

***Agenda Item 5(a)(2)***  
***May 17/22 EOC Meeting***

**Summary Notes of a Meeting on 10 November, 2021 between CAFII (Keith Martin, Brendan Wycks) and the AMF (Mario Beaudoin, Charlene Boucher)**

CAFII met with the AMF on 10 November, 2021 to discuss the next steps around the creation of a pan-industry Working Group to modify the Fact Sheet and Notice of Rescission that are expected to be shared with customers under the Regulation respecting Alternative Distribution Methods (RADM) for credit card-embedded insurance coverages.

The meeting was scheduled for 60 minutes but was extended by 15 minutes. For the first 45 minutes or so, Mr. Beaudoin spent much of the time lamenting all the various challenges in modifying the Fact Sheet and Notice of Rescission. He noted that these were prescribed in legislation, and that would be capable of being changed in the short run. He acknowledged that the RADM was a regulation developed by the AMF and that this could be changed by the AMF, but that this was not a simple process. It required internal approvals at the highest levels, and would need to also be approved by the Minister of Finance. Mr. Wycks noted that the Minister of Finance, Eric Girard, was a practical person with a lot of business experience, as was the Deputy Minister of Finance, Eric Stephenson, but Mr. Beaudoin did not comment on this.

Mr. Beaudoin also spoke about not wanting multiple versions of the Fact Sheet for travel insurance. CAFII emphasized that the modified version would be for embedded insurance benefits, and that was travel insurance but also other products like extended warranties. Mr. Beaudoin said in response to the concern that the current wording of the Fact Sheet said that a customer could not just cancel embedded insurance coverages in a credit card, but would if they did not want the insurance to cancel the card itself, that this was viewed by some of his colleagues at the AMF to suggest that the embedded coverages were “tied selling.”

CAFII explained that this was not the case, and that insurance benefits were one of many features of credit cards that were offered to enhance the value proposition of credit cards in an extremely competitive marketplace, and that insurance was not top of the list of features of credit cards that most customers focused on, which were primarily around access to credit, the cost of obtaining the card, and rewards. Furthermore, it was noted, these insurance benefits are paid for by the credit card issuer, and the customer does not pay premiums. Mr. Beaudoin did not dispute any of these points, but continued to lament the challenges changing the Fact Sheet presented him internally.

Mr. Beaudoin also said that there are other embedded coverages other than those for credit cards, and he has to navigate how any changes to credit card-embedded insurance might affect those other products, with car dealership embedded products being one example. He also cited the embedded travel insurance offered for COVID-19 by airlines as part of the ticket price, noting that initially the policies said that they did not apply to Quebec residents; both Mr. Beaudoin and Ms. Boucher did not hide their annoyance about this, which they appeared to have felt blind-sided by.

Mr. Beaudoin noted that he was also in touch with another Association on this, and we told him that we were in close contact with THIA on these matters, and were aware that he was meeting with Richard Ollier of THIA the following day. Mr. Beaudoin said on several occasions that he was meeting with Association executives initially because he wanted to make progress and avoid bogging down in large meetings with too many people in attendance.

A repeated theme from the AMF was that the theoretical ability to change the Regulation with respect to the Fact Sheet and the Notice of Rescission for credit card-embedded insurance benefits was in practice a quite complex and difficult undertaking. Reading between the lines, it appeared that this exercise would present some discomfort and internal challenges to Mr. Beaudoin, as it would indicate that the RADM exercise, of which he was a leading AMF manager, did not contemplate the separate requirements needed for these products.

CAFII stuck to its guns around the importance of following through on the need to change the Fact Sheet and Notice of Rescission for credit card-embedded insurance benefits, and the AMF suddenly pivoted. Ms. Boucher—who had been largely silent up to this point—said that it was the law that customers had to receive a Fact Sheet and Notice of Rescission at point of sale—did CAFII members not desire to hand out these documents? To which CAFII said that for non-embedded coverages its members were already in compliance, and for embedded coverages were working towards deadlines to be compliant, including development of Product Summaries and Action Plans; and that what was desired was for the Fact Sheet and Notice of Rescission to be accurate and not misleading. Ms. Boucher then said that perhaps small revisions to the Fact Sheet might be suggested, that corrects or puts in context any misleading language, and both she and Mr. Beaudoin suggested that CAFII might consult with its members to see if that might be possible. The AMF asked if we could consult our members and get back to the AMF, potentially with proposed revisions, by mid-December, 2021.

(Another issue that was raised in the meeting was in relation to the recent CAFII submission on burden reduction. Mr. Beaudoin shared that he was aware of some of the concerns we had raised in our letter, some of which he felt were communication issues—he said that the AMF had met in French with the Quebec arm of the CLHIA, and that perhaps some of the progress on these files made had not made its way to our attention. He proposed in response to have meetings on the Distribution without a Representative regime perhaps twice a year with CAFII and its members, which we welcomed.)

(CAFII also let Mr. Beaudoin know that we were setting up a meeting with Eric Jacob to informally discuss the recent CAFII-AMF Liaison and Dialogue Meeting, and to discuss with Mr. Jacob how it could be improved in future.)

### **Next Steps**

#### **In Process**

1. The highlights of the meeting were shared with EOC Chair Rob Dobbins and Vice Chair Karyn Kasperski on 12 November, 2021; they were concerned around the AMF not intending to convene a pan-industry Working Group with the AMF, and felt it was imperative to carefully review the Fact Sheet and Notice of Rescission with such a group and make all necessary revisions to it for credit card-embedded insurance benefits.
2. Organizing a meeting with Chris Lobbezoo (Board Chair), Peter Thompson (Board Vice Chair), Rob Dobbins (EOC Chair) and Karyn Kasperski (EOC Vice Chair and AMF Working Group Chair) to discuss the recommendation below, and discuss it including whether to adopt it or revise it.

### **Recommended Next Steps**

3. Distribution of the Summary Note to CAFII Board, EOC, and AMF Working Group members.
4. Request to the Board (copy to EOC and AMF Working Group Members) that they nominate EOC or other members to join a *Special Pan-Industry Working Group to Propose Modifications to the Fact Sheet and Notice of Recission*.
  - a. We will ask members with credit card businesses to consider nominating credit card individuals to ensure credit card expertise.
  - b. We will suggest that members of the existing AMF Working Group (see Appendix A for membership) should join the group as well.
  - c. We will invite THIA and CLHIA to participate in the discussions of the Working Group.

### **Appendix A**

#### **Members of the CAFII Working Group On Industry Alignment Around Compliance With AMF's Expectations Re RADM's Applicability To Credit Card-Embedded Insurance Benefits**

<b><u>Member</u></b>	<b><u>Organization</u></b>
Karyn Kasperski (Chair)	RBC Insurance
Benita Chan	RBC Insurance
Yael Lipman	RBC
Susan Johnston	RBC
Penelope Cordogiannis	RBC
Trish Facciolo	RBC
Silvana Capobianco	BMO Insurance
Greg Caers	BMO Insurance
Mandy Rutten	CIBC Insurance
Anu Bains	CIBC Insurance
Marie Nadeau	BNC Insurance
Michelle Butler	Scotiabank
Sherri Kuzio	Scotiabank
Trevor Gillis	Tangerine Bank
Pete Thorn	TD Insurance
Marie Skrelji	TD Insurance
Tracey Torkopoulos	Assurant
Jennifer Russell	Assurant
Nadine Roy	Assurant
Monika Spudas	Manulife
Isabelle Choquette	Desjardins