

Agenda Item 7(e)
April 27/21 EOC Meeting

Rationale for CAFII Decision Not to Make Submissions In Response To Recent BCFSA Consultations on Outsourcing and Information Security

From: Kuiper, Bradley <bradley.kuiper@scotiabank.com>
Sent: April-12-21 9:03 AM
To: Keith Martin <Keith.Martin@cafii.com>; 'Rob Dobbins' <rob.dobbins@assurant.com>
Cc: Brendan Wycks <brendan.wycks@cafii.com>
Subject: RE: [External] FW: Question from CAFII on BC Consultations on Outsourcing Guideline; and Information Security Guideline

Thanks for the update Keith.

No concerns or questions regarding the proposed approach re: not making CAFII submissions.

Regards, Brad

Brad Kuiper, CIP, CIPP/C | Senior Compliance Manager

Scotiabank | Global Compliance

From: Keith Martin <Keith.Martin@cafii.com>
Sent: April 12, 2021 8:55 AM
To: Kuiper, Bradley <bradley.kuiper@scotiabank.com>; 'Rob Dobbins' <rob.dobbins@assurant.com>
Cc: Brendan Wycks <brendan.wycks@cafii.com>
Subject: [External] FW: Question from CAFII on BC Consultations on Outsourcing Guideline; and Information Security Guideline

Hello Brad, Rob,

Upon further investigation of the two open consultations by the BCFSA on an Outsourcing Guideline; and an Information Security Guideline, Brendan and I recommend that CAFII not make a submission on these two matters, principally because they are only applicable to BC incorporated companies and as such will not apply to the vast majority of our members, and are therefore out of scope for our Association. In addition, upon careful review of the Guidelines there is nothing particularly controversial or concerning about them. The Information Security Guideline, which has focused on cyber-security, does require companies with major security breaches to inform the regulator, but that is very much the direction being taken in most jurisdictions including federally in Canada.

Furthermore, the CLHIA is making submissions to the BCFSA on these two consultations -- they have identified one key point and they will raise this with BCFSA:

"Hi Keith,

We are preparing a response to both consultations. This is being led by our Information Security Committee.

Just to note, I didn't receive a lot of feedback from members on these as they both only apply to B.C. incorporated insurance companies. But we did mention in our draft submissions that BCFSA should consider waiting until OSFI finishes its review of technology risks before implementing the guidelines."

Sarah Hobbs

Director, Policy

Direct: 416-359-2012

Cell: 416-312-7201

If you have any concerns about this recommendation or would like to discuss in a call, please let us know.

Regards,

--Keith

Keith Martin

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

From: Wright, Steven FSA:EX <Steven.Wright@bcfsa.ca>

Sent: April 9, 2021 8:17 PM

To: Keith Martin <Keith.Martin@cafii.com>

Cc: Brendan Wycks <brendan.wycks@cafii.com>; Wales, Peta FSA:EX <Peta.Wales@bcfsa.ca>; James, Harry FSA:EX <Harry.James@bcfsa.ca>; Chong, Frank FSA:EX <Frank.Chong@bcfsa.ca>; O'Brien, Rob FSA:EX <Rob.O'Brien@bcfsa.ca>; Leung, Steve FSA:EX <Steve.Leung@bcfsa.ca>

Subject: RE: Question from CAFII on BC Consultations on Outsourcing Guideline; and Information Security Guideline

Hi Keith,

Thank you for your questions.

Your assumption is correct in that the expectations communicated in the outsourcing guideline do not apply to FRFIs. While the expectations communicated in the information security guideline do not apply to FRFIs, we are considering introducing a rule that would require all insurance companies (including FRFIs that are licensed to conduct business in BC) to notify BCFSa in the event of a significant information security incident. As we begin work on the details of such a rule, we will reach out to your organization for your input.

Best regards,
Steven Wright

From: Keith Martin <Keith.Martin@cafii.com>

Sent: April 6, 2021 7:07 AM

To: Chong, Frank FSA:EX <Frank.Chong@bcfsa.ca>; James, Harry FSA:EX <Harry.James@bcfsa.ca>

Cc: Brendan Wycks <brendan.wycks@cafii.com>

Subject: Question from CAFII on BC Consultations on Outsourcing Guideline; and Information Security Guideline

Hello Frank, Harry,

I trust this note finds you both well in these trying times. CAFII is reviewing two consultation documents from BCFSa, and determining if they are in scope for our Association. As you know CAFII's members are federally regulated financial institutions (FRFIs).

The Outsourcing Guideline <https://www.bcfsa.ca/pdf/fid/BCFSaOutsourcingGuideline.pdf> states that "This Guideline sets out BCFSa's expectations for provincially regulated financial institutions incorporated in BC ("PRFIs") that outsource, or contemplate outsourcing, one or more of their business activities" and as such, I believe that this does not apply to our members?

The Information Security Guideline

<https://www.bcfsa.ca/pdf/fid/advisory/InformationSecurityGuideline20210218.pdf> is perhaps a little less clear-cut, as it says "Potential consequences of information security ("IS") breaches constitute a concern for BCFSa, consumers, and provincially incorporated financial institutions ("PRFIs")¹." The Footnote 1 then states: "1 PRFIs for the purposes of this guideline include (i) BC credit unions, (ii) insurance and trust companies incorporated or licensed to do business in BC (excluding extra provincial companies) and (iii) administrators of BC pension plans." Would the inclusion of the "or licensed" mean that our members who have operations in BC are subject to this Guideline?

Thanks for any clarification you can provide.

Regards, and stay safe,

--Keith

Keith Martin

Co-Executive Director / Co-Directeur general, CAFII

