

Summary of K. Martin's Meeting with AMF's Mario Beaudoin on February 27/24

Keith Martin Meeting with Mario Beaudoin, 27 February, 2024

At the February 12, 2024 AMF Rendez Vous in Montreal, Mario Beaudoin and Keith Martin had a friendly conversation during which M. Beaudoin suggested that he and Keith Martin should meet more regularly to share notes and perspectives. A meeting was set up for 30 minutes on 27 February, 2024.

The meeting was very cordial and ran over by 15 minutes. The meeting began with pleasantries, including about weather and the unrelenting pace of work and how quickly the year is passing. Mario Beaudoin said that the 2023 meetings between Éric Jacob and CAFII Board Chair Peter Thompson were very useful, and that he hoped that these would continue after a new Superintendent of Client Services and Distribution Oversight was named. He said that position has never been formally posted, and that it is expected that Yves Ouellet will name the new Superintendent in the next few weeks. He added that he thought that the expectation was that in the interim, Peter Thompson would continue these meetings with Christian Beaulieu (Mario Beaudoin's boss).

Mr. Beaudoin asked about governance issues, noting that he thought he had heard that Peter Thompson was stepping down as CAFII Board Chair. I mentioned that after many years of distinguished service Peter Thompson was stepping down at our June 4, 2024 Board meeting, and that similarly after many years of distinguished service the EOC Chair Rob Dobbins was also stepping down at that meeting. I mentioned that we were in the process of identifying the new Board Chair, and that the EOC Vice-Chair Karyn Kasperski from RBC Insurance would be stepping into the role of EOC Chair as of June 4, 2024. Mario Beaudoin said that he encouraged CAFII to continue with the quarterly meetings between the Superintendent and the new CAFII Chair, and I agreed with him about this and we said we would work together to promote a continuation of this after our respective organizations had identified the new people in the Superintendent and Chair positions.

Mario Beaudoin said that because he is focused on distribution without a representative, and on internet sales of insurance, CAFII and its members are highly relevant to the work of Mr. Beaudoin and his team, and our members offer most of the volume for these forms of distribution. He felt it was important to have more predictability for CAFII and its members around what the AMF has as priorities, and he asked if we could have a meeting every second month to just compare files, answer each other's questions, and share information. I said that I would be pleased to do that and he asked me if CAFII could book these meetings immediately into our calendars for the remainder of the year. He said he would like us to work on a partnership model to deal with matters before they become problematic.

He asked me to share with him what I was working on, and I said that three of my members had been approached by Véronique Martel with questions about our request for an extension of the deadline for cancelling spousal policies. We discussed this file and he seemed sympathetic to our perspective, and said that "Éric Jacob and Christian Beaulieu are the relationship leads on this file, but others need to have input into the decision." He implied that this was all part of a necessary process. He also said that one preoccupation of the AMF is there are organizations that monitor what the AMF does to see if a class action suit may be filed due to irregular application of regulations, or due to an insurance product being offered to a consumer that was not consistent with legislation. I told him I understood that point, but that we had made an exception for nearly five years now with no such legal issue arising. I also said

that our members had the same concern if spousal policies were cancelled—would this expose them to litigation or class action suits? He said he understood that concern.

I told Mr. Beaudoin that we understand that the AMF is a complex organization with a lot of responsibilities, and that it can take time to make a decision just as it takes time to implement a change for CAFII's members; and on that point, we have been having these discussions for over a year now, and without a decision in place yet, members are nervous that if there is no extension ultimately made they are not capable of cancelling policies in the remaining time available. I explained that resources need to be identified, a budget needs to be approved, and IT commitments need to be freed up to make a major change like this. He said he completely understood that point and that he would keep that in mind in any further internal discussions on this matter.

I next let Mario Beaudoin know about the LIMRA research we were about to release, noting that we would hold a webinar with regulators and policy-makers before releasing it publicly. He said he was keenly interested in the research and had already registered for the webinar, and asked if I could give him an overview of the findings. I mentioned that the research found that Canadian homeowners were vastly underinsured and uninsured for life insurance, and that this was even worse for homeowners with partners, dependents, and credit. I explained that we looked at all life insurance products (employee benefits, term, CPI etc.) I also said that CPI was clearly a potential way to close the gap in life insurance among homeowners.

Mr. Beaudoin said that this was fascinating, that this was a financial literacy contribution by CAFII, and that AMF research on teaching financial literacy found that it was difficult to make it impactful until someone had a life event—like buying a house and getting a mortgage, at which point they start to think more deeply about financial matters.

And then Mr. Beaudoin made a compliment about credit protection insurance.

He said that as the first insurance product for many consumers as they are purchasing a mortgage in a branch, it could play an important role. "Is it the best choice in the long run for a consumer? Maybe, or maybe not, but as a starter product for someone beginning their financial voyage, it could be the right product at the right time in the right place."

He said that the AMF does not have a problem with banks offering mortgage life insurance and credit protection insurance in branches. Mr. Beaudoin said that he does have a problem with auto dealers offering single premium products that are of dubious value, but "banks offering CPI allow customers to cancel at any time, and to avoid lots of cancellations they have a strong incentive to offer a high level of service."

I then updated Mr. Beaudoin on CAFII's submission to FSRA on its position on vulnerable populations, and noted that we referenced the AMF's work on this topic and said that we found the AMF approach was worthy of careful study.

Mario Beaudoin then offered his own updates:

- The AMF will make reporting information captured through travel agencies easier;
- PL 30 is moving forward and will require collection of premium in auto dealerships at least once a year;
- There are lots of complaints about some of the insurance products offered through auto dealerships;
- Mario Beaudoin is working with THIA on enhancing knowledge of travel insurance products in his team, and is encouraging THIA to hold educational webinars modelling the approach CAFII has taken on educational webinars;
- Travel sold online is a large-volume product representing over \$200 million in premium in 2022 in Quebec, with 35% of the travel insurance purchased done so online;
- The Annual reporting is about to happen and Mr. Beaudoin encouraged CAFII members to reach out to his team if anyone is having any difficulties or challenges.