

## CAFII Board of Directors Virtual Meeting Agenda

**Date:** Tuesday, June 8, 2021  
**Chair:** C. Lobbezoo  
**Location:** [Virtual MSTEams Meeting](#)

**Time:** 2:20 to 4:30 p.m. EDT  
**Dial-in:** 437-703-4263  
**Phone Conference ID:** 965 295 258#

| 1. Welcome, Call to Order, and Meeting Confirmation            | 2:20 p.m. | Presenter   | Action   | Page # | Document           |
|--|-----------|-------------|----------|--------|--------------------|
| a. Welcome to New CAFII Member; and to Two New CAFII Directors |           | C. Lobbezoo |          | 3      |                    |
| b. Approval of Agenda  |           | C. Lobbezoo | Approval | 4      | ✓                  |
| c. Review and Acceptance of CAFII Competition Law Policy       |           | C. Lobbezoo | Approval | 5      | ✓                  |
| d. Election of 2021-2022 CAFII Officers                        |           | C. Lobbezoo | Approval | 10     | Briefing Note Only |

| 2. Consent Items   | 2:25 p.m. | Presenter   | Action | Page # | Document |
|--|-----------|-------------|--------|--------|----------|
| a. Draft Board Meeting Minutes, April 13, 2021               |           | C. Lobbezoo |        | 12     | ✓        |
| b. Draft Board Meeting Minutes, May 19, 2021                 |           |             |        | 18     | ✓        |
| c. Summary of Board and EOC Action Items                     |           |             |        | 21     | ✓        |
| d. Regulatory Update   |           |             |        | 22     | ✓        |
| e. Consultations/Submissions Timetable                       |           |             |        | 36     | ✓        |
| f. Regulator and Policy-Maker Visit Plan                     |           |             |        | 37     | ✓        |
| g. Committee Reports Addressing CAFII Priorities             |           |             |        | 39     | ✓        |
| h. Board-Approved CAFII 2021 Schedule of Meetings and Events |           |             |        | 41     | ✓        |

| 3. Governance Matters  | 2:28 p.m. | Presenter            | Action           | Page # | Document |
|--|-----------|----------------------|------------------|--------|----------|
| a. Results of Recent Outreach To EOC Members To Create Succession Pipeline Of Committee Chairs and Vice-Chairs |           | R. Dobbins/ B. Wycks | Update           | 43     | ✓        |
| b. Plans For Negotiating A Renewal of CAFII's Association Management Services Contract With Managing Matters   |           | K. Martin            | Update/ Approval | 46     |          |

| 4. Financial Management Matters                          | 2:38 p.m. | Presenter  | Action   | Page # | Document |
|--|-----------|------------|----------|--------|----------|
| a. CAFII Financial Statements as at April 30/21          |           | T. Pergola | Approval | 47     | ✓        |
| b. Forecast for CAFII 2021 Fiscal Year as at April 30/21 |           | T. Pergola | Update   | 51     | ✓        |

| 5. Strategic and Regulatory Matters  | 2:48 p.m. | Presenter       | Action             | Page # | Document |
|--|-----------|-----------------|--------------------|--------|----------|
| a. Proposal That CAFII Investigate Development and Launch of an Education/Master Class/Certification Program For Member Company Employees On "CPI Legislative and Regulatory Principles and Environment" | 2:48 p.m. | Z. Fuerstenberg | Update/ Discussion | 54     |          |
| <b>Break 5 Minutes</b>   | 3:08 p.m. |                 |                    |        |          |
| b. Norton Rose's Development of Legal Arguments That Could Be Used To Counter AMF's Position On RADM's Applicability To Credit Card-Embedded Insurance Benefits  | 3:13 p.m. | K. Martin       | Update/ Discussion | 55     | ✓ (2)    |
| c. CAFII Submission Of Deadline Extension Request Letter To AMF Re September 17/21 Deadline For Affected Insurers To Submit Product Summaries and An Action Plan   | 3:20 p.m. | K. Martin       | Update             | 61     | ✓        |
| d. CAFII Outreach To CBA That It Engage In AMF Credit Card-Embedded Insurance Benefits Issue, Given Implications For Core Credit Card Offerings In Quebec  | 3:25 p.m. | K. Martin       | Update/ Discussion | 65     | ✓        |
| e. CAFII Working Group On Industry Alignment Around Compliance With AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits  | 3:30 p.m. | K. Martin       | Update             | 68     |          |
| f. CAFII Working Group On Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance            | 3:35 p.m. | K. Martin       | Update             | 70     |          |
| g. CISRO Consultation On "Principles of Conduct For Intermediaries"  | 3:40 p.m. | B. Wycks        | Update             | 71     | ✓ (2)    |
| h. Launch Of Saskatchewan Restricted Insurance Agent Advisory Committee  | 3:44 p.m. | B. Wycks        | Update             | 76     | ✓        |

| 5. Strategic and Regulatory Matters (Continued)   |           | Presenter           | Action | Page # | Document |
|---|-----------|---------------------|--------|--------|----------|
| i. Insights Gained From June 3/21 CAFII Webinar On "RIA Regimes In Canada"  | 3:47 p.m. | K. Martin/ B. Wycks | Update | 78     | ✓        |
| j. Next Steps Arising From Results Report From CAFII Research Project On CPI Consumers' Digitization Preferences: Webinar For Regulators and Policy-Makers; Public Release; and Media Release | 3:51 p.m. | K. Martin           | Update | 81     | ✓ (2)    |
| k. New Motion Graphics Website Video On Consumers' CPI Digitization Preferences   | 3:56 p.m. | K. Martin           | Update | 100    |          |
| l. Insights Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact of COVID-19 on Travel Insurance Industry  | 4:00 p.m. | B. Wycks            | Update | 101    |          |

| 6. Read Only Items  |  |  | Read Only | Page # | Document           |
|---|--|--|-----------|--------|--------------------|
| a. CAFII Data Improvements Working Group With RSM Canada Around Quarterly CPI Benchmarking Study: Progress Report   |  |  |           | 102    | Briefing Note Only |
| b. CAFII Response Submission On Two FSRA Questions Arising From CAFII Submission On FSRA's Proposed Unfair or Deceptive Acts or Practices Rule                                  |  |  |           | 103    | ✓                  |
| c. CAFII Response Submission To David Weir, FCNB On Follow-up Question Arising From CAFII's January 2020 Response Submission To FCNB's RIA Licensing Regime Public Consultation |  |  |           | 107    | ✓                  |
| d. June 9/21 CAFII Webinar On "The Future of Travel and Travel Insurance As The World Emerges From The COVID-19 Global Pandemic"  |  |  |           | 110    | ✓                  |
| e. CAFII's First Insights/Idees Website Blog Posts  |  |  |           | 114    | ✓                  |
| f. New CAFII Associates Secured and Admitted/Pending In 2021  |  |  |           | 118    | ✓                  |

| 7. In Camera Session  | 4:05 p.m. | Presenter       | Action     |     | Document |
|---|-----------|-----------------|------------|-----|----------|
| a. Possible CAFII Push (Via CBA?) For Elimination Of Federal Bank Act/IBBRs Prohibition Against Banks Retailing Non-Authorized Insurance Products From Their Branches |           | Z. Fuerstenberg | Discussion | 120 |          |
| b. Other Business   |           | C. Lobbezoo     | Discussion |     |          |

**Next Board Meeting:** Tuesday, October 5, 2021, 2:00 to 4:00 p.m. EDT (Virtual Meeting)

**2021 CAFII Annual Members' and Associates' Luncheon:** Deferred to Q3 or Q4 2021

## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 1a**

#### **Welcome to New CAFII Member; and to Two New CAFII Directors**

##### **Purpose of this Agenda Item -- Update**

CAFII welcomes a new Initiation Member of the Association, Canada Tire Bank (CTB), and the new Director from CTB, Adam Vespi, AVP, Insurances & Services, Canadian Tire Bank.

CAFII also wishes to thank André Langlois for his service to CAFII as a Director from Desjardins. Mr. Langlois is stepping down as the Director from Desjardins, and CAFII is pleased to welcome his replacement Chantal Gagné, Senior Vice-President, Individual Insurance Division, Desjardins Financial Security.

##### **Background Information**

**Update.**

##### **Recommendation / Direction Sought -- *Update***

Update.

##### **Attachments Included with this Agenda Item**

No attachments.

## **Briefing Note**

**CAFIL Board Meeting 8 June 2021—Agenda Item 1b**  
**Approval of Agenda**

### **Purpose of this Agenda Item -- Approval**

The Board will be asked to approve the Agenda.

### **Background Information**

### **Recommendation / Direction Sought -- *Update***

Approval.

### **Attachments Included with this Agenda Item**

1 attachment.



## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 1c Review and Acceptance of CAFII Competition Law Policy**

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#### **Purpose of this Agenda Item -- *Approval***

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Once a year, at the Board meeting held in conjunction with the Association's Annual Meeting of Members, Board members are asked to formally affirm that they will abide by the Association's Competition Law Policy.

#### **Background Information**

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An Association such as CAFII, which brings together competitors to discuss issues of common interest, must ensure adherence to competition law requirements. CAFII adheres to best practices by having Directors acknowledge once a year that they adhere to CAFII's Competition Law Policy, and having this recorded in the minutes.

#### **Recommendation / Direction Sought – *Approval***

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Approval.

#### **Attachments Included with this Agenda Item**

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1 attachment.

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|                                |                                      |
|--------------------------------|--------------------------------------|
| <b>Document Owner:</b>         | CAFII Executive Operations Committee |
| <b>Practice Applies to:</b>    | CAFII Members                        |
| <b>Process Responsibility:</b> | CAFII Secretary                      |
| <b>Final Accountability:</b>   | CAFII Board of Directors             |

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## DEFINITION:

**"Competition Act"** means the *Competition Act*, R.S.C. 1985, c. C-34, as amended;

## COMPETITION LAW POLICY

### 1. Competition Law Policy Statement

It is the Corporation's policy that it, and all of its members, fully comply with the Competition Act in respect of any activity undertaken for or on behalf of the Corporation. Responsibility for such compliance rests with the Board and with each member.

### 2. Guidelines for Competition Act Compliance

At each Annual and Special Meeting of members of the Corporation, members shall be furnished with the Corporation's Guidelines for Competition Act Compliance ("Competition Law Policy") and a summary of the policy shall be read into the record at the beginning of the meeting as a reminder of members' undertakings with respect to Competition Act compliance. At meetings of the Board of Directors of the Corporation and of its Executive Operations Committee, this policy shall be referenced and acknowledged at the beginning of each meeting.

### 3. Consequences for Failure to Comply with Policy and Guidelines

Failure by a member to comply with this policy or the Guidelines is grounds for removal of that member from the register of the Corporation in accordance with section 9.06.

### 4. Annual Review of Guidelines

The Guidelines shall be reviewed annually by the Corporation and shall be amended from time to time, as necessary or considered desirable by the Board of Directors.

Any changes to the Competition Law Policy may not be ratified by electronic means.

If you have any questions, comments or suggestions regarding this document, contact the Executive Director, Brendan Wycks at [Brendan.wycks@cafii.com](mailto:Brendan.wycks@cafii.com).

# CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

## GUIDELINES FOR *COMPETITION ACT* COMPLIANCE

Trade association meetings present a risk of interactions among competitors that in and of themselves may contravene, or may lead to a contravention of, Canada's competition laws. Depending on the circumstances, an inference may be drawn by the Competition Bureau of an improper agreement among competitors resulting from such interactions. In addition to rules of general application to all industries, there are also specific provisions in the *Competition Act* (the "**Act**") dealing with agreements or arrangements between federal financial institutions.<sup>1</sup>

Consequently, the Canadian Association of Financial Institutions in Insurance ("**CAFII**"), and its members, should be cognizant of the importance of compliance with the Act and committed to such compliance. In fulfilling the mandate of CAFII, and working towards the achievement of its objectives, members of CAFII are expected to adhere to the guidelines that follow and CAFII's competition law policy to promote and respect the spirit and the letter of the law.

### 1. Prohibited Activities<sup>2</sup>

#### (a) **Anti-Competitive Agreements or Understandings**

Neither CAFII nor any committee or activity of CAFII shall be used for the purpose of bringing about or attempting to bring about any agreement, written or oral, formal or informal, express or implied, among competitors regarding:

- (i) the amount or kind of prices, premiums, service charges, interest rates, or other terms or conditions of any products or services to be offered for sale by insurance companies;
- (ii) the amount or kinds of products or services to be offered to customers or classes of customers;
- (iii) the customers or classes of customers to whom any insurance company product or service may be sold or withheld; or
- (iv) the territories in which an insurance company product or service may be sold.

#### (b) **Sharing Information Posing Anti-Competitive Risk**

No CAFII activity, including any activity undertaken by a CAFII committee or group, shall involve discussion, exchange, collection or dissemination among competitors, for any purpose or in any fashion, information on those matters identified in subparagraphs (i) to (iv) in paragraph (a) above.

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<sup>1</sup> For the purposes of the relevant provisions of the Act, "federal financial institution" means a bank or authorized foreign bank within the meaning of section 2 of the *Bank Act*, a company to which the *Trust and Loan Companies Act* applies or a company or society to which the *Insurance Companies Act* applies.

<sup>2</sup> The activities captured by these guidelines include any activities undertaken for or on behalf of CAFII, including but not limited to, CAFII meetings, formal or informal CAFII-sponsored events, and advocacy and lobbying initiatives.

Where projects involve the collection of individual firm statistical data, such collection shall involve only aggregate data from past transactions and shall include effective steps to protect against disclosure of individual product-pricing or interest-payment information.

**(c) Exchange of Cost Information – Anti-Competitive Purposes**

No CAFII activity shall include any discussion of costs or any exchange of cost information for the purpose or with the probable effect of:

- (i) increasing, maintaining, or stabilizing prices, premiums, service charges, interest rates, or other terms or conditions of insurance company products or services;
- (ii) reducing competition with respect to the range or quality of products or services offered by insurance companies; or
- (iii) promoting agreement among insurance companies with respect to their selection of products or services for purchase, their choice of suppliers, or the prices they will pay for such products or services, including commissions for the services of commissioned agents.

**(d) Published Papers**

Papers published by or on behalf of CAFII or presented in connection with CAFII programs should not discuss or refer to the amount or kind of prices, premiums, service charges, interest rates, or other financial terms or conditions of insurance products or services offered for sale by insurance companies. Additionally, reference to costs in such papers should not be accompanied by any suggestion, express or implied, that prices, premiums, interest rates, service charges or other terms or conditions of insurance company products or services should be raised, adjusted, or maintained in order to reflect such costs. To ensure compliance, authors of conference papers shall be informed of CAFII's Guidelines for Competition Act Compliance and CAFII's competition law policy and the need to comply with these rules in the preparation and presentation of their papers.

**(e) No Attempt at Product Standardization**

Neither CAFII nor any CAFII committee or group shall make any effort to bring about the standardization of any insurance product or service for the purpose or with the effect of preventing the development or sale of any product or service not conforming to a specified standard.

**(f) Independent Dealings with Suppliers**

No CAFII activity or communication shall include any agreement, or any discussion which might be construed as an agreement, to collectively refrain from purchasing any products or services from any supplier.

**(g) No Exclusion from CAFII Activities**

No person shall be arbitrarily or unreasonably excluded from participation in any CAFII committee or activity where such exclusion may impair such person's ability, or the ability of his or her employer, to compete effectively in the insurance industry or as a supplier to the insurance industry.

## 2. Permissible Activities

The Act expressly permits certain activities among competitors and, as a result, within trade associations. These permitted activities include:

- the exchange of statistics;
- the defining of service or product standards;
- the exchange of credit information;
- the definition of industry terminology;
- co-operation in research and development; and
- agreements on environmental protection measures.

However, the usefulness of these exemptions is **very limited**. These activities become illegal if the result is that competition is unduly decreased, or if entry into an industry or expansion of a business within that industry is unduly restricted. For example, although “the exchange of statistics” is permitted, that does not mean that any and all forms and kinds of statistics and numbers, such as price lists or market-share data, may be exchanged among trade association members. Likewise, the defining of service or product standards may become criminal conduct if there is an agreement that CAFII members will restrict the range of services or products they offer to certain specified customers, or they agree to standards in terms of quality, range or quantity of products or services they offer with the aim of eliminating low price competitors.

## 3. Efforts to Influence Governmental Action

In general, one has a right to meet and to make joint presentations with respect to governmental activities of common interest. However, this right should not be used jointly by competitors for an anti-competitive purpose such as, for example, the lobbying for a legislative or regulatory change having the objective of impeding entry of new competitors, increasing insurance premiums, or restricting insurance services to certain classes of customers or geographic regions. Caution should be exercised where a particular lobbying initiative pertains to subject-matter that has competitive overtones or may be perceived as a concerted effort to lessen or prevent competition. In such cases, legal advice should be sought before proceeding with the initiative.

## **Briefing Note**

### **CAFII Board Meeting, 8 June 2021—Agenda Item 1d Election of 2021-2022 CAFII Officers**

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#### **Purpose of this Agenda Item**

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Approval of the proposed slate of 2021-2022 CAFII Officers.

#### **Background Information**

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This is the first Board meeting of the 2021-2022 CAFII governance year, following the Annual Meeting of Members to be held immediately prior to this Board meeting.

As this is the first Board meeting following the election of the Association's Directors for 2021-2022, the Board must now appoint the volunteer Officers of the Association for 2021-2022, with those volunteer Officer positions being Chair, Vice-Chair, Secretary, and Treasurer.

Article 7.1 of the CAFII Bylaw specifies that "the Directors shall select annually Officers of the Corporation. Except for the Executive Director, Officers shall hold their position for a period of one year."

Therefore, the following slate of Officers is proposed for appointment by the Board:

|                                   |  |
|-----------------------------------|--|
| Board Chair:                      | Chris Lobbezoo, RBC Insurance Holdings Inc.  |
| Board Vice-Chair:                 | Peter Thompson, National Bank Insurance      |
| Board Secretary & EOC Chair:      | Rob Dobbins, Assurant                        |
| Vice-Board Secretary & EOC Chair: | Karyn Kasperski, RBC Insurance Holdings Inc. |
| Treasurer:                        | Tony Pergola, ScotiaLife Financial           |

#### **Recommendation / Direction Sought -- *Approval***

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Approval.

#### **Attachments Included with this Agenda Item**

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No Attachments.

## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 2 (a-h) Consent Items**

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#### **Purpose of this Agenda Item – Information Only**

To provide documentation for the Board to review, which does not require updates, discussion, or decisioning.

#### **Background Information**

The Consent Items that do not require any discussion or decisions are:

- a. Draft Board Meeting Minutes, April 13, 2021
- b. Draft Board Meeting Minutes, May 19, 2021
- c. Summary of Board and EOC Action Items;
- d. Regulatory Update;
- e. Consultations/Submissions Timetable;
- f. Regulator and Policy-Maker Visit Plan;
- g. Committee Reports Addressing CAFII Priorities;
- h. Board-Approved Schedule of CAFII 2021 Meetings and Events.

#### **Recommendation / Direction Sought – Information Only**

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No action required.

#### **Attachments Included with this Agenda Item**

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8 attachments.

**BOARD TELECONFERENCE MEETING**  
**CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE**  
**Tuesday, April 13, 2020**  
**MINUTES**

|                       |                      |   |
|-----------------------|----------------------|---|
| <b>Board Present:</b> | Chris Lobbezoo       | RBC Insurance, <i>Chair</i>                           |
|                       | Paul Cosgrove        | Assurant Canada                                       |
|                       | Janice Farrell-Jones | TD Insurance  |
|                       | Zack Fuerstenberg    | ScotiaLife Financial                                  |
|                       | Andre Langlois       | Desjardins Insurance                                  |
|                       | Peter McCarthy       | BMO Insurance   |
|                       | Sophie Ouellet       | Sun Life  |
|                       | Mica Sweet           | CIBC Insurance  |
|                       | Wally Thompson       | Manulife Financial                                    |
|                       | Peter Thompson       | National Bank Insurance                               |
|                       | Louie Georgakis      | The Canada Life Assurance Company                     |
| <b>Regrets:</b>       | Kelly Tryon          | CUMIS/The Co-operators                                |
|                       | Rob Robinson         | Canadian Premier Life Insurance Company               |
|                       | Nicole Benson        | Valeyo  |
| <b>Also Present:</b>  | Rob Dobbins          | Assurant Canada, <i>Board Secretary and EOC Chair</i> |
|                       | Tony Pergola         | ScotiaLife Financial, <i>Treasurer</i>                |
|                       | Keith Martin         | CAFII Co-Executive Director                           |
|                       | Brendan Wycks        | CAFII Co-Executive Director                           |
|                       | Albert Lin           | Managing Matters                                      |

**1. Call to Order and Meeting Confirmation**

C. Lobbezoo welcomed all to this meeting of the CAFII Board of Directors, which was held virtually on the Microsoft Teams platform, and called the meeting to order at 2:02 p.m. Albert Lin acted as Recording Secretary.

Rob Dobbins, Board Secretary, confirmed that notice of the meeting had been sent to all Directors in accordance with the Association's By-Law; and that a quorum of Directors was present.

C. Lobbezoo declared this meeting of the Board of Directors of the Canadian Association of Financial Institutions in Insurance duly convened and properly constituted for the transaction of business.

**1.a Approval of Agenda**

C. Lobbezoo noted that the agenda for this meeting included a "Read Only" section of update and background materials which members were expected to have read, but which would not require discussion in the meeting. Combined with the "Consent Items" section, those classifications of certain items would allow the meeting itself to focus on items which required Board discussion or decision-making.



*On a motion duly made, seconded and unanimously carried*

***IT WAS RESOLVED that the meeting Agenda be and is approved as presented.***

**2. Consent Items**

- Draft Board Meeting Minutes, December 1, 2020
- Draft Board Meeting Minutes, February 11, 2021
- Summary of Board and EOC Action Items
- Regulatory Update
- Consultations/Submissions Timetable
- Regulator and Policy-Maker Visit Plan
- Board-Approved CAFII 2021 Schedule of Meetings and Events

*On a motion duly made, seconded and unanimously carried*

***IT WAS RESOLVED that the Consent Agenda items be and are approved or received for the record, as indicated in the Action column in the Consent section of the agenda.***

***And further, IT WAS RESOLVED that the minutes of the CAFII Board of Directors meeting held December 1, 2020 be and are adopted in the form presented, and that a copy of these minutes be signed and placed in the minute book of the Corporation.***

***And further, IT WAS RESOLVED that the minutes of the CAFII Board of Directors meeting held February 11, 2021 be and are adopted in the form presented, and that a copy of these minutes be signed and placed in the minute book of the Corporation.***

**3. Governance Matters**

**3.a. Tentative Plan For Return To In-Person CAFII Board Meetings: December 7, 2021 CAFII Board Meeting and Immediately Ensuing Holiday Season Reception**

B. Wycks reported that CAFII was exploring the possibility of returning to in-person Board meetings in December 2021, and also looking into whether it made sense to have a contingency plan in place in case travel and in-person meetings were allowed again by the time of the scheduled October 5, 2021 Board meeting.

Board members felt that exploring that possibility was not a problem, but there was skepticism that in-person meetings could actually happen as early as October 5, 2021. When in-person meetings do happen again, CAFII members will have internal corporate in-person meetings to attend as a priority. There also will likely be a mix of in-person and remote participants at meetings for the foreseeable future; and, as such, the experience for remote users needs to be better than it was prior to the pandemic; the expectations for remote participants has risen considerably.

### **3.b New CAFII Associates Secured and Admitted in 2021**

B. Wycks reported that three new CAFII Associates had been secured in 2021: Stikeman Elliott; Dog and Pony Studios; and RSA; and there also had been no loss of existing Associates in 2021. He attributed these recent successes to the fact that a new value proposition for Associates had been developed, with the Board's approval and support, which included giving Associates access to CAFII's monthly Regulatory Updates and to the Weekly Digests, and the feedback has been very positive.

Mr. Wycks further reported that CAFII expected to receive imminently an application for CAFII Initiation Membership from Canadian Tire Bank (CTB); and, if that prospect came to fruition, CAFII's Membership Applicant Review Process would then unfold, before the outcome was elevated to the Board for a decision.

## **4. Financial Management Matters**

### **4.a. CAFII Financial Statements as at March 31/21**

CAFII Treasurer Tony Pergola reported that the CAFII's financial statements as at March 31/21 indicated that the Association was in sound financial shape, with \$234K in revenue, \$169 in expenses, producing to a \$65K surplus. The favourable variance in expenses compared to the budget was largely due to timing, he noted.

*On a motion duly made, seconded and unanimously carried*

***IT WAS RESOLVED that CAFII Financial Statements as at March 31, 2020 be and are approved in the form presented.***

### **4.b. Forecast for CAFII 2021 Fiscal Year as at March 31/21**

CAFII Treasurer Tony Pergola reported that the Association's forecast for the 2021 fiscal year as at the end of the first quarter called for \$938K in revenue and \$837K in expenses, resulting in a surplus of \$101K. Revenues would be higher at \$938K than the budgeted \$919K due to a combination of having budgeted for the attrition of some Associates -- which did not happen -- and due to the landing of three new Associates which conservatively had not been included in the budget. The Association's financial reserves were forecasted to be at 54% of annual operating expenses at the end of 2021, which would be slightly higher than the target range of 25 to 50% of annual operating expenses.

### **4.c. Draft 2020 CAFII Audited Financial Statements**

Hudson Lopez, KPMG partner in charge of CAFII's annual audit, reported that his firm's audit of CAFII's 2020 financial statements had been standard and routine, resulting in a clean, unqualified audit opinion. He indicated that KPMG's audit team appreciated the full co-operation it had received from the CAFII management and administrative team.

*On a motion duly made, seconded and unanimously carried*

***IT WAS RESOLVED that CAFII's 2020 Audited Financial Statements, as prepared and presented by KPMG, be approved for presentation to the Membership at the 8 June, 2021 Annual Meeting of Members.***

#### **4.d. Timelines for Board and Membership Approval of CAFII 2020 Audited Financial Statements**

B. Wycks reported that CAFII was now on track to meet its Critical Path timelines for the 2020 audited financial statements, which would culminate with their presentation to the Membership for adoption at the 8 June, 2021 Annual Meeting of Members.

#### **5. Strategic and Regulatory Matters**

##### **5.a. Recap of CAFII Board's February 11/21 Input On Updates Needed To CAFII Three-to-Five Year Strategic Plan, For Board Confirmation/Approval**

K. Martin reported that the general feedback from the 11 February, 2021 Special Purpose CAFII Board Meeting on the CAFII Three-to-Five Year Strategic Plan was that the Association was largely moving in the right direction, with some modifications and tweaks to the Plan being warranted in order to emphasize certain elements more.

Mr. Martin then briefly highlighted from a Powerpoint deck which captured the Board's feedback on the Strategic Plan. In Board discussion, the Board agreed that the Powerpoint deck captured the desired updates to the Strategic Plan accurately.

Zack Fuerstenberg noted that due to time constraints on 11 February, 2021, there were some additional elements which he would have liked to have seen discussed. Board Chair Chris Lobbezoo acknowledged Mr. Fuerstenberg's desire for continued opportunities for Association strategy-level discussions, noting that the Strategic Plan was a living, breathing document which would need to be reviewed periodically, either in the open portion of Board meetings and/or in Board *in camera* discussions.

***On a motion duly made, seconded and unanimously carried***

***IT WAS RESOLVED that the Powerpoint deck on the proposed changes to the CAFII Three-to-Five Year Strategic Plan, as presented in this meeting by Keith Martin, be approved and adopted, and that based on that document, the Strategic Plan be modified accordingly.***

##### **5.b. Market Conduct & Licensing Committee**

###### **5.b.i. AMF Response Letter to CAFII's July 7/20 Creative Solutions Submission on Credit Card-Embedded Insurance Benefits; and CAFII's Next Steps, If Any**

A fulsome Board discussion occurred on the AMF's 30 March, 2021 response letter to CAFII's 7 July, 2020 creative solutions submission to the regulator on credit card-embedded insurance benefits.

Mr. Martin reminded the Board that CAFII had met with AMF officials in-person on 11 February, 2020 to discuss this file; and at that meeting, Mario Beaudoin of the AMF himself asked CAFII to propose creative solutions on how credit card-embedded insurance benefits could fit within the regulatory regime created by the Regulation respecting Alternative Distribution Methods (RADM); and with CAFII's having done precisely that, the AMF subsequently, after an eight-month delay, rejected all the proposed solutions.

The Board felt that the AMF's decision to wholly reject the industry's proposed solutions would have a negative impact not just on credit card-embedded insurance benefits, but potentially on core credit card offerings in Quebec as well. Given the seriousness of the situation, the Board directed CAFII management to undertake the following three initiatives:

#1: Develop a CAFII Working Group on Industry Alignment Around Compliance with the AMF's Expectations Arising From Its Interpretation That the RADM Does Apply To Credit Card-Embedded Insurance Benefits;

#2: CAFII to reach out to the CBA and ask it to engage in this issue, given its implications for core credit card offerings in Quebec; and

#3: CAFII to reach out to Marc Duquette and his associates at Norton Rose Fulbright and ask them to develop the legal arguments supporting CAFII's position, with the possibility of presenting those verbally or in writing to the AMF.

**5.b.ii. Proposed CAFII Working Group on Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance**

Martin Boyle presented a proposal from BMO Insurance that a CAFII Working Group be created to examine how CAFII members could comply with the expectations of the FCAC around how credit protection insurance should be subject to the provisions of its in-development Appropriateness Guideline.

The Board supported this proposal, so long as this Working Group initiative did not at this time involve CAFII's communicating directly with the FCAC about its Appropriateness Guideline. It was noted that the draft Appropriateness Guideline – which the FCAC was currently consulting with some industry representatives and the CBA on -- is not available to CAFII; and it was agreed that the Working Group would need to conduct its work without direct reference to the document at this time.

**5.b.iii. Outcomes of March 24/21 Special FSRA-Called Meeting with CLHIA and CAFII Around Concerns Raised by Group Insurance/Employee Benefits Advisors Related To How Section 7 (Incentives) of Proposed UDAP Rule Would Apply to Their Sector Within Life and Health Insurance**

Brendan Wycks and Keith Martin reported that a CAFII and CLHIA joint meeting with FSRA around the use of incentives and the UDAP Rule which FSRA is developing included some concerning hypothetical scenario-related questions from FSRA. Those questions were subsequently posed in writing to CAFII and the Market Conduct Committee is working on a written response to FSRA.

**5.c. Research & Education Committee**

**5.c.i. Preliminary Results Highlights from CAFII 2020-21 Consumer Research Project on CPI Consumers' Digitization Preferences**

Lesli Martin, Vice-President, Pollara Strategic Insights, provided for the Board a high-level overview of the results of the recently completed CAFII consumer research project on consumers' digitization preferences with respect to credit protection insurance. She noted that while there was a significant increase in the number of customers comfortable conducting their CPI interactions digitally, after the pandemic was over there would be a portion of customers who would still want to return to in-person transactions.

It was noted that Ms. Martin would be making a one-hour virtual presentation shortly to CAFII members on the detailed findings of the research project.

#### **5.c.ii. Proposed Supplementary CAFII Research Project on Digitization in Insurance**

Keith Martin reported that at the Special Purpose CAFII Board Meeting on 11 February, 2021, there was support for continuing research efforts on digitization. One specific idea proposed was to conduct research on the best way to deliver a digital experience for consumers.

The Board supported continuing to examine this option and requested that a more detailed research plan for this project be presented to the Board at its next meeting.

#### **5.d. Media Advocacy Committee**

##### **5.d.i. EOC-Endorsed CAFII Website Blog As Ongoing CAFII Website Initiative**

The Board was informed that the EOC has recommended the development of a new blog section on the CAFII website, to be called "Insights," with would have eight to 10 annual postings. The Board supported this initiative.

#### **5.e. Networking and Events Committee**

Scott Kirby, Chair of the Networking & Events Committee, provided an update on the CAFII webinars planned for 2021, including a 28 April, 2021 fireside chat with Glen Padasserry, Executive Vice-President & Chief Consumer Officer at FSRA.

#### **5.f. Travel Insurance Experts Working Group**

##### **5.f.i. Insights Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact of COVID-19 on Travel Insurance Industry**

Brendan Wycks provided an update on the insights gained from CAFII's recent weekly meetings with CLHIA and THIA on COVID-19's impact upon the travel insurance industry, including the expectation that the Canada-US land border would continue to be closed for the foreseeable future.

#### **6. Meeting Termination and Adjournment**

There being no further business,

*On a motion duly made, seconded and unanimously carried*

***IT WAS RESOLVED that the meeting be adjourned at 3:41 p.m.***

The Board then transitioned into its in camera session.

**SPECIAL PURPOSE BOARD OF DIRECTORS MEETING**  
**CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE**  
**Wednesday, 19 May, 2021**  
**MINUTES**

|                       |                      |  |
|-----------------------|----------------------|--|
| <b>Board Present:</b> | Chris Lobbezoo       | RBC Insurance, <i>Chair</i>                    |
|                       | Nicole Benson        | Valeyo   |
|                       | Paul Cosgrove        | Assurant Canada                                |
|                       | Janice Farrell-Jones | TD Insurance                                   |
|                       | Zack Fuerstenberg    | ScotiaLife Financial                           |
|                       | Louie Georgakis      | The Canada Life Assurance Company              |
|                       | Peter McCarthy       | BMO Insurance                                  |
|                       | Rob Robinson         | Canadian Premier Life Insurance                |
|                       | Mica Sweet           | CIBC Insurance                                 |
|                       | Peter Thompson       | National Bank Insurance                        |
|                       | Wally Thompson       | Manulife Financial                             |
|                       | Kelly Tryon          | CUMIS/The Co-operators                         |
| <b>Regrets:</b>       | Andre Langlois       | Desjardins Insurance                           |
|                       | Sophie Ouellet       | Sun Life                                       |
| <b>Also Present:</b>  | Rob Dobbins          | Assurant, <i>Board Secretary and EOC Chair</i> |
|                       | Keith Martin         | CAFII Co-Executive Director                    |
|                       | Brendan Wycks        | CAFII Co-Executive Director                    |
|                       | Adam Vespi           | Canadian Tire Bank (Guest Observer)            |

**1. Call to Order and Meeting Confirmation**

CAFII Board Chair Chris Lobbezoo welcomed CAFII Board members to this Special Purpose Board Meeting.

Mr. Lobbezoo also welcomed a special guest who had been invited to sit in on this Board meeting as an observer. Adam Vespi is Associate Vice-President, Insurance & Services at Canadian Tire Bank; and CTB is a current applicant for CAFII Initiation Membership.

Mr. Lobbezoo advised that the previous week, a CAFII Member Applicant Review Committee had held a very positive *Get Acquainted and Dialogue Meeting* with Adam Vespi and Megan Jones, who is Vice-President, Financial Products & Services at CTB. CAFII will soon be bringing forward a Written Resolution for Board approval, which recommends the admission of Canadian Tire Bank as an Initiation Member. In anticipation of that decision, CAFII had invited Mr. Vespi to attend this CAFII Board meeting as a guest observer.

**1.a Approval of Agenda**

*On a motion duly made, seconded and unanimously carried*

**IT WAS RESOLVED** that the meeting Agenda be and is approved as presented.

## **2. Strategic and Regulatory Matters**

### **2.a.i CAFII Outreach To Canadian Bankers Association To Encourage It To Engage In This Issue**

Keith Martin reported that at the Board's direction following its 13 April, 2021 meeting, CAFII had reached out to the Canadian Bankers Association (CBA) on 14 April, 2021 asking it to engage in the issue of the AMF's insistence that its Regulation respecting Alternative Distribution Methods (RADM) applies to credit card-embedded insurance benefits. The CBA acknowledged receipt of CAFII's email on 21 April, 2021 but no further communication from the CBA has been received on this matter.

However, several members of the Board indicated that it had come to their attention that the CBA had raised this issue internally and with its credit cards committee, and that there was serious consideration being given to the CBA becoming more engaged in this issue.

### **2.a.ii Direction And Next Steps Which THIA Plans To Take In Dealing With AMF On This Issue**

Brendan Wycks gave an overview of the Travel Health Insurance Association's planned next steps on the AMF-related credit card-embedded insurance benefits issue, indicating that, earlier that afternoon, THIA President Richard Ollier had confidentially provided CAFII with the near-final draft of a letter it plans to send to the AMF, challenging its current position. THIA's legal counsel is Jill McCutcheon, and the letter is a very direct challenge to the AMF's position, including asserting the legal argument that the AMF does indeed have the ability to modify Regulations which fall under its purview; and, as such, it does not need to wait for legislative changes in order to make the Regulation more appropriate for credit card-embedded insurance benefits. THIA's letter also directly challenges the AMF's view that the Fact Sheet, as currently worded, needs to be shared with consumers, noting that it contains information that is simply not correct with respect to credit card-embedded insurance benefits.

THIA is aware that CAFII may seek a legal opinion but that it was on a different schedule than THIA, and that its members were also pursuing a compliance-focused approach.

### **2.a.iii Norton Rose Proposal To CAFII For Development Of Legal Arguments Which Could Be Used To Challenge AMF's Position On This Matter And/Or To Negotiate A More Mutually Agreeable Outcome**

Keith Martin provided an overview of the legal options available to CAFII, noting that Norton Rose, the Association's Quebec-based legal counsel, believes that there are strong legal arguments to be explored with a view to countering the AMF's current position. Norton Rose indicated that it could provide CAFII with its legal opinion in five to six weeks at a cost of \$50,000 to \$60,000.

Thorough Board discussion ensued on the issue of whether or not CAFII should engage Norton Rose by accepting its proposal to develop the legal arguments which could be used to challenge the AMF's position on this file.

Board members generally expressed support for proceeding with the proposal, noting that doing so would not necessarily mean that after receiving it, CAFII would use the arguments to challenge the AMF. While that was an option to explore, many Board members said that it would be informative and important to understand the legal arguments and related avenues open to CAFII and its members, regardless of how the legal opinion was eventually used, if at all.



The point was also made that the option existed for CAFII to share the legal findings set out in a Norton Rose legal opinion with the AMF without trying to change its mind on the current issue -- with the purpose being to signal to the AMF that CAFII and its members were prepared to explore their legal options on any and all matters, which might have a deterrent effect on the AMF in terms of future regulatory actions.

A Board member also recommended that Norton Rose be asked to structure its legal opinion in the form of a continuum of potential actions, ranging from a “light” and exploratory legal pushback approach to a “heavy” court challenge approach, and this suggestion was met with strong support from the Board.

The Board noted that CAFII was also exploring, through a Working Group, ways for members to comply with the AMF’s position on the RADM’s applicability to credit card-embedded insurance benefits; and the Association was also intending to ask the AMF for a three-month extension beyond its currently stipulated 17 September, 2021 deadline for affected insurers to respond to the its requirements. The Board strongly endorsed the continuance of both of those CAFII initiatives.

Board discussion concluded with unanimous support for proceeding with Norton Rose’s proposal to prepare a legal opinion for CAFII which sets out legal arguments and related approaches that could be used to have further dialogue with the AMF on this issue, subject to the above-noted provisos.

### **3. Adjournment**

*On a motion duly made, seconded and unanimously carried*

**IT WAS RESOLVED** that the meeting be adjourned at 4:40 p.m.



| Summary of CAFII Board and EOC Action Items |                       |  |                     |            |                    |
|---|-----------------------|--|---------------------|------------|--------------------|
|   | Source                | Action Item  | Responsible         | Deadline   | Status May 20 2021 |
|   |                       | <b>Association Strategy and Governance</b>   |                     |            |                    |
| 1   | BOD: June 9, 2020     | Revisit the launch of the CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership once the economic environment stabilizes, via a first meeting and a draft Terms of Reference for this Working Group. | K. Martin           | 31-Dec-21  | In progress        |
| 2   | EOC May 29, 2018      | Develop a summary job description for the CAFII EOC Chair role and circulate it to EOC Members.  | B. Wycks/K. Martin  | 31-Dec-21  | In progress        |
| 3   | EOC February 27, 2018 | Document in writing the process for reviewing, approving, and admitting applicants for CAFII Members and Associate status  | B. Wycks            | 31-Dec-21  | In progress        |
| 4   | EOC March 30, 2021    | Share outcomes of new Committee Vice-Chair Initiative with the EOC   | B. Wycks/K. Martin  | 27-Apr-21  | In Progress        |
| 5   | EOC April 27, 2021    | Reach out for volunteers for and organize meetings of the Working Group on the AMF and Credit Card-Embedded Insurance Benefits   | K. Martin           | 1-May-21   | Completed          |
| 6   | EOC April 27, 2021    | Reach out for volunteers for and organize meetings of a Working Group on the FCAC Appropriateness Guideline  | K. Martin           | 1-May-21   | Completed          |
| 7   | EOC April 27, 2021    | Organize Special Purpose CAFII Board Meeting to review and reach a decision on legal services proposal from Norton Rose; B. Wycks, K. Martin, May 2021   | B. Wycks/K. Martin  | 30-May-21  | Completed          |
|   |                       | <b>Regulatory Initiatives</b>  |                     |            |                    |
| 8   | EOC: Sept 22, 2020    | Resuscitate the Working Group on CPI Best Practices and add the FCAC appropriateness test to its mandate   | K. Martin           | 31-Dec-21  | Completed          |
| 9   | EOC March 30, 2021    | Organize a virtual meeting for CAFII with David Weir, FCNB around the in-development Rule and its provisions addressing the creation of a Restricted Insurance Agent licensing regime in New Brunswick                   | B. Wycks            | 15-Mar-21  | In Progress        |
| 10  | EOC April 27, 2021    | Submit a letter to AMF requesting an extension of the 17 September, 2021 deadline for providing Product Summaries evidence and Action Plans to the AMF;  | K. Martin, B. Wycks | 30-May-21  | In Progress        |
|   |                       | <b>Research and Education</b>  |                     |            |                    |
| 11  | EOC March 30, 2021    | Present report to EOC and Board on outcomes of the efforts of the Working Group on Data Improvements to the Quarterly CPI Benchmarking Study   | K. Martin           | Q3/Q4 2021 | In Progress        |

**CONFIDENTIAL TO CAFII MEMBERS; NOT FOR WIDER DISTRIBUTION**

**Regulatory Update – CAFII Executive Operations Committee, May 25, 2021**

Prepared By Brendan Wycks, CAFII Co-Executive Director

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## Federal/National

### Canadian Council of Insurance Regulators (CCIR)

#### Nathalie Sirois Replaces Patrick Déry As AMF Representative On CCIR

As of May 25/21, CCIRs website indicates that Patrick Déry, who stepped down as Chair of CCIR in September 2020 but had remained on the Council as the AMFs representative at that time, was no longer sitting on the Council.

Mr. Déry has been replaced by Nathalie Sirois, the AMFs Senior Director, Insurers Supervision and Control of Right to Practise, as Quebec's representative at the CCIR table.

### Canadian Insurance Services Regulatory Organisations (CISRO)

#### CISRO Seeks Industry Input On Principles Of Conduct For Intermediaries

On May 25/21, the Canadian Insurance Services Regulatory Organizations (CISRO) issued a media release announcing that it is developing Principles of Conduct for Intermediaries (Principles) to help ensure the fair treatment of customers in the life & health and property & casualty insurance sectors.

The CISRO media release goes on to say the following:

*The Principles reflect minimum regulatory conduct standards that are common across Canada regarding the fair treatment of customers, while recognizing that each jurisdiction has its own regulatory approach for the conduct of business. Intermediaries should conduct their business, following the relevant Principles that apply, while ensuring compliance with all applicable laws, regulations, rules or regulatory codes within their respective jurisdiction. Any stricter or more specific requirements, rules or standards of conduct take priority over the Principles.*

*The Principles are intended to complement and supplement the Canadian Council of Insurance Regulators (CCIR) / CISRO Fair Treatment of Customers (FTC) Guidance and are a resource for consumers to better understand the conduct they should expect from intermediaries.*

*CISRO members are seeking input on the proposed Principles and encourage all interested parties to review and provide feedback on them. The Principles are available on CISRO's website at [www.cisro-ocra.com](http://www.cisro-ocra.com). CISRO hopes to receive comments from a wide array of stakeholders including the insurance industry and consumer advocates. Respondents should submit comments to [cisro-ocra@fsrao.ca](mailto:cisro-ocra@fsrao.ca) by July 9, 2021.*

The draft CISRO Principles of Conduct for Intermediaries, which includes a Preamble page followed by 10 Principles, can be found here: <https://www.cisro-ocra.com/Documents/View/2402>.

## Provincial/Territorial

### British Columbia

#### British Columbia Financial Services Authority (BCFSA)

##### BCFSA Announces New Future State Executive Team Arising From Upcoming Merger

On May 19/21, BCFSA issued a media release to announce a new organization structure and new senior executive team appointments, expected to be in place by the summer of 2021, arising from its previously announced integration with the Real Estate Council of BC ("RECBC") and the Office of the Superintendent of Real Estate ("OSRE").

The BCFSA media release states the following:

*The integration, which is expected to be complete this summer, will create a single integrated regulator of B.C.'s financial services sector. The sector, which includes credit unions, trust companies, insurance companies, mortgage brokers, pension plans, and real estate services, is not only a key driver of B.C.'s economy but also directly impacts the lives of individual British Columbians. The integration will simplify accountabilities and enhance regulatory oversight through more effective and efficient business processes, investigations, and enforcements.*

*Creating a single financial services regulator was also a key recommendation from the Expert Panel on Money Laundering Report released in May 2019.*

*BCFSA will focus on the financial services sector as a whole and as such, will be organized on a functional basis with departments that oversee the entire sector including Supervision, Policy, and Market Conduct.*

*Blair Morrison, the current CEO of BCFSA, will continue in that role post-integration.*

*Seasoned executives from all three organizations will report into the CEO. BCFSA's new leadership team will include Erin Seeley, RECBC's current Chief Executive Officer, and Micheal Noseworthy, B.C.'s current Superintendent of Real Estate.*

*Seeley will take on the role of Senior Vice President of Policy and Stakeholder Engagement, while Noseworthy will serve as Senior Vice President of Compliance and Market Conduct.*

*"BCFSA's Board of Directors is looking forward to BCFSA completing the integration with OSRE and RECBC and working with the new executive team of B.C.'s integrated regulator of the financial services sector," said Dr. Stanley Hamilton, BCFSA's Chair, Board of Directors.*

*"BCFSA's senior leaders bring years of experience and are experts in their field. Their knowledge and understanding of the financial services sector will be key in leading BCFSA's work to protect British Columbians."*

*"Through the integration, BCFSA will be positioned to provide strengthened consumer protection as a modern, efficient, and effective regulator," said Morrison.*

*“We will continue to focus on innovation and continuous improvement, bringing a single lens to the oversight of the financial services sector with enhanced information-sharing. The sector is rapidly changing, and BCFSa as its regulator must be at the forefront of these changes.”*

*B.C.’s Ministry of Finance announced in 2019 that BCFSa would become the single regulator for real estate in the province with accountabilities for licensing, conduct, investigations, and discipline. Upon completion of the integration, BCFSa will have the sole authority over real estate education and licensing as well as investigations and discipline responsibilities for licensed and unlicensed real estate activity, including real estate development marketing. It will also have rule-making authority governing the conduct of real estate licensees.*

*BCFSa is committed to working with all regulated entities to ensure the smoothest possible transition to a single regulator. Communications will increase as BCFSa, RECBC, and OSRE move closer to the integration. Until that time, BCFSa, RECBC and OSRE will continue to carry out their individual legislated responsibilities and operate as separate organizations.*

As an accompaniment to its May 19/21 media release, BCFSa released the following full list of its future senior executive team:

- Blair Morrison – Chief Executive Officer and Chief Statutory Officer
- David Avren – Vice-President, Legal
- Chris Carter – Vice-President, Financial Institutions and Mortgage Brokers Market Conduct
- Frank Chong – Senior Advisor to CEO
- Chris Elgar – Senior Vice-President, Supervision
- Nicole Liddell – Senior Advisor to CEO
- Micheal Noseworthy – Senior Vice-President, Compliance and Market Conduct
- Michael Peters – Senior Advisor to CEO
- Erin Seeley – Senior Vice-President, Policy and Stakeholder Engagement
- Pamela Skinner – Vice-President Regulatory Services
- Jon Vandall – Vice-President, Real Estate Market Conduct
- Peta Wales – Vice-President, Stakeholder Engagement
- David Weiss – Senior Vice-President, Corporate Services and Transformation

#### BCFSa Releases Three-Year Regulatory Roadmap Including Specific 2021-22 Initiatives

On May 17/21, BCFSa released its 2021-22 Regulatory Roadmap, which lays out its regulatory guidance priorities for the next three fiscal years. The Roadmap is intended to increase transparency to stakeholders and provide regulated entities with advanced notice in order to plan resources, as necessary.

The BCFSa Roadmap has four strategic themes:

- Enhanced regulatory monitoring tools and reporting. BCFSa will continue to modernize its approach to collecting and using information in a way that creates efficiencies and better protects and informs the Financial Services Sector;
- Strengthened internal controls. BCFSa will outline expectations and requirements for provincially regulated financial institutions to manage material risks;
- Market Conduct. BCFSa will establish expectations and requirements for regulated entities pertaining to the conduct of business to ensure the fair treatment of members and customers; and
- Crisis Preparedness Framework. BCFSa will establish expectations and requirements to prepare a provincially regulated financial institution to meet its financial obligations in the event of a risk or shock.

BCFSa's announcement indicates that the Roadmap is a living document. It will reflect shifting priorities and unanticipated changes in the external environment. As such, the Roadmap will be reviewed and updated throughout the year as needed (delivered with an accompanying Advisory), to adapt to these changes.

Items in the current fiscal year's Roadmap (April 2021 – March 2022) identify the fiscal quarter in which a consultation period is expected to take place, or when the regulatory guidance will be released. While the Roadmap communicates the guidance release date, the implementation date of the regulatory guidance may differ.

Once the implementation date has been determined, an Advisory will be published to communicate the implementation date for all regulatory guidance items.

The items in the Roadmap's second and third fiscal years are identified only in the year in which they will occur. Specifics of this timing will become more detailed with future iterations of the Roadmap.

BCFSa recognizes the demands on regulated entities' resources and has aimed to ease operational burden by distributing items throughout the year, attempting to avoid scheduling multiple resource-intensive items in the same time period.

BCFSa's announcement indicates that the current Roadmap has evolved from the previous year's version in several important ways.

Based on feedback from regulated entities, BCFSa is providing the Roadmap in a downloadable spreadsheet format, to allow sorting by sub-sector (e.g. insurance, trust, credit union, pensions, mortgage broker), type of regulatory guidance (i.e. rule, regulatory statement, guideline, advisory), timing (i.e. fiscal year and/or fiscal quarter), and action required by regulated entity (i.e. provide feedback, compliance, no action necessary).

The added flexibility allows regulated entities to customize the Roadmap in a manner that is most valuable to the organization.

#### BCFSA To Adopt CCIR/CISRO Guidance As Code Of Market Conduct For Insurers

In its 2021-22 Regulatory Roadmap, released May 17/21, BCFSA indicates that in Q4 of its 2021-22 fiscal year (January 1/22 to March 31/22), it will establish the CCIR/CISRO: Guidance Conduct of Insurance Business and Fair Treatment of Customers as the code of conduct which insurers operating in BC will be required to adopt and implement at a future date to be confirmed. The regulator's commentary on this initiative indicated that recent changes to BC's Financial Institutions Act (FIA) empower BCFSA to establish a code of market conduct, for adoption by insurance companies.

#### BCFSA To Require Credit Unions To Develop Own Code Of Market Conduct By End Of 2021

In its 2021-22 Regulatory Roadmap, released May 17/21, BCFSA indicates that in Q3 of its 2021-22 fiscal year (October 1/21 to December 31/21), it will require credit unions, as per recent changes to BC's Financial Institutions Act (FIA), to develop and adopt, file with the Superintendent, and comply with their own code of market conduct. An advisory will confirm the timing for when credit unions will be required to file their codes of conduct with the Authority. A regulatory statement will establish annual reporting requirements to demonstrate adherence with the codes.

### **Saskatchewan**

#### **Insurance Councils of Saskatchewan (ICS)**

#### Ron Fullan Announces Official Launch of Restricted Insurance Agent Advisory Committee

On May 21/21, Ron Fullan, Executive Director of the Insurance Councils of Saskatchewan, circulated the following announcement to the seven industry Association-nominated and Council-appointed founding members of Saskatchewan's Restricted Insurance Agent Advisory Committee:

*TO: All Nominated Members of the Saskatchewan Insurance Council Restricted Insurance Agent Advisory Committee*

*I wanted to take this opportunity to welcome all of you to the inaugural Saskatchewan Insurance Council Restricted Insurance Agent Advisory Committee. The Advisory Committee is a valuable tool for industry to raise current issues to Council, and it's also a welcome opportunity for Council to seek advice on RIA-related topics.*

*I have attached a copy of a joint CLHIA/CAFII submission regarding nominees for the inaugural committee. It includes some biographical information on each member.*

*Our hope is to schedule an initial kick-off meeting in June. At that initial meeting, we can discuss logistical issues related to the function of the Committee, including frequency of meetings. We also anticipate getting started on identifying the first set of issues for the Committee to discuss.*

*With that in mind, I would ask that you provide us with the following information so that we can schedule the initial meeting and draft an agenda:*



- *An outline of your availability for a call during the weeks of June 14-18 or June 21-25; and*
- *Any initial topics that you feel should be on the radar for the Committee.*

*Current travel realities mean that we'll hold the initial meeting through a virtual platform. Hopefully it won't be long before we can schedule a face-to-face meeting for the group.*

*Thank you for agreeing to participate on the Advisory Committee. We look forward to working with you on this exciting new venture!*

### **Financial and Consumer Affairs Authority (FCAA)**

#### FCAA Publishes 2021-24 Strategic Plan

On April 13/21, Saskatchewan's Financial and Consumer Affairs Authority (FCAA) published its 2021-24 Strategic Plan. The new Plan sets out four Goals, as follows:

- Establish and support effective rules for Saskatchewan's marketplace;
- Administer rules in Saskatchewan's marketplace;
- Promote consumers' and regulated entities' understanding of their respective rights and responsibilities; and
- the FCAA has the people, processes and systems to achieve its regulatory goals.

Between one and four Strategic Initiatives are set out under each Goal; however, none of them is insurance industry-specific.

That said, under the explanatory Meaning of Goal 1: Establish and support effective rules for Saskatchewan's marketplace, FCAA says that this goal is aimed at its making or supporting changes to legislation, regulations and policies (the rules) to reflect evolving market requirements, increase harmonization with other Canadian jurisdictions, and reduce regulatory burden, while maintaining robust consumer and investor protection.

The new FCAA Strategic Plan can be found here:

[https://fcaa.gov.sk.ca/public/CKeditorUpload/Strategic\\_Plans/Strategic\\_Plan\\_2021-2024\\_-\\_FINAL.pdf](https://fcaa.gov.sk.ca/public/CKeditorUpload/Strategic_Plans/Strategic_Plan_2021-2024_-_FINAL.pdf)

### **Manitoba**

#### **Insurance Council of Manitoba (ICM)**

#### ICM Publishes Information for RIA's Designated Officials In Spring Newsletter

In its Spring 2021 newsletter, the Insurance Council of Manitoba published the following information for Restricted Insurance Agents' Designated Officials:



*Insurance Agents (RIAs) are insurance agent licence holders and have obligations and responsibilities under the law. An entity that holds an RIA licence has a Designated Official who is responsible for ensuring that all of these legal responsibilities are met. The details of the RIA's responsibilities are set out in The Insurance Act of Manitoba, Regulation 389/87 R. The ICM has developed an annual notice sent by email to all RIA licence holders setting out a summary of these responsibilities; this notice is also available on the ICM website here.*

*A Restricted Insurance Agent (RIA) licence holder must*

- *have reasonable and demonstrable policies and procedures to ensure that anyone who solicits, negotiates or transacts insurance is knowledgeable, competent and suitable for the class or type of insurance;*
- *ensure that anyone who solicits, negotiates or transacts insurance complies with the policies and procedures mentioned above;*
- *ensure that the person applying, when receiving an application for insurance, is:*
  - informed that they are contracting with the insurer and not with the RIA;*
  - provided with a summary of the terms of the insurance and circumstances under which it commences or terminates, and how to make a claim;*
  - notified that on approval of the application, a copy of the insurance coverage will be sent to them;*
- *ensure that within 20 business days after a person's insurance coverage comes into force, the person is provided with documentation evidencing the insurance coverage;*
- *ensure that, if the RIA licence holder or a qualified entity acting for it receives direct or indirect compensation, or a direct or indirect inducement or benefit, from the insurer for soliciting, negotiating or transacting the insurance, that fact is disclosed to any person considering obtaining the insurance; and*
- *ensure that they follow the provisions outlined in The Insurance Act of Manitoba and the Regulations; and ensure that a qualified entity that acts on behalf of an RIA follows the requirements of Section 31 of Regulation 389/87 R.*

*In addition to the above, the RIA's Designated Official (DO) must*

- *notify the ICM without delay and in writing of any change in DO or if the current DO is unable to discharge the responsibilities expected of a DO, and to provide the ICM with a replacement DO;*
- *supervise any individual offering (selling) insurance products under the RIA licence;*
- *ensure compliance with The Insurance Act of Manitoba and its Regulations;*
- *ensure that errors and omissions (E&O) insurance is maintained for the full duration of the licence in accordance with the Regulations, and that this information be maintained and updated in the online portal;*
- *report any material change to the ICM within 15 days. Refer to the Material Changes - When to Disclose them to the ICM link on the ICM website for information; and*
- *ensure that the RIA licence holder, or any qualified entity acting for it, does not represent or hold themselves out to the public in any other name than is stated on the licence, or during any unlicensed period.*

*Section 30(2) of Regulation 389/87 R lists what an RIA must NOT do, including: an RIA must not make the provision/sale of the goods or services conditional on the consumer's purchase of insurance; must not allow anyone to sell on behalf of the RIA unless adequately trained; and must not permit an employee to tell a consumer that the consumer is required to purchase insurance, or is required to purchase insurance only through them.*

*Failure to follow any of the ICM's requirements may result in the cancellation of the RIA licence and/or disciplinary action of the RIA licence holder. Disciplinary actions may include fines or a review of the suitability of the RIA licence holder to continue to hold a licence.*

The ICM Spring 2021 newsletter can be found here:

[https://www.icm.mb.ca/files/Bulletin/Council%20Reports/ICM\\_Report\\_Spring\\_2021\\_for\\_distribution.pdf](https://www.icm.mb.ca/files/Bulletin/Council%20Reports/ICM_Report_Spring_2021_for_distribution.pdf)

## **Ontario**

### **Financial Services Regulatory Authority of Ontario (FSRA)**

#### FSRA Releases 2021-24 Annual Business Plan

On May 21/21, the Financial Services Regulatory Authority of Ontario (FSRA) released its 2021-2024 Annual Business Plan (ABP), outlining its strategic priorities and supporting activities.

In posting the ABP on its website, FSRA stated the following:

*The measured plan includes the 2021-2022 fiscal year budget and focuses on activities that achieve regulatory efficiency (including burden reduction) and effectiveness, while protecting the interests of consumers.*

*Looking ahead, FSRA's priorities will focus on:*

- *improving supervision capability;*
- *enhancing/implementing regulatory framework components;*
- *protecting consumers; and*
- *contributing to public confidence and promoting public knowledge.*

*The ABP also outlines FSRA's plans to strengthen stakeholder engagement through active consultations with the public, sectoral Stakeholder Advisory Committees, and the Consumer Advisory Panel.*

*The plan was approved by the Minister of Finance on April 23/21, and addresses the expectations outlined in the Minister's mandate letter.*

*In October 2020, FSRA posted a draft Statement of Priorities and Budget for public consultation as part of its commitment to transparency and received over 25 stakeholder submissions. The learnings from the consultation were incorporated into the Annual Business Plan.*

With respect to Life and Health Insurance, the ABP sets out five Key Deliverables, the first-listed of which is Support FTC principles by leading the implementation of a Canadian Insurance Services Regulatory Organizations (CISRO)-harmonized industry Code of Conduct for Intermediaries, for implementation in 2022; and the expected Outcome of that Key Deliverable is A CISRO-harmonized industry Code of Conduct for intermediaries, to enhance consumer protection.

FSRAs 2021-24 ABP can be found here: <https://www.fsrao.ca/about-fsra/corporate-reporting/annual-business-plan-2021-2024>; and the related Ministers mandate letter can be found here: <https://www.fsrao.ca/media/4056/download>.

#### FSRA Releases Annual Report On Misconduct Derived From Life Agent Reporting Forms

On May 11/21, Investment Executive reported that the Financial Services Regulatory Authority of Ontario (FSRA) had released its second annual report detailing agent misconduct within the life and health insurance sector, based on life agent reporting forms (LARFs).

Insurers are required to report unsuitable agents to the regulator, and are advised to do so by filing LARFs.

“Agent suitability is essential in achieving fair treatment of customers,” the report said. “It starts with screening agents for suitability and continues with monitoring agents’ business practices throughout their careers.”

From the beginning of April 2020 through March 2021, FSRA received 57 LARFs, the report said. That compares to 52 in the previous fiscal year, which was shorter because it began following FSRA’s launch.

Multiple types of misconduct were identified in the majority of LARFs received, the current report said, which aligned with the previous year’s findings. The most common misconduct types reported were fraud, misrepresentation to the company, and forgery.

Of the 57 LARFs received, 28 files (about 49%) were closed — most with a warning letter (19). Licensing violations were the most common misconduct type associated with warning letters. But results were varied and also included forgery and fraud, misrepresentation, and conflicts.

The rationale to issue a warning letter was based on evidence provided by the insurers, the report said, such as terminating the agent’s contract or placing an agent under close supervision.

Warning letters are documented on the agent’s licensing file and red-flagged by FSRA’s licensing system, the report said. When an agent applies to renew their active licence or reinstate their lapsed one, the warning letter will be evaluated “to make an informed decision on the renewal,” it said.

Of the 28 closed files, six resulted in no action. The reasons included FSRA's lack of jurisdiction (two), insufficient evidence (two) and lapsed licensing (two).

In files that resulted in no action, FSRA still red-flags the agents' licensing files, the report said.

The remaining three closed files resulted in voluntary licence surrender.

Of the 57 LARFs, 23 files (about 40%) were escalated for further investigation, and six remain under review, the report said.

The 23 escalated files included allegations of pervasive misrepresentation to insurers and clients, misappropriation of client funds, fronting for unlicensed entities, unlicensed activities, and trafficking in life insurance.

The report also provided an update on escalated LARFs from the previous year, which comprised 19 files, including three following the publication of last year's report. Of these 19, one file was closed with a warning letter, two were closed with licence surrender for a period of two years, and six were subject to enforcement proceedings. The other 10 remain under investigation.

In fall 2020, FSRA created a life and health agent team within market conduct to supervise life and health insurance agents' conduct and business practices. The team reviews agents who are the subject of a LARF. The regulator will share its life and health agent supervisory framework in the coming months, the report said.

In a release last month, the regulator said it had reviewed a life agent in response to multiple LARFs filed by insurers. The agent had sold policies that were terminated soon after the agent received commission — and had done so with general managing agencies over several years using the same pool of clients.

As a result, the regulator required a lifetime licence surrender, FSRA said in a media release.

#### Brigid Murphy Steps Down From FSRA Board Of Directors

On April 30/21, FSRA announced on its website that Brigid Murphy has stepped down as a Director on the regulators Board, and thanked her for her dedicated service in that capacity since February 28, 2018. Ms. Murphy served on four FSRA Board Committees including as Chair of the Human Resources Committee. Joseph Iannicelli has been appointed the new Chair of the Human Resources Committee, effective on May 1/21.

## Québec

### Autorité des marchés financiers (AMF)

#### AMF Releases 2021-25 Strategic Plan

On May 3/21, Québec's Autorité des marchés financiers (AMF) release its 2021-2025 Strategic Plan. The new Plan presents the main orientations that will guide AMF's choices, decisions and actions for the next four years.

The AMF's media release about its new Strategic Plan states the following:

*The Strategic Plan is based on a detailed analysis of the current context and the organization's internal and external environments, perspectives gained from its many interactions with consumers and stakeholders in the Québec financial products and services distribution industry, and recent years' survey results.*

*"We are excited and proud to release our new Plan. I am convinced that it will enable the AMF, as an integrated financial markets regulator, to achieve its vision of being a value-added regulator for consumers and the financial sector and will ensure that the financial ecosystem in Québec remains healthy and dynamic," said Louis Morisset, AMF President and CEO.*

*The AMF's new Strategic Plan takes into account such major issues as the outlook of very low interest rates for the long term, increased consumer connectivity, societal changes in the organization of work, and many other factors that could have an impact on the two pillars of the AMF's mission: protecting consumers and ensuring a well-functioning financial sector.*

#### **Four main strategic orientations**

*To enable the organization to fulfill its mission even more effectively, four main strategic orientations have been defined:*

- *Orientation 1 (consumers): A proactive regulator that is relevant to consumers in an ever-changing environment*
- *Orientation 2 (industry): An influential regulator supporting Québec's financial sector*
- *Orientation 3 (organizational performance): A high-performing regulator in the pursuit of its mission*
- *Orientation 4 (human resources): A regulator committed to its human capital.*

*The purpose of the first orientation is to increase the impact of the AMF's interventions with consumers amid profound changes in consumption patterns for financial products and services.*

*The purpose of the second orientation is to further enhance the AMF's regulatory approach and the support and assistance it provides to industry stakeholders while optimizing the compliance burden.*

*The purpose of the third orientation is to achieve ongoing gains in organizational performance, including by optimizing the use of data.*

*The purpose of the fourth orientation is to promote employee engagement and development across the organization and to further evolve the AMF's management approaches and methods.*

*Each of these orientations is accompanied by tangible objectives that will be pursued by the AMF's employees through the deployment of an array of projects and initiatives between now and the end of March 2025.*

## **New Brunswick**

### **Financial and Consumer Services Commission of New Brunswick (FCNB)**

#### Superintendent Of Insurance Mazerolle Updates FCNB's Regulatory Priorities At CLHIA Conference

At the May 5-6/21 CLHIA Compliance and Consumer Complaints Conference, Angela Mazerolle, Vice-President, Regulatory Operations and Superintendent of Insurance provided a detailed update on her organization's current regulatory priorities. The following is a summary of Ms. Mazerolle's update:

*The FCNB's top current priority is a rewrite of the New Brunswick Insurance Act. The goals of this modernization project are to enhance consumer protection, to eliminate unnecessary administrative burden, and to harmonize with other jurisdictions to the extent possible. More specifically, the Insurance Act rewrite includes a new Restricted Insurance Agent (RIA) licensing regime for the incidental sale of insurance. The new Act will also provide FCNB with rule-making authority for areas within the Commission's mandate, with the flexibility to deal dynamically with an ever-changing insurance marketplace. Areas outside the Commission's regulatory mandate will be left to the Government to make regulations on (e.g. law of insurance contracts and tort law).*

*The intention around intermediary licensing is to ensure a consistent application process for all insurance intermediaries; the licensing of agencies, adjusting firms, and managing general agents (MGAs); prohibiting insurers and others from using unlicensed persons; and ensuring that only individuals who receive trust monies need to open and maintain a trust account. The details of the licensing frameworks will be in a still-to-come Rule, which is targeted for release and a public consultation period in late 2021.*

*The RIA licensing regime for the incidental selling of insurance will be focused on licensing businesses that sell insurance in relation to products or services, including financial institutions, car dealerships, mortgage brokers, and car rental companies. She cited credit protection insurance such as life insurance or disability insurance offered by financial institutions on loans or mortgages and GAP insurance on new and used vehicles as types of incidentally sold insurance which will fall under New Brunswick's new RIA licensing regime. Disclosure requirements will allow consumers to make an informed choice, and the specific details of the new licensing regime will be in the Rule.*



*On the issue of insurer oversight, insurers must have a system to monitor intermediaries who act on their behalf, they must report to the regulator if they have reasonable grounds to believe that an intermediary is not suitable, and MGAs are also required to report to the insurance company if they have reasonable grounds to believe that an agent is not suitable.*

*The FCNB has recently introduced legislative prohibitions against attempting to use side accounts as a type of high interest savings account, and against trafficking in life insurance policies (viatical settlements), and it has clarified the legal meaning of “insurance premium”.*

*Finally, there are other amendments that are under consideration in New Brunswick but that have not yet been finalized:*

- *Obligation to provide a copy of policy and application to an insured;*
- *Ability of a group life insured to access the group policy;*
- *Warnings to policy owners (statute of limitations or restrictions on right to designate beneficiaries);*
- *Ability of life insured to have a policy terminated, assigned, reduced, or a new beneficiary named where there is fear that the insured's life may be in danger;*
- *Reinstatement of policy where payment is made within 30 days after a grace period;*
- *Clarifying the effect of misrepresentations;*
- *Codifying rights with respect to medical assistance in dying; and*
- *Updating the limitation of actions provisions to ensure consistency.*

#### FCNB's David Weir Keenly Interested In CAFII's Upcoming Webinar On RIA Regimes In Canada

In a May 20/21 email to CAFII Co-Executive Director Brendan Wycks, David Weir, FCNB's project lead on its Rewrite of the New Brunswick Insurance Act and its development and launch of a Restricted Insurance Agent (RIA) licensing regime in the province, expressed a keen interest in attending CAFII's upcoming June 3/21 webinar on Restricted Insurance Agent Licensing Regimes in Canada. That webinar will feature Joanne Abram from the Alberta Insurance Council; April Stadnek from the Insurance Councils of Saskatchewan; and Barbara Palace Churchill from the Insurance Council of Manitoba as its panelists, in a fireside chat with CAFII Co-Executive Director Keith Martin.

Mr. Weir wrote the following: *Given NB's planned foray into restricted insurance licensing, I would be interested in attending this webinar to hear what the other regulators are dealing with. Thanks.*

## CAFII Consultations/Submissions Timetable 2021-22

| Regulatory Issue   | Deliverable   | Deadline  | Accountable  |
|--|---|---|--|
| BC Ministry of Finance 10-Year Review of FIA<br>(Initial Public Consultation Paper released June 2, 2015)        | <ul style="list-style-type: none"> <li>Revised Financial Institutions Act (FIA) tabled in the legislature</li> <li><i>CAFII Follow-up Meeting (Virtual) with Ministry officials Re CPI Sales Practices and Related Fair Treatment of Consumers Considerations</i></li> <li><b>CAFII submissions on draft Regulations in support of Revised FIA</b></li> </ul>   | <ul style="list-style-type: none"> <li>October 21/19</li> <li>Q2 or Q3 2021</li> <li><b>Q2 through Q4 2021</b></li> </ul>   | <ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Committee; Co-EDs to monitor</li> </ul> |
| AMF Sound Commercial Practices Guideline Update  | <ul style="list-style-type: none"> <li>AMF releases consultation document for 60 day period</li> <li><b>CAFII submission on updated Sound Commercial Practices Guideline</b></li> </ul>   | <ul style="list-style-type: none"> <li>Q2 or Q3 2021 (expected)</li> <li><b>Q2 or Q3 2021</b></li> </ul>  | <ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Cttee; Co-EDs to monitor</li> </ul>     |
| Quebec Bill 141 and Related Regulations (including Regulation Respecting Alternative Distribution Methods, RADM) | <ul style="list-style-type: none"> <li>CAFII sends AMF “creative solutions” submission on degree to which industry can meet AMF’s requirements around RADM’s applicability to credit card-embedded insurance benefits</li> <li>AMF responds to CAFII’s “creative solutions” submission</li> <li><b>CAFII implements 3 Board directives in response to AMF’s March 30/21 response</b></li> <li>AMF launches consultation of Draft Regulation Respecting Complaint Processing</li> <li><b>CAFII submission on Draft Regulation Respecting Complaint Processing</b></li> </ul>   | <ul style="list-style-type: none"> <li>July 7/20</li> <li>March 30/21</li> <li><b>Q2 2021</b></li> <li>Q2 or Q3 2021 (expected)</li> <li><b>Q2 or Q3 2021</b></li> </ul>  | <ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Committee; Co-EDs to monitor</li> </ul> |
| CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers                               | <ul style="list-style-type: none"> <li>CAFII sends letter to CCIR/CISRO FTC Working Group asking it to obtain information on incentives and compensation models used by member distributors directly and privately, to avoid Competition Act violations</li> <li><i>CCIR/CISRO FTC Working Group accepts proposal in CAFII’s July 2/20 letter</i></li> </ul>  | <ul style="list-style-type: none"> <li>July 2/20</li> <li>August 31/20</li> </ul>   | <ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Cttee; Co-EDs to monitor</li> </ul>     |
| SK Bill 177  | <ul style="list-style-type: none"> <li>FCAA releases transition-related Guidance and Interpretation Bulletin</li> <li>FCAA releases further transition-related Guidance/Interpretation Bulletin(s)</li> </ul>   | <ul style="list-style-type: none"> <li>May 17, 2019</li> <li>Q2 or Q3 2021 (expected)</li> </ul>  | <ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Cttee; Co-EDs to monitor</li> </ul>     |
| FCNB Insurance Act Rewrite and Introduction of RIA Regime  | <ul style="list-style-type: none"> <li>FCNB launches industry consultation on RIA licensing regime model</li> <li>CAFII submission on FCNB’s RIA Regime licensing regime model</li> <li><i>FCNB launches informal stakeholder consultation on applicability of A&amp;S insurance provisions of various provincial Insurance Acts to New Brunswick</i></li> <li><i>CAFII responds to FCNB consultation on A&amp;S Insurance Act provisions</i></li> <li><b>CAFII/CLHIA send joint response to FCNB’s further Insurance Act Rewrite questions (received November 6/20)</b></li> <li>FCNB announces tabling of <i>An Act to Amend The Insurance Act</i> in NB legislature; and that implementation Rule will follow in late 2021 (with 60 day public consultation)</li> <li><u>CAFII responds to David Weir follow-up questions re legislative constraints which prevent bank branch employees from being individually licensed to sell travel insurance</u></li> </ul>  | <ul style="list-style-type: none"> <li>November 29, 2019</li> <li>January 31, 2020</li> <li>July 2020</li> <li>October 22/20</li> <li>December 22/20</li> <li>March 17/21</li> <li><u>May 19/21</u></li> </ul>                          | <ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Cttee; Co-EDs to monitor</li> </ul>     |
| Financial Services Regulatory Authority of Ontario (FSRA) Regulatory Consultations                               | <ul style="list-style-type: none"> <li>FSRA launches preliminary consultation on Transforming FSCO’s Unfair or Deceptive Acts or Practices (UDAP) Regulation Into A FSRA Rule</li> <li>CAFII responds to FSRA’s preliminary consultation on Transforming FSCO’s Unfair or Deceptive Acts or Practices (UDAP) Regulation Into A FSRA Rule</li> <li>FSRA launches consultation on FY 2021-22 Statement of Priorities and Budget</li> <li>CAFII responds to FSRA consultation on FY 2021-22 Proposed Statement of Priorities and Budget</li> <li>CAFII speaks to its submission on FSRA’s FY 2021-22 Statement of Priorities and Budget at Stakeholder Advisory Committee meeting with FSRA Board</li> <li>CAFII responds to FSRA consultation on Unfair and Deceptive Practices (UDAP) Rule</li> <li>CAFII meets with FSRA and CLHIA virtually re follow-up questions arising from UDAP Rule submissions</li> <li><u>CAFII responds to two follow-up UDAP Rule-related questions posed by FSRA</u></li> </ul> | <ul style="list-style-type: none"> <li>September 2020</li> <li>October 7, 2020</li> <li>October 7, 2020</li> <li>November 3, 2020</li> <li>November 25/20</li> <li>March 18/21</li> <li>March 24/21</li> <li><u>May 4/21</u></li> </ul> | <ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Cttee; Co-EDs to monitor</li> </ul>     |

Underline = new/updated item since previous publication; **Boldface** = CAFII response pending; *Italics* = CAFII meeting with regulators/policy-makers pending



**Agenda Item 2(c)**  
**May 25/21 EOC Meeting**

**CAFII Insurance Regulator and Policy-Maker Meetings/Interactions**  
**From April 23/21 To May 21/21**

| <b><u>Date</u></b>    | <b><u>Event/Occasion</u></b>  | <b><u>Who</u></b>   |
|-----------------------|---|---|
| April 27, 2021        | Virtual Meeting of the Canadian Association of Pension Supervisory Authorities (CAPSA)'s Capital Accumulation Plan Guideline Industry Working Group's Communication/Fees Subcommittee | Brendan Wycks, CAFII's representative on this Industry Working Group, attended this meeting and interacted therein with Angela Mazerolle, Vice-President, Regulatory Operations and Superintendent of Insurance at the Financial and Consumer Services Commission of New Brunswick (FCNB), who is the Chair of this IWG in her capacity as a provincial pension supervisor and a Vice-Chair at CAPSA, the national co-ordinating body of pension regulators.                                      |
| April 28, 2021        | Very successful CAFII Fireside Chat Webinar With Glen Padassery, Executive Vice-President, Policy & Chief Consumer Officer, FSRA on ``  | -Keith Martin, CAFII webinar moderator.<br>-In addition to interacting extensively with Glen Padassery, EVP, FSRA, this webinar provided the opportunity for K. Martin and B. Wycks to<br>-interact with Benny Cheung, Executive Assistant, Policy, FSRA; and Vicki Lam, Senior Advisor, Communications, Public Affairs, FSRA; and<br>-have Taryn Pimento, Director of Consumer Office, FSRA; and Marlena Labieniec, Director of Innovation, FSRA introduce themselves during the webinar itself. |
| May 6 to May 21, 2021 | Organization of June 3, 2021 CAFII Webinar on ``RIA Regimes In Canada: A Look Back And The Way Forward``  | B. Wycks reached out to and secured the participation of<br>-Joanne Abram, CEO, Alberta Insurance Council;  |

|                        |  |   |
|------------------------|--|---|
|                        |  | <p>-April Stadnek, Director of Compliance &amp; Enforcement, Insurance Councils of Saskatchewan (also interacted with Ron Fullan, Executive Director, ICS); and</p> <p>-Barbara Palace Churchill, Executive Director, Insurance Council of Manitoba</p> <p>as panelists in this webinar.</p>  |
| May 11 to May 19, 2021 | FCNB follow-up question arising from CAFII's January 2020 consultation submission on New Brunswick's planned introduction of a Restricted Insurance Agent (RIA) licensing regime | B. Wycks responds on behalf of CAFII to a follow-up question from David Weir, FCNB project lead on Insurance Act Rewrite and Introduction of RIA regime, re what are the legislative constraints which would preclude bank and other FRFI branch employees from being individually licensed to sell travel insurance.   |
| May 14, 2021           | Virtual meeting to review and provide input on BCFSAs just-released Regulatory Roadmap; and to have an opportunity to meet new BCFSAs staff executive Peta Wales.                | <p>Frank Chong, BCFSAs, reached out to K. Martin and B. Wycks, CAFII to advise that "in the coming days, BCFSAs plans to issue a Regulatory Roadmap outlining its regulatory priorities for the next three fiscal years. I would welcome an opportunity to meet with you to discuss the items in the Roadmap and how they may impact your members. This would also be a good opportunity for me to introduce Peta Wales, our Vice President, Sector Liaison, who is leading work on BCFSAs stakeholder engagement strategy. We intend to update the roadmap on a regular basis and would welcome your input as we move forward. We would be pleased to setup a meeting that is convenient for you and your team."</p> <p>The BCFSAs-requested virtual meeting has now been set up with K. Martin and B. Wycks for June 1, 2021.</p> |

***Agenda Item 2(g)  
June 8/21 Board Meeting***

**Committee Reports Addressing CAFII Priorities**

**Market Conduct & Licensing Committee**

This committee has many active consultation and regulatory files on the go:

- response to the AMF on the application of the RADM to credit card-embedded insurance coverages, including
  - Developing an industry response to compliance;
  - Exploring CAFII members' legal options;
  - Asking the AMF for a three-month extension to the deadline for providing product summaries and action plans to the AMF;
- responded to FSRA on its questions arising from CAFII's response submission on FSRA's Unfair or Deceptive Acts or Practices (UDAP) Rule consultation;
- responded to questions asked of CAFII by David Weir, FCNB related to New Brunswick's Insurance Act rewrite and related plans to introduce a Restricted Insurance Agent licensing regime;
- work on the FCAC's in-development Appropriateness Guideline;
- work on a CAFII submission in response to a CISRO consultation, launched May 25/21, on Principles of Conduct For Intermediaries;
- the Insurance Councils of Saskatchewan's imminent launch (June 2021) of a Saskatchewan Restricted Insurance Agents' Advisory Committee.

**Media Advocacy Committee**

Anita Mukherjee, RBC Insurance, is the new Chair of the Media Advocacy Committee; and Scott Kirby, TD Insurance, is its new Vice-Chair.

Under the auspices/oversight of this committee, CAFII is planning on issuing a media release on the findings of the CAFII-commissioned research on the digitization preferences of insurance consumers, conditional upon Board approval.

Following that, CAFII plans to create a new motion graphic website video on the major results of the Pollara consumers' digitization preferences.

**Networking & Events Committee**

Under the auspices/oversight of this committee, CAFII will hold a webinar on 3 June, 2021 on RIA licensing regimes in Canada, with the following panelists:

- Joanne Abram, CEO, Alberta Insurance Council (AIC);
- April Stadnek, Director of Compliance & Enforcement, Insurance Councils of Saskatchewan (ICS);
- Barbara Palace Churchill, Executive Director, Insurance Council of Manitoba (ICM).

CAFII will also hold a webinar on 9 June, 2021 on the future of travel and travel insurance post-COVID, with the following panelists:

- Will McAleer, Executive Director of the Travel Health Insurance Association of Canada and President of World Travel Protection;
- Joan Weir, Director of Health & Disability Policy at CLHIA (Canadian Life and Health Insurance Association);
- Katia Umutoniwase, Director of Operations & Portfolio Optimization at Manulife, and Chair of CAFII's Travel Insurance Experts Working Group; and
- David Moorcroft, Founder of Strategy2Communications(S2C), Host of "The Business of Blockchain" Podcast," and CAFII's media consultant.

Pending Board approval of the CAFII commissioned research on the digitization preferences of consumers, CAFII also plans to hold a 15 June, 2021 webinar, with insurance regulators and policy-makers from across Canada as the primary audience, on the major findings of the recent CAFII research project on insurance consumers' digitization preferences.

#### **Research & Education Committee**

Michelle Costello, CUMIS Services Inc., is the new Vice-Chair of the Research & Education Committee, supporting current Chair Andrea Stuska, TD Insurance.

Under the auspices/oversight of this committee, CAFII has asked the Board to formally approve public release of the CAFII-commissioned research on the digitization preferences of insurance consumers. Subject to that requested approval, CAFII intends to

- hold a 15 June, 2021 webinar with regulators and policy-makers on the research findings, with Pollara Vice-President Lesli Martin presenting;
- post the research results on the CAFII website;
- issue a press release on the major findings of the study that would be shared with media; and
- develop a motion graphic website video on the findings of the research.

#### **Travel Insurance Experts Working Group**

Katia Umutoniwase, Director of Operations & Portfolio Optimization at Manulife, is the new Chair of the Travel Insurance Experts Working Group.

Under the auspices/oversight of this committee, CAFII continues to meet weekly with CLHIA and THIA to discuss the impact of the COVID-19 pandemic upon the travel insurance industry.

**CAFII Board-Approved 2021 Schedule of Meetings and Events**  
**(Approved by Board at October 15/20 Meeting)**

**EOC Meetings:** *To be held for 2 hours or 1.5 hours, in alternating months, via teleconference*

- **Tuesday, January 26, 2021** (2:00-4:00 p.m. )
- **Tuesday, February 23, 2021** (2:00 – 3:30 p.m.)  
*(Family Day stat holiday: Monday, February 15)*
- **Tuesday, March 30, 2021** (2:00-4:00 p.m. )  
*(Good Friday, April 2; Easter Monday, April 5)*
- **Tuesday, April 27, 2021** (2:00 – 3:30 p.m.)
- **Tuesday, May 25, 2021** (2:00-4:00 p.m. )  
*(Victoria Day stat holiday: Monday, May 24)*
- **Tuesday, June 22, 2021** (2:00 – 3:30 p.m.)  
*(St. Jean Baptiste Day: Thursday, June 24; Canada Day: Thursday, July 1)*
- **Tuesday, July 20, 2021** , tentative summer meeting (2:00 – 3:30 p.m.)
- **Tuesday, August 17, 2021**, tentative summer meeting (2:00 – 3:30 p.m.)  
*(Civic Stat Holiday: Monday, August 2)*
- **Tuesday, September 14, 2021** (2:00-4:00 p.m. ) *If in-person meeting is possible, switch to 2:00-4:30 p.m. meeting, hosted by TBA.*  
*(Rosh Hashanah: September 7 & 8; Yom Kippur: September 16)*
- **Tuesday, October 26, 2021** (2:00 – 3:30 p.m.)  
*(Thanksgiving Stat Holiday: Monday, October 11)*
- **Tuesday, November 23, 2021** (2:00-4:00 p.m. ) *If in-person meeting is possible, switch to 2:00-4:30 p.m. meeting, hosted by TBA.*
- **EOC Annual Dinner:** TBA in conjunction with September or November 2021 in-person EOC meeting, if public health requirements allow.

**Board Meetings:**

- **Tuesday, April 13, 2021** (2:00-4:00 p.m.; Virtual Meeting possibly followed by CAFII Webinar).
- **Tuesday, June 8, 2021** (2:00-5:00 p.m., immediately preceded by 2021 CAFII Annual Meeting of Members, and possibly followed by CAFII Webinar).
- **Tuesday, October 5, 2021** (2:00-4:00 p.m.; Virtual Meeting possibly followed by CAFII Webinar). *If in-person meeting is possible, switch to 2:20-4:00 p.m. meeting, immediately following liaison lunch and Industry Issues Dialogue with AMF staff executives, hosted by Desjardins Insurance in Levis, Quebec.*
- **Tuesday, December 7, 2021** (2:00-4:00 p.m.; Virtual Meeting possibly followed by CAFII Webinar). *If in-person meeting is possible, switch to 2:00-5:00 p.m. meeting, followed by Reception, hosted by CIBC Insurance.*

**2021 Annual Members Luncheon:**

- **Tentative Date:** Tuesday, March 9, 2021 from 12 Noon to 1:30 p.m. EST (Virtual-only Webinar)

**2020 Board meetings Hosted by:**

None, due to COVID-19 pandemic situation

**2019 Board meetings Hosted by:**

CUMIS (National Club), Manulife Financial, National Bank Insurance, TD Insurance

**2018 Board Meetings Hosted by:**

CAFI; ScotiaLife Financial; BMO Insurance; The Canada Life Assurance

**2017 Board Meetings Hosted by:**

TD Insurance; CAFI; Desjardins; CIBC Insurance

**2016 Board Meetings Hosted by:**

CUMIS Group; Assurant Solutions; RBC Insurance; BMO Insurance

**2015 Board Meetings Hosted by:**

CIBC Insurance; ScotiaLife Financial; Desjardins; Canadian Premier

**Recent Years' Annual Members' Luncheons****2020 Annual Members Luncheon Webinar**

Date: Wednesday, October 21, 2020 from 12 Noon to 1:00 p.m. EDT

Topic: "Setting the Bar Higher: How the Financial Consumer Protection Framework Sets a New Standard for Fairness and Transparency"

Speaker: Frank Lofranco, Deputy Commissioner, Supervision and Enforcement, Financial Consumer Agency of Canada

Venue: Virtual-Only Webinar

**2019 Annual Members Luncheon**

Date: Tuesday, February 19, 2019 from 11:45 a.m. to 2:15 p.m.

Topic: "The Changing Regulatory Environment – Challenges, Risks and Opportunities"

Panelists: Stuart Carruthers, Partner, Stikeman Elliott LLP, Koker Christensen, Partner, Fasken, Jill McCutcheon, Partner, Torys LLP. Panel Moderator: Nicole Benson, CEO, Canadian Premier Life / valeyo

Venue: Arcadian Loft, 401 Bay St., Simpson Tower, 8<sup>th</sup> Floor, Toronto, ON

**2018 Annual Members Luncheon**

Topic: "Leading For Success in A Volatile World"

Speaker: Richard Nesbitt, CEO, the Global Risk Institute

Venue: Arcadian Loft, 401 Bay St., Simpson Tower, 8<sup>th</sup> Floor, Toronto, ON

**2017 Annual Members Luncheon**

Topic: Tomorrow is Today: Insurtech Disruption in the Life and Health Insurance Sector

Speaker: Keegan Iles, Director, Insurance Consulting Leader, PwC Canada

Venue: Arcadian Loft, 401 Bay St., Simpson Tower, 8<sup>th</sup> Floor, Toronto, ON

**2016 Annual Members Luncheon**

Topic: Innovation in Insurance: Opportunities in a Changing Market

Speaker: Alison Salka, Ph.D, Senior Vice President and Director Research, LIMRA

Venue: Arcadian Loft, 401 Bay St., Simpson Tower, 8<sup>th</sup> Floor, Toronto, ON

## **Briefing Note**

**CAFII Board Meeting 8 June 2021—Agenda Item 3a**

**Results of Recent Outreach To EOC Members To Create Succession Pipeline Of Committee Chairs and Vice-Chairs**

---

### **Purpose of this Agenda Item – *Update***

To provide the Board with an update on new members and leaders for CAFII's various Committees and Working Groups.

### **Background Information**

To provide a pipeline of leaders that will make transitions easier, and to promote wider participation among its members on the Association's Committees and Working Groups, CAFII made an outreach, through the EOC, for additional leaders to step into key CAFII roles.

### **Recommendation / Direction Sought – *Update***

This is an update only.

### **Attachments Included with this Agenda Item**

1 attachment.

**Agenda Item 3(a)**  
**June 8/21 Board Meeting**

**Results of Recent Outreach to EOC Members To Create Succession Pipeline of Committee Chairs and Vice-Chairs**

**From:** Brendan Wycks

**Sent:** May-25-21 1:44 PM

**To:** EOC Members

**Subject:** Update Re CAFII Committee Chair and Committee Vice-Chair Appointments To Be Confirmed/Approved At May 25/21 EOC Meeting; and May 2021 Regulatory Update Now Attached

**CAFII EOC Members:**

I'm pleased to update the approval/confirmation notification which I circulated on Friday, May 21, by indicating that TD Insurance has today nominated Scott Kirby for the position of Vice-Chair of the Media Advocacy Committee.

Therefore, in this afternoon's EOC meeting, EOC Chair & Board Secretary Rob Dobbins will be seeking the EOC's approval/confirmation of the following slate of Committee Chair and Committee Vice-Chair appointments, at the beginning of the meeting:

Nominee for Chair of Media Advocacy Committee

**-Anita Mukherjee, RBC Insurance**

Nominee For Chair of Travel Insurance Experts Working Group

**-Katia Umutoniwase, Manulife** (*becomes an EOC member, ex officio*)

Nominee For Vice-Chair of Media Advocacy Committee

**-Scott Kirby, TD Insurance**

Nominee For Vice-Chair of Market Conduct & Licensing Committee

**-Fay Coleman, TD Insurance**

Nominee For Vice-Chair of Research & Education Committee

**-Michelle Costello, CUMIS Services Inc.**

In addition, **Karyn Kasperski, RBC Insurance** has been nominated for the position of Vice-EOC Chair & Board Secretary. Karyn's appointment to that role, which is a Board prerogative, will be addressed imminently as part of a multi-part, governance-related Written Resolution of the Board (including the recommended admission of Canadian Tire Bank to CAFII Initiation Membership and the appointment of its first Director on the CAFII Board).



As well, member companies have made the following recent appointments to CAFII committees:

New Member of the Executive Operations Committee

-Marco DeiCont, Valeyo

New Members of Market Conduct & Licensing Committee

-Anu Bains, CIBC Insurance

-Lindsey LeClair, Valeyo

-Mabel Tom, Assurant (departing from Research & Education Committee)

New Member of Media Advocacy Committee

-Jacqlyn Marcus, Valeyo

New Members of Research & Education Committee

-Ivana Veljovic, Assurant

-Fernando Heleno, RBC Insurance

-Lindsey LeClair, Valeyo

-Greg Caers, BMO Insurance

New Members of Travel Insurance Experts Working Group

-Tracey Torkopoulos, Assurant

-Heather Defazio, Assurant

Therefore, we are still looking, in particular, for nominees for the following volunteer leadership roles:

- Vice-Chair of the Travel Insurance Experts Working Group; and
- Vice-Chair of the Networking & Events Committee (nomination of Carmelina Manno, Manulife, for this role was received subsequent to May 25/21 EOC meeting. This appointment will therefore be addressed at the June 22/21 EOC meeting).

Thank you to all member companies for the excellent response to our recent outreach; and to all those listed above, welcome aboard into your new roles.

**Brendan Wycks, BA, MBA, CAE**

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

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Alternate T: 647.361.9465

[www.cafii.com](http://www.cafii.com)

## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 3b Plans For Negotiating A Renewal of CAFII's Association Management Services Contract**

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#### **Purpose of this Agenda Item – Update**

To provide the Board with an update on the Association's contract with Managing Matters; and to secure Board approval to proceed with contract renewal negotiations with Managing Matters.

#### **Background Information**

CAFII is a small Association, with only two full-time staff members (Brendan Wycks and Keith Martin, CAFII's Co-Executive Directors). Such a small Association typically does not hire full-time staff to fulfil its various support requirements, and as a result there is a service available in the Association space called Association Management Company (AMC). These companies provide staff on a needs basis to fill service roles such as administrative support, financial controls, IT support, and event management. CAFII has for the past three and a half years relied on the services of a leading, Toronto-based AMC, Managing Matters.

At the 25 May, 2021 EOC meeting, CAFII management expressed strong satisfaction with the performance of Managing Matters, and recommended support for negotiating a three-year renewal with them on terms similar to the last three-year extension, where Managing Matters offered price concessions in exchange for a longer-term contract. The EOC provided support for the recommendation. CAFII is now proposing to the Board to proceed with that same approach of exploring a three-year contract extension with Managing Matters.

If the Board is supportive, CAFII will bring a more formal proposal to the next Board meeting for review and approval.

#### **Recommendation / Direction Sought – Approval**

Board approval is sought to proceed with contract renewal negotiations with Managing Matters.

#### **Attachments Included with this Agenda Item**

No attachments.

## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 4a Financial Management Matters--CAFII Financial Statements as at April 30/21**

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#### ***Purpose of this Agenda Item – Approval***

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To update the Board on the Association's financial position as at April 30, 2021; and to ask for Board approval of the tabled financial statements.

#### ***Background Information***

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Treasurer Tony Pergola will provide an update on the CAFII Financial Statements as at April 30, 2021.

#### ***Recommendation / Direction Sought – Update***

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This is request for approval.

#### ***Attachments Included with this Agenda Item***

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1 attachment.

# CAFII

411 Richmond Street E, Suite 200  
Toronto, ON M5A 3S5

## Statement of Operations As at April 30th 2021

|                                     | Current<br>Month | Budget<br>Apr-21 | Variance to<br>Monthly Budget | Current<br>YTD   | Budget '21<br>YTD | Variance<br>Budget to YTD | Budget<br>2021   |
|-------------------------------------|------------------|------------------|-------------------------------|------------------|-------------------|---------------------------|------------------|
| <b>Revenue</b>                      |                  |                  |                               |                  |                   |                           |                  |
| Membership Dues                     | 78,138           | \$76,540         | \$1,599                       | \$312,558        | \$306,158         | \$6,400                   | \$918,475        |
| Interest Revenue                    | 19               | \$25             | (\$6)                         | 78               | \$100             | (\$22)                    | \$300            |
| <b>TOTAL REVENUE</b>                | <b>78,158</b>    | <b>\$76,565</b>  | <b>\$1,593</b>                | <b>\$312,636</b> | <b>\$306,258</b>  | <b>\$6,378</b>            | <b>\$918,775</b> |
| <b>Expenses</b>                     |                  |                  |                               |                  |                   |                           |                  |
| Management Fees                     | 41,673           | \$40,648         | (\$1,024)                     | 166,659          | \$162,593         | (\$4,066)                 | \$487,780        |
| CAFII Legal Fees/Corporate Governan | -                | \$4,167          | \$4,167                       | -                | \$16,667          | \$16,667                  | \$50,000         |
| Audit Fees                          | 561              | \$1,395          | \$834                         | 3,732            | \$5,581           | \$1,849                   | \$16,743         |
| Insurance                           | 449              | \$504            | \$55                          | 1,795            | \$2,017           | \$222                     | \$6,050          |
| Website Ongoing Maintenance         | 508              | \$596            | \$88                          | 2,118            | \$2,385           | \$268                     | \$7,156          |
| Telephone/Fax/Internet              | 531              | \$477            | (\$53)                        | 2,715            | \$1,910           | (\$805)                   | \$5,730          |
| Postage/Courier                     | -                | \$13             | \$13                          | -                | \$50              | \$50                      | \$150            |
| Office Expenses                     | 162              | \$417            | \$255                         | 713              | \$1,667           | \$954                     | \$5,000          |
| Bank Charges                        | 25               | \$39             | \$14                          | 257              | \$157             | (\$101)                   | \$470            |
| Miscellaneous Expenses              | -                | \$42             | \$42                          | -                | \$167             | \$167                     | \$500            |
| Depreciation Computer/Office Equipm | 95               | \$95             | \$0                           | 379              | \$379             | \$0                       | \$1,136          |
| Provincial Regulatory Visits        | -                | \$0              | \$0                           | -                | \$0               | \$0                       | \$0              |
| Research/Studies                    | 13,646           | \$0              | (\$13,646)                    | 13,646           | \$15,000          | \$1,355                   | \$60,000         |
| Website SEO and Enhancements        | 4,520            | \$3,496          | (\$1,024)                     | 14,577           | \$13,983          | (\$594)                   | \$41,950         |
| Regulatory Model(s)                 | -                | \$0              | \$0                           | -                | \$0               | \$0                       | \$0              |
| Federal Financial Reform            | -                | \$0              | \$0                           | -                | \$0               | \$0                       | \$0              |
| CAFII Benchmarking Study/RSM Canada | -                | \$0              | \$0                           | 16,950           | \$16,950          | \$0                       | \$67,800         |
| FCAC Presentation                   | -                | \$0              | \$0                           | -                | \$0               | \$0                       | \$0              |
| Media Outreach                      | 256              | \$500            | \$244                         | 579              | \$2,000           | \$1,421                   | \$6,000          |
| Media Consultant Retainer           | 2,260            | \$2,260          | \$0                           | 9,040            | \$9,040           | \$0                       | \$27,120         |
| Marketing Collateral                | 16               | \$417            | \$401                         | 120              | \$1,667           | \$1,547                   | \$5,000          |
| Contingency Fund                    | -                | \$0              | \$0                           | -                | \$0               | \$0                       | \$50,000         |
| CAFII Reception Events              | -                | \$0              | \$0                           | -                | \$0               | \$0                       | \$0              |
| <b>TOTAL EXPENSE</b>                | <b>64,701</b>    | <b>55,065</b>    | <b>-</b>                      | <b>233,280</b>   | <b>252,212</b>    | <b>18,932</b>             | <b>838,585</b>   |
| <b>NET INCOME</b>                   | <b>13,457</b>    | <b>21,499</b>    | <b>-</b>                      | <b>79,356</b>    | <b>54,047</b>     | <b>25,310</b>             | <b>80,190</b>    |

### Explanatory Notes:

- 1 - Amortization of office equipment based on 4 year straight line depreciation
- 2 - Management fees includes Managing Matters and Executive Director
- 3 - Website includes hosting cafii.com, subscription and website improvements

# CAFI

411 Richmond Street E, Suite 200  
Toronto, ON M5A 3S5

## Balance Sheet As at April 30th 2021

|   | CAFII Operations |                  |                  | CCBPI Project   |                 |                 | Combined         |                  |                  |
|---|------------------|------------------|------------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|
|   | 30-Apr<br>2021   | 31-Mar<br>2021   | 31-Dec<br>2020   | 30-Apr<br>2021  | 31-Mar<br>2021  | 31-Dec<br>2020  | 30-Apr<br>2021   | 31-Mar<br>2021   | 31-Dec<br>2020   |
| <b>ASSETS</b>   |                  |                  |                  |                 |                 |                 |                  |                  |                  |
| <b>Current Assets</b>   |                  |                  |                  |                 |                 |                 |                  |                  |                  |
| Bank Balance  | \$533,962        | \$608,472        | \$308,624        | \$0             | \$0             | \$0             | \$533,962        | \$608,472        | \$308,624        |
| Savings Account   | \$102,356        | \$102,336        | \$102,278        | \$12,151        | \$12,151        | \$12,151        | \$114,507        | \$114,487        | \$114,429        |
| Accounts Receivable   | \$4,800          | \$24,078         | \$0              | \$0             | \$0             | \$0             | \$4,800          | \$24,078         | \$0              |
| Prepaid Expenses  | \$25,116         | \$4,690          | \$14,037         | \$0             | \$0             | \$0             | \$25,116         | \$4,690          | \$14,037         |
| Computer/Office Equipment   | \$8,014          | \$8,014          | \$8,014          | \$0             | \$0             | \$0             | \$8,014          | \$8,014          | \$8,014          |
| Accumulated Depreciation -Comp/Equip  | (\$7,256)        | (\$7,162)        | (\$6,878)        | \$0             | \$0             | \$0             | (\$7,256)        | (\$7,067)        | (\$6,878)        |
| <b>Total Current Assets</b>   | <b>\$666,991</b> | <b>\$740,428</b> | <b>\$426,075</b> | <b>\$12,151</b> | <b>\$12,151</b> | <b>\$12,151</b> | <b>\$679,143</b> | <b>\$752,674</b> | <b>\$438,226</b> |
| <b>TOTAL ASSETS</b>   | <b>\$666,991</b> | <b>\$740,428</b> | <b>\$426,075</b> | <b>\$12,151</b> | <b>\$12,151</b> | <b>\$12,151</b> | <b>\$679,143</b> | <b>\$752,674</b> | <b>\$438,226</b> |
| <b>LIABILITIES</b>  |                  |                  |                  |                 |                 |                 |                  |                  |                  |
| <b>Current Liabilities</b>  |                  |                  |                  |                 |                 |                 |                  |                  |                  |
| Accrued Liabilities   | \$4,746          | \$4,185          | \$32,852         | \$0             | \$0             | \$0             | \$4,746          | \$4,185          | \$32,852         |
| Credit Card   | \$1,781          | \$654            | \$352            | \$0             | \$0             | \$0             | \$1,781          | \$654            | \$352            |
| Account Payable   | \$19,367         | \$29,810         | \$9,012          | \$0             | \$0             | \$0             | \$19,367         | \$29,810         | \$9,012          |
| Deferred Revenue  | \$177,882        | \$256,020        | \$0              | \$12,151        | \$12,151        | \$12,151        | \$190,033        | \$268,171        | \$12,151         |
| <b>Total Current liabilities</b>  | <b>\$203,776</b> | <b>\$290,669</b> | <b>\$42,216</b>  | <b>\$12,151</b> | <b>\$12,151</b> | <b>\$12,151</b> | <b>\$215,928</b> | <b>\$302,821</b> | <b>\$54,367</b>  |
| <b>TOTAL LIABILITIES</b>  | <b>\$203,776</b> | <b>\$290,669</b> | <b>\$42,216</b>  | <b>\$12,151</b> | <b>\$12,151</b> | <b>\$12,151</b> | <b>\$215,928</b> | <b>\$302,821</b> | <b>\$54,367</b>  |
| <b>UNRESTRICTED NET ASSETS</b>  |                  |                  |                  |                 |                 |                 |                  |                  |                  |
| Unrestricted Net Assets, beginning of year                                  | \$383,859        | \$383,859        | \$230,223        | \$0             | \$0             | \$0             | \$383,859        | \$383,859        | \$230,223        |
| Excess of revenue over expenses   | \$79,356         | \$65,899         | \$153,636        | \$0             | \$0             | \$0             | \$79,356         | \$65,899         | \$153,636        |
| <b>Total Unrestricted Net Assets</b>  | <b>\$463,215</b> | <b>\$449,758</b> | <b>\$383,859</b> | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$463,215</b> | <b>\$449,758</b> | <b>\$383,859</b> |
| <b>Total Unrestricted Net Assets</b>  | <b>\$463,215</b> | <b>\$449,758</b> | <b>\$383,859</b> | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$463,215</b> | <b>\$449,758</b> | <b>\$383,859</b> |
| <b>TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS</b>                        | <b>\$666,991</b> | <b>\$740,428</b> | <b>\$426,075</b> | <b>\$12,151</b> | <b>\$12,151</b> | <b>\$12,151</b> | <b>\$679,143</b> | <b>\$752,579</b> | <b>\$438,226</b> |
| <b>Financial Reserves Targets as per 2019 Budget:</b>                       |                  |                  |                  |                 |                 |                 |                  |                  |                  |
| Minimum 3 months (25%) of Annual Operating Expenses=                        |                  |                  | \$209,646        |                 |                 |                 |                  |                  |                  |
| Maximum 6 months (50%) of Annual Operating Expenses=                        |                  |                  | \$419,293        |                 |                 |                 |                  |                  |                  |
| <b>Current Level of Financial Reserves (total unrestricted net assets):</b> |                  |                  | <b>\$463,215</b> |                 |                 |                 |                  |                  |                  |
| <b>Current Level of Financials Reserve (%):</b>                             |                  |                  | <b>55%</b>       |                 |                 |                 |                  |                  |                  |

## CAFII

411 Richmond Street E, Suite 200  
Toronto, ON M5A 3S5

### Membership Fees

|  |                                      | <b>Feb-21</b>       |                 | <b>Jul-21</b>       |                 |
|--|--------------------------------------|---------------------|-----------------|---------------------|-----------------|
|  |                                      | <u>To be billed</u> | <u>Received</u> | <u>To be billed</u> | <u>Received</u> |
| BMO Bank of Montreal                                 | 2021 Upper Tier Member               | \$ 38,555           | 18-Mar-21       | \$ 38,555           |                 |
| CIBC Insurance                                       | 2021 Upper Tier Member               | \$ 38,555           | 24-Feb-21       | \$ 38,555           |                 |
| RBC Insurance  | 2021 Upper Tier Member               | \$ 38,555           | 2-Mar-21        | \$ 38,555           |                 |
| ScotiaLife Financial                                 | 2021 Upper Tier Member               | \$ 38,555           | 18-Feb-21       | \$ 38,555           |                 |
| TD Insurance   | 2021 Upper Tier Member               | \$ 38,555           | 12-Feb-21       | \$ 38,555           |                 |
| Desjardins Financial Security Life Assurance Company | 2021 Upper Tier Member               | \$ 38,555           | 29-Mar-21       | \$ 38,555           |                 |
| National Bank Life Insurance Company                 | 2021 Upper Tier Member               | \$ 38,555           | 12-Feb-21       | \$ 38,555           |                 |
| Manulife Financial                                   | 2021 Upper Tier Member               | \$ 38,555           | 3-Mar-21        | \$ 38,555           |                 |
| The Canada Life Assurance Company                    | 2021 Upper Tier Member               | \$ 38,555           | 24-Feb-21       | \$ 38,555           |                 |
| Assurant Solutions                                   | 2021 Lower Tier Member               | \$ 19,277           | 3-Mar-21        | \$ 19,277           |                 |
| Canadian Premier Life Insurance Company              | 2021 Lower Tier Member               | \$ 19,277           | 25-Feb-21       | \$ 19,277           |                 |
| Cumis Group Ltd/Co-operators Life Insurance Co.      | 2021 Lower Tier Member               | \$ 19,277           | 26-Feb-21       | \$ 19,277           |                 |
| Valeyo   | 2021 Lower Tier Member               | \$ 19,277           | 16-Apr-21       | \$ 19,277           |                 |
| Sun Life Financial                                   | 2020 Initiation Members (Upper Tier) | \$ 23,133           | 12-Mar-21       | \$ 23,133           |                 |
| RSM Canada   | Associate                            | \$ 4,800            | 29-Mar-21       |                     |                 |
| Willis Towers Watson                                 | Associate                            | \$ 4,800            | 25-Feb-21       |                     |                 |
| KPMG MSLP  | Associate                            | \$ 4,800            | 25-Feb-21       |                     |                 |
| Optima Communications                                | Associate                            | \$ 4,800            | 10-Mar-21       |                     |                 |
| RGA Life Reinsurance Company of Canada               | Associate                            | \$ 4,800            | 24-Feb-21       |                     |                 |
| Torys LLP  | Associate                            | \$ 4,800            | 11-Feb-21       |                     |                 |
| Dog and Pony Studios                                 | Associate                            | \$ 4,800            | 11-Feb-21       |                     |                 |
| Stikeman Elliott LLP                                 | Associate                            | \$ 4,800            | 29-Mar-21       |                     |                 |
| RSA  | Associate                            | \$ 4,800            | 12-May-21       |                     |                 |
| <b>Feb Invoices</b>                                  |                                      | <b>\$490,437</b>    |                 | <b>\$447,237</b>    |                 |
| <b>July Invoices</b>                                 |                                      | <b>\$447,237</b>    |                 |                     |                 |
| <b>Total Membership Fees</b>                         |                                      | <b>\$937,675</b>    |                 |                     |                 |
| Total amount to reallocate monthly Jan-Sept          |                                      | <b>\$78,140</b>     |                 |                     |                 |
| Total amount to reallocate monthly Oct-Dec           |                                      | <b>\$78,140</b>     |                 |                     |                 |

## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 4b Financial Management Matters--Forecast for CAFII 2021 Fiscal Year as at April 30/21**

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#### **Purpose of this Agenda Item – *Update***

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Update only.

#### **Background Information**

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CAFII Treasurer Tony Pergola will update the Board on the forecast for CAFII's 2021 fiscal year, as at April 30, 2021.

#### **Recommendation / Direction Sought – *Update***

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This is an update only.

#### **Attachments Included with this Agenda Item**

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1 attachment.

**2021 CAFII Budget**

|   | 2018<br>Actuals   | 2019<br>Actuals   | 2020<br>Actuals   | CAFII 2021<br>Operating<br>Budget | 2021<br>YTD<br>April 2021 | 2021<br>Forecast  | Comment/Rationale  |
|---|-------------------|-------------------|-------------------|-----------------------------------|---------------------------|-------------------|--|
| <b>Revenue</b>  |                   |                   |                   |                                   |                           |                   |  |
| Membership Dues   | \$695,545         | \$734,664         | \$884,721         | \$918,475                         | \$312,558                 | \$937,675         | See breakdown in Member Dues Revenue Tab (includes one new Member at Lower Tier Dues as CPL and Valeyo intend to become two separate CAFII Members)  |
| Annual Members' Luncheon "Additional Seats" Revenue                               | \$0               | \$195             | \$0               | \$0                               | \$0                       | \$0               |  |
| Interest  | \$0               | \$982             | \$399             | \$300                             | \$78                      | \$234.00          | Interest from the Savings Account  |
| <b>TOTAL REVENUE</b>  | <b>\$ 695,545</b> | <b>\$ 735,841</b> | <b>\$ 885,120</b> | <b>\$ 918,775</b>                 | <b>\$ 312,636</b>         | <b>\$ 937,909</b> |  |
| <b>EXPENSE</b>  |                   |                   |                   |                                   |                           |                   |  |
| Management Fees   | \$460,299         | \$465,134         | \$476,844         | \$487,780                         | \$166,659                 | \$487,780         | Includes MM Fees (2.0% contractual increase) and two Co-Eds (2.5% increase each)   |
| Legal and consulting costs associated with regulatory submissions and initiatives | \$563             | \$0               | \$28,975          | \$50,000                          | \$0                       | \$50,000          | For streamlining/simplicity, this line now includes expenses previously captured under Regulatory Model(s) (Row 39), where \$15,000 was budgeted in 2020. 2021 Budget amounts are based on 2020 actuals (recognizing that while in 2020, zero expenses will be incurred under Regulatory Models, that is largely due to the COVID-19 pandemic) and the expectation that CAFII will likely need to tackle heightened regulatory communications/submissions and advocacy/relationship-building work in 2021 as regulators clear their abeyance "backlog" caused by COVID-19. |
| Audit Fees  | \$14,432          | \$14,799          | \$16,743          | \$16,743                          | \$3,732                   | \$14,238          | Same as 2020 Bill received from KPMG   |
| Insurance   | \$5,258           | \$5,338           | \$5,385           | \$6,050                           | \$1,795                   | \$6,050           | Increase by 10% over 2020 Budget, as per advice from insurance broker Marsh, as a buffer for 2021 renewal in June 2021   |
| Website Ongoing Maintenance   | \$6,461           | \$10,022          | \$5,765           | \$7,156                           | \$2,118                   | \$7,156           | Includes CG Technology (\$233 per month (3% increase)), Constant Contact (\$62.83 per month (3% increase)), Soda PDF Premium (\$56.47), Zoom (\$237.60 per month), Survey Monkey (\$307.36), Virtual Platform (\$500)  |
| Telephone/Fax/Internet  | \$5,939           | \$6,494           | \$5,808           | \$5,730                           | \$2,715                   | \$5,730           | Includes Office Line (\$56.50 per month), Conference Line (\$47.46 per month) & Co-Eds phone and internet lines  |
| Postage/Courier   | \$458             | \$159             | \$53              | \$150                             | \$0                       | \$150             | Monthly Cheque Run and Ad Hoc Mailing  |
| Office Expenses   | \$2,423           | \$2,025           | \$2,158           | \$5,000                           | \$713                     | \$5,000           | Increased from 2020 Budget to cover possible replacement computer hardware and peripherals expenses in 2021 for the Co-Executive Directors   |
| Bank Charges  | \$23              | \$112             | \$236             | \$470                             | \$257                     | \$470             | Annual Credit Card Fee (\$190) plus a possible new digital/electronic Accounts Payable process in 2021 (\$280.00)  |
| Depreciation Computer/Office Equipment  | \$1,136           | \$1,136           | \$1,136           | \$1,136                           | \$379                     | \$1,136           | Same as 2020 Forecast  |
| Miscellaneous Expense   | \$0               | \$0               | \$0               | \$500                             | \$0                       | \$500             | Same as 2020 Forecast  |
| <b>Board/EOC/AGM</b>  |                   |                   |                   |                                   |                           |                   |  |
| Annual Members Luncheon   | \$10,503          | \$12,052          | \$0               | \$0                               | \$0                       | \$0               | Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency line item below  |
| Board Hosting (External)  | \$19,515          | \$14,001          | \$0               | \$0                               | \$0                       | \$0               | Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.   |
| Board/EOC Meeting Expenses  | \$20,715          | \$35,419          | \$4,676           | \$0                               | \$0                       | \$0               | Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.   |
| Industry Events   | \$1,270           | \$0               | \$0               | \$0                               | \$0                       | \$0               | Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.   |
| EOC Annual Appreciation Dinner  | \$763             | \$2,193           | \$4,244           | \$0                               | \$0                       | \$0               | Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.   |
| Speaker fees & travel   | \$191             | \$1,189           | \$0               | \$0                               | \$0                       | \$0               | Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.   |
| Gifts   | \$0               | \$200             | \$0               | \$0                               | \$0                       | \$0               | Same as 2020 Budget  |
| Networking Events   | \$0               | \$0               | \$0               | \$0                               | \$0                       | \$0               | Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.   |
| CAFII Reception Events  | \$0               | \$0               | \$0               | \$0                               | \$0                       | \$0               | Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.   |
| CAFII 25th Anniversary Celebration  | \$0               | \$0               | \$0               | \$0                               | \$0                       | \$0               | This line item is a placeholder. But this expense will actually occur in 2022, CAFII's "silver anniversary" year   |
| <b>Total Board/EOC/AGM</b>  | <b>\$52,957</b>   | <b>\$65,053</b>   | <b>\$8,920</b>    | <b>\$0</b>                        | <b>\$0</b>                | <b>\$0</b>        |  |
| Provincial Regulatory Visits and Relationship-Building                            | \$11,230          | \$16,833          | \$983             | \$0                               | \$0                       | \$0               | Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.   |
| Federal Regulatory Visits and Relationship-Building                               | \$0               | \$442             | \$540             | \$0                               | \$0                       | \$0               | Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.   |
| Research/Studies  | \$77,345          | \$5,368           | \$28,646          | \$60,000                          | \$13,646                  | \$60,000          | Same as 2020 Budget  |
| Website SEO and Enhancements  | \$21,702          | \$40,914          | \$31,144          | \$41,950                          | \$14,577                  | \$41,950          | Same as 2020 Budget  |
| Regulatory Model(s)   | \$6,490           | \$7,555           | \$0               | \$0                               | \$0                       | \$0               | Combined with Legal Fees; and this line item will be removed/dispensed with, beginning with the 2021 CAFII budget  |
| CAFII Benchmarking Study/RSM Canada   | \$0               | \$0               | \$68,365          | \$67,800                          | \$16,950                  | \$67,800          | Continuation of CAFII CPI Benchmarking Study with RSM Canada, estimated at \$60K plus HST.   |
| FCAC Presentation   | \$0               | \$0               | \$20,905          | \$0                               | \$0                       | \$0               |  |
| Media Outreach  | \$6,883           | \$5,683           | \$350             | \$6,000                           | \$579                     | \$6,000           | Expenses related to CAFII Media Releases including Wire Service charges (new split into separate Media Outreach and Media Consultant Retainer (David Moorcroft's S2C retainer) expenses)   |
| Media Consultant Retainer   | \$31,639          | \$27,120          | \$27,685          | \$27,120                          | \$9,040                   | \$27,120          | Monthly retainer fees for David Moorcroft, S2C (new split into separate Media Outreach and Media Consultant Retainer (David Moorcroft's S2C retainer) expenses)  |
| Marketing Collateral  | \$557             | \$1,629           | \$845             | \$5,000                           | \$120                     | \$5,000           | Same as 2020 Budget  |
| Tactical Communications Strategy  | \$0               | \$0               | \$0               | \$0                               | \$0                       | \$0               | This line item is being removed/dispensed with, beginning with the 2021 CAFII budget   |
| Contingency For Possible Resumption Of In-Person Meetings/Events, Etc. in 2021    | \$0               | \$0               | \$0               | \$50,000                          | \$0                       | \$50,000          | Includes Annual Members' Luncheon (\$12,000); Board Hosting External (\$7,500); Board/EOC Meeting Expenses (\$13,500); Industry Events (\$1,000); EOC Annual Appreciation Dinner (\$3,000); Provincial Regulatory Visits and Relationship-Building (\$9,000); Federal Regulatory Visits and Relationship-Building (\$4,000)  |
| <b>TOTAL EXPENSE</b>  | <b>\$ 705,793</b> | <b>\$ 675,816</b> | <b>\$ 731,485</b> | <b>\$ 838,585</b>                 | <b>\$ 233,280</b>         | <b>\$ 836,080</b> |  |
| <b>Excess of Revenue over Expenses</b>  | <b>(\$10,248)</b> | <b>\$60,025</b>   | <b>\$153,636</b>  | <b>\$80,190</b>                   | <b>\$79,356</b>           | <b>\$101,829</b>  |  |
| Unrestricted Net Assets (beginning of year)                                       | \$180,447         | \$170,198         | \$230,223         | \$383,859                         | \$383,859                 | \$383,859         |  |
| Unrestricted Net Assets (end of year)   | \$170,198         | \$230,223         | \$383,859         | \$464,049                         | \$463,215                 | \$485,688         |  |

**Explanatory Notes:**

- (1) Assumes Two Co-Executive Directors, one @ 5 days per week; one @ 4.5 days per week; plus Managing Matters Admin support
- (2) Amortization of office equipment based on 4 year straight line depreciation
- (3) \$45,000 Legal Expense for Marc Dequette/Norton Rose Fulbright to complete legal opinion re: AMF Spousal Coverage Issue. Alternative for paying for legal opinion is to use the remaining funds from the CCPBI Special Project Fund

| Actual/Forecasted Financial Reserves                  | 2018<br>Actuals | 2019<br>Actuals | 2019<br>Actuals | 2021<br>Operating<br>Budget | 2021<br>Forecast |
|---|-----------------|-----------------|-----------------|-----------------------------|------------------|
| Minimum 3 months (25%) of Annual Operating Expenses = | \$176,448       | \$168,954       | \$182,871       | \$209,646                   | \$209,020        |
| Maximum 6 months (50%) of Annual Operating Expenses = | \$352,897       | \$337,908       | \$365,742       | \$419,293                   | \$418,040        |
| Actual/Forecasted Level of Financial Reserves:        | \$170,198       | \$230,223       | \$383,859       | \$464,049                   | \$485,688        |
| Actual/Forecasted Level of Financial Reserves %:      | 24%             | 34%             | 52%             | 55%                         | 58%              |



### 2019 Operational Budget - Member Dues Breakdown

#### 2018 Member Dues Breakdown

|                    |           |   |            |
|--------------------|-----------|---|------------|
| Upper Tier Member  | 73,438.00 | 5 | 367,190.00 |
| DFS                | 55,079.00 | 1 | 55,079.00  |
| Lower Tier Member  | 36,719.00 | 4 | 146,876.00 |
| Initiation Members | 44,000.00 | 2 | 88,000.00  |
| Associate          | 4,800.00  | 8 | 38,400.00  |
|                    |           |   | 695,545.00 |

#### 2019 (Base) Member Dues Breakdown

|                    |           |   |            |
|--------------------|-----------|---|------------|
| Upper Tier Member  | 73,438.00 | 6 | 440,628.00 |
| Lower Tier Member  | 36,719.00 | 4 | 146,876.00 |
| Initiation Members | 44,000.00 | 3 | 132,000.00 |
| Associate          | 4,800.00  | 8 | 38,400.00  |
|                    |           |   | 757,904.00 |

### 2019 Operational Budget - Member Dues Breakdown - Revised

#### 2019 Member Dues Breakdown

|                    |        |     |            |
|--------------------|--------|-----|------------|
| Upper Tier Member  | 73,438 | 6   | 440,628.00 |
| National Bank      | 55,079 | 1   | 55,079.00  |
| Lower Tier Member  | 36,719 | 3   | 110,157.00 |
| Initiation Members | 44,000 | 2   | 88,000.00  |
| Associate          | 4,800  | 8.5 | 40,800.00  |
|                    |        |     | 734,664.00 |

### 2020 Operational Budget - Member Dues Breakdown - 5% Dues Increase

#### 2020 Member Dues Breakdown

|                        |        |    |            |
|------------------------|--------|----|------------|
| Upper Tier Member      | 77,110 | 9  | 693,989.10 |
| Lower Tier Member      | 38,555 | 3  | 115,664.85 |
| Initiation Members (Up | 46,266 | 1  | 46,265.94  |
| Initiation Members (Lo | 23,133 | 0  | 0.00       |
| Associate              | 4,800  | 11 | 52,800.00  |
|                        |        |    | 908,719.89 |

### 2020 Operational Budget - Member Dues Breakdown - 5% Dues Increase

#### 2020 Member Dues Breakdown

|                        |        |   |            |
|------------------------|--------|---|------------|
| Upper Tier Member      | 77,110 | 9 | 693,989.10 |
| Lower Tier Member      | 38,555 | 3 | 115,664.85 |
| Initiation Members (Up | 46,266 | 1 | 46,265.94  |
| Initiation Members (Lo | 23,133 | 0 | 0.00       |
| Associate              | 4,800  | 6 | 28,800.00  |
|                        |        |   | 884,719.89 |

#### 2020 Upper Tier Member

BMO Bank of Montreal  
CIBC Insurance  
RBC Insurance  
ScotiaLife Financial  
TD Insurance  
Desjardins Financial Security Life Assurance Company  
National Bank Life Insurance Company  
Manulife Financial  
The Canada Life Assurance Company

#### 2020 Lower Tier Member

Assurant Solutions  
Canadian Premier Life Insurance Company  
Cumis Group Ltd/Co-operators Life Insurance Co.

#### 2020 Initiation Members (Upper Tier)

Sun Life Financial

#### 2020 Associate

RSM Canada  
Willis Towers Watson  
KPMG MSLP  
Optima Communications  
RGA Life Reinsurance Company of Canada  
Torys LLP

\*TBC

\*TBC

\*Associate Candidates - Stikeman Elliott, Norton Rose, Deloitte, Dog and Pony - To be confirmed

Did not renew in 2020

PWC  
Munich Reinsurance Company Canada Branch (Life)  
RankHigher.ca

### 2021 Operational Budget - Member Dues Breakdown - No Dues Increase

#### 2021 Member Dues Breakdown

|                                 |        |   |            |
|---------------------------------|--------|---|------------|
| Upper Tier Member               | 77,110 | 9 | 693,989.10 |
| Lower Tier Member               | 38,555 | 4 | 154,219.80 |
| Initiation Members (Upper Tier) | 46,266 | 1 | 46,265.94  |
| Initiation Members (Lower Tier) | 23,133 | 0 | 0.00       |
| Associate                       | 4,800  | 5 | 24,000.00  |
|                                 |        |   | 918,474.84 |

#### 2021 Upper Tier Member

BMO Bank of Montreal  
CIBC Insurance  
RBC Insurance  
ScotiaLife Financial  
TD Insurance  
Desjardins Financial Security Life Assurance Company  
National Bank Life Insurance Company  
Manulife Financial  
The Canada Life Assurance Company

#### 2021 Lower Tier Member

Assurant Solutions  
Canadian Premier Life Insurance Company  
Valeyo  
Cumis Group Ltd/Co-operators Life Insurance Co.

#### 2021 Initiation Members (Upper Tier)

Sun Life Financial 2 Year

#### 2021 Associate

RSM Canada  
Willis Towers Watson  
KPMG MSLP  
Optima Communications  
RGA Life Reinsurance Company of Canada  
Torys LLP

### 2021 Forecast

#### 2021 Member Dues Breakdown

|                                 |        |   |            |
|---------------------------------|--------|---|------------|
| Upper Tier Member               | 77,110 | 9 | 693,989.10 |
| Lower Tier Member               | 38,555 | 4 | 154,219.80 |
| Initiation Members (Upper Tier) | 46,266 | 1 | 46,265.94  |
| Initiation Members (Lower Tier) | 23,133 | 0 | 0.00       |
| Associate                       | 4,800  | 9 | 43,200.00  |
|                                 |        |   | 937,674.84 |

#### 2021 Upper Tier Member

BMO Bank of Montreal  
CIBC Insurance  
RBC Insurance  
ScotiaLife Financial  
TD Insurance  
Desjardins Financial Security Life Assurance Company  
National Bank Life Insurance Company  
Manulife Financial  
The Canada Life Assurance Company

#### 2021 Lower Tier Member

Assurant Solutions  
Canadian Premier Life Insurance Company  
Valeyo  
Cumis Group Ltd/Co-operators Life Insurance Co.

#### 2021 Initiation Members (Upper Tier)

Sun Life Financial 2 Year

#### 2021 Associate

RSM Canada  
Willis Towers Watson  
KPMG MSLP  
Optima Communications  
RGA Life Reinsurance Company of Canada  
Torys LLP  
Dog and Pony Studios  
Stikeman Elliott LLP  
RSA

## **Briefing Note**

**CAFII Board Meeting 8 June 2021—Agenda Item 5a  
Strategic and Regulatory Matters—Proposal That CAFII Investigate Development and Launch of an  
Education/Master Class/Certification Program For Member Company Employees On “CPI Legislative  
and Regulatory Principles and Environment”**

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### **Purpose of this Agenda Item – Update/Discussion**

Update and discussion only.

### **Background Information**

CAFII Board Member Zack Fuerstenberg, ScotiaLife Financial, will present to the Board some ideas he has shared with CAFII’s Co-Executive Directors around the development of educational and certification offerings that CAFII could provide to its membership, around best-in-class practices for employees offering consumers the option of credit protection insurance protection.

### **Recommendation / Direction Sought – Update/Discussion**

This is an update and opportunity for discussion only.

### **Attachments Included with this Agenda Item**

No attachments.

## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 5b Strategic and Regulatory Matters— Norton Rose’s Development of Legal Arguments That Could Be Used To Counter AMF’s Position ON RADM’s Applicability**

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#### **Purpose of this Agenda Item – Update/Discussion**

Update and opportunity for discussion only.

#### **Background Information**

At a Special Purpose Board Meeting on 19 May, 2021, the Board decided that it supported CAFII’s proceeding to engage Norton Rose Fulbright to produce an analysis of CAFII’s legal options in relation to the AMF’s position that the Regulation respecting Alternative Distribution Methods (RADM) applies fully to credit card-embedded insurance benefits.

In making that decision, the Board did not predetermine, however, that CAFII would ultimately decide to legally challenge the AMF based on the findings from Norton Rose, but there was support for learning what the options are and then further discussing this matter. Of particular interest was the indication from Norton Rose that the AMF likely does indeed have the regulatory authority to change the way the RADM applies to credit card-embedded insurance benefits, and that a legislative amendment(s) was not required to make such a change.

Norton Rose has indicated that this legal work will cost \$50-60K and take 5 to 6 weeks to complete, such that its legal analysis product should be delivered to CAFII in late June.

#### **Recommendation / Direction Sought – Update/Discussion**

This is an update and opportunity for discussion only.

#### **Attachments Included with this Agenda Item**

Two attachments.

**Agenda Item 5(b)(1)**  
**June 8/21 Board Meeting**

**From:** Duquette, Marc <marc.duquette@nortonrosefulbright.com>  
**Sent:** May-21-21 12:20 PM  
**To:** Keith Martin <Keith.Martin@cafii.com>  
**Cc:** Dupoy, Dominic <dominic.dupoy@nortonrosefulbright.com>; Poisson, Pier-Olivier <pier-olivier.poisson@nortonrosefulbright.com>; Brendan Wycks <brendan.wycks@cafii.com>  
**Subject:** RE: Follow up from CAFII

Dear Keith

Thank you for your letter below and for confirming our mandate.

I spoke with my colleagues and we wish to confirm that we will deliver the opinion within a four to five week timeframe. We have also noted the clarifications and instructions below and will adjust our deliverables accordingly.

As we progress forward, we may be in touch for further clarifications.

Have a great long weekend and enjoy Victoria Day.

Best regards,

Marc

**Marc Duquette**  
Associé principal  
Senior Partner  
Norton Rose Fulbright Canada S.E.N.C.R.L., s.r.l. / LLP  
1, Place Ville Marie, Bureau 2500, Montréal, QC, H3B 1R1, Canada

**De :** Keith Martin <[Keith.Martin@cafii.com](mailto:Keith.Martin@cafii.com)>  
**Envoyé :** 20 mai 2021 15:51  
**À :** Duquette, Marc <[marc.duquette@nortonrosefulbright.com](mailto:marc.duquette@nortonrosefulbright.com)>  
**Cc :** Dupoy, Dominic <[dominic.dupoy@nortonrosefulbright.com](mailto:dominic.dupoy@nortonrosefulbright.com)>; Poisson, Pier-Olivier <[pier-olivier.poisson@nortonrosefulbright.com](mailto:pier-olivier.poisson@nortonrosefulbright.com)>; Brendan Wycks <[brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com)>  
**Objet :** RE: Follow up from CAFII

Hello Marc,

CAFII held a Special Purpose Board meeting yesterday; and the Board voted unanimously to proceed with your proposal of April 26, 2021.

Your proposal indicated that you will require four to five weeks to prepare and deliver the proposed legal opinion, so we ask that you confirm now that you can deliver the opinion to us in roughly that timeframe.

One item in the proposal that we are requesting greater clarity around is your inclusion of “reviewing the preceding regulatory regime,” at several places in the proposal.

Perhaps we have not understood your rationale for looking heavily at previous circumstances, but Brendan and I are not convinced that doing so would be a prudent use of your time and CAFII’s financial resources in this engagement – because our view is that it is solely the current AMF regulatory regime that is relevant to the issue at hand; and looking in detail at the predecessor regulatory regime would imply that the AMF does not have the right to change the regulatory regime as it sees fit, which we don’t believe is an argument that CAFII and the industry can legitimately make.

Our members had a particular interest in the concept that the AMF is fully permitted and able, whenever it wishes to do so, to amend Regulations within its purview – as distinct from legislation, which the RADM is not -- and so it is misleading for the AMF to argue that legislative changes are needed to modify how credit card-embedded insurance benefits are dealt with by the RADM.

Also, the CAFII Board would like Norton Rose to produce a CAFII-focused legal opinion in the form of a “continuum of legal arguments-based AMF challenge options” — for example, a “light push-back” approach, a “mid-range challenge approach,” and a “heavy/aggressive legal challenge” approach.

It is also critical to emphasize that the Board at this time is not actually fully persuaded that it can or should challenge the AMF legally, but it is interested in understanding the arguments which your legal opinion will contain and the options available to CAFII and its members. Part of the interest in this legal opinion is to provide CAFII and its members with the option of sharing the findings with the AMF, even if we do not formally challenge the AMF, in the interest of letting them know that we have legal options available to us and will consider that approach if the AMF continues to impose such onerous regulatory expectations on industry.

For your information, at this time CAFII will also be asking the AMF for a three-month extension of its stated 17 September, 2021 deadline for affected insurer compliance to 17 December, 2021; and we are not going to reference in our deadline extension request letter any legal research or challenge efforts being made in tandem by our Association. That letter will focus entirely and solely on the reasons for which we feel we need an extension.

In that connection, we also have underway a CAFII Working Group on how to comply with the AMF’s expectations. That Working Group is meeting weekly, and several members have said it is their intention to comply as best they can.

So the Norton Rose legal opinion which our Board is prepared to invest in, while important, may or may not lead to any action on our Association’s part. The opinion is viewed as quite valuable, but it will not negate our continuing our work on how affected members can comply with the expectations set out by the AMF.

Please do not hesitate to reach out to Brendan and me for any clarifications, and we both very much look forward to collaborating with you and your esteemed colleagues on this important initiative.

Warm personal regards,

--Keith

**Keith Martin**

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

L’association canadienne des institutions financières en assurance

**memorandum**

|                    |  |                 |                |
|--------------------|--|-----------------|----------------|
| <b>From</b>        | Marc Duquette<br>Dominic Dupoy<br>Pier-Olivier Poisson   | <b>Date</b>     | April 26, 2021 |
| <b>Direct line</b> | Marc Duquette 514.847.4508<br>Dominic Dupoy 514.847.6102<br>Pier-Olivier Poisson 514.847.4278  |                 |                |
| <b>Email</b>       | <a href="mailto:marc.duquette@nortonrosefulbright.com">marc.duquette@nortonrosefulbright.com</a><br><a href="mailto:dominic.dupoy@nortonrosefulbright.com">dominic.dupoy@nortonrosefulbright.com</a><br><a href="mailto:pier-olivier.poisson@nortonrosefulbright.com">pier-olivier.poisson@nortonrosefulbright.com</a> | <b>Our ref</b>  | 1001098952     |
| <b>To</b>          | Keith Martin   | <b>Your ref</b> | ●              |
| <b>Copy</b>        | Brendan Wycks  | <b>Your ref</b> | ●              |

Dear Mr. Martin:

**Application of RADM to Credit Card-Embedded Insurance Benefits**

You have asked for our input regarding the position adopted by the Autorité des Marchés Financiers (**AMF**) that the *Regulation respecting Alternative Distribution Methods* (**RADM**) applies to credit card-embedded insurance benefits and the strategy to be developed by the Canadian Association of Financial Institutions in Insurance (**CAFII**) in that regard.

We understand that meetings and discussions have been held between representatives of CAFII and the AMF in order to discuss the above issue, and that CAFII has written to the AMF on July 7, 2020 to propose certain practical solutions on behalf of its members. You have informed us that the AMF, in a response dated March 30, 2021, has replied that it expects insurers to prepare product summaries that fully comply with section 20 of the RADM to be given to consumers when they choose their credit card and complete an initial disclosure. More specifically, the AMF expects that the insurers will fulfill the following before September 17, 2021:

- Disclose each product embedded in the credit cards under the distribution without representative (DWR) regime (one file per product);
- Make each product summary and a specimen of the policy or the insurance certificate accessible on their own website; and

CAN\_DMS: \139029396\1

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- Provide the AMF with an action plan to implement the delivery of the summary by their distributors to the clients, to train their distributors and to implement the necessary adjustments to their processes to comply with the Quebec laws and regulations.

We also understand that CAFII is considering asking for this September 17 delay to be extended, but that it has not yet applied for the extension at this time.

### **NRFC OPINION**

In the above context, you have sought assistance to develop legal arguments in order to convince the AMF that the RADM should not apply to credit card-embedded insurance benefits or, at the very least, to obtain some leverage in that regard.. A summary of the principal legal considerations to be examined by us in a written opinion follows below.

CAFII intends to let the AMF know of its intention to consult with Norton Rose Fulbright Canada (**NRFC**) in order to evaluate its legal options as soon as possible. The need to obtain NRFC's view may also be presented as a justification for an extension of the AMF's delay as your members may decide to wait for the advice before implementing changes, if any.

Given CAFII's fundamental right to obtain legal advice, the apparent complexity of the issues, the practical impact of those issues on the business model of CAFII's members and the admission by the AMF that the application of the RADM to credit card-embedded insurance benefits is an "emerging issue", we are of the view that the AMF will most probably agree that it is appropriate for CAFII to seek legal guidance from external counsel in the present circumstances.

CAFII does not need to disclose to the AMF the specific subject matters to be examined by NRFC. Nor does it need to commit to communicate the contemplated opinion to the AMF. In our view, CAFII should merely explain that the potential application of the RADM to credit card-embedded insurance benefits raises important and complex legal issues and that those issues need to be examined in details by NRFC and be the subject of a strong consensus among CAFII members.

Regarding the opinion sought, we propose to examine whether the RADM applies to credit card-embedded insurance benefits. To this end, subject to your comments and instructions, we propose to consider the following elements in our opinion :

- Review of the RADM and of its preceding regulatory regime;
- Review of the doctrine and case law dealing with the application of the RADM and its preceding regulatory regime;
- Review of the various documents issued by the AMF and interested stakeholders during the consultation process led by the AMF before the adoption of the RADM;
- Review of the applicable statutory interpretation principles;
- Preliminary analysis of the legislative framework governing other benefits generally offered with credit cards e.g. reward programs, fraud protection, etc.;
- Preliminary analysis of the situation in the other Canadian provinces;

- Practical issues flowing from a potential application of the RADM to credit card-embedded insurance benefits and creative ways that may ease the AMF's concerns regarding the protection of Quebec consumers;
- Analysis of certain provincial and federal statutory provisions relating to the distribution of insurance products; and
- Jurisdiction of the AMF to impose the RADM on federally-regulated entities and issues relating to the *Bank Act*;

We should be in a position to deliver an opinion in late May or early June 2021. We estimate that fees for the preparation of the opinion should not amount to more than \$50,000 CDN. The estimate also covers participation in one or two calls with a committee of your members to discuss our draft opinion and a limited number of revisions to the draft opinion.

Should you wish us to participate in a meeting with AMF representatives to present and discuss our conclusions, we would estimate an additional budget of \$3,000 to \$5,000 for the preparation and participation in the meeting, assuming it is held by electronic means, in view of the current pandemic restrictions.

Should a change in the circumstances of our work materially affect our above estimate, or should our mandate be expanded to include representations to parties other than CAFII, its members or the AMF, such as the Quebec Department of Finance Department, we will seek from you further instructions regarding our estimate.

The same would also apply if we were to conclude that it is simply not possible to adequately comply with the RADM and that CAFII would like to retain our services regarding a possible challenge before the Courts.

We trust that the above accurately describes the proposed mandate. Should you have any question or comment, however, please do not hesitate to ask.



## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 5c Strategic and Regulatory Initiatives—CAFII Submission Of Deadline Extension Request Letter To AMF Re September 17/21 Deadline For Affected Insurers To Submit Product Summaries and An Action Plan**

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#### **Purpose of this Agenda Item – Update**

Update only.

#### **Background Information**

CAFII received a letter 30 March, 2021 response letter from the AMF which requires affected CAFII member insurers to submit product summaries and action plans to the AMF by 17 September, 2021. Several CAFII members have indicated that this is insufficient time to meet these expectations; and, as such, CAFII has prepared a draft letter to the AMF with a request to provide a three-month extension to 17 December, 2021.

#### **Recommendation / Direction Sought – Update**

This is an update only.

#### **Attachments Included with this Agenda Item**

1 attachment.

**Agenda Item 5(c)**  
**June 8/21 Board Meeting**

xx May, 2021

Mr. Mario Beaudoin  
Autorité des marchés financiers  
Place de la Cité, tour Cominar  
2640, boulevard Laurier, bureau 400  
Québec (Québec) G1V 5C1  
c.c.

Mr. Eric Jacob, Superintendent, Client Services and Distribution Oversight  
Mr. Patrick Déry, Superintendent, Solvency  
Antoine Bédard, Senior Director, Client Services and Distribution  
Ms. Louise Gauthier, Senior Director, Distribution Policies

Dear Mr. Beaudoin:

***Re: Deadline Extension Request for insurers' disclosure of each product embedded in credit cards; posting of product summaries on websites; and providing the AMF with an action plan regarding compliance with RADM's applicability to credit card-embedded insurance benefits***

We are writing in follow-up to your March 30, 2021 letter which requires that CAFII member insurers who underwrite credit card embedded insurance benefits complete the following by September 17, 2021:

- "Disclose each product embedded in the credit cards under the DWR regime" (one file per product);
- "Make each product summary and a specimen of the policy or the insurance certificate accessible on their own website"; and
- "Provide the AMF with an action plan to implement the delivery of the summary by their distributors to the clients, to train their distributors and to implement the necessary adjustments to their process to comply with Quebec laws and regulations."

Our member insurers and their credit card issuer partners have indicated that they will be challenged to meet the stipulated September 17, 2021 deadline in a thorough and complete manner that is satisfactory to the AMF.

Our Association has therefore resolved to make this request, on behalf of all CAFII members, to the AMF: a deadline extension of three months to **Friday, December 17, 2021**.

Our members have indicated that having an additional three months will be critically important to their ability to meet the AMF's above-noted expectations, in the best interests of customers.

To share supporting operational context, the primary reason for this deadline extension request is the volume-based fact that each CAFII member insurer has a portfolio of many different credit cards and each card typically has several different embedded insurance benefits.

In addition,

- the creation of product summaries that will comply with the *Regulation respecting Alternative Distribution Methods* (RADM) for the many different embedded insurance benefits, which are sometimes underwritten by multiple insurance companies, is a complex undertaking. It will require substantive, collaborative, iterative, and time-consuming effort. Insurers have stringent internal approval protocols in place to ensure adherence with appropriate change management guidelines, including legal, compliance, branding, and technology risk assessments. Product summary documentation will need to be carefully reviewed to ensure that the information is provided in clear and comprehensible language for credit card applicants. In addition, communication and training will need to occur with relevant staff, to support the new consumer disclosure information posted on insurers' websites; and
- regarding the AMF's expectation around the submission of action plans, insurers are working concurrently on them and the same resources will be tasked with delivering them, which further adds to project complexity and further taxes internal capacity. Preparing the action plans will require insurers to conduct an in-depth impact-analysis on the change to both their own processes and their card issuer partner's operations. Maintaining a seamless customer experience is an important overarching/guiding principle for insurers and a key consideration in their impact analysis and action planning.

Due to these complex and interdependent operational realities, CAFII is requesting a three month extension to the AMF's deadline, to December 17, 2021, which would make a significant and favourable difference in the ability of our members to meet your expectations in a thorough, accurate, professional, and complete manner.

We would like to assure you that CAFII member insurers and their distributor partners continue to work diligently on this file. We thank you, in advance, for your consideration of this deadline extension request, made on behalf of all CAFII members. Should you require additional information or clarification related to this request or wish to arrange a meeting with CAFII representatives for that purpose, please contact Keith Martin, Co-Executive Director, at [keith.martin@cafii.com](mailto:keith.martin@cafii.com) or 647-460-7725.

We look forward to receiving your response at your earliest convenience.

Sincerely,

Rob Dobbins  
Board Secretary and Chair, Executive Operations Committee

### **About CAFII**

CAFII is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. Our Association was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels. Our members provide insurance through client contact centres, agents and brokers, travel agents, direct mail, branches of financial institutions, and the internet.

CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services. Our members offer travel, life, health, property and casualty, and creditor's group insurance across Canada. In particular, creditor's group insurance and travel insurance are the product lines of primary focus for CAFII as our members' common ground.

CAFII's diverse membership enables our Association to take a broad view of the regulatory regime governing the insurance marketplace. We work with government and regulators (primarily provincial/territorial) to develop a legislative and regulatory framework for the insurance sector that helps ensure Canadian consumers get the insurance products that suit their needs. Our aim is to ensure appropriate standards are in place for the distribution and marketing of all insurance products and services.

CAFII's members include the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players Assurant; Canada Life Assurance; Canadian Premier Life Insurance Company; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Sun Life; and Valeyo.

## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 5d Strategic and Regulatory Initiatives—CAFII Outreach To CBA That It Engage in AMF Credit Card- Embedded Insurance Benefits Issue, Given Implications For Core Credit Card Offerings in Quebec**

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#### **Purpose of this Agenda Item – *Update/Discussion***

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Update and discussion.

#### **Background Information**

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CAFII has reached out to the CBA requesting that it engage in the AMF credit card-embedded benefits issue. While CAFII has not received anything more than an acknowledgement of the mid-April request to date, at the recent 19 May, 2021 Special Purpose Board Meeting, Board members did indicate an awareness that the CBA was internally reviewing and considering this request.

#### **Recommendation / Direction Sought – *Update***

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This is an update with the opportunity for discussion.

#### **Attachments Included with this Agenda Item**

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1 attachment.

**Agenda Item 5(d)**  
**June 8/21 Board Meeting**

CAFII Outreach To Canadian Bankers Association To Encourage It To Engage In AMF Credit Card-Embedded Insurance Benefits Issue, Given Implications For Core Credit Card Offerings In Quebec

**From:** Docherty, Charles <CDocherty@cba.ca>  
**Sent:** April-21-21 11:43 AM  
**To:** Keith Martin <Keith.Martin@cafii.com>; Ciappara, Alex <ACiappara@cba.ca>  
**Cc:** Brendan Wycks <brendan.wycks@cafii.com>  
**Subject:** RE: Follow-up from CAFII on AMF's Position on RADM's Applicability to Credit Card-Embedded Insurance Benefits: Potential Impact for Banks' Core Credit Card Offerings in Quebec

Thanks Keith we are reviewing internally and will get back to you.

Charles



Charles Docherty | Assistant General Counsel | Avocat en chef adjoint

t: 416.362.6093 x 227

e: [cdocherty@cba.ca](mailto:cdocherty@cba.ca)

w: [www.cba.ca](http://www.cba.ca)

**From:** Keith Martin <[Keith.Martin@cafii.com](mailto:Keith.Martin@cafii.com)>  
**Sent:** April 14, 2021 12:50 PM  
**To:** Docherty, Charles <[CDocherty@cba.ca](mailto:CDocherty@cba.ca)>; Ciappara, Alex <[ACiappara@cba.ca](mailto:ACiappara@cba.ca)>  
**Cc:** Brendan Wycks <[brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com)>  
**Subject:** Follow-up from CAFII on AMF's Position on RADM's Applicability to Credit Card-Embedded Insurance Benefits: Potential Impact for Banks' Core Credit Card Offerings in Quebec

Hi, Charles and Alex.

At a CAFII Board of Directors meeting held yesterday, the Board directed Brendan and me, as CAFII management, to reach out to you – our key contacts at the CBA around market conduct, legal, and regulatory compliance issues for banks – to bring you up-to-date on recent developments on a critically important issue we are dealing with vis a vis the AMF in Quebec and credit card-embedded insurance benefits.

Our Board's view is that the AMF's now confirmed and finalized stance on the applicability of Quebec's Regulation respecting Alternative Distribution Methods (RADM) to credit card-embedded insurance benefits and its related consumer disclosures and regulatory compliance expectations as the province's financial services and insurance regulator will have disruptive and bottom-line implications not just for credit card-embedded insurance benefits – which CAFII Member bank distributors of credit protection insurance and travel insurance deal with – but for core credit card offerings in Quebec as well, which are the responsibility of CAFII members' corporate parent banks.

The key background documents which underlie this issue – including the AMF's March 30/21 response letter to CAFII's July 7/20 "Creative Solutions submission" on how the industry could meet the AMF half-way on its expectations arising from its position that the RADM does indeed apply to credit card-embedded insurance benefits (even though there is no "offer of insurance" with such embedded benefits) – are attached here for your review. On page 15 of the Quebec RADM you will find an example of a factsheet to be given to consumers for every imbedded insurance product, even though the factsheet contains information that is simply inaccurate for these products.

Our Board of Directors authorized us in yesterday's meeting to pursue a number of key next steps on this issue -- given the response set out in the AMF's March 30/21 letter – and we would like to arrange a virtual meeting opportunity to share with you what those next steps are.

One of those key next step directives is to engage with you at the CBA, and to outline our Board's view that given the current status of this issue – and the damage that the AMF's position will potentially cause to a core bank product – it is important that the CBA become engaged on this issue and bring its regulatory relations, communications, and advocacy experience and resources to bear, working in alignment with CAFII, with a view to getting the AMF to change its position on this matter.

To that end, we ask that you get back to us and propose three or four date/time options within the next week when you have 45 minutes to an hour available for a Zoom or MSTeams meeting with Brendan and me on this matter. We will send out a Meeting Invitation once we've settled on the date/time.

Thanks and best regards,

**Keith Martin**

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

L'association canadienne des institutions financières en assurance

[keith.martin@cafii.com](mailto:keith.martin@cafii.com)

T: 647.460.7725

[www.cafii.com](http://www.cafii.com)

## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 5e Strategic and Regulatory Initiatives—CAFII Working Group On Industry Alignment Around Compliance With AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits**

#### **Purpose of this Agenda Item – Update**

Update only.

#### **Background Information**

CAFII has struck a new Working Group mandated to find industry alignment around compliance with the AMF's expectations regarding the RADM's applicability to credit card-embedded insurance benefits. The Mandate of the Working Group has been developed and accepted by the Group, and weekly meetings have been held starting on 13 May, 2021. The Group is attempting first to identify how to respond to the AMF's expectations around Product Summaries, and then CAFII management will produce a template of such a Product Summary which members can utilize as they see fit.

The Working Group is chaired by EOC members Karyn Kasperski, RBC Insurance, and Scott Kirby, TD Insurance. The full membership of the group is as follows:

#### **CAFII Working Group on AMF RADM and Credit Card-Embedded Coverages**

|                    |                                      |
|--------------------|--------------------------------------|
| Karyn Kasperski    | RBC Insurance <i><b>Co-Chair</b></i> |
| Scott Kirby        | TDI <i><b>Co-Chair</b></i>           |
| Silvana Capobianco | BMO Insurance                        |
| Greg Caers         | BMO Insurance                        |
| Mandy Rutten       | CIBC Insurance                       |
| Anu Bains          | CIBC Insurance                       |
| Benita Chan        | RBC                                  |
| Yael Lipman        | RBC                                  |
| Susan Johnston     | RBC                                  |
| Penny Cordogiannis | RBC Insurance                        |
| Trish Facciolo     | RBC                                  |
| Marie Nadeau       | National Bank Insurance              |
| Michelle Butler    | Scotiabank                           |
| Pete Thorn         | TDI                                  |
| Tracey Torkopoulos | Assurant                             |
| Jennifer Russell   | Assurant                             |
| Nadine Roy         | Assurant                             |
| Isabelle Choquette | Desjardins                           |
| Monika Spudas      | Manulife                             |
| Kuzio, Sherri      | Scotiabank                           |



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**Recommendation / Direction Sought – *Update***

This is an update only.

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**Attachments Included with this Agenda Item**

No attachments.

## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 5f**

#### **Strategic and Regulatory Initiatives—CAFII Working Group On Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance**

#### **Purpose of this Agenda Item – Update**

Update only.

#### **Background Information**

CAFII has struck a new Working Group mandated to find industry alignment around how to best respond to the FCAC's Appropriateness Guideline especially with respect to provisions that may apply to credit protection insurance. The Group is meeting every second week and is chaired by Martin Boyle, BMO Insurance. Its members are as follows:

#### **CAFII Working Group On FCAC Appropriateness Guideline's Provisions Related To Authorized Insurance Products/Credit Protection Insurance**

|                    |                         |
|--------------------|-------------------------|
| Martin Boyle       | BMO Insurance and Chair |
| Karam Al Saeygh    | BMO Insurance           |
| David D'Amico      | BMO Insurance           |
| Fernando Heleno    | RBC Insurance           |
| Penny Cordogiannis | RBC Insurance           |
| Brad Kuiper        | ScotiaLife Financial    |
| Anu Bains          | CIBC Insurance          |
| Marie Nadeau       | National Bank Insurance |
| Pete Thorn         | TD Insurance            |
| Aleks Omaljev      | TD Insurance (legal)    |
| Derek Andrews      | Scotiabank              |
| Ivana Veljovic     | Assurant                |
| Emily Brown        | Sun Life                |

#### **Recommendation / Direction Sought – Update**

This is an update only.

#### **Attachments Included with this Agenda Item**

No attachments.

## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 5g Strategic and Regulatory Initiatives—CISRO Consultation On “Principles of Conduct For Intermediaries”**

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#### **Purpose of this Agenda Item – Update**

This is an update on a new regulatory consultation with the industry.

#### **Background Information**

CAFII received notification on May 25/21 of a new consultation by the Canadian Insurance Services Regulatory Organisations (CISRO) on “Principles of Conduct For Intermediaries.” This will be an update on this consultation and CAFII’s recommended approach and response.

#### **Recommendation / Direction Sought – Update**

This is an update only.

#### **Attachments Included with this Agenda Item**

Two attachments.



## **NEWS RELEASE**

### **CISRO seeking input on the Principles of Conduct for Intermediaries**

May 25, 2021

The Canadian Insurance Services Regulatory Organizations (CISRO) is developing Principles of Conduct for Intermediaries (Principles) to help ensure the fair treatment of customers in the life & health and property & casualty insurance sectors.

The Principles reflect minimum regulatory conduct standards that are common across Canada regarding the fair treatment of customers, while recognizing that each jurisdiction has its own regulatory approach for the conduct of business. Intermediaries should conduct their business, following the relevant Principles that apply, while ensuring compliance with all applicable laws, regulations, rules or regulatory codes within their respective jurisdiction. Any stricter or more specific requirements, rules or standards of conduct take priority over the Principles.

The Principles are intended to complement and supplement the Canadian Council of Insurance Regulators (CCIR) / CISRO Fair Treatment of Customers (FTC) Guidance and are a resource for consumers to better understand the conduct they should expect from intermediaries.

CISRO members are seeking input on the proposed Principles and encourage all interested parties to review and provide feedback on them. The Principles are available on CISRO's website at [www.cisro-ocra.com](http://www.cisro-ocra.com). CISRO hopes to receive comments from a wide array of stakeholders including the insurance industry and consumer advocates. Respondents should submit comments to [cisro-ocra@fsrao.ca](mailto:cisro-ocra@fsrao.ca) by **July 9, 2021**.

#### **About the CISRO:**

The Canadian Insurance Services Regulatory Organizations is a forum of Canadian regulatory authorities who are dedicated to consistent qualifications and conduct of business standards for insurance intermediaries. CISRO members collaborate on initiatives that support a consistent approach to consumer protection through the regulation of insurance intermediaries.



## Canadian Insurance Services Regulatory Organizations (CISRO) Principles of Conduct for Intermediaries

### Preamble

The CISRO Principles of Conduct for Intermediaries (the Principles) reflect common regulatory standards for insurance intermediaries in Canada. The Principles outline professional behaviour and conduct expectations for the fair treatment of Customers.

Intermediaries should conduct their business following the Principles that are relevant to them, while ensuring compliance with all applicable laws, regulations, rules or regulatory codes within their respective jurisdiction. Any stricter or more specific requirements, rules or standards of conduct take priority over the Principles.

The Principles are intended to supplement, complement and build upon the intermediary elements in *the Guidance on Conduct of Insurance Business and Fair Treatment of Customers* (FTC), issued by CISRO and the Canadian Council of Insurance Regulators (CCIR). The Principles also align with Insurance Core Principles (ICP) of the International Association of Insurance Supervisors' (IAIS).<sup>1</sup>

The Principles reinforce the fair treatment of Customers as a core component of the intermediary business culture. This includes conducting business in an honest and transparent manner. Expectations for the conduct of insurance business may differ depending on the nature of the relationship to the Customer (whether it is direct or indirect), the type of insurance provided and the distribution method. Intermediaries with oversight responsibilities must ensure that their employees and representatives meet high standards of ethics and integrity.<sup>2</sup>

**Definition of Intermediary:** Intermediary is given broad meaning, and will differ based on the applicable definitions within different jurisdictions across Canada. It encompasses adjusters, individual agents, brokers and representatives as well as business entities that distribute insurance products and services, including managing general agencies and third party administrators. It also applies to all distribution methods, including the internet.<sup>3</sup>

**Definition of Customer:** Customer refers to policyholder (which itself, as the case may be, includes a certificate holder) or prospective policyholder with whom an insurer or intermediary interacts, and includes, where relevant, other beneficiaries and claimants with a legitimate interest in the policy.

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<sup>1</sup> International Association of Insurance Supervisors. Insurance Core Principles, ICP 18 and ICP 19, updated November 2019. <https://www.iaisweb.org/page/supervisory-material/icp-on-line-tool>

<sup>2</sup> The Insurer is responsible for fair treatment of Customers throughout the life-cycle of the insurance product, as it is the Insurer that is the ultimate risk carrier. The Insurer's ultimate responsibility does not absolve Intermediaries of their own responsibilities for which they are accountable.

<sup>3</sup> This definition aligns with the CCIR/CISRO FTC guidance. These Principles apply to all Intermediaries that are authorized to do business within any jurisdiction, whether licensed, registered or exempted from licensing or registration.

The Principles outline professional behaviour and conduct expectations for the fair treatment of Customers:



**1. Compliance / Outcomes:** Intermediaries must comply with all applicable laws, regulations, rules and regulatory codes to which they are subject.



**2. Customers' Interests:** Intermediaries must place Customers' interests ahead of their own. This includes when an intermediary is developing, marketing, distributing and servicing products.



**3. Conflicts of Interest:** Intermediaries must identify, disclose and manage any actual or potential conflict of interest that is associated with a transaction or recommendation. They must avoid entering into or pursuing agreements for which conflict(s) of interests cannot be managed, or if it interferes with the fair treatment of Customers.



**4. Advice:** If providing advice to or for a Customer, intermediaries must seek complete information from the Customer in order to understand and identify their unique needs. Intermediaries must provide objective, accurate and thorough advice that enables Customers to make an informed decision. Advice must be suitable for the needs of the Customer based on the Customer's disclosed circumstances.



**5. Disclosure:** Intermediaries must provide Customers with objective, complete, relevant, and accurate information and explanations so that they can make informed decisions. Intermediaries must:

- Properly disclose relevant information to all necessary parties; including the insurer; and
- Disclose information and explanations in a manner that is clear and understandable for Customers, regardless of the distribution model or medium used.



**6. Product and Service Promotion:** Intermediaries must ensure that products and services are promoted in a clear and fair manner. Regardless of the distribution model or medium used, Intermediaries must ensure that promotions are not misleading, and are easily understandable. Product promotions must disclose all necessary and appropriate information.



**7. Claims, Complaints Handling, and Dispute Resolution:** Intermediaries must handle or assist in the handling of claims, complaints, and disputes in a timely and fair manner.



**8. Protection of Personal and Confidential Information:** Intermediaries must take necessary and appropriate measures to protect personal and confidential information. They must:

- Only collect information that is necessary and appropriate for the fulfillment of the service or product provided;
- Use and disclose the information only for purposes and for the duration for which the Customer has given consent; and
- Comply with all applicable privacy legislation to appropriately manage the information.



**9. Competence:** Intermediaries must maintain an appropriate level of professional knowledge to ensure the fair treatment of Customers. Continuing education requirements must be fulfilled and duties must match training/education. Intermediaries must not misrepresent their level of competence or conduct business beyond their level of professional knowledge and experience.



**10. Oversight:** Intermediaries with contractual or regulatory oversight obligations are also responsible for the conduct of any employee or third party involved in the distribution or servicing of an insurance product. Intermediaries have tools at their disposal such as policies and procedures, training and control mechanisms to ensure the fair treatment of Customers is achieved in relation to their oversight obligations.

## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 5h Strategic and Regulatory Initiatives—Launch of Saskatchewan Restricted Insurance Agent Advisory Committee**

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#### **Purpose of this Agenda Item – Update**

This is an update on the imminent launch of an initiative for which CAFII has been the prime mover, which has been many years in the making since 2012.

#### **Background Information**

In June 2021, the Insurance Councils of Saskatchewan (ICS) will be launching a new Restricted Insurance Agent Advisory Committee, with seven (7) industry representatives nominated by CAFII and CLHIA. This will be an update on this new initiative.

#### **Recommendation / Direction Sought – Update**

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This is an update only.

#### **Attachments Included with this Agenda Item**

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One attachment.



**Agenda Item 5(h)  
June 8/21 Board Meeting**

**From:** Fullan, Ron (ICS) <Ron.Fullan@skcouncil.sk.ca>

**Sent:** May-21-21 3:58 PM

**To:** bpeter@firstcanadian.ca; charles.maclean@rbc.com; emily.brown@sunlife.com;  
greg\_shirley@manulife.ca; Moira.gill@td.com; Sharon.Apt@canadalife.com; shawna\_sykes@cooperators.ca

**Cc:** Brent Mizzen <bmizzen@clhia.ca>; Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin  
<Keith.Martin@cafii.com>; Stadnek, April (ICS) <April.Stadnek@skcouncil.sk.ca>

**Subject:** Saskatchewan Insurance Council - Restricted Insurance Agent Advisory Committee

**TO: All Nominated Members of the Saskatchewan Insurance Council Restricted Insurance Agent  
Advisory Committee**

I wanted to take this opportunity to welcome all of you to the inaugural Saskatchewan Insurance Council Restricted Insurance Agent Advisory Council. The Advisory Committee is a valuable tool for industry to raise current issues to Council, and it's also a welcome opportunity for Council to seek advice on RIA-related topics.

I have attached a copy of a joint CLHIA/CAFII submission regarding nominees for the inaugural committee. It includes some biographical information on each member. Our hope is to schedule an initial kick-off meeting in June. At that initial meeting, we can discuss logistical issues related to the function of the Committee, including frequency of meetings. We also anticipate getting started on identifying the first set of issues for the Committee to discuss.

With that in mind, I would ask that you provide us with the following information so that we can schedule the initial meeting and draft an agenda:

- An outline of your availability for a call during the weeks of June 14-18 or June 21-25; and
- Any initial topics that you feel should be on the radar for the Committee.

Current travel realities mean that we'll hold the initial meeting through a virtual platform. Hopefully it won't be long before we can schedule a face-to-face meeting for the group.

Thank you for agreeing to participate on the Advisory Committee. We look forward to working with you on this exciting new venture!



**RON FULLAN**  
*Executive Director*

310-2631 28th Avenue, Regina SK S4S 6X3  
P: 306.347.0862, ext. 227  
F: 306.347.0525  
[skcouncil.sk.ca](http://skcouncil.sk.ca)

## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 5i Strategic and Regulatory Initiatives—Insights Gained From June 3/21 CAFII Webinar On “RIA Regimes in Canada”**

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#### **Purpose of this Agenda Item – Update**

This is an update on the learnings and insights from a CAFII webinar that will be held on June 3/21.

#### **Background Information**

On 3 June, 2021 CAFII will hold a webinar with:

- Joanne Abram, CEO, Alberta Insurance Council (AIC);
- April Stadnek, Director of Compliance & Enforcement, Insurance Councils of Saskatchewan (ICS);
- and Barbara Palace Churchill, Executive Director, Insurance Council of Manitoba (ICM).

This will be an update on key insights gained from the session.

#### **Recommendation / Direction Sought – Update**

This is an update only.

#### **Attachments Included with this Agenda Item**

One attachment.

**Agenda Item 4(e)(i)**  
**May 25/21 EOC Meeting**

We are pleased to invite you to attend our upcoming second CAFII Webinar of 2021 on:

***Restricted Insurance Agents (RIA) Licensing Regimes In Canada:  
A Look Back And The Way Forward***

***A Virtual Fireside Chat with Joanne Abram, April Stadnek,  
and Barbara Palace Churchill***

Thursday, June 3, 2021  
from 1:00 to 2:00 pm EDT  
via Zoom Webinar

**Joanne Abram,**  
CEO, Alberta Insurance  
Council (AIC)

(For capsule  
biography, [click here](#))



**April Stadnek**  
Director of Compliance &  
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(For capsule  
biography, [click here](#))



**Barbara Palace Churchill**  
Executive Director, Insurance Council of Manitoba (ICM)

(For capsule biography, [click here](#))



***In this fireside chat webinar on Restricted Insurance Agent Licensing Regimes In Canada, staff executive panelists from the Alberta Insurance Council, the Insurance Councils of Saskatchewan, and the Insurance Council of Manitoba will dialogue with moderator Keith Martin on topics such as***

- the evolution of Restricted Insurance Agent licensing regimes in Canada over the past 10-plus years;
- the challenges of regulatory oversight of a diverse set of distributors: from the compliance and control savvy of big banks to small businesses which didn't have much initial awareness of their role or obligations as insurance distributors under a restricted certificate/corporate license;
- the scope which RIA licensing regimes provide for innovation, including how new products and distributors get added;
- the importance of incidentally-sold insurance products and distribution methods in providing protection for Canadians; and the related importance of a well-structured and resourced RIA licensing regime in regulating this sector; and
- the need for regulators to have access to industry expertise and to have in place mechanisms for RIA licensee representation/a "voice" – in order to achieve and maintain strong, informed, fair and equitable regulatory oversight.

[Click Here to Register](#)

For further information or assistance, please email [info@cafii.com](mailto:info@cafii.com) or call 416-494-9224 ext. 3.

We look forward to welcoming you to this 2021 CAFII webinar.

Sincerely,

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## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 5j**

#### **Strategic and Regulatory Initiatives—Next Steps Arising From Results Report From CAFII Research Project On CPI Consumers' Digitization Preferences: Webinar For Regulators and Policy-Makers; Public Release; and Media Release.**

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#### **Purpose of this Agenda Item – Update**

This is an update on a recent outreach to the CAFII Board for approval for public release of the results of CAFII's recent research project on CPI consumers' digitization preferences.

#### **Background Information**

CAFII has sought Board approval for its public-facing strategy around the CAFII-commissioned Pollara research on CPI consumers' digitization preferences. The recommended approach is:

- a 15 June, 2021 webinar presentation to insurance regulators and policy-makers of the results, before any public release as a courtesy to the regulators and policy-makers;
- soon thereafter, publication on the CAFII website of the public-facing presentation summarizing the research results; posting of the CAFII 15 June, 2021 webinar with regulators and policy-makers on the website; and a media release on the major findings of the research.

#### **Recommendation / Direction Sought – Update**

This is an update only.

#### **Attachments Included with this Agenda Item**

Two attachments.



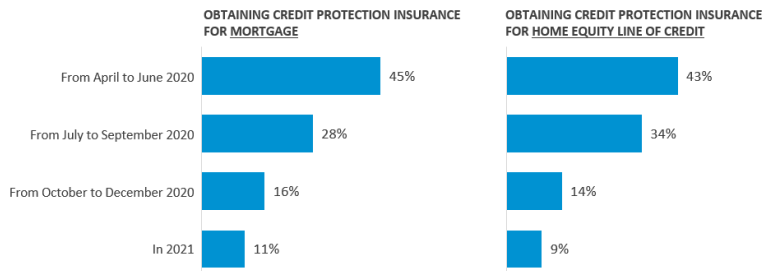
# Credit Protection Insurance – Process and Methods – Research Report



March, 2021

# Methodology

- Survey conducted nationally between **March 3<sup>rd</sup> to March 10<sup>th</sup>**, using an online methodology.
- Stratified sample among **1,002 Canadians aged 18 and over, who fit into the following categories :**
  - Who have obtained Credit Protection Insurance for their mortgage or Home Equity Line of Credit since April 2020 n=197



- Who are likely to obtain a mortgage or Home Equity Line of Credit in the next two years and will likely obtain CPI n=805
- **Reliability:** Online samples cannot officially be assigned a margin of error. As a guideline, a probability sample of N=1003 carries a margin of error of  $\pm 3.1\%$ , N = 197 carries a margin of error of  $\pm 7.0\%$ , and N = 805 carries a margin of error of  $\pm 3.5\%$ , 19 times out of 20.
- **Reporting Conventions:**
  - For Home Equity Line of Credit, the acronym HELOC has been used.
  - For Credit Protection Insurance, the acronym CPI has been used.

# Key Findings – Financial Transactions: Past, Present and Future

**COVID-19 is changing the way Canadians conduct their banking. While some have continued to go to the branch for transactions such as arranging loans and obtaining insurance, most feel more comfortable and are more likely to use virtual methods. Once the pandemic is over, consumers report that they will continue to depend on financial representatives to assist with CPI arrangements, but it is almost an even split between those who will get this assistance in person or virtually.**

- Before the outbreak of COVID-19, Canadians were most likely to conduct bank transactions such as arranging for loans or buying insurance primarily in-person, at a branch. However, most consumers agree that COVID has changed the way they will conduct financial transactions, now and in the future. They feel more comfortable in using virtual methods such as talking to representatives on the phone, through virtual meetings, communicating through email or using web-based methods and to a lesser degree mobile apps for actions for buying insurance or making claims. Many appreciate the convenience of conducting these transactions online and have up-graded their home technology to allow them to do this.
- Consumers expect a lot from their financial institutions to help them with virtual transactions, including easy to understand information, security when it comes to their personal information and the ability to connect with a person (preferably the same one throughout the whole process) if they have questions.
- Once COVID is over, many consumers will move back to conducting these types of bank transactions in general, and obtaining CPI specifically, in person at a branch. These consumers prefer to deal with these matters in person and like to talk to people face-to-face. However, some will continue to conduct these transactions virtually, even after the danger of COVID has passed. In fact, while most will continue to need assistance when it comes to researching and obtaining CPI, it is almost evenly split between those who will get this assistance in person, and those who will use a virtual method.



# Key Findings – Obtaining CPI During Pandemic

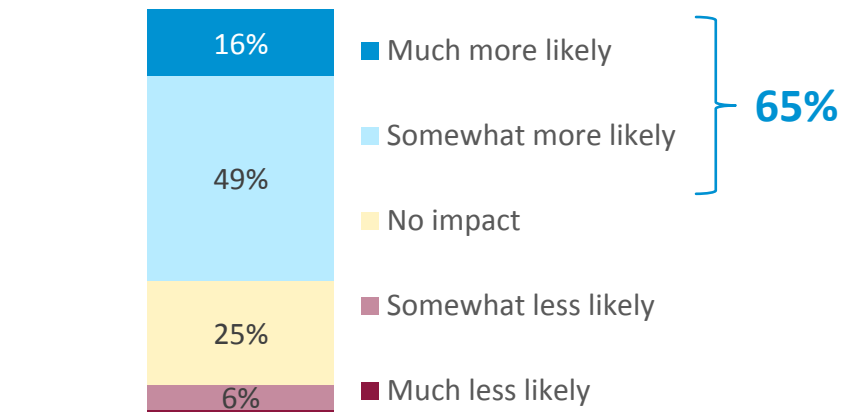
**COVID-19 has encouraged Canadians to obtain insurance, and those obtaining CPI are more likely to include Disability, Critical Illness and Job Loss in their coverage, than they were in 2018. While some who obtained this coverage during the pandemic continue to depend on face-to-face meetings for at least part of the CPI process, the likelihood of using a virtual method has increased significantly. Additionally, knowledge about the coverage and satisfaction with purchase experience has also increased.**

- The COVID-19 pandemic has increased the likelihood of consumers obtaining insurance in general, and credit protection insurance specifically. While Life coverage remains the most frequently obtained, incidence of obtaining Disability, Critical Illness and Job Loss coverage has increased since 2018.
- Many of those who obtained CPI during the pandemic are likely to say they met with a representative in-person, at some point to discuss the options or sign the paperwork. However, while some conducted the whole process in-person, they are more likely to have conducted the research and completed the process virtually. This compares to the 2018 findings, when seven-in-ten CPI purchasers completed the process in person.
- Despite the change in method of communication, consumers purchasing CPI are even more satisfied this year than they were in 2018. They say most factors of the insurance were discussed at the same frequency, with the expectation of the review period, which more representatives had discussed this year than in 2018. There is strong confidence in knowledge of the benefits of the coverage types, which has increased significantly since 2018.

# The pandemic has increased consumer interest in obtaining credit protection insurance (CPI)

- This increased interest is reflected in higher incidences of Job loss, critical illness and disability insurance obtained during the pandemic vs. 2018

## COVID IMPACT ON OBTAINING INSURANCE FOR MORTGAGE OR LINE OF CREDIT



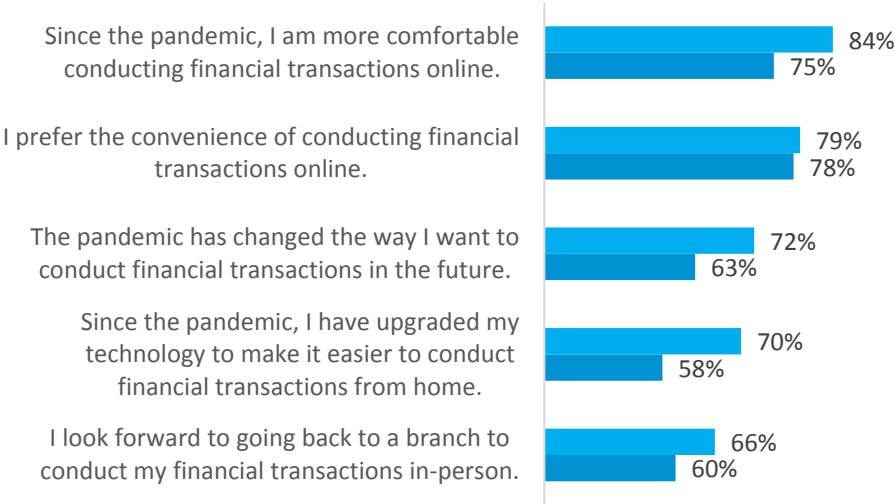
## CREDIT PROTECTION COVERAGE OBTAINED DURING THE PANDEMIC

|                  | MORTGAGE | Vs. 2018 | HELOC | Vs. 2018 |
|------------------|----------|----------|-------|----------|
| Life             | 77%      | -5%      | 71%   | -9%      |
| Disability       | 60%      | +10%     | 61%   | +13%     |
| Critical Illness | 52%      | +16%     | 50%   | +13%     |
| Job Loss         | 41%      | +17%     | 43%   | +17%     |

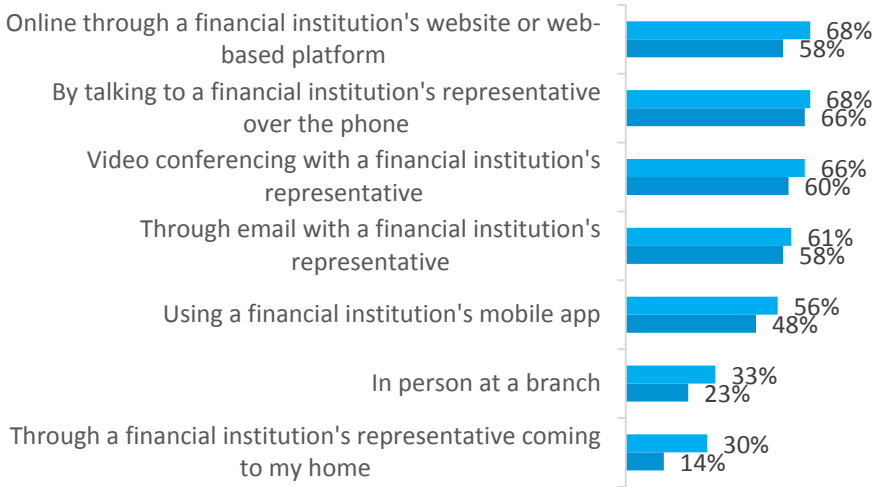
# The pandemic has also resulted in consumers becoming much more comfortable banking online

- Most also indicate the pandemic has changed the way they want to bank in the future; however, consumers are also looking forward to going back into the branch

## AGREEMENT WITH STATEMENT (% STRONGLY / SOMEWHAT AGREE)



## LIKELIHOOD OF CONSIDERING PROCESSES DUE TO COVID (% MUCH / SOMEWHAT MORE LIKELY)

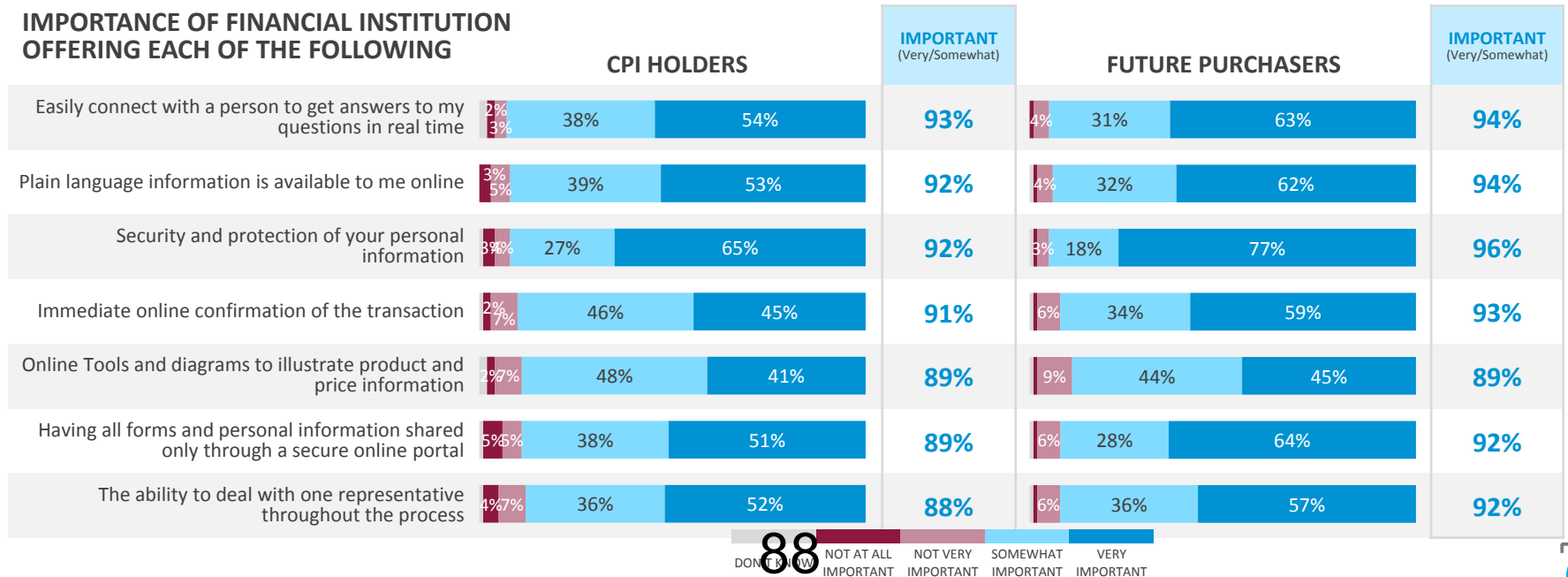


■ CPI Holders ■ Future Purchasers

Q. To what extent do you agree or disagree with the following statements?  
Q. Since the Covid-19 pandemic in Canada, would you say that you are more or less likely to conduct financial transactions such as arranging for loans or buying insurance in each of the following ways?  
Base: Credit protection insurance holders (N=197) / Base: Future Purchasers (N=805)

# Consumers are expecting their financial institutions to take the necessary steps to help facilitate virtual banking

- Protection of information is most important with more than nine-in-ten thinking it is important overall and two-thirds of CPI holders and three-quarters of future holders finding this very important

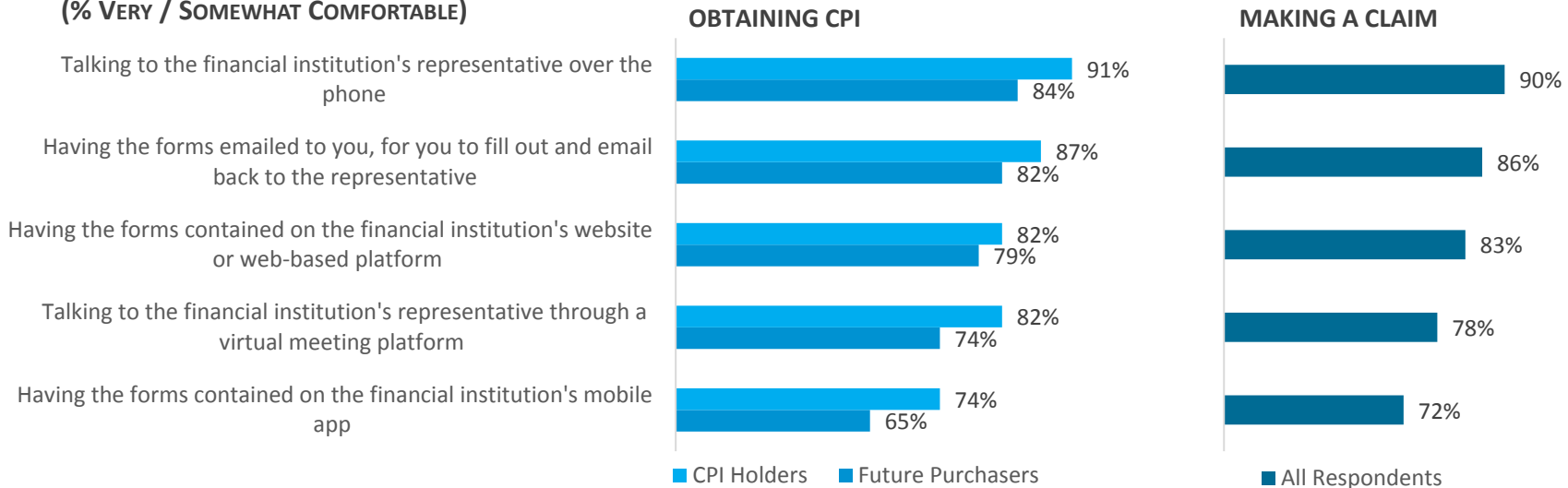


Q. How important is it to you that a financial institution offers each of the following when conducting transactions online? Base: Credit protection insurance holders (N=197) / Base: Future Purchasers (N=805)

# Consumer comfort with virtual banking extends specifically to obtaining CPI and making CPI claims

- Talking to a representative on the phone has the highest comfort rating, with email and virtual meeting platforms following closely behind
- When it comes to financial institutions websites or apps, customers are more comfortable with websites than mobile apps

## COMFORT WITH VIRTUAL PROCESSES (% VERY / SOMEWHAT COMFORTABLE)

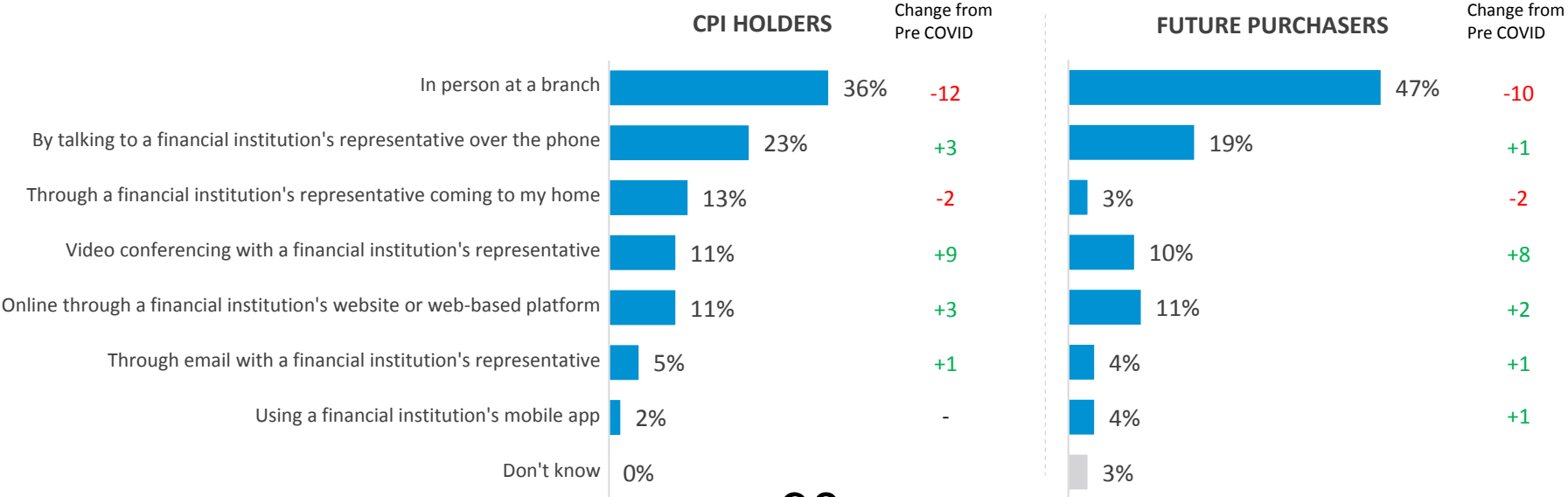


Q. Please indicate how comfortable you are with each of these methods for obtaining Credit Protection Insurance? Base: Credit protection insurance holders (N=197) / Base: Future Purchasers (N=805)  
Q. If you needed to make a claim on your credit protection insurance in the future, how comfortable would you feel with the process of making this claim in each of the following manners? Base: Total (N=1,002)

# Despite the increased comfort with virtual banking, most consumers anticipate they will go back to pre-Covid patterns of arranging for loans and buying insurance

- When asked how they would like to conduct transactions like arranging for loans or buying insurance after the pandemic, the greatest number say they will go back to in branch banking. However, this has declined by more than 10% compared to what these people were doing before the pandemic
- The process that has gained the most in popularity is video conferencing with one-in-ten saying this would be their preference

## METHOD OF FINANCIAL TRANSACTIONS AFTER COVID



90

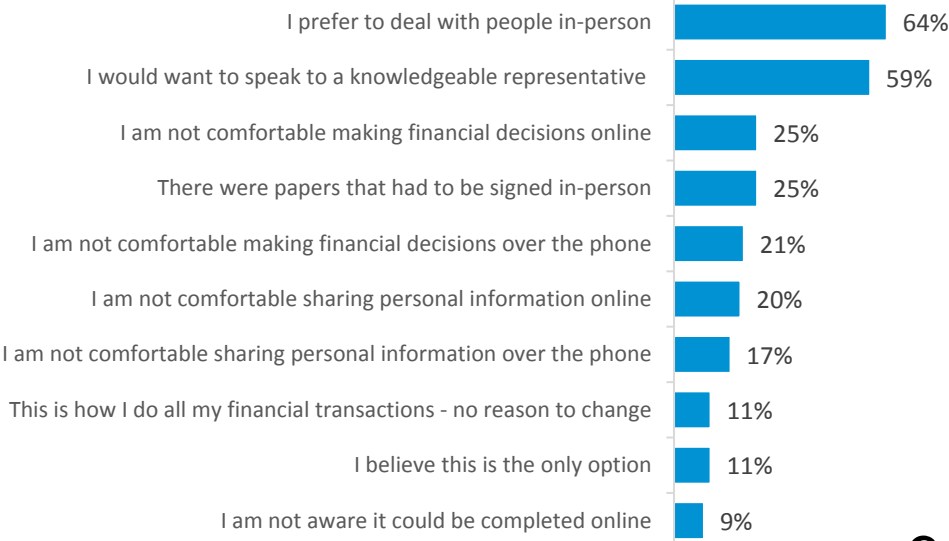
Q. Once the Covid-19 pandemic in Canada is over, how do you think you will want to conduct financial transactions such as arranging for loans or buying insurance? Base: CPI Holders (N=197) B3. Once the Covid-19 pandemic in Canada is over, how do you think you will want to conduct financial transactions such as arranging for loans or buying insurance, such as credit protection insurance? Base: Future Purchasers (N=805)

# The importance of face-to-face, human interaction can not be underestimated once the pandemic is over

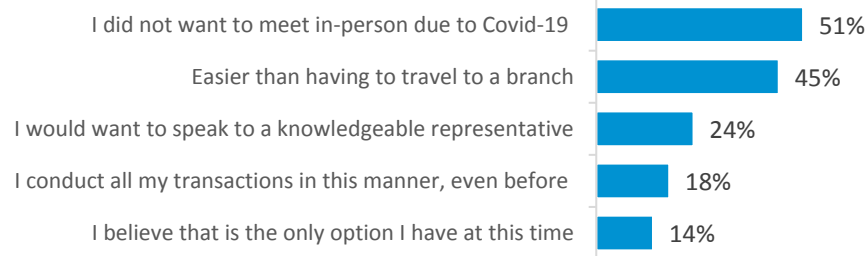
- Almost two-thirds of those who want to conduct financial transactions such as arranging for loans or buying CPI with an in-person meeting simply say this is the way they like to deal with people. While this is particularly true among those 55 and older (73%), the majority of all age groups feel the same
- Aside from concerns related to the pandemic, convenience is the main reason for preferring virtual methods

## REASONS FOR CHANNEL PREFERENCE

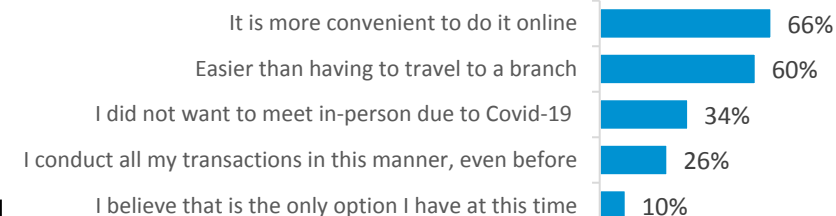
### IN-PERSON MEETING



### PHONE, VIDEO OR EMAIL



### WEB-BASED OR MOBILE APP



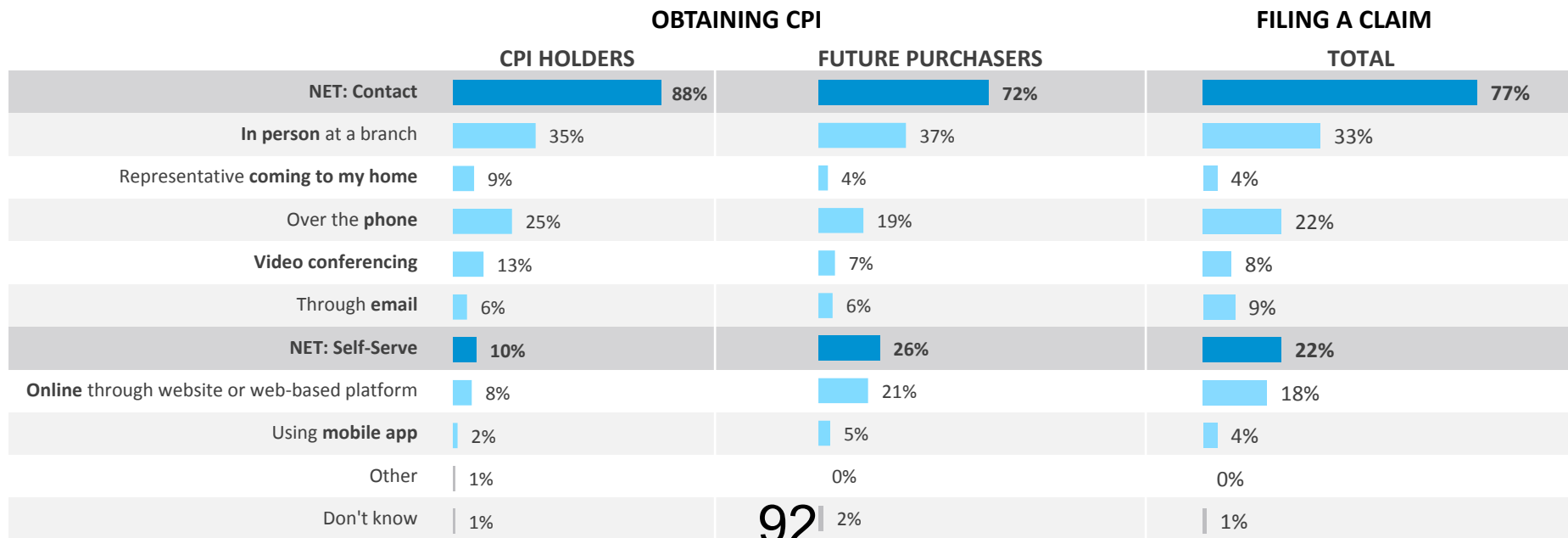
91

Q. Why would you want to conduct financial transactions such as arranging for loans or buying credit protection insurance with ....?  
 Base: In-person at branch or home (N=401) Base: Over the phone, video conference or through email (N=263) / Base: Using financial institutions website or mobile app (N=118)

# While customers will want assistance, it does not have to be in person

- After COVID, the majority of consumers will expect to need assistance both in obtaining CPI and submitting a claim. However, there is mixed reaction as to whether this will be in-person or virtual contact.
- Close to two-fifths will want in-person assistance when it comes to obtaining CPI (44% holders, 41% future purchasers) and submitting a claim (37%), a similar proportion would want to have this assistance virtually (44% holders obtaining, 32% future obtainers, 39% when submitting a claim).

## PREFERRED METHOD OF



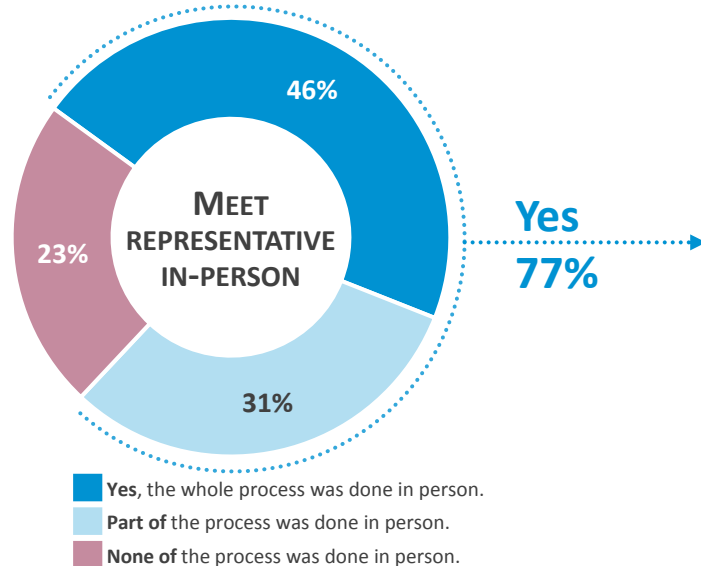
Once the Covid-19 pandemic in Canada is over, how would you like to complete each step of the process of obtaining credit protection insurance? Base: Credit protection insurance holders (N=197)  
 Base: Future Purchasers (N=805) Once the Covid-19 pandemic in Canada is over, how would you prefer to submit a claim on your credit protection insurance? Base: Total (N=1,002)



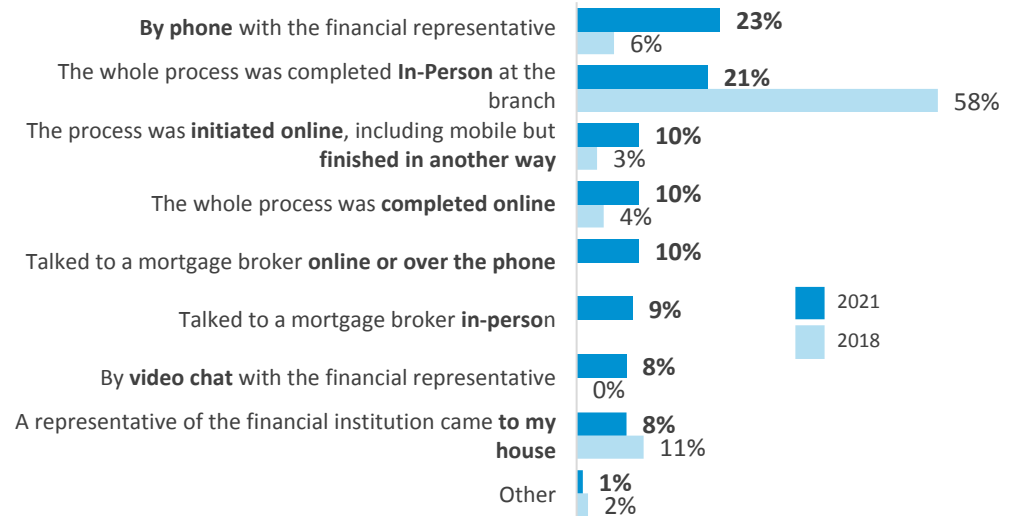
# During COVID-19 the process of obtaining CPI was split between in-person and virtual methods for most

- However, most customers did in fact meet with a representative in-person at some point during the process

PROCESS OF OBTAINING CPI



METHOD USED TO OBTAIN CPI DURING PANDEMIC

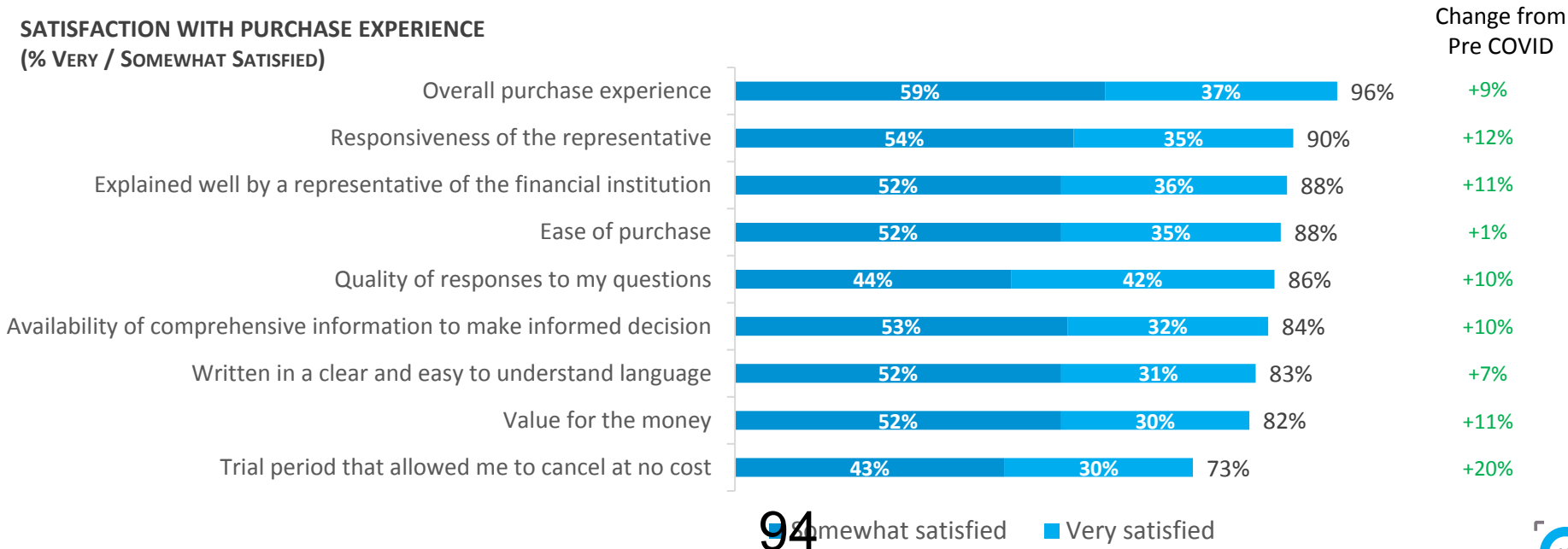


Q. At any point in the process of obtaining Credit Protect Insurance for your [mortgage/home equity line of credit], did you meet with a representative of the bank, financial institution or mortgage brokerage in-person? | **A14.** Why did you choose to conduct all or part of the process in person? Base: Credit Protection Insurance Holders (N=197)

Q. The following questions are regarding your experience obtaining your Credit Protection Insurance for your [mortgage/home equity line of credit]. How did you complete the process of obtaining your Credit Protection Insurance? Base: Credit Protection Insurance Holders (N=197)

# Satisfaction with CPI purchase experience during COVID-19 is high and has increased vs. 2018

- Satisfaction with specific aspects of the purchase experience are also very high (with more than four-fifths expressing satisfaction with most) and has increased by about 10% since 2018. Generally, customers feel their representatives are more responsive, and give more detailed yet clear and easy to understand information.

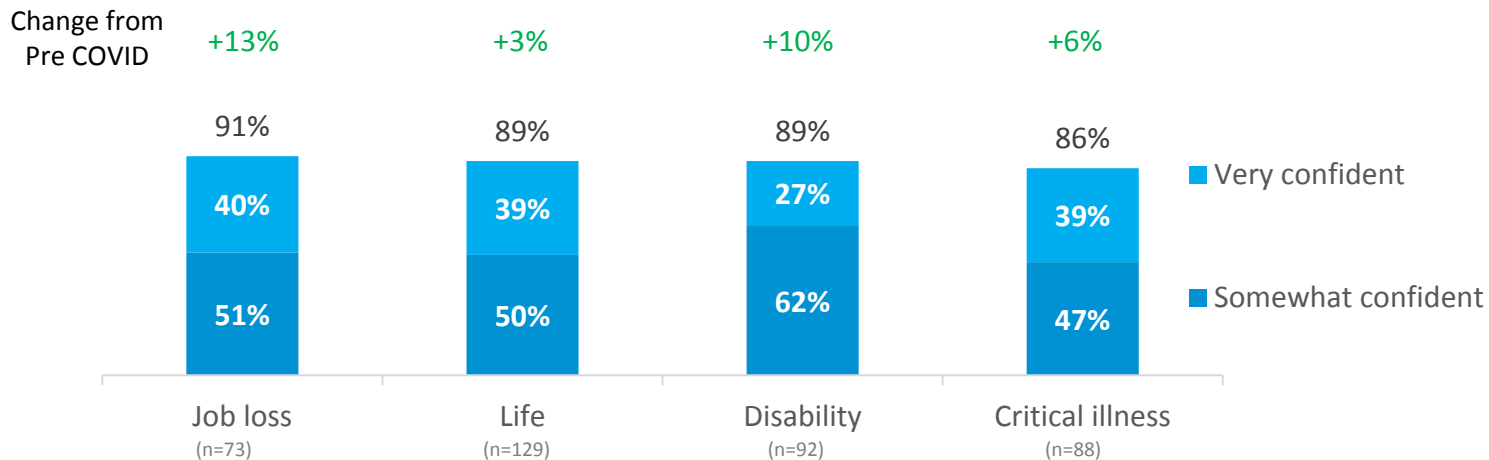


Q. Overall, how would you rate your level of satisfaction with the purchase experience, when you purchased your Credit Protection Insurance for your [mortgage/home equity line of credit]?  
Q. More specifically, how satisfied were you with the following elements of the purchase process? Base: Credit Protection Insurance Holders (N=197)

# Confidence in knowledge of benefits is also high and improved vs. 2018 for those obtaining CPI during the pandemic

- Confidence in this knowledge has increased across all insurance types compared to 2018 findings. The greatest increase was seen in that of job loss insurance, with 91% being confident now, compared to 78% having that same level of confidence in 2018. Confidence in disability insurance has also increased by 10%, while confidence in critical illness benefits is up by 6% and life insurance benefits is up by 3%.

## CONFIDENCE IN KNOWLEDGE OF BENEFITS (% VERY / SOMEWHAT CONFIDENT)



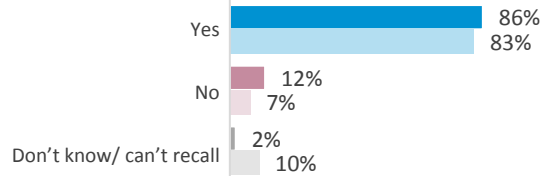
# The changing methods of obtaining CPI had a minimal impact on the topics covered by representatives during the process

- In total, 79% of those obtaining a mortgage/HELOC talked to a representative about CPI – up slightly from 75% in 2018. Of the four-fifths who talked to a financial representative about CPI, the vast majority were told about the coverage options, the premiums, the advantages of the insurance and that it is optional.

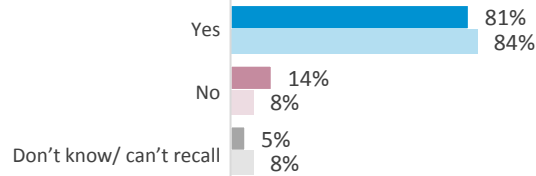
**79%** Talked To Representative

2018 75% TALKED TO REPRESENTATIVE

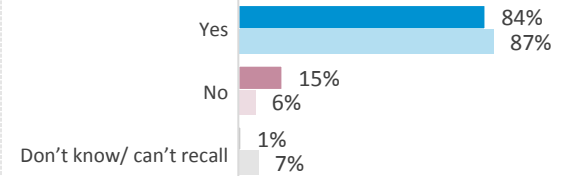
## Coverage options that were available to me



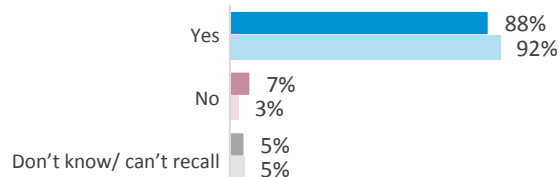
## Premiums/costs of coverage options available



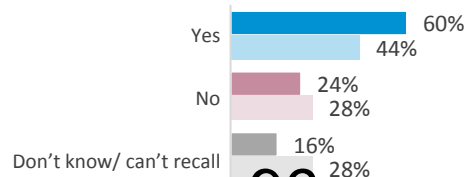
## Advantages of having the insurance



## CPI as way to protect me and/or my family



## Told about free look or review period that was available



Q. Did a representative of your financial institution talk to you about each of the following features of Credit Protection Insurance?  
Base: Talked To Representative In A6 or A7 (N=158)

96

2021  
2018

**PANDEMIC HAS CHANGED THE WAY CANADIANS CONDUCT FINANCIAL  
TRANSACTIONS, AND FOR SOME THE CHANGE WILL BE PERMANENT**  
*But while the move to virtual sales and service channels has accelerated, most  
consumers still want human interaction for certain transactions*

**TORONTO, June 16, 2021** – The vast majority of Canadian consumers with Credit Protection Insurance (CPI) who participated in a recent survey say their experience during COVID-19 has made them more comfortable conducting financial transactions online (84%), many say it has changed the way they want to conduct these transactions in future (72%), and a significant number say they have upgraded their technology to make it easier to conduct financial transactions from home (70%).

Before the pandemic, Canadians were most likely to conduct financial transactions such as arranging for loans or buying insurance in person at a branch, with 48% of people surveyed with Credit Protection Insurance (CPI) saying that's where they did these transactions. Once the pandemic is over, only 36% of respondents say they will return to a branch for these types of transactions -- a 12-point decline over 2018 -- and a sign that the trend towards virtual sales and service channels in financial services continues to build momentum with Canadians.

Consumers still put a high value on branches, with 66% of respondents saying they are looking forward to going back to theirs at some point in the future. Canadians also want the opportunity to deal with financial representatives, with 88% of respondents saying they would prefer this method especially for arranging loans and insurance. However, in addition to visiting a branch, nearly half of respondents (47%) say they would prefer another channel to speak with a representative such as over the phone (23%), have a person come to their home (13%), or speak with someone by video conferencing (11%).

The same sentiment applies to making an insurance claim, with 77% of respondents saying they would prefer to submit a claim on their CPI with the assistance of a representative, compared to 22% who would choose self-service as their preferred option. However, of those 77% who prefer human contact to make a claim, only 33% say they prefer it to be at a branch as opposed to other channels such as phone, home visit, video conferencing or email.

Those are the key findings of a new [Pollara Strategic Insights survey](#) that asked Canadians who had purchased CPI on their mortgage and/or Home Equity Line of Credit (HELOC) since the pandemic started or planned to do so within the next two years, about their experiences and future financial transaction preferences. CPI is used to pay off or pay down a mortgage or HELOC, or to make debt payments in the event of covered occurrences such as death, disability, critical illness, or job loss. The survey is the latest in a series commissioned by the Canadian Association of Financial Institutions in Insurance (CAFII) over the past 6 years that are designed to help its members remain up-to-date on the expectations, priorities and satisfaction levels of customers, and to identify areas for improvement.

According to this year's research, respondents also say it is important for financial institutions to make consumers comfortable with online transactions by providing certain features and benefits. Those include: make it easy for customers to connect with a person to get answers to their questions in real time (93%); ensure plain language information is available online (92%); ensure security and protection of personal information (92%); provide immediate online confirmation of the transaction (91%); provide online tools and diagrams to illustrate product and price information (89%); have all personal information shared only through a secure online portal (89%); and provide customers the ability to deal with one representative throughout the process (88%).

The survey also shows that COVID-19 has raised the prominence of insurance as an option for Canadians, with 65% of respondents saying they are more likely to obtain CPI for a mortgage or HELOC than before the pandemic. With respect to the various types of CPI coverage they chose, life is the most popular type of insurance for mortgages and HELOCs with 77% of respondents saying they had purchased it during the pandemic for a mortgage and 71% for a HELOC, down slightly from 2018. However, the percentage of consumers covered for disability, critical illness and job loss were all up versus 2018, with two-fifths obtaining the latter this year, an increase of 17% since 2018.

In terms of their purchase experience with CPI, 96% of respondents say they were somewhat/very satisfied, a nine-point increase over 2018 when the question was last asked in a Pollara survey. Similarly, respondents report an increased level of confidence in and knowledge of the CPI coverage they purchased.

"While the pandemic has and will continue to change the way that people conduct financial transactions in Canada, we are pleased to see consumers are adapting well to their new reality, and that our industry's customer satisfaction levels have been up to the challenge," said Keith Martin, Co-Executive Director of the Canadian Association of Financial Institutions in Insurance (CAFII). "We also appreciate the value that Canadians place on the availability of in-person service, and their confidence in the people working in financial services who provide it."

These are the key results from a national online survey of 1,002 adult Canadians with who had obtained CPI on a mortgage and/or HELOC since April of 2020, and those who said they were likely to obtain a mortgage or HELOC within the next two years and will likely obtain CPI coverage. The survey was conducted from March 3 to March 10, 2021.

**About CAFII:** The [Canadian Association of Financial Institutions in Insurance](#) is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. CAFII believes that consumers are best served when they have meaningful choice in the purchase of insurance products and services. CAFII's 14 members include the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Life Insurance Company; along with major industry players Assurant Canada; The Canada Life Assurance Company; Canadian Premier Life Insurance Company; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Sun Life; and Valeyo.

**About Pollara Strategic Insights:** Founded in 1980, [Pollara Strategic Insights](#) is one of

Canada's premier full-service research firms – a collaborative team of senior research veterans who are passionate about conducting research through hands-on creativity and customized solutions. Taking full advantage of their comprehensive toolbox of industry-leading quantitative and qualitative methodologies and analytical techniques, Pollara provides research-based strategic advice to a wide array of clients across all sectors on a local, national, and global scale.

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**Media contact for CAFII:**

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Email: david@strategy2communications.com

Tel: 416-727-1858

## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 5k Strategic and Regulatory Initiatives—New Motion Graphics Website Video On Consumers' CPI Digitization Preferences**

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#### **Purpose of this Agenda Item – *Update***

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This is an update only.

#### **Background Information**

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CAFII is planning the production of a new motion graphics website video summarizing consumers' CPI digitization preferences. This will be another opportunity to showcase the interesting results of the related CAFII-commissioned Pollara research project.

#### **Recommendation / Direction Sought – *Update***

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This is an update only.

#### **Attachments Included with this Agenda Item**

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No attachments.



## **Briefing Note**

### **CAFII EOC Meeting 8 June 2021—Agenda Item 5I**

#### **Strategic and Regulatory Initiatives—Insights Gained from CAFII/CLHIA/THIA Weekly Calls Re Impact Of COVID-19 On Travel Insurance Industry**

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#### **Purpose of this Agenda Item – Update**

To update the Board on the insights gained from the weekly CAFII, CLHIA, and THIA meetings on the impact of COVID-19 on the travel insurance industry.

#### **Background Information**

CAFII, CLHIA, and THIA meet weekly to discuss the impact of the COVID-19 pandemic upon the travel insurance industry.

#### **Recommendation / Direction Sought – Update**

This is an update only.

#### **Attachments Included with this Agenda Item**

No attachments.

## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 6a**

#### **Read Only Items: CAFII Data Improvements Working Group With RSM Canada Around Quarterly CPI Benchmarking Study: Progress Report**

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#### **Purpose of this Agenda Item**

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Read only item.

#### **Background Information**

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CAFII continues to work with RSM Canada to improve the data quality of the Quarterly CPI Benchmarking Study. A survey has been sent to study participants, and the results will allow RSM Canada to understand some of the data quality issues better.

#### **Recommendation / Direction Sought**

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Read only item.

#### **Attachments Included with this Agenda Item**

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No attachments.

## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 6b**

#### **Read Only Items: CAFII Response Submission On Two FSRA Questions Arising From CAFII Submission on FSRA's Proposed Unfair or Deceptive Acts or Practices Rule**

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#### **Purpose of this Agenda Item**

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Read only item.

#### **Background Information**

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CAFII has responded to two follow-up questions posed to CAFII by FSRA, arising from our Association's submission in response to FSRA's consultation on its proposed Unfair or Deceptive Acts or Practices Rule.

#### **Recommendation / Direction Sought**

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Read only item.

#### **Attachments Included with this Agenda Item**

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One attachment.

***Agenda Item 6(b); June 8/21 Board Meeting***

May 4, 2021

Ms. Jennifer Chan, Senior Policy Analyst  
Market Conduct Policy Division  
Financial Services Regulatory Authority of Ontario (FSRA)  
5160 Yonge St., 17<sup>th</sup> Floor  
Toronto, Ontario  
M2N 6L9  
[jennifer.chan@fsrao.ca](mailto:jennifer.chan@fsrao.ca)

Dear Ms. Chan:

**Re: Follow-up Questions For CAFII Arising From March 24/21 Meeting On FSRA's Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices**

Thank you for sending CAFII a March 25/21 follow-up message in which you recapped the two hypothetical questions posed to our Association in a March 24/21 meeting involving representatives of CAFII and CLHIA with FSRA Market Conduct Policy Division staff executives related to FSRA's *Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices*.

We are pleased to provide below our responses to FSRA's questions, along with some *Additional Relevant Input From CAFII*.

**Question #1**

*Would it be appropriate for the following to be deemed an unfair or deceptive act or practice and possibly called out to that effect in FSRA's UDAP Rule: offering an inducement to a person who is ineligible for credit protection insurance (CPI)?*

As you may be aware, Credit Protection Insurance (CPI) is an optional insurance product offered under a Group Master Policy where eligibility for enrolment is predicated upon a consumer's taking on a debt obligation such as a mortgage, line of credit, car loan, or credit card and being within a specified age range. In that regard, enrolment in CPI is contingent upon the debtor meeting eligibility requirements under the terms of the Group Master Policy, as captured in the Certificate of Insurance which all CPI enrollees/insureds receive. CPI reduces or pays off an insured debt should the enrolled debtor experience an insured event: death, disability, critical illness, and/or loss of employment.

To ensure that the optional CPI coverage which they make available is offered only to eligible debtors, CAFII Members have in place carefully designed and rigorously executed and monitored processes and controls with respect to product design, employee training, offer/enrolment, and post-enrolment review and confirmation.

However, it is conceivable that, in rare circumstances, a systems error could occur that would lead to the offering of CPI to an ineligible customer (e.g. CPI is offered to a customer who is older than the age maximum for eligibility due to a miscalculation based on his/her date of birth). In such a case, CAFII Members would discover the systems error in their post-enrolment review and confirmation processes and then fully remediate the customer on a timely basis.

CAFII agrees, in principle, that the offering of an inducement to a person who is ineligible for CPI would be an unfair act or practice. However, in the rare but possible systems error scenario described above, the realization that the debtor is ineligible for the CPI would occur after any inducement had already been offered; and a UDAP Rule proscription as contemplated by *Question #1* would have no bearing upon and serve no useful purpose in preventing or deterring that type of error.

As a concluding comment, we question whether it would be appropriate and of value for FSRA to include such a specific proscription in the UDAP Rule. Please see our *Related Relevant Input From CAFII* below.

### Question #2

*Would it be appropriate for the following to be deemed an unfair or deceptive act or practice and possibly called out to that effect in FSRA's UDAP Rule: offering an inducement to someone who is outside of the target market for credit protection insurance (CPI)?*

Building upon the contextual information provided in our response to *Question #1*, we point out that the consumer value proposition of CPI is making simple, accessible, affordable protection against death, disability, critical illness, and loss of employment available to all eligible debtors. The target market for CPI is therefore any debtor of the offering financial institution who is eligible to enrol under the Group Master Policy and related Certificate of Insurance. As such, with respect to CPI, there is no meaningful difference between "someone outside of the target market" for the insurance and "a person who is ineligible" for the insurance.

That being the case, CAFII agrees, in principle, that offering an inducement to a person who is outside of the target market for CPI would be an unfair act or practice. However, the same caveat with respect to a rare but possible systems error scenario, as outlined in our response to *Question #1*, applies here as well.

As a concluding comment, we question whether it would be appropriate and of value for FSRA to include such a specific proscription in the UDAP Rule. Please see our *Related Relevant Input From CAFII* below.

### **Related Relevant Input From CAFII**

As stated in our March 18/21 CAFII submission on *Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices*, we support FSRA's stated intention to take an outcomes/principles-based approach to its Proposed UDAP Rule, which we believe will produce better results for both consumers and the industry, by facilitating innovation and responsiveness to consumer needs.

Because FSRA has always prudently positioned itself as a risk/principles-based regulator and given that the Authority's stated objective for the Proposed UDAP Rule is to take an outcomes/principles-based approach, we question the necessity and value of getting into micro details and becoming proscriptive by calling out in the Rule such hypothetical scenarios as those posed in the two questions above.

In CAFII's view, FSRA's opting to include micro-level proscriptions in the UDAP Rule would place the Authority in an awkward position because once it specifically calls out and proscribes one or more specific acts or practices, the following questions would naturally arise:

- why hasn't FSRA therefore called out and proscribed all known/possible unfair acts or practices (or at least a much larger number of the possible universe of them?); and

- why is FSRA specifically calling out CPI-related scenarios, when forbidding the offering of an inducement to an ineligible person and to someone outside of a product's target market are proscriptions which should apply to all types of insurance, and indeed to all types of financial services?

Thank you again for your meeting recap email of March 25/21 and the opportunity to respond to the two questions posed for our Association therein. Should you require further information from CAFII or wish to meet with representatives from our Association on this or any other matter at any time, please contact Keith Martin, CAFII Co-Executive Director, at [keith.martin@cafii.com](mailto:keith.martin@cafii.com) or 647-460-7725.

CAFII and its members remain committed to supporting FSRA in its critically important mission and mandate; and we look forward to continuing our involvement as key stakeholder contributors to the Authority's ongoing success.

Sincerely,



Rob Dobbins  
Board Secretary and Chair, Executive Operations Committee

#### **About CAFII**

CAFII is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace. Our Association was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels. Our members provide insurance through client contact centres, agents and brokers, travel agents, direct mail, branches of financial institutions, and the internet.

CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services. Our members offer travel, life, health, property and casualty, and credit protection insurance across Canada. In particular, credit protection insurance and travel insurance are the product lines of primary focus for CAFII as our members' common ground.

CAFII's diverse membership enables our Association to take a broad view of the regulatory regime governing the insurance marketplace. We work with government and regulators (primarily provincial/territorial) to develop a legislative and regulatory framework for the insurance sector that helps ensure Canadian consumers get the insurance products that suit their needs. Our aim is to ensure appropriate standards are in place for the distribution and marketing of all insurance products and services.

CAFII's members include the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players Assurant; Canada Life Assurance; Canadian Premier Life Insurance Company; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Sun Life; and Valeyo.

## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 6c**

#### **Read Only Items: CAFII Response Submission To David Weir, FCNB On Follow-Up/Clarification**

#### **Questions Arising From CAFII's January 2020 Response Submission TO FCNB's RIA Licensing Regime Public Consultation**

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### **Purpose of this Agenda Item**

Read only item.

### **Background Information**

CAFII has responded to a technical question asked by David Weir, Financial and Consumer Services Commission of New Brunswick (FCNB) arising from CAFII's January 2020 submission in response to FCNB's consultation on its proposed Restricted Insurance Agent (RIA) licensing regime.

### **Recommendation / Direction Sought**

Read only item.

### **Attachments Included with this Agenda Item**

One attachment.

**Agenda Item 6(c)**  
**June 8/21 Board Meeting**

CAFII Response Submission To David Weir, FCNB On Follow-up/Clarification Question Arising From CAFII's January 2020 Response Submission To FCNB's RIA Licensing Regime Public Consultation

**From:** Brendan Wycks

**Sent:** May-20-21 11:36 AM

**To:** Weir, David (FCNB) <david.weir@fcnb.ca>; Keith Martin <Keith.Martin@cafii.com>

**Subject:** RE: Restricted licensing framework - travel insurance

Hi, David. Here is CAFII's response to your follow-up question of May 11/21:

*The reason why bank/federally regulated financial institution (FRFI) branch employees are prevented from being licensed as insurance agents stems from (i) the fact that only "Authorized Insurance Products" can be sold from bank/FRFI branches; (ii) the fact that travel insurance is an Authorized Insurance Product as defined within the federal Bank Act and the federal Insurance Business (Banks and Bank Holding Companies) Regulations (IBBRs); and (iii) the intersection between those federal legislative/regulatory realities and provincial/territorial regulatory and licensing requirements.*

*While the federal Bank Act and section 5(1) of the federal Insurance Business (Banks and Bank Holding Companies) Regulations (IBBRs) do permit banks and other FRFIs to offer advice regarding Authorized Insurance Products – of which credit protection insurance (CPI) and travel insurance are two main types - the offering of that advice is significantly tempered by provincial/territorial regulatory and licensing requirements.*

*The nature of the advice that bank/FRFI representatives are permitted to provide around an Authorized Insurance Product/CPI is strictly limited to the Authorized Insurance Product itself and must not include suitability-related measures such as a needs-based financial/insurance assessment, Know Your Client tools, or holistic advice.*

*In the case of Authorized Insurance Products/CPI, because the consumer is purchasing/enrolling in optional insurance related to a single and specific borrowing need such as a mortgage or line of credit – and that scenario falls within the scope of activity permitted to occur through a non-advisory sales channel, i.e. the business must provide consumers with sufficient information, which meets provincial/territorial regulations and industry commitments and guidelines, to enable them to make an informed decision – Authorized Insurance Products/CPI, including travel insurance, are typically offered by non-licensed individuals in bank/FRFI branches in all provinces and territories and throughout Canada. Non-licensed individuals are strictly prohibited from offering advice and recommending an insurance product as "suitable."*



*Therefore, there is a strong argument to be made that requiring bank/FRFI branch employees to be individually licenced to sell travel insurance would frustrate the existing happy balance/medium between federal and provincial/territorial insurance legislation and regulations; and it would ultimately prevent CAFII members from offering travel insurance in their branches.*

**Brendan Wycks, BA, MBA, CAE**

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

**From:** Weir, David (FCNB)

**Sent:** Tuesday, May 11, 2021 1:07 PM

**To:** Brendan Wycks <[brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com)>; Keith Martin <[Keith.Martin@cafii.com](mailto:Keith.Martin@cafii.com)>

**Subject:** Restricted licensing framework - travel insurance

Hello Brendan and Keith,

I hope that you, your families and colleagues are well.

We are currently working on finalizing our recommendations for the rule for insurance intermediary licensing, including recommendations for a restricted insurance representative licensing framework. As previously indicated, the rule will be posted for 60 days to allow for stakeholder comment.

In CAFII's January 2020 response to FCNB's **Consultation Paper Insurance 2019: Incidental Selling of Insurance, Restricted Insurance Licensing Regime**, you indicated that CAFII would prefer that travel insurance be included within NB's restricted licensing regime.

You also indicated that:

Requiring federally regulated financial institution (FRFI) employees to be individually licensed to sell travel insurance would prevent CAFII members from selling travel insurance from their branches because bank branch employees are not permitted to be licensed insurance agents. Such a scenario would result in restricted access to travel insurance for New Brunswickers, access which is available to consumers in all other provinces and territories.

Can you please elaborate on what prevents bank branch employees from being licensed as insurance agents? If there is a specific prohibition in legislation or regulation, can you please advise? We are hoping to present our final recommendations to senior staff in a few weeks and therefore would appreciate if you are able to respond soon.

Thank you and best regards,

**David Weir**

Financial and Consumer Services Commission of New Brunswick

Commission des services financiers et services aux consommateurs

## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 6d**

#### **Read Only Items: June 9/21 CAFII Webinar On “The Future of Travel and Travel Insurance As The World Emerges From the COVID-19 Global Pandemic”**

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#### **Purpose of this Agenda Item**

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Read only item.

#### **Background Information**

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This is an update on a webinar planned for 9 June, 2021 on “The Future of Travel and Travel Insurance As The World Emerges From the COVID-19 Global Pandemic.”

The panelists at this webinar will be

- Will McAleer, Executive Director of the Travel Health Insurance Association of Canada, and President of World Travel Protection;
- Joan Weir, Director of Health & Disability Policy at CLHIA (Canadian Life and Health Insurance Association);
- Katia Umutoniwase, Director of Operations & Portfolio Optimization at Manulife, and Chair of CAFII’s Travel Insurance Experts Working Group; and
- David Moorcroft, Founder of Strategy2Communications (S2C), Host of “The Business of Blockchain,” and CAFII’s media consultant.

#### **Recommendation / Direction Sought**

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Read only item.

#### **Attachments Included with this Agenda Item**

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One attachment.

**Agenda Item 6(d)**  
**June 8/21 Board Meeting**

We are pleased to invite you to attend our upcoming third CAFII Webinar of 2021:

***The Future Of Travel and Travel Insurance As The World  
Emerges From COVID-19***

***A Virtual Fireside Chat with Will McAleer, Joan Weir, Katia Umutoniwase  
and David Moorcroft***

Wednesday, June 9, 2021  
from 12:00 noon to 1:00 pm EDT  
via Zoom Webinar

**Will McAleer**

Executive Director of the  
Travel Health Insurance  
Association of Canada  
/ President of World  
Travel Protection

(For capsule biography,  
[click here](#))



**Joan Weir**

Director of Health &  
Disability Policy at  
CLHIA (Canadian Life &  
Health Insurance  
Association)

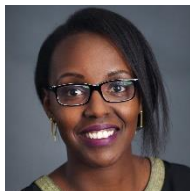
(For capsule biography,  
[click here](#))



**Katia Umutoniwase**

Director of Operations  
& Portfolio Optimization  
at Manulife

(For capsule biography,  
[click here](#))



**David Moorcroft**

Founder of

Strategy2Communications (S2C) / Host of  
“The Business of Blockchain” Podcast.

(For capsule biography,  
[click here](#))



*In this fireside chat webinar, expert panelists from THIA, CLHIA, CAFII and a Passionate Traveler and Travel Blogger will dialogue with moderator Keith Martin on topics such as*

- “revenge” travel;
- approaches to re-opening borders to international travelers;
- proof of vaccination and vaccination passports: a must to be able to travel internationally?;
- the end of the international travel “bucket list”?;
- impact on travel to lesser developed countries that rely on tourism and which will likely have a slower vaccination schedule;
- does Airbnb accommodation become more desirable than hotels, motels, and resorts?;
- five years from now, will cruise holidaying be stronger or weaker than it was pre-pandemic?;
- the impact on large group tourism, including school tours?;
- will local and domestic tourism see a net benefit?;
- will Canada’s airlines ever fully recover?;
- will the Canada-US border ever be the same again?;
- the impact on trip interruption insurance and what we’ve learned to improve the product?;
- the impact on travel health insurance and what we’ve learned to improve the product?

[Click Here to Register](#)

For further information or assistance, please email [info@cafii.com](mailto:info@cafii.com) or call 416-494-9224 ext. 3.

We look forward to welcoming you to this 2021 CAFII webinar .

Sincerely,

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Co-Executive Director  
Canadian Association of Financial  
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## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 6e**

#### **Read Only Items: CAFII's First Insights/Idées Website Blog Posts**

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#### **Purpose of this Agenda Item**

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Read only item.

#### **Background Information**

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This is an update on a new CAFII website blog section entitled "Insights/Idées."

#### **Recommendation / Direction Sought**

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Read only item.

#### **Attachments Included with this Agenda Item**

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One attachment.

***Agenda Item 6(e)***  
***June 8/21 Board Meeting***

CAFII Blog post (470 words)

**New video helps explain insurance products**

By Keith Martin, Co-Executive Director, CAFII

CAFII recently posted a new motion-graphic video to its website and on YouTube that explains the features and benefits of critical illness credit protection insurance and disability credit protection insurance.

The two-minute video describes how these insurance products work, and how they provide protection against different types of risk.

For example, Disability Insurance will pay all or part of an insured person's monthly debt obligation to their bank or credit union while they are unable to work due to disability. In contrast, Critical Illness Insurance is not related to ability to work, and an insured person can receive a benefit regardless of their employment status. This type of insurance can pay off all or a portion of the insured debt obligations in one lump sum, thereby freeing up money for other uses.

The video is the latest in a series aimed at simplifying insurance products and services for Canadian consumers. It supplements six other educational videos already on the website that explain how popular consumer insurance products such as Mortgage Life Insurance, Travel Insurance, Travel Medical Insurance, and Credit Protection Insurance work. There is also a video that explains who CAFII is and how we are trying to make insurance simple, accessible and affordable for Canadians.

Our consumer-facing website was created in 2017 to help Canadians become more aware of the range of insurance options available in Canada and to understand more about them. Since then, we have added definitions and explanations for more than a dozen types of insurance, a series of frequently asked questions, vignettes about the benefits of various insurance products, and information with links for making an insurance claim to a CAFII member financial institution. We even have details about consumer research commissioned by CAFII, and news about the Association.

As an association, we have made consumer education a priority because our members believe that informed consumers can make better insurance choices to fit their personal circumstances, and that they are ultimately more satisfied with their experience when they choose the right products.

That's one of the reasons we continue to add new content to our website each year. For example, we recently added some new product definitions, consumer situation example vignettes, and FAQs to the website, and we are planning to add another three new videos and some new consumer research later this year.

To date, our efforts have been well received by consumers who find surfing the web a convenient way to get information, especially during a pandemic. For example, our website attracted 28,000 visitors last year, a 34% increase over 2019.

While we're pleased that a record number of consumers came to our website last year to learn more about insurance, we hope that even more will discover us in 2021!

CAFII Blog post (585 words)

### **What types of insurance should homebuyers consider?**

By Brendan Wycks, Co-Executive Director, CAFII

Spring is the time of year when many Canadians think about buying their first home or selling and trading up to a better one. And, when they start thinking about the many issues that come with buying a house.

The first two questions potential buyers need to ask themselves is "How much house can I afford?" and "What size of mortgage will I qualify for?" Fortunately, most financial institutions can help answer those questions once a customer provides information about their financial situation and how much of a down payment they will have available for the home purchase.

Insurance is another topic a home buyer will want to consider, and that consideration should include at least three products; Mortgage Default Insurance, Mortgage Life Insurance, and Home Insurance. The first two of these products – Mortgage Default Insurance and Mortgage Life Insurance – are sometimes confused by consumers, especially by first-time buyers.

Mortgage Default Insurance allows borrowers to obtain a mortgage on a property with a lower down payment (as low as 5% for homes under \$500,000, and 10% for the portion between \$500,000 to \$1,000,000) than would be required for a conventional mortgage. This type of insurance, required on all mortgages with down payments of less than 20% of the purchase price, is also known as a high-ratio mortgage. The maximum amortization period, or maximum payback duration, for a high-ratio mortgage is 25 years.

This insurance provides a "safety net" for federally regulated financial institutions, such as banks, that lend money on the security of residential real estate, and it increases the number of Canadians who may be able to qualify for a mortgage. Premiums for Mortgage Default Insurance are based on the amount of the mortgage and can be added to the mortgage amount and repaid over the full duration of the mortgage.

Conventional mortgages, which require a minimum down payment of 20%, do not require Mortgage Default Insurance. Any home with a purchase price of over \$1,000,000 requires a minimum 20% down payment.



Mortgage Life Insurance, in contrast, is a type of optional Credit Protection Insurance that pays out your mortgage balance (up to the maximum specified in the certificate of insurance) in the event of your death, making it affordable for your surviving spouse and/or family to remain in your home without financial duress. If your family relies on your income to make its mortgage payments, Mortgage Life Insurance is one way to protect the financial future of your loved ones.

Consumers who purchase Mortgage Life Insurance usually have the option to add disability, critical illness, and job loss coverage, to protect their family further against not being able to make its mortgage payments.

Home Insurance, the third type of house purchase-related coverage, can provide valuable financial protection against incidents that cause damage to the property you own —including fire, lightning strike, wind and hail, explosions, falling objects, vandalism, theft, and other risks or “perils.” This insurance typically covers both property damage and liability exposure, including medical payments in case someone gets hurt on your premises.

If you need a mortgage to be able to purchase your home, your lender will require that you have Mortgage Insurance in place to cover these types of risk.

When contemplating the cost of buying and maintaining a home, Canadian consumers should think about whether they will need these three types of insurance protection, and what the cost will be.

## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 6f**

#### **Read Only Items: New CAFII Associates Secured and Admitted/Pending in 2021**

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#### **Purpose of this Agenda Item**

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Read only item.

#### **Background Information**

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This is an update on CAFII's efforts to sweeten the value proposition for Associates and use the new value proposition to better retain existing Associates, and attract new Associates. CAFII now shares with Associates its monthly Regulatory Update; its CAFII Alerts Weekly Digests; and the Association invites Associates to its regular series of webinars.

#### **Recommendation / Direction Sought**

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Read only item.

#### **Attachments Included with this Agenda Item**

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One attachment.

***Agenda Item 6(f)***  
***June 8/21 Board Meeting***

**New CAFII Associates Secured and Admitted Pending In 2021\***

2020 CAFII Associates

KPMG MSLP  
Optima Communications  
RGA Life Reinsurance Company of Canada  
RSM Canada  
Torys LLP

2021 CAFII Associates

KPMG MSLP  
Optima Communications  
RGA Life Reinsurance Company of Canada  
RSM Canada  
Torys LLP  
*Dog and Pony Studios\**  
*Norton Rose Fulbright Corporation (pending)\**  
*RSA Canada\**  
*Stikeman Elliott LLP\**

## **Briefing Note**

### **CAFII Board Meeting 8 June 2021—Agenda Item 7a In Camera Session: Possible CAFII Push (Via CBA?) For Elimination of Federal Bank Act/IBBRs Prohibition Against Banks Retailing Non-Authorized Insurance Products From Their Branches**

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#### **Purpose of this Agenda Item – *Discussion***

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Discussion

#### **Background Information**

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Zack Fuerstenberg, CAFII Board member from ScotiaLife Financial, will provide the Board with a proposal that CAFII should consider trying to challenge the federal Bank Act-based prohibition against banks retailing non-Authorized Insurance Products from their branches.

#### **Recommendation / Direction Sought – *Discussion***

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Read only item.

#### **Attachments Included with this Agenda Item**

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No attachments.