

CAFII Board of Directors Virtual Meeting Agenda

Date: Tuesday, April 13, 2021
Chair: C. Lobbezoo
Location: [Virtual MSTeams Meeting](#)

Time: 2:00 to 4:00 p.m. EDT
Dial-in: 437-703-4263
Phone Conference ID: 965 295 258#

1. Call to Order and Meeting Confirmation	2:00 p.m.	Presenter	Action	Page #	Document
a. Approval of Agenda		C. Lobbezoo	Approval	3	✓

2. Consent Items	2:02 p.m.	Presenter	Action	Page #	Document
a. Draft Board Meeting Minutes, December 1, 2020		C. Lobbezoo		5	✓
b. Draft Board Meeting Minutes, February 11, 2021				12	✓
c. Summary of Board and EOC Action Items				15	✓
d. Regulatory Update				16	✓
e. Consultations/Submissions Timetable				35	✓
f. Regulator and Policy-Maker Visit Plan				36	✓
g. Board-Approved CAFII 2021 Schedule of Meetings and Events				42	✓

3. Governance Matters	2:05 p.m.	Presenter	Action	Page #	Document
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	Update	44	
b. New CAFII Associates Secured and Admitted in 2021		B. Wycks/K. Martin	Update	45	

4. Financial Management Matters	2:10 p.m.	Presenter	Action	Page #	Document
a. CAFII Financial Statements as at March 31/21		T. Pergola	Approval	46	✓
b. Forecast for CAFII 2021 Fiscal Year as at March 31/21		T. Pergola	Update	50	✓
c. Draft 2020 CAFII Audited Financial Statements		H. Lopez, KPMG (Visitor)	Approval	53	✓
d. Timelines for Board and Membership Approval of CAFII 2020 Audited Financial Statements		B. Wycks	Update	65	

5. Strategic and Regulatory Matters	2:25 p.m.	Presenter	Action	Page #	Document
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	2:25 p.m.	K. Martin	Update/ Approval	66	✓
b. Market Conduct & Licensing Committee	2:37 p.m.				
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	2:37 p.m.	K. Martin/B. Wycks	Update/ Discussion	77	✓ (6)
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	2:50 p.m.	M. Boyle/P. McCarthy	Update/ Discussion	106	✓
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	3:00 p.m.	K. Martin/B. Wycks	Update	108	✓ (2)
Break 5 Minutes	3:05 p.m.				
c. Research & Education Committee	3:10 p.m.				
i. Preliminary Results Highlights from CAFII 2020-21 Consumer Research Project on CPI Consumers' Digitization Preferences	3:10 p.m.	L. Martin, Pollara (Visitor)	Update	118	
ii. Proposed Supplementary CAFII Research Project on Digitization in Insurance	3:22 p.m.	K. Martin	Update/ Discussion	119	

5. Strategic and Regulatory Matters (Continued)		Presenter	Action	Page #	Document
d.	Media Advocacy Committee	3:30 p.m.			
i.	EOC-Endorsed CAFII Website Blog As Ongoing CAFII Website Initiative	3:30 p.m.	K. Martin	Update/ Discussion	120 ✓
e.	Networking and Events Committee	3:35 p.m.	S. Kirby/K. Martin	Update	125
f.	Travel Medical Insurance Experts Working Group	3:38 p.m.			
i.	Insights Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact of COVID-19 on Travel Insurance Industry	3:38 p.m.	B. Wycks	Update	126

6. Read Only Items			Read Only	Page #	Document
a.	New Mechanism for Creating Better Engagement and A Succession Pipeline of CAFII Committee Chairs and Candidates for Other Volunteer Leadership Roles			127	Briefing Note Only
b.	CAFII Data Improvements Working Group With RSM Canada Around Quarterly CPI Benchmarking Study: Progress Report			128	Briefing Note Only
c.	New Brunswick's "An Act To Amend The Insurance Act," Tabled March 17/21; and CAFII's Next Steps			129	✓
d.	Finalization/Launch of CAFII Motion Graphic Website Video on Credit Protection Critical Illness Insurance and Credit Protection Disability Insurance; Media Release; and Sharing of This News with Insurance Regulators and Policy-Makers Across Canada			136	Briefing Note Only
e.	April 28/21 CAFII Fireside Chat Webinar with Glen Padassery, Executive Vice-President, Policy & Chief Consumer Officer, FSRA			139	Briefing Note Only
f.	CAFII Response Submission on FSRA's Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices			140	✓
g.	Decision to Defer/Delay Contemplated CAFII Website Video on Consumer Protections Built Into Credit Protection Insurance Offered By CAFII Members			148	Briefing Note Only
h.	CAFII 2021 Website Investments			149	Briefing Note Only
i.	CAFII/CLHIA Joint Response Submission To FCNB On Contemplated Changes to New Brunswick Insurance Act With Respect To Payment Of Insurance Monies To A Minor			150	✓
j.	CAFII/CLHIA Joint Submission To Insurance Councils Of Saskatchewan On Nominees For Appointment To Saskatchewan Restricted Insurance Agent Advisory Committee			154	✓
k.	Report on 2020 CAFII Website Search Engine Optimization and Related Performance Metrics			166	✓

7. In Camera Session		3:40 p.m.	Presenter	Action	Page #	Document
a.	First Implementation Of Board-Approved <i>CAFII Policy On Executive Staff Annual Performance Review; and Resulting Consideration For Compensation Adjustment</i>		R. Dobbins	Update/ Discussion	184	
b.	Possible CAFII Diversification Into Certification/Accreditation Initiatives For The Benefit Of The Bancassurance/CPI Sector In Canada		Z. Fuerstenberg	Discussion	185	
c.	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	186	
d.	Other Business		C. Lobbezoo	Discussion		

Next Board Meeting: Tuesday, June 9, 2021, 2:15 to 4:30 p.m. EDT (Virtual Meeting;
Immediately Preceded By 2021 Annual Meeting of Members Starting At 2:00 p.m.)

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

Briefing Note

CAFIL Board Meeting 13 April, 2021—Agenda Item 1(a)
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 13 April, 2021—Agenda Item 2 (a-g) Consent Items

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:

- 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 Schedule of CAFII 2021 Meetings and Events.

Recommendation / Direction Sought – *Information Only*

No action required.

Attachments Included with this Agenda Item

7 attachments.

BOARD TELECONFERENCE MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
Tuesday, December 1, 2020
MINUTES

Board Present:	Chris Lobbezoo	RBC Insurance, <i>Chair</i>
	Nicole Benson	Valeyo (Canadian Premier Life Insurance)
	Paul Cosgrove	Assurant Canada
	Janice Farrell-Jones	TD Insurance
	Zack Fuerstenberg	ScotiaLife Financial
	Andre Langlois	Desjardins Insurance
	Peter McCarthy	BMO Insurance
	Mica Sweet	CIBC Insurance
	Wally Thompson	Manulife Financial
	Peter Thompson	National Bank Insurance
	Kelly Tryon	CUMIS/The Co-operators
	Louie Georgakis	The Canada Life Assurance Company
Regrets:	Sophie Ouellet	Sun Life
Also Present:	Martin Boyle	BMO Insurance, <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	Recording Secretary (Managing Matters)

1. Call to Order and Meeting Confirmation

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

M. Boyle, 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 virtually on Microsoft Teams platform.

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, as had the agenda for the previous 15 October, 2020 Board meeting, a "Read Only" section which members were expected to have reviewed, but which would not require discussion during the meeting. Combined with the "Consent Items" section, the designation of certain documents as "Read Only" would allow the meeting to focus largely on items that 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

C. Lobbezoo noted that documents had been provided for each of the following nine (9) Consent Agenda items; and it was presumed that Directors had reviewed them in advance of this meeting:

- Draft Board Meeting Minutes, October 15, 2020
- Summary of Board and EOC Action Items
- Regulatory Update
- Consultations/Submissions Timetable
- Regulator and Policy-Maker Visit Plan
- Committee Reports Addressing CAFII Priorities
- CAFII Submission To FCNB On Informal Consultation on Contemplated Changes to Life Insurance and Accident & Sickness Insurance Parts of New Brunswick Insurance Act
- CAFII Submission on FSRA's 2021-22 Proposed Statement of Priorities and Budget
- 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 October 15, 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.

3. Governance Matters

3.a. Amendment of CAFII Bylaw to Remove Stipulation That Board Secretary / EOC Chair Must Come From A Foundation Member

C. Lobbezoo advised that the first of three agenda items in this section was a prerequisite item, being a recommendation that the Board pass a resolution to amend the Association's Bylaw provision found in *clause 7.2(d)* such that the stipulation that any person whom the Board wishes to appoint into the CAFII Officer role of Board Secretary and Executive Operations Committee Chair must come from a "Foundation Member," that is one of the founding Big 6 Bank insurance distributor members.

The removal of the words "*The Secretary must be appointed from a Foundation Member organization and . . .*" was necessary to allow the Board to appoint a candidate from a Regular Member of the Association into the Board Secretary and EOC Chair position; and that change was recommended for Board approval, Mr. Lobbezoo advised.

Mr. Lobbezoo noted that it was the view of the Association's Co-Executive Directors and of Board Vice-Chair Peter Thompson and himself that while there was obviously good reason for the inclusion of those words in CAFII's original Bylaw at the time of the Association's establishment in 1997, the exclusivity that they created with respect to the role of Board Secretary and EOC Chair was somewhat anachronistic today, given the current membership of the Association – with Foundation Members now being in the minority – and given the Association's current governance approach and practices.

Mr. Lobbezoo noted that this Bylaw amendment was necessary to allow the Board to appoint a highly recommended candidate, Rob Dobbins of Assurant Canada, as the Association's new Board Secretary and EOC Chair under the ensuing agenda item.

Mr. Lobbezoo further noted that, in keeping with clause 13.1 *Bylaws, Amendment or Repeal* of the CAFII Bylaw,

the Directors may, by resolution, make, amend or repeal any by-law that regulates the activities or affairs of the Corporation. Subject to the Act (i.e. the Canada Non-Profit Corporations Act) and the articles, any such by-law, amendment or repeal shall be effective from the date of the resolution of directors until the next meeting of members (i.e. our Annual General Meeting in June, or a Special General Meeting that could be held before then) where it may be confirmed, rejected or amended by the Foundation Members by special resolution.

With that as background, Mr. Lobbezoo requested a Mover and a Seconder for a Board Resolution which would strike out and remove the words *"The Secretary must be appointed from a Foundation Member organization and . . ."* from clause 7.2(d) of the CAFII Bylaw, such that the sentence in question would instead read as follows: *"The Secretary will also serve as the chair of the Executive Operations Committee."*

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that clause 13.1 of CAFII's Bylaw be amended to read: *"The Secretary will also serve as the chair of the Executive Operations Committee."*

3.b. Appointment of New Board Secretary/EOC Chair

C. Lobbezoo advised that the Association's Co-Executive Directors, Board Vice-Chair P. Thompson, and he were recommending the appointment of a new Board Secretary and EOC Chair to succeed Martin Boyle, who had advised the Association earlier this Fall that he would be stepping down after two years of service in that Officer role. Mr. Lobbezoo made note of Mr. Boyle's excellent contribution as EOC Chair and Board Secretary and thanked him for his service.

A capsule biography of a well-qualified candidate for appointment as Board Secretary and EOC Chair – Rob Dobbins of Assurant Canada – had been included in the materials for this meeting. Mr. Lobbezoo noted that in addition to his impressive career background, Mr. Dobbins was also an experienced EOC member who had been a strong contributor to its deliberations over the past three years.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that Rob Dobbins be appointed as CAFII's Board Secretary and Executive Operations Committee Chair, effective 1 December, 2020 until the Association's next Annual Meeting of Members in June 2021.

3.c. Proposed CAFII Policy On Executive Staff Annual Performance Review; and Resulting Consideration For Compensation Adjustment

M. Boyle, CAFII's outgoing Board Secretary and EOC Chair, presented for Board approval a CAFII human resources-related policy which he had documented, in consultation with the Co-Executive Directors.

Mr. Boyle advised that the *Proposed CAFII Policy On Executive Staff Annual Performance Review; and Resulting Consideration For Compensation Adjustment* codified the process by which an annual performance review and compensation adjustment for the Association's Co-Executive Directors was to be made, with an emphasis on obtaining input from EOC and Board members on the Executive Staff's performance through an annual survey, as well as a self-evaluative accomplishments document to be produced by each member of the Executive staff. The proposed policy also outlined an appeal process should an Executive Staff member take issue with the findings of the annual review or compensation adjustment recommendation.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the *Proposed CAFII Policy On Executive Staff Annual Performance Review; and Resulting Consideration For Compensation Adjustment* be formally approved and adopted as a CAFII Policy.

4. Financial Management Matters

4.a. CAFII Financial Statements as at October 31/20

Treasurer T. Pergola provided an overview of the financial statements as at 31 October, 2020, noting that the Association's year-to-date financial results reflected slightly lower than budgeted revenue due to the fact that two anticipated new Associates had not joined CAFII, and three existing Associates had also chosen not to renew for 2020. Offsetting the reduced revenue, however, CAFII's 2020 expenses were much lower than budgeted due to restricted activities as a result of the COVID-19 pandemic.

On a motion duly made, seconded and unanimously carried

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

4.b. Forecast for CAFII 2020 Fiscal Year as at October 31/20

Treasurer T. Pergola reported that as at October 31, 2020, CAFII's forecasted 2020 year-end revenues were \$885,000, and the anticipated year-end expenses were \$774,000, leading to a forecasted surplus of revenues over expenses of \$111,000, which is a favourable variance to budget of \$86,000 and will lead to 2020 year-end financial reserves of 44% of annual operating expenses. Mr. Pergola noted that he did not feel that CAFII's having reserves of 44% of annual operating expenses would cause the Association any concerns with Canada Revenue Agency, as it was a one-year surplus and also not unreasonably large.

4.c. Proposed CAFII 2021 Operating Budget

C. Lobbezoo thanked CAFII Treasurer T. Pergola for working closely with the Association's Co-Executive Directors and Controller to develop a Proposed CAFII 2021 Operating Budget, noting the complexity of developing a budget in the context of an unresolved pandemic.

In presenting the proposed CAFII 2021 Operating Budget for the Board's consideration, T. Pergola noted that the recommendation to the Board was that line items for travel and in-person meetings be reduced to \$0 in 2021, but that as a prudent measure the budget include a \$50,000 contingency fund which could be tapped in the event that in the latter part of 2021, there is some resumption of travel and in-person events.

Mr. Pergola also highlighted the fact that the budget included a 2% contractual increase in the fees payable to Managing Matters, CAFII's Association management services provider; and a 2.5% compensation increase for the Association's two Co-Executive Directors.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII's Proposed 2021 Operating Budget be approved and adopted as presented.

5. Strategic and Regulatory Matters

5.a. Distribution to Insurance Regulators and Policy-Makers of Announcement Re Fair Treatment of Customers Enhancement to CAFII Website: New Claims Facilitation Section

K. Martin reported that in early November 2020, CAFII sent an announcement about the recently implemented enhancement to the CAFII website – the inclusion of a new "How to Make a Claim" section which provides links to the claims sections on the Association's members' websites – to over 200 insurance regulators and policy-makers across Canada.

The new website page will be permanently displayed in a CAFII tab under "Tools and Resources." This will provide easy access to our members' claims sections for consumers seeking claims information, and it demonstrates the transparency and openness of our members to regulators and to the public. Several regulators had commented positively on the CAFII announcement, and C. Lobbezoo said that he felt this was an important achievement for the Association.

5.b. EOC Engagement and Information-Sharing Around FCAC's Development Of "Appropriateness Guideline" For Financial Products and Services

K. Martin reported that at the 15 October, 2020 Board meeting, the Board had requested that CAFII closely monitor the FCAC's work on the development of an "Appropriateness Guideline"; and, in particular, that the EOC members collect information about what work is being done on this file internally within their own member organizations, and share that information with CAFII's Co-Executive Directors.

This item was discussed at the 17 November, 2020 EOC Meeting. While some limited information was shared with CAFII's Co-Executive Directors, EOC members were still gathering the requested information. There was a consensus at the meeting, however, that CAFII should not engage with FCAC on this matter right now, and more careful consideration and discussion was needed, including by the Board, as to the best course of action by CAFII. There was a concern that the Association should not give the FCAC the impression that we expect, or feel that it is necessary, for credit protection insurance to be subject to a future "Appropriateness Guideline."

Following Mr. Martin's context-setting introduction to this matter, a thorough Board discussion ensued about whether or not to engage with the FCAC on it at this time, with most Board members of the view that it was too early to do so, and that the FCAC would be fully engaged with Canada's banks before they would have the capacity to explore whether credit protection insurance should fall under an Appropriateness Guideline.

It was noted, however, that approximately six to eight months hence, the FCAC was expected to issue an initial consultation document on the Appropriateness Guideline, and that it might be advisable to pre-empt any notion in that document that credit protection insurance should fall under the auspices of an Appropriateness Guideline.

As a prudent preparatory step, the Board agreed that CAFII management should produce an initial set of industry views and arguments as to why credit protection insurance should not be subject to an Appropriateness Guideline, for review by the Board in 2021.

5.c. Insights Gained From November 25/20 Sectoral Advisory Committee (SAC) For Life and Health Insurance Virtual Meeting With FSRA Board

K. Martin reported that as CAFII's representative, he had made several direct speaking interventions during the 25 November, 2020 Sectoral Advisory Committee for Life and Health Insurance virtual meeting with the FSRA Board on FSRA's 2021-2022 Statement of Priorities and Budget. In particular, he noted that he had highlighted CAFII's view that FSRA should play an enhanced role with the International Association of Insurance Supervisors (IAIS). On that point, FSRA Board Chair Bryan Davies had responded that FSRA had applied for membership in the IAIS, and its application had been accepted.

K. Martin also noted that Erica Hiemstra, who worked for 21 years at CLHIA, most recently as Assistant Vice-President, Distribution, and who was a key CLHIA liaison with CAFII; and who had joined Sun Life in July 2019 as Director, Regulatory Initiatives had quite recently left Sun Life to join FSRA's executive staff, effective Monday, November 16/20, as Director, Insurance within Huston Loke's Market Conduct Division. Ms. Hiemstra had managed credit protection insurance files for CLHIA, and has intimate knowledge of credit protection insurance products and regulatory concerns and preoccupations around these products.

5.d. CAFII Quarterly CPI Benchmarking Study With RSM Canada: Time To Launch CAFII Working Group To Upgrade Data Collected And Resulting Report?

K. Martin provided background on the CAFII CPI Benchmarking Study with RSM Canada, noting that the Board had initially wanted the report relaunched in the same way it was designed when the CBA produced it, but that at some point a Working Group could be struck to work with RSM Canada at improving the data quality and comparability of the study.

Mr. Martin posed the question, for the Board's consideration, as to whether this was the right time to move forward with such a Working Group. Board member Janice Farrell-Jones expressed the view that this was indeed the right time, and feedback from other Board members was strongly aligned with her perspective.

K. Martin advised that he would therefore soon send an email to Board members, copied to EOC members, inviting nominees from the nine CAFII members participating in the study to join the Working Group, with an expected launch of its deliberations in early 2021.

5.e. Reactivation Of CCIR Travel Insurance Working Group (TIWG) and Consultation With Industry Around Reforms Needed to Trip Cancellation Component of Travel Insurance; and Tweaks to Travel Insurance Data Gathered Via Annual Statement on Market Conduct

A. Baig, Chair of the CAFII Travel Medical Insurance Experts Working Group, provided an update on developments emanating from CCIR's Travel Insurance Working Group (TIWG), chaired by Harry James of BCFS, whose activities had been put on hold due to COVID-19 earlier in 2020, but which would now be reactivated.

The TIWG wanted the insurance industry to provide a variety of travel health insurance-related data, through the Annual Statement on Market Conduct, and was working with industry to agree on those data points. The first incidence of providing this data is expected for the Year 6/2022 Annual Statement on Market Conduct. Mr. Baig noted that some of the data that being requested of the industry was not currently collected by the industry, and, as such, the expectations of the TIWG may not be realistic.

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

B. Wycks reported that the three Associations, CLHIA, THIA, and CAFII, continue to meet weekly to discuss issues related to the COVID-19 pandemic's impact upon the travel insurance industry. On Tuesday, 9 December, 2020, CLHIA's Committee on Travel Insurance would be receiving presentations from Global Affairs Canada on various COVID-related issues including the Canada-US border closure, and the Committee would also be hearing from the Government of Ontario regarding the re-introduction of OHIP coverage for out of country travel health coverage claims. CAFII and THIA have been invited to participate in both of those presentations to the CLHIA Committee.

5.g. Timing Of Early 2021 CAFII Board Special Purpose Meeting Re Possible Updating of CAFII Strategic Plan

B. Wycks recalled that the Board had requested that a Special Purpose Board Meeting be scheduled to review the Three-to-Five-Year CAFII Strategic Plan, adopted by the Board in February 2018, to see if it needs updating. He advised that an availability poll would be sent to Board members shortly to ascertain the best date, with the last two weeks in January 2021 and the first two weeks in February 2021 being the period that CAFII is currently looking at for this session.

**SPECIAL PURPOSE BOARD OF DIRECTORS MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
Thursday, 11 February, 2021
MINUTES**

Board Present:	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
	Sophie Ouellet	Sun Life
	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
Also Present:	Rob Dobbins	Assurant, <i>Board Secretary and EOC Chair</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 present to this Special Purpose Meeting of the CAFII Board of Directors on possible updates and adjustments to the Association's 3 to 5 Year Strategic Plan, and he called the meeting to order at 1:02 p.m. Albert Lin acted as Recording Secretary.

R. Dobbins, Board Secretary, confirmed that notice of this meeting had been sent to all Directors in accordance with the Association's By-Law; and that a quorum of Directors – more specifically, 13 of the Association's 14 Directors -- was present on the MSTeams platform.

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 Welcome To A New CAFII Director and A New CAFII Member

C. Lobbezoo noted that Co-Executive Director Brendan Wycks had confirmed to the Board via email that morning that all 13 existing CAFII Directors had signed and returned a Three-Part Written Resolution which had been circulated the previous week, such that the three important Association governance matters set out in that Written Resolution had been declared Approved, effective today.

Mr. Lobbezzo advised that he therefore wanted to take a few minutes at the outset of this meeting to make those matters completely official.

On behalf of the Board of Directors, Mr. Lobbezoo extended

- congratulations and a welcome to Valeyo as the newest and 14th Member of our Association; and
- congratulations to Nicole Benson on being confirmed for continuation on the Board as the Director from Valeyo, having previously been serving as the Director from Canadian Premier Life Insurance Company; and
- congratulations and a welcome to Rob Robinson on his appointment to the Board, as the Director from Canadian Premier Life Insurance Company.

Mr. Lobbezoo then invited new Director R. Robinson to introduce himself to his fellow CAFII Board members, and Mr. Robinson provided a self-introduction.

1.b 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. Review and Renewal of CAFII's 3 to 5 Year Strategic Plan

C. Lobbezoo called upon K. Martin to provide a *CAFII 3 to 5 Year Strategic Plan Review and Refinement Opportunities* presentation for the Board.

As an opening precept, Mr. Lobbezoo noted that if substantive new items were to be added to the CAFII Strategic Plan, there would need to be discussion of what existing items might fall off, as too many priorities would dilute the Association's focus. As well, substantive new priorities would require resourcing, including human resources implications and budgeting considerations.

K. Martin provided a review and refinement opportunities presentation on the current CAFII 3 to 5 Year Strategic Plan which had been approved by the Board of Directors in February 2018; and he answered clarification questions posed by Directors.

Mr. Martin noted that comments from Board members at previous Board meetings had suggested that there was general comfort with the strategic direction that the Association was taking. However, with the pace of change in the industry, combined with the passage of time and the changes brought about due to the COVID-19 pandemic, the Board felt that this was an opportune moment to review the strategy and obtain feedback from the Board about whether any adjustments should be made to it.

Mr. Martin highlighted that the Strategic Plan review document included some proposed tweaks to the CAFII Mission Statement, with the intent being to modify the wording to reflect more specifically a consumer-centricity in CAFII's mission, including a fundamental emphasis on the fair treatment of customers.

On the issue of CAFII's primary focus on relationship-building, communications, and advocacy with insurance regulators and policy-makers across Canada, the Board felt that the current approach and goals being pursued by the Association were effective and should continue.

The Board supported adding the Financial Consumer Agency of Canada (FCAC) as a key regulatory relationship body, to be included in CAFII's regulatory priorities going forward.

There was agreement that CAFII should continue to explore ways to proactively, and not just reactively, influence regulators and policy-makers on CAFII members' key priorities.

The Board supported adding periodic webinars to CAFII's toolkit as a vehicle for building relationships and getting our key messages out to regulators and policy-makers. Webinars should not replace in-person meetings/visits, but rather should supplement them, even after the COVID-19 pandemic subsides and in-person visits are possible again. There was general agreement that webinars can effectively complement in-person meetings, and provide opportunities to connect with more regulators and policy-makers— both those who are sole or panelist presenters in the webinars as well as those who attend as audience members.

With respect to the discontinued Canadian Bankers Association (CBA) benchmarking study on credit protection insurance which CAFII took over and relaunched in 2020 with RSM Canada as actuarial services provider, for which the Association had allocated \$67K annually for four quarterly studies, the Board supported continuation of that initiative as well as trying to improve the study's data quality and comparability going forward.

The Board was asked if CAFII should build upon the RSM Canada study and make the collection and sharing of CPI industry data statistics a new strategic priority, much like CLHIA had done through its annual "Canadian Life & Health Insurance Facts." Board members did not indicate a desire to move in that direction at this time.

It was noted that Canada's insurance regulators and policy-makers are increasingly reviewing what their counterparts in other international jurisdictions are doing -- including the US, UK, Singapore, and Australia -- and considering whether their initiatives are relevant in the Canadian context. The Board was asked if CAFII should make the sharing with members of intelligence about international insurance policy and regulatory developments and trends a new strategic priority? Board members noted that CAFII does have its antennae out on international developments already, so this is not really a new focus. The Board validated the importance of CAFII's continuing to monitor and disseminate insights about international developments, as they have the potential to influence Canadian regulators and policy-makers.

It was noted that CAFII has raised its media and public profile in recent years, and has therefore generated more media coverage. The Board was asked whether CAFII should look for more speaking opportunities for CAFII management to promote the Association's key messages and our Members' commitment to fair treatment of customers? The Board felt that speaking events would arise naturally in response to opportunities, and where appropriate CAFII should engage in these events. But the Board did not see the need to proactively explore opportunities for engaging in more of these events.

It was noted that the Association's members have observed a dramatic increase in consumers' willingness to engage with companies digitally during the COVID-19 pandemic. CAFII had therefore commissioned a Pollara Strategic Insights consumer research study to see if this trend was likely to become a permanent reality. The Board felt that digital trends will be an important future reality for the industry. The Board did not feel that this was a new strategic priority, in that it is already woven into the research and monitoring elements of CAFII's mission. But the Board did feel that digitization should become more of a central focus for CAFII going forward.

3. Adjournment

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the meeting be adjourned at 2:00 p.m.

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status Feb 19 2021
		Association Strategy and Governance			
1	EOC and Board: October 2019	Launch CAFII EOC Working Group to Explore a New Lower Dues Category of CAFII Membership, via a first meeting and a draft Terms of Reference for this Working Group.	B. Wycks/K. Martin	31-Dec-21	In progress/ See #2
2	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	K. Martin	31-Dec-21	In progress
3	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
4	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
5	EOC October 29, 2020	FRFI EOC members to share with Co-Executive Directors the work being done within their organizations on the FCAC's Appropriateness Guideline and about their organization's involvement in this file with the CBA; relevant EOC members	Elevant EOC members	31-Dec-21	In progress
		Regulatory Initiatives			
6	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	In Progress
7	EOC Feb 23, 2021	Inform insurance regulators and policy-makers across Canada that a new CAFII website video on critical illness insurance CPI and disability CPI videos has been published on the CAFII website and on Youtube	K. Martin	15-Mar-21	Completed
8	EOC Feb 23, 2021	Distribute Critical Path for CAFII's response submission on FSRA's UDAP Rule consultation and launch Market Conduct & Licensing Committee response development process	B. Wycks/K. Martin	15-Mar-21	Completed
		Website and Media Initiatives			
9	EOC Feb 23, 2021	Communicate to the EOC and Board when the video on critical illness CPI and disability CPI is published on the CAFII website and on Youtube	K. Martin	15-Mar-21	Completed

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Regulatory Update – CAFII Executive Operations Committee, March 29, 2021

Prepared By Brendan Wycks, CAFII Co-Executive Director

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Federal/National

Canadian Council of Insurance Regulators (CCIR)

Fair Treatment Of Customers Group To Develop Further Guidance On Incentives Management

In the Winter 2021 issue of its Communiqué newsletter – released March 1/21 and found here:

<https://www.ccir-ccrra.org/Documents/View/3643> -- CCIR advised that its Fair Treatment of Customers Working Group (FTCWG) had received approval from the Council, in its Winter Call on January 21/21, to proceed with an action plan to develop further guidance on incentives management. The FTCWG intends to engage with industry stakeholders for a pre-consultation about this in late Spring 2021.

CCIR's Spring Call To Take Place April 15-16/21.

In its Winter 2021 Communiqué newsletter, CCIR advised that its Spring Call of members would take place on Thursday, April 15 and Friday, April 16, 2021.

Canadian Life and Health Insurance Association (CLHIA)

CLHIA Becomes Supporter Of United Nations Initiative On Sustainable Insurance

In a media release issued December 15/20, the Canadian Life and Health Insurance Association announced that it had joined the United Nations' Principles for Sustainable Insurance (PSI) Initiative. The initiative is a collaboration between the United Nations Environmental Programme and the global insurance industry to promote greater environmental and social sustainability.

The principles seek to build upon insurers' core business of managing risk by engaging insurers around the world in developing innovative solutions, improving business performance, and contributing to environmental, social and economic sustainability.

"Understanding and managing environmental, social and governance risks is critical for insurance to remain affordable and accessible," Stephen Frank, CLHIA's President and Chief Executive Officer said. "The Principles for Sustainable Insurance play an important role in convening the global insurance industry to develop and share best practices in order to enhance its resilience in the face of future economic shocks related to climate change and extreme weather events."

Joining the PSI aligns with Canadian life and health insurers' continuing advocacy for governments to take action to reduce, mitigate and adapt to the risks of climate change, recognizing the dramatic and long-term risk that extreme weather events and altered global temperature patterns pose to public health.

CLHIA Opens Western Canada Government Affairs Office

In a media release issued February 23/21, the Canadian Life and Health Insurance Association announced the opening of a new government affairs office serving Western Canada.

The new office, based in Calgary, is CLHIA's first permanent operation west of Toronto.

"This new office reflects the continued and growing importance of Western Canada to Canada's life and health insurers," said Stephen Frank, the CLHIA's President and CEO. "Governments in the west, the Pacific and north are responding to their own challenges and there's a great deal that insurers can do to help public and private sectors ensure access to prescription drugs and mental health supports, as well as infrastructure investment."

Western Canada remains vital to Canada's life and health insurers. Fifty-nine insurers operate in the region, providing life insurance, health insurance and retirement solutions to 8.8 million western Canadians. In addition, 10 insurers are headquartered there, including not-for-profit health insurers, some of whom have a key role in administering public programs.

The Calgary office will be led by CLHIA's Director of Government Relations, Kim Doran, an experienced public affairs professional. The office will support CLHIA's members operating in the west and work with provincial and territorial governments and other regional stakeholders.

CLHIA Issues Statement To Combat COVID-19 Vaccine Misinformation And Hesitancy

On March 8/21, the Canadian Life and Health Insurance Association issued a media release which stated emphatically that, contrary to misinformation being shared on-line, receiving a COVID-19 vaccine will have no effect on the ability to obtain coverage or benefits from life insurance or supplementary health insurance.

The CLHIA release went on to say the following: *the CLHIA is aware of misinformation that is being spread through social media claiming that individuals who get the vaccine will not be able to get life insurance or may be denied their life insurance benefits. These claims are incorrect and have no basis in fact whatsoever.*

Canada's life and health insurers stress that vaccination is one of the most effective ways to protect yourself and others from serious illness and death from COVID-19. Receiving the vaccine will not affect your individual or workplace life or health insurance policies, or ability to apply for future coverage.

As with any medication approved for use in Canada, the COVID-19 vaccines have been found safe and effective through Health Canada's independent scientific and medical assessment process.

Individuals who have questions about their coverage are encouraged to consult their policy and contact their insurer directly.

Getting the vaccine will not affect your insurance coverage. No one should be afraid and choose to not protect themselves from COVID-19 because they are worried about it affecting their benefits. All of Canada's life and health insurers are supportive of Canadians receiving government approved vaccinations to protect themselves from serious illness and death.

Regulators Prominent On 2021 CLHIA Compliance And Consumer Complaints Conference Program

CLHIA's 2021 *Compliance and Consumer Complaints Conference* – which will be held entirely virtually on Wednesday, May, 5/21 and Thursday, May 6/21 over two half-days, starting at 12 Noon EDT on each day – includes several sessions featuring CAFII member-relevant insurance regulators, as follows:

- an *Update from the Canadian Council of Insurance Regulators (CCIR)*: a presentation by Frank Chong, current CCIR Chair and Deputy Superintendent of Financial Institutions, Regulation at the British Columbia Financial Services Authority (BCFSA);
- a *Regulatory Perspectives from Across Canada* session featuring the following as panelists: Angela Mazerolle, Superintendent of Insurance at the Financial and Consumer Services Commission of New Brunswick (FCNB); Erica Hiemstra, Head of Insurance Conduct, Financial Services Regulatory Authority of Ontario (FSRA); Frank Chong, Deputy Superintendent of Financial Institutions, Regulation, BCFSA; and Louise Gauthier, Senior Director, Distribution Policy Management at the Autorité des marchés financiers (AMF).

And, in addition, the following two CLHIA conference sessions may be of particular interest to CAFII members:

- Rule-Making Authority legal presentation by Jill McCutcheon, Partner, Torys LLP; and
- A Travel Insurance session – focusing on trip cancellation and interruption insurance in a group context as well as on new travel medical insurance products covering COVID-19 treatment – presented by Anthony Lin, Senior Counsel, Insurance, Manulife; and Neil Henderson, Director, Product and Pricing, Orion Travel Insurance.

Further conference program information can be found here:

<https://www.clhia.ca/eventdocs/programs/2021-JCCOS-Program-Draft.pdf>; or to register, visit here: <https://www.clhia.ca/domino/html/clhia/Events/CO406-21.nsf>.

Canadian Association Of Direct Relationship Insurers (CADRI)

CADRI Applauds Ontario Government's Support For FSRA-Led Insurance Regulatory Sandbox

In a written submission dated December 1/20, the Canadian Association of Direct Relationship Insurers (CADRI) stated its strong support of the Ontario government's *Bill 229, An Act to implement Budget measures and to enact, amend and repeal various statutes*.

CADRI said that it believes the Bill's measures to adjust auto insurance and insurance regulation are steps towards making auto insurance more affordable for Ontario drivers. With the Bill's implementation, CADRI opined, new opportunities will be offered to consumers as regulatory burdens are eased and new digital innovations are permitted.

CADRI also expressed its appreciation for the government's commitment to modernizing its Regulations and allowing Ontarians to conduct more of their business transactions online. The Association asserted that electronic communications are a fast and simple means for consumers and service providers such as insurance companies to communicate.

In that context, CADRI asserted its support for the government's intention to allow the electronic termination of insurance policies with customer consent because it will enable insurers to offer their customers the choice of a start-to-finish electronic communications package.

CADRI also welcomed the Ford government's proposal to allow FSRA to operate an insurance regulatory sandbox to pilot initiatives that bring new consumer-focused products and services to market more quickly in response to changing consumer needs. CADRI noted that its early preference was that insurance regulators across Canada agree to parameters for such sandboxes. Based on that perspective, CADRI intends to communicate with FSRA about its opportunity for national leadership around an insurance regulatory sandbox.

In a separate, subsequent submission dated March 18/21 to FSRA on its proposed Unfair and Deceptive Practices Rule, CADRI stated that it believes that providing FSRA's CEO with discretionary and exemptive powers so that the Authority can operate an insurance regulatory sandbox – which will create the conditions for flexibility and agile reaction to market conditions -- is a positive step. CADRI recommended that processes associated with Ontario's regulatory sandbox should be simple in design, quick in implementation and transparent in nature.

Provincial/Territorial

British Columbia

British Columbia Financial Services Authority (BCFSA)

Merger Integration Of Three BC Real Estate Regulators Within BCFSA Moves Ahead

On March 2/21, BCFSA issued a media release titled "Statement In support Of Legislative Change To Create A Single Financial Services Regulator," which reads as follows":

Today's announcement by Minister of Finance Selena Robinson is a positive step forward in better serving British Columbians by bringing together the Office of the Superintendent of Real Estate ("OSRE") and the Real Estate Council of BC ("RECBC") within the BC Financial Services Authority ("BCFSA").

This continues the collaborative work and planning that has been ongoing since the Province announced plans to integrate oversight of the real estate and financial services sectors in 2019.

Blair Morrison, CEO of BCFSA, said "we are extremely pleased by today's introduction of legislative amendments to bring our three organizations together. This is a major milestone in our journey to becoming a modern, efficient and effective regulator. Over the past year, team members across RECBC, OSRE, and BCFSA have been working hard to bring our collective strengths together, in the interest of building a stronger regulatory model that better serves British Columbians."

BCFSA, RECBC and OSRE are committed to keeping all stakeholders informed while work continues towards a smooth and seamless transition later this summer. Until the integration takes place, each organization will continue their work to protect the public interest under their separate regulatory mandates.

Following the integration of the three regulators, BCFSA will have regulatory responsibility for licensed real estate professionals; unlicensed real estate activity; real estate development marketing; mortgage brokers; credit unions; pension plans; trust companies; insurance companies; and the Credit Union Deposit Insurance Corporation of B.C.

BCFSA will announce its new organizational structure once the legislative amendments have been passed. Blair Morrison will remain as CEO with Erin Seeley (CEO, RECBC) and Micheal Noseworthy (Superintendent of Real Estate, Office of the Superintendent of Real Estate, Government of British Columbia) as members of a broader senior executive team.

BCFSA Launches Consultation On Draft Information Security Guideline

On February 18/21, BCFSA launched a 60 day public consultation on a draft Information Security Guideline for all BC credit unions, insurance and trust companies and pension plan administrators ("PRFIs").

In its bulletin announcing the consultation, BCFSA stated the following:

Organizations are becoming increasingly reliant on information technology to enhance their operations and provide better services to their clients resulting in more digital and online services. At the same time, organizations face increasingly aggressive and sophisticated attempts to circumvent security measures. The potential consequences of information security breaches constitute a concern for BCFSA.

As a result, BCFSA welcomes comment on the draft Information Security ("IS") Guideline which outlines expectations for PRFIs to mitigate their information security risks.

While developing this IS Guideline, BCFSA considered a range of best practices including guidance issued by other regulators. The principles and expectations discussed in the draft IS Guideline draw heavily from the National Institute of Standards and Technology report titled "Framework for Improving Critical Infrastructure Cybersecurity" (2018). Content from other national and international guidance documents was also considered. As well, BCFSA has retained the services of independent information security experts to assist with the development of the guideline.

The information security principles and expectations apply to all PRFIs regardless of size. However, in keeping with BCFSA's commitment to risk-based and proportionate supervision, the application of the IS Guideline will depend on the nature, scope, complexity, and risk profile of the PRFI.

The release of this IS Guideline draft signals the beginning of BCFSAs 60-day consultation process. BCFSAs values the feedback it receives during its consultations and, where appropriate, feedback will be used to amend and strengthen the IS Guideline. Once the IS Guideline is finalized, BCFSAs will communicate an appropriate transition period for implementation.

Please send all comments on the draft guideline to regulation@BCFSA.ca by April 19. BCFSAs will treat submissions of feedback as confidential records and will not publish individual submissions or attribute content. However, please note that all submissions received are subject to the Freedom of Information and Protection of Privacy Act.

BCFSAs Launches Consultation On Draft Outsourcing Guideline

On February 22/21, BCFSAs launched a 60 day public consultation on a draft Outsourcing Guideline for all provincially regulated financial institutions incorporated in BC ("PRFIs"), excluding pension plans as pension outsourcing responsibilities are covered by other legislation.

In its bulletin announcing the consultation, BCFSAs stated the following:

The draft Guideline outlines BCFSAs expectations for sound outsourcing risk management practices. The expectation are principles-based and closely align with guideline B-10 Outsourcing of Business Activities, Functions and Processes released by the federal Office of the Superintendent of Financial Institutions (OSFI).

Outsourcing is one of the major risks facing PRFIs. Businesses often outsource business activities, functions and processes to meet the challenges of technological innovation, increased specialization, cost control, and heightened competition.

However, outsourcing can increase an institution's dependence on third parties, which may increase its risk profile.

The draft Outsourcing Guideline takes a principles-based approach to assist PRFIs in managing this risk.

With the release of this draft Outsourcing Guideline, BCFSAs has commenced a 60-day consultation process (response submissions due by April 23, 2021). BCFSAs values the feedback it receives during consultations and, where appropriate, input will be used to amend and strengthen the Guideline. BCFSAs is particularly interested to receive feedback if there are any concepts or language that requires further clarification.

BCFSAs will review all comments prior to issuing a final Guideline and will allow for an appropriate transition period before implementation.

Insurance Council of BC

Insurance Council Adopts Proposed Continuing Education (CE) Guidelines

On February 24/21, the Insurance Council of BC announced that following analysis and assessment of stakeholder feedback on Proposed Continuing Education Guidelines obtained in a 2020 consultation, the voting members of the Insurance Council had approved the Proposed CE Guidelines and they will be brought into effect on June 1/21.

More information about this new Council policy and the supporting programs and additional resources that will accompany the new CE Guidelines roll-out and on the related timelines can be found here:

<https://www.insurancecouncilofbc.com/news/articles/2021/february/ce-guidelines-update/>.

Insurance Council Publishes Analysis Of Stakeholder Feedback On Proposed CE Guidelines

On February 24/21, the Insurance Council of BC published the following analysis of stakeholder feedback received in response to its May 2020 consultation on Proposed Continuing Education (CE) Requirements for insurance licensees.

Consultation on the draft CE Guidelines indicated strong interest in the topic of continuing education. Based on the amount of feedback and questions we received, it was evident that insurance licensees and industry stakeholders wanted to be heard and provide input on this aspect of licensees' practice requirements. In just over two months, we received nearly 4,600 responses from our licensees and stakeholders, either through email or surveys.

Overall, we identified a number of key themes in the feedback from licensees and other stakeholders:

- *licensees understand the importance of CE and are generally supportive.*
- *the draft CE Guidelines clearly outline the Insurance Council's proposed CE program requirements.*
- *licensees and stakeholders want more information about what is considered acceptable course content, and which courses are eligible.*
- *licensees were supportive of changes that increased flexibility in meeting CE requirements.*
- *licensees felt that CE requirements should recognize experience, additional designations through reductions in CE requirements.*
- *licensees want more value, relevance and availability of CE courses.*

In the consultation responses, licensees and industry stakeholders generally agreed with the importance of CE—that staying current with knowledge of insurance products and regulatory requirements supports good practice.

When it came to understanding CE program requirements, responses to the consultation indicated that the draft CE Guidelines were effective in outlining proposed CE requirements for licensees. However, the feedback also told us that licensees wanted more explanatory information about what is considered acceptable course content and eligible for CE credit.

Generally speaking, licensees supported changes that would add more flexibility to help them meet their CE requirements, such as carrying over CE credits to the next year and partial credit. However, the majority were not in favour of eliminating reductions to the amount of required CE credits for those with five or more years of experience or certain designations. Reasons most frequently given were licensees' strong feelings that CE requirements should take into account the level of knowledge already acquired through additional education and on-the-job experience.

Consultation also highlighted licensee perceptions about the value, relevance and availability of courses eligible to meet the Insurance Council's CE requirements. Many licensees indicated their willingness to participate in courses and other learning opportunities but felt there was a lack of available CE credit eligible courses that were of value to them, or diminishing returns from CE courses the longer an individual was licensed due to repetition.

These comments from licensees and stakeholders pointed to a number of areas in need of further clarification by the Insurance Council: in particular, increasing licensee awareness about what is eligible for CE credit. Various industry events, symposia and courses may qualify for CE credit, but may not currently be claimed by licensees. As well, the absence of advertised course accreditation does not necessarily indicate that a course is ineligible for credit.

In considering licensees' concerns about eliminating reductions to CE credit requirements for those with five or more years of experience or certain designations, members of Council had to weigh this input against the rationale for eliminating the reduction.

Firstly, eliminating the CE reduction would create harmonization with other provincial jurisdictions, relevant to those registered in multiple jurisdictions.

Secondly, because licensees can hold a licence without being active in the industry, a CE credit reduction based on number of years licensed would not adequately support public protection goals. Furthermore, where professional designations are concerned, since professional associations have varied CE requirements for their designations—and in some cases do not have any—broadly applying a reduction in CE credit requirements is problematic and does not establish a consistent amount of insurance-specific learning for all licensees.

Based on feedback received, we also noted that licensees wanted the implementation and deadline dates for CE program requirements to continue to align with the licence year, starting in June, rather than the proposed calendar year.

Insurance Council Launches Free Webinar For New Life And A&S Agents

On March 22/21, the Insurance Council of BC announced its launch of a free continuing education webinar for new life and/or accident & sickness agents who were first licensed on June 1/19 or later.

The webinar will cover life agent definitions and expectations; life and accident & sickness professional responsibilities and conduct; continuing education and E&O requirements; and licence renewal.

Multiple sessions of this live webinar will be offered, with dates currently available from April through May 2021. This is an optional session. Licensees who hold a life and/or accident & sickness licence and who attend the webinar in its entirety will receive a certificate for one CE credit. Pre-registration is required. Further information and the registration page can be found here:

<https://www.insurancecouncilofbc.com/news/articles/2021/march/new-life-agent-webinar/>.

Online Application For Individual Insurance Licences Now Available In BC

In March 2021, the Insurance Council of BC announced that, thanks to recent upgrades to its online portal, applications for individual insurance licences – life; accident & sickness; general; adjuster -- can now be submitted online. Online application for corporate licences, travel insurance sole-proprietor licences, and trainee registrations is not yet available, but is currently in development.

Insurance Council Launches Rules Review

On January 28/21, the Insurance Council of BC announced that, to ensure that insurance licence requirements continue to be relevant to industry and regulatory practices, it is launching a comprehensive, multi-phase review of its Insurance Council Rules. Licensees and other industry will be stakeholders engaged and consulted with, as a part of this multi-year initiative.

The Insurance Council of BC's Rules were introduced in 2005. Over the years, there have been several updates, but the Rules have not been reviewed in their entirety since their initial introduction.

The Council Rules Review Project, currently underway, will examine each of the Rules, considering the impact they have on licensees, the industry, and the Council's mandate of public protection.

The review will identify provisions that need to be clarified or aligned with current practices, that are outdated and in need of updating, and that may need to be revised to achieve desired regulatory outcomes.

The nine Insurance Council Rules will be divided into groups for purposes of the review. Each group of Rules will be reviewed, and any proposed revisions will be brought to the voting members of Council to seek approval for public consultation. If approved, following a minimum 60-day consultation period, the feedback would be brought to Council to consider.

Council would then decide if and when to submit proposed Rule changes to the Minister of Finance for review and final approval.

The process for each group of Rules is as follows:



This process will be repeated for each group of proposed Rule changes until all the Rules have been reviewed. The Insurance Council expects this project to extend into 2023, owing to the volume and complexity of information to be considered, the time required for consultation, and legislative requirements.

Under BC's *Financial Institution Act* Regulations, proposed changes to Insurance Council Rules are subject to public consultation. As a part of the consultation process for each group of proposed Rule changes, the following will be made available to the licensees, the public and other stakeholders:

- the wording for proposed rule changes
- an explanation of the changes
- information on how to provide feedback.

This information for each group of Rule changes will be made available as they are confirmed for consultation by the voting members of Council.

On March 12/21, the Insurance Council opened a public consultation on the first set of Rules. That consultation on *Rule 5: Council Fees*; and *Rule 6(1)(b): Location Restrictions for General Insurance Salespersons* closes on May 11/21. For further information on this consultation arising from the Insurance Council's Rules Review can be found here: <https://www.insurancecouncilofbc.com/about-us/engagement/council-rules-review/rules-5-6/>.

Insurance Council Temporarily Stops Issuing Product-Specific Restricted Licences

On March 1/21, the Insurance Council of BC published a bulletin on its website advising that it had recently identified an issue with its process for granting licences restricted to the sale of one or more specific products; and, as result, it has temporarily stopped issuing new licences with product-specific restrictions.

In addition to its regular licensing process, the Insurance Council has for many years also issued restricted licences—a type of licence with conditions imposed on it to limit the scope of practice. This is done in occasional circumstances where individuals or companies applying for licensure do not meet the standard requirements for a full licence under the Insurance Council Rules, but their insurance activities are limited to the sale, or adjusting, of one or more specific products.

A recent legal review of the process for granting product-specific restricted licences has determined that while the Insurance Council has the legislative authority to issue restricted licences under the *Financial Institutions Act*, the process is not set out in the Insurance Council's Rules. This makes the act of granting these restricted licences *ultra vires*, i.e., beyond the scope of the powers currently defined in its rules. In order to avoid non-compliance with the *Act*, the Insurance Council has ceased issuing product-specific restricted licences until the matter can be resolved.

The Council advises that it is working diligently to address this situation. While it anticipates that this issue will not be resolved in the short term, it is a high priority and the Council will keep licensees and stakeholders informed as it works to resolve the matter.

The Council anticipates that addressing this matter will require the creation of one or more new Insurance Council Rules to establish a framework for a revised restricted licensing process. Section 225.1 of the *Financial Institutions Act* sets out the Insurance Council's ability to make rules.

The creation of Insurance Council Rules under the *Financial Institutions Act* is a complex undertaking and may take anywhere from 18 to 24 months. Any new Rule will need to be approved by government following legal analysis and public consultation in compliance with the *Act's* Insurance Council Rule-making Procedure Regulation. As such, a new rule is not expected to be in place before August 2022.

Alberta

Alberta Treasury Board And Finance (ATBF)

Alberta Appoints Mark Brisson As New Superintendent Of Insurance

In the Winter 2021 issue of its Communiqué newsletter – released March 1/21 and found here: <https://www.ccir-ccrra.org/Documents/View/3643> -- the Canadian Council Of Insurance Regulators (CCIR) reported that in its Winter Call held January 21/21, it welcomed Mark Brisson, Alberta's new Superintendent of Insurance, to the Council's membership.

Mr. Brisson replaced Sherri Wilson as Alberta's Superintendent of Insurance in December 2020. Ms. Wilson, who had been the province's Superintendent of Insurance for just one year, from January through December 2020, is now Alberta's Deputy Minister, Children's Services.

Mr. Brisson is Alberta's new Superintendent of Insurance, Pensions, and Financial Institutions and Assistant Deputy Minister, Financial Sector Regulation and Policy Division at Alberta Treasury Board and Finance. Over a 23 year public service career, he has held positions in both the Alberta and British Columbia provincial governments and those provinces' health systems. He has led business, technology, and policy transformation initiatives at the regional, provincial and pan-Canadian levels of the public sector, most recently as Senior Assistant Deputy Minister of Corporate Planning and Red Tape Reduction in Alberta.

Mr. Brisson holds Bachelor degrees in Economics and Health Information Science and professional certificates in project management and public sector policy.

Ontario

Financial Services Regulatory Authority of Ontario (FSRA)

FSRA Seeks Applicants For New Credit Union Technical Advisory Committee

On March 11/21, FSRA announced on its website that it was looking for members to join a new *Technical Advisory Committee for Credit Union Data Strategy and Digital Transformation*. This committee will play an important role in enhancing FSRA's credit union regulatory efficiency and effectiveness through data, analytics, and digital technology.

Members of this committee will provide FSRA with advice and insight to deliver on the following outcomes:

- advice to inform FSRA's data collection strategy and implementation plan to improve credit union regulation and the protection of member deposits; with a focus on regulatory reporting, risk data, and integrating data from the credit union system in an effective and efficient way;
- advice to inform the future state of data sharing in the credit union system;
- advice on regulatory implications governing the use of data to protect the safety and soundness of the sector while promoting market innovation; and
- advice on the framework used to assess the adequacy of the Deposit Insurance Reserve Fund.

The committee will consist of 10 to 14 members. FSRA is seeking representation from, but not limited to, credit unions, data experts, and fintech/regtech companies.

FSRA is encouraging applications from individuals with executive level or extensive experience related to data management, data governance, and predictive data analytics; risk management and stress testing; and regulatory technology (financial services). Members of the committee will participate in, at minimum, two meetings, scheduled to begin in May 2021 (with a potential meeting in late July 2021).

FSRA's stated deadline for applications was March 26/21. Click here for the committee's [Terms of Reference](#).

Québec

Autorité des marchés financiers (AMF)

AMF Appoints Kim Lachapelle As Interim Superintendent, Client Services and Distribution Oversight

The AMF recently updated the Senior Management and Internal Audit page on its website to indicate that Kim Lachapelle has been appointed Interim Superintendent, Client Services and Distribution Oversight. The AMF has not, to date, issued any official announcement about this interim appointment.

The Interim Superintendent role is in addition to Ms. Lachapelle's primary AMF responsibilities as Vice-President, Strategy, Risks, and Performance.

As Interim Superintendent, Client Services and Distribution Oversight, Ms. Lachapelle succeeds Frederic Perodeau, who vacated that AMF senior executive position in December 2020 to become a Quebec Superior Court judge.

Ms. Lachapelle's capsule biography on the AMF website reads as follows:

Kim Lachapelle has been Vice-President, Strategy, Risks and Performance at the Autorité des marchés financiers (AMF) since September 2018.

In this role, she is responsible for the AMF's integrated risk management program and for supporting the AMF's various units by monitoring, developing and maintaining the relevance of the organization's performance indicators.

Ms. Lachapelle supports and oversees the strategic monitoring activities of AMF staff and their participation in various national and international forums so as to promote an integrated view of market developments and the work conducted within those forums and enhance the AMF's strategic directions and risk management. Ms. Lachapelle also develops, coordinates and monitors the AMF's strategic planning and annual activity plan.

In early 2020, her responsibilities as Vice-President were expanded to encompass changes to AMF Monitoring, Risks and Performance and the addition of a new branch, AMF Data Valorization, Fintech and Innovation. This new branch enables the AMF to both optimize the use of data in support of its actions and be as proactive as possible with respect to technology and industry transformation. The branch is responsible for developing and co-ordinating data governance and valorization activities, furthering the development of the fintech strategy, and rolling out the innovation strategy.

Prior to this, from 2008 until her appointment at the AMF, Ms. Lachapelle was Secretary General of the Canadian Securities Administrators (CSA), the council of the securities regulators of Canada's provinces and territories, where she helped to improve the management and co-ordination of regulatory proposals and initiatives and to develop and implement the CSA strategic plan.

Before joining the CSA, Ms. Lachapelle served as Corporate Secretary of Jean Coutu Group (PJC) Inc., where she oversaw large transactions. She was also Corporate Secretary and Legal Counsel at Pebercan Inc. and, prior to that, practised insurance law with Robinson, Sheppard, Shapiro. Ms. Lachapelle is known for her leadership in the management and governance of complex environments and the development of lasting relationships with internal and external stakeholders.

Ms. Lachapelle holds a Bachelor of Laws from the Université de Montréal and has been a member of the Québec Bar since 1992. In 1999, she completed an MBA at HEC Montréal. Ms. Lachapelle is also a Fellow of the Institute of Chartered Secretaries and Administrators Canada and completed the Canadian Securities Course (CSI) with honours. She is a member of the boards of directors of the Externat Mont-Jésus-Marie corporation and the Québec branch of the Institute of Chartered Secretaries and Administrators (ICSA). From 2011 to 2016, Ms. Lachapelle served as director and then chair of the board of the Centre d'accès à l'information juridique (CAIJ).

AMF Seeks Candidates For Technological Innovation Advisory Committee

On March 21/21, the AMF announced that it was seeking candidates to fill five positions on its Technological Innovation Advisory Committee ("TIAC").

The TIAC serves as a forum for sharing practical insights into technological innovation in the financial services and products industry and maintaining an open dialogue between industry stakeholders and the AMF. The TIAC's mission is to monitor technological developments in the financial markets and assist the AMF in identifying and analyzing issues related to financial innovation in Québec's financial sector. To maximize its effectiveness, members must have extensive experience in their respective fields and a solid understanding of financial markets or the regulation of financial markets.

Set up and co-ordinated by the AMF, the TIAC is composed of up to 15 outside experts from various sectors and professions related to technological innovation in the financial industry and representatives of the AMF.

The members of the TIAC are selected by the AMF, which reserves the right to invite one or more other individuals to participate on a regular or *ad hoc* basis where the AMF considers it necessary to ensure appropriate representation or to meet the committee's needs. If a member resigns from the TIAC, the AMF will select a successor.

Members are appointed for an initial two-year term, renewable in accordance with terms and conditions determined by the AMF. TIAC meetings are planned in co-operation with the members and take place four to six times per year. The meetings may vary in frequency and duration depending on the current issues and matters discussed.

The deadline for applications is April 23, 2021. Further information can be found here:

<https://lautorite.qc.ca/en/general-public/media-centre/news/fiche-dactualites/amf-seeking-candidates-for-five-positions-on-technological-innovation-advisory-committee>.

New Brunswick

Financial and Consumer Services Commission of New Brunswick (FCNB)

FCNB Announces Tabling Of Insurance Act Rewrite Legislation; CAFII Obtains Clarifications

On March 17/21, David Weir, a lawyer and long-serving staff executive at the Financial and Consumer Services Commission of New Brunswick (FCNB), issued the following notice to industry stakeholders including CAFII:

Dear Stakeholder,

As you may be aware, today the Minister of Finance and Treasury Board introduced a Bill seeking to amend the New Brunswick Insurance Act. The Bill is not posted yet, but should be later today or tomorrow on this page - <https://www.qnb.ca/legis/bill/FILE/60/1/Bill-33-e.htm>.

The primary purpose of this Bill is to update our intermediary licensing frameworks. This is a two stage process as some of the proposals for modernizing the intermediary licensing framework will be in the amended Act and other parts will be in a new Rule that will be forthcoming from the Commission later in the year.

As one of our key stakeholders, below you will find highlights of some of the changes found in the Bill:

- *Rule-Making Authority* – As alluded to above, the Bill will provide the Financial and Consumer Services Commission with concurrent authority to make rules on various matters within the Commission’s regulatory mandate. Rules are similar to regulations passed by government and must be approved by the Minister. The ability to make Rules provides greater flexibility to deal dynamically with an ever-changing insurance marketplace. While the Bill introduces many changes respecting licensing of intermediaries, many of the details of the licensing framework will be in the Rule. The intent is that the Rule will incorporate and update many things that are currently in various regulations (e.g., licensing levels, qualifications and market conduct matters) and provide specific details on other licences that are being introduced (adjusting firms, agencies, managing general agents and restricted licences).

Most of these items had previously been raised in consultation papers issued by the Commission on various topics. The Bill also proposes to repeal some provisions in the Act. The intent is to move some of these to the new Rule. This includes certain exemptions to licensing requirements currently found in the Act and the requirements related to trust accounts. Other antiquated provisions are being eliminated. When the draft Rule is complete, the Commission will publish it for comment and then make any necessary changes to finalize the Rule.

With respect to licensing, the Bill includes the following changes:

- *Eliminating Distinct Non-Resident Licence* – New Brunswick currently has a distinct non-resident broker licence for general insurance. Eliminating it means that all licence holders carrying out similar activities will hold the same licence and be subject to the same qualifications and responsibilities. The Rule will allow for equivalences for non-residents.
- *Eliminating Agent/Broker Distinction for licensing purposes* - The Bill proposes merging agents and brokers for licensing purposes for general insurance with a new definition of “agent” that captures both. Again, this will ensure that all licence holders carrying out similar activities will hold the same licence and be subject to the same qualifications and responsibilities. The Bill protects brokers and consumers by placing restrictions on who can hold themselves out as a “broker or brokerage”. The specific classes and levels of agent licences will be in the Rule.
- *Prohibiting the use of unlicensed individuals or businesses* – Although the Act currently prohibits individuals from acting as an intermediary without a licence, the Bill introduces a clear prohibition against an insurer or others allowing individuals or businesses to act on their behalf if the individual or business is not licensed or otherwise authorized or exempted.

- Licensing Corporations, Partnerships and Sole Proprietorships – The Bill introduces licensing of adjusting firms and agencies (which includes brokerages). The Bill also introduces licensing for managing general agencies (MGAs) and third-party administrators (TPAs) to clearly bring them within the Commission's regulatory authority.
- Licensing for Incidental Sales of Insurance – The Bill introduces authority for the Superintendent to issue a restricted insurance representative licence to certain individuals and businesses that sell insurance incidentally to the sale of other products or the provision of services (e.g., life insurance on a mortgage). The details of the restricted insurance representative licence and the various consumer protections specific to the licence will be in the Rule.
- Insurance with Unlicensed Insurers Through Special Insurance Brokers – The Bill will expand the types of insurance that can be obtained from an unlicensed insurer beyond just fire and marine insurance. The amendments will allow all lines of insurance other than automobile, life and accident and sickness to be arranged through a special insurance broker. This allows insureds with hard to place risks to go outside New Brunswick or even Canada.

The Commission also recommends requiring the special broker to advise a consumer of certain risks about purchasing insurance through an unlicensed insurer.

- Elimination of Damage Appraiser Licence – The Bill will eliminate licensing of damage appraisers (New Brunswick is the only province that currently licenses damage appraisers). However, the Bill maintains regulatory oversight of individuals engaged in damage appraising. In particular, an insurer or adjusting firm allowing a damage appraiser to act on its behalf must ensure that the damage appraiser is properly qualified and must provide oversight.

The Superintendent will also have the authority to prohibit an individual from acting as a damage appraiser if the person is not suitable.

Other changes include:

- Eliminating the Requirement on Insurer to File Notice or Process – This requirement does not provide a lot of information on industry practices or trends to the Commission. Reviewing court decisions and accessing insurers' annual market conduct statements provide better information to help understand what is happening in the marketplace. Eliminating the requirement would remove an unnecessary burden on insurers.
- Allowing for Diagnostic and Treatment Protocols – The amendments provide authority to introduce diagnostic and treatment protocols for motor vehicle accident victims who suffer a common collision injury. The over-riding objective of the protocols is to ensure that people who are injured in collisions receive fast and effective treatment to support their recovery. This would be accomplished by regulation, but the Act needs to be amended to include regulation-making authority to enable the adoption of the protocols.

While some of the changes will be coming into effect as soon as the Bill receives Royal Assent, several provisions will come into effect at a later date (on proclamation). This will allow time for the Rule to be finalized and for the Commission's systems to be updated.

I trust that you will find this information helpful. Although you are free to discuss the subject matter with others in your organization, I would ask that you keep it within your organization. If you have any comments or questions, please do not hesitate to contact me.

Subsequent to Mr. Weir's announcement on behalf of FCNB, CAFII reached out to him and obtained the following clarification information (responses appear in red font) on two key follow-up questions:

- with respect to the new Rule that will be forthcoming from the Commission later in 2021, will you be holding a public/industry consultation on the proposed contents of the new Rule (i.e. on an advanced/refined draft of the Rule)?; and

The Commission practice is to post a proposed Rule for 60 days to allow for stakeholder comment. As you may recall, we had done this for our proposed Rule for fee changes several years ago. The Rule will have significant details for the insurance intermediary licensing framework. If there are issues that we need feedback on prior to the posting, we will reach out to targeted stakeholders as required.

- with respect to any new measures/compliance requirements that are introduced in either the amended Insurance Act or the new Rule which will have IT systems change and/or consumer notification implications for industry players, will there be a reasonable transition period allowed prior to the "in force date" of any new measure or requirement? As you may recall, CAFII always requests a transition period of 12 to 18 months whenever changes are introduced which have IT systems change implications.

As you can appreciate, the Commission has been seeking to update our intermediary framework for a long time. Therefore, we feel that it important to not delay introducing the changes too long. However, we appreciate that some stakeholders may require some lead up time before implementation.

We feel that many of the changes that are in the Act or will be in the Rules with respect to intermediary licensing are matters that have already been discussed in the several consultation papers that the Commission had published.

Although there are some changes to the proposals based on feedback from the consultation, the essence of the proposals is intact. Also, many of the proposals mirror what is already in place in some other jurisdictions. Given that the Bill has been introduced, we are hopeful that industry will be looking into what, if any, IT changes will be required. Are there any specific matters that cause CAFII particular concern in this regard?

Given our Association's highly relevant expertise and experience in the area of restricted insurance representative licensing regimes, we are very keen to have a consultation opportunity -- including a face-to-face or virtual meeting with you and/or other FCNB colleagues -- to provide feedback on "the details of the restricted insurance representative licence and the various consumer protections specific to the licence" which you've indicated will be in the new Rule.

As I'm sure you can appreciate, CAFII's view is that when it comes to introducing such a new licensing regime in New Brunswick, the details will be critically important to its efficient and effective functioning; and, in an apt phrase, "the devil will be in the details."

As indicated, we will be publishing our proposed Rule for 60 days comment. The Rule will have the details of the restricted insurance representative framework. However, I would welcome discussions with CAFII on any thoughts that you may have about our proposals beyond the feedback that CAFII had provided in your response to our consultation paper. Perhaps we can set up a virtual meeting in a few weeks.

CAFII Consultations/Submissions Timetable 2021-22

Regulatory Issue	Deliverable	Deadline	Accountable
BC Ministry of Finance 10-Year Review of FIA (Initial Public Consultation Paper released June 2, 2015)	<ul style="list-style-type: none"> Revised Financial Institutions Act (FIA) tabled in the legislature CAFII Meeting with Ministry of Finance staff executives <i>CAFII Follow-up Meeting (Virtual) with Ministry officials Re CPI Sales Practices and Related Fair Treatment of Consumers Considerations</i> CAFII submissions on draft Regulations in support of Revised FIA 	<ul style="list-style-type: none"> October 21/19 October 25/19 Q2 or Q3 2021 Q2 through Q4 2021 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-EDs to monitor
AMF Sound Commercial Practices Guideline Update	<ul style="list-style-type: none"> AMF releases consultation document for 60 day period CAFII submission on updated Sound Commercial Practices Guideline 	<ul style="list-style-type: none"> <u>Q2 2021 (expected)</u> Q2 2021 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
Quebec Bill 141 and Related Regulations (including Regulation Respecting Alternative Distribution Methods, RADM)	<ul style="list-style-type: none"> 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 CAFII receives AMF acknowledgement response to July 7/20 submission, indicating “We acknowledge receipt of your correspondence and will get back to you with comments following the analysis of the issues raised AMF responds to CAFII’s “creative solutions” submission AMF launches consultation of Draft Regulation Respecting Complaint Processing CAFII submission on Draft Regulation Respecting Complaint Processing 	<ul style="list-style-type: none"> July 7/20 July 9/20 <u>Q2 2021 (expected)</u> <u>Q2 2021 (expected)</u> Q2 2021 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-EDs to monitor
CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers	<ul style="list-style-type: none"> 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 <i>CCIR/CISRO FTC Working Group accepts proposal in CAFII’s July 2/20 letter</i> 	<ul style="list-style-type: none"> July 2/20 August 31/20 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
SK Bill 177	<ul style="list-style-type: none"> FCAA delays implementation of new Act and Regulations to Jan 1/20 FCAA releases transition-related Guidance and Interpretation Bulletin FCAA releases further transition-related Guidance/Interpretation Bulletin(s) 	<ul style="list-style-type: none"> November 26, 2018 May 17, 2019 <u>Q2 2021 (expected)</u> 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
FCNB Insurance Act Rewrite and Introduction of RIA Regime	<ul style="list-style-type: none"> FCNB launches industry consultation on RIA licensing regime model CAFII submission on FCNB’s RIA Regime licensing regime model <i>FCNB launches informal stakeholder consultation on applicability of A&S insurance provisions of various provincial Insurance Acts to New Brunswick</i> <i>CAFII responds to FCNB consultation on A&S Insurance Act provisions</i> CAFII/CLHIA send joint response to FCNB’s further Insurance Act Rewrite questions (received November 6/20) <u>FCNB announces tabling of An Act to Amend The Insurance Act in NB legislature; and that implementation Rule will follow in late 2021 (with 60 day public consultation)</u> 	<ul style="list-style-type: none"> November 29, 2019 January 31, 2020 July 2020 October 22/20 December 22/20 <u>March 17/21</u> 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
Financial Services Regulatory Authority of Ontario (FSRA) Regulatory Consultations	<ul style="list-style-type: none"> FSRA launches preliminary consultation on Transforming FSCO’s Unfair or Deceptive Acts or Practices (UDAP) Regulation Into A FSRA Rule CAFII responds to FSRA’s preliminary consultation on Transforming FSCO’s Unfair or Deceptive Acts or Practices (UDAP) Regulation Into A FSRA Rule FSRA launches consultation on FY 2021-22 Statement of Priorities and Budget CAFII responds to FSRA consultation on FY 2021-22 Proposed Statement of Priorities and Budget CAFII speaks to its submission on FSRA’s FY 2021-22 Statement of Priorities and Budget at Stakeholder Advisory Committee meeting with FSRA Board CAFII responds to FSRA consultation on Unfair and Deceptive Practices (UDAP) Rule <u>CAFII meets with FSRA and CLHIA virtually re follow-up questions arising from UDAP Rule submissions</u> 	<ul style="list-style-type: none"> September 2020 October 7, 2020 October 7, 2020 November 3, 2020 November 25/20 March 18/21 <u>March 24/21</u> 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor

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

Agenda Item 2(f)
April 13/21 Board Meeting

CAFII Insurance Regulator and Policy-Maker Meetings/Interactions
From February 19/21 To March 24/21

<u>Date</u>	<u>Event/Occasion</u>	<u>Who</u>
March 12 to 24, 2021	Organization of CAFII Fireside Chat Webinar With Glen Padassery, Executive Vice-President, Policy and Chief Consumer Officer, Financial Services Regulatory Authority of Ontario (FSRA); includes interaction with Diba Kohandani, FSRA's Engagement & Events Co-ordinator, Public Affairs	Keith Martin reaches out to Glen Padassery with a pitch email inviting him to be the discussant/presenter in a CAFII Fireside Chat Webinar about recent FSRA initiatives being pursued under his responsibility/authority as EVP, Policy and Chief Consumer Officer, including his direction/management of FSRA's Consumer Advisory Panel launched on January 23/20. Webinar now confirmed for Wednesday, April 28/21 from 1:00 to 2:00 p.m. EDT, with a practice session/dry run to be set up with Glen Padassery for the prior week.
March 22, 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, attends meeting and interacts 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.

March 24, 2021	Special FSRA-Called Meeting with CLHIA and CAFII Around Concerns Raised By Group Insurance/Employee Benefits Advisors Related To How Section 7 (Incentives) of FSRA's Proposed UDAP Rule Would Apply To Their Sector Within Life and Health Insurance (but which also included unexpected questioning about CAFII's and CLHIA's written submissions on FSRA's Proposed UDAP Rule)	Keith Martin and Brendan Wycks from CAFII – along with Lyne Duhaime, Brent Mizzen, and Justin Glinski from CLHIA – meeting with several FSRA staff executives, including Stuart Wilkinson, Jennifer Chan, and Chris(tine) Caldarelli
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CAFII Insurance Regulator and Policy-Maker Meetings/Interactions
From January 21/21 To February 18/21

<u>Date</u>	<u>Event/Occasion</u>	<u>Who</u>
January 26, 2021	Virtual Meeting of the Canadian Association of Pension Supervisory Authorities (CAPSA)'s Capital Accumulation Plan Guideline Industry Working Group.	Brendan Wycks, CAFII's representative on this Industry Working Group, attends meeting and interacts 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.
February 8, 2021	Virtual Meeting of the Canadian Association of Pension Supervisory Authorities (CAPSA)'s Capital Accumulation Plan Guideline Industry Working Group.	Brendan Wycks, CAFII's representative on this Industry Working Group, attends meeting and interacts 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.
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CAFII Insurance Regulator and Policy-Maker Meetings/Interactions
From November 11/20 To January 20/21

<u>Date</u>	<u>Event/Occasion</u>	<u>Who</u>
November 25, 2020	Virtual Meeting of FSRA's Sectoral Advisory Committee (SAC) on Life and Health Insurance with the FSRA Board of Directors to discuss industry feedback on FSRA's proposed 2021-22 priorities for the sector.	Keith Martin, CAFII's representative on the SAC, attends meeting and at invitation of FSRA Board Chair Bryan Davies, speaks to the highlights of CAFII's written submission on FSRA's proposed 2021-22 priorities for the life and health insurance sector – noting, in particular, a desire to see FSRA begin to play a prominent role on the international regulatory stage, as a member of the International Association of Insurance Supervisors (IAIS).
December 10, 2020	On behalf of CLHIA and CAFII, Brent Mizzen, at CLHIA, submitted a joint letter to the Insurance Councils of Saskatchewan on Industry Nominees For Appointment To Founding/Inaugural Saskatchewan RIA Advisory Committee.	Ron Fullan, Executive Director, and April Stadnek, Director, Strategic Initiatives, Insurance Councils of Saskatchewan.
December 10, 2020	Acknowledgment reply to CLHIA/CAFII joint submission on Industry Nominees For Appointment To Founding/Inaugural	Ron Fullan, Executive Director, ICS, responded as follows: <i>Thanks Brent et al. A first official step in an important and exciting initiative!</i>

	Saskatchewan RIA Advisory Committee.	
December 22, 2020	CAFII and CLHIA made joint submission to David Weir, FCNB in response to his New Brunswick Insurance Act Rewrite-based follow-up questions (received November 6/20) with respect to insurance monies to be paid to a minor where no trustee has been named.	David Weir, FCNB responded as follows on December 23/20 to Brendan Wycks, Keith Martin, and Rob Dobbins (CAFII signatory) of CAFII and Kate Walker and Craig Anderson of CLHIA: <i>Thank you for this information. I would like to thank both CLHIA and CAFII for all of the contributions on the Modernization Project. Your feedback has been very helpful.</i>
January 15-18/21	Brendan Wycks shared/forwarded a Miller Thomson legal advisory newsletter article (see Appendix A) on a Draft Member's Bill in Ontario re life insurance viatical settlements with relevant FSRA Market Conduct Division staff executives, given that FSRA is specifically mentioned in the article.	Erica Hiemstra, at FSRA, replied to Brendan Wycks as follows: <i>Thanks for sharing the article. As the article highlights, life settlements are a multi-faceted issue with important implications for Ontario consumers.</i>
January 15-18, 2021	Brendan Wycks shared/forwarded a Miller Thomson legal advisory newsletter article (see Appendix A) on a Draft Member's Bill in Ontario re life insurance viatical settlements with relevant BCFS staff executives, given that BCFS is specifically mentioned in the article.	Frank Chong, at BCFS, responded to Brendan Wycks as follows: <i>Received, with thanks.</i>

January 19, 2021	Brendan Wycks sent follow-up email to Ron Fullan and April Stadnek, Insurance Councils of Saskatchewan, asking for an update on its plans for utilizing the CLHIA/CAFII joint submission on Industry Nominees For Appointment To Founding/Inaugural Saskatchewan RIA Advisory Committee.	Ron Fullan, Executive Director, ICS, responded as follows: <i>Thanks for the follow-up. One of my to-do's for the near future is contacting the nominees and getting the process started. I will be in touch when that is underway about initial steps. I think we'll want to have the group (or the group and the associations) identified some issues for discussion. We'll also want to spend some time taking about timing of the first meeting, and what launch tasks we need to complete. We will be moving forward with the 7 people nominated.</i>
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Appendix A

Gifts Of Life Insurance In Ontario: MPP Introduces Bill Amending The *Insurance Act*

By Susan M. Manwaring and Katrina Karys, Miller Thomson, January 15, 2021

[Gifts of life insurance in Ontario: MPP introduces bill amending the *Insurance Act* | Miller Thomson LLP](#)

An Ontario MPP recently introduced a private Member's bill that would amend the Ontario *Insurance Act* (the "**Act**"). The amendment purports to amend the prohibition on trading and trafficking in insurance policies so that it does not apply if the policy is sold or assigned by the original policyholder or a transferee, used as collateral security or donated to a charity. The provisions in the Bill that deal with the donation of a policy to a charity exempt donations of life insurance policies from the prohibition on trading or trafficking in insurance policies if the insurance has been held for more than two years. The Bill has been referred to the Standing Committee on Finance and Economic Affairs.

We think this Bill is problematic for several reasons. First, by creating this exemption, MPP Rudy Cuzzetto appears to be accepting that, under the current Act, the transfer of an insurance policy to a charity constitutes trading or trafficking. The regulator in Ontario has not previously taken that position publicly and thus the need for the provision is questionable. The Bill would also introduce into Ontario a regime which would permit the sale of insurance policies – commonly known as life settlement or viatical transactions. Generally these types of transactions are prohibited in Canada. Such a dramatic change to the landscape should, in our view, only be considered after public consultation and careful consideration by the government.

With respect to donations of life insurance to charities, donors have used life insurance to facilitate charitable giving for years. One common giving method allows a donor to leave a legacy gift, naming a charity as the beneficiary of their life insurance policy. When the donor passes, the recipient charity receives a gift which is higher in value than the cost to the donor. While the Act does not explicitly recognize charities as potential beneficiaries, it is the position of the Financial Services Regulatory Authority of Ontario (“**FSRA**”) (previously the Financial Services Commission of Ontario) that a policyholder can name a charity as beneficiary. The other methods involve a donor purchasing a new policy and naming a charity as owner and beneficiary and a policyholder transferring a paid-up or partially paid-up policy to a charity. While perhaps less common than beneficiary designation alone, these two giving methods are long-established. FSRA has not historically targeted for regulation any of these methods of donation used. That said, it is true that transfers of insurance policies to charities have become a topic of discussion in the charitable sector after they were called into question by the provincial regulator in British Columbia.

Letters were received by two charities in British Columbia from the BC Financial Services Authority (“**BCFSA**”) which appeared to question the legality of gifts of life insurance through the transfer of a policy. BCFSA’s unexpected statement was met with much confusion and criticism, stemming from a concern that it may limit donations of life insurance policies. BCFSA attempted to clarify its position in a subsequent bulletin, stating that charities are not generally prohibited from soliciting nor accepting donations of life insurance. However, as discussed in our [previous article](#), the regulator did not explain how it would interpret the anti-trafficking provisions with respect to transfers to charities.

Why this Bill, and why now? The preamble to the Bill states that the amendments will modernize the Act to allow life settlements and life loans, providing Ontario seniors with an alternative financial resource. The addition of the provision with respect to charitable donations is less understood. In fact, it would create a limit on donations of insurance policies to charities that does not exist today. Frankly, we think the Bill leaves more questions than answers and suggest that these topics are of public importance and that public consultation should be held before the Bill proceeds. We will follow the development of the Bill as it proceeds through debate and public hearings.

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, 8th 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, 8th 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, 8th 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, 8th Floor, Toronto, ON

Briefing Note

CAFIL Board Meeting 13 April, 2021—Agenda Item 3(a)

Governance Matters—Tentative Plan For Return To In-Person CAFIL Board Meetings:

December 7, 2021 CAFIL Board Meeting and Immediately Ensuing Holiday Season Reception

Purpose of this Agenda Item – *Update*

This is an update only.

Background Information

On a contingency basis only, CAFIL is preparing for the possibility of an in-person Board meeting and Holiday Season Reception on 7 December, 2021. We are working on a tentative venue with CIBC Insurance, which is the member next in line to host an in-person Board meeting and immediately ensuing CAFIL Reception event.

Recommendation / Direction Sought – *Update Only*

No action required, but the Board's view on whether an in-person December 2021 Board meeting and Holiday Season Reception is likely, and appropriate to plan for, would be welcome.

Attachments Included with this Agenda Item

No attachment.

Briefing Note

CAFII Board Meeting 13 April, 2021—Agenda Item 3(b)

Governance Matters—New CAFII Associates Secured and Admitted in 2021

Purpose of this Agenda Item – *Update*

This is an update only.

Background Information

With Board approval and support, CAFII management has developed a sweetened value proposition for Associates. Previously, Associates only enjoyed a sort of social/networking and moral supporter-type of affiliation with the Association, centred largely around access to CAFII Receptions and events, including webinars; and there was a fair amount of annual attrition as Associates left based on not getting sufficient value for their \$4,800 annual Associate dues.

The sweetened value proposition includes receiving the CAFII Alerts Weekly Digest and the monthly CAFII Regulatory Update; and the Co-Executive Directors also debrief and share information with CAFII Associates on an *ad hoc* basis, as requested.

In 2021, we have retained all of CAFII's existing Associates, and attracted three new Associates, at an incremental and non-budgeted \$14,400 additional fees to CAFII. Associates in total will contribute \$43,200 in dues to CAFII in 2021, slightly more than the annual dues for a lower-tier Regular Member.

CAFII management will attempt to attract more Associates over time. We felt that Norton Rose should have joined as an Associate in 2021, for example, and were disappointed that despite the considerable business we brought to them in 2020, they did not respond to our inquiries about becoming an Associate.

CAFII Associates

<u>Renewing Associate</u>	<u>New 2021 Associate</u>
RSM Canada	Dog and Pony Studios
Willis Towers Watson	Stikeman Elliott LLP
KPMG MSLP	RSA Canada
Optima Communications	
RGA Life Reinsurance Company of Canada	
Torys LLP	

Recommendation / Direction Sought – *Update Only*

This is an update only.

Attachments Included with this Agenda Item

Briefing Note

CAFII Board Meeting 13 April, 2021—Agenda Item 4(a)

Financial Management Matters--CAFII Financial Statements as at March 31/21

Purpose of this Agenda Item – *Approval*

To update the Board on the Association's financial situation as at March 31, 2021; and to ask for Board approval of the tabled financial statements.

Background Information

Treasurer Tony Pergola will provide an update on the CAFII Financial Statements as at 31 March, 2021.

Recommendation / Direction Sought – *Update*

This is a request for approval.

Attachments Included with this Agenda Item

1 attachment.

CAFII

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

Statement of Operations As at March 31st 2021

	Current Month	Budget Mar-21	Variance to Monthly Budget	Current YTD	Budget '21 YTD	Variance Budget to YTD	Budget 2021
Revenue							
Membership Dues	78,941	\$76,540	\$2,401	\$234,420	\$229,619	\$4,801	\$918,475
Interest Revenue	20	\$25	(\$5)	58	\$75	(\$17)	\$300
TOTAL REVENUE	78,961	\$76,565	\$2,396	\$234,478	\$229,694	\$4,785	\$918,775
Expenses							
Management Fees	41,949	\$40,648	(\$1,301)	124,987	\$121,945	(\$3,042)	\$487,780
CAFII Legal Fees/Corporate Governan	-	\$4,167	\$4,167	-	\$12,500	\$12,500	\$50,000
Audit Fees	381	\$1,395	\$1,014	3,171	\$4,186	\$1,015	\$16,743
Insurance	449	\$504	\$55	1,346	\$1,513	\$166	\$6,050
Website Ongoing Maintenance	550	\$596	\$46	1,610	\$1,789	\$179	\$7,156
Telephone/Fax/Internet	1,401	\$477	(\$924)	2,184	\$1,432	(\$752)	\$5,730
Postage/Courier	-	\$13	\$13	-	\$38	\$38	\$150
Office Expenses	52	\$417	\$364	551	\$1,250	\$699	\$5,000
Bank Charges	215	\$39	(\$176)	232	\$118	(\$115)	\$470
Miscellaneous Expenses	-	\$42	\$42	-	\$125	\$125	\$500
Depreciation Computer/Office Equipm	95	\$95	\$0	284	\$284	\$0	\$1,136
Provincial Regulatory Visits	-	\$0	\$0	-	\$0	\$0	\$0
Research/Studies	16,950	\$15,000	(\$1,950)	16,950	\$15,000	(\$1,950)	\$60,000
Website SEO and Enhancements	5,537	\$3,496	(\$2,041)	10,057	\$10,488	\$431	\$41,950
Regulatory Model(s)	-	\$0	\$0	-	\$0	\$0	\$0
Federal Financial Reform	-	\$0	\$0	-	\$0	\$0	\$0
CAFII Benchmarking Study/RSM Canada	-	\$16,950	\$16,950	-	\$16,950	\$16,950	\$67,800
FCAC Presentation	-	\$0	\$0	-	\$0	\$0	\$0
Media Outreach	242	\$500	\$258	323	\$1,500	\$1,177	\$6,000
Media Consultant Retainer	2,260	\$2,260	\$0	6,780	\$6,780	\$0	\$27,120
Marketing Collateral	104	\$417	\$312	104	\$1,250	\$1,146	\$5,000
Contingency Fund	-	\$0	\$0	-	\$0	\$0	\$50,000
CAFII Reception Events	-	\$0	\$0	-	\$0	\$0	\$0
TOTAL EXPENSE	70,184	87,015	16,831	168,579	197,146	28,567	838,585
NET INCOME	8,777	- 10,451	19,228	65,899	32,547	33,352	80,190

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 I

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Balance Sheet As at March 31st 2021

	CAFII Operations			CCBPI Project			Combined		
	31-Mar 2021	28-Feb 2021	31-Dec 2020	31-Mar 2021	28-Feb 2021	31-Dec 2020	31-Mar 2021	28-Feb 2021	31-Dec 2020
ASSETS									
Current Assets									
Bank Balance	\$608,472	\$480,287	\$308,624	\$0	\$0	\$0	\$608,472	\$480,287	\$308,624
Savings Account	\$102,336	\$102,316	\$102,278	\$12,151	\$12,151	\$12,151	\$114,487	\$114,467	\$114,429
Accounts Receivable	\$24,078	\$225,509	\$0	\$0	\$0	\$0	\$24,078	\$225,509	\$0
Prepaid Expenses	\$4,690	\$11,799	\$14,037	\$0	\$0	\$0	\$4,690	\$11,799	\$14,037
Computer/Office Equipment	\$8,014	\$8,014	\$8,014	\$0	\$0	\$0	\$8,014	\$8,014	\$8,014
Accumulated Depreciation -Comp/Equip	(\$7,162)	(\$7,067)	(\$6,878)	\$0	\$0	\$0	(\$7,162)	(\$7,067)	(\$6,878)
Total Current Assets	\$740,428	\$820,857	\$426,075	\$12,151	\$12,151	\$12,151	\$752,579	\$833,009	\$438,226
TOTAL ASSETS	\$740,428	\$820,857	\$426,075	\$12,151	\$12,151	\$12,151	\$752,579	\$833,009	\$438,226
LIABILITIES									
Current Liabilities									
Accrued Liabilities	\$4,185	\$18,042	\$32,852	\$0	\$0	\$0	\$4,185	\$18,042	\$32,852
Credit Card	\$654	\$379	\$352	\$0	\$0	\$0	\$654	\$379	\$352
Account Payable	\$29,810	\$36,094	\$9,012	\$0	\$0	\$0	\$29,810	\$36,094	\$9,012
Deferred Revenue	\$256,020	\$325,361	\$0	\$12,151	\$12,151	\$12,151	\$268,171	\$337,512	\$12,151
Total Current liabilities	\$290,669	\$379,876	\$42,216	\$12,151	\$12,151	\$12,151	\$302,821	\$392,027	\$54,367
TOTAL LIABILITIES	\$290,669	\$379,876	\$42,216	\$12,151	\$12,151	\$12,151	\$302,821	\$392,027	\$54,367
UNRESTRICTED NET ASSETS									
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	\$65,899	\$57,123	\$153,636	\$0	\$0	\$0	\$65,899	\$57,123	\$153,636
Total Unrestricted Net Assets	\$449,758	\$440,982	\$383,859	\$0	\$0	\$0	\$449,758	\$440,982	\$383,859
Total Unrestricted Net Assets	\$449,758	\$440,982	\$383,859	\$0	\$0	\$0	\$449,758	\$440,982	\$383,859
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$740,428	\$820,857	\$426,075	\$12,151	\$12,151	\$12,151	\$752,579	\$833,009	\$438,226

Financial Reserves Targets as per 2019 Budget:	
Minimum 3 months (25%) of Annual Operating Expenses=	\$ 209,646
Maximum 6 months (50%) of Annual Operating Expenses=	\$ 419,293
Current Level of Financial Reserves (total unrestricted net assets):	\$449,758
Current Level of Financials Reserve (%):	54%

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Membership Fees

		<u>Feb-21</u>		<u>Jul-21</u>	
		<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		\$ 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			
Feb Invoices		\$490,437		\$447,237	
July Invoices		\$447,237			
Total Membership Fees		\$937,675			
Total amount to reallocate monthly Jan-Sept		\$78,140			
Total amount to reallocate monthly Oct-Dec		\$78,140			

Briefing Note

CAFIL Board Meeting 13 April, 2021—Agenda Item 4(b)

Financial Management Matters--Forecast for CAFIL 2021 Fiscal Year as at March 31/21

Purpose of this Agenda Item – *Update*

Update only.

Background Information

To update the Board on the financial forecast for CAFIL's 2021 fiscal year as at March 31, 2021.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

2021 CAFII Budget

	2018 Actuals	2019 Actuals	2020 Actuals	CAFII 2021 Operating Budget	2021 YTD March 2021	2021 Forecast	Comment/Rationale
Revenue							
Membership Dues	\$695,545	\$734,664	\$884,721	\$918,475	\$234,420	\$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	\$58	\$232.88	Interest from the Savings Account
TOTAL REVENUE	\$ 695,545	\$ 735,841	\$ 885,120	\$ 918,775	\$ 234,478	\$ 937,908	
EXPENSE							
Management Fees	\$460,299	\$465,134	\$476,844	\$487,780	\$124,987	\$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	\$3,171	\$14,238	Same as 2020 Bill received from KPMG
Insurance	\$5,258	\$5,338	\$5,385	\$6,050	\$1,346	\$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	\$1,610	\$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	\$2,184	\$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	\$551	\$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	\$232	\$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	\$284	\$1,136	Same as 2020 Forecast
Miscellaneous Expense	\$0	\$0	\$0	\$500	\$0	\$500	Same as 2020 Forecast
Board/EOC/AGM							
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
Total Board/EOC/AGM	\$52,957	\$65,053	\$8,920	\$0	\$0	\$0	
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	\$16,950	\$60,000	Same as 2020 Budget
Website SEO and Enhancements	\$21,702	\$40,914	\$31,144	\$41,950	\$10,057	\$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	\$0	\$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	\$323	\$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	\$6,780	\$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	\$104	\$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)
TOTAL EXPENSE	\$ 705,793	\$ 675,816	\$ 731,485	\$ 838,585	\$ 168,579	\$ 836,080	
Excess of Revenue over Expenses	(\$10,248)	\$60,025	\$153,636	\$80,190	\$65,899	\$101,828	
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	\$449,758	\$485,687	

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 Actuals	2019 Actuals	2019 Actuals	2021 Operating Budget	2021 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	\$485,687
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)

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

CAFIL Board Meeting 13 April 2021—Agenda Item 4c

Financial Management Matters--Draft 2020 CAFIL Audited Financial Statements

Purpose of this Agenda Item – *Approval*.

Approval requested.

Background Information

Hudson Lopez, the partner responsible for CAFIL's audit at KPMG, will provide the Board with an update on the firm's audit of our Association's 2020 financial statements, and the CAFIL Board will be asked to approve the Draft 2020 Audited Financial Statements for presentation to the membership at the upcoming 2021 Annual Meeting of Members on Tuesday, June 8/21.

Recommendation / Direction Sought – *Approval*

This is a request for approval.

Attachments Included with this Agenda Item

1 attachment.

Financial Statements of

**CANADIAN ASSOCIATION OF
FINANCIAL INSTITUTIONS IN
INSURANCE**

And Independent Auditors' Report thereon

Year ended December 31, 2020

INDEPENDENT AUDITORS' REPORT

To the Members of the Canadian Association of Financial Institutions in Insurance

Opinion

We have audited the financial statements of the Canadian Association of Financial Institutions in Insurance (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

April 13, 2021

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020		2019	
	General Fund	Restricted Fund	General Fund	Restricted Fund
Assets				
Current assets:				
Cash	\$ 410,902	\$ 12,151	\$ 353,428	\$ 12,151
Prepaid expense	14,037	–	3,251	–
	424,939	12,151	356,679	12,151
Capital assets (note 4)	1,136	–	2,272	–
	\$ 426,075	\$ 12,151	\$ 358,951	\$ 12,151

Liabilities and Fund Balances

Current liabilities:				
Accounts payable and accrued liabilities	\$ 42,216	\$ –	\$ 128,728	\$ –
Fund balances (note 2)	383,859	12,151	230,223	12,151
	\$ 426,075	\$ 12,151	\$ 358,951	\$ 12,151

The accompanying notes are an integral part of the financial statements.

On behalf of the Board:

_____ Director

_____ Director

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Statement of Operations and Changes in Fund Balances

Year ended December 31, 2020, with comparative information for 2019

	2020		2019	
	General Fund	Restricted Fund	General Fund	Restricted Fund
Revenue:				
Membership dues	\$ 884,721	\$ –	\$ 734,664	\$ –
Luncheon	–	–	195	–
Interest	399	–	982	–
Special assessment	–	–	–	205,257
	885,120	–	735,841	205,257
Expenses:				
Association operating	574,246	–	647,125	–
Research and education committee	117,915	–	5,368	–
Market conduct committee	983	–	16,833	–
Networking and events committee	8,920	–	65,053	–
Licensing efficiency issues committee	540	–	7,997	–
Media and advocacy strategy committee	28,880	–	34,432	–
Legal	–	–	–	92,114
	731,484	–	776,808	92,114
Excess (deficiency) of expenses over revenue	153,636	–	(40,967)	113,143
Fund balances, beginning of year (note 2)	230,223	12,151	170,198	–
Transfer to General Fund	–	–	100,992	(100,992)
Fund balances, end of year	\$ 383,859	\$ 12,151	\$ 230,223	\$ 12,151

The accompanying notes are an integral part of the financial statements.

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020		2019	
	General Fund	Restricted Fund	General Fund	Restricted Fund
Cash provided by (used in):				
Operating activities:				
Excess (deficiency) of expenses over revenue	\$ 153,635	\$ –	\$ (40,967)	\$ 113,143
Amortization of capital assets	1,136	–	1,136	–
Change in non-cash operating working capital	(97,297)	–	98,886	–
Cash provided by operating activities	57,474	–	59,055	113,143
Financing activities:				
Inter-fund transfers	–	–	100,992	(100,992)
Increase in cash	57,474	–	160,047	12,151
Cash, beginning of year	353,428	12,151	193,381	–
Cash, end of year	\$ 410,902	\$ 12,151	\$ 353,428	\$ 12,151

The accompanying notes are an integral part of these financial statements.

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Notes to Financial Statements

Year ended December 31, 2020

The Canadian Association of Financial Institutions in Insurance ("CAFII") is a not-for-profit association incorporated under the Canada Not-for-profit Corporations Act on August 25, 2014. CAFII was originally incorporated under the Canada Corporations Act on October 29, 1997 and commenced operations on January 1, 1998. CAFII was established to provide an industry-based forum to represent a range of financial institutions in insurance in Canada and to work in partnership with regulators to create an efficient and effective regulatory framework that provides consumer choice in the purchase of insurance products and services. CAFII's members provide life, property and casualty, travel and credit insurance, reinsurance and other products and services through a wide variety of distribution systems. CAFII is exempt from income taxes under paragraph 149(1)(l) of the Income Tax Act (Canada).

1. Significant accounting policies:

(a) General:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

(b) Revenue recognition:

CAFII derives its revenue primarily through membership dues. Dues are recognized as revenue in the membership period (January 1, 2020 to December 31, 2020) to which they relate.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and deposits which are highly liquid with original maturities of less than three months.

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(d) Capital assets:

Tangible capital assets are recorded at cost. When a tangible capital asset no longer contributes to CAFII's ability to provide services, its carrying amount is written down to its residual value.

Tangible capital assets consist of computer equipment and are amortized on a straight-line basis over five years.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. CAFII has not elected to carry any such financial instruments at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, CAFII determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount CAFII expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Fund balances - General Fund:

The General Fund reports unrestricted resources. If resources are to be used for special purpose, these would be reported in restricted fund.

CAFII's Board of Directors aims to maintain unrestricted net assets (financial reserves) within a range of between 25% of total annual operating expenses and 50% of total annual operating expenses. Management intends to utilize unrestricted net assets on CAFII-mandated projects, as determined by the Board of Directors.

3. Financial instruments:

The carrying amounts of financial assets and liabilities approximate their fair values due to the short-term nature of these financial instruments.

4. Capital assets:

2020	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 8,013	\$ 6,877	\$ 1,136

2019	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 8,013	\$ 5,741	\$ 2,272

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that CAFII will be unable to fulfill its obligations on a timely basis or at a reasonable cost. CAFII manages its liquidity risk by monitoring its operating requirements. CAFII prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2019.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations, resulting in a financial loss. CAFII does not have any financial assets subject to credit risk.

6. Implications of COVID-19:

In first quarter of 2020, the viral outbreak of COVID-19 rapidly developed into a global pandemic. In response, worldwide emergency measures were taken, and continue to be taken, to combat the spread of the virus, including the imposition of travel restrictions, business closure orders, and physical distancing requirements. Governments have also implemented unprecedented monetary and fiscal policy changes aimed to help stabilize economies and financial markets. At this time, CAFII has experienced no significant impact from COVID-19.

Briefing Note

**CAFIL Board Meeting 13 April, 2021—Agenda Item 4(d)
Financial Management Matters--Timelines for Board and Membership Approval of CAFIL 2020
Audited Financial Statements**

Purpose of this Agenda Item – *Update Only*

This is an update.

Background Information

A brief update on the Critical Path for Board and membership approval of CAFIL's 2020 audited financial statements will be provided.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting 13 April, 2021—Agenda Item 5(a)

Strategic and Regulatory Matters--Recap of CAFII Board's February 11/21 Input On Updates Needed To CAFII Three-to-Five Year Strategic Plan, For Board Confirmation/Approval

Purpose of this Agenda Item – Update / Approval

This is a recap update on Board input received during the Special Purpose 11 February, 2021 Board Meeting on the Strategic Plan; and a request for approval of the identified changes to the Strategic Plan.

Background Information

The CAFII Board approved a Three-to-Five Year Strategic Plan in February, 2018. While the Board appeared to be generally comfortable with the direction that the Association was taking in accordance with that Plan, given the pace of change in the industry, combined with the passage of time and the changes brought about by the COVID-19 pandemic, the Board felt that this was an opportune time to review the Strategic Plan and received feedback from the Board on whether there were any adjustments that were needed to it.

The 11 February, 2021 Special Purpose CAFII Board Meeting affirmed general comfort with the existing Strategic Plan, while identifying some areas for continued emphasis or additional attention.

The Board's feedback on each element of the Strategic Plan will be highlighted, and the Board will be asked to approve the recommended changes arising from the 11 February, 2021 Special Purpose Board Meeting.

Recommendation / Direction Sought – Update / Approval

This is an update and request for approval.

Attachments Included with this Agenda Item

1 attachment.

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

To Be Tabled at the 13 April, 2021 Board Meeting

The Slides That Follow Relate to Board Feedback on Adjustments to the Strategic Plan

2



cafii acifa

The Canadian Association of
Financial Institutions in Insurance

L'association canadienne des
institutions financières en assurance

Making Insurance Simple and Accessible for Canadians
Rendre l'assurance simple et accessible pour les Canadiens

Proposed Revised CAFII Core Strategic Prioritization Statement Recommended For Board Approval

3

Core Statement

We propose that CAFII's mission statement be **slightly modified**:

~~CAFII will represent, communicate about, and advocate for financial institutions in insurance, their insurer partners, and affiliated organizations by promoting their commitment to the fair treatment of customers and related policies and practices. CAFII promotes and advances the interests of financial institutions in insurance and affiliated organizations. Its express goal is fostering.~~ **CAFII strives to foster an open and flexible marketplace that is efficient and effective and allows consumers an expanded choice in the purchase of insurance products and services. CAFII will work with other industry associations, where appropriate, to ensure public policy supports a legislative and regulatory environment that is healthy for future growth.**

In support of this mission, CAFII's fundamental strategic priority ~~will be~~ **is** to develop outstanding relationships and communications with insurance regulators and policy-makers across Canada. To promote this objective, we will meet in-person with representatives of these groups at least once every 18 months.

We will deepen these relationships by ~~embarking on~~ **continuing to invest in** a significant research program that will provide us with interesting and relevant content to share, and which can gain us public profile. Our research program will dovetail with a proactive element to our regulatory focus through which we will seek to educate and influence key constituents about our long-term objectives.

Our research findings and our regulatory expertise will also **continue to** serve as the foundation for an assertive communications and networking strategy through which we will meet on an ongoing basis with key influencers including policy-makers, senior bureaucrats, politicians, thought leaders, Association leaders, academics and others with whom we will share our research insights and key messages. As part of our efforts to increase our focus on and relevance to consumers and to heighten our public profile, we will continue to invest in the CAFII website and **continue to** ~~explore expanding and enhancing~~ **expand and enhance** our media profile.

In addition to these strategic priorities there are other initiatives that CAFII will continue to promote, but as lower priorities. We will keep a watching brief on Insurtech, Technology Developments, Digitization, and Innovation, and on increasing our thought leadership through additional meetings and presentations in our areas of expertise. We will leverage our regulatory expertise and research with presentations to internal audiences within our membership; and we will explore ways to enhance the value proposition of being an Associate, with the objective of attracting more to join CAFII.



The Canadian Association of
Financial Institutions in Insurance

L'association canadienne des
institutions financières en assurance

Making Insurance Simple and Accessible for Canadians
Rendre l'assurance simple et accessible pour les Canadiens

Maintain CAFII's Core Focus on Regulatory Relationships

Board Approval Requested

The Board felt that the general regulatory approach taken by CAFII was effective and should continue.

The Board supported adding FCAC as a key regulatory to include in CAFII's regulatory priorities going forward.

CAFII should continue to explore ways to proactively, and not just reactively, influence regulators and policy-makers on CAFII members' key priorities.



Webinars are Effective and Should Continue, Even When In-Person Visits Are Back

Board Approval Requested

The Board supported adding webinars to CAFII's regulatory toolkit to build relationships and get our key messages to regulators and policy-makers.

They should not replace in-person visits, but should supplement them, even after the COVID-19 pandemic subsides and in-person visits are possible again.

These webinars complement in-person meetings, and provide opportunities to connect with more regulators—including both those who are on the panels as well as those who attend the sessions as observers.



cafii acifa

The Canadian Association of
Financial Institutions in Insurance

L'association canadienne des
institutions financières en assurance

Making Insurance Simple and Accessible for Canadians
Rendre l'assurance simple et accessible pour les Canadiens

Continue with New Priority around RSM Canada⁶ Benchmarking Study

Board Approval Requested

CAFII took over a discontinued CBA benchmarking study on credit protection insurance in 2020, and has allocated \$67K annually for four quarterly studies. The Board supported this initiative as well as trying to improve the data quality and comparability of the study going forward.

The Board was asked if CAFII should build on the RSM Canada study and make the collection and sharing of CPI industry data statistics a new strategic priority, much like CLHIA has done through its annual “Canadian Life & Health Insurance Facts.” Board members did not indicate a desire to move in this direction at this time.



The Board Supported Continued Attention around Understanding International Trends

Canada's insurance regulators and policy-makers are increasingly reviewing what other jurisdictions are doing, including in the US, UK, Singapore, and Australia, and considering whether these initiatives are relevant in the Canadian context.

Board Approval Requested



The Board was asked if CAFII should make the sharing with members of international insurance policy and intelligence about regulatory developments and trends a new strategic priority? An example of CAFII doing this was the visit by Australian bancassurance executive Helen Troup in February 2019.

Board members noted that CAFII does have its antennae out on international developments, so this is not really a new focus; rather, it is validating the importance to continue to look at international developments, as they have the potential to influence Canadian regulators and policy-makers.

The Board Did Not Feel that More Speaking Opportunities Should be a New Strategic Priority

CAFII has developed its profile in recent years and has had more media coverage. Should CAFII look for more speaking opportunities for CAFII management to promote our message and our Members' commitment to the Fair Treatment of Customers?

Board Approval Requested



The Board felt that speaking events were in response to opportunities, and where appropriate CAFII should engage in these events. But the Board did not see the need to proactively explore opportunities for engaging in more of these events.

Digitization is Worthy Of Being A New Strategic Priority Focus⁹

CAFII members have observed a dramatic increase in consumers' willingness to engage with companies digitally during the pandemic.

CAFII is sponsoring a Pollara consumer research study to see if this trend is likely to become a permanent reality.

The Board felt that digital trends will be an important future reality for the industry. The Board did not feel that this was a new strategic priority, in that it is already woven into the research and monitoring elements of CAFII's mission. But the Board did feel it should be a more central focus for CAFII going forward.



Thank You

Briefing Note

Strategic and Regulatory Matters—Market Conduct & Licensing--CAFII Board Meeting 13 April 2021—Agenda Item 5bi—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

Purpose of this Agenda Item – *Update / Discussion*

Update and discussion on CAFII’s potential next steps arising from the AMF’s response letter on the applicability of the Regulation respecting Alternative Distribution Methods (RADM) to credit card-embedded insurance benefits.

Background Information

On 30 March, 2021, CAFII received a response to its 7 July, 2020 letter proposing creative ways of partially adhering to the expectations of the AMF on the applicability of the RADM to credit card-embedded insurance benefits. The AMF’s response letter indicates that it expects CAFII members to fully comply, despite CAFII pointing out that the RADM was not a good fit for these types of products.

CAFII now has to determine what are its next steps. The original strategy was to take a two-pronged approach, with one prong being the conciliatory, creative solutions approach; and the other prong being potential legal options.

As well, since the original strategy was developed two Quebec-based CAFII members (National Bank Insurance and Desjardins Insurance) have been under more intense scrutiny and pressure from the AMF to comply with its regulatory expectations in this area. These members may be able to share, with their other CAFII member counterparts, insightful information on the work they have completed thus far to be in a position to comply with the AMF’s expectations.

The Board can also discuss whether it might be possible to comply with the AMF’s expectations with a minimum of operational disruption and customer confusion.

Recommendation / Direction Sought – *Update / Discussion*

This is an update and request for direction from the Board as to what action CAFII should take, if any, arising from the AMF’s 30 March, 2021 response letter to our Association.

Attachments Included with this Agenda Item

Six (6) attachments, including a document containing information provided to CAFII management by National Bank Insurance and Desjardins Insurance as to where they currently stand with respect to complying with the AMF’s expectations on this issue; and two consumer-facing compliance documents which National Bank Insurance has recently developed and graciously agreed to share with CAFII Board and EOC members.

Quebec City, March 30, 2021

By e-mail: keith.martin@cafii.com

Mr. Martin Boyle
Canadian Association of Financial Institutions in Insurance
200-411 Richmond Street E
Toronto, ON, M5A 3S5

Sir:

Client N°: 3001449692
Reference N°: 2032425050

Subject: Credit Card-Embedded / Included Insurance Benefits

This correspondence follows the July 2020, letters in which the Canadian Association of Financial Institutions (« CAFII ») and the Travel Health Insurance Association (« THIA ») presented their position to the Autorité des marchés financiers (the « AMF ») with respect to insurance products embedded in credit cards.

The AMF takes note of your concerns but cannot grant any exemption under its regulations. As already mentioned to CAFII, insurance products must be offered as provided for by the *Act respecting the distribution of financial products and services* ("Distribution Act"), that is, through duly certified insurance representatives or via the distribution without a representative ("DWR") regime. For the remainder of this letter, the AMF will assume that insurers who distribute insurance products embedded in credit cards chose the DWR regime.

Therefore, the AMF expects insurers to prepare product summaries that fully comply with the *Regulation respecting alternative distribution methods* (the « RADM »). These summaries must be given to consumers when they choose their credit card. We also expect insurers to complete an initial disclosure in accordance with section 20 of the RADM.

Appendix A provides some clarifications in response to the specific concerns that the industry raised in its previous communications.

Regarding your observations about the need to adjust some of the obligations to reflect the reality of insurance products embedded in credit cards, solutions could be presented by the stakeholders if the RADM is eventually reviewed. Until then, and as mentioned above, the requirements of the Distribution Act must be observed.

The AMF therefore expects that the insurers will fulfill the following before 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;

Québec
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Téléphone : 418 525-0337
Télécopieur : 418 525-9512
Numéro sans frais : 1 877 525-0337

Montréal
800, square Victoria, 22^e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Téléphone : 514 395-0337
Télécopieur : 514 873-3090

- 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.

Do not hesitate to contact the analyst in this matter, Ms. Charlene Boucher (charlene.boucher@lautorite.qc.ca) if you have any questions pertaining to the above.

Please note that this letter should not be construed by any insurers as a waiver by the AMF of its rights and recourses under any law or regulation for any other past, present or future breach by insurers.

Yours truly,

A handwritten signature in purple ink, appearing to be 'MA' with a stylized flourish.

Mario Beaudoin
Director, Alternative Insurance Distribution Practices

APPENDIX A

Fact sheet and notice of resolution	<p>The AMF cannot exempt insurers from the disclosures required by the law or regulation. According to the legislation, distributors are required to provide consumers with these documents.</p> <p>There are insurers offering credit card-embedded insurance products that have these documents delivered by distributors and to date, no issues have been brought to our attention by these insurers nor did we receive any complaint from consumers confused by the approach.</p>
Initial disclosure	<p>The AMF expects insurers to provide all the data required in the initial disclosure, that is:</p> <ul style="list-style-type: none"> - the information required under section 66 of the <i>Insurers Act</i>; - the name and contact information of the third party to which the insurer has entrusted the performance of the obligations of an insurer with respect to the distribution of a product through a distributor, if applicable; - the hyperlink or any other means to access the distributor's offer through the Internet, if applicable. - the contact information of the insurer's assistance service referred to in section 27 of the RADM. <p>We note that overall, there are 2 main guarantees offered:</p> <p>1- Insurance covering goods purchased with the credit card which includes contractual liability insurance assumed by the cardholder when renting a vehicle paid for with the card.</p> <p>This falls under the "credit card and debit card insurance" provided under section 424 (3) of the Distribution Act.</p> <p>2- Travel Insurance</p> <p>The AMF expects that Travel Insurance be disclosed under "Travel insurance". These products cannot be disclosed under "credit card and debit card insurance".</p> <p>For more specific questions regarding the disclosures, please do not hesitate to contact the analyst assigned to this file.</p>
Annual disclosure	<p>The AMF expects to receive all the following information:</p> <p>1- The number of insurance policies and certificates issued, and the amount of premiums written;</p> <p>We assume that the credit card issuer pays an amount per credit cardholder for the insurance. Therefore, this amount should be considered a premium by the insurer.</p>

	<p>The number of insurance policies and certificates issued corresponds to the new certificates only.</p> <p>2- The number of claims and the amount of indemnities paid;</p> <p>3- The number of rescissions and cancellations;</p> <p>You can enter the number of credit cards cancelled.</p> <p>4- The remuneration paid to all distributors and third parties referred to in subparagraph 1 of the first paragraph of section 20 of the RADM.</p> <p>If the distributors are not paid, the answer is 0.</p>
Delivery of the product summary	<p>Consumers must receive the product summary when choosing their card, both in person and online. We expect consumers to receive the summary for the product they are interested in.</p> <p>Online, the summary can be provided to the consumer in a format that will allow he or she to keep it. The distributor does not have to send the summary to the consumer in a paper format, an electronic format is sufficient.</p> <p>For other means of communication with the consumer that do not allow the summary to be provided at the time of the offer, section 23 of the RADM applies.</p> <p>The person who should receive the summary is the person who chooses the card and requests it.</p>
Examples of product summaries	<p>The AMF does not provide examples of summaries. However, if the industry wishes to use a standard format, we will be available to review it and provide general comments on this template.</p> <p>Summaries must be prepared on a product-by-product basis. A consumer should also not receive a document containing explanations about products that have not been offered to him or her or that he or she has not chosen.</p> <p>There are products offered through DWR where more than one insurer underwrites the risk. This is not an issue. The important thing is that the information provided is clear and relevant to the consumer.</p> <p>A product that is underwritten by more than one insurer must be disclosed to the AMF by only one of the insurers, which will then list the second insurer as a secondary insurer. Please note that the summary must contain the names and contact information of all insurers who underwrite the product.</p>
Obligation to provide training	<p>Insurers have to train their distributors as required by the RADM. Credit unions, banks and financial institutions are distributors of other products offered through DWR. Insurers must train their credit card issuers in the same way as other distributors. We understand that the implementation of these trainings will not be done instantaneously. We therefore ask that you submit an action plan to this effect. In addition, the insurer must have an assistance service to answer distributors' questions for each product offered.</p>

Presence of the summary on the insurer's website	Insurers must make their summaries accessible on their website. If more than one insurer underwrites the same product, each insurer must make it available on its website.
Information collected from consumers	We are uncertain as to what you are referring to.

7 July, 2020

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

c.c. Mr. Frédéric Pérodeau, Superintendent, Client Services and Distribution Oversight
Mr. Patrick Déry, Superintendent, Solvency
Ms. Nathalie Sirois, Senior Director, Supervision of Insurers and Control of Right to Practise
Ms. Louise Gauthier, Senior Director, Distribution Policies

WITHOUT PREJUDICE

Dear Mr. Beaudoin:

Re: Credit Card-Embedded Insurance Benefits

CAFII thanks the AMF for granting a deadline extension to 15 July, 2020 for this submission, in response to our request due to the COVID-19 pandemic.

During our Association's 11 February, 2020 meeting with you and your AMF colleagues at the Autorité's office in Quebec City, CAFII communicated its strongly held view that the *Regulation respecting Alternative Distribution Methods (RADM)* – as drafted, finalized, and published -- does not apply to credit card-embedded insurance benefits.

Credit card-embedded insurance benefits are not directly purchased or offered, but rather are included with some credit cards as part of the ancillary benefits the card provides to the consumer. If a consumer wants a particular credit card, the embedded insurance benefits are not optional: they are embedded features of the card. If the embedded insurance benefits of a particular card are not desired, the consumer can choose to decline that particular credit card or simply decide not to use the included benefits.

The insurance benefits embedded in a credit card are issued under a group master policy to the policyholder (i.e. a bank or credit union) for the benefit of individual cardholders, who are provided with insurance certificates as participants under the group policy. All cardholders are participants under the group master policy but, unlike in the case of most forms of credit protection insurance, they are not individually enrolled under the policy. Therefore, with respect to credit card-embedded insurance benefits, an individual cardholder cannot choose to cancel coverage under the certificate, as only the policyholder can terminate a group policy which would have the effect of cancelling coverage for all cardholders.

Despite our firm view that credit card-embedded insurance benefits are not offers of insurance and therefore the *RADM* does not apply to this product line, CAFII has endeavoured, through the proposals outlined below, to address the AMF's submission request of our Association by providing consumer outcomes for this product line which align with those that are actual offers of insurance.

Filings and Disclosures to the AMF

With respect to credit card-embedded insurance benefits, CAFII members would be able to meet the following disclosures to the AMF:

1. the name and contact information of the card issuer; and
2. the contact information of the insurer's assistance service.

However, certain aspects of the information currently being disclosed by group insurers to the AMF do not fit with the credit card-embedded insurance benefits product line. More specifically,

1. The number of rescissions or cancellations of credit card-embedded insurance benefits. The consumer cannot cancel credit card-embedded insurance benefits as a component part of the overall credit card package; rather, he/she must cancel the credit card in its entirety. Consumers most often choose to cancel a credit card for other reasons -- including the interest rate, the rewards program, in an effort to reduce the overall amount of credit they are carrying, or because they have found a more desirable alternative credit card.

Since credit card-embedded insurance benefits cannot be cancelled, the only possible way the industry might address the AMF's filings and disclosures requirements in this area would be to report on actual credit card cancellations. However, reporting on credit card cancellations would provide the AMF with no market conduct or consumer protection-related indicators or red flags relevant to embedded insurance benefits.

2. Remuneration paid to all distributors. For credit card-embedded insurance benefits, there is no remuneration paid to card issuers.

Given the realities outlined above and to ensure that the AMF still receives relevant data to fulfill its industry oversight responsibilities, CAFII recommends that the AMF align its reporting requirements of the industry with those in the CCIR's Annual Statement on Market Conduct (ASMC). The ASMC calls for the provision of relevant credit card-embedded insurance benefits data and insurers could provide similar Quebec-specific data to the AMF rather than being required to implement different and/or additional reporting.

Consumer Disclosures

Given that credit cards can have over 10 different embedded insurance benefits, and each card issuer has a portfolio of unique credit cards, a particular card issuer may have dozens of different embedded insurance benefits. It would be impractical to expect that, at the time of card application, the card issuer would provide the consumer with 10-plus summaries of the embedded insurance benefits when the pertinent disclosure information relates to the credit card's annual fee, its interest rate, payment grace period, and its rewards program. Providing summaries of the many embedded insurance benefits at time of application could overwhelm and confuse the consumer, rather than provide clarity.

However, given the AMF's request, CAFII members are prepared to produce summaries of credit card-embedded insurance benefits, which would be made available to all consumers on the insurer's and/or card issuer's website.

The summaries of embedded insurance benefits would

1. be concise;
2. be written in clear, consumer-friendly language;
3. present accurate information;
4. not contain any advertising or any promotional offers; and
5. not be the Certificate of Insurance.

The summaries of embedded insurance benefits would include

1. the insurer's name and contact information;
2. the client number of the insurer registered in the Authority's register of insurers and the Authority's website address;
3. the name and type of insurance product embedded;
4. claims eligibility criteria;
5. the name and contact information of the card issuer that is providing the product;
6. information on the coverage, exclusions, and limitations, and where to find the full details in the certificate of insurance;
7. any other specific clauses which may affect the insurance;
8. the insurer's website address providing access to the information on where the client can file a complaint with the insurer and a summary of the complaint processing policy; and
9. the manner in which the Certificate of Insurance can be accessed on the insurer's and/or card issuer's website.

Fact Sheet

It is CAFII's intent to try to find creative solutions to the AMF's requests which will lead to positive consumer outcomes.

However, because the Fact Sheet, as prescribed by the *RADM*, is not aligned with credit card-embedded insurance benefits and would be a "forced fit", CAFII believes that it would be most beneficial to consumers to not confuse them by requiring card issuers to provide them with a Fact Sheet for this product line.

We must stress that while the "*It's your choice*" and "*How to choose*" Fact Sheet sections are problematic and ill-suited for this product line, the section that is of most concern is "*Right to Cancel*." As stated previously, credit card-embedded insurance benefits cannot be cancelled without cancelling the credit card itself. Similarly, the Notice of Rescission required to be provided to consumers under the *RADM* also does not align with the credit card-embedded insurance benefits product line.

Other Comments:

Information collected from consumers

No information is collected up-front from consumers relative to credit card-embedded insurance benefits. Any information collected from the credit card applicant is compliant with all applicable privacy requirements, including the federal PIPEDA. The insurer does not see any of the details about a specific enrollee in the group plan underlying a credit card-embedded insurance benefit until an enrollee makes a claim.

Consequently, insurers are not in a position to provide an applicant with the summary of the information collected from him/her, as it is not collected for insurance purposes. However, the Certificates of Insurance would be provided, per normal fulfillment procedures.

Insurer Assistance service

CAFII members would be able to meet the AMF's requirement regarding the insurer having an Insurer Assistance Service, to answer questions from the card issuer regarding each benefit provided.

Training

Training of card issuer staff in respect of embedded benefits already exists. Staff are provided with the necessary knowledge to ensure that consumers' questions are addressed and that the appropriate information is being provided about the credit card-embedded insurance benefits. A common practice is for the card issuer's staff to provide high level product information (e.g. *this credit card includes \$X Million in travel medical insurance for up to Y days*) and to direct more detailed questions about claims eligibility, pre-existing conditions, etc. to a specialized customer service representative or licensed agent.

Conclusion

We look forward to dialoguing with the AMF on the proposals we have made in this submission. In that connection, please contact Keith Martin, Co-Executive Director, at keith.martin@cafii.com or 647-460-7725 at your earliest convenience, to set up a teleconference or virtual meeting for that purpose.

Sincerely,



Martin Boyle
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 is currently the only Canadian Association with members involved in all major lines of personal insurance. Our members are 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, Canadian Premier Life Insurance Company/Valeyo, CUMIS Services Incorporated, Manulife (The Manufacturers Life Insurance Company), Sun Life, and The Canada Life Assurance Company.

7 juillet 2020

M. Mario Beaudoin, Directeur des pratiques de distribution alternatives en assurance
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c.c. M. Frédéric Pérodeau, Surintendant de l'assistance aux clientèles et de l'encadrement de la distribution
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Mme Nathalie Sirois, Directrice principale de la surveillance des assureurs et du contrôle du droit d'exercice
Mme Louise Gauthier, Directrice principale des politiques d'encadrement de la distribution

SOUS RÉSERVE DES DROITS DE L'OFFRANT

Monsieur Beaudoin,

Objet : Avantages d'assurance intégrés aux cartes de crédit

Nous remercions l'AMF d'avoir accordé une prolongation de délai, jusqu'au 15 juillet 2020, pour cette soumission, après que nous en ayons fait la demande en raison de la pandémie de COVID-19.

Lors de notre rencontre du 11 février 2020 avec vous et vos collègues de l'AMF au bureau de l'AMF à Québec, l'Association canadienne des institutions financières en assurance (ACIFA) a fait part de son point de vue ferme selon lequel le *Règlement sur les modes alternatifs de distribution* (RMAD) – tel qu'il a été rédigé, finalisé et publié – ne s'applique pas aux prestations d'assurance intégrées aux cartes de crédit.

Les prestations d'assurance intégrées aux cartes de crédit ne sont pas directement achetées ou offertes, mais sont plutôt incluses dans certaines cartes de crédit en tant qu'avantages accessoires que la carte offre au consommateur. Si un consommateur veut une carte de crédit en particulier, les garanties d'assurance intégrées ne sont pas facultatives; ce sont des caractéristiques intégrées de la carte. Si les garanties d'assurance intégrées d'une carte donnée ne sont pas souhaitées, le consommateur peut choisir de refuser cette carte de crédit ou simplement de ne pas utiliser les avantages inclus.

Les prestations d'assurance intégrées à une carte de crédit sont émises en vertu d'un contrat principal d'assurance collective à l'intention du titulaire de la police (c.-à-d. une banque ou une coopérative de crédit) au profit des titulaires de carte individuels, qui reçoivent des certificats d'assurance en tant que participants à la police d'assurance collective. Tous les titulaires de carte sont des participants au contrat principal d'assurance collective, mais, contrairement à ce qui se fait pour la plupart des formes d'assurance protection de crédit, ils ne sont pas individuellement inscrits à la police. Par conséquent, en ce qui concerne les prestations d'assurance intégrées aux cartes de crédit, un titulaire de carte individuel ne peut pas choisir d'annuler la couverture en vertu du certificat, car seul le titulaire de police peut mettre fin à une police d'assurance collective, ce qui aurait pour effet d'annuler la couverture pour tous les titulaires de carte.

Bien que nous croyons fermement que les avantages d'assurance liés aux cartes de crédit ne sont pas des offres d'assurance et que, par conséquent, le *RMAD* ne s'applique pas à cette gamme de produits, l'ACIFA a entrepris, au moyen des propositions décrites ci-dessous, de répondre à la demande de présentation de l'AMF à notre Association en fournissant des résultats pour les consommateurs pour cette gamme de produits qui correspondent à ceux des offres d'assurance réelles.

Dépôts et divulgations à l'AMF

En ce qui concerne les prestations d'assurance intégrées aux cartes de crédit, les membres de l'ACIFA seraient en mesure de répondre aux exigences de divulgation suivantes de l'AMF :

1. le nom et les coordonnées de l'émetteur de la carte;
2. les coordonnées du service d'assistance de l'assureur.

Cependant, certains aspects de l'information actuellement divulguée par les assureurs collectifs à l'AMF ne correspondent pas à la gamme de produits des prestations d'assurance intégrées aux cartes de crédit. Plus précisément :

1. Le nombre d'annulations des prestations d'assurance intégrées à une carte de crédit. Le consommateur ne peut pas annuler les prestations d'assurance intégrées à une carte de crédit dans le cadre du forfait global de la carte de crédit; il doit plutôt annuler la carte de crédit dans son intégralité. Le plus souvent, les consommateurs choisissent d'annuler une carte de crédit pour d'autres raisons, y compris le taux d'intérêt ou le programme de récompenses, dans le but de réduire le montant global du crédit qu'ils détiennent, ou parce qu'ils ont trouvé une autre carte de crédit plus attrayante.

Étant donné que les prestations d'assurance intégrées aux cartes de crédit ne peuvent pas être annulées, la seule façon possible pour l'industrie de satisfaire aux exigences de l'AMF en matière de dépôt et de divulgation dans ce domaine serait de faire rapport sur les annulations réelles de cartes de crédit. Toutefois, la déclaration des annulations de cartes de crédit ne fournirait à l'AMF aucun indicateur de conduite du marché ou de protection des consommateurs ni aucun signal d'alarme concernant les prestations d'assurance intégrées.

2. La rémunération versée à tous les distributeurs. En ce qui concerne les prestations d'assurance intégrées aux cartes de crédit, aucune rémunération n'est versée aux émetteurs de cartes.

Compte tenu des réalités décrites ci-dessus et pour veiller à ce que l'AMF reçoive toujours les données pertinentes pour s'acquitter de ses responsabilités de surveillance de l'industrie, l'ACIFA recommande que l'AMF harmonise ses exigences en matière de rapports avec celles de la Déclaration annuelle sur les pratiques commerciales (DAPC) du Conseil canadien des responsables de la réglementation d'assurance (CCRRA). La DAPC préconise la fourniture de données pertinentes sur les prestations d'assurance intégrées aux cartes de crédit, et les assureurs pourraient fournir à l'AMF des données semblables propres au Québec plutôt que d'être tenus de mettre en œuvre des rapports différents ou supplémentaires.

Renseignements des consommateurs

Étant donné que les cartes de crédit peuvent avoir plus de 10 prestations d'assurance intégrées différentes, et que chaque émetteur de carte a un portefeuille de cartes de crédit uniques, un émetteur de carte particulier peut avoir des douzaines de prestations d'assurance intégrées différentes. Il ne serait pas pratique de s'attendre à ce que, au moment de la demande de carte, l'émetteur de la carte fournisse au consommateur plus de 10 résumés des prestations d'assurance intégrées lorsque les renseignements pertinents des divulgations concernent les frais annuels de la carte de crédit, son taux d'intérêt, le délai de grâce de paiement et son programme de récompenses. Le fait de fournir des résumés des nombreuses prestations d'assurance intégrées au moment de la demande pourrait submerger et embrouiller le consommateur, plutôt que de rendre les choses plus claires.

Toutefois, compte tenu de la demande de l'AMF, les membres de l'ACIFA sont prêts à produire des résumés des prestations d'assurance intégrées aux cartes de crédit, qui seraient mis à la disposition de tous les consommateurs sur le site Web de l'assureur ou de l'émetteur de la carte.

Les résumés des prestations d'assurance intégrées :

1. seront concis;
2. seront rédigés dans un langage clair et convivial;
3. présenteront des renseignements exacts;
4. ne contiendront pas de publicité ni d'offres promotionnelles;
5. ne constitueront pas un certificat d'assurance.

Les résumés des prestations d'assurance intégrées comprendront :

1. le nom et les coordonnées de l'assureur;
2. le numéro de client de l'assureur inscrit au registre des assureurs de l'AMF et l'adresse du site Web de l'AMF;
3. le nom et le type de produit d'assurance intégré;
4. les critères d'admissibilité pour les réclamations;
5. le nom et les coordonnées de l'émetteur de la carte qui fournit le produit;
6. des renseignements sur la couverture, les exclusions et les limites, et où trouver tous les détails dans le certificat d'assurance;
7. toute autre clause spécifique qui pourrait affecter l'assurance;
8. l'adresse du site Web de l'assureur donnant accès à l'information sur l'endroit où le client peut déposer une plainte auprès de l'assureur et un résumé de la politique de traitement des plaintes;
9. la procédure à suivre pour consulter le certificat d'assurance sur le site Web de l'assureur ou de l'émetteur de la carte.

Fiche d'information

L'ACIFA a l'intention d'essayer de trouver des solutions créatives aux demandes de l'AMF qui mèneront à des résultats positifs pour les consommateurs.

Cependant, parce que la fiche d'information, comme prescrit par le *RMAD*, n'est pas harmonisée avec les prestations d'assurance intégrées aux cartes de crédit et qu'elle serait une « adaptation forcée », l'ACIFA croit qu'il serait plus avantageux pour les consommateurs de ne pas les confondre en exigeant que les émetteurs de cartes leur fournissent une fiche d'information pour cette gamme de produits.

Nous devons souligner que même si les sections « *C'est votre choix* » et « *Comment choisir* » des fiches d'information sont problématiques et mal adaptées à cette gamme de produits, la section la plus préoccupante est « *Droit d'annuler* ». Comme je l'ai déjà dit, les prestations d'assurance intégrées à une carte de crédit ne peuvent être annulées sans annuler la carte de crédit elle-même. De même, l'avis d'annulation qui doit être fourni aux consommateurs en vertu du *RMAD* ne correspond pas non plus à la gamme de produits de prestations d'assurance intégrées aux cartes de crédit.

Autres commentaires :

Renseignements recueillis auprès des consommateurs

Aucune information n'est recueillie d'entrée de jeu auprès des consommateurs en ce qui concerne les prestations d'assurance intégrées aux cartes de crédit. Tous les renseignements recueillis auprès du demandeur de carte de crédit sont conformes à toutes les exigences applicables en matière de protection des renseignements personnels, y compris la *Loi sur la protection des renseignements personnels et les documents électroniques* du gouvernement fédéral. L'assureur ne voit aucun détail sur une personne précise inscrite au régime collectif sous-tendant une prestation d'assurance intégrée à une carte de crédit tant qu'elle n'a pas présenté une demande de règlement.

Par conséquent, les assureurs ne sont pas en mesure de fournir au demandeur le résumé des renseignements qu'il a recueillis, car ils ne sont pas recueillis à des fins d'assurance. Toutefois, les certificats d'assurance seraient fournis conformément aux procédures normales d'exécution.

Service d'assistance aux assureurs

Les membres de l'ACIFA seraient en mesure de satisfaire à l'exigence de l'AMF selon laquelle l'assureur doit offrir un Service d'assistance, afin de répondre aux questions de l'émetteur de la carte concernant chaque prestation fournie.

Formation

La formation du personnel des émetteurs de cartes en ce qui concerne les prestations intégrées existe déjà. Le personnel dispose des connaissances nécessaires pour répondre aux questions des consommateurs et pour fournir les renseignements appropriés sur les prestations d'assurance intégrées aux cartes de crédit. La pratique courante veut que le personnel de l'émetteur de la carte fournisse des renseignements de haut niveau sur le produit (p. ex., *cette carte de crédit comprend X millions de dollars d'assurance voyage pour frais médicaux pour une période maximale de Y jours*) et qu'il renvoie les questions plus détaillées sur les critères d'admissibilité pour les réclamations, les affections préexistantes et autres à un représentant spécialisé du service à la clientèle ou à un agent autorisé.

Conclusion

Nous avons hâte de discuter avec l'AMF des propositions que nous avons faites dans cette présentation. À cet égard, veuillez communiquer avec Keith Martin, codirecteur général, à keith.martin@cafii.com ou au 647-460-7725 le plus tôt possible, pour organiser une réunion par téléconférence ou une réunion virtuelle à cette fin.

Je vous prie d'agréer, Monsieur, l'expression de nos sentiments les meilleurs.



Martin Boyle
Secrétaire et président, Comité exécutif des opérations

À propos de l'ACIFA

L'ACIFA est une association sectorielle sans but lucratif qui se consacre au développement d'un marché de l'assurance ouvert et souple. Elle a été créée en 1997 pour fournir une voix aux institutions financières qui vendent de l'assurance par l'entremise de différents canaux de distribution. Nos membres offrent de l'assurance par l'entremise de centres d'appels, d'agents et de courtiers, d'agents de voyage, de publipostage, de succursales d'institutions financières et d'Internet.

L'ACIFA croit que les consommateurs sont mieux servis lorsqu'ils disposent de diverses possibilités pour l'acquisition de produits et services d'assurance. Nos membres offrent des produits d'assurances voyage, vie, santé et dommages, de même que l'assurance protection de crédit partout au Canada. Plus particulièrement, l'assurance protection de crédit et l'assurance voyage sont les gammes de produits prioritaires de l'ACIFA, puisqu'elles sont offertes par tous nos membres.

La diversité des membres de l'ACIFA lui permet d'avoir une vue d'ensemble du régime de réglementation qui régit le marché de l'assurance. Nous travaillons avec les gouvernements et les organismes de réglementation (principalement provinciaux) pour faire évoluer le cadre législatif et réglementaire pour le secteur de l'assurance et contribuer à favoriser l'achat par les consommateurs canadiens de produits d'assurance qui répondent à leurs besoins. Notre objectif est d'assurer la mise en place de normes appropriées pour la distribution et la commercialisation de tous les produits et services d'assurance.

Les membres de l'ACIFA comprennent les branches d'assurance des principales institutions financières du Canada – Assurance CIBC, Banque Nationale Assurances, BMO Assurance, Desjardins Assurances, La Financière ScotiaLife, RBC Assurances, et TD Assurance – de même que les principaux acteurs de l'industrie, soit Assurant Canada, CUMIS Services Incorporated, La Compagnie d'Assurance du Canada sur la Vie, La Première du Canada/Valeyo, Manuvie (La Compagnie d'Assurance-Vie Manufacturers), et Sun Life.

Agenda Item 5(b)(i)(4)
April 13/21 Board Meeting

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

Envoyé : 5 avril 2021 11:42

À : Nadeau, Marie <Marieb.Nadeau@bnc.ca>

Cc : Thompson, Peter <Peter.Thompson@bnc.ca>; Goncalves, Cecilia <cecilia.goncalves@bnc.ca>;
Brendan Wycks <brendan.wycks@cafii.com>

Objet : Request from CAFII Around Credit Card-Embedded Insurance Coverages and the RADM

Bonjour Marie,

I hope you have had a great long weekend.

In preparation for the upcoming 13 April, 2021 CAFII Board meeting, Board Chair Chris Lobbezoo; Vice Chair Peter Thompson; EOC Chair Rob Dobbins; and Brendan and I had a meeting last week to discuss the Agenda for the meeting, and one item we discussed was CAFII's possible next steps around the AMF's response letter on the RADM applying to credit card-embedded insurance coverages.

We believe that some CAFII members may have already been obligated by the AMF to comply with the RADM for credit card-embedded insurance coverages, and that those members might include National Bank Insurance and Desjardins Insurance (Peter Thompson asked me to write you about this matter, and I am also writing Isabelle Choquette at Desjardins a similar note).

Marie, would you mind confirming whether NBI has had to comply already with the RADM for credit card-embedded insurance coverages; and if so, how you did it?

If you can provide us with a one-page snapshot, we would like to include this (with your permission) in the Board meeting materials package, which we intend to send out Tuesday, 6 April (sorry for the short timeline). Alternatively, if you are able to provide such a one-page snapshot but need more time to put it together, we could alternatively share it with CAFII Board and EOC members a bit later, either shortly before or after the 13 April, 2021 Board meeting.

The thinking is that perhaps NBI was able to comply in a way that is less complicated and/or required fewer or less onerous IT changes than members fear; and, if so, other CAFII members could learn from your experience. In addition, the feeling was that perhaps the AMF is not expecting as much as we anticipate, and complying might not be as difficult as members think.

Some of the items we are hoping you could share with us, which would then be shared with the Board and EOC members, are:

- How did you deliver the required documents to customers, including the Fact Sheet? Were they delivered in-person, digitally, or on your website? (or via a combination of these?)

- Where a credit card has multiple embedded insurance benefits, did you have to deliver the Product Summary and Fact Sheet for each type of coverage separately (which is what the AMF response letter to CAFII, as I understand it, seems to imply)?
- How long did it take for you to implement the necessary changes?
- How did your process change?
- Have you had any negative customer experiences as result of the AMF-imposed changes?
- Did you have to make any IT changes?
- Has the AMF expressed any concerns with the Action Plan you proposed to comply with the RADM?
- Do you have any challenges around the AMF's related reporting obligations?
- Any other observations to share which might be helpful to CAFII members who need to comply by 17 September, 2021?

Thanks so much in advance for any information you can share, Isabelle. If you would like to have a teleconference or virtual meeting with Brendan and me, please let me know and I'll set it up.

Warm 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

Response From Marie Nadeau, EOC Member From National Bank Insurance

From: Nadeau, Marie <Marieb.Nadeau@bnc.ca>

Sent: April-05-21 1:55 PM

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

Cc: Thompson, Peter <Peter.Thompson@bnc.ca>; Goncalves, Cecilia <cecilia.goncalves@bnc.ca>;
Brendan Wycks <brendan.wycks@cafii.com>

Subject: RE: Request from CAFII Around Credit Card-Embedded Insurance Coverages and the RADM

Hi Keith,

I hope that you had a good long weekend as well, we all needed it!

This subject was still being discussed between us and the AMF when you received the response from them.

We had initially prepared a lighter version of the Summary for the Credit-Card Embedded Insurance, as opposed to Mortgage Insurance Summary, for example: we didn't enumerate the eligibility criteria or the exclusions, we just referred to the certificate, etc.

We attach sample copies for your reference.

However, the AMF has recently proceeded with a review of all of our Summaries and commented that our Summaries for Credit Card Insurance did not comply with the regulation.

They have asked that we provide the same amount of information that we provide for other insurance products, despite the difficulties that you have already raised with the AMF.

So we were given a deadline to modify by year-end all of the Summaries - we will have the same challenges that all the other banks have.

Interesting to note: we did not attach the AMF Fact Sheet to these Summaries and the AMF has not commented on this element, not yet at least!

Should you wish to discuss this further, do not hesitate to contact me,

Kind regards,

Marie



Marie Nadeau, LL.B.
Conseillère senior, Projets et Documentation, Conformité
Tél. : 514 412-0957
Sans frais : 1 800 361-8688, poste : 20957
Cell : 438 349-5467
marieb.nadeau@bnc.ca

Response From Isabelle Choquette, EOC Member From Desjardins Insurance

From: Isabelle Choquette <isabelle.choquette@dsf.ca>

Sent: April-06-21 11:54 AM

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

Cc: André Langlois <andre.langlois@dsf.ca>; Johanne Dulude <Johanne.Dulude@dsf.ca>; Brendan Wycks <brendan.wycks@cafii.com>

Subject: RE: Request from CAFII Around Credit Card-Embedded Insurance Coverages and the RADM

Hello Keith,

Desjardins has not yet complied with the RADM.

You may recall that it was our intention to start working on the Summary in compliance with CAFII's July 2020 propositions to the AMF. To that effect, at the end of last year, André and I submitted our plan to Brendan and yourself.

Upon reflection, we decided to stick by CAFII and did not proceed with our plan. I know that Banque Nationale Assurances (Marie Nadeau) has posted its Summaries on its website; although, I think not the Fact Sheet.

We now have to find solutions to comply with the AMF's expectations. One of our main issues is the delivery in-person of the Summary and Fact sheet to our clients.

Don't hesitate to call if you need more info on this.

Isabelle

SUMMARY

Purchase protection provided with National Bank of Canada Escapade[®], Syncro, Regular, Edition[®], MC1, Allure[®] and ECHO[®] credit cards

4 important facts you should know

Are you a credit cardholder at National Bank?
Did you know your card includes complimentary
access to purchase insurance?

Read this summary!

It presents key points about purchase insurance included
with you credit card.

Understanding these points will help you determine
if this insurance product meets your needs.



For all the coverage details, consult
the insurance certificate, available at
nbc-insurance.ca > [documentation](#).

For any questions regarding purchase protection,
contact the Assistance provider at 1-888-235-2645
or 514-286-8345 (collect calls accepted).

Information about the product
Collective insurance policy No. 713705-1
Type: Purchase insurance and extended warranty



ASSISTANCE PROVIDER INFORMATION

> **CanAssistance Inc.**
1981 McGill College Ave., Suite 400
Montreal, Quebec H3A 2W9
Telephone
Canada and the U.S.: 1-888-235-2645
Elsewhere (call collect): 514-286-8345

INFORMATION ABOUT THE INSURER

> **National Bank Life Insurance Company**
1100 Robert Bourassa Blvd., 5th Floor
Montreal, Quebec H3B 2G7
Montreal: 514-871-7500
Toll-free: 1-877-871-7500
insurance@nbc.ca
nbc-insurance.ca

Client number delivered by the Autorité
des marchés financiers: 2000891377
To check the status of the insurer in the AMF
registry: lautorite.qc.ca

> **RESIDENTS OF ALBERTA**
Canassurance, Insurance Company
1981 McGill College Ave., Suite 400
Montreal, Quebec H3A 2W9
Montreal: 514-286-7686
Toll-free: 1-877-986-7681
qc.croixbleue.ca

DISTRIBUTOR INFORMATION

> **National Bank of Canada**
600 De La Gauchetière St. West
Montreal, Quebec H3B 4L2
Montreal: 514-394-5555
Toll-free: 1-888-483-5628
nbc.ca

4 important facts you should know about purchase insurance included with your credit card

1 Purchase protection covers certain purchases in the event of unforeseen circumstances

The following is an overview of available coverage:


COVERAGE	IMPORTANT DETAILS	MAXIMUM COVERAGE
Purchase and warranty extension	For new items: <ul style="list-style-type: none">> Covers theft or damage occurring within 90 days following the date of purchase> Two times the manufacturer's warranty duration up to 1 year or more	\$60,000 for the entire duration of the account

 You will find all information concerning what types of situations and costs are covered in article 3a) of the certificate.

2 Purchase insurance involves coverage exclusions, limitations and reductions

We may refuse to pay your claim because of the exclusions, limitations and reductions set out in the insurance certificate.

Please review them immediately.

 You will find all the details about exclusions in the certificate in articles 2b) and 3b).

3 Duration of insurance

Start

Purchase insurance goes into effect as soon as your credit card is activated.

End

The insurance ends on the first of the following events:

- > the date on which the account is cancelled or closed by the Bank;
- > the date on which the account is closed per the request of the primary cardholder;
- > the date on which the purchase insurance is cancelled or suspended by the Bank (advance notice will be sent to the primary cardholder at least 90 days prior).



Consult article 2a) of the insurance certificate for all the details concerning insurance duration.

4 How to file a claim and applicable timeframes

Insurance can give you peace of mind should the unexpected occur. Here's how to file an insurance claim.

1. Contact the assistance provider as soon as the event occurs at **1-888-235-2645** or **514-286-8345**.

The assistance provider will open a file in your name.

2. Complete the forms and send them to:

CanAssistance Inc.

1981 McGill College Avenue, Suite 400
Montreal, QC H3A 2W9

Gather the necessary documents for the application consideration, if applicable, and send them to the assistance provider as soon as possible, ideally within 90 days of the event to which the claim relates.

We will notify you of our decision following review of your application and, if applicable, we will pay the benefit within 60 days of receiving all the requested documents.



For more details about claims and payment of benefits, consult the article 3c) of the insurance certificate.

Notice given by a distributor

Section 440 of the *Act respecting the distribution of financial products and services* (chapter D-9.2)

The Act respecting the distribution of financial products and services gives you important rights.

The Act allows you to rescind an insurance contract, **without penalty**, within 10 days of the date on which it is signed. However, the insurer may grant you a longer period.

To rescind the contract, you must give the insurer notice, within that time, by registered mail or any other means that allows you to obtain an acknowledgement of receipt.

Despite the rescission of the insurance contract, the first contract entered into will remain in force. Caution, it is

possible that you may lose advantageous conditions as a result of this insurance contract; contact your distributor or consult your contract.

After the expiry of the applicable time, you may rescind the insurance contract at any time; however, penalties may apply.

For further information, contact the Autorité des marchés financiers at 1-877-525-0337 or visit www.lautorite.qc.ca.

Notice of rescission of an insurance contract

Send to:

National Bank Life Insurance
1100 Robert-Bourassa Blvd., 5th Floor
Montreal, Quebec H3B 2G7

Date: _____ (date of sending of notice)

Pursuant to section 441 of the *Act respecting the distribution of financial products and services*,

I hereby rescind insurance contract no.: _____ (number of contract, if indicated)

Entered into on: _____ (date of signature of contract)

In: _____ (place of signature of contract)

(name of client)

(signature of client)



The client experience is our top priority

We're here to listen and help, no matter what you have to say.

For any questions, call the Assistance provider at 1-888-235-2645 or 514-286-8345.

For the insurer's complaint settlement policy, visit the website at nbc-insurance.ca.



Insurer: National Bank Life Insurance Company. The NATIONAL BANK INSURANCE word mark and logo are trademarks of National Bank of Canada, used under licence by some of its subsidiaries. For Alberta residents, the insurer is Canassurance, Insurance Company.

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31356-002 (2020/06)

SUMMARY

Consumer loan insurance- mortgage loan

10 important facts you should know about the loan insurance

Do you have a mortgage loan with National Bank of Canada?
Have you considered insuring your loan?

Read this summary!

It presents key points about the loan insurance.

Understanding these points will help you determine if this insurance product meets your needs so you can make an informed decision about your application.

This summary is an explanatory document. It is not part of the insurance contract. Only the completed application and the insurance certificate attached here constitute the insurance contract.



For all the details of the coverage, consult the insurance certificate, which is also available at nbc-insurance.ca > Documentation.

- > Once you sign up, you are entitled to a 30-day review period. If you cancel the insurance before the end of that period, we reimburse any premiums paid.

INFORMATION ABOUT THE INSURER

> National Bank Life Insurance Company

1100 Robert Bourassa Blvd., 5th Floor,
Montreal, Quebec H3B 2G7

Telephone Montreal area: 514-871-7500
Toll-free: 1-877-871-7500

nbc-insurance.ca
insurance@nbc.ca

Client number delivered by the
Autorité des marchés financiers: 2000891377

To check the status of the insurer in the AMF
registry: lautorite.qc.ca

DISTRIBUTOR INFORMATION

> National Bank of Canada

600 De la Gauchetière West,
Montreal, Quebec H3B 4L2

Telephone Montreal area: 514-394-5555
Toll-free: 1-888-483-5628

nbc.ca

Here are 10 important facts you need to know about the loan insurance

1 There are 3 types of loan insurance coverage

- 1 In the event of your death, **life insurance** will pay down your mortgage loan and free your family from one of the many obligations that come with the death of a loved one.

2 **Critical illness and accidental dismemberment insurance** will cover all or part of your loan if you are diagnosed with one of these 3 critical illnesses:

 - > Cancer
 - > Heart attack
 - > Stroke

Furthermore, insurance will repay a portion of your loan if you lose a limb or permanently, irreversibly lose the use of a limb following an accident (accidental dismemberment).

This will allow you to focus on getting better during this difficult time.

3 If an injury or illness renders you unable to work or carry out the usual tasks of a person of your age, **disability insurance** can reduce the impact of lost income by helping you cover all or part of your mortgage payments. Benefits start after 60 days of disability.

You can sign up for all three types of coverage or choose one or two. It's up to you!

However, you must sign up for life insurance to be eligible for critical illness or disability insurance.

2 Loan insurance covers the insured balance or insured payment of your loan, in whole or in part

The certificate outlines the balance insured for each type of coverage in sections 4.1, 5.4 and 6.2. You will find the definition of insured payment in section 7.3.

- > If your loan insured amount is **\$300,000 or less**, it will be 100% covered.

This means that in the event of death, diagnosis of a critical illness or accidental dismemberment, we will cover the insured balance of the loan at the time of the event.

In the event of disability, we will cover the insured loan payment.
- > If your loan insured amount is **over \$300,000**, you can opt to insure 50% or 100% of your loan.

This means that in the event of death, diagnosis of a critical illness or accidental dismemberment, we will cover the insured balance of the loan at the time of the event according to the percentage selected.

In the event of disability, we will cover the insured loan payment according to the percentage selected.


The insurance percentage selected applies to all types of coverage you sign up for.

If you are refinancing a loan and previous insurance coverage is recognized, we apply the insurance percentage selected at enrolment to the new insured balance of the new loan.

Maximum amount payable for each type of coverage

The amount payable for a claim cannot exceed the maximum for each type of coverage.

Life insurance	Critical illness and accidental dismemberment insurance	Disability insurance
\$1,000,000	\$150,000	\$3,000/month

 See sections 3, 4.1, 5.4, 6.2 and 7.3 of the insurance certificate for more information on the amounts payable when an insured event occurs.

3 Loan insurance involves exclusions

We may refuse to pay your claim because of the exclusions set out in sections 4.2, 5.1.1, 5.2.1, 5.3.1, 7.2 and 8 of the insurance certificate.

Please review them immediately.



WARNING – Exclusions

We will not pay any benefits in the following situations:

Life insurance

- > Suicide within two years of the effective date of the insurance. See section 4.2 of the insurance certificate.

Critical illness insurance

Cancer

- > Certain types of cancer that are not life-threatening;
- > A diagnosis of cancer, or signs, symptoms or exams that resulted in such a diagnosis (regardless of the date of diagnosis), within 90 days of the start date of the insurance coverage, whether the cancer is covered or excluded.

Heart attack

- > Elevated biochemical cardiac markers as a result of an intra-arterial cardiac procedure including, but not limited to, coronary angiography and coronary angioplasty, in the absence of Q waves; or
- > The discovery of ECG changes suggesting a prior myocardial infarction, which do not meet the definition of a heart attack in the insurance certificate.

Stroke

- > Transient ischemic attacks;
- > Intracerebral vascular events due to trauma;
- > Lacunar infarcts which do not meet the definition of a stroke in the insurance certificate.

Specific, more detailed exclusions concerning cancer, heart attack and stroke are set out in the insurance certificate under sections 5.1.1, 5.2.1 and 5.3.1.

Disability insurance

- > Pregnancy
- > Cosmetic care
- > Back pain (if its existence is based solely on pain felt without being able to establish the cause using tests or examinations which demonstrate the presence of an injury or medical condition)
- > Alcoholism or addiction



Review section 7.2 of your insurance certificate for more details about these exclusions.

All coverage

- > Pre-existing condition: if death, critical illness, accidental dismemberment or disability occur within **12 months of the start date** of the insurance and you showed signs or felt symptoms, consulted, received treatment, were examined by or referred for an examination by a health professional, took medication, received a prescription or were hospitalized in the **12 months preceding the start date** of the insurance for a condition related to death, critical illness, accidental dismemberment or disability;
- > Exclusions specific to the insured (if applicable);
- > Attempted suicide or self-inflicted injury;
- > Use of narcotics not prescribed by a physician;
- > Any direct activities on a flight in any type of craft which can climb and fly such as, but not limited to: an airplane, helicopter, glider or hot air balloon, whether as pilot, crew member, instructor or student;
- > Active participation in a riot;
- > War;
- > A terrorist act that you commit or attempt to commit.



Find complete details about these exclusions in section 8 of the insurance certificate.

4 You must meet certain criteria in order to be insured

For life insurance:

- > be 18 to 64 years old;
- > reside in Canada or the United States; and
- > be a borrower, co-borrower, guarantor, surety or endorser of the loan covered by the insurance application.

For critical illness and accidental dismemberment insurance:

- > you must have signed up for life insurance.

For disability insurance:

- > you must have subscribed to life insurance, be employed and have worked 60 hours or more in the last 4 weeks for remuneration, or
- > if you are self-employed, you must have received a gross income of \$10,000 or more in the last financial year.

You may NOT apply for disability insurance if you are:

- > unemployed
- > on sick leave
- > jobless, or
- > if you receive benefits in place of your income (e.g., parental leave, worker's compensation).

You may, however, request to add this coverage once you return to work.

Depending on your age and the amount of insurance requested, we will also ask you questions regarding your health status and lifestyle choices.



Review section 2 of your insurance certificate for complete details.

5 The insurance premium that you pay is fixed throughout the loan duration

Your premium is the amount you must pay to be insured. As long as the terms and conditions of your loan do not change, your life insurance and critical illness and accidental dismemberment insurance premiums will remain the same.

However, your disability insurance premium may change if your mortgage payment amount is adjusted.

We reserve the right to amend our premium rate scales at any time. If we do so, the premiums charged to all our insureds will change. The premium rate is based on a number of factors, including:

- > The insured amount;
- > Your age and sex;
- > Your use of tobacco products.

For life insurance and critical illness and accidental dismemberment insurance, you are entitled to a 15% discount on the insurance premiums if there is more than one insured.

A tax on insurance applies to your premium amount, depending on which Canadian province you live in.

With some exceptions, the insurance premium is included in your mortgage payment. It is therefore collected as part of the same transaction.



Consult the insurance certificate for premium rates and [nbc.ca](https://www.nbc.ca) for tax rates.

6 Duration of insurance

Start

The insurance comes into effect on the later of the following dates:

- a The date the insurance application is signed; or
- b According to the option indicated in the application:
 - > The loan approval date; or
 - > The final loan disbursement date (may not be more than 6 months after approval); or
 - > for a new, one-time construction, the final loan disbursement date.

When you need to provide proof of insurability. We will inform you of our decision by written notice no later than 30 days after receiving all necessary documentation to review your insurance application.

End

Insurance generally remains in effect for the entire loan duration, unless you decide to terminate your coverage.

Other circumstances can also lead to termination of insurance coverage, such as refinancing or failure to pay premiums.



See section 9.2 of the insurance certificate for more information.

7 You'll have access to temporary accident coverage while we are studying the coverage application

While we are studying your insurance application, you are covered in the event of accidental death, dismemberment or disability (depending on the coverage selected).



See section 2.2.3 of the certificate for the definition of an accident and details of temporary coverage in the event of an accident.

8 If you make a false declaration, we may refuse a claim and cancel the insurance coverage

You must always provide accurate information on your health status, lifestyle and tobacco use, and any other information we deem necessary.

If, as part of a claim or at any other time during the insurance coverage, we obtain any information that differs from the information you provided, **we may refuse your claim and cancel your insurance** retroactively to its effective date.



See sections 2.2, 2.2.1 and 2.2.2 of the insurance certificate for more information.

9 How to file a claim and applicable timeframes

Loan insurance can give you peace of mind should the unexpected occur. Here's how to file an insurance claim.

- 1 Contact our Customer Service Department at 1-877-871-7500.
We'll open a file for you and send you the forms to be completed;
or
Print the forms you need from our website at **nbc.ca**.
- 2 Complete the forms and send them, along with any documents needed to review your claim, to our offices at:

National Bank Life Insurance
1100 Robert Bourassa Blvd., 5th Floor
Montreal, Quebec H3B 2G7

Timeframes for submitting claim forms and supporting documents

- > **Life insurance:**
As soon as reasonably possible.
- > **Critical illness, accidental dismemberment or disability insurance:**
Within a year of the insured event.

- 3 We will notify you of our decision and, if applicable, proceed with payment after we review your claim.

Payments

We process claim requests, carry out verifications and proceed with payment within 30 days of receiving all documents required to review the claim.

10 Loan insurance is optional and you are entitled to terminate it at any time

You can terminate the insurance at any time at no cost by calling us at 1-877-871-7500.

You can also send a written request to:

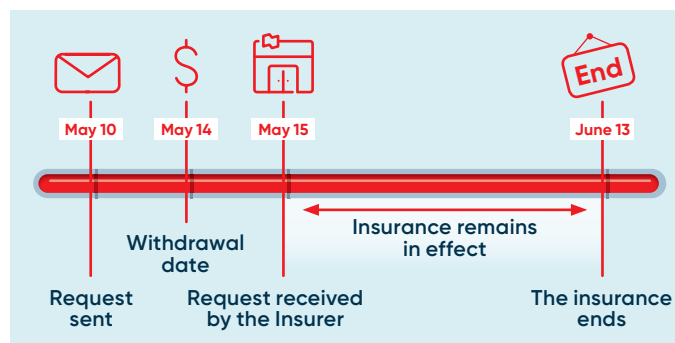
National Bank Life Insurance Company

1100 Robert Bourassa Blvd., 5th Floor
Montreal, Quebec H3B 2G7

The insurance coverage ends on the next premium payment date after the later of the following dates:

- > The date on which you choose to terminate your insurance coverage; or
- > The date on which we receive your termination request.

For example, in the image below, the insurance would remain in effect until June 13, since the insurer received the request to terminate the insurance after the current month's premium payment date.



When you terminate your insurance contract, premiums are not refunded and no grace period is granted.

Notice given by a distributor

Section 440 of the *Act respecting the distribution of financial products and services* (chapter D-9.2)

The Act respecting the distribution of financial products and services gives you important rights.

The Act allows you to rescind an insurance contract, **without penalty**, within 10 days of the date on which it is signed. However, the insurer may grant you a longer period.

To rescind the contract, you must give the insurer notice, within that time, by registered mail or any other means that allows you to obtain an acknowledgement of receipt.

Despite the rescission of the insurance contract, the first contract entered into will remain in force. Caution, it is possible that you may lose advantageous conditions as a result of this insurance contract; contact your distributor or consult your contract.

After the expiry of the applicable time, you may rescind the insurance contract at any time; however, penalties may apply. For further information, contact the Autorité des marchés financiers at 1-877-525-0337 or visit www.lautorite.qc.ca.

Notice of rescission of an insurance contract

Send to:

National Bank Life Insurance
1100 Robert Bourassa Blvd., 5th Floor,
Montreal, Quebec H3B 2G7

Date: _____ (Date notice sent)

Pursuant to section 441 of the *Act respecting the distribution of financial products and services*,

I hereby rescind insurance contract no.: _____ (number of contract, if indicated)

Entered into on: _____ (date of signature of contract)

In: _____ (place of signature of contract)

(name of client)

(signature of client)



The client experience is our top priority

We're here to listen and help, no matter what you have to say.

Call our Customer Service Department at **1-877-871-7500** or consult the website at **nbc-insurance.ca** for our complaint settlement policy.

Insurer: National Bank Life Insurance Company.

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Briefing Note

CAFII Board Meeting 13 April, 2021—Agenda Item 5(b)(ii)

Strategic and Regulatory Matters--Market Conduct & Licensing Committee—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

Purpose of this Agenda Item – *Update / Discussion*

Update on and discussion of a proposal from Martin Boyle of BMO Insurance that CAFII form a *Working Group on Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products; and Potential Approaches to Compliance*.

Background Information

Early in 2021, the FCAC shared a preliminary draft of its Appropriateness Guideline with the CBA, which in turn shared it with its member banks. Subsequently, the CBA has provided feedback to the FCAC on the preliminary draft of the Appropriateness Guideline by the stated 26 February, 2021 deadline.

CAFII bank insurance distributor members will all be working individually on responses to the expectations of the FCAC, but there might be value in an industry-level effort.

The proposal from Martin Boyle of BMO Insurance is that a CAFII Working Group be struck to get an early start on discussion of possible industry alignment around interpretation of the FCAC's draft Appropriateness Guideline's application to Authorized Insurance Products/CPI; and potential common approaches to compliance.

A challenge for the Board to discuss is what the Working Group could legitimately discuss under the auspices of CAFII at this time, as the preliminary draft of the Appropriateness Guideline has not been released publicly and CAFII has not officially received a copy of it.

Recommendation / Direction Sought – *Update / Discussion*

This is an update and request for direction from the Board with respect to the proposal from BMO Insurance that CAFII form a *Working Group on Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products; and Potential Approaches to Compliance*.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(b)(ii)
April 13/21 Board Meeting

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

From: Boyle, Martin <Martin.Boyle@bmo.com>

Sent: March-24-21 9:38 AM

To: Rob Dobbins <rob.dobbins@assurant.com>; Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>

Subject: EOC Meeting - FCAC Appropriateness Standard

Good morning gentlemen,

As you know, the FCAC is currently in consultations with the CBA on developing the appropriateness standard. While it is still in draft form, the implementation date is April 2022.

As a result, many (if not all) of CAFII's banking members are currently working on approaches for compliance to the standard. I think that there would be value in working together to get alignment on interpreting the standard's application to our industry as well as alignment in terms of the potential approaches to compliance.

I am sure that you are now well advanced in the development of the agenda for next week's EOC meeting, but I was wondering if this could be added as an item for discussion/decision (i.e., whether there is interest among the members to work together on the appropriateness standard).

Thanks,

Martin Boyle

Director, Governance & BUCO

BMO Insurance | 11th Flr, BMO Life Bldg, 60 Yonge St | Toronto, ON M5E 1H5

416-596-3900 ext.5030

martin.boyle@bmo.com

Briefing Note

CAFII Board Meeting 13 April 2021—Agenda Item 5biii

Strategic and Regulatory Matters—Market Conduct & Licensing Committee--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

Purpose of this Agenda Item – *Update*

This is an update only.

Background Information

FSRA's Stuart Wilkinson invited CAFII and CLHIA to participate in a meeting on 24 March, 2021 about stakeholder feedback on the implications of the new FSRA UDAP Rule on certain industry groups. At that meeting, FSRA's Chris(tine) Caldarelli, Senior Policy and Technical Lead at FSRA, posed several challenging questions around how the industry would respond to the UDAP Rule, and some of the commentary suggested a prescriptive, as opposed to principles-based approach.

After the meeting and based on some of the issues raised at the meeting, FSRA asked CAFII to respond to two questions:

CAFII to bring back to members to consider and provide feedback on whether it would be appropriate for the following two situations to be an unfair or deceptive act or practice: 1) offering an inducement to a person who is ineligible, and 2) offering an inducement to someone who is outside of the target market.

CAFII will be working with the Market Conduct Committee to develop our responses to these two questions.

Recommendation / Direction Sought – *Update*

This is an update on what was discussed and learned at the 24 March, 2021 meeting with FSRA, and CAFII's proposed next steps.

Attachments Included with this Agenda Item

2 attachments.

Proposed Rule: Unfair or Deceptive Acts or Practices (UDAP) – Discussion with Group 3

FSRA

Financial Services Regulatory
Authority of Ontario

Date: March 24, 2021



Ontario



Agenda

- Welcome – Opening Remarks (10 minutes)
 - Introductions
 - Background on UDAP / Rule
 - Purpose of Discussion
- Discussion questions (45 minutes)
- Next Steps (5 minutes)

FSRA

Financial Services Regulatory
Authority of Ontario



Introductions

- FSRA
 - Policy – Auto/P&C
 - Policy – Market Conduct
 - Legal and Enforcement
 - Market Conduct – Insurance Conduct
- Ministry of Finance
- Canadian Association of Financial Institutions in Insurance (CAFII)
- Canadian Life and Health Insurance Association (CLHIA)



Background on UDAP

- The Proposed Rule is intended to promote safety, fairness and choice for insurance customers. It supports FSRA's cross-cutting commitments to enhancing effectiveness and transparency, removing barriers to innovation, aligning with international best practices and transitioning towards principles-based regulation.
- Section 439 of Part XVIII of the *Insurance Act* prohibits Unfair or Deceptive Acts or Practices (UDAP), which are prescribed in Ontario Regulation 7/00 (UDAP regulation) under the Act.
- The UDAP regulation prescribes specific actions that are considered as unfair or deceptive, and may apply to everyone engaged in the business of insurance (only lawyers are exempt from certain sections in the regulation).
- FSRA is adopting a staged approach to transforming UDAP in Ontario. The first stage is intended to:
 - enable the definition of UDAP by a FSRA rule;
 - reduce identified barriers to innovation with a focus on incentives (e.g., rebates and inducements); and
 - redraft in an outcomes-focused manner in support of transitioning towards principles-based regulation.
- The draft rule is intended to preserve the substantive intent of the regulation where key consumer harms are at issue.
- A second stage of UDAP rulemaking is intended with a focus on issues that were deemed out of scope for stage one, including further transition towards principles-based regulation.



Purpose of Discussion

- The statutory 90-day consultation period closed on March 18, 2021.
- FSRA received 24 comments, 10 questions and 26 submissions from stakeholders.
- FSRA received a number of comments from insurance advisors in the group benefits field, particularly with respect to the proposed Section 7 on Incentives / rebating.
- The focus of today's discussion is on the concerns FSRA has heard around Section 7 and how it would apply to the life and health insurance sector, specifically to group insurance / employee benefits plans.



Discussion Questions – Group 3 (1/2)

- FSRA has heard concerns from a number of advisors in the group benefits field that:
 - Benefit plans might be initially underfunded, when the rebate is taken into account, leading to increase in premiums at renewal –
 - as a result, employers might experience significant and disproportionate costs on renewal
 - the costs and inconvenience of finding a new provider might reduce the chances employers would switch to new, more appropriate coverage
 - this experience might, in some cases, lead employers to withdraw from providing benefits
 - Insurers might use rebates to obtain business, driving others out of the market; insurers might then increase pricing, leading to issues with availability of insurance.



Discussion Questions – Group 3 (2/2)

- FSRA has heard concerns that:
 - There is the possibility of rebates not being passed on to the end consumer, such as in cases where the insurer pays a rebate to a plan sponsor even though the individual member is responsible for paying premiums.
 - There could be tax implications –
 - are the rebates taxable income, and will insurers report them as such
 - might rebates taint the tax classification of disability benefits where an employee otherwise pays for all of the premiums; might the resulting benefits be at risk of being classified as taxable income
- How do your member companies intend to implement Section 7 on Incentives?
- Other concerns?



Next Steps

- Review feedback from stakeholders, and hold follow-up consultation meetings for clarification where necessary.
- Integrate stakeholder feedback into proposed UDAP rule, as appropriate.
 - If changes are material, a second consultation period would be held.
- If no material changes are needed, FSRA would submit the proposed UDAP rule to the Minister of Finance for approval after the consultation closes.
- The FSRA Act provides a 60-day timeline for the Minister to review a rule submitted for approval. The coming into force of the rule could take longer if FSRA chooses to tie the coming into force of the rule to a future date or the coming into force of supporting legislative changes.

Questions?

**Agenda Item 5(d)(2)
March 30/21 EOC Meeting**

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

From: Jennifer Chan <Jennifer.Chan@fsrao.ca>

Sent: March-25-21 1:57 PM

To: Lyne Duhaime <LDuhaime@clhia.ca>; Brent Mizzen <bmizzen@clhia.ca>; Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>; Justin Glinski <jglinski@clhia.ca>

Cc: Stuart Wilkinson <Stuart.Wilkinson@fsrao.ca>

Subject: Thank you / Action items - FSRA-UDAP discussion

Good afternoon everyone,

Thank you for participating in the yesterday's discussion on FSRA's Unfair or Deceptive Acts or Practices (UDAP) proposed rule. We appreciate you sharing your concerns in more detail.

There were a few actions from the meeting, in the context of section 7 Incentives:

- CAFII to bring back to members to consider and provide feedback on whether it would be appropriate for the following two situations to be an unfair or deceptive act or practice: 1) offering an inducement to a person who is ineligible, and 2) offering an inducement to someone who is outside of the target market;
- CLHIA to bring back the same situations as above to its members in its group insurance committee and credit insurance and alternative distribution committees for consideration. Additionally, two other items: 1) CLHIA to bring back the tax administration question around a rebate as taxable income to its tax colleagues. 2) CHLIA to solicit members' thoughts on how they may split the return of a rebate in a group insurance product (e.g., between the master policy holder and the certificate holder).

During the meeting, we had expressed the hope to receive this information as soon as possible – we understand this may present a challenge, and after reflecting on what we heard in our meetings with you and other groups, we think we have enough information right now to report back to our Board. We would still be happy to receive your response at a later date. Please let us know what a realistic timeline would be for your response.

Please do not hesitate to reach out if you have any questions.

Jennifer (Jenn) Chan

Senior Policy Analyst

Market Conduct Policy Division

Financial Services Regulatory Authority (FSRA)

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Change of address

Effective February 1, 2021 our new address is:

25 Sheppard Avenue West, Suite 100, Toronto, ON M2N 6S6

Briefing Note

**CAFII Board Meeting 13 April, 2021—Agenda Item 5(c)(i)
Strategic and Regulatory Matters--Research & Education Committee—Preliminary Results
Highlights from CAFII 2020-21 Consumer Research Project on CPI Consumers' Digitization
Preferences**

Purpose of this Agenda Item – *Update*

This is an update only.

Background Information

CAFII's research project on the digitization preferences of CPI customers is now complete and Pollara's Lesli Martin will provide an update on the preliminary findings of the research.

Recommendation / Direction Sought – *Update*

This is an update on what CAFII's Pollara consumer research on digitization preferences has found.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting 13 April, 2021—Agenda Item 5(c)(ii) Strategic and Regulatory Matters--Research & Education Committee—Proposed Supplementary CAFII Research Project on Digitization in Insurance

Purpose of this Agenda Item – *Update / Discussion*

This is an update and discussion.

Background Information

At the 11 February, 2021 CAFII Special Purpose Board Meeting on review and renewal of the CAFII Strategic Plan, the Board indicated that digitization should continue to be an important area of focus for the Association. In that regard, TDI Board Member Janice Farrell-Jones indicated that a CAFII study on how to improve the CPI digital experience of customers could be an interesting project for CAFII.

CAFII management has had a subsequent meeting on this with Ms. Farrell-Jones and some of her TDI colleagues, and Ms. Farrell-Jones will share some of the options and ideas on this initiative with the Board.

Recommendation / Direction Sought – *Update / Discussion*

The Board will be asked for its feedback on the idea of a 2021 CAFII research study on digitization. CAFII has a Board-approved \$60K research budget for 2021, none of which has been committed yet. (The Pollara consumer research study on consumer preferences around digitization is being completed in 2021, but it was completely funded from the 2020 research budget.)

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFIL Board Meeting 13 April, 2021—Agenda Item 5(d)(i)
Strategic and Regulatory Matters--Media Advocacy Committee—EOC-Endorsed CAFIL Website
Blog As Ongoing CAFIL Website Initiative**

Purpose of this Agenda Item – *Update / Discussion*

This is an update and opportunity for discussion.

Background Information

CAFIL Media Consultant David Moorcroft has recommended the development of a blog section on the CAFIL website, with 8 to 10 entries per year. This has been endorsed by the EOC, as a next step in CAFIL's ongoing efforts to increase its profile, to produce rich content on the website, and to improve our search engine optimization results around CPI terms.

Recommendation / Direction Sought – *Update / Discussion*

The Board will be asked for its support of the EOC-endorsed recommendation that a new blog section be created on the CAFIL website, with regular entries posted on the new section.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(d)(i)
April 13/21 Board Meeting

EOC-Endorsed (March 30/21 EOC Meeting) CAFII Website Blog As Ongoing CAFII Website Initiative

Benefits to CAFII Of Having A Website Blog

One of the most effective ways for CAFII to build awareness online is through blogging. A regular blog can help drive traffic to the CAFII website, reinforce CAFII as an industry authority, and ultimately create more awareness around the association and its work.

4 Key Ways Blogging Can Provide Value to CAFII:

1. SEO – Blogging can help drive Search Engine Optimization (SEO) value on a website. Essentially, SEO involves creating content around specific keywords and topics (e.g. CPI and travel insurance). When a user searches on a search engine (Google, Bing, Yahoo, etc.) about these topics, the CAFII website appears in that list of results. Blogging about topics and keywords relevant to CAFII is a good long-term strategy to drive traffic and growth to a website and association.

2. Public Engagement – Sharing knowledge and information online with the general public, media, industry employees, etc. is a great way to build engagement. Everyday, consumers are searching keywords and topics that are relevant to our industry and association; blogging gives us the opportunity to capture their attention. A blog provides people with an extra reason to visit our website and stay up to date on association news.

3. Build brand as a thought leader – Blogging about industry issues and providing the public with useful product information is a great way to further the association's reputation for thought leadership. As consumers, regulators, media, etc. discover and follow an association's blog, it helps to enhance that association's reputation as an authority on the topic. This may even help in efforts to recruit new members to CAFII.

4. Drive long-term results -- Let's say we sit down for an hour and write and publish a blog post today that nets us 100 views. We get another 50 views tomorrow as a few more people find it on social media and some of our followers get caught up on their email and RSS. But after a couple days, most of the fanfare from that post dies down and we've netted 150 views. It's not done. That blog post is now ranking in search engines -- for days, weeks, months. In fact, about 70% of the traffic each month on the average blog comes from posts that weren't published in the current month. They come from old posts. These types of blog posts are referred to as "compounding" posts and they help to build long-term search results.

How does it work?

Think about the ways people can find our website: They could type "CAFII" right in to their browser, but that's an audience we already have. They know who we are, and that doesn't help us get more traffic on top of what we are already getting. So, how can we drive more traffic? *In short: blogging, social media, and search engines.*

Think about how many pages there are on our website. Not a lot. And think about how often you update those pages. Not that often. (How often can we really update our About Us page, or our product descriptions?)

Blogging helps solve both of those problems. Every time we write a blog post, it's one more indexed page on our website, which means one more opportunity for CAFII to show up in search engines and drive traffic to our website in organic search.

Blogging also helps us to get discovered via social media. Every time we write a blog post, we're creating content that people can share on social networks -- Twitter, LinkedIn, Facebook -- which helps expose CAFII to a new audience that may not know us yet.

How often do we need to blog?

When it comes to the number of blog posts, quality is more important than quantity. So instead of letting the volume of work overwhelm us, we should start small. Say 6 to 12 blog posts a year. Each of these posts will drive extra traffic to the CAFII website, and the compounding factor of each blog will continue to add to search results long after it is first posted. Each post would have the byline of Keith Martin and/or Brendan Wycks. We could also have guest blogs from our Chair person.

Sample CAFII Blog Post #1 (470 words)

New video helps explain insurance products

By (name of CAFII executive)

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 five 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!

Sample CAFII Blog Post #2 (550 words)

What types of insurance should homebuyers consider?

By (name of CAFII executive)

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 mortgage will I qualify for?". Luckily, most financial institutions can help answer those questions if a customer shares information about their financial situation and how much of a down payment they would like to use for the 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 with 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 up to \$1,00,000) than for a conventional mortgage. This type of insurance is required on all mortgages with down payments of less than 20% of the purchase price and is known as a high-ratio mortgage. The premium is calculated as a percentage of the mortgage, and the maximum available amortization 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 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 over \$1,000,000 requires a 20% down payment.

Mortgage Life Insurance 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 their mortgage payments, Mortgage Life Insurance is one way to protect their financial future.

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 their mortgage payments.

Home Insurance can provide valuable financial protection against incidents that can 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 get a mortgage to purchase your home, your lender will require that you have Mortgage Insurance 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 or more, and what the cost will be.

Strategic and Regulatory Matters – Networking and Events Committee -- Agenda Item 5(e)

Purpose of this Agenda Item – *Update*

This is an update only.

Background Information

Networking and Events Committee Chair Scott Kirby – or in his stead Keith Martin – will provide an update on planned CAFII webinars and events in 2021.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII Board Meeting 13 April, 2021—Agenda Item 5(f)(i)
Strategic and Regulatory Matters--Travel Medical Insurance Experts Working Group—Insights
Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact of COVID-19 on Travel Insurance
Industry**

Purpose of this Agenda Item – *Update*

This is an update only.

Background Information

CAFII, CLHIA, and THIA meet weekly to discuss the impact of COVID-19 upon the travel medical insurance industry. Insights from recent meetings will be shared with the Board.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting 13 April, 2021—Agenda Item 6(a)

Read Only Items—New Mechanism for Creating Better Engagement and A Succession Pipeline of CAFII Committee Chairs and Candidates for Other Volunteer Leadership Roles

Purpose of this Agenda Item – *Read Only Update*

This is a Read Only update.

Background Information

CAFII currently has two vacancies for Chairs of committees: Media Advocacy, as Charles Blaquiére is about to step down as Chair after many years of distinguished service; and Travel Medical Insurance Experts, as Afzal Baig also has to step down after many years of distinguished service due to the fact that he is taking on a new role at TD Insurance that will take him away from an exclusive focus on travel medical insurance.

In exploring potential candidates for new Chairs, recommendations have been made around a better succession pipeline, specifically that CAFII nominate a Chair and a Vice-Chair for each committee, much like the approach taken with the Board where there is a Chair and a Vice-Chair of the Board. This creates a succession pipeline and allows the Vice-Chair to get up-to-speed and familiar with the Chair's responsibilities well before they step into that leadership position.

CAFII will be exploring making this change for the EOC and its various Committees, with eight positions now to be filled—two Committee Chair positions, and six Committee Vice-Chair positions. An update on progress on this initiative will be provided to the Board at the 8 June, 2021 Board Meeting.

<u>Committee</u>	<u>Committee Chair</u>
EOC	Rob Dobbins, Assurant
Market Conduct and Licensing	Brad Kuiper, ScotiaLife Financial
Media Advocacy	Imminently Vacant
Research & Education	Andrea Stuska, TD Insurance
Travel Medical Experts Working Group	Vacant
Networking and Events	Scott Kirby, TD Insurance

Recommendation / Direction Sought – *Read Only Update*

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board 13 April, 2021 Meeting — Agenda Item 6(b)

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

Purpose of this Agenda Item – *Read Only Update*

This is a Read Only update to the Board on a current CAFII initiative.

Background Information

A meeting was held on 16 March, 2021 with RSM Canada and representatives of the nine CAFII participants contributing data to the RSM Quarterly Benchmarking Study around ways to improve the data comparability and quality of the study. The Working Group is sharing information with RSM Canada and RSM Canada is using this information to try to enhance the quality of the reports.

Recommendation / Direction Sought – *Read Only Update*

This is an update on the Working Group efforts to improve the data comparability and quality of the RSM Canada Quarterly Benchmarking Study. Further updates will be provided as RSM Canada makes progress on this file.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFIL Board Meeting 13 April, 2021—Agenda Item 6(c)

Read Only Item: New Brunswick’s “An Act To Amend The Insurance Act,” Tabled March 17/21; and CAFIL Next Steps

Purpose of this Agenda Item – *Read Only Update*

This is a Read Only update.

Background Information

David Weir of New Brunswick’s Financial and Consumer Services Commission (FCNB) wrote to CAFIL and other industry stakeholders on 17 March, 2021 to announce that an *Act to Amend The Insurance Act* had been tabled in the province’s legislature and that a companion Rule would be introduced later in 2021, on which there would be a 60 day consultation period. The attachment to this agenda item indicates the areas that CAFIL has requested clarification around, and David Weir’s responses. The intention is to continue to dialogue with FCNB on this initiative, which includes the development of a New Brunswick RIA licensing regime, which will be the first such regime outside of the Western Canada provinces.

Recommendation / Direction Sought – *Update*

This is a Read Only update.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 6(a)
March 30/21 EOC Meeting

New Brunswick's "An Act To Amend The Insurance Act," Tabled March 17/21

From: Brendan Wycks
Sent: March-24-21 9:10 AM
To: Weir, David (FCNB) <david.weir@fcnb.ca>
Cc: Mazerolle, Angela (FCNB) <angela.mazerolle@fcnb.ca>; Sutherland Green, Jennifer (FCNB) <jennifer.SutherlandGreen@fcnb.ca>; Keith Martin <Keith.Martin@cafii.com>; Albert Lin <albert.lin@cafii.com>
Subject: RE: Act to Amend the Insurance Act

Thanks very much, David, for your timely and helpful responses below.

We'll get back to you next week, after our March 30 EOC meeting, on your kind offer of a virtual meeting sometime within the next few weeks.

Best regards,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director
Canadian Association of Financial Institutions in Insurance
Brendan.wycks@cafii.com
T: 647.218.8243
Alternate T: 647.361.9465
www.cafii.com

From: Weir, David (FCNB) <david.weir@fcnb.ca>
Sent: March-24-21 8:43 AM
To: Brendan Wycks <brendan.wycks@cafii.com>
Cc: Mazerolle, Angela (FCNB) <angela.mazerolle@fcnb.ca>; Sutherland Green, Jennifer (FCNB) <jennifer.SutherlandGreen@fcnb.ca>; Keith Martin <Keith.Martin@cafii.com>
Subject: RE: Act to Amend the Insurance Act

Hi Brendan,

Nice to hear from you and thank you for the congratulations. It is a definite milestone in a project that has been a lot of work. I hope that you and your colleagues at CAFII are doing well.

Please see my responses below, **in red font**. I trust that you will find the information helpful.

David Weir

From: Brendan Wycks <brendan.wycks@cafii.com>
Sent: Tuesday, March 23, 2021 5:50 PM
To: Weir, David (FCNB) <david.weir@fcnb.ca>
Cc: Mazerolle, Angela (FCNB) <angela.mazerolle@fcnb.ca>; Sutherland Green, Jennifer (FCNB) <jennifer.SutherlandGreen@fcnb.ca>; Haines, Catherine (FCNB) <Catherine.Haines@fcnb.ca>; Keith Martin <Keith.Martin@cafii.com>
Subject: RE: Act to Amend the Insurance Act

Hello, David and thanks very much for including CAFII as a key stakeholder in your major announcement of March 17/21, on behalf of FCNB, below.

Kudos and congratulations to you and your FCNB colleagues for advancing the vitally important Insurance Act Rewrite modernization initiative to the point where legislation to amend the province's Insurance Act has been tabled and is at the First Reading stage.

CAFII has two key follow-up questions for you at this time:

- with respect to the new Rule that will be forthcoming from the Commission later in 2021, will you be holding a public/industry consultation on the proposed contents of the new Rule (i.e. on an advanced/refined draft of the Rule)?; and

The Commission practice is to post a proposed Rule for 60 days to allow for stakeholder comment. As you may recall, we had done this for our proposed Rule for fee changes several years ago. The Rule will have significant details for the insurance intermediary licensing framework. If there are issues that we need feedback on prior to the posting, we will reach out to targeted stakeholders as required.

- with respect to any new measures/compliance requirements that are introduced in either the amended Insurance Act or the new Rule which will have IT systems change and/or consumer notification implications for industry players, will there be a reasonable transition period allowed prior to the "in force date" of any new measure or requirement? As you may recall, CAFII always requests a transition period of 12 to 18 months whenever changes are introduced which have IT systems change implications.

As you can appreciate, the Commission has been seeking to update our intermediary framework for a long time. Therefore, we feel that it important to not delay introducing the changes too long. However, we appreciate that some stakeholders may require some lead up time before implementation.

We feel that many of the changes that are in the Act or will be in the Rules with respect to intermediary licensing are matters that have already been discussed in the several consultation papers that the Commission had published.

Although there are some changes to the proposals based on feedback from the consultation, the essence of the proposals is intact. Also, many of the proposals mirror what is already in place in some other jurisdictions. Given that the Bill has been introduced, we are hopeful that industry will be looking into what, if any, IT changes will be required. Are there any specific matters that cause CAFII particular concern in this regard?

Given our Association's highly relevant expertise and experience in the area of restricted insurance representative licensing regimes, we are very keen to have a consultation opportunity -- including a face-to-face or virtual meeting with you and/or other FCNB colleagues -- to provide feedback on "the details of the restricted insurance representative licence and the various consumer protections specific to the licence" which you've indicated will be in the new Rule.

As I'm sure you can appreciate, CAFII's view is that when it comes to introducing such a new licensing regime in New Brunswick, the details will be critically important to its efficient and effective functioning; and, in an apt phrase, "the devil will be in the details."

As indicated, we will be publishing our proposed Rule for 60 days comment. The Rule will have the details of the restricted insurance representative framework. However, I would welcome discussions with CAFII on any thoughts that you may have about our proposals beyond the feedback that CAFII had provided in your response to our consultation paper. Perhaps we can set up a virtual meeting in a few weeks.

As there is a CAFII Executive Operations Committee virtual meeting coming up on the afternoon of Tuesday, March 30/21, we'd appreciate hearing back from you on our follow-up questions before then, David.

Best regards and stay safe,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

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Alternate T: 647.361.9465

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From: Weir, David (FCNB) <david.weir@fcnb.ca>
Sent: March-17-21 12:07 PM
Cc: Mazerolle, Angela (FCNB) <angela.mazerolle@fcnb.ca>; Sutherland Green, Jennifer (FCNB) <jennifer.SutherlandGreen@fcnb.ca>; Haines, Catherine (FCNB) <Catherine.Haines@fcnb.ca>
Subject: Act to Amend the Insurance Act

Dear stakeholder,

As you may be aware, today the Minister of Finance and Treasury Board introduced a Bill seeking to amend the New Brunswick *Insurance Act*. The Bill is not posted yet, but should be later today or tomorrow on this page - <https://www.gnb.ca/legis/bill/FILE/60/1/Bill-33-e.htm>

The primary purpose of this Bill is to update our intermediary licensing frameworks. This is a two stage process as some of the proposals for modernizing the intermediary licensing framework will be in the amended Act and other parts will be in a new Rule that will be forthcoming from the Commission later in the year.

As one of our key stakeholders, below you will find highlights of some of the changes found in the Bill:

- **Rule-Making Authority** – As alluded to above, the Bill will provide the Financial and Consumer Services Commission with concurrent authority to make rules on various matters within the Commission's regulatory mandate. Rules are similar to regulations passed by government and must be approved by the Minister. The ability to make Rules provides greater flexibility to deal dynamically with an ever-changing insurance marketplace. While the Bill introduces many changes respecting licensing of intermediaries, many of the details of the licensing framework will be in the Rule. The intent is that the Rule will incorporate and update many things that are currently in various regulations (e.g., licensing levels, qualifications and market conduct matters) and provide specific details on other licences that are being introduced (adjusting firms, agencies, managing general agents and restricted licences).
Most of these items had previously been raised in consultation papers issued by the Commission on various topics. The Bill also proposes to repeal some provisions in the Act. The intent is to move some of these to the new Rule. This includes certain exemptions to licensing requirements currently found in the Act and the requirements related to trust accounts. Other antiquated provisions are being eliminated. When the draft Rule is complete, the Commission will publish it for comment and then make any necessary changes to finalize the Rule.

With respect to licensing, the Bill includes the following changes:

- **Eliminating Distinct Non-Resident Licence** – New Brunswick currently has a distinct non-resident broker licence for general insurance. Eliminating it means that all licence holders carrying out similar activities will hold the same licence and be subject to the same qualifications and responsibilities. The Rule will allow for equivalences for non-residents.

- *Eliminating Agent/Broker Distinction for licensing purposes* - The Bill proposes merging agents and brokers for licensing purposes for general insurance with a new definition of “agent” that captures both. Again, this will ensure that all licence holders carrying out similar activities will hold the same licence and be subject to the same qualifications and responsibilities. The Bill protects brokers and consumers by placing restrictions on who can hold themselves out as a “broker or brokerage”. The specific classes and levels of agent licences will be in the Rule.
- *Prohibiting the use of unlicensed individuals or businesses* – Although the Act currently prohibits individuals from acting as an intermediary without a licence, the Bill introduces a clear prohibition against an insurer or others allowing individuals or businesses to act on their behalf if the individual or business is not licensed or otherwise authorized or exempted.
- *Licensing Corporations, Partnerships and Sole Proprietorships* – The Bill introduces licensing of adjusting firms and agencies (which includes brokerages). The Bill also introduces licensing for managing general agencies (MGAs) and third-party administrators (TPAs) to clearly bring them within the Commission’s regulatory authority.
- *Licensing for Incidental Sales of Insurance* – The Bill introduces authority for the Superintendent to issue a restricted insurance representative licence to certain individuals and businesses that sell insurance incidentally to the sale of other products or the provision of services (e.g., life insurance on a mortgage). The details of the restricted insurance representative licence and the various consumer protections specific to the licence will be in the Rule.
- *Insurance with Unlicensed Insurers Through Special Insurance Brokers* – The Bill will expand the types of insurance that can be obtained from an unlicensed insurer beyond just fire and marine insurance. The amendments will allow all lines of insurance other than automobile, life and accident and sickness to be arranged through a special insurance broker. This allows insureds with hard to place risks to go outside New Brunswick or even Canada.

The Commission also recommends requiring the special broker to advise a consumer of certain risks about purchasing insurance through an unlicensed insurer.

- *Elimination of Damage Appraiser Licence* – The Bill will eliminate licensing of damage appraisers (New Brunswick is the only province that currently licenses damage appraisers). However, the Bill maintains regulatory oversight of individuals engaged in damage appraising. In particular, an insurer or adjusting firm allowing a damage appraiser to act on its behalf must ensure that the damage appraiser is properly qualified and must provide oversight. The Superintendent will also have the authority to prohibit an individual from acting as a damage appraiser if the person is not suitable.

Other changes include:

- Eliminating the Requirement on Insurer to File Notice or Process – This requirement does not provide a lot of information on industry practices or trends to the Commission. Reviewing court decisions and accessing insurers' annual market conduct statements provide better information to help understand what is happening in the marketplace. Eliminating the requirement would remove an unnecessary burden on insurers.
- Allowing for Diagnostic and Treatment Protocols – The amendments provide authority to introduce diagnostic and treatment protocols for motor vehicle accident victims who suffer a common collision injury. The over-riding objective of the protocols is to ensure that people who are injured in collisions receive fast and effective treatment to support their recovery. This would be accomplished by regulation, but the Act needs to be amended to include regulation-making authority to enable the adoption of the protocols.

While some of the changes will be coming into effect as soon as the Bill receives Royal Assent, several provisions will come into effect at a later date (on proclamation). This will allow time for the Rule to be finalized and for the Commission's systems to be updated.

I trust that you will find this information helpful. Although you are free to discuss the subject matter with others in your organization, I would ask that you keep it within your organization. If you have any comments or questions, please do not hesitate to contact me.

Best regards,

David Weir

Tel/Tél : 866-933-2222

Fax/Téléc : 506-453-7435

Financial and Consumer Services Commission

Commission des services financiers et services aux consommateurs

Briefing Note

CAFII Board Meeting 13 April, 2021—Agenda Item 6(d)

Read Only Item--Finalization/Launch of CAFII Motion Graphic Website Video On Credit Protection Critical Illness Insurance and Credit Protection Disability Insurance: Media Release; and Sharing of This News with Insurance Regulators and Policy-Makers Across Canada

Purpose of this Agenda Item – *Read Only Update*

Update only.

Background Information

CAFII has been working with its website consultant Operatic Agency (formerly RankHigher) on its website enhancement plan including the production of a motion graphic video on Credit Protection Critical Illness Insurance and Credit Protection Disability Insurance.

The video is now posted on our website in English and French, and on YouTube. The links to the video on the CAFII website are as follows:

English

<https://www.cafii.com/critical-illness-and-disability-insurance/>
<https://www.cafii.com/mortgage-disability-insurance/>
<https://www.cafii.com/mortgage-critical-illness-insurance/>
<https://www.cafii.com/critical-illness-insurance-for-loans/>
<https://www.cafii.com/disability-insurance-for-loans/>

French

<https://www.cafii.com/fr/assurance-invalidite-et-assurance-maladie-grave/>
<https://www.cafii.com/fr/assurance-hypothecaire-pour-invalidite/>
<https://www.cafii.com/fr/assurance-hypothecaire-pour-maladie-grave/>
<https://www.cafii.com/fr/assurance-pret-pour-maladie-grave/>
<https://www.cafii.com/fr/assurance-invalidite-pour-prets/>

CAFII also issued a press release which can be found on the “news” section of the CAFII website:

<https://www.cafii.com/news/>

CAFII also send notice of the video release to over 200 regulators and policy-makers across the country, with the following message:

Dear XX Insurance Regulator/Policy-Maker:

I’m pleased to advise that CAFII has just posted a new consumer-focused, plain language video on Disability Credit Protection Insurance and Critical Illness Credit Protection Insurance on our Association website.

This is one in a series of videos meant to help consumers improve their financial literacy, and is part of our Members' commitment to transparency, providing helpful information, and fair treatment of customers.

The sections of our website where the new video appears and associated links are provided below.

Best regards,

--Keith

We received numerous positive responses from regulators and policy-makers, which are summarized below.

<u>Individual</u>	<u>Title</u>	<u>Organization</u>	<u>Comment</u>
Ron Fullan	Executive Director	Insurance Councils of Saskatchewan	<i>Thanks Keith. This is great material to have.</i>
Judy Pfeifer	Chief Public Affairs Officer	Financial Services Regulatory Authority of Ontario (FSRA)	<i>Thanks Keith. My team is looking forward to reviewing them. Perhaps we can follow up at a later date.</i>
Frank Chong	VP and Deputy Superintendent, Regulation	BC Financial Services Authority	<i>Received, with thanks. Frank</i>
April Stadnek	Director of Compliance	Insurance Councils of Saskatchewan	<i>Thank you kindly Keith. Always good information provided by CAFII.</i>
Bryan Davies	Chairman of the Board	Financial Services Regulatory Authority of Ontario (FSRA)	<i>Thanks for sharing, Keith. Very clear as befits "plain language". Bryan</i>
Adrienne Warner Canadian	Policy Manager	Canadian Insurance Services Regulatory Organizations (CISRO)	<i>Thanks Keith. I will share with CISRO members. Regards, Adrienne</i>

Jennifer Calder	Deputy Superintendent of Insurance	Nova Scotia	<p><i>FIRST EMAIL:</i></p> <p><i>Thanks so much for this Keith. I appreciate you sharing this with our office. I'm certain consumers will find this information very helpful.</i></p> <p><i>Stay safe,</i></p> <p><i>Jen</i></p> <p><i>SECOND EMAIL:</i></p> <p><i>We have forwarded the link to a group our office works with supporting financial literacy. They will help spread the word.</i></p> <p><i>Happy Friday.</i></p> <p><i>Jen</i></p>
Chervahun Emilien	Assistant Comptroller General and Superintendent of Insurance	Government of Northwest Territories	<p><i>Good Morning Keith,</i></p> <p><i>Received and thank you.</i></p>
Sean Clark	Superintendent of Insurance	Government of Nunavut	<p><i>Hi Keith. Thanks for this.</i></p> <p><i>Sean</i></p>
Robert Bradley	Superintendent of Insurance	Government of Prince Edward Island	<p><i>Hi Keith,</i></p> <p><i>Thanks for the update and CAFII's initiative.</i></p> <p><i>Robert</i></p>

Recommendation / Direction Sought – Read Only Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFIL Board Meeting 13 April, 2021—Agenda Item 6(e)

Read Only Items—April 28/21 CAFIL Fireside Chat Webinar with Glen Padassery, Executive Vice-President, Policy & Chief Consumer Officer, FSRA

Purpose of this Agenda Item – *Read Only Update*

Read only update.

Background Information

CAFIL has secured FSRA's Executive Vice-President, Policy & Chief Consumer Officer, Glen Padassery, for a fireside chat webinar on 28 April, 2021.

In this webinar, moderated by CAFIL Co-Executive Director Keith Martin, Mr. Padassery will update the CAFIL audience on

- the mandate and early activity of FSRA's Consumer Office;
- FSRA's current and planned consumer outreach and consumer-based research initiatives;
- the intersection between FSRA's Consumer Advisory Panel and FSRA policy;
- how FSRA identifies and seeks to achieve the right balance between consumers' rights and consumers' responsibilities;
- FSRA initiatives to enhance consumer financial literacy and opportunities for industry support;
- FSRA's focus on internal innovation and becoming a nimble, agile, and responsive regulator; and
- FSRA's focus on fostering industry innovation, including the upcoming launch of an insurance regulatory sandbox.

Recommendation / Direction Sought – *Read Only Update*

This is a Read Only update.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFIL Board Meeting 13 April, 2021—Agenda Item 6(f)

**Read Only Items—CAFIL Response Submission On FSRA’s Proposed Rule [Rule 2020-002]:
Unfair or Deceptive Acts or Practices**

Purpose of this Agenda Item – Read Only Update

Read only item.

Background Information

CAFIL’s submission to FSRA on its new Unfair or Deceptive Acts or Practices Rule is provided. CAFIL was generally supportive of the FSRA rule, but emphasized that CPI products cannot establish “suitability” and instead need to focus on “eligibility.”

Recommendation / Direction Sought – Read Only Update

Read Only item.

Attachments Included with this Agenda Item

1 attachment.

March 18, 2021

Mr. Mark White, CEO
Financial Services Regulatory Authority of Ontario (FSRA)
5160 Yonge St., 17th Floor
Toronto, Ontario
M2N 6L9

mark.white@fsrao.ca; and

<https://www.fsrao.ca/engagement-and-consultations/fsras-first-proposed-insurance-rule-released-public-consultation-unfair-or-deceptive-acts-or-practices-udap-rule#comment>

Dear Mr. White:

Re: CAFII Comments On FSRA's Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices

The Canadian Association of Financial Institutions in Insurance (CAFII) thanks FSRA for the opportunity to comment on the Authority's *Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices* (UDAP).

We congratulate FSRA on developing the new draft Rule, and for involving industry stakeholders -- including our Association -- in a preliminary consultation process to that end.

Our Association concurs with FSRA that it is necessary and opportune to replace the existing, on-the-books UDAP Regulation with a new FSRA UDAP Rule under the *Insurance Act*; and that this initiative will move Ontario forward towards a clearly understood insurance regulatory regime that is adaptable to changing circumstances and creates conditions under which misconduct can be better identified, curbed, and sanctioned to protect the public interest.

Our feedback comments on *Proposed Rule [2020-002]* are set out below.

INTRODUCTION

CAFII supports FSRA's intention to replace the Unfair or Deceptive Acts or Practices (UDAP) Regulation which it inherited from FSCO with a new FSRA Rule on the same subject.

We support FSRA's 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. We are therefore very comfortable with FSRA's stated objective for the Proposed UDAP Rule, as follows:

Removing barriers to innovation in the area of customer incentives, including rebates and incentives provided that they:

- *do not lead to decisions that are against the interests of consumers;*
- *are not prohibited by law;*
- *are transparently communicated; and*

- are not unfairly discriminatory, anti-competitive or reliant on prohibited factors. (Page 2.)

CAFII encourages FSRA to ensure that its Proposed UDAP Rule is as consistent and harmonized as possible with existing guidelines, rules, and regulatory frameworks in other Canadian jurisdictions; and, as such, we support FSRA's statement that

The first stage of drafting is also intended to further alignment with particular Canadian Council of Insurance Regulators / Canadian Insurance Services Regulatory Organizations (CCIR / CISRO) Fair Treatment of Customers (FTC) Guidance standards as appropriate, including in relation to advice, product promotion, disclosures to policy holders and customers, compliance with laws, claims handling and settlements. (Page 2)

Further, we understand and appreciate the logic of the sequential steps which FSRA plans to take for aligning its Proposed UDAP Rule with existing FTC guidance, stated as follows:

FSRA considered further convergence with CCIR / CISRO FTC Guidance. FSRA determined that doing so should be reserved for stage two given the scope of rule-making authority established by the enabling legislation, as well as a lack of conceptual alignment between the existing regulation and other components of the guidance that could potentially lead to greater compliance costs and complexity in implementation of the stage one rule.

While the logic of this phased approach makes good sense, CAFII encourages FSRA, in stage two of the Proposed UDAP Rule development, to continue to put harmonization and alignment with existing guidelines, rules, and regulatory frameworks at the front and centre of its deliberations and decision-making.

STRONG SUPPORT FOR ONTARIO'S COMMITMENT TO ALLOW FSRA TO OPERATE AN INSURANCE REGULATORY SANDBOX

CAFII was pleased to learn recently of the Ontario government's new commitment to allow FSRA to operate an insurance regulatory sandbox, as confirmed by the following excerpt from the Proposed UDAP Rule consultation document:

FSRA's objective of removing specific barriers to innovation through the Proposed Rule is aligned with the Ontario government's commitment to provide the CEO of FSRA with "the power to operate an insurance regulatory sandbox to pilot initiatives that bring new consumer-focused products and services to market more quickly in response to changing consumer needs." (Page 3)

We believe that "regulatory sandboxes" are highly beneficial because they provide a safe, monitored space for testing innovative products, services, and distribution methods which existing rules may not allow, within sandbox boundaries that are subject to regulatory oversight; and thereby, they foster and support innovation while ensuring consumer protection.

In that same vein, CAFII firmly believes that regulatory frameworks should foster an open marketplace where consumers are able to choose how and where to purchase their insurance protection.

CAFII members distribute Authorized Insurance Products – more specifically, credit protection insurance (CPI; also known as creditor's group insurance), other types of life and health insurance, and travel insurance via financial institution branches, direct mail, contact centres, and the internet -- and we share regulators' objective of ensuring that consumers are protected while they purchase insurance products through their channel of choice.

It's our view that the future of life and health insurance will be marked by continued and accelerating innovation; and that regulation should embrace the role of all distribution channels in meeting the insurance needs of consumers.

In particular, consumers continue to demand greater access to insurance information, purchasing opportunities, servicing, and claims fulfillment through digital means; and we believe that the digital space will play an ever more important role in meeting the insurance needs of Canadians.

A number of financial services regulators – including the Financial Conduct Authority (FCA) in the UK; its counterparts in Australia and Singapore; and the Ontario Securities Commission (OSC LaunchPad) here at home – have established regulatory sandboxes, as projects designed to help companies test innovative products, services, and distribution methods with a limited number of users, for a limited period of time.

CAFII wholeheartedly supports FSRA's planned insurance regulatory sandbox initiative; and, in that connection, we highlight our support for the UK FCA's stated objectives for its own regulatory sandbox:

- *technology has the potential to improve not only how products and services are designed, but also how they are distributed;*
- *as a regulator, the FCA wants more firms to embrace innovation and it wants to work with innovators to build in consumer protection from the outset; and*
- *the FCA regulatory sandbox has been designed to reduce the time and potential costs of getting innovative ideas to market; and it will accelerate the testing and introduction of genuinely novel products, services, and distribution enhancements which will benefit consumers.*

ISSUE OF NOTEWORTHY CONCERN FOR CAFII MEMBERS

With respect to the Proposed Rule's section on incentives, we note the following language (underlining added):

7 Incentives 7(1) Payment, rebate, consideration, allowance, gift or thing of value being offered or provided, directly or indirectly, (i) as an incentive or inducement for a person to take an action or make a decision that would encourage that person to buy a product which would not, considering the options generally available in the marketplace, be recommended as a suitable insurance product by a reasonable person licensed to sell such an insurance product ...

We want to draw to FSRA's attention to the fact that the words "suitable insurance product" – which imply the provision of "advice" to consumers -- in this definition of Incentives are problematic for Authorized Insurance Products/credit protection insurance (CPI).

The issue of concern around “suitability” stems from the fact that while the federal *Bank Act* and section 5(1) of the federal *Insurance Business (Banks and Bank Holding Companies) Regulations* (IBBRs) permit banks and other federally regulated financial institutions (FRFIs) to offer advice regarding Authorized Insurance Products/CPI, the offering of that advice is significantly tempered by provincial/territorial regulatory and licensing requirements.

The nature of the advice that banks/FRFIs 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 are typically offered by non-licensed individuals in Ontario and throughout Canada. Non-licensed individuals are strictly prohibited from offering advice and recommending an insurance product as “suitable.”

With respect to Authorized Insurance Products/CPI, given the prohibition against holistic advice engendered by the combination of the federal *Bank Act* and *IBBRs* with provincial/territorial regulatory and licensing requirements, banks/FRFIs legally can only ascertain a consumer’s “eligibility” for coverage and to make a claim at the time that an Authorized Insurance Product/CPI is being offered as optional insurance. Banks/FRFIs therefore prioritize establishing certainty of the consumer’s “eligibility” for coverage and to make a claim under the group CPI master policy.

This situation makes Authorized Insurance Products/CPI a unique product set – a product set to which the concept of product suitability does not apply due to legal constraints; but a product set to which the more limited concept of “eligibility” for coverage and to make a claim does indeed apply as a Fair Treatment of Customers (FTC) consideration.

As a proposed solution to deal with the problematic application of the words “suitable insurance product” in the Proposed UDAP Rule’s subsection 7(1)(i) to Authorized Insurance Products/CPI, CAFII recommends that those words be precisely defined within the Rule – perhaps through an approach which uses a superscript number and corresponding footnoted definition below -- and that the definition expressly state that “suitable insurance product” does not apply to Authorized Insurance Products as defined by the federal *Bank Act* and the federal *Insurance Business (Banks and Bank Holding Companies) Regulations*.

In that connection, we also want to bring to your attention CAFII’s strong view that any provision in the Proposed UDAP Rule or any other Regulation which would hamper the ability of consumers to obtain Authorized Insurance Products/CPI would contribute to the significant problem of Canadians being under-insured or even totally uninsured with respect to life and health insurance.

In 2019, according to LIMRA, half of Canadian adults did not own any life insurance coverage. Canadians should therefore be encouraged to obtain more life and health insurance, and the regulatory environment should foster fair treatment of consumers without inhibiting the industry’s ability to offer such coverage to Canadians.

Life and health insurance coverage is already inherently challenging to offer due to the fact that contemplating one's own mortality or the risk of contracting a serious illness or becoming disabled is not something people readily want to do.

TECHNICAL/DRAFTING ERROR ISSUE; AND RELATED UNCERTAINTY

CAFII would like to point out that the Proposed UDAP Rule consultation document's definition of "contract of insurance" (found in Appendix A and Appendix B) appears to contain a drafting error, by referring to the wrong sections in the current Ontario *Insurance Act*. The correct sections of the *Act* to be referenced with respect to "contract of insurance" are s. 171 (found in Part V: Life Insurance) and s. 190 (found in Part VII: Accident and Sickness Insurance).

In that connection, it is not clear whether or not the Proposed UDAP Rule intends to capture creditor's group insurance.

One of the more significant changes made when the province's *Insurance Act* was amended several years ago was to introduce clarity that creditor's group insurance is indeed included under the *Act*. However, those amendments did not then flow through to parallel amendments in the existing UDAP Regulation; and that may explain why it appears that creditor's group insurance has been overlooked in the Proposed UDAP Rule.

RESPONSES TO TARGETED QUESTIONS

1. Are there any parts of the Proposed Rule that are too general or require further detail, including for the purposes of clarity or closing possible gaps?

A principles-based approach is commendable because the avoidance of prescription enables a regulator to steer clear of imposing a compliance burden upon industry players and forcing them into an inefficient allocation of resources; but ironically, on the other hand, an overly high-level approach can lead to ambiguities and uncertainties. On balance, we feel that FSRA has struck the right balance in the Proposed UDAP Rule.

FSRA's consultations and ongoing dialogue with industry can provide greater clarity around regulatory expectations, and those measures constitute a better approach than trying to anticipate and respond to every possible eventuality. With the pace of change evident in business, technology, and society today, trying to anticipate every possible eventuality will be counter-productive and inefficient.

We also encourage enforcement of the Proposed UDAP Rule based solely upon data and objective evidence.

In a competitive environment, different industry players and channels will no doubt try to promote their own products and/or channels self-servingly, but at the end of the day consumer choice should be paramount.

The identification of problematic products, channels, acts or practices should therefore be based solely upon data and objective evidence such as complaints or clear conflicts of interest.

2. Are there any implementation considerations, such as transition issues or the coming into force date of the Proposed Rule, that interested parties would like to bring to FSRA's attention?

We have not identified any immediate implementation or transition issues that are of concern, but we encourage FSRA to continue its open, transparent, and consultative approach, so that any unintended consequences, hiccups, or outcomes can be rapidly brought to its attention by the industry.

3. FSRA has drafted the Proposed Rule to ensure that the intent of existing consumer protection provisions is preserved where no substantive policy change is being proposed. FSRA has deliberately erred on the side of maintaining consumer protections even where they may be redundant given other aspects of the Proposed Rule. An example includes provisions related to non-compliance with the Statutory Accident Benefits Schedule in section 5 (Unfair Claims Practices) given the contents of section 3 (Non-Compliance with Law). Are there sections of the Proposed Rule that are redundant and can be removed without compromising consumer protection?

We believe that the best approach to deal with possible redundancies is to reject a "once and done" approach; and instead view the UDAP Rule, and more generally all of FSRA's Rules and Regulations, as iterative, living, and readily amendable documents. In that regard, CAFII supports the staged approach that FSRA has espoused because we believe it will allow for post-implementation adjustments based on the experience of both FSRA and the industry.

4. Are there any other issues or amendments to the Proposed Rule that FSRA should consider as it proceeds to its intended second stage of work in this area?

CAFII has no other issues or amendments to the Proposed Rule to raise for FSRA's consideration at this time.

Conclusion

As part of our concluding remarks, CAFII would like to reiterate a constructive comment we offered in our November 18, 2019 submission on FSRA's *Draft 2020-21 Priorities and Budget*. We noted then that while FSRA has certain rule-making authority, the extent of that authority in the life and health insurance sector is limited. CAFII believes that FSRA's securing of greater rule-making authority for life and health insurance will give the Authority the nimbleness and flexibility required to respond to industry developments more quickly. We therefore encourage FSRA to work on obtaining additional rule-making authority for life and health insurance through the appropriate government channels.

Thank you again for the opportunity to provide input and feedback on FSRA's *Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices*. 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 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; Scotiabank 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

CAFIL Board Meeting 13 April, 2021—Agenda Item 6(g)

Read Only Item—Decision to Defer/Delay Contemplated CAFIL Website Video on Consumer Protections Built into Credit Protection Insurance Offered By CAFIL Members

Purpose of this Agenda Item – *Read Only Update*

Read Only item.

Background Information

CAFIL has developed a video storyboard on consumer protections that consumers receive from CAFIL members around their offers of CPI. However, it has been pointed out that Bill C-86 will produce additional consumer protections around transparency, disclosure, complaints handling, etc. and that it may therefore be prudent to delay production of the planned video until those changes are in place later in 2021. As a result, CAFIL will delay producing this video until the Bill C-86 changes are in place.

Recommendation / Direction Sought – *Read Only Update*

Read Only item.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting 13 April, 2021—Agenda Item 6(h)
Read Only Item—CAFII 2021 Website Investments

Purpose of this Agenda Item – *Read Only Update*
Read Only item.

Background Information

CAFII has now developed with Operatic Agency, our website development supplier, the 2021 Website Investments Plan, which includes the creation of three new videos, a new blog on the website, regular maintenance, reporting on metrics and improvements to search engine optimization efforts, and new FAQs and vignettes.

Video Production (\$10,500 - for one English and one French version of the same script - same as 2020 investment)	6 motion graphics (3 Eng. + 3 French) videos
GMB Enhancements (\$3,000 - down from \$7,500 in original 2021 strategy)	Improve visibility through listing optimizations Creation of listings on top directories in Canada Proper asset linking throughout the digital ecosystem
FAQ Research & Implementation (\$2,400 - down from \$6,900 in original 2021 strategy)	Research the top 10 FAQs not currently being addressed on the website Implementation of final content on appropriate pages Annotations in Google Analytics
Website Maintenance & Support (\$3,600 - same as 2020 investment)	12 months of hosting Up to 2 hours/month of web support
Blog Template (\$3,000)	Design, development & testing of the blog template + training session
Reporting & Communication (\$3,000 - Same as 2020 investment)	1 performance report (January) 2 executive presentations (CAFII Internal Team Membership) 2022 Strategy

Recommendation / Direction Sought – *Read Only pdate*
Read Only item.

Attachments Included with this Agenda Item
No attachments.

Briefing Note

CAFII Board Meeting 13 April, 2021—Agenda Item 6(i)

Read Only Item—CAFII/CLHIA Joint Response Submission To FCNB On Contemplated Changes to New Brunswick Insurance Act With Respect to Payment Of Insurance Monies To A Minor

Purpose of this Agenda Item – *Read Only Update*

This is an update on a CAFII and CLHIA joint submission to FCNB on a contemplated modernization change to the New Brunswick Insurance Act regarding the payment of insurance monies to a minor.

Background Information

CAFII and CLHIA jointly made a submission to David Weir of FCNB, at his request, on technical changes to the NB Insurance Act regarding the payment of insurance monies to a minor. The submission is attached to the meeting package.

Recommendation / Direction Sought – *Read Only Update Only*

This is a Read Only update.

Attachments Included with this Agenda Item

1 attachment.



December 22, 2020

Mr. David Weir
Senior Technical Analyst
Pensions and Insurance (Division)
Financial and Consumer Services Commission
david.weir@fcnb.ca

Dear David,

Thank you for your emails of November 6, 2020 to our respective Associations. As you suggested, CLHIA and CAFII have taken the opportunity to work together to provide you with a joint response to avoid a duplication of our efforts. This letter is therefore submitted on behalf of both our organizations.

We have now had an opportunity to survey our members on the questions you raised with respect to insurance money that is payable to a minor where no trustee or guardian for property has been appointed.

You advised that New Brunswick is reviewing sections 182 and 215 of the province's *Insurance Act* and is considering amending these sections to provide for payment of the money to the Public Trustee. You cited section 198 of Manitoba's *Insurance Act* as an example of a jurisdiction that has included a provision that permits an insurer to pay insurance money to the Public Trustee as an alternative to paying into court in a situation where there is no one who can provide a valid discharge on behalf of a minor.

The following is a brief summary of each of your questions and our corresponding responses:

- 1) How frequently are insurers making payments into court in New Brunswick under sections 182 and 215 of the *Insurance Act*, and in Atlantic Canada under similar provisions?

Without exception, our members reported that, on an annual basis, the frequency of payments into court with respect to minors is extremely low. Mid-sized insurers reported five to six such payments across all of Canada annually, with possibly one payment into court in Atlantic Canada. None of the mid-sized insurers surveyed indicated that they were tracking these payments by province because each time such a situation arises, it is handled as a one-off due to the relative infrequency of occurrence. One of the larger insurers reported making 20 payments into court in Atlantic Canada in 2019, with three of the payments being made in New Brunswick. The reason why the number of these cases is so low across the industry is discussed below.

- 2) Where a benefit is payable to a minor, what process do insurers follow to determine the best course of action to discharge their legal obligation to the minor?

The principal process that the industry has adopted to proactively manage the payment of benefits to minor beneficiaries is the standard inclusion of a question on insurance beneficiary designation forms that requests the name of a trustee where minors are named as beneficiaries of insurance benefits.

It is our understanding that members will typically follow-up with policy owners or group insureds who have named minor beneficiaries but have not included the name of a trustee. As a result, there are relatively few cases industry-wide where a trustee has not been named. If the benefit becomes payable to the minor, the insurer will pay the money to the named trustee. Where electronic beneficiary designation processes are used, some insurers have included mandatory fields that require a trustee to be named in situations of minor beneficiaries. Going forward, this type of tool will further reduce the number of times insurance money would need to be paid into court or to the Public Trustee.

In cases where either no trustee was named or the named trustee is unwilling or unable to act as a trustee for the minor, insurers will then typically follow a series of steps to determine the best course of action to discharge their obligation to the minor. They will determine:

- Is there someone who has been appointed to act either as the trustee or as the guardian for property for the minor? It is our understanding that in most jurisdictions, this is generally an appointment made by a court since a parent or personal guardian of a minor is not automatically that minor's guardian for property; and that legal distinction is why insurers are not routinely able to resolve the absence of a designated trustee with a personal guardian for a minor. That said, by way of example of an available solution in your own province, payment may be made to the parent(s) of a child or to another person who has been appointed by the parent(s) to act as guardian of a child per New Brunswick's *Guardianship of Children Act*.
- If there is no trustee or guardian for property for the minor, insurers will determine if the province or territory in which the minor resides allows for payment to a parent or guardian of a minor and whether the benefit amount is within the stated maximum allowable payment permitted by the legislation.

In 2020, Alberta updated its Minors' Property Regulation to allow up to \$25,000 to be paid to a minor's "guardian"; and that said guardian may be a parent of the minor (see section 2(1) Small Obligations - Alta. Reg. 240/2004. We view \$25,000 as a more realistic and reasonable figure to establish as the maximum amount of insurance money which may be paid to the parent or guardian of a minor.

In Ontario, the situation is less desirable from the industry's perspective as the *Children's Law Reform Act* permits such a payment up to a maximum of just \$10,000 (see section 51, Payment of debt due to child if no guardian [*Children's Law Reform Act, R.S.O. 1990*](#)). In British Columbia, a similar provision is contained in section 178 of the *Family Law Act*, although the maximum amount is prescribed in the Regulation to that Act, BC 347/2012, at section 24 (also \$10,000).

We do not believe that this is currently permitted in New Brunswick.

- If there is no trustee or guardian for property for the minor and either there is no provision permitting payment to a parent or guardian or the benefit amount exceeds what is permitted, then insurers will consider either payment into court or paying the benefit to the Public Trustee in the jurisdiction where the minor resides.

Our members have advised that this is a last resort and will always be done on a case-by-case basis. It was not clear from the responses that we received that there is any established industry practice preferring one method of payment over the other. It is our understanding that both require documents to be filed but it may be in the best interests of the minor that the insurer make payment to the Public Trustee.

3) How are the costs incurred by the public trustees for these services covered?

We do not have any information on this. We assume that the Office of the Public Trustee in each jurisdiction is publicly funded.

In conclusion, we support New Brunswick's intention to amend sections 182 and 215 of the province's *Insurance Act* to permit the payment of a benefit to the Public Trustee where payment to the trustee or guardian of a minor is not possible. We recommend replacing these sections with wording based on section 198 of Manitoba's *Insurance Act* and some additional proposed wording changes that we have set out in red:

If an insurer admits liability for insurance money payable to a minor and there is no person capable of giving and authorized to give a valid discharge for the insurance money who is willing to do so, the insurer may, at any time after 30 days after the date of the event on which the insurance money becomes payable, pay the money to the Public Guardian and Trustee for the benefit of the minor; and if it does so pay, it must ~~and~~ notify the Public Guardian and Trustee of the name, date of birth and residential address of the minor, and the name and residential address of at least one parent or guardian of the minor, as known to the insurer.

These proposed changes would assist insurers by aligning with privacy legislation principles and requirements (i.e., disclosure that is "required" by law).

Thank you for the opportunity to provide you with our collective comments on this issue. If you have any further questions, please do not hesitate to contact us directly.

Best Regards,

Original signed by

Kate Walker
Senior Counsel
Canadian Life and Health Insurance Association

Original signed by

Rob Dobbins
Board Secretary and Executive Operations Committee Chair
Canadian Association of Financial Institutions in Insurance

Briefing Note

CAFII Board Meeting 13 April, 2021—Agenda Item 6(j)

Read Only Items—CAFII/CLHIA Joint Submission To Insurance Councils of Saskatchewan On Nominees For Appointment To Saskatchewan Restricted Insurance Agent Advisory Committee

Purpose of this Agenda Item – *Read Only Update*

This is an update on the development of a Saskatchewan RIA Advisory Committee.

Background Information

CAFII and CLHIA were invited to propose candidates for appointment to the initial Saskatchewan RIA Advisory Committee; and the two Associations collaborated in doing so by making a joint submission to Ron Fullan and April Stadnek of the Insurance Councils of Saskatchewan on 10 December, 2020.

CAFII's proposed candidates were:

Moira Gill, TD Insurance;

Shawna Sykes, CUMIS/The Co-operators;

Charles MacLean or Penelope Cordogiannis, RBC Insurance.

Recommendation / Direction Sought – *Update Only*

This is a Read Only update.

Attachments Included with this Agenda Item

1 attachment.



December 10, 2020

Mr. Ron Fullan
Executive Director
Insurance Councils of
Saskatchewan
Ron.Fullan@skcouncil.sk.ca

Ms. April Stadnek
Director Compliance & Enforcement
Insurance Councils of
Saskatchewan
April.Stadnek@skcouncil.sk.ca

Dear Mr. Fullan & Ms. Stadnek,

On behalf of the Canadian Life and Health Insurance Association (CLHIA) and the Canadian Association of Financial Institutions in Insurance (CAFII), we commend you on establishing a Restricted Insurance Agent (RIA) Advisory Committee in your recently adopted Insurance Councils of Saskatchewan (ICS) – Life Insurance Council Bylaws, January 1, 2020 (Bylaws).

We believe the ICS RIA Advisory Committee is a good example of mutually beneficial collaboration involving CLHIA members, CAFII members, and the ICS, and we are enthused to be participating in this inaugural Advisory Committee. In time, other jurisdictions may look to Saskatchewan as an example of an advisory committee model they too can adopt.

We would also like to thank Ms. Stadnek for meeting with the CLHIA on March 3, 2020 and Mr. Fullan for meeting with CAFII by telephone on November 9, 2020 to discuss the next steps to establish the RIA Advisory Committee. We noted the following take-aways during our respective meetings. We would appreciate it if you could confirm that we have captured the complete list of relevant considerations, as set out below.

- The suggested Terms of Reference document attached to the CLHIA and CAFII's Joint Proposal Letter of August 3, 2018 has been approved by the ICS and is the 'Terms of Reference' referred to in the Bylaws. The document is a 'living document' and could serve as a "thought-starter" for the RIA Advisory Committee.
- Ron Fullan, Executive Director ICS is the administrator referred to in the Bylaws. The administrator or a designated staff member shall maintain minutes and records of the RIA Advisory Committee's meetings.
- The Chair of the RIA Advisory Committee shall be appointed from the industry.
- Committee members shall be appointed at the decision of the ICS. RIA Advisory Committee members shall serve a three-year term, which shall be renewable.

- Year 1 (2021) of the RIA Advisory Committee's operations/activity will be treated as a "learning curve and evaluation year".
- Quarterly meetings might be useful for the first year of the RIA Advisory Committee while the Committee gets set up and establishes its mandate and objectives.
- The transition items identified for the RIA Advisory Committee in its inaugural year will include the following:
 - Development of an appropriate disciplinary process for RIA-specific issues, including a protocol for RIA representation in disciplinary matters;
 - Development of a process to address RIA-specific complaints and issues coming forward; and
 - Identifying any other items to be managed by the Committee.
- The CLHIA and CAFII will have "observer status" at meetings of the RIA Advisory Committee.

In accordance with our discussions and the Bylaws, we have since met with members of CLHIA and CAFII to develop the appended joint list of industry representative nominees for appointment to the RIA Advisory Committee, for your consideration. **Appendix A** is a list of our nominees. **Appendix B** provides capsule biographies for each of our nominees, for background in your appointment deliberations. You will see from the capsule biographies that we have given consideration to the different distribution channels and products offered under an RIA licence in our development of the nominees list, to ensure broad coverage of interests.

The CLHIA and CAFII appreciate the opportunity to provide our list of nominees for your consideration. We would be pleased to discuss any of our nominees in more detail at your convenience.

Sincerely,

Original signed by

Brent Mizzen
Assistant Vice President, Market Conduct Policy and Regulation
Canadian Life and Health Insurance Association

Original signed by

Brendan Wycks
Co-Executive Director
Canadian Association of Financial Institutions in Insurance

Original signed by

Keith Martin
Co-Executive Director
Canadian Association of Financial Institutions in Insurance

Appendix A: CLHIA and CAFII Industry Representative Nominees for Appointment to the ICS RIA Advisory Committee

- Barbara Peter of First Canadian Insurance Corporation (*Insurance company representative*);
- Charles MacLean of RBC Insurance (*Restricted insurance agent representative*);
- Emily Brown of Sun Life (*Insurance company representative*);
- Greg Shirley of Manulife (*Insurance company representative*);
- Moira Gill of TD Insurance (*Restricted insurance agent representative*);
- Sharon Apt of Canada Life (*Insurance company representative*); and
- Shawna Sykes of The Co-operators Group Ltd (*Restricted insurance agent representative*).

**Appendix B: Capsule Biographies of CLHIA and CAFII Industry Representative Nominees
for Appointment to the ICS RIA Advisory Committee**



**CAPSULE BIOGRAPHY
BARBARA PETER
CORPORATE RISK MANAGER, FIRST CANADIAN INSURANCE CORPORATION**

Barbara Peter has enjoyed a long professional career in insurance, risk management and compliance. From extensive experience in commercial insurance broking, her career progressed through enterprise risk management roles in various industries. She has also worked in a regulatory environment.

Her current position is with the First Canadian Financial Group which comprises Life & Health insurer First Canadian Insurance Corporation and P&C insurer Millennium Insurance Corporation. Both companies' businesses include the sale of insurance products by auto dealers in conjunction with the purchase and financing of vehicles by consumers; this refers to Creditor Group, Mechanical Breakdown, and GAP insurances.

In her present role, Barbara functions as Corporate Risk Manager, Compliance Officer, Privacy Officer and Complaints Ombudsman for both companies.

First Canadian Financial Group is a unit of the Wheaton Group of Companies which, among several business interests, operates auto dealerships in western Canada.

Ms. Barbara Peter

Corporate Risk Manager | First Canadian Insurance Corporation

T: (780) 410-4534

Email: bpeter@firstcanadian.ca

**CAPSULE BIOGRAPHY
CHARLES MACLEAN
CHIEF COMPLIANCE OFFICER, RBC INSURANCE**

Originally from the east coast of Canada, Charles MacLean spent several years with KPMG Halifax after graduating from Saint Mary's university.

Trained as a Chartered Professional Accountant (CPA/CA), Charles has since worked at Manulife, Aviva, and RBC Insurance in various roles including Audit, Risk, and Compliance.

As an insurance professional with nearly 20 years of industry experience, he has worked in the life insurance, health insurance, wealth management, travel insurance, surety, and property & casualty insurance sectors, as well as in pensions and reinsurance.

Charles also holds a Certified Internal Auditor designation from the Institute of Internal Auditors (IIA) along with a Certificate in Regulatory Compliance and Legal Risk Management for Financial Institutions from Osgoode Hall.

Charles is currently the Chief Compliance Officer at RBC Insurance, leading a team with responsibilities for Regulatory Compliance Management, business advisory, market conduct, and escalated complaints.

Charles is an active volunteer leader within the Canadian Association of Financial Institutions in Insurance (CAFII), and has served on its Executive Operations Committee (EOC) for the past five years.

He meets with various insurance regulators regularly and is very interested in making a positive contribution to the insurance industry and customer outcomes.

An outdoor enthusiast, Charles lives in Toronto with his spouse and three children.

Charles MacLean

Chief Compliance Officer | **RBC Insurance**

T: 905.606.1402

Mobile: 416.843.7652

Email: charles.macleam@rbc.com



**CAPSULE BIOGRAPHY
EMILY BROWN
PROGRAM MANAGER, RISK AND COMPLIANCE, SUN LIFE**

Emily Brown is Program Manager, Risk and Compliance, Sponsored Markets, at Sun Life. She has worked at Sun Life for five years where she also held the position of Best Practice Manager for Sponsored Markets' three market segments, which include creditor, association and affinity and students. Prior to Sun Life, Emily worked at BMO for five years in creditor insurance, first as a Compliance Manager and later as a Product Manager. Additionally, she has insurance experience in marketing, marketing operations, and process improvement having worked at CIBC, ACE INA, and Encon Group Inc. Currently at Sun Life, and previously during her time at BMO, Emily has been a member of the Executive Operations Committee of the Canadian Association of Financial Institutions in Insurance (CAFI) and a participant in CLHIA's Committee on Creditor's Group Insurance and Committee on Alternate Distribution. Emily has a M.A. in International Affairs from the Norman Paterson School of International Affairs, Carleton University and a B.A. in Economics from the University of California at Berkeley.

Ms. Emily Brown

Program Manager, Risk and Compliance | Sun Life

T: 416-408-6638

Email: emily.brown@sunlife.com



**CAPSULE BIOGRAPHY
GREG SHIRLEY
SENIOR COUNSEL, MANULIFE**

Greg is a Senior Counsel at The Manufacturers Life Insurance Company. He has a general advisory practice that is primarily focused on Manulife's sponsored markets business. Greg advises his business clients on legal agreements with plan sponsors, group and individual policies on all types of life and A&S insurance, certificates, claims, TPA issues, and regulatory and licensing issues. A significant component of Greg's practice is supporting Manulife's credit card insurance business, which includes creditor balance insurance and embedded credit card insurance products.

Greg is also Assistant Corporate Secretary for Manulife's P&C subsidiary, First North American Insurance Company, which underwrites certain benefits on Manulife's credit card and travel insurance products.

Greg is Manulife's legal department representative on the CLHIA Committee on Creditor's Group Insurance and Committee on Alternate Distribution.

Greg has been with Manulife for 8 years. Prior to that, he worked as in-house counsel for CIBC.

Mr. Greg Shirley

Senior Counsel | Manulife

T: (416) 687-4870

Email: greg_shirley@manulife.ca



Moira E. Gill

Assistant Vice President, Government and Industry Relations, TD Insurance

BIOGRAPHY

Responsible for leading Government and Industry Relations at TD Insurance since 2005, Moira's focus on strong, long term, industry and government relationships has led to successful collaboration and resolution of issues across a range of political, regulatory and operational files. Her responsibilities extend over the Life and Health, Credit Protection, Environmental Initiatives and General Insurance businesses. In addition to her role at corporate office, Moira also supports the Ontario, Quebec, Western, Central and Atlantic regional operations with sensitivity to regional specific concerns and priorities.

She provides strategic support to the TD Insurance business through a deep understanding of the current and emerging regulatory environment. Her ability to see issues from the perspective of many stakeholders was gained through roles in federal and provincial government, industry and government associations and regulatory and compliance consulting.

Moira also leads TDI's sustainability and climate change action strategy and participates in UN Environment Insurance programs/committee focused on climate risk disclosure, Canadian Government/industry working groups on flood risk and advocates directly with Canadian stakeholders on public policy related to climate change risk adaptation and resilience.

Moira is an Executive Committee Member of CAFII, (Canadian Association of Financial Institutions in Insurance) and past-Chair, serves on the Board of Directors for CADRI (Canadian Association of Direct Relationship Insurers) and is an active participant in many taskforces and committees with IBC (Insurance Bureau of Canada) and CLHIA (Canadian Life and Health Association).

Prior to joining TD Insurance, Moira was a management consultant in a regulatory compliance practice and held positions at the Financial Services Commission of Ontario (Joint Forum of Financial Market Regulators) and the Department of Finance Canada (Financial Sector Division).

A graduate in International Relations from the University of Toronto, Moira also has an MBA from the Rotman School of Management. Moira is an active supporter of the United Way, the Ride for Heart (Atlantic and Ontario), the Ride to Conquer Cancer, and local environmental initiatives.



**CAPSULE BIOGRAPHY
SHARON APT
COMPLIANCE CONSULTANT, CANADA LIFE**

Sharon Apt has been working in the regulatory/compliance sector for nearly 7 years in diverse industries including insurance, telecommunications and finance. She has an LL.B. from the Universidad Privada Boliviana in La Paz, Bolivia and an LL.M. from the University of California Los Angeles (UCLA), School of Law. She has been with Canada Life as a Compliance Consultant in Creditor Insurance for two years and a member of CLHIA and CAFII during this time.

Ms. Sharon Apt

Compliance Consultant | Canada Life

T: 416-552-3120

Email: Sharon.Apt@canadalife.com

CAPSULE BIOGRAPHY
SHAWNA SYKES, ASSISTANT VICE-PRESIDENT, COMPLIANCE PLANNING AND REPORTING,
ENTERPRISE COMPLIANCE
THE CO-OPERATORS GROUP LIMITED

Shawna Sykes is Assistant Vice-President, Compliance Planning and Reporting, Enterprise Compliance at The Co-operators Group Limited in Regina, Saskatchewan, where she has worked for the past 11 years.

As The Co-operators is a group of companies, she has gained significant experience in insurance licencing matters for property & casualty, life and health, and travel insurance companies.

For the past eight years, Shawna's primary areas of responsibility have been in the life insurance and credit protection insurance sectors of The Co-operators' business; and she is an active member participant within both the Canadian Association of Financial Institutions in Insurance (CAFII) and the Canadian Life and Health Insurance Association (CLHIA).

At The Co-operators, Shawna is currently responsible for Compliance Planning, Board and Management Reporting, and Regulatory Compliance Management.

Shawna Sykes

AVP, Compliance Planning and Reporting, Enterprise Compliance

The Co-operators Group Limited

T: 306-347-6434

Mobile: 306-527-4493

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Briefing Note

CAFIL Board Meeting 13 April, 2021—Agenda Item 6(k)

Read Only Item—Report on 2020 CAFIL Website Search Engine Optimization and Related Performance Metrics

Purpose of this Agenda Item – *Read Only Item Update*

This is an update on the CAFIL 2020 Website Metrics performance.

Background Information

Operatic Agency's Chris Barrett made a presentation to CAFIL on the significant improvements to CAFIL's website search engine results in 2020, a copy of which is attached.

Recommendation / Direction Sought – *Read Only Update Only*

This is just a Read Only update.

Attachments Included with this Agenda Item

1 attachment.

AGENDA

- 01 2020 Program Summary
- 02 2020 Website Performance
- 03 2020 Business Listing Performance
- 04 Glossary of Key Terms



Making Insurance Simple, Accessible,
and Affordable for Canadians

2020 Program Summary



2020 Program Summary

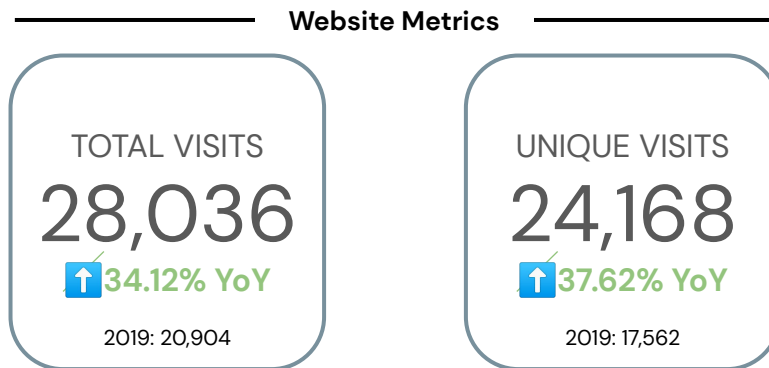
Project Status

Element	Item	Status
Video Production	Disability CPI & Critical Illness CPI motion graphic	Complete
	TBD motion graphic	Will be executed in 2021
FAQ's & Vignettes	FAQ page clean up <ul style="list-style-type: none">- Add New FAQ's - EN + FR- Rewording of Q&A - EN + FR- Reordering of Q&A - EN + FR	Complete
	5 new vignettes added to both the FAQ and insurance product sections of the website	Complete
SEO Update	Update/enhancement of: <ul style="list-style-type: none">- Title Tags, Meta Descriptions, Headers- Image Alt Tags- Schema Data- Site Speed Enhancements- Correction of Broken Links & 404 errors	Complete

2020 Website Performance

2020 Website Performance

Traffic Overview



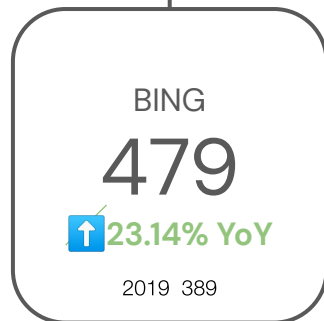
2020 Website Performance

Traffic Overview (28,036)

Sources



*Not the responsibility of Operatic



172

2020 Website Performance

Where Your Traffic Comes From

Your Top Cities

City	Visits	Avg. Session Duration
Toronto	3,430	3:15
Montreal	1,061	0:57
Calgary	661	1:02
Edmonton	454	0:35
Hamilton	414	3:54
New York	374	1:17
Vancouver	341	0:51
Ottawa	335	1:05
Mississauga	284	0:58

Device Usage

Device	Visits
Desktop	14,683 (52%)
Mobile	12,509 (45%)
Tablet	847 (3%)

*18% YoY Increase



Top Mobile Device
Apple iPhone
(46.18% of Visitors)



Top Tablet Device
Apple iPad
(3.05% of Visitors)

2020 Website Performance

How You're Ranking For The Keywords/Phrases People Are Using...

**Keywords in
1st Position**

32

↑ 113%
15 (2019)

**Keywords on
Page 1**

84

↑ 171%
31 (2019)

**Keywords with
Improved Rankings**

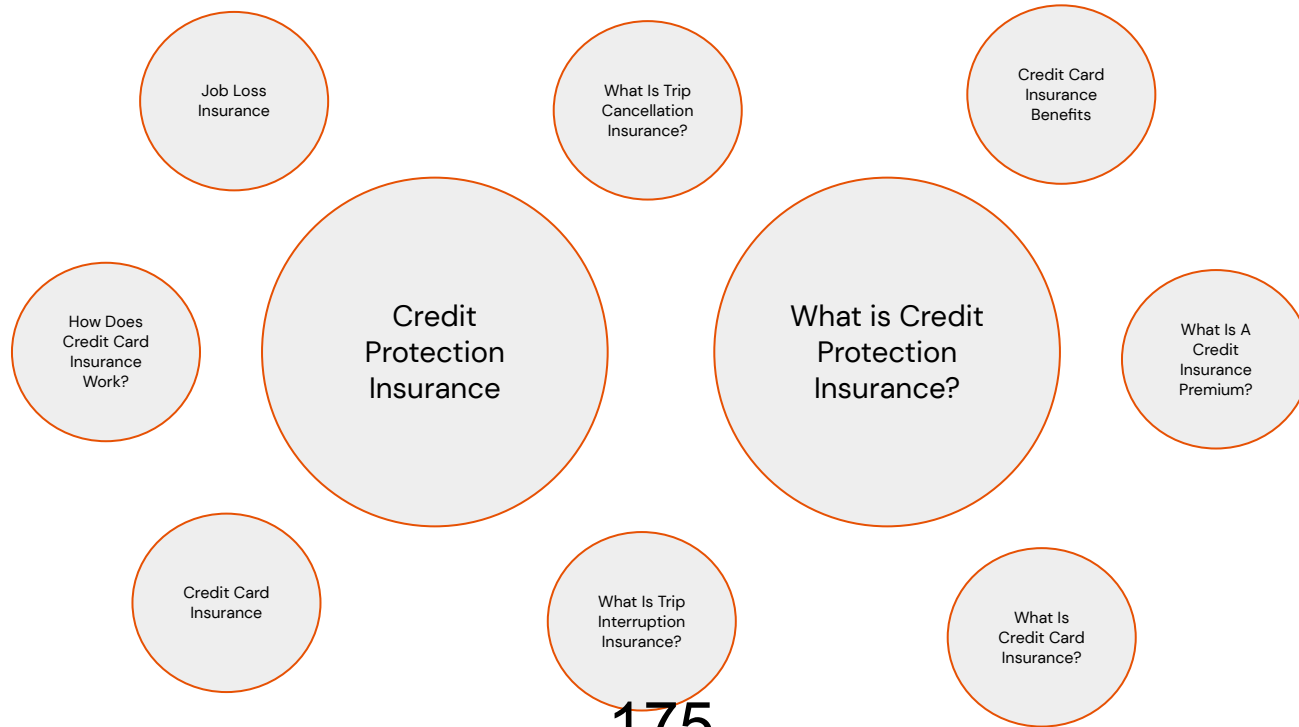
42

↑ 1,300%
3 (2019)

174

2020 Website Performance










Keyword/Phrase Rankings – Examples Of Top Position



175

2020 Website Performance

Keyword/Phrase Rankings – Examples Of Increase

Keyword	Ranking Change	Current Position	Position in 2019
What is trip interruption insurance	 52	5	57
What does mortgage insurance cover	 40	31	71
Credit card insurance benefits	 18	11	29
What is credit card insurance	 17	2	19
Travel cancellation insurance	 14	17	31
What is trip cancellation insurance	 10	2	12
Disability mortgage insurance	 9	19	28
Trip interruption insurance	 7	3	10
How does mortgage insurance work	 7	60	67
Benefits of credit insurance	 5	23	28

2020 Website Performance

Top entry points – the pages on your website that people find / go to most often...

#1 Landing / Entry Page Job Loss Insurance

- 8,913 Page Views (+29% YoY | 6,895)
- Time on page is 2:11 (+17s YoY | 1:52)
- 273 visitors went to “contact” page next
- 138 visitors went to “about” page next
- 109 visitors went to “insurance” page next
- 105 visitors went to “home” page next

#2 Landing / Entry Page Credit Protection Insurance

- 4,673 Page Views (+24% YoY | 867)
- Time on page: 3:18 (+16s YoY | 2:51)
- 28 visitors went to “home” page next
- 26 visitors went to “contact” page next
- 20 visitors went to “news” page next
- 17 visitors went to “about” page next

Business Listing Performance

The screenshot shows a Google Maps business listing for CAFII (The Canadian Association of Financial Institutions in Insurance). The listing includes the following details:

- Address:** 411 Richmond St E #200, Toronto, ON M5A 3S5
- Hours:** Open (Closes 5 p.m.)
- Phone:** (416) 494-9224
- Province:** Ontario

The listing also features a "Questions & answers" section, a "Reviews" section, and a "Videos" section. The "Videos" section displays three video thumbnails:

- CAFII | The Canadian Association of Financial Institutions in ...** (1:09)
- CAFII - Travel Medical Insurance Consumer Research** (2:00)
- CAFII: Mortgage Life Insurance** (1:23)

The "Reviews" section shows a prompt to "Be the first to review". The "Questions & answers" section shows a prompt to "Be the first to ask a question".

Business Listing Performance

2020 vs. 2019

In 2020, your business listing **improved** in both searches and views. That means more people have:

- found you when searching for the CAFII branded terms.
- found you when searching for non-branded terms which are relevant you.

That said, we would like to see more visitors click on your listing and then continue through to your website.

Your business listing was viewed more than **10,000** times last year, but less than 1% of those individuals took action.

Element	2020 Performance	Compared to 2019 Performance
Searches		
Branded Searches (CAFII)	2,091	↑ 16.3% YoY
Non-Branded Searches	8,839	↑ 72.5% YoY
Total	10,930	↑ 57.9% YoY
Views		
Total	11,555	↑ 29% YoY
Actions		
Clicks To Website	109	↓ 28.8% YoY
Clicks For Driving Directions	5	↓ 58.3 YoY
Clicks To Place Phone Call	9	↑ 200% YoY
Total	123	↓ 26.8% YoY

Thank You!

OPERATIC

Glossary of Key Terms



Making Insurance Simple, Accessible,
and Affordable for Canadians

Glossary

Website – Key Terms

Website Visits

The overall number of visits to your website within a given period.
A single person can visit a website multiple times.

Unique Visits

The number of unique people who visited your website within a given period (ie: last quarter).

Bounce Rate

The percentage of individuals that instantly leave a website without taking any action.

Conversions

The completion of a specific action on a website deemed to be important to a business' success. (ie: Visitor fills out a contact form, clicks to make a phone call or clicks to write an email).

Contact Form (submission)

A website visitor who fills out a form on your website.

Phone Call

A website visitor who places a phone call from your website.

Email Click

A website visitor who clicks to email from your website.

Direct Website Visits

The visits that came to your website from someone typing in your website URL into a browser, or through browser bookmarks.

Organic Website Visits

The number of visits that came to a website through a search engine (not including paid advertisements).

Referral Website Visits

The visits that came to a website by clicking on a link placed on a different website.

Glossary

Google My Business – Key Terms

Branded Searches

Visitors who find your listing searching for your business name or address.

Non-Branded Searches

Visitors who find your listing searching for a category, product or service without using your brand in their search query.

Map Views

Users who view your listing on Google Maps.

Search Views

Users who view your listing on a Google Search Engine Results Page.

Clicks To Website

When a visitor finds you on Google My Business and clicks through to your website.

Clicks For Driving Directions

When a visitor finds you on Google My Business and clicks to find driving directions.

Clicks To Place Phone Call

When a visitor finds you on Google My Business and clicks to place a phone call.

Briefing Note

CAFII Board Meeting 13 April, 2021—Agenda Item 7(a)

In Camera Session—First Implementation Of Board-Approved CAFII Policy On Executive Staff Annual Performance Review; and Resulting Consideration For Compensation Adjustment

Purpose of this Agenda Item – *In Camera Session Discussion*

This is an opportunity for an *in camera* session update and discussion on the process and outcomes of the first implementation of the new *CAFII Policy On Executive Staff Annual Performance Review; and Resulting Consideration For Compensation Adjustment*.

Background Information

Rob Dobbins, in his capacity as Board Secretary and EOC Chair, has led the first implementation of Board-Approved *CAFII Policy On Executive Staff Annual Performance Review; and Resulting Consideration For Compensation Adjustment (approved by the Board on 1 December, 2020)*; and he will update the Board on that process and its outcomes.

Recommendation / Direction Sought – *In Camera Session Discussion*

The Board's feedback is sought.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting 13 April, 2021—Agenda Item 7(b)

***In Camera* Session—Possible CAFII Diversification into Certification/Accreditation Initiatives
For The Benefit Of The Bancassurance/CPI Sector In Canada**

Purpose of this Agenda Item – *In Camera* Session Discussion

This is an opportunity for discussion on a suggestion from Zack Fuerstenberg, CAFII Board member from ScotiaLife Financial, that CAFII might provide some training and certification programs for the internal staffs of CAFII member organizations.

Background Information

Emerging from the Board's recent Strategic Plan review process, Zack Fuerstenberg has some ideas about how CAFII could have a new strategic initiative around leveraging its materials and content for training and certification programs for the internal staffs of CAFII member organizations.

Recommendation / Direction Sought – *In Camera* Session Discussion

Board feedback on Mr. Fuerstenberg's proposal will be sought.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting 13 April, 2021—Agenda Item 7(c)

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

Purpose of this Agenda Item – *In Camera Session Discussion*

This is an opportunity for discussion on a suggestion from Zack Fuerstenberg, CAFII Board member from ScotiaLife Financial, that CAFII and its members might lobby for a review of the federal government prohibition against banks retailing non-Authorized Insurance Products via their branches network.

Background Information

Canada is one of the only countries in the world where banks face legal prohibitions against offering a full suite of insurance products via their branches network. This is an opportunity for the Board to discuss Mr. Fuerstenberg's recommendation that CAFII undertake an initiative to challenge this federal government policy.

Recommendation / Direction Sought – *In Camera Session Discussion*

The Board's feedback on Mr. Fuersternberg's proposal will be sought.

Attachments Included with this Agenda Item

No attachments.