

27 March, 2020

Mr. Frédéric Pérodeau, Superintendent, Client Services and Distribution Oversight
Autorité des marchés financiers
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c.c.

Mr. Patrick Déry, Superintendent, Solvency
Ms. Nathalie Sirois, Senior Director, Supervision of Insurers and Control of Right to Practise
Ms. Louise Gauthier, Senior Director, Distribution Policies
Mr. Mario Beaudoin, Director, Alternative Insurance Distribution Policy

Cher M. Pérodeau,

Re: Postponement/Deferral Request: Industry Compliance With Pending Bill 141 and RADM-Related Reporting, Disclosure and Other Implementation Requirements During COVID-19 Crisis

Je vous prie de m'excuser de ne pas vous avoir envoyé cette lettre en français, ce qui es dû à des contraintes de ressources et au désir de vous la faire parvenir dans les plus brefs délais. Une lettre officielle française suivra.

CAFII's members are responding to the COVID-19 pandemic crisis by having as many employees as possible work from home, and they are adapting – as is every person and organization throughout Canada -- to new and shifting realities around customer needs, financial and economic turbulence, and risk and crisis management. Our members are also adjusting to constantly changing requirements related to finding ways to support customers who are suddenly facing financial hardship. This unprecedented situation creates new challenges for our members and their operations on a daily and sometimes hourly basis, dictating significant adjustments in resourcing priorities.

The COVID-19 crisis in no way changes the central importance of the fair treatment of customers in our members' businesses, nor does it change the central role that insurance regulators and policy-makers play in monitoring, oversight, and enforcement to ensure that regulated entities adhere to and comply with legislation and regulations which protect consumers.

CAFII and its members remain fully committed to the fair treatment of customers and to compliance with all applicable legislation and regulations.

That said, however, there are imminent reporting, disclosure, and other implementation requirements arising from emerging insurance legislation and/or regulations that are raising concerns and anxiety among our members under the current pandemic crisis situation.

Regulatory reporting, disclosure, and other implementation requirements are particularly challenging during the current national and global pandemic. CAFII members have all employees who can working from home, which gives rise to significant challenges in their ability to access their companies' back-end systems, access which is absolutely necessary for regulatory reporting and disclosure requirements. IT resources, which are required for reporting especially around emergent requirements, are already stretched to the limit. Training of front-line staff, deploying new processes, and engaging in implementations are all very challenging in the current environment. More generally, our members' staffs are under considerable strain as they respond to new customer service policies, procedures, and processes dictated by the COVID-19 crisis.

In Table One, we have listed imminent but not yet implemented regulatory, compliance, and reporting requirements issued by the AMF, and the current deadline dates for those requirements. **Under the current pandemic crisis circumstances, we request a six-month moratorium on the AMF requirements listed in Table One**, with CAFII's intention being to reach out to the AMF again, as the termination date of the moratorium is approaching, for a re-evaluation of the situation.

We are of the view that this six-month moratorium request is in line with the forbearance that other regulatory authorities have already granted, to allow regulated entities to focus on meeting the urgent needs of customers¹.

Table One
Imminent but Not Yet Implemented AMF-Mandated Regulatory Compliance and Reporting Requirements

Regulatory or Reporting Requirements	Current Deadline Date
Bill 141: New Product Summaries for Offers of Insurance, to Replace the former Distribution Guides as consumer disclosures; and the AMF-prescribed Fact Sheet to be provided to Customers	13 June 2020
Regulation respecting Alternative Distribution Methods (RADM): Distribution Without a Representative Annual Disclosure	1 May 2020
CAFII "Creative Solutions" regarding Credit Card-Embedded Insurance Coverages	15 May 2020

Our Association is writing to all provincial and territorial insurance regulators across Canada at this time to request that the in-force date and regulatory expectations associated with any legislative and/or regulatory requirements, which are imminent and at all discretionary, be postponed and deferred until such time as the crisis has abated and a semblance of normalcy has returned to the daily lives of Canadians and to our country's economy and business operations.

¹ For example, in response to the COVID-19 pandemic, securities regulatory authorities in each of Canada's provinces and territories have temporarily extended certain deadlines for specified "regulated entities" including exchanges, commodity future exchanges and clearing agencies to file certain types of documents or other information required to be filed by such regulated entities. As well, "In view of the current developments, OSFI is suspending all of its consultations and policy development on new or revised guidance until conditions stabilize."

To the extent that imminent but not yet implemented reporting, disclosure, and other implementation requirements (such as discretionary audits) can be postponed or deferred, that would greatly help our members to cope and deal with the many pressures and challenges which they, and all of society, are facing at this time.

As well, we will be requesting of the CCIR a six-month moratorium on the May 1, 2020 filing date for the 2020 Annual Survey on Market Conduct.

We greatly appreciate your consideration of these exceptional requests during this difficult time, which we ask that you respond to at your earliest possible convenience. For any clarification required on CAFII's request made in this letter or to discuss the matter, please contact CAFII Co-Executive Director Keith Martin at keith.martin@cafii.com or 647-460-7725.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Boyle', with a stylized flourish at the end.

Martin Boyle
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 is currently the only Canadian Association with members involved in all major lines of personal insurance. Our members are the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players Assurant, Canadian Premier Life Insurance Company, CUMIS Services Incorporated, Manulife (The Manufacturers Life Insurance Company), Sun Life Financial, and The Canada Life Assurance Company.