

CAFII MEETING WITH THE AMF JULY 25 2024

Summary of Meeting Held on July 25, 2024 between CAFII and the AMF's Hugo Lacroix, Superintendent, Securities Markets and Distribution

CAFII held a virtual one-hour meeting to meet **Hugo Lacroix, Superintendent, Securities Markets and Distribution**, on July 25, 2024. Also in attendance from the AMF were:

- Louise Gauthier, Senior Director, Distribution Policies (reports into Hugo Lacroix);
- Mario Beaudoin, Director, Alternative Distribution Practices (reports into Nathalie Sirois);
- Nathalie Sirois, Senior Director, Prudential Supervision (reports into Patrick Déry, Superintendent, Financial Institutions).

The meeting was moderated by CAFII Executive Director Keith Martin. Questions were also asked by CAFII volunteer leaders. Asking questions were:

- Val Gillis, CAFII Chair of the Board and SVP, Life, Health and Credit Protection, TD Insurance;
- Paul Cosgrove, CAFII Vice-Chair of the Board and President & CEO, Assurant Canada;
- Karyn Kasperski, CAFII Board Secretary and EOC Chair (RBC Insurance);
- John Burns, CAFII Vice-Board Secretary and Vice-EOC Chair (Securian Canada);
- Fay Coleman, Vice Chair, Market Conduct & Licensing Committee (TD insurance);
- Jennifer Russell, Chair, Quebec Committee (Assurant Canada);
- Jason Beauchamp, Vice Chair, Quebec Committee (Canada Life).

In attendance from CAFII were:

- Julie Gaudry, RBC Insurance;
- Peter Thompson, National Bank Insurance;
- Sarah Armstrong, CUMIS;
- Elizabeth Gandolfi, Canadian Western Bank;
- Martin Boyle, BMO Insurance;
- Pete Thorn, TD Insurance;
- Andrea Stuska, TD Insurance;
- Deirdre Kennedy, CUMIS;
- Ivan Murray, National Bank Insurance;
- Dallas Ewen, Canada Life;
- Fernando Heleno, RBC Insurance;
- Graeme Auchincloss, Canadian Western Bank;
- Nichad Goulamhousen, Securian Canada;
- Jennifer Goruk, CUMIS;
- Petrina Johnson, CIBC Insurance;
- Shahnoor Khimjee, TD Insurance;
- Sean Kradjian, Scotia Insurance;
- Robyn Jennings, CAFII;
- Shanay Smith, CAFII.

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Key Points Made at the Meeting:

- Hugo Lacroix emphasized that the new structure at the AMF would allow for more collaboration, with Louise Gauthier, Mario Beaudoin, and Nathalie Sirois able to coordinate their activities better;
- Louise Gauthier was focused on distribution and Nathalie Sirois was focused on supervision as well as insurance files;
- Mario Beaudoin will work closely with Nathalie Sirois on files relating to distribution without a representative;
- Overall, Mr. Lacroix said the AMF was keeping a close eye on emerging trends and the risks they could pose to the financial system, mentioning specifically crypto, climate change, ESG, and developments in international markets;
- Technology changes including AI is clearly a major risk and needs to be closely monitored;
- Louise Gauthier said there are no current plans for new initiatives around online sales;
- Nathalie Sirois informed attendees that there are two French-only documents on the AMF's website:
 - The Calendar of Initiatives, which explains the initiatives on the AMF's radar for the next several months, including guideline development and draft issuance;
 - An OSFI-type risk outlook including cyber risk and third party risk.
- Nathalie Sirois brought up the AMF's recent guideline on climate change risk, which is an area of growing interest for the regulator in terms of governance, risk management, FTC, and market conduct;
- Mario Beaudoin said that his team is looking at statistics from industry around claim denial levels as well as the premium returned to customers;
- There is also work being done on the sharing of information around the loss of coverage especially for critical illness coverage or disability coverage, for example due to age;
- Mr. Lacroix said that there is no shift in philosophy at the AMF around the approach to regulation;
- Mr. Lacroix believes that 80% of regulation can be principles-based but 20% might need to be prescriptive—industry sometimes needs rules and clarity, and it is less expensive to let industry know specifically the expectations of the regulator;
- In that respect, he said that he wants “the best of both worlds” and there is no “black or white solution”;
- But while nuance is required, he also said that the proper conduct of industry was paramount, including professionalism, oversight, a culture of fair treatment of customers, etc.;
- He said the AMF wanted to promote innovation but also mitigate risks;
- He said he was in favour of minimizing burdens but that innovation has to be in the interest of customers and industry had to demonstrate how its innovations were doing that;
- He encouraged industry to share with the AMF any examples of inefficient regulation;
- Mario Beaudoin noted that for distribution without a representative, where agents were not licensed, it was necessary to inform customers through disclosure, but that customers don't always understand the documents they are provided with and they may not fully understand the products they are obtaining, which is a concern; M. Beaudoin emphasized that one of the biggest challenges has been and remains proper disclosure to consumers regarding their policies

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- and products;
- Louise Gauthier said that there will be consultations around online web sales conducted with industry in the coming months;

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- On English translations of documents, where there is only a French version a request can be made for a translation;
- Mr. Lacroix said that he is a fan of harmonization in principle but that it needs to be done wisely, otherwise it can lead to costly mistakes, and that he is not a believer in a “cut and paste” approach to regulation;
- On AI, Mr. Lacroix said that there are great opportunities that it provides, and he mentioned for example the possibility of disclosing details about products in a more tailored way than the usual approach of just sharing paper that describes the product; he added that technology and AI can increase the tailoring of products to consumers and systems efficacy for distributors and consumers alike, thereby increasing client satisfaction;
- Mr. Lacroix said that he had confidence in industry and that the AMF wanted to follow and learn about new technologies through dialogue with industry.