

## CAFII Priorities by Committee – January 2013

### Distribution and Market Conduct Policy Committee

**Membership:**

Co-Chairs: 1) Sue Manson and 2) Wayne Eccles; Other members ) Emily Brown, BMO 4) John Poolman, Assurant 5) Andre Duval, DSF 6) Rose Beckford Scotialife Financial, 7) Brendan Wycks, CAFII Executive Director

**Mandate:**

Oversee development of CAFII policy positions as directed by EOC. Oversee taskforces as required

Activities: Draft CAFII submissions, Manage and interpret industry research projects as approved by EOC

Item	Description	Activities Completed/Industry Developments	Status/Next Steps
<b>Regulation of ISI</b>	Quebec ▪ DWR, (review of Act)	<ul style="list-style-type: none"> <li>▪ CAFII members met with Eric Stevenson Nov 2012</li> <li>▪ Eric indicated unlikely to see new Act before 2014</li> </ul>	▪ Deferred/Watch
	Quebec ▪ Review of Distribution Guide	<ul style="list-style-type: none"> <li>▪ CAFII input provided on Guide (e.g. signature, remuneration) through letter sent to AMF June 2012</li> <li>▪ CAFII members met with Eric Stevenson Nov 2012                             <ul style="list-style-type: none"> <li>– Letter sent to Eric Stevenson Dec 21 summarizing CAFII position on Guide</li> <li>– CAFII received acknowledgement letter from Eric Stevenson dated January 29, 2013, simply stating “We thank you for your comments. The AMF will consider them, where appropriate, in pursuing its work.”</li> </ul> </li> <li>▪ CLHIA Quebec Committee:                             <ul style="list-style-type: none"> <li>– AMF now ready to resume work on DG; has sent travel reps a questionnaire on travel insurance and the DG</li> <li>– Draft response to industry next few weeks</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Active</li> <li>▪ Work closely with EOC participants who met with Eric Stevenson in November 2012</li> </ul>
<b>Alberta</b>	Review of medical questions on applications	<ul style="list-style-type: none"> <li>– In the CAFII Regulator Visit Report from meeting with Alberta regulators on January 13, 2012, the Alberta folks raised concerns about the medical questions on creditor insurance applications</li> </ul>	▪ Recommend referral to CLHIA

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		<ul style="list-style-type: none"> <li>Anne Riley collected applications from members               <ul style="list-style-type: none"> <li>In re-thinking this, recommend issue is better suited with CLHIA as it is an insurer matter more than a distributor matter</li> </ul> </li> </ul>	
	Travel Insurance	<ul style="list-style-type: none"> <li>At Oct 25<sup>th</sup> meeting with CCIR, there were a number of suggestions regarding travel insurance:               <ul style="list-style-type: none"> <li>Complaints are often related to claim denial</li> <li>In situations when reporters are calling insurance regulators for comment relating to claims denial, make contact from each member insurance company available</li> <li>continue to be diligent (supervision/ controls) on sale of ISI</li> <li>Phil Howell suggested CAFII develop a regulator resource for the industry by compiling travel insurance statistics going forward</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>EOC input required</li> </ul>
<b>AML/ATF paper</b>		<ul style="list-style-type: none"> <li>Responded March 1, 2012</li> <li>Follow up questions answered</li> <li>OSFI did adopt some of our recommendations</li> </ul>	<ul style="list-style-type: none"> <li>Complete               <ul style="list-style-type: none"> <li>Remove from committee priorities</li> </ul> </li> </ul>
<b>International Regulation of Creditor Insurance</b>	PPI	<ul style="list-style-type: none"> <li>Brendan reported on US and UK developments</li> </ul>	<ul style="list-style-type: none"> <li>Monitor ongoing</li> </ul>
		<ul style="list-style-type: none"> <li>CAFII Project</li> </ul>	<ul style="list-style-type: none"> <li>Post Implementation Review</li> <li>EOC agreement to next steps</li> </ul>
		<ul style="list-style-type: none"> <li>March 26 speaker lunch guest speaker will be Jane Carr (Assurant) speaking on the US debt cancellation</li> </ul>	
	IAIS Core Principles (CCIR focus)	<ul style="list-style-type: none"> <li>CCIR committee announced</li> <li>Quebec Commercial Practices Guidelines driven by TCF core principles</li> <li>Carolyn Rogers: increasing emphasis on TCF, e.g. mandatory disclosure of compensation</li> </ul>	<ul style="list-style-type: none"> <li>Watch file</li> <li>Prepare background material</li> </ul>
<b>Market Conduct</b>	Quebec Commercial Practices Guideline	<ul style="list-style-type: none"> <li>Heavily weighted in TCF</li> </ul>	<ul style="list-style-type: none"> <li>Confirm and if not active, use as input to</li> </ul>

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<b>Regulation</b>			IAIS
	MGA CCIR Consultation	<ul style="list-style-type: none"> <li>Complete, letter of input, June 2012</li> </ul>	<ul style="list-style-type: none"> <li>Remove from committee priorities</li> </ul>
	Input to provincial strategic plans and priorities	<ul style="list-style-type: none"> <li>Complete, letter of input, May 2012</li> </ul>	<ul style="list-style-type: none"> <li>Remove from current committee priorities</li> <li>Monitor for future opportunities for input and influence</li> </ul>
	FSCO life insurance product suitability reviews	<ul style="list-style-type: none"> <li>One of 11 FSCO initiatives under the "Review and recommend changes to better mitigate risk" Strategy in its "Statement Of Priorities And Strategic Directions, June 2012"</li> <li>"FSCO will undertake a market conduct review to determine how the life insurance industry is ensuring that consumers get appropriate information to make informed decisions when purchasing life insurance products. The focus of the review will be to understand and assess the processes life insurance agents use in making recommendations to consumers and the processes in place at life insurance companies when developing and distributing products. The review will also consider the actions life insurance agents and companies are taking to support the financial literacy of their clients."</li> <li>CAFII requested consultation meeting with FSCO about plans for conducting suitability reviews. G. Swanson responded to B. Wycks that A. Monid was leading this initiative and would get back to B. Wycks to arrange a meeting. No response from A. Monid after three weeks, despite follow-up e-mail sent</li> <li>CAFII members working on opportunity for FSCO to see one or two life insurance call centres. CAFII</li> </ul>	<ul style="list-style-type: none"> <li>Continue to monitor, and follow-up to press for a consultation meeting</li> </ul>

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		has referred FSCO to RBC Insurance for call centre tour. FSCO to contact RBC's Chief Compliance Officer directly	
	FSCO proposals to amend Insurance Act re Disciplinary Procedures for Independent Agents and Adjusters	<ul style="list-style-type: none"> <li>▪ Jim Fox, Senior Policy Adviser – Insurance and Deposit Institutions Policy with FSCO's Licensing &amp; Market Conduct Division contacted B. Wycks to invite CAFII delegation to a pre-consultation meeting on February 14 around FSCO's proposals in this area, which is an initiative leveraging off fact that FSCO now has new powers, effective January 1, 2013, to impose AMPs upon all players and distribution channels in the industry</li> <li>▪ B. Wycks and Rosemary Troiani of RBC Insurance compliance group represented CAFII at meeting</li> <li>▪ approximately one week after FSCO has completed round of pre-consultation meetings, will release a consultation paper on proposed Insurance Act amendments and there will be a short period for stakeholder and public response</li> </ul>	<ul style="list-style-type: none"> <li>▪ Awaiting release of FSCO's consultation paper, expected before end of February</li> <li>▪ CAFII to make written submission in response to consultation paper</li> </ul>
<b>ecommerce</b>	CCIR Consultation	<ul style="list-style-type: none"> <li>▪ CCIR consultation released February 2012 <ul style="list-style-type: none"> <li>– CAFII responded May 2012</li> <li>– CCIR position/recommendation paper for consultation on key issues Spring 2013 (ie. Between mid-March and end of April) with a short (30 day) consultation period</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Confirm EOC expectation for DMC committee in consultation paper</li> </ul>
	AMF Consultation	<ul style="list-style-type: none"> <li>▪ Submission May 2012</li> <li>▪ Eric Stevenson said that the AMF ecommerce report will follow the CCIR consultation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Watch for AMF report</li> </ul>
<b>Provincial Insurance Acts</b>	Manitoba – 2 streams:	<ul style="list-style-type: none"> <li>▪ Insurance Act Bill received royal assent in June/2012</li> </ul>	CAFII involved
		<ul style="list-style-type: none"> <li>– ISI Regime Rules expected shortly</li> </ul>	<ul style="list-style-type: none"> <li>▪ Upcoming</li> </ul>

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	Sask Insurance Act	<ul style="list-style-type: none"> <li>▪ Input provided by CAFII November 2012</li> </ul>	<ul style="list-style-type: none"> <li>▪ Watch</li> </ul>
	Ontario Insurance Act Review, AMP regulations	<ul style="list-style-type: none"> <li>▪ Insurance Act changes with budget bill Fall 2012</li> <li>▪ effective January 1, 2013, an augmented schedule of AMPs came into force, giving FSCO new powers to impose them upon insurers, agents, brokers, adjusters and those involved in the provision of goods or services to insurance claimants, with respect to contraventions of the <i>Insurance Act</i> and related regulations.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Watch</li> </ul>
	B.C. Financial Institutions Act	<ul style="list-style-type: none"> <li>▪ On January 30, 2013, BC's Minister of Finance issued an Order in Council related to the province's FI Act, which included two provisions relevant to CAFII members.</li> <li>▪ Brings into force an updated administrative penalty framework set out in section 253.1 of the Act and enacts a regulation listing provisions of the statute and related regulations for which an administrative penalty may be imposed, along with the maximum penalty for a contravention of each.</li> <li>▪ Second change relates to the exemption available for the sale of credit insurance by a lender from the obligation to use a licensed insurance agent, <b>which has now been expanded to include regulated insurers that themselves advance credit.</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Watch</li> </ul>
Research	Complaint Statistics	<ul style="list-style-type: none"> <li>▪ Patchwork quilt of existing statistics</li> </ul>	<ul style="list-style-type: none"> <li>▪ Develop map of available sources/data later in year</li> </ul>
	Travel Insurance Statistics	<ul style="list-style-type: none"> <li>▪ Suggested by Phil Howell (need clarification of what Phil suggested, e.g. complaint? Sales?</li> <li>▪ Carolyn Rogers</li> <li>▪ Brendan (from licensing issues committee)</li> </ul>	<ul style="list-style-type: none"> <li>▪ More clarity needed</li> </ul>
		<ul style="list-style-type: none"> <li>▪ Potential to update study among EOC members</li> </ul>	<ul style="list-style-type: none"> <li>▪ Draft milestones and</li> </ul>

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	Avalon creditor insurance on mortgages update	<ul style="list-style-type: none"> <li>▪ Suggestion is to provide members with lots of lead time for data pull</li> </ul>	potential dates