



**Agenda Item 6(b)(iii)(1)**  
**March 24/20 EOC Teleconference Meeting**


**Working Group on AMF Embedded Credit Card Insurance Coverages—Options around Applying the RADM**

<http://legisquebec.gouv.qc.ca/en/ShowDoc/cr/D-9.2,%20r.%2016.1>


[March 6 2020 Notes in Red](#)

[March 13 2020 Notes in Blue](#)

<b><u>RADM</u></b> <b><u>#</u></b>	<b><u>Wording</u></b>	<b><u>Option</u></b>
19	<p><b>CHAPTER III</b> OFFER OF INSURANCE PRODUCTS THROUGH A DISTRIBUTOR M.O. 2019-05, c. III.</p> <p><b>DIVISION I</b> GENERAL PROVISIONS M.O. 2019-05, Div. I.</p> <p> <b>19.</b> This chapter applies to an insurer that offers insurance products through a distributor in accordance with Title VIII of the Act respecting the distribution of financial products and services (<a href="#">chapter D-9.2</a>). M.O. 2019-05, s. 19.</p> <p><b>DIVISION II</b> INFORMATION TO BE PROVIDED TO THE AUTHORITY M.O. 2019-05, Div. II.</p>	N/A
20	<p> <b>20.</b> Before offering an insurance product through a distributor, the insurer must, in addition to the information required under section 66 of the Insurers Act (<a href="#">chapter A-32.1</a>), disclose the following information to the Authority:</p> <p>(1) the name and contact information of the third party to which the insurer has entrusted the performance of the obligations of an insurer with respect to the distribution of a product through a distributor, if applicable;</p> <p>(2) the hyperlink or any other means to access the distributor's offer through the Internet, if applicable;</p> <p>(3) the contact information of the insurer's assistance service referred to in section 27.</p>	<p>Straightforward</p> <p>Insurers can change periodically</p> <p>Would not be hard to do</p>


	<p>The insurer must notify the Authority of any change to the above information within 30 days of such change.</p> <p>An insurer that removes a distributor from its list of distributors must indicate to the Authority the reasons for such removal.</p> <p>M.O. 2019-05, s. 20.</p>	
21	<p><b>21.</b> The insurer must disclose annually to the Authority the following information for each product offered through a distributor:</p> <p>(1) the number of insurance policies and certificates issued and the amount of premiums written;</p> <p>(2) the number of claims and the amount of indemnities paid;</p> <p>(3) the number of rescissions and cancellations;</p> <p>(4) the remuneration paid to all distributors and third parties referred to in subparagraph 1 of the first paragraph of section 20.</p> <p>M.O. 2019-05, s. 21.</p>	<p>Some of this information is not relevant</p> <p>Distributor pays insurer so does not make sense to report on item 4</p> <p>Explanation that there would have to be distinctions due to different nature of business</p> <p>Certificates are in bulk</p> <p>How is cancellation defined? Is it cancellation of credit card?</p> <p>No remuneration paid to distributors</p> <p>Reporting on cancellation is not useful insurance information to the AMF</p> <p>How deal with a card that has never been used?</p> <p>Align Annual Statement on Market Conduct with this reporting; much of this is in the Annual Report</p> <p>Support for this approach</p> <p>Should NOT report on premiums because it is not end customer premium it is distributor to insurer—need to see if it is covered in Annual Statement</p> <p>Loss ratio is not sensible measure when premium is not paid by customer</p>
22	<p><b>DIVISION III</b></p> <p><b>DOCUMENTS AND INFORMATION TO BE PROVIDED TO THE CLIENT</b></p> <p>M.O. 2019-05, Div. III.</p> <p></p> <p><b>22.</b> Before offering a product through a distributor, the insurer prepares the product summary in accordance with sections 28 and 29. The insurer mandates the distributor to deliver the summary to the client at the time it offers the product to him, together with a fact sheet in the form set out in Schedule 2.</p> <p>M.O. 2019-05, s. 22.</p>	<p><u>PLAN A</u></p> <p>Could ask the AMF is could just post it on the website and tell the customers they can go look for it there</p> <p>There is a disclosure box where the link to the website could be seen – need to show APR and core fees</p> <p>PUT ON WEBSITE—DIRECT CARD APPLICANTS TO SITE</p> <p>ALTERNATIVELY:</p> <p><u>PLAN B</u></p>



		<p>When is the right time and what is the right method to offer it to the client?</p> <p>Can get consent to send it afterwards?</p> <p>(BPI – currently TD asks for consent to share it with the fulfillment package currently)</p> <p>ADD LINK TO DISCLOSURE</p> <p>ALTERNATIVELY: <u>PLAN C</u> Will provide documentation in mail after enrollment the Product Summary and Fact Sheet</p> <p>Not offered at time of sale</p> <p>But this would increase the size of the package</p> <p>MAIL OUT IN FULFULMMENT PIECE</p>
23	<p><b>23.</b> Where the means of communication used to offer the product does not enable the distributor to deliver the summary and the fact sheet at the time the product is offered, the insurer must include in the mandate it entrusts to the distributor the obligation to inform the client of such inability. The insurer must also ensure that the distributor is required to obtain at that time the client's consent to receive those documents no later than when the policy or insurance certificate is delivered and to mention the information contained in those documents to the client.</p> <p>M.O. 2019-05, s. 23.</p>	Dealt with already
24	<p><b>24.</b> The insurer must be able to provide, at the client's or the Authority's request, all information and documents presented to the client at the time the insurance product was offered to him, particularly the summary and the fact sheet.</p> <p>M.O. 2019-05, s. 24.</p>	<p>Can not do this easily</p> <p>Can offer to send the product summary and fact sheet if the customer asks for it</p> <p>Could if customer asks for this information then a link can be provided to customer where they can find it</p>
25	<p><b>25.</b> Where personal information of a medical or lifestyle-related nature is collected from the client, the notice of specific consent provided for in section 93 of the Act respecting the distribution of financial products and services (<a href="#">chapter D-9.2</a>), applicable under section 437 of that Act, must be delivered to the client if the distributor wishes to allow its clerks to use the</p>	<p>None of the information collected from a customer has any bearing on their insurance benefits in embedded credit card insurance</p> <p>"No personal information is collected for the insurance benefits" —N/A</p> <p>ALTERNATIVELY:</p>

	<p>information it holds on the client for purposes other than those for which it was collected and be in the form set out in Schedule 3. M.O. 2019-05, s. 25.</p>	<p>Insurance company does not see anything about customer until a claim -- explain this to AMF</p> <p>Any information collected must be compliant with PIPEDA</p>
26	<p><b>26.</b> Where the distributor offers the client financing that requires him to subscribe for insurance to secure the repayment of the financing, the notice of free choice provided for in section 443 of the Act respecting the distribution of financial products and services (<a href="#">chapter D-9.2</a>) must be delivered to the client and be in the form set out in Schedule 4. M.O. 2019-05, s. 26.</p>	N/A
27	<p><b>27.</b> The insurer must have an assistance service to answer questions from the distributor regarding each product offered. M.O. 2019-05, s. 27.</p> <p><b>DIVISION IV</b> <b>SUMMARY</b> M.O. 2019-05, Div. IV.</p>	Not a problem to comply
28	<p><b>28.</b> The summary may pertain only to the product and must satisfy all the following conditions: (1) it must be concise; (2) it must explain the product; (3) it must be written in language that is clear, readable, specific and not misleading so as to highlight the essential elements for informed decision-making and not cause confusion or misunderstanding; (4) it must present accurate information; (5) it must not contain any advertising or promotional offer; (6) it must not be the insurance policy or certificate. Where necessary, the insurer may refer the client to the relevant sections of the insurance policy to obtain additional information not found in the summary. M.O. 2019-05, s. 28.</p>	<p>Provision is probably fine</p> <p>It is what is in the summary that is the concern</p>
29	<p> <b>29.</b> The summary must present the following information: (1) the insurer's name and contact information; (2) the client number of the insurer registered in the Authority's register of insurers and the Authority's website address; (3) the name and type of product offered; (4) the eligibility criteria; (5) the name and contact information of the distributor that offers the product; (6) the product coverage, exclusions and limitations;</p>	<p>General thoughts on product summary: credit cards have different amounts of insurance coverage.</p> <p>One summary for each insurance product? Some in industry would prefer not to have a summary for each coverage.</p>


	<p>(7) any other specific clauses that may affect the insurance coverage;</p> <p>(8) warnings about the consequences of misrepresentations and concealment;</p> <p>(9) the client's right of cancellation, its duration and the procedures for exercising it;</p> <p>(10) the rules applicable to the temporary insurance, if applicable;</p> <p>(11) the information that the client must be made aware of in accordance with section 434 of the Act respecting the distribution of financial products and services (<a href="#">chapter D-9.2</a>);</p> <p>(12) the premiums and other fees and expenses, including the applicable taxes, or, if an exact amount cannot be indicated, the criteria used to determine it;</p> <p>(13) an indication that the premium is fixed or likely to vary over time;</p> <p>(14) the insurer's website address providing access to the information on where the client can file a complaint with the insurer and a summary of the complaint processing policy provided for in the second paragraph of section 52 of the Insurers Act (<a href="#">chapter A-32.1</a>);</p> <p>(15) the manner in which the specimen of the policy or the insurance certificate can be accessed on the insurer's website.</p> <p>Where the policy provides for a formula to calculate the portion of the refundable premium in the event of cancellation, the insurer must indicate as such in the summary and include an example of its application.</p> <p>M.O. 2019-05, s. 29.</p>	<p>Some card issuers have certificates that are combined, some have them separate.</p> <p>Operationally, could have different sections in summary. Better perhaps to combine the information. AMF wants the Summary to be concise.</p> <p>AMF has indicated that one Summary for multiple coverages is acceptable.</p> <p>But could be difficult where different insurers for different components of the credit card insurance benefits.</p> <p>Very difficult to operationalize the sharing of summaries.</p> <p>NEED to avoid providing this Summary at time of offer in branch. Provision #22 looks at that. Can be part of the package sent to customers.</p> <p>#1 OK #2 OK #3 PRODUCT NOT OFFERED #4 OK</p> <p>Scott Kirby feels problem elements are: #8,9,10 #8 has to not be at time of enrollment but is at time of claim #9 need to tell customer they can cancel by cancelling the card This is the recommended approach which had support from the group.</p>
--	---	---

		<p>Alternatively, could try to ask for it to not be included at all.</p> <p>Perhaps provide an example—for example, you cannot cancel an element of a group policy and then pay less for the benefits. Same concept with credit cards.</p> <p>PLAN A: try to explain why customers cannot opt out, so this does not apply—confusing, not relevant</p> <p>PLAN B: say can cancel credit card if you don't want coverage</p> <p>Direct it back to Bank policies</p> <p>#10 N/A but don't need to worry about it</p> <p>#12 How solution this? There is no premium paid by the customer; it is paid by the bank. However, could use high-level phrasing to educate customer "How much am I paying for the insurance coverage" "This insurance coverage is an additional coverage at no additional price to you. Bank X pays the premium to provide coverage for all customers with the card."</p> <p>Definitely do not want to get into the numbers.</p> <p>ALTERNATIVELY could simply say there are not fees for you the consumer."</p> <p>PLAN A: "coverage is provided under benefits and no premium is charged to the card-holder"</p> <p>#13—can tie this into the same point "premium are not charged to card-holder"</p> <p>#12 and #13 can be addressed together</p> <p>#14 are there any concerns about providing the insurer's website?</p> <p>Should replicate the approach we take with other products</p> <p>#15 Response: "Not applicable"</p> <p>There is no premium so not capability for a refund</p> <p>#9 is also applicable to #15</p>
--	--	---

30	<p><b>30.</b> The insurer must, as soon as the client has subscribed for or enrolled in the insurance contract, provide the client with the following documents:</p> <p>(1) a summary of the information collected from the client;</p> <p>(2) the policy, the insurance certificate or the temporary insurance.</p> <p>M.O. 2019-05, s. 30.</p>	<p>#1 Similar to provisions discussed earlier</p> <p>Information collected from client is not collected in relation to insurance it is in relation to the credit card application</p> <p>The information is relevant when the card is issued in relation to the insurance</p> <p>But would not know who is insured until there is a claim</p> <p>We can achieve this outcome without “conforming to regulation”</p> <p>“No information collected about client so not relevant”</p> <p>#2 providing certificate is not a problem (part of credit card package); temporary insurance is not applicable</p>
31	<p><b>31.</b> The notice of rescission provided for in section 440 of the Act respecting the distribution of financial products and services (<a href="#">chapter D-9.2</a>), which must be delivered to the client by the distributor, must be in the form set out in Schedule 5.</p> <p>M.O. 2019-05, s. 31.</p>	<p>This is a challenge</p> <p>There are no cancellation rights</p> <p>Embedded in credit card</p>
32	<p><b>32.</b> The insurer must make the product summary and a specimen of the policy or the insurance certificate accessible on its website for each product offered by a distributor, as well as any available endorsement, if applicable.</p> <p>M.O. 2019-05, s. 32.</p> <p><b>NOTE</b> This section will come into force on 13 June 2020 excluding the product summary which has been in force since 13 June 2019.</p>	<p>Probably most customers would look at distributors’ websites</p> <p>But probably already doing this so is fine</p>
33	<p><b><i>n force: 2020-06-13</i></b></p> <p><b>DIVISION V</b></p> <p><b>SUPERVISION OF DISTRIBUTORS</b></p> <p>M.O. 2019-05, Div. V.</p> <p><b><i>In force: 2020-06-13</i></b></p> <p></p> <p><b>33.</b> The insurer must monitor and supervise the offering of insurance products by its distributors.</p> <p>To that end, it must adopt and implement procedures that enable the supervision and training of its distributors and the natural persons to whom they entrust the task of dealing with clients</p>	<p>#33 and #34 go together</p> <p>Cannot supervise because there is no offering; can do training on what is included in benefit</p> <p>Supervision of offering does not apply</p> <p>Distribution of credit card—can indicate what is the coverage, and that is the extent of it; if there are questions about exclusions, how it works, provide them with number of provider and they can speak to them</p>

	<p>in order to ensure compliance with the requirements under the Act respecting the distribution of financial products and services (<a href="#">chapter D-9.2</a>) and this Regulation. M.O. 2019-05, s. 33.</p>	<p>Risk inviting conversations that cannot be held with non-licensed individuals Training could be coverages and details can be sent to provider (insurer) #34 I) is asking for quite specific details “This is not possible for embedded coverages, training is just to indicate the coverages” Training needs to be less prescriptive than in regs Training for embedded coverages would be different PROVIDING INFORMATION TO THE DISTRIBUTION CHANNEL ABOUT THE PRODUCT—not classrooms etc. “What is training?” perhaps need to show samples</p>
34	<p><b><i>n force: 2020-06-13</i></b></p> <p> <b>34.</b> The training provided by the insurer must cover the following:</p> <ul style="list-style-type: none"> <li>(1) the insurance product, particularly the coverage offered, the eligibility criteria and the applicable exclusions and limitations;</li> <li>(2) the distributor’s legal obligations;</li> <li>(3) the insurer’s complaint processing policy;</li> <li>(4) the practices promoting the fair treatment of clients;</li> <li>(5) the filing of a claim.</li> </ul> <p>M.O. 2019-05, s. 34.</p>	<p>See #33</p>
35	<p><b>DIVISION VI</b> <b>PROHIBITIONS</b> M.O. 2019-05, Div. VI.</p> <p> <b>35.</b> For insurance products referred to in paragraph 5 of section 424 and paragraph 1 of section 426 of the Act respecting the distribution of financial products and services (<a href="#">chapter D-9.2</a>), no insurer may:</p> <ul style="list-style-type: none"> <li>(1) enable the distributor to keep its remuneration within a time period not commensurate with the term of the product, which time period may not, however, be less than 180 days;</li> <li>(2) pay to the distributor a bonus or a share in the profits based on contract experience;</li> <li>(3) set different commission rates applicable to a distributor for products with similar insurance coverage.</li> </ul>	<p>#1) Distributor is not being compensated so this is entirely not applicable</p> <p>Works the opposite way</p> <p>#2) Not applicable</p> <p>Not really about profits</p>



	M.O. 2019-05, s. 35.	#3) Not applicable
36	<b>CHAPTER IV</b> <b>TRANSITIONAL AND FINAL PROVISIONS</b> M.O. 2019-05, c. IV.  <b>36.</b> This Regulation replaces the Regulation respecting distribution without a representative ( <a href="#">chapter D-9.2, r. 8</a> ). M.O. 2019-05, s. 36.	Transitional
37	<b>37.</b> For the period from 13 June 2019 to 12 June 2020, any delivery to the client of a distribution guide forwarded to the Authority before 13 June 2019 in accordance with section 414 of the Act respecting the distribution of financial products and services ( <a href="#">chapter D-9.2</a> ), including, if applicable, delivery to the client of the fact sheet in accordance with the Notice regarding the offering of insurance products by automobile and recreational and leisure vehicle dealers, is equivalent to the delivery of a summary and a fact sheet in accordance with section 22 of this Regulation. Similarly, access to such a distribution guide on the insurer's website during that period is equivalent to access to the summary in accordance with section 32 of this Regulation. M.O. 2019-05, s. 37.	Transitional

### FACT SHEET

Just address the problems with the Fact Sheet

Do not provide solutions

Can forward any issues to the AMF

Address however all the problems with the Fact Sheet

"It's your choice" wrong

Etc.

First section is misleading

Remuneration – just wrong

Wrong information

Right to Cancel – just not correct

Does not apply

Perhaps have our own version of a Fact Sheet that is more accurate?

### **Approach to the AMF**

Written submission?

Themes of issues

Product Summary and Fact Sheet / Disclosures

Training

Trying to explain what we addressed and why we addressed items in a specific way

Better informing customers is critical

Here is how we would distribute these documents

Have our plan B and C

“These pieces are not relevant”

Annual Statement on Market Conduct

Written submission

Try to address their concerns in a way that is much better

## FACT SHEET

The purpose of this fact sheet is to inform you of your rights. It does not relieve the insurer or the distributor of their obligations to you.

### LET'S TALK INSURANCE!

Name of distributor: \_\_\_\_\_

Name of insurer: \_\_\_\_\_

Name of insurance product: \_\_\_\_\_



#### IT'S YOUR CHOICE

**You are never required to** purchase insurance:

- that is offered by your distributor;
- from a person who is assigned to you; or
- to obtain a better interest rate or any other benefit.

Even if you are required to be insured, **you do not have to** purchase the insurance that is being offered. **You can choose** your insurance product and your insurer.



#### HOW TO CHOOSE

To choose the insurance product that's right for you, we recommend that you read the summary that describes the insurance product and that must be provided to you.



#### DISTRIBUTOR REMUNERATION

A portion of the amount you pay for the insurance will be paid to the distributor as remuneration.

The distributor **must** tell you when the remuneration exceeds 30% of that amount.



## RIGHT TO CANCEL

The Act allows you to rescind an insurance contract, **at no cost**, within 10 days after the purchase of your insurance. However, the insurer may grant you a longer period of time. After that time, fees may apply if you cancel the insurance. **Ask** your distributor about the period of time granted to cancel it **at no cost**.

If the cost of the insurance is added to the financing amount and you cancel the insurance, your monthly financing payments might not change. Instead, the refund could be used **to shorten the financing period**. **Ask your distributor for details**.

---

**The *Autorité des marchés financiers* can provide you with unbiased, objective information.**

Visit [www.lautorite.qc.ca](http://www.lautorite.qc.ca) or call the AMF at 1-877-525-0337.

---

**Reserved for use by the insurer**

**This fact sheet cannot be modified**

**Participants, 6 March 2020 Meeting**

Scott Kirby, Chair

Keith Martin

Karyn Kasperski, RBC Insurance

Isabelle Choquette, Desjardins

Charles Andre Roy, Desjardins

Brendan Wycks, CAFII

Michelle Butler, Scotiabank

Peter Thorn TD

Greg Shirley Manulife

Monika Spudas Manulife

**Participants, 13 march 2020 Meeting**

Isabelle Choquette, Desjardins

Scott Kirby, TD Insurance

Peter Thorn, TD Insurance

Martin Boyle, BMO

Monika Spudas, Manulife

Greg Shirley, Manulife

Tracey Torkopolous, Assurant

Michelle Butler, Scotiabank

Keith Martin, CAFII

General Comment—trying to meet the outcomes expected from AMF, but not trying to comment  
If comply, implies that regulation applies and is an offer

**Working Group Members Embedded Credit Card Coverages**

Scott Kirby, Chair

Martin Boyle, BMO Insurance

Isabelle Choquette, Desjardins (to be assisted by two people)

Mandy Rutten, CIBC

Michelle Butler, Scotiabank

Karyn Kasperski, RBC Insurance

Pete Thorn, TD Insurance

Monika Spudas, Manulife

Greg Shirley, Manulife

Tracey Torkopoulos, Assurant

Brendan Wycks, CAFII

Keith Martin, CAFII