Meeting***

From: Keith Martin <Keith.Martin@cafii.com>
Sent: Thursday, June 30, 2022 1:52 PM
To: Michele Helie <MHelie@clhia.ca>
Cc: Brendan Wycks <brendan.wycks@cafii.com>
Subject: Note from CAFII / ACIFA

Bonjour Michèle,

We've heard from some of our shared members – insurers who provide direction to both CAFII and ACCAP on AMF issues – that ACCAP has had some recent internal conversations on the current credit card-embedded insurance benefits matter as a strategic AMF issue; and also some manner of a recent touchpoint with the AMF on this issue.

We therefore believe it would be mutually beneficial for Brendan and me to have a half-hour virtual meeting with you next week, or at your earliest convenience, about this issue, which will provide an opportunity for mutual updating.

Regards,

--Keith

Keith Martin

Co-Executive Director / Co-Directeur général
Canadian Association of Financial Institutions in Insurance

From: Michele Helie <MHelie@clhia.ca>
Sent: June-30-22 2:18 PM
To: Keith Martin <Keith.Martin@cafii.com>
Cc: Brendan Wycks <brendan.wycks@cafii.com>
Subject: RE: Note from CAFII / ACIFA

Hi Keith,

Not exactly, I was speaking with Mario Beaudoin on alternate distribution in general and went phishing to see if they were to answer to you to bring back any information I could find to you and members. When we discussed our strategy and the possibility of preparing in advance of any regulatory change internally to be ready when the proper time comes (fact sheet and notice of resolution) we agreed that CLHIA should take no action and make no representation to the AMF on this to give all the room to CAFII. The adopted strategy is that we will continue to take a back seat not to interfere with your efforts.

Here's what the strategy says on this issue:

ISSUE 3 – Supervision

Insurance offer combined with other products (credit cards, travel, etc.)

Situation

Some RADM requirements are ill-suited to offering insurance combined with another product (credit cards, travel, etc.) Although insurers want to comply with the RADM, it contains provisions that are not compatible with all types of combined offers (credit cards, travel insurance combined with travel or air flights) due to the particularities of these products (multiple insurer protections, no premiums for consumers, impossibility of separating ancillary insurance from the property, business credit cards, etc.)

CAFII attempted to challenge the AMF's position on the application of the RADM to insurance included with credit cards. Despite these efforts, the AMF maintains its position and has required insurers to comply with the RADM. CAFII has decided not to pursue protest efforts in this matter. It seems from the discussions between CAFII and the AMF that the latter is willing to hear the industry's proposals to resolve the incompatibility between RADM and this type of product. The AMF has given insurers until December 2022 to comply with the requirements relating to the annexes to the RADM. CAFII proposed solutions to the AMF and CAFII is still awaiting a response from the AMF. The possibility of an upcoming revision of the RADM will offer an opportunity to adapt it to the different products.

Risks and negative consequences

- Incorrect information to consumers in several points. This confusion creates unnecessary questions that insurers must answer through their customer service. Miscommunication of important information to the consumer or communicated in a manner and at a time not optimal for their understanding Risk of a less competitive offer in Quebec if business partners cannot implement the AMF's requirements
- Disproportionate compliance burden vis-à-vis the benefits for consumers.

Objectives

Obtain regulatory changes so that the RADM is better adapted to matched offers. Alternatively, the AMF should be able to take administrative decisions to give exceptions. It does not have that power now.

Proposed action

- Leverage on CAFII's efforts with the AMF regarding the prescribed documents adapted to credit cards and other goods. CLHIA will follow up periodically with CAFII.
- Respond to an upcoming consultation on this topic, if applicable.

We can still discuss next week if you want, no problem.