

**CAFII Board of Directors Agenda  
In-Person/Virtual Hybrid Meeting**

**Date:** Tuesday, April 4, 2022  
**Chair:** P. Thompson  
**Location:** In-Person at Vantage Venues, 27<sup>th</sup> Floor, 150 King St. West (at University Ave.), Toronto;  
Virtual Via [Virtual MSTEams Meeting](#)

**Time:** 3:00 to 5:00 p.m. EDT  
**Dial-in:** 437-703-4263  
**Phone Conference ID:** 965 295 258

1. Welcome, Call to Order, and Meeting Confirmation	3:00 p.m.	Presenter	Action	Document
a. Declaration of Meeting Properly Called and Constituted		P. Thompson		
b. Welcome to New CAFII Directors: Rahul Kakar, Chubb Life Insurance Company of Canada; and Nigel Branker, Securian Canada		P. Thompson		✓
c. Approval of Agenda		P. Thompson	Approval	✓

2. Consent Items	3:05 p.m.			
a. Draft Board Meeting Minutes, December 6, 2022				✓
b. Summary of Board and EOC Action Items				✓
c. January 2023 Regulatory Update				✓
d. February 2023 Regulatory Update				✓
e. March 2023 Regulatory Update				✓
f. Consultations/Submissions Timetable				✓
g. Regulator and Policy-Maker Visit Plan Recap				✓
h. Committee Reports Addressing CAFII Priorities				✓
i. Board-Approved CAFII 2023 Schedule of Meetings and Events				✓

3. Financial Management Matters	3:08 p.m.	Presenter	Action	Document
a. Draft CAFII 2022 Audited Financial Statements and Independent Auditor's Report Thereon 3:08 p.m.		H. Lopez, KPMG	Update/ Discussion/ Approval	✓
b. Timelines for Membership Approval of CAFII 2022 Audited Financial Statements 3:14 p.m.		B. Wycks	Update	✓
c. CAFII Financial Statements as at February 28/23 3:17 p.m.		D. Hinnecke	Update/ Approval	✓
d. Forecast for CAFII 2023 Fiscal Year as at February 28/23 3:22 p.m.		D. Hinnecke	Update	✓
e. Receipt of 2023 CAFII Member Dues Payments; and 2023 Associate Dues Payments 3:27 p.m.		B. Wycks	Update	

4. Strategic and Regulatory Matters	3:30 p.m.	Presenter	Action	Document
a. Insights Gained and Next Steps Arising from February 24/23 CAFII Virtual Meeting with FCNB Staff Executives Re Questions and Clarification Issues Around Compliance with Rule INS-001 (Stikeman Elliott Visitors: Stuart Carruthers, Mike Kilby, Sinziana Hennig)		K. Martin/ Stikeman Elliott Visitors	Update/ Discussion	✓ (3)
b. Outcomes of March 7/23 CAFII Virtual Meeting with Eric Jacob and Mario Beaudoin, AMF, To Reaffirm 'Unwritten Understanding' Resolution to Credit Card-Embedded Insurance Benefits Impasse Issue 3:50 p.m.		K. Martin	Update/ Discussion	✓
c. Insights Gained and Next Steps Arising from March 22/23 One-on-One Virtual Meeting Between CAFII Board Chair Peter Thompson and AMF's Eric Jacob 3:56 p.m.		P. Thompson	Update/ Discussion	✓
d. Insights Gained from March 23/23 AMF Virtual Presentation, in French Only, on Plans to Review the Consultation Process for the Prudential and Regulatory Framework Applicable to Financial Institutions (Optimizing The Compliance Burden) 4:02 p.m.		K. Martin	Update/ Discussion	
e. 'Deeper Dive Research' to Inform Possible Utilization of Results of CAFII 2022 Tracking Study Research with Pollara Strategic Insights on 'Consumers' Satisfaction with Credit Protection Insurance' 4:07 p.m.		K. Martin	Update	
f. Plans for May 9/23 2023 CAFII Annual Members and Associates Luncheon 4:12 p.m.		B. Wycks	Update	✓

g.	Planned Timing of CAFII Western Canada Insurance Regulators and Policy-Makers Visits Tour in Spring 2023; and CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour in Fall 2023; and Related Attendance/Representation Opportunities	B. Wycks	Update	✓
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5.	Governance Matters	4:18 p.m.	Presenter	Action	Document
a.	Draft Principles-Based Guideline on Appointment of CAFII Board Members Into Leadership Roles of Board Chair and Board Vice-Chair	4:18 p.m.	R. Dobbins/ K. Martin	Update/ Discussion/ Approval	✓
b.	Implementation of Board-Approved "New CAFII Management Structure (Post-2023)"	4:30 p.m.	K. Martin/ R. Dobbins	Update/ Discussion	✓
c.	Plans For Immediately Ensuing April 4/23 CAFII Reception Event with Kartik Sakthivel, LIMRA As Guest Speaker	4:38 p.m.	B. Wycks	Update	✓

6.	Read Only Items	4:40 p.m.		Read Only	Document
a.	Initial Board Briefing Note Around Issue of "CAFII Board Diversity"				Briefing Note Only
b.	November 30/22 CAFII Response Submission to CCIR on "Draft 2023-2026 Strategic Plan"				✓ (2)
c.	CCIR December 15/22 Publication of "2021 Annual Statement on Market Conduct Public Report"				✓
d.	BCFSA Interim Update on How It Plans to Proceed on Proposed "Insurer Code of Market Conduct" and Related "Supplemental Guideline"				✓
e.	BC Ministry of Finance Next Steps for Development of BC Restricted Insurance Agent Licensing Regime Framework				✓
f.	February 17/23 CAFII Response Submission on "Revised 8 December, 2022 Draft 2 of AMF's Regulation respecting Complaints Handling and Dispute Resolution in the Financial Sector" (Final English Version upon which French Translation, for submission, will be based)				✓ (2)
g.	Insights Gained from January 19/23 FSRA "Exchange" Event				Briefing Note Only
h.	February 27/23 CAFII Response Submission to FSRA Consultation on "Proposed Rule 2022 – 001: Assessments and Fees"				✓
i.	FSRA's Draft 2023-2024 Statement of Priorities (pp. 21-22 for Life and Health Insurance Priorities)				✓
j.	Outcomes of February 28/23 CAFII Meeting with CCIR/CISRO FTCWG on Final Version of CCIR/CISRO 'Incentive Management Guidance'				✓ (2)
k.	Insights Gained from Initial Meetings of CAFII Quebec/AMF Issues Committee				✓
l.	Outcomes of March 2/23 CAFII Relationship-Building Lunch With CAFII Initiation Member Applicant Prospect: Canadian Western Bank (CWB)				✓
m.	2022 CAFII Website and Search Engine Optimization Performance Report from Operatic Agency				✓
n.	2023 Statement of Work Proposal from Operatic Agency Re CAFII Website and Search Engine Optimization Performance Enhancements				✓
o.	Results of Informal CAFII Member Survey Re Research On 'The Consumer Financial Resiliency and Social Resiliency Benefits of Credit Protection Insurance'				✓
p.	CAFII Media Release on "CAFII Welcomes Chubb Life Insurance Company of Canada As A New Member"				✓

7.	In Camera Session	4:40 p.m.	Presenter	Action	Document
a.	2023 Implementation of CAFII Policy Re Co-Executive Directors' Performance Review Process		R. Dobbins/ K. Kasperski		✓
b.	Other Business				

**Next Board Meeting:** Tuesday, June 6, 2023, 3:20 to 5:15 p.m. EST, Immediately Following 2023 Annual Meeting of Members from 3:00 to 3:20 p.m.; and Immediately Preceding CAFII Reception Event Featuring Anthony Ostler, CEO, Canadian Bankers Association, as Guest Speaker, from 5:30 to 7:30 p.m., to be hosted by Manulife Financial at 200 Bloor St. East, 12<sup>th</sup> Floor, Toronto



## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 1(a)**

**Welcome, Call to Order, and Meeting Confirmation—Declaration of Meeting Properly Called and Constituted**

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### **Purpose of this Agenda Item – *Start of Meeting***

Formal start of meeting.

### **Background Information**

CAFII Board Chair Peter Thompson will begin the meeting.

### **Recommendation / Direction Sought – *Start of Meeting***

Start of meeting.

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

No attachments.

## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 1(b)**

**Welcome, Call to Order, and Meeting Confirmation— Welcome to New CAFII Directors: Rahul Kakar, Chubb Life Insurance Company of Canada; and Nigel Branker, Securian Canada**

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

Welcome to two new CAFII Directors.

### **Background Information**

CAFII Board Chair Peter Thompson will welcome two new Directors, Rahul Kakar, from Chubb Life Insurance Company of Canada; and Nigel Branker, from Securian Canada (formerly Canadian Premier Life Insurance Company).

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

Update only.

**Agenda Item 1(b)**  
**April 4/23 Board Meeting**

**From:** Brendan Wycks

**Sent:** Thursday, February 9, 2023 12:22 PM

**To:** CAFII Board Members

**Cc:** CAFII EOC Members and Board Surrogates

**Subject:** Chubb Life Insurance Company of Canada Has Been Admitted to CAFII Initiation Membership; and Rahul Kakar Has Been Appointed As Chubb Life's Director on the CAFII Board, Effective February 9/23

**CAFII Board Members (c.c. EOC Members and Board Surrogates):**

I am pleased to advise that Chubb Life Insurance Company of Canada has been admitted to CAFII Initiation Membership; and Rahul Kakar, Senior Vice-President and Head of Chubb Accident & Health Canada, has been appointed to the CAFII Board of Directors as the Director from Chubb Life.

Thirteen (13) of the 14 existing CAFII Directors have voted on both of the two Motions set out below, which were Moved by Peter McCarthy and Seconded by Wayne Hewitt; and all thirteen (13) have voted ***In Favour*** of both motions, well in excess of the two-thirds majority affirmative vote required for a Resolution/Motion to be passed under *Article 5.14: Voting By Electronic Means, Outside of a Board Meeting* as set out in CAFII's By-Law No.1.

To Rahul Kakar and his colleague Afzal Baig, Assistant Vice-President, Product Management & Strategy – Chubb Accident & Health Canada: welcome to CAFII Membership!

**Rahul:** I know that your new colleagues on the CAFII Board of Directors look forward to meeting you at the upcoming April 4/23 Board meeting; and to having the benefit of your experience and insights in the Board's deliberations over the months and years to come.

**Afzal:** welcome back to CAFII and to the Association's Executive Operations Committee (given your prior exposure and strong contributions to the EOC when you were with BMO Insurance and TD Insurance). I know that your new/renewed EOC colleagues are looking forward to seeing you at the upcoming February 14/23 virtual-only EOC meeting; and to having the benefit of your experience and insights in its deliberations as CAFII moves forward.

Best regards,

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

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

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**From:** Brendan Wycks  
**Sent:** CAFII Board Members  
**Cc:** CAFII EOC Members and Board Surrogates  
**Subject:** Nigel Branker, CEO, Securian Canada, Has Been Unanimously Appointed To CAFII Board of Directors, Effective February 14/23

**CAFII Board Members (c.c. EOC Members and Board Surrogates):**

I am pleased to advise that Nigel Branker, CEO, Securian Canada, has been unanimously appointed to the CAFII Board of Directors as the Director from Securian Canada.

All of the existing CAFII Directors have now voted on the Motion proposed by Peter McCarthy and seconded by Chris Lobbezoo; and all fourteen (14) have voted ***In Favour***, well in excess of the two-thirds majority affirmative vote required for a Motion to be passed under *Article 5.14: Voting By Electronic Means, Outside of a Board Meeting* as set out in CAFII's By-Law No.1.

**Nigel:** welcome to the CAFII Board of Directors! I know that your fellow CAFII Directors and everyone else involved in our Association looks forward to meeting you at the next CAFII Board meeting on Tuesday, April 4/23, if not before; and to having the benefit of your experience and insights in the Board's deliberations.

Best regards,

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

Co-Executive Director

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## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 1(c)**

**Welcome, Call to Order, and Meeting Confirmation—Approval of Agenda**

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

Approval of the agenda.

### **Background Information**

CAFII Board Chair Peter Thompson will ask the Board to approve the Agenda for today's meeting.

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

Approval is sought.

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

1 attachment.

## **Briefing Note**

### **CAFII Board Meeting 4 April, 2023—Agenda Item 2(a-i) Consent Items**

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

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

#### **Background Information**

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

- a. Draft Board Meeting Minutes, December 6, 2022;
- b. Summary of Board and EOC Action Items;
- c. January 2023 Regulatory Update;
- d. February 2023 Regulatory Update;
- e. March 2023 Regulatory Update;
- f. Consultations/Submissions Timetable;
- g. Regulator and Policy-Maker Visit Plan Recap;
- h. Committee Reports Addressing CAFII Priorities; and
- i. Board-Approved CAFII 2023 Schedule of Meetings and Events.

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

No action required.

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

9 attachments.



**BOARD MEETING**  
**CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE**  
In-Person/Hybrid Meeting at CIBC Square, 81 Bay St., Toronto, Ontario  
Tuesday, December 6, 2022  
Minutes

<b>Board Members</b>	Peter Thompson	National Bank Insurance and Board Chair
<b>Present in Person:</b>	Paul Cosgrove	Assurant Canada
	Louie Georgakis	The Canada Life Assurance Company
	Chris Lobbezoo	RBC Insurance
	Ian Oncea	CIBC Insurance
	Simon Lacroix-Hubert	Desjardins Insurance
	Valerie Gillis	TD Insurance
<b>Present Virtually:</b>	Wayne Hewitt	Scotia Insurance
	Kelly Tryon	CUMIS/The Co-operators
	Rob Robinson	Canadian Premier Life Insurance Company
	Nicole Benson	Valeyo
	Wally Thompson	Manulife
	Adam Vespi	Canadian Tire Bank
<b>Regrets:</b>	Peter McCarthy	BMO Insurance
	Sophie Ouellet	Sun Life
<b>Also Present:</b>	Brendan Wycks, Co-Executive Director	
	Keith Martin, Co-Executive Director	
	Rob Dobbins, EOC Chair and Board Secretary	
	Karyn Kasperski, EOC Vice-Chair and Vice-Board Secretary	
	Jake Becker, Recording Secretary	

**Item 1: Welcome, Call to Order, and Meeting Confirmation**

CAFII Board Chair Peter Thompson welcomed all to this meeting of the CAFII Board of Directors, which was held at CIBC Square in Toronto, Ontario, as well as virtually on the Microsoft Teams platform; and he called the meeting to order at 3.05 p.m. Jake Becker acted as Recording Secretary.

**Item 1(a): Welcome to New CAFII Director: Valerie Gillis, TD Insurance**

Peter Thompson welcomed new CAFII Director Valerie Gillis from TD Insurance, who provided a self-introduction and said she was looking forward to working with her fellow CAFII Board members on the Association's priorities.

**Item 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.

## Item 2: Consent Items

On a motion duly made, seconded, and unanimously carried

**IT WAS RESOLVED** that the following 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:

- a. Draft Board Meeting Minutes, October 11, 2022
- b. Summary of Board and EOC Action Items
- c. October 2022 Regulatory Update
- d. Consultations/Submissions Timetable
- e. Regulator and Policy-Maker Visit Plan Recap
- f. Committee Reports Addressing CAFII Priorities
- g. Board-Approved CAFII 2023 Schedule of Meetings and Events

And further, it is **RESOLVED** that the minutes of the meeting of the CAFII Board of Directors held October 11, 2022 be and are adopted in the form presented, and that copies of those minutes be signed and placed in the minute book of the Corporation, with a single amendment to be made to Item 3(b) of those minutes as follows: to include the following words at the end of the Board-approved motion: "on a best-efforts basis."

## Item 3: Financial Management Matters

### Item 3(a): CAFII Financial Statements as at October 31/22

Treasurer Donald Hinnecke provided an overview of the Association's financial statements as of October 31, 2022, noting that CAFII was in a strong financial position and will also finish 2022 with a significant fiscal year surplus mainly due to some expenses, such as legal fees, travel, and event costs, not being incurred.

### Item 3(b): Forecast for CAFII 2022 Fiscal Year as at October 31/22

Treasurer Donald Hinnecke provided an update on the forecast for CAFII's 2022 fiscal year, noting that a significant surplus was expected. There were still some expenses that would be incurred in the latter part of the year, including for research, he advised.

### Item 3(c): Proposed CAFII 2023 Operating Budget (may be assigned to In Camera Session, following initial discussion, if desired by Board)

Treasurer Donald Hinnecke presented the Proposed CAFII 2023 Operating Budget, noting that the budget was unusual in that included some non-recurring expenses, such as additional staff salary to hire a staff successor to Brendan Wycks, who would be retiring at the end of 2023, with several months of overlap with Brendan Wycks being provided to allow for orientation and training; and, in addition, the intention to have two Regulator and Policy-Maker Visits Tours in 2023: one to Western Canada in the spring, and the other to Atlantic Canada in the fall. That would lead to a sizeable fiscal year deficit for 2023, but the Association's finances would remain strong and the end of that year, with its financial reserves still falling within the target range of 25% to 50% of annual operating expenses, Mr. Hinnecke observed.

On a motion duly made, seconded, and unanimously carried

**IT WAS RESOLVED** that the Proposed CAFII 2023 CAFII Operating Budget be and is approved, as presented.

## Item 4: Strategic and Regulatory Matters

### **Item 4(a): Insights Gained and Next Steps Arising from November 4/22 One-on-One Virtual Meeting Between CAFII Board Chair Peter Thompson and AMF Superintendent Eric Jacob Re Finding A Solution To Issue Around RADM's Applicability to Credit Card-Embedded Insurance Benefits**

Board Chair Peter Thompson provided an overview of his 4 November, 2022 virtual meeting with Eric Jacob, the AMF's Superintendent, Client Services and Distribution Oversight, and said that he was now waiting on a follow-up from Mr. Jacob with respect to resolving the impasse between CAFII and the AMF around the RADM's applicability to credit card-embedded insurance benefits.

Mr. Thompson said that in the meeting, he found Mr. Jacob to be sincere in his stated desire to resolve the impasse; and he felt that it was positive that there was a now new line of communication open at a more senior level with the AMF.

*[Action Item: Maintain ongoing dialogue with AMF Superintendent Eric Jacob and keep CAFII management and the EOC Chair and Vice-Chair informed of any developments re resolving the impasse issue re the RADM's applicability to credit card-embedded insurance benefits and any other CAFII Member-relevant issues; P. Thompson, Ongoing]*

### **Item 4(b): EOC Decision To Wind Down 'Working Group on Compliance with AMF's Expectations Around RADM's Applicability to Credit Card-Embedded Insurance Benefits'; and Replace It with A Full Status 'CAFII Committee on Quebec/AMF Issues'**

Keith Martin reported that the *CAFII Working Group on Compliance with the AMF's Expectations Around RADM's Applicability to Credit Card-Embedded Insurance Benefits* had been meeting regularly for nearly two years, with the focus in 2022 being on implementation of member company Action Plans to comply with the RADM-based expectations for credit card-embedded insurance benefits. With that implementation nearly complete for most members, the Working Group and the EOC have both suggested that a new "CAFII Quebec/AMF Committee" should be struck, with the intention of reviewing and examining emerging issues in Quebec, including the AMF initiative around statistics on Debtor Life, Health, and Employment Insurance (DLHE) claims denial rates, and return of premium to customers; on Bill 96 (Charter of the French language); privacy initiatives; AMF initiatives on Sound Commercial Practices, and on Complaints and Dispute Resolution. Member companies will be invited to appoint members to this new EOC sub-committee once the EOC has approved its Terms of Reference, Mr. Martin concluded.

### **Item 4(c): Insights Gained from November 22/22 AMF Rendez-Vous Mini-Conference**

Keith Martin reported that he had attended the 22 November, 2022 AMF Rendez-Vous Mini-Conference in Montreal, which featured practically no content on insurance.

AMF Superintendent, Client Services and Distribution Oversight Eric Jacob focused his comments at the mini-conference on other issues, including crypto-currency and the regulatory challenges it produced.

At the Rendez-Vous, Mario Beaudoin, the AMF's Director of Alternative Distribution Practices in Insurance, made a point of reaching out to Keith Martin, and he was very friendly and forthcoming in a private 20-minute conversation.

Mr. Beaudoin said that he found it difficult to understand the trends in travel insurance as there were so many different policies, exceptions, limitations etc. and a lack of common definitions. Keith Martin replied that different policies and approaches was the sign of a healthy, competitive marketplace.

Mr. Beaudoin then asked if CAFII members had received their letters from the AMF on their performance around claims Debtor Life, Health, and Employment insurance (DLHE) claims denial rates, and return of premium to customers. Keith Martin replied that relevant CAFII members had received those letters and he thanked Mr. Beaudoin for the extension of the deadline for members to respond.

Mr. Beaudoin that some CAFII members were performing admirably with respect to the AMF's expectations around DLHE insurance, but others were not; and it was important for the reputation of the industry that outliers make an effort to improve their results. Keith Martin replied that data provided by industry needed to be interpreted carefully and with proper context. Mr. Beaudoin said that this was a long-term initiative, and the intention of the AMF was to work with industry co-operatively. He said that the AMF needed to have the data that it had been requesting from CAFII members and other industry players in order to properly oversee the industry.

Finally, Mr. Beaudoin said that there was much confusion at the AMF about Bill 96, the new Charter of the French language, and how it was to be interpreted and applied in practice.

**Item 4(d): Insights Gained from November 4/22 CAFII Virtual Stakeholder Feedback Session with CCIR on Its Draft 2023-2026 Strategic Plan; and Reflecting Them in CAFII Written Feedback Submission (November 30/22 Deadline)**

Keith Martin provided an update on the 4 November, 2022 CAFII Virtual Stakeholder Session with CCIR on its Draft 2023-2026 Strategic Plan, at which there was some surprise at CCIR Chair Robert Bradley essentially rebutting many of the constructive feedback points which CAFII had just offered.

Mr. Martin noted that the AMF's Nathalie Sirois had responded to the comment that CAFII preferred that provincial jurisdictions not have their own version of a fair treatment of customers guideline, by saying that the comment was, no doubt, directed at the AMF. In fact, that CAFII feedback comment was made in connection with a current BCFSa consultation on its own proposed Insurer Code of Market Conduct, and Keith Martin noted that CAFII intended, in its November 30/22 written submission on the CCIR Strategic Plan, to note that it understood that there were legitimate reasons for which Quebec/the AMF had its own version of an FTC Guideline, and to subsequently share that part of the submission specifically with Nathalie Sirois. The EOC also suggested that CAFII management reach out to Ms. Sirois for a meeting, which outreach has occurred. Peter Thompson thanked CAFII's Co-Executive Directors for what he felt was an excellent presentation to the CCIR in the Virtual Stakeholder Feedback Session on 4 November, 2022.

**Item 4(e): Insights Gained from October 19/22 CAFII 25<sup>th</sup> Anniversary Celebration**

Brendan Wycks reported that there was a strong contingent of insurance regulators and policy-makers in attendance at CAFII's 25<sup>th</sup> Anniversary Celebration on October 19/22, and that the remarks delivered on that occasion by Board Peter Thompson were very well-received. The remarks, the slideshow displayed at the celebration, and photos taken at the event will all be posted online and made available to all those who were invited to the event, to review at their leisure, Mr. Wycks concluded.

*[Action Item: Post CAFII 25<sup>th</sup> Anniversary Celebration photos, slideshow and speeches on MS 365 and circulate to CAFII Member representatives and insurance regulator and policy-maker invitees to the 25<sup>th</sup> Anniversary Celebration; J. Becker, December 20/22.]*

**Item 4(f): Planned Timing of and Approach to CAFII Western Canada Insurance Regulators and Policy-Makers Visits Tour in Spring 2023; and CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour in Fall 2023**

Brendan Wycks reported that CAFII intends to return to in-person Insurance Regulator and Policy-Maker Visits Tours in 2023, with a visit to Western Canada in the spring and a visit to Atlantic Canada in the fall.

**Item 4(g): Insights Gained from December 1/22 CAFII Webinar ‘A Fireside Chat with Blair Morrison, CEO of BCFSA’**

Keith Martin reported that there was excellent regulator and policy-maker attendance at CAFII’s recent December 1/22 webinar, and that the discussion with Blair Morrison, CEO of BCFSA, was very positive, informative, and productive. The webinar was recorded and will be posted to the CAFII website, Mr. Martin concluded.

**Item 5: Governance Matters**

**Item 5(a): Plans for December 6/22, 5:30 to 7:30 p.m. CAFII Year-End/Holiday Season Reception, Immediately Following This Board Meeting**

Brendan Wycks provided an overview of the plans for the Year-End/Holiday Season Reception which would immediately follow this Board meeting at the nearby Vantage Venues.

**Item 6: Meeting Termination**

On a motion duly made, seconded, and unanimously carried

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

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status Mar. 21, 2023
		<b>Association Strategy, Governance and Financial Management</b>			
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-22	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, via a first meeting and a draft Terms of Reference for this Working Group.	K. Martin	31-Dec-22	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-22	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-22	In Progress
5	BOD October 11, 2022	Identify a CAFII Board Vice-Chair candidate for appointment at the June 2023 First Meeting of 2023-24 Board of Directors	P. Thompson/ K. Martin/ B. Wycks	15-May-23	In Progress
6	EOC January 17, 2023	Convene further meeting of Research & Education Committee to arrive at a recommendation re how CAFII should handle results of CAFII 2022 Tracking Study Research with Pollara Strategic Insights on 'Consumers' Satisfaction with Credit Protection Insurance; and once determined, bring that recommendation to the EOC	K. Martin/ B. Wycks	28-Feb-23	Completed
		<b>Regulatory Initiatives</b>			
7	EOC October 26, 2021	Organize a meeting of the Market Conduct and Licensing Committee to review CCIR's 2021 document on the industry's adoption of the FTC guidance	K. Martin/ B. Wycks	31-Jul-22	In Progress
8	BOD December 6, 2022	Maintain ongoing dialogue with AMF Superintendent Eric Jacob and keep CAFII management and EOC Chair and Vice-Chair informed of any developments re resolving impasse issue re RADM's applicability to credit card-embedded insurance benefits and any other CAFII Member-relevant issues	P. Thompson	Ongoing	Ongoing
		<b>Association Operations</b>			
9	EOC May 17, 2022	Regularly scan website videos to ensure that they are up-to-date and don't include broken links	K. Martin/ B. Wycks	31-May-22	Ongoing



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

**Regulatory Update – CAFII Executive Operations Committee, 14 February, 2023**

Prepared by Keith Martin, CAFII Co-Executive Director

<b>Federal/National .....</b>	<b>3</b>
Canadian Life and Health Insurance Association .....	3
CLHIA Testifies Before a Senate Committee on Bill C-242, An Act to Amend the Immigration and Refugee Protection Act .....	3
Travel Health Insurance Association of Canada .....	3
THIA Holds a Webinar with Marc Desormeaux, Desjardins, on the Economic and Financial Outlook for Canada .....	3
Canadian Association of Financial Institutions in Insurance (CAFII) .....	4
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## Federal/National

### Canadian Life and Health Insurance Association

*CLHIA Testifies Before a Senate Committee on Bill C-242, An Act to Amend the Immigration and Refugee Protection Act*

An federal government Act which CLHIA and THIA are opposed to has been passed the House of Commons and is now being reviewed by the Senate. CLHIA testified before a Senate Committee reviewing the Act on 1 February, 2023. The Act would allow “supervisa” holders (who are allowed to remain in Canada for longer than most visa holders) to obtain travel health insurance coverage from non-Canadian insurers.

CLHIA had previously written to the government to make the case that while foreign carriers may offer travel insurance coverage at rates that are less expensive than Canadian carriers, the risk is that a person with such insurance may have less thorough coverage, and this ultimately could cause consumer harm and impose costs upon the Canadian health care system.

CLHIA has now adjusted the main arguments in its petition to the government to focus on the need for any foreign carrier to meet the same prudential and market conduct regulatory standards that are expected of Canadian-based carriers.

### Travel Health Insurance Association of Canada

*THIA Holds a Webinar with Marc Desormeaux, Desjardins, on the Economic and Financial Outlook for Canada*

The Travel Health Insurance Association of Canada (THIA) held a 19 January, 2023 webinar with Marc Desormeaux of Desjardins, on the economic and financial outlook for Canada.

Mr. Desormeaux said that inflation is high globally at this time, and central banks are raising rates to rein it in. He added that part of the solution to inflation is that weaker global goods demand is reducing supply chain pressures. As well, oil prices have fallen and that will reduce inflationary pressures as well. Desjardins believes that interest rates will begin to fall in late 2023.

Mr. Desormeaux predicted that the housing market will drive a recession in Canada in 2023, and there will be an increase in unemployment. But the recession will not be as bad as in prior recessions. He indicated that population growth through immigration in Canada offers a boost to the Canadian economy that will be an offset to the recessionary pressures.

Mr. Desormeaux noted that a high interest rate environment tends to put pressure on discretionary spending items such as travel, so that is an industry that may find some challenges as the Bank of Canada tries to rein in inflation.

The webinar can be accessed here:

[\(146\) Economic Outlook with Marc Desormeaux - YouTube](#)

## **Canadian Association of Financial Institutions in Insurance (CAFII)**

### *CAFII Creates a New Quebec/AMF Issues Committee*

With multiple regulatory and legislative changes in Quebec, CAFII has created a permanent Quebec/AMF Issues Committee that will initially be meeting monthly, supplemented by additional *ad hoc* meetings as needed, to tackle emerging issues in Quebec. The Committee is chaired by Jennifer Russell (Assurant) and its Vice-Chair is Iman Muntazir (RBC Insurance), and it has already met twice (1 February, 2023 and 9 February, 2023). The initial focus has been on how to respond to the Charter of the French Language (Bill-96). While some provisions of Bill 96 came into effect as of **June 1, 2022**, others will come into effect over the ensuing three years.

There is still some uncertainty about what is a “contract of adhesion,” which is a final, non-negotiable contract; these must always be presented first in French to residents of Quebec, and only subsequently, if requested by the customer, can an English version be made available. Whether a credit protection insurance Certificate of Insurance qualifies as a “contract of adhesion” is not clear, nor is there consensus on how to deal with insurance benefits which are embedded in a credit card.

For further information on the Charter of the French Language legislation, following are two legal updates.

[Charter of the French language | Knowledge | Fasken](#)

[Stikeman Elliott: Charter of the French Language](#)

***Membership of the CAFII Quebec/AMF Issues Committee, as at 14 February, 2023***

First	Last	Company
Susan	Gibaut	Assurant Canada
Nadine	Roy	Assurant Canada
*Jennifer	Russell	Assurant Canada
Cecillia	Xiao	Assurant Canada
Greg	Caers	BMO Insurance
Silvana	Capobianco	BMO Insurance
Sergio	Gomes	BMO Insurance
Deliska	Beauregard	Securian Canada
Farhad	Eslah	Canadian Tire Bank
Catherine	Latulippe	Canadian Tire Bank
Ibrahim	Idowu	CIBC Insurance
Kristal	McKay	CIBC Insurance
Mandy	Rutten	CIBC Insurance
David	Self	CIBC Insurance
Doug	Weir	CIBC Insurance
Casandra	Litniansky	CUMIS/The Co-operators
Michelle	Costello	CUMIS/The Co-operators
Isabelle	Choquette	Desjardins Insurance
Maude-Marie	Dorval	Desjardins Insurance
Léa	Dufresne	Desjardins Insurance
Bessie	Paliouras	Manulife Financial
Stephanie	Lessard	National Bank Insurance
Ivan	Murray	National Bank Insurance
Jonathan	Poulin	National Bank Insurance
**Iman	Muntazir	RBC Insurance
Belinda	Lynch	Scotia Insurance
Sherri	Kuzio	Scotia Insurance
Pete	Thorn	TD Insurance
Marc-Andre	Chartrand	The Canada Life Assurance Company
Elyse	Lemay	The Canada Life Assurance Company
Lindsey	LeClair	Valeyo
* Chair		
** Vice-Chair		

*CAFII Holds a Webinar with Dallas Ewen, Canada Life, and David Elder, Stikeman Elliott, on Privacy Issues and Trends in Insurance*

CAFII held a webinar on privacy issues and trends in insurance on 26 January, 2023 with Dallas Ewen, Canada Life, and David Elder, Stikeman Elliott.

David Elder said that from a business perspective, privacy laws to date in Canada have been quite effective. In the common-law provinces, those laws are largely principles-based, and Privacy Commissioners have been able to deal with a wide variety of issues. There are significant non-monetary penalty reasons why companies want to comply with privacy requirements. One problem, however, is that there is no real way to appeal a ruling made by a Commissioner. Dallas Ewen agreed that the privacy regime is largely effective in Canada. He also agreed that there is difficulty challenging privacy rulings, but the new federal Bill C-27 does provide for a tribunal that, to an extent, addresses this shortcoming.

Dallas Ewen noted that there is a lack of privacy laws harmonization in Canada from jurisdiction to jurisdiction. There is the federal Personal Information Protection and Electronic Documents Act (PIPEDA) which applies everywhere in Canada except where there are provincial regimes that have been deemed to be substantially similar to PIPEDA — which is the case for British Columbia, Alberta, and Quebec (Personal Information Protection Acts (PIPA) in BC and Alberta, and a different name in Quebec). But there are some small differences between the different regimes. The most significant difference between the regimes is around the obligation to report breaches. David Elder echoed Mr. Ewen's sentiments, but noted that those challenges are not that different from other jurisdictional issues that exist in Canada in other sectors. There is also broad co-operation and co-ordination between regulators, which is helpful. However, new challenges may come about with Quebec's recently modernized privacy legislation, which will make it a bit of an outlier.

David Elder built on those comments by noting that Quebec has recently taken a very different approach and is making major amendments to its privacy regime. Quebec's amendments are taking place over several years and reflect a new direction, which is more similar to the approach taken in Europe (the European Union's *General Data Protection Regulation* or GDPR). In general, there are higher standards and expectations now in the Quebec requirements as well as new, additional requirements. Quebec's new law is also imposing requirements not just for activity outside of the country, but outside of Quebec. There are also now significant new monetary penalties in the Quebec legislation, and a right of private litigation. Dallas Ewen agreed that the new rules are different from elsewhere in Canada and quite intense. There is more of a philosophy in this new regime around viewing privacy as a human right.



Notwithstanding Quebec developments, most other jurisdictions in Canada are also looking mainly at international developments, including in California and the European Union's GDPR. The federal privacy rules that are being modernized in Bill C-27, if passed, will replicate many of the features of the Quebec rules. Canadian privacy laws will likely have to be reformed in order to align more closely the GDPR and with international developments generally, especially in terms of enforcement and having significant monetary penalties for non-conforming businesses.

Any business that is data-dependent will have to deal with the issues around the use of personal information. If data was once personal information and in aggregated form could be tied back to an individual, such data could now be captured by the more stringent rules in Europe and elsewhere.

There were attendees at the webinar from allied industry associations CLHIA, THIA, and the Canadian Bankers Association (CBA), and from regulatory and policy-maker organizations including:

- the Canadian Insurance Services Regulatory Organizations, or CISRO;
- the Insurance Councils of Saskatchewan, or ICS;
- the Alberta Insurance Council, or AIC;
- the Government of Alberta;
- the British Columbia Ministry of Finance; and
- the British Columbia Financial Services Authority, or BCFSa.

The webinar was recorded and a copy of the recording can be found here:

<https://www.cafii.com/category/events/>

<https://www.youtube.com/watch?v=s-i3lmHanxw&t=2s>

*CAFII Holds a Webinar with Blair Morrison, CEO of the British Columbia Financial Services Authority*

CAFII held a 1 December, 2022 webinar with Blair Morrison, CEO of the British Columbia Financial Services Authority.

Mr. Morrison said that as a relatively new organization launched three years ago, BCFSa has undergone a significant journey since 2019. The Financial Institutions Commission of British Columbia, FICOM, was the predecessor to BCFSa. The Minister of Finance wanted the new regulatory authority to be “modern, effective, and efficient.”

BCFSa is an integrated financial services regulator that needed to make changes from the way that FICOM had operated. In particular, BCFSa has emphasized the importance of dialogue with the industry, and it views conversation and consultation as critical to its mandate. As an integrated regulator, it is responsible for credit unions, insurance companies, real estate companies, trust companies, pensions, mortgage brokers, real estate licensees, and deposit-taking institutions.

Mr. Morrison said that there is a Superintendent model at BCFSa where he is ultimately the lead regulator for all the different financial services sectors; but because no one person can manage all those areas, he has many senior people supporting him. However, there is a functional approach as opposed to a siloed approach, so different staff executives cut across the different sectors. This is important because decisions in one area will have an impact in many other areas, so executives need to understand the overall picture. Mr. Morrison also takes a very delegated approach. He said that BCFSa has 350 employees, with a budget of \$60 million which comes from fees paid by industry. Employees operate in a hybrid model, working both from home and in the office.

Mr. Morrison said that he is supportive of a principles-based regulatory approach, but there also need to be rules to ensure consumer protection. BCFSa knows that it does not have all the answers, and it believes in communication and dialogue; but there are times when enforcement is required. However, the starting point is the larger principle of what the regulator is trying to achieve.

BCFSa has rule-making authority, and Mr. Morrison said that was necessary to provide it with the types of tools it may need to use for consumer protection. Rule-making authority, however, is part of a very clear and transparent process and does involve consultation with industry. BCFSa also has some emergency powers but they are also subject to a process. In terms of regulatory priorities, BCFSa wants the industry to succeed. It has a three-year roadmap which it has shared with industry.

There is a BCFSa Insurer Code of Market Conduct consultation that is ongoing. Industry has provided a lot of input on this, but there are constraints on what BCFSa can do (or not do) because developing a BC Code is a statutory requirement. Climate change is another major priority for BCFSa. But all those priorities are subject to ongoing discussions with industry — everyone, the regulator and the industry included, has too many jobs and not enough resources, so it is important to work collaboratively to achieve the best outcomes. BCFSa has strong, productive relationships with the BC Ministry of Finance and with the Insurance Council of British Columbia. It also consults with federal bodies such as the Bank of Canada, and it works closely with the Canadian Council of Insurance Regulators (CCIR).

On digitization, Mr. Morrison said that data is incredibly important and regulators will need to use data well to make better decisions. There needs to be more sharing of data, as regulators will need it to understand what is happening in the industry and how best to respond. With digitization, there are always risks of leaks and breaches, and regulators need to keep a close eye on those risks. Regulators will also increasingly need to use regulatory software applications to operate more efficiently.

Mr. Morrison said that he supports regulatory harmonization, but every province may have different priorities or approaches from time to time. When that happens, there will be dialogue with industry and an explanation of why that unique or separate approach is being taken.

Mr. Morrison ended the webinar fireside chat by noting the important role of mental health in the workplace and that supporting employees at BCFSa is a key priority for the organization and for him personally.

There were representatives in attendance at this webinar from the CLHIA and from the Insurance Bureau of Canada, or IBC, and from the following regulator and policy-maker organizations:

the Office of Nova Scotia's Superintendent of Insurance;

- Quebec's Autorité des marchés financiers, or the AMF;
- the Financial Services Regulatory Authority of Ontario, or FSRA;
- the Insurance Councils of Saskatchewan;
- Saskatchewan's Financial and Consumer Affairs Authority, or FCAA;
- the Ministry of Finance, Government of British Columbia;
- the Insurance Council of British Columbia;
- the British Columbia Financial Services Authority, or BCFSa; and
- the Government of the Northwest Territories.

The webinar was recorded and can be found here:

<https://www.cafii.com/category/events/>

[https://www.youtube.com/watch?v=O3s\\_oelEeUo](https://www.youtube.com/watch?v=O3s_oelEeUo)

Some polling questions were asked during the webinar and the results can be found here:

<https://www.cafii.com/wp-content/uploads/2023/01/CAFII-Webinar-Dec-1-English-Poll-Results.pdf>

*CAFII Holds a Webinar on “Travel Trends and Travel Insurance Implications As Society Emerges From the COVID-19 Pandemic”*

CAFII held a 3 November, 2022 webinar with four expert panelists: Eliot Draga, from the Travel Health Insurance Association of Canada; Sheila Burns, from the Canadian Life and Health Insurance Association; Katia Umotonuwase, from Manulife and the Chair of the CAFII Travel Insurance Experts Committee; and David Moorcroft, travel blogger and host of “The Business of Blockchain” podcast.

David Moorcroft said that travel is still recovering, with only half the level of travel globally occurring in January to May 2022 relative to that same period in 2019. Elliott Draga said that travel spend in Canada is about 75% in Q4 2022 relative to 2019, so that is another indication that there is still more recovery to occur. Sheila Burns also noted that some of the Canadian travel may be due to use of travel vouchers, so the numbers may not even be as good as they seem. Katia Umotonuwase agreed that there is definitely a recovery in place, and hopefully things will return to normal in 2023.

Another factor is that people are thinking of cutting back on travel due to inflation and higher interest rates. On the other hand, people have accumulated significant savings over the past few years during the COVID-19 pandemic. Snowbirds are also less likely to be affected by inflation than other Canadians. Older Canadians who wanted to travel but could not do so due to COVID are likely to spend what is needed to get the experience they want, no matter the cost.

The panel spoke about some of the challenges at airports and with obtaining passports. There are definitely significant service delays as governments and airlines try to adapt to heightened delays, mostly due to staffing shortages. This is the same situation with the surge in demand for passports, with the government not having anticipated the level of demand that occurred in a short span of time.

The panel was asked about how travel has changed since the onset of COVID-19, and Katia Umutoniwase said that clients are now initiating questions about travel insurance. There is an increase in people taking large, complex trips, she added. Elliott Draga said that there are definitely more travel insurance policies being issued, and people are paying more attention to the terms and conditions of their insurance.

The panel spoke about the adjustments that have been experienced in other areas, such as the shortage of pilots, the computer chips shortage, and the challenges in the car rental business. There was also reference to some issues with the system for expedited passage across the Canada-United States border, called Nexus.

It was noted that now that there are lower level advisories regarding COVID-19, coverage for COVID-related illness is now provided in regular travel insurance for most policies, without the need for purchasing additional coverage or riders. It is still very important for consumers to do their research and determine exactly what a policy covers, and what it does not.

Most panelists felt that the next time a pandemic occurs, governments will be better prepared and will use a more scientific approach to some of their requirements. The population may be better educated about the best response to take individually including more willingness to be vaccinated. However, every situation is different and it is hard to predict how such a situation will unfold in future.

A recording of this webinar can be found at:

<https://www.cafii.com/category/events/>

[CAFII Travel and Travel Insurance Webinar 3 November 2022](#)

Some polling questions were asked during the webinar and the results can be found here:

<https://www.cafii.com/wp-content/uploads/2022/11/CAFII-Webinar-Nov-3-English-Poll-Results.pdf>

In attendance at this webinar were representatives from allied industry Associations CLHIA and THIA, and from the following members of the insurance regulator and policy-maker community:

*The British Columbia Financial Services Authority, or BCFSa;  
Alberta Treasury Board and Finance;  
the Alberta Insurance Council;  
Insurance Council of Manitoba;  
the Financial Services Regulatory Authority of Ontario;  
Quebec's Autorité des marchés financiers, or AMF;  
the New Brunswick Financial and Consumer Services Commission, or FCNB;  
the Office of the Superintendent of Insurance, Government of Nova Scotia; and  
the Office of the Superintendent of Financial Institutions, or OSFI.*

## **The Canadian Club Toronto**

*The Canadian Club Toronto Holds a Webinar on Diversity, Equity and Inclusion in the Workplace*

The Canadian Club Toronto held a webinar on 26 January, 2023 on "Driving Diversity, Equity and Inclusion in the Workplace," with panelists Krystal Abotossaway from Toronto Dominion Bank; author Michael Bach; Dr. Julie Cafley from Catalyst Canada; and Kike Ojo-Thompson from KOJO Institute. The webinar was moderated by Scott Belton, Senior Vice-President, TD Canada Trust. Toronto Dominion Bank was also the sponsor of the event.

Scott Belton asked what was going well in the area of diversity, equity, and inclusion (DEI). Kike Ojo-Thompson said that the importance of DEI had been normalized, and that was very positive. Krystal Abotossaway, Senior Manager, HR Leadership Development Program, TD said that there was improvement in the number of representatives from under-represented groups on corporate Boards. Michael Bach said that progress was being made, and that there was much more discussion than in the past about diversity. Canada is more of a world leader than other countries and that is positive as well.

Dr. Julie Cafley, Executive Director, Catalyst Canada, said that this issue was now being discussed at the most senior levels, and that was an important development.

The panel generally felt that while progress was being made, there was a lot more to be done. Many groups are afraid to speak out about their differences and this can produce an emotional toll. Michael Bach said that a lot of employers look at diversity but not at inclusion, and that omission results in hires from diverse groups having challenges succeeding. Often, leaders do not appreciate the reality of racism in the workplace and that creates issues as well.



Julie Cafley said that a lot of the comments made by executives are performative, and that what is needed is a strategy and a plan. Sales performance is not just celebrated; significant resources are dedicated to achieving sales objectives, and that is needed in the DEI space as well. What a company values is what it rewards, said Kike Ojo-Thompson—do companies reward anti-racism behaviour?

The panel shared some practical ideas about progress in DEI, but noted that it is hard work and requires a commitment of resources to achieving those objectives, and it has to be integrated into everything the company does. Julie Cafley said that in a recent study, 75% of employees said that they do not believe in the racial equity policies of their employers — rather, they view it as just public relations. Michael Bach spoke about unconscious bias, and said that he asks people at the presentations he makes how many times they have had people touch their hair without asking. A few people's hand may go up, he said, with the exception of Black women—all of their hands go up. Many in the audience are surprised to learn that this is an extremely common experience for Black women.

A recording of this webinar can be found at:

[Driving Diversity, Equity and Inclusion in the Workplace \(livemeeting.ca\)](https://livemeeting.ca)

## **International Association of Insurance Supervisors (IAIS)**

*The International Association of Insurance Supervisors (IAIS) Holds a Virtual Meeting on IAIS Work on Diversity, Equity, and Inclusion in the Insurance Industry, with FSRA CEO and IAIS Market Conduct Working Group Chair Mark White As One of the Panelists*

Mark White, CEO of the Financial Services Regulatory Authority of Ontario (FSRA), participated in a 9 February, 2023 International Association of Insurance Supervisors (IAIS) virtual session on diversity, equity and inclusion. Other panelists were IAIS DEI Champion and Executive Committee Member Helen Rowell, who is Deputy Chair of the Australian Prudential Regulatory Authority; Anna Jernova, Chair of the IAIS Governance Working Group and Senior Manager at the UK's Prudential Regulatory Authority (PRA); and Lauren Eckermann, Senior Policy Advisor at the IAIS Secretariat.

Helen Rowell said that DEI is one of six current strategic themes for IAIS:

- Climate risk;
- Conduct and culture;
- Digital transformation;
- Diversity, equity and inclusion;
- Financial inclusions;
- Operational resilience and cyber risk.

In 2022, the IAIS set out to understand the activity on DEI already being undertaken by insurance supervisors, relevant insurance organizations, and the insurance industry. The investigation found a growing interest in DEI, but direct action is still at an early stage; and it identified the opportunity for a unique, value-adding contribution by IAIS.

In 2023, IAIS will focus on helping insurance supervisors further understand the benefits of DEI, the connection between promoting DEI and their supervisory mandates, and the range of available supervisory practices to promote DEI.

Anna Jernova said that the IAIS believes that DEI within an insurer can reduce the risk of groupthink, provide the safety to speak up, and improve decision-making, thereby improving governance and risk management.

Mark White said that the IAIS believes that when DEI is built into how an insurer conducts its business, that is a process that can lead to better consumer outcomes. It may facilitate greater innovation, prevent potentially discriminatory practices, and lead to better meeting consumer needs. DEI may also reduce misconduct by creating a stronger culture and stop misconduct from becoming systemic.

Mr. White also said that the Market Conduct Working Group at IAIS is looking to further explore how DEI considerations in insurers' and intermediaries' conduct of their business, and in regulators' supervision thereof, may result in fairer treatment of consumers who are vulnerable, under-served, or have specific needs.

More information about this IAIS virtual meeting, including access to the recording can be found here:

[Stakeholder session on the IAIS work on diversity, equity and inclusion \(DEI\) in the insurance industry – International Association of Insurance Supervisors \(iaisweb.org\)](https://www.iaisweb.org/en/stakeholder-session-on-the-iais-work-on-diversity-equity-and-inclusion-dei-in-the-insurance-industry)

## Ontario

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

#### *FSRA Holds a “FSRA Exchange” Event on 19 January, 2023 in Downtown Toronto*

The Financial Services Regulatory Authority of Ontario (FSRA) held a full-day FSRA conference on 19 January, 2023 at the Sheraton Hotel in downtown Toronto, at which 300 people attended in-person and 800 people attended virtually. (Keith Martin attended in-person and Brendan Wycks attended virtually.)

During the FSRA Exchange event, Keith Martin had a conversation with FSRA CEO Mark White, and let him know that Louis Morriset was stepping down in July 2023 as the CEO of the AMF, which was something that Mr. White had not yet learned. Keith Martin also ran into former BMO EOC member John Lewsen, and learned that he has been working for four months part-time as a consultant at FSRA. In a conversation with FSRA life insurance staff executive Erica Hiemstra, Keith Martin learned that Mr. Lewsen is helping develop new tools that FSRA can use to monitor and regulate the MGAs sector.

Keith Martin also learned from FSRA EVP Glen Padassery that Marlena Labieniec, Director of the Innovation Office at FSRA, is on a long-term disability leave and will not be returning to FSRA in 2023. Stuart Wilkinson, who frequently attends CAFII Reception events, has been seconded to the FSRA Consumer Office from the Ontario Ministry of Finance, and recently was appointed as the permanent Director of the Consumer Office. In a conversation with Keith Martin, Mr. Wilkinson accepted an invitation to participate in an upcoming CAFII webinar in the fall of 2023 about the FSRA Consumer Office, and Glen Padassery, Executive Vice President, Policy & Chief Consumer Officer at FSRA, also agreed to open that webinar with a few general remarks.

The Agenda for the 19 January, 2023 FSRA Exchange session can be found here:

<https://www.fsrao.ca/events/second-annual-fsra-exchange-register-today>

Biographies of the FSRA Exchange speakers can be found here:

<https://www.fsrao.ca/2023-fsra-exchange-bios>

### ***FSRA Board Chair Joanne De Laurentiis Opens FSRA Exchange Event***

Joanne De Laurentiis, FSRA Board Chair, opened the 19 January, 2023 FSRA Exchange event by noting the many achievements of FSRA since its founding, including its emphasis on a principles-based regulatory (PBR) approach, the creation of the first FSRA rule on Unfair or Deceptive Acts or Practices (UDAP), its new licensing rules, its promotion of open dialogue with stakeholders, its approval of credentialing bodies, and its outcomes-based approach to supervision.

Ms. De Laurentiis said that principles-based regulation does not mean there are no rules, no prescription, and no enforcement. PBR is always a hybrid model, with flexibility and never a one-size-fits-all approach. It does require the top of the house to be committed, and communication is also critical, which is why FSRA's industry Stakeholder Advisory Committees<sup>1</sup> (SACs) are so important to the Authority's principles-based regulation approach.

Ms. De Laurentiis added that FSRA's Technical Advisory Committees are also very important, as is the Consumer Advisory Panel. She then added four key points:

1. FSRA has made real progress in its mandate to protect consumers;
2. Principles-based Regulation is an example of how FSRA "thinks differently";
3. The SACs are an environment for frank conversation; and
4. At the end of the day, everything FSRA does is about serving the interests of consumers.

### ***Remarks Made by Ontario Minister of Finance Peter Bethlenfalvy, and by Stephen Crawford, Parliamentary Assistant to the Ontario Minister of Finance.***

Ontario's Finance Minister Peter Bethlenfalvy participated virtually and welcomed everyone to the FSRA Exchange event. Stephen Crawford, Parliamentary Assistant to Minister Bethlenfalvy, said that a key theme which the Minister is hearing in his current budget consultations is about the severity of the current labour shortage. Mr. Crawford said that the Ministry supports principles-based regulation and an outcomes-based regulatory approach, and added that Ontario is a global financial leader.

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<sup>1</sup> Keith Martin represents CAFII on the FSRA Sectoral Advisory Committee (SAC) for Life and Health Insurance.

### ***Mark White Makes Comments to the FSRA Exchange***

Mark White, CEO of FSRA, emphasized the importance of a level playing field for businesses and the protection of consumers. In terms of the level playing field, financial services can be very complex and consumers must be enabled to understand what they are purchasing. He also emphasized the importance of regulatory harmonization, calling out the current “fragmentation of regulations.”

Many of the audience questions posed to Mr. White focused on challenges that FSRA has faced, including around PACE Credit Union; auto insurance issues; and the finding of the Auditor General of Ontario that FSRA is “a work in progress,” which Mr. White said was not a bad thing.

Mr. White spoke about managing general agencies (MGAs) and FSRA’s related investigation of multi-level marketing schemes being deployed by a small number of MGAs, which had caused “egregious harm” to consumers. He said this investigation and the associated enforcement action were important and ongoing. He said that FSRA has tools to deal with this situation, but it may need more as MGAs were not contemplated when regulatory tools were first developed.

### ***Panel on “Effective Governance and Oversight in a Principles Based Regulatory Regime”***

Dr. Cristie Ford, Professor, Allard School of Law, University of British Columbia, and a former webinar panelist with CAFII, said that principles-based regulation (PBR) does not mean that rules are gone. It does, however, necessitate thinking about when rules are appropriate and when they are not. The focus in PBR is on regulatory objectives, and a recognition that there can be more than one way to achieve those objectives. That requires buy-in by the regulated industry around how to make this regulatory approach work.

This approach requires more nuance, more data, and more oversight. It requires an excellent relationship and communication between regulated entities and the regulator. It cannot work if the regulator has a “gotcha” attitude -- regulated entities need to feel safe in revealing problems.

### ***Discussion of Governance and Risk-Based Supervision for Credit Unions***

Mehrdad Rastan, FSRA Executive Vice President, Credit Unions and Insurance Prudential, moderated a discussion of the risks facing the credit union space. Anthony Piscitelli, Your Neighbourhood Credit Union (YNCU) Board Chair, said that a checkbox approach is easier than PBR, but has less effective outcomes. Jo-Ann Gilfoy, CEO of Meridian Credit Union, said that the credit union space is facing existential threats. If it tries to compete with banks by imitating them, the sector will not survive. Credit unions must differentiate themselves based on their being based in the communities they serve, and being member-focused.

### ***Life & Health Insurance Discussion with Eric Hiemstra and Swati Agrawal***

Huston Loke, FSRA Executive Vice President, Market Conduct, moderated a discussion on life and health insurance with panelists Erica Hiemstra, FSRA Head, Insurance Conduct, and Swati Agrawal, FSRA Director, Life and Health Insurance. Ms. Hiemstra said that life insurance is based on a promise, and that promise must be kept; the industry is founded on ethics. It is an important product and the integrity and reputation of the industry must be protected.

Swati Agrawal said that the investigation of some MGAs looked at the entire sales process. Distribution has changed in the industry, and insurers are having trouble knowing what intermediaries are doing. With the MGA-level work largely now complete, FSRA will now turn its attention to behaviours at the agent level.

In response to a question from Keith Martin, Swati Agrawal said that FSRA is committed to harmonization in life insurance and will continue to work closely with CCIR on this important matter.

### ***FSRA Appoints Three New Members to its Consumer Advisory Panel***

On 26 January, 2023, FSRA announced that it had appointed three new members to its Consumer Advisory Panel, who will each serve a two-year term:

- Chris Robinson – Professor Emeritus of Finance and Senior Scholar at York University;
- Udia Umoette – Co-Founder and Advisor at Loystar Solutions;
- Todd White – Owner and Operator at Brookside Retirement Living and a former credit union board member.

FSRA thanked outgoing members Kristian Bonn and Anisha Chopra. Both Mr. Bonn and Mr. Chopra were original members of the Consumer Advisory Panel and FSRA said that they made significant contributions to building its capacity to provide FSRA with consumer-focused advice.

FSRA will publish an Annual Report from the Consumer Advisory Panel for its 2022 term in the coming months. More information about the Consumer Advisory Panel can be found here:

[Consumer Advisory Panel | Financial Services Regulatory Authority of Ontario \(fsrao.ca\)](https://fsrao.ca/consumer-advisory-panel)

## Quebec

### Autorité des marchés financiers (AMF)

*Louis Morisset Will Not Seek a Third Term as AMF President and CEO*

On 17 January, 2023, Louis Morisset announced that he will not seek a third term as AMF President and CEO after his current term ends on July 1, 2023. Under Quebec's Act respecting the governance of state-owned enterprises, the AMF President and CEO is appointed by the Government, on the recommendation of the AMF's board of directors, taking into account the expertise and experience profile approved by the board.

*AMF Releases Videos of its 22 November, 2022 Annual Rendez-Vous Conference*

The AMF held its annual Rendez-Vous mini-conference in Montreal on 22 November, 2022. Keith Martin attended this French-only event for CAFII. For those who are interested in reviewing some of the speeches and panel discussions, the AMF has now published a series of videos that can be accessed here:

[Rendez-vous avec l'Autorité - Videos](#)

*AMF Releases Report on "Summary of Specific Consultations on Products and Services Offered Via the Internet and the Regulation Respecting Alternative Distribution Methods"*

The AMF released a report in December 2022 on consultations it had conducted on the offer of insurance via the internet. CAFII has learned that a major reason for the report was that the AMF was surprised by industry comments that the RADM did not make direct offers on the internet as easy as was hoped for. CAFII did not participate in the consultations on this issue as the section of the RADM that is relevant to the CAFII mandate is a different section focused on "Distribution Without a Representative."



The report notes that insurers said that:

*Most of the insurers that the AMF met with are also registered as firms and are therefore able to offer their products via the internet directly, without going through a third party.*

*AMF discussions with the insurers revealed that it is easier to comply with the regulatory framework when the products offered are property and casualty insurance and simple products, rather than life insurance products, which tend to be more complex. The insurers said that the technological developments needed to ensure regulatory compliance are very expensive. According to the insurers, the regulatory framework precludes financial products and services from being offered on mobile apps because too much information is required to be provided under the regulations and mobile devices are too small to accommodate it all.*

*Some insurers are asking for principles-based, rather than rules-based, regulation. According to them, the RADM is, on the whole, overly prescriptive of the means to be put in place to achieve the desired outcomes for consumers. The general opinion is that the amount of information to be provided to consumers and when it is to be provided (timing) is problematic.*

*Some insurers pointed out that the burdensome process prescribed by the regulations makes for an unpleasant consumer experience. After comparing websites located in Québec and websites located elsewhere in Canada, they have come to the opinion that websites located elsewhere in Canada are far more user-friendly than websites based in Québec.*

*Several insurers raised questions about the interpretation to be given to a number of provisions in the RADM. According to them, existing grey areas are dictating a cautious approach to managing the exposure to regulatory risk from the RADM and limiting them in offering products online.*

*Some insurers said that the representative's role in a transaction is not well-understood.*



*Some insurers suggested that the AMF review the vocabulary used to ensure consistency across the regulatory framework. For example, the RADM stipulates that firms must provide the client with “the product coverage, exclusions and limitations in relation to the needs identified,” whereas the Distribution Act stipulates that firms must “indicate clearly to the client any particular exclusion of coverage, if any, having regard to the needs identified and provide the client with the required explanations regarding such exclusions.”*

*Most insurers expressed the view that the policy specimen should not be accessible at all times on the digital space before the contract is made.*

*For a number of **life and health insurers**, the challenges in applying the RADM are at odds with life and health insurance products, which is preventing some of them from developing their markets. According to them, the requirements go too far, to the point where designing compliant digital spaces would require too much in terms of technological development and would be too expensive. As an example, some insurers pointed to the requirements of section 14 of the RADM, which, in their opinion, contains too many restrictions.*

*Some life and health insurers said they are at a disadvantage in relation to other market players who they consider comparable, such as GAFAM (Google, Apple, Facebook, Amazon and Microsoft) and the banks, which, in their view, are not as strictly regulated.*

*Some of those insurers believe that the obligations of representatives and firms should not be transferred to the context of products and services offered via the internet because those obligations are an impediment to innovation and creativity.*

*Some life and health insurers held the view that the obligation to analyze the client’s needs should be modulated according to the product the client is looking to buy.*

*A number of insurers are finding the procedure for replacing a life or health policy difficult to implement for products and services offered via the internet. Some life and health insurers suggested that providing advice not be required for products and services offered via the internet. According to them, this distribution method should be more closely aligned with distribution without a representative (DWR). Certain insurers provided examples to support this point of view, including one that suggested that it would be acceptable for a pregnant person to buy a travel insurance policy without a needs analysis being completed or without being warned that being pregnant is an exclusion under the contract.*

The AMF indicated that it will engage in multiple activities, including financial education efforts and possible changes to the RADM, to address some of these issues, and it noted that “One finding that emerged from the consultations was that not everyone interprets the framework in the same way and that the AMF’s application of the regulations is sometimes more flexible than the reading of it by certain industry players. In these cases, the issues appear to have less to do with the regulations than with the industry’s conservative reading of the regulations.”

The report can be found on the AMF’s website here:

[https://lautorite.qc.ca/fileadmin/lautorite/grand\\_public/publications/professionnels/Bilan\\_Offre\\_par\\_internet\\_12-12-2022\\_anglais.pdf](https://lautorite.qc.ca/fileadmin/lautorite/grand_public/publications/professionnels/Bilan_Offre_par_internet_12-12-2022_anglais.pdf)

Law Firm Lavery has published an analysis of some of the clarifications that have been made in the AMF’s report, and that analysis can be found here:

[Clarifications regarding insurance products offered on the Internet \(lavery.ca\)](#)

#### *AMF Releases Paper on Overview of Trends in Digital Financial Services*

The AMF published in December 2022 an overview of trends in digital financial services. The report was developed in collaboration with Maya Cachecho, Professor of Law, Université de Montréal, and Sandrine Prom Tep, Professor, Department of Marketing, Université du Québec à Montréal. The report speaks to general trends and issues, and is a thought leadership paper. It includes discussion of key fundamental trends, digital financial services trends, and issues relating to digital financial services.

There is a section in the paper on insurance, starting on page 30, which states the following:

*Like other financial sectors, the insurance industry has traditionally operated on a model characterized by generic products and services offered via conventional channels. Because of technological changes, this model has evolved considerably over the past few years. Many products are now being offered through the internet, and a growing number of innovations are enabling growth in a new creativity that is transforming distribution and administration in the insurance industry. Also, historically, insurance policies have covered property that is for the exclusive use of the insured. However, with the advent of the sharing economy, in which property can have a shared utility, certain fundamental principles in the insurance industry may be altered to reflect this new reality.*

The report can be found at:

In English:

[https://lautorite.gc.ca/fileadmin/lautorite/grand\\_public/publications/professionnels/doc-reflexion-consos-tech\\_an.pdf](https://lautorite.gc.ca/fileadmin/lautorite/grand_public/publications/professionnels/doc-reflexion-consos-tech_an.pdf)

En français:

[https://lautorite.gc.ca/fileadmin/lautorite/grand\\_public/publications/professionnels/doc-reflexion-consos-tech\\_fr.pdf](https://lautorite.gc.ca/fileadmin/lautorite/grand_public/publications/professionnels/doc-reflexion-consos-tech_fr.pdf)

## CAFIL Consultations/Submissions Timetable, 2023

Regulatory Issue	Deliverable	Deadline	Accountable
Financial Consumer Agency of Canada (FCAC)	<ul style="list-style-type: none"> <li>CAFIL submission on “Proposed Guideline on Appropriate Products and Services For Banks and Authorized Foreign Banks”</li> <li>CAFIL meets virtually with FCAC staff executives to present highlights of submission on “Proposed Guideline on Appropriate Products and Services For Banks and Authorized Foreign Banks”</li> <li>FCAC virtual meeting with K. Martin and B. Wycks to present its decisions on elements in CAFIL’s submission on “Proposed Guideline”</li> <li>FCAC releases final version of “Guideline on Appropriate Products and Services For Banks and Authorized Foreign Banks”</li> </ul>	<ul style="list-style-type: none"> <li>January 6/22</li> <li>January 15/22</li> <li>February 17/22</li> <li>February 24/22</li> </ul>	<ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Committee; Co-EDs to monitor</li> </ul>
BC Ministry of Finance 10-Year Review of FIA (Public Consultation Paper issued June/15)	<ul style="list-style-type: none"> <li>Revised Financial Institutions Act (FIA) tabled in the legislature</li> <li>Ministry releases consultation paper on introducing a Restricted Insurance Agent licensing regime in BC (October 3/22 submission deadline)</li> <li>CAFIL submission on BC RIA licensing regime consultation paper</li> <li>Ministry advises that Rule to empower RIA Regime and ensuing Insurance Council implementation work to be developed by Spring 2023</li> </ul>	<ul style="list-style-type: none"> <li>October 21/19</li> <li>June 30/22</li> <li>October 3/22</li> <li>January 13/23</li> </ul>	<ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Committee; Co-EDs to monitor</li> </ul>
British Columbia Financial Services Authority (BCFSA)	<ul style="list-style-type: none"> <li>CAFIL meets with BCFSA re “Discussion Paper: Information Security Incident Reporting”</li> <li>CAFIL written submission on BCFSA’s Information Security Incident Discussion Paper (overhauled based on insights from February 24/22 meeting)</li> <li>CAFIL submission on BCFSA’s “Draft Insurer Code of Market Conduct”</li> <li>CAFIL submission on Two Follow-up Questions from BCFSA on Its Draft Insurer Code</li> <li>BCFSA releases update promising update report on ‘Insurer Code of Market Conduct’ in 2023</li> </ul>	<ul style="list-style-type: none"> <li>February 24/22</li> <li>March 1/22</li> <li>September 9/22</li> <li>November 11/22</li> <li>December 15/22</li> </ul>	<ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Committee; Co-EDs to monitor</li> </ul>
Quebec Bill 141 and Related Regulations (including Regulation Respecting Alternative Distribution Methods, RADM)	<ul style="list-style-type: none"> <li>CAFIL submission on Draft 1 of ‘Regulation Respecting Complaint Processing’</li> <li>CAFIL makes submission to AMF on wording modifications needed to Fact Sheet and Notice of Rescission to make them fit credit card-embedded insurance benefits</li> <li>CAFIL submission on AMF draft ‘Incentive Management Guidance’</li> <li>AMF announces consultation on Draft 2 of ‘Regulation Respecting Complaint Processing’</li> <li>CAFIL submission on Draft 2 of ‘Regulation Respecting Complaint Processing’</li> <li><u>CAFIL and AMF resolve impasse issue re Regulation respecting Alternative Distribution Methods (RADM)’s applicability to credit card-embedded insurance benefits via an “unwritten understanding” that Fact Sheet and Notice of Rescission do not have to be distributed to card holders</u></li> </ul>	<ul style="list-style-type: none"> <li>December 8/21</li> <li>January 17/22</li> <li>February 18/22</li> <li>December 2022</li> <li>February 15/23</li> <li><u>February/March 2022</u></li> </ul>	<ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Committee; Co-Eds to monitor</li> </ul>
CCIR/CISRO	<ul style="list-style-type: none"> <li><i>CCIR/CISRO FTC Working Group accepts proposal in CAFIL’s July 2/20 letter</i></li> <li>CAFIL submission on CCIR/CISRO Draft “Incentives Management Guidance”</li> <li>CAFIL submission on CCIR/CISRO proposed “Incentives Management Guidance”</li> <li>CAFIL written submission on CCIR’s Draft 2023-2026 Strategic Plan (following preliminary feedback provided via Virtual Stakeholder Session on November 4/22)</li> <li>CCIR releases “2021 Annual Statement on Market Conduct Public Report”</li> <li>CCIR launches ‘Annual Statement on Market Conduct: Life and Health Form (2023 data)’ consultation; <u>CAFIL passes on formal written submission, in favour of informal verbal feedback to Laurie Balfour, Chair of CCIR CSOC, during regulator visits tour in May 2023</u></li> <li>CAFIL in-person/hybrid stakeholder meeting with CCIR/CISRO Incentives Management Committee re questions/clarifications around final “Incentives Management Guidance” published in November 2022</li> </ul>	<ul style="list-style-type: none"> <li>August 31/20</li> <li>September 17/21</li> <li>April 4/22</li> <li>November 30/22</li> <li>December 15/22</li> <li>January 12/23</li> <li>February 28/23</li> </ul>	<ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Cttee; Co-Eds to monitor</li> </ul>
FCNB Insurance Act Rewrite and Introduction of RIA Regime	<ul style="list-style-type: none"> <li>FCNB Releases “Proposed Rule INS-001: Insurance Intermediaries Licensing and Obligations” for consultation, with February 7/22 submission deadline</li> <li>CAFIL submission on FCNB’s “Insurance Act Rewrite: Questions For Industry, Dec.’21”</li> </ul>	<ul style="list-style-type: none"> <li>November 2021</li> <li>January 31/22</li> </ul>	<ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Cttee; Co-Eds to monitor</li> </ul>

March 17, 2023

Regulatory Issue	Deliverable	Deadline	Accountable
	<ul style="list-style-type: none"> <li>• CAFII submission on Proposed Rule INS-001: Insurance Intermediaries Licensing and Obligations</li> <li>• CAFII submission on Proposed Rule INS-002: Insurance Fees</li> <li>• CAFII submission on FCNB legislative change proposals re Life Insurance and Accident &amp; Sickness Insurance sections of Insurance Act (informal sounding board consultation)</li> <li>• FCNB releases 'Notices to Industry' on coming into force of final versions of Rule INS-001 and Rule INS-002 (having received Ministerial approval) on February 1/23</li> <li>• FCNB Rules INS-001 and INS-002 come into force.</li> <li>• <u>CAFII meets with FCNB to discuss implementation questions/clarifications re Rule INS-001</u></li> <li>• <u>At CAFII's behest, FCNB removes RIR licence applicant requirements to submit Disclosure Forms and Criminal Record Checks for Board Directors</u></li> </ul>	<ul style="list-style-type: none"> <li>• February 7/22</li> <li>• February 18/22</li> <li>• May 20/22</li> <li>• December 13-14/22</li> <li>• February 1/23</li> <li>• <u>February 24/23</u></li> <li>• <u>March 9/23</u></li> </ul>	
Financial Services Regulatory Authority of Ontario (FSRA) Regulatory Consultations	<ul style="list-style-type: none"> <li>• CAFII responds to FSRA "Information Guidance on Complaints Resolution" consultation</li> <li>• CAFII submission on FSRA's "Principles-Based Regulation" consultation document</li> <li>• CAFII submission on FSRA's "Principles of Conduct for Insurance Intermediaries"</li> <li>• CAFII submission on FSRA's "Use of Retained Revenues Guidance"</li> <li>• FSRA provides feedback on CAFII's submission on "Use of Retained Revenues Guidance"</li> <li>• CAFII submission on FSRA's Proposed 2023-24 Statement of Priorities and Budget</li> <li>• CAFII submission on FSRA's "Proposed Rule 2022-001: Assessments and Fees"</li> <li>• <u>CAFII passes on making a submission on FSRA's "Proposed Guidance on IT Risk Management", as determined to be largely "out of scope"</u></li> </ul>	<ul style="list-style-type: none"> <li>• February 15/22</li> <li>• April 29/22</li> <li>• May 3/22</li> <li>• May 31/22</li> <li>• Sept 9/22</li> <li>• November 15/22</li> <li>• February 27/23</li> <li>• <u>March 31/23</u></li> </ul>	<ul style="list-style-type: none"> <li>• Mkt Conduct &amp; Licensing Cttee; Co-EDs to monitor</li> </ul>

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

**Agenda Item 2(g)**  
**April 4/23 Board Meeting**

**CAFII Insurance Regulator and Policy-Maker Meetings/Interactions**  
**From February 13/23 To March 17/23**

<b><u>Date</u></b>	<b><u>Event/Occasion/Issue</u></b>	<b><u>Who</u></b>
February 24/23	CAFII Virtual Stakeholder Meeting with Financial and Consumer Services Commission of New Brunswick (FCNB) Re ``Questions and Clarification Issues Related to Implementation and Licensing Expectations Arising from FCNB Rule INS-001; and Compliance Obligations Related to the Rule	Co-Executive Directors Keith Martin and Brendan Wycks, along with more than 15 CAFII member representatives including EOC Chair Rob Dobbins. CAFII discussed with FCNB representatives David Weir and Catherine Haines an itemized list of questions and clarification issues, including our Association`s strong concerns about Section 46 of Rule INS-001.
February 28/23 and March 13/23	CAFII In-Person/Hybrid Stakeholder Meeting With CCIR/CISRO Fair Treatment of Consumers Working Group (FTCWG) Re Questions/Clarification Issues Around Final Version of "Incentive Management Guidance" Published November 30/22	EOC Chair Rob Dobbins, EOC Member Charles MacLean, and Co-Executive Directors Keith Martin and Brendan Wycks attended this meeting in-person, with approximately eight CAFII member representatives attending virtually. The meeting provided a forum for a cordial and relationship-building exchange of views and updates around the Incentive Management Guidance. CCIR/CISRO FTCWG members chatted informally with the four CAFII in-person attendees in small groups for 45 minutes after conclusion of the formal part of the meeting. And CCIR Policy Manager Tony Toy sent CAFII a warm thank you letter on March 13, signed by FTCWG Co-Chairs Louise Gauthier, AMF, and April Stadnek, ICS.

March 3/23	CAFII webinar preparatory meeting with international insurance regulator	Keith Martin conducted this productive virtual meeting with Nicholas Herbert-Young, of the UK's Financial Conduct Authority (FCA) and a volunteer leader at the International Association of Insurance Supervisors (IAIS), to prepare for an April 27/23 CAFII webinar in which Mr. Young will engage in a fireside chat Mr. Martin on international insurance regulation issues and trends.
March 3/23 and March 7/23	Email exchange with CCIR Policy Manager	On March 3/23, Brendan Wycks sent an email on behalf of CAFII to Raseema Alam, CCIR Policy Manager, advising that our Association had decided not to make a written feedback/input submission in response to CCIR's informal consultation on its Annual Statement on Market Conduct (ASMC) Life and Health Insurance Form (2023 data). On March 7/23, Ms. Alam replied via email to acknowledge receipt of CAFII's March 3/23 email.

March 7/23	Follow-up Virtual Confirmation Meeting with AMF representatives, conducted in French, around confirming an agreed-upon resolution to an impasse issue	CAFII Board Chair Peter Thompson and Co-Executive Director Keith Martin participated in this follow-up virtual meeting – conducted exclusively in French -- with AMF staff executives Eric Jacob, Superintendent, Client Services and Distribution Oversight, and Mario Beaudoin, Director of Alternative Distribution Practices in Insurance, which had been set up to allow two more witnesses to be present (one from each side) for a re-affirmation of an “unwritten understanding” resolution, which had been previously agreed to by Mr. Thompson from CAFII and Mr. Jacob from the AMF, to the impasse issue re the Regulation respecting Alternative Distribution Methods (RADM)’s applicability to credit card-embedded insurance benefits. The Fact Sheet and the Notice of Rescission will not have to be distributed to holders of credit cards with embedded insurance benefits – because those documents would only misinform and confuse consumers -- and the AMF will not enforce the RADM’s related provisions.
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March 8/23 and March 9/23	Email exchange with Catherine Haines, Deputy Director, Licensing, Financial and Consumer Services Commission of New Brunswick (FCNB)	On March 8/23, Brendan Wycks wrote Catherine Haines, FCNB's Deputy Director, Licensing, to communicate a gentle reminder of a next step which FCNB had agreed to consider in a February 24/23 CAFII/FCNB virtual consultation meeting. On March 9/23, Ms. Haines wrote back to advise that FCNB had decided to remove the RIR licence applicant requirement to submit Disclosure Forms and Criminal Record Checks for Board Directors.
March 13/23	Letter from Nova Scotia Superintendent of Insurance	On March 13/23, Jennifer Calder, Deputy Superintendent of Insurance, Nova Scotia, forwarded a letter to CAFII from her boss, Superintendent of Insurance David McCarron, on the subject of ``reducing the administrative burden upon physicians`` and asking for a discussion with CAFII on a related priority initiative of the Government of Nova Scotia. CAFII will consider this request – particularly as to whether it is in scope for our Association – and respond to Ms. Calder.

***Agenda Item 2(h)***  
***April 4/23 Board Meeting***

**Committee Reports Addressing CAFII Priorities**

**Market Conduct & Licensing Committee (Chair: Brad Kuiper; Vice-Chair: Fay Coleman)**

The Market Conduct Committee has been very active over the past four months, with meetings on:

- FSRA's Consultation on "Proposed Guidance on IT Risk Management";
- Feedback/Input To CCIR re its Annual Statement on Market Conduct Life and Health Insurance Form;
- a February 28/23 CAFII in-person/hybrid Stakeholder Meeting with the CCIR/CISRO Fair Treatment of Consumers Working Group (FTCWG) to discuss any questions and/or clarification issues which CAFII had around the final version of the CCIR/CISRO "Incentive Management Guidance" which was published on November 30/22;
- FSRA's Consultation on its "Proposed Rule 2022-001: Assessments and Fees"; and
- AMF's Consultation of Draft 2 of its Regulation respecting Complaints Handling and Dispute Resolution.

**Media Advocacy Committee (Chair: Jacqlyn Marcus)**

The Committee met on 27 March, 2023 to review the Proposed 2023 Statement of Work (SOW) from Operatic Agency. The Committee approved the SOW for implementation.

The Committee also approved proceeding with exploring a new backend solution for the CAFII website.

CAFII's new LinkedIn page has been soft-launched and the next steps will include its more formal launch.

**Networking & Events Committee (Chair: Carmelina Manno; Vice-Chair: Marco DeiCont)**

The Networking & Events Committee has been engaged in CAFII's very active set of events, including the following:

- A 30 March, 2023 webinar on mental health issues in the workplace, with Paula Allen of Telus Health and CAFII Board member Nigel Branker from Securian Canada;
- A webinar on 27 April, 2023 with Nicholas Herbert-Young, from the UK's Financial Conduct Authority and a participant in the International Association of Insurance Supervisors (IAIS);
- a webinar on 26 September, 2023 with Stuart Wilkinson, head of the FSRA's Consumer Office, which will also include an introduction by FSRA's Glen Padassery, Executive Vice-President Policy & Chief Consumer Officer;
- a 4 April, 2023 in-person CAFII Reception presentation by Kartik Sakthivel, Vice-President & Chief Information Officer, LIMRA/LOMA; and
- an 6 June, 2023 in-person CAFII Reception presentation by Anthony Ostler, President & CEO of the Canadian Bankers Association (CBA).

**Quebec/AMF Issues Committee (Chair: Jennifer Russell; Vice-Chair: Iman Muntazir)**

CAFII's new Quebec/AMF Issues Committee has held three meetings in early 2023 and is having a regular, recurring meeting once per month, covering such issues as the Charter of the French Language, new privacy legislation in Quebec, the AMF's new complaints and dispute resolution regulation, and the AMF's initiative to collect industry data on claims payout ratios.

**Research & Education Committee (Chair: Andrea Stuska; Vice-Chair: Michelle Costello)**

The Research & Education Committee met with Lesli Martin from Pollara Strategic Insights in mid-March, and committee members provided input to Lesli on the draft questionnaire for a follow-up survey with 'deep dive' questions for a select group of respondents who participated in our late 2022 survey on consumers' perceptions of and satisfaction with CPI on mortgages and HELOCs: those who answered that they thought that enrolling in CPI coverage for their mortgage or HELOC was 'mandatory.'

Given that this is a recontact from the original survey, we want to keep it in field a bit longer than usual to ensure that the recontacted respondents have adequate time to complete the follow-up survey.

Pollara Strategic Insights is aiming to deliver the results report from the 'deep dive' follow-up survey to the R&E committee by Monday, April 3; and an R&E committee meeting is being scheduled for later that week.

The R&E committee will then bring the 'deep dive' follow-up survey results forward to the EOC for its next meeting on Tuesday, April 25.

We will then either arrange for a Special Purpose CAFII Board Meeting to share the 'deep dive' follow-up survey results with the Board; or we will have those results presented at the Board's next regularly scheduled meeting on Tuesday, June 6. We don't want to go beyond the June 6 CAFII Board meeting to finalize the Association's decision as to how we will utilize and possibly publicize the results of this research tracking study initiative, since the delay between the original in field time period (December 2022) and the public release of the results would then become too lengthy.

**Travel Insurance Experts Committee (Chair: Katia Umutoniwase)**

The Committee has held two virtual meetings in Q1 of 2023 to discuss ongoing and emergent travel medical insurance issues.

While the industry is generally very busy at this time dealing with a significant increase in consumer travel, the number of problematic issues has diminished as the COVID-19 pandemic's impact has declined.

**Agenda Item 2(i)**

**April 24/23 Board Meeting**

**Board-Approved Schedule of CAFII 2023 Meetings and Events**

**(Approved At October 11/22 CAFII Board Meeting)**

**EOC Meetings:** *To be held virtual-only and in-person/virtual-hybrid, in alternating months*

- **Tuesday, January 17, 2023** (2:00–4:00 p.m. MS Teams virtual-only meeting)
- **Tuesday, February 14, 2023** (2:00–4:00 p.m. in-person/virtual-hybrid meeting)  
*(Family Day Stat Holiday in Ontario: Monday, February 20)*
- **Tuesday, March 21, 2023** (2:00–3:30 p.m. MS Teams virtual-only meeting)  
*(Quebec Spring Break: March 6 – March 10. Ontario March Break: March 13 – March 17)*
- **Tuesday, April 25, 2023** (2:00–4:00 p.m. in-person/virtual-hybrid meeting)  
*(Passover: Wednesday, April 5 – Thursday, April 13. Good Friday: Friday, April 7. Easter Monday: Monday, April 10)*
- **Tuesday, May 16, 2023** (2:00–3:30 p.m. MS Teams virtual-only meeting)  
*(Victoria Day Stat Holiday: Monday, May 22)*
- **Tuesday, June 20, 2023** (2:00–4:00 p.m. in-person/virtual-hybrid meeting)
- **Tuesday, July 18, 2023** tentative summer meeting (2:00–3:30 p.m. MS Teams virtual-only meeting)
- **Tuesday, August 15, 2023** tentative summer meeting (2:00–3:30 p.m. MS Teams virtual-only meeting)  
*(Civic Stat Holiday: Monday, August 7)*
- **Tuesday, September 19, 2023** (3:00–5:00 p.m. in-person/virtual-hybrid meeting, followed by EOC Annual Appreciation Dinner)  
*(Labour Day: Monday, September 4. Rosh Hashanah: September 15 – 17. Yom Kippur: September 24 – 25. National Day for Truth and Reconciliation: Saturday, September 30)*
- **Tuesday, October 24, 2023** (2:00–3:30 p.m. MS Teams virtual-only meeting)  
*(Thanksgiving Stat Holiday: Monday, October 9)*
- **Tuesday, November 14, 2023** (2:00–4:00 p.m. in-person/virtual-hybrid meeting)  
*(Remembrance Day: Saturday, November 11. Diwali: Sunday, November 12)*

**Board Meetings:**

- **Tuesday, April 4, 2023** (3:00–5:00 p.m. in- person/virtual-hybrid meeting, followed by ensuing Reception)  
*(Passover: Wednesday, April 5 – Thursday, April 13. Good Friday: Friday, April 7. Easter Monday: Monday, April 10)*  
**HOST: Canadian Tire Bank (at private venue rental in downtown Toronto)**
- **Tuesday, June 6, 2023** (2:30–5:00 p.m. in- person/virtual-hybrid meeting, preceded by 2023 Annual Meeting of Members and followed by ensuing Reception).  
**HOST: Manulife, 200 Bloor St. East, Toronto**
- **Tuesday, October 10, 2023** (2:20–4:00 p.m. in- person/virtual-hybrid meeting, immediately following liaison lunch and Industry Issues Dialogue with AMF staff executives)  
**HOST: RBC Insurance (Montreal); Alternate: BMO Insurance (Montreal)**
- **Tuesday, December 5, 2023** (3:00–5:00 p.m. in- person/virtual-hybrid meeting, followed by Holiday Season/Year-End Reception)  
**HOST: Scotia Insurance; Alternate: RBC Insurance**

**2023 Annual Members and Associates Luncheon:**

- *Tuesday, May 9, 2023 from 11:45 a.m. EST to 2:15 p.m. EST at St. James Cathedral Centre  
Event Venue, 65 Church St., Toronto*

**2023 EOC Annual Appreciation Dinner:**

- *Tentative Date: Tuesday, Sept 19, 2023 at 5:30 p.m. at a TBD location*

**Webinars:**

- January 25 or 26, 2023
- March 29 or 30, 2023
- April 26 or 27, 2023
- September 26 or 27, 2023
- October 25 or 26, 2023
- November 22 or 23, 2023

**2022 Board meetings Hosted by:**

TD Insurance, Desjardins Insurance, CIBC Insurance

**2021 Board meetings Hosted by:**

None, due to COVID-19 pandemic situation

**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:**

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

**2017 Board Meetings Hosted by:**

TD Insurance; CAFII; Desjardins Insurance; CIBC Insurance

## **Recent Years' Annual Members and Associates Luncheons**

### **2022 Annual Members and Associates Luncheon**

**Date:** Tuesday, November 9, 2021 from 1:00 p.m. – 2:30 p.m. EDT

**Topic:** “With Authority: Executing On A Bold Vision for A New Kind of Financial Services Regulator in Ontario; and Laying the Groundwork for Its Long-Term Success”

**Speaker:** Mark White, CEO, FSRA

**Venue:** St. James Cathedral Centre Event Venue, 65 Church St., Toronto, Ontario

### **2021 Annual Members and Associates Virtual Luncheon Webinar**

**Date:** Tuesday, November 9, 2021 from 1:00 p.m. – 2:30 p.m. EDT

**Topic:** “The Changing Regulatory Environment – Challenges, Risks and Opportunities”

**Panelists:** Jill McCutcheon, Partner, Torys LLP; Stuart Carruthers, Partner, Stikeman Elliott LLP; Marc Duquette, Partner, Norton Rose Fulbright Corporation. Panel Moderator: Keith Martin, CAFII

**Venue:** Virtual-Only Webinar

### **2020 Annual Members and Associates Virtual 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”

**Speakers:** Frank Lofranco, Deputy Commissioner, Supervision and Enforcement, Financial Consumer Agency of Canada (Remarks actually delivered by Teresa Frick, Director, FCAC who was subbed in for Frank Lofranco at the last minute)

**Venue:** Virtual-Only Webinar

### **2019 Annual Members and Associates Luncheon**

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

**Topic:** “The Changing Regulatory Environment – Challenges, Risks and Opportunities”

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

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

## **Briefing Note**

### **CAFII Board Meeting 4 April, 2023—Agenda Item 3(a) Financial Management Matters—Draft CAFII 2022 Audited Financial Statements and Independent Auditor's Report Thereon**

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

To provide an update on the KPMG auditor's report and seek approval from the Board.

#### **Background Information**

KPMG's Partner-in-Charge of CAFII's 2022 fiscal year audit, Hudson Lopez, will present the Draft CAFII 2022 Audited Financial Statements and his firm's Independent Auditor's Report Thereon. The EOC has reviewed the 2022 audited financial statements and related auditor's report, and endorsed their presentation to the Board.

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

This is an update and discussion item, with Board approval of the 2022 Audited Financial Statements and Independent Auditor's Report Thereon to be sought so that the document may then be brought forward for approval by the membership at the 2022 Annual Meeting of Members.

#### **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, 2022



# CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

## **DRAFT** Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022		2021	
	General Fund	Restricted Fund	General Fund	Restricted Fund
<b>Assets</b>				
Current assets:				
Cash	\$741,352	-	\$582,805	\$12,151
Prepaid expense	6,397	-	5,513	-
	\$747,749	-	588,318	12,151
Capital assets (note 4)	2,148	-	2,864	-
	\$749,898	-	\$591,182	\$12,151

## Liabilities and Fund Balances

Current liabilities:				
Accounts payable and accrued liabilities	\$80,623	-	\$85,282	-
Fund balances (note 2)	669,275	-	505,900	12,151
	\$749,898	-	\$591,182	\$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, 2022, with comparative information for 2021

	2022		2021	
	General Fund	Restricted Fund	General Fund	Restricted Fund
Revenue:				
Membership dues	\$991,653	-	\$955,970	-
Interest Revenue	2,579	-	236	-
Miscellaneous Revenue	360	-	-	-
	<u>994,592</u>	<u>-</u>	<u>956,206</u>	<u>-</u>
Expenses:				
Association operating	605,680	-	649,019	-
Research and education committee	140,826	-	143,273	-
Market conduct committee	9,206	-	-	-
Networking and events committee	45,760	-	1,822	-
Media and advocacy strategy committee	41,896	-	40,051	-
	<u>843,368</u>	<u>-</u>	<u>834,165</u>	<u>-</u>
Excess of revenue over expenses	151,224	-	122,041	-
Fund balances, beginning of year (note 2)	505,900	12,151	383,859	12,151
Inter-fund transfers	12,151	(12,151)	-	-
Fund balances, end of year	<u>\$669,275</u>	<u>-</u>	<u>\$505,900</u>	<u>\$12,151</u>

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, 2022, with comparative information for 2021

	2022		2021	
	General Fund	Restricted Fund	General Fund	Restricted Fund
Cash provided by (used in):				
Operating activities:				
Excess (deficiency) of expenses over revenue	\$151,224	-	\$122,041	\$ -
Amortization of capital assets	716	-	1,136	-
Change in non-cash operating working capital	(5,544)	-	48,726	-
Cash provided by operating activities	146,396	-	171,903	-
Financing activities:				
Inter-fund transfers	12,151	(12,151)	-	-
Increase/(decrease) in cash	158,547	(12,151)	171,903	-
Cash, beginning of year	582,805	12,151	410,902	12,151
Cash, end of year	\$741,352	-	\$582,805	\$12,151

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

# CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

## **DRAFT** Notes to Financial Statements

Year ended December 31, 2022

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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, 2022 to December 31, 2022) 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, 2022

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### **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, 2022

### **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.

During the year, the Board authorized the residual balance of \$12,151 to be used for general purposes which resulted in an inter-fund transfer from the Restricted Fund to the General Fund.

CAFI'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 CAFI-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:**

2022	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 10,878	\$ 8,730	\$ 2,148
2021	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 10,878	\$ 8,014	\$ 2,864

# CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

**DRAFT** Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 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 2021.

### (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.

## **Briefing Note**

### **CAFII Board Meeting 4 April, 2023—Agenda Item 3(b) Financial Management Matters— Timelines for Membership Approval of CAFII 2022 Audited Financial Statements**

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

To provide an update on the ensuing timelines for membership approval of the CAFII 2022 Audited Financial Statements and Independent Auditor's Report Thereon at the 2022 Annual Meeting of Members in June 2023.

#### **Background Information**

Brendan Wycks will provide a brief update on the next steps in the 2022 audited financial statements process with KPMG.

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

This is an update-only item.

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

1 attachment.



January 13, 2023

**Agenda Item 3(b)**  
**April 4/23 Board Meeting**

**Critical Path With KPMG For CAFII 2022 Audited Financial Statements**

Task	Responsible	Timing/Deadline
Prepare Draft CAFII 2022 Financial Statements	R. Nason, Managing Matters	January 12/23 (Completed)
Conduct audit of Draft CAFII 2022 Financial Statements	KPMG	February and early March 2023
Provide Draft 1 of CAFII 2022 Audited Financial Statements for circulation prior to March 21/23 CAFII EOC Meeting	KPMG (reviewed and assisted/facilitated by R. Nason, B. Wycks, K. Martin, D. Hinnecke)	March 13/23
Provide feedback on Draft 1 of CAFII 2021 Audited Financial Statements	EOC	March 21/23
Provide Draft 2 of CAFII 2021 Audited Financial Statements for circulation prior to April 4/23 CAFII Board Meeting	KPMG (assisted/facilitated by R. Nason, B. Wycks, K. Martin, D. Hinnecke)	March 27/23
Approve Draft 2 of CAFII 2022 Audited Financial Statements for presentation to membership at 2023 Annual Meeting of Members	CAFII Board	April 4/23
Provide Final Draft of CAFII 2022 Audited Financial Statements for inclusion in CAFII 2023 Annual Meeting of Members Materials Package	KPMG (assisted/facilitated by R. Nason, J. Becker)	April 24/23
Circulate CAFII 2023 Annual Meeting of Members Materials Package	J. Becker	April 25/22
Approve CAFII 2022 Audited Financial Statements At 2023 Annual Meeting of Members	Membership	June 6/23

## **Briefing Note**

### **CAFII Board Meeting 4 April, 2023—Agenda Item 3(c)**

#### **Financial Management Matters: CAFII Financial Statements as at February 28/23**

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

To update the Board and request its approval of CAFII's financial statements as at 28 February, 2023.

#### **Background Information**

This is an update on the Association's financial statements as at 28 February, 2023, with a request for approval.

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

An update, with Board approval requested.

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

1 attachment.

## C A F I I

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

### Statement of Operations As at February 28th, 2023

	Current Month	Budget Feb-23	Variance to Monthly Budget	Current YTD	Budget '23 YTD	Variance Budget to YTD	Budget 2023
<b>Revenue</b>							
Membership Dues	\$81,353	\$77,497	\$3,856	\$158,850	\$154,994	\$3,856	\$929,964
Interest	\$776	\$458	\$318	\$1,634	\$916	\$718	\$5,500
Misc (One time event fees)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL REVENUE</b>	<b>\$82,129</b>	<b>\$77,955</b>	<b>\$ 4,174</b>	<b>\$160,484</b>	<b>\$155,910</b>	<b>\$4,573</b>	<b>\$935,464</b>
<b>Expenses</b>							
<b>Office Costs</b>							
Management Fees (CAFII staff and Managing Matters)	\$44,354	\$44,899	\$545	\$88,724	\$89,798	\$1,074	\$538,784
New hire for 6 months overlap	\$0	\$0	\$0	\$0	\$0	\$0	\$102,895
Audit Fees	\$1,305	\$1,367	\$62	\$2,610	\$2,734	\$124	\$16,402
Insurance	\$526	\$575	\$49	\$1,051	\$1,150	\$99	\$6,902
Member Communication and Technology Tools	\$1,041	\$734	(\$307)	\$2,104	\$1,468	(\$636)	\$8,810
Telephone/Fax/Internet	\$104	\$482	\$378	\$208	\$964	\$756	\$5,789
Postage/Courier	\$0	\$7	\$7	\$0	\$7	\$7	\$86
Office Expenses	\$51	\$896	\$845	\$102	\$1,792	\$1,690	\$10,751
Bank Charges	\$36	\$52	\$17	\$61	\$104	\$44	\$628
New Office Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Computer/Office Equipment	\$60	\$235	\$175	\$119	\$470	\$351	\$2,821
Miscellaneous Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$500
<b>Total Office related expenses</b>	<b>\$47,475</b>	<b>\$49,247</b>	<b>\$ 1,772</b>	<b>\$94,979</b>	<b>\$98,487</b>	<b>\$3,508</b>	<b>\$694,369</b>
Legal and consulting costs associated with regulatory submissions and initiatives	\$0	\$10,000	\$10,000	\$0	\$10,000	\$10,000	\$90,400
<b>Board/EOC/AGM</b>							
Annual Members and Associates Luncheon	\$0	\$0	\$0	\$0	\$0	\$0	\$16,120
Board Hosting (External)	\$0	\$0	\$0	\$0	\$0	\$0	\$24,075
Board/EOC Meeting Expenses	\$356	\$0	(\$356)	\$362	\$0	(\$362)	\$31,089
Industry Conferences and Events	\$0	\$0	\$0	\$0	\$300	\$300	\$3,627
EOC Annual Appreciation Dinner	\$0	\$0	\$0	\$0	\$0	\$0	\$5,676
Speaker fees & travel	\$0	\$0	\$0	\$0	\$0	\$0	\$1,500
Gifts	(\$150)	\$107	\$257	\$0	\$214	\$214	\$1,284
Networking Events	\$0	\$0	\$0	\$0	\$0	\$0	\$5,650
CAFII 25th Anniversary Celebration	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Board/EOC/AGM</b>	<b>\$206</b>	<b>\$107</b>	<b>(\$99)</b>	<b>\$362</b>	<b>\$514</b>	<b>\$152</b>	<b>\$89,021</b>
<b>Regulatory and Industry</b>							
Provincial Regulatory Visits and Relationship-Building	\$45	\$0	(\$45)	\$89	\$0	(\$89)	\$41,000
Federal Regulatory Visits and Relationship-Building	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000
Research/Studies	\$0	\$0	\$0	\$0	\$0	\$0	\$67,800
Webinar Fees	\$0	\$0	\$0	\$1,921	\$2,561	\$640	\$15,368
Website SEO and Enhancements	\$0	\$0	\$0	\$0	\$0	\$0	\$45,200
CAFII Benchmarking Study/RSM Canada	\$0	\$0	\$0	\$0	\$0	\$0	\$71,190
Media Outreach	\$679	\$2,260	\$1,581	\$679	\$2,260	\$1,581	\$9,040
Media Consultant Retainer	\$2,543	\$3,125	\$583	\$5,085	\$6,250	\$1,165	\$37,500
Marketing Collateral	\$0	\$0	\$0	\$0	\$0	\$0	\$7,000
<b>Total Regulatory and Industry</b>	<b>\$3,266</b>	<b>\$5,385</b>	<b>\$2,119</b>	<b>\$7,774</b>	<b>\$11,071</b>	<b>\$3,297</b>	<b>\$299,098</b>
<b>TOTAL EXPENSE</b>	<b>\$50,947</b>	<b>\$64,739</b>	<b>\$13,792</b>	<b>\$103,115</b>	<b>\$120,072</b>	<b>\$16,957</b>	<b>\$1,172,888</b>
<b>NET INCOME</b>	<b>\$31,182</b>	<b>\$13,216</b>	<b>17,966</b>	<b>\$57,369</b>	<b>\$35,838</b>	<b>\$ 21,531</b>	<b>(\$237,424)</b>
proof	-	-	-	-	-	-	-

#### 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.

# CAFII

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

## Balance Sheet

As at February 28th, 2023

	CAFII Operations		
	28-Feb 2023	31-Jan 2023	31-Dec 2022
<b>ASSETS</b>			
<b>Current Assets</b>			
Bank Balance	\$683,022	\$251,137	\$324,108
Savings Account	\$418,878	\$418,102	\$417,244
Accounts Receivable	\$442,283	\$0	\$0
Prepaid Expenses	\$12,649	\$5,827	\$6,397
Computer/Office Equipment	\$10,878	\$10,878	\$10,878
Accumulated Depreciation -Comp/Equip	(\$8,849)	(\$8,789)	(\$8,730)
<b>Total Current Assets</b>	<b>\$1,558,861</b>	<b>\$677,154</b>	<b>\$749,898</b>
<b>TOTAL ASSETS</b>	<b>\$1,558,861</b>	<b>\$677,154</b>	<b>\$749,898</b>
	-	-	-
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accrued Liabilities	\$16,374	\$17,158	\$15,916
Credit Card	\$431	\$1,210	\$566
Account Payable	\$21,165	\$40,823	\$64,141
Deferred Revenue	\$794,248	(\$77,497)	\$0
<b>Total Current Liabilities</b>	<b>\$832,218</b>	<b>(\$18,307)</b>	<b>\$80,623</b>
<b>TOTAL LIABILITIES</b>	<b>\$832,218</b>	<b>(\$18,307)</b>	<b>\$80,623</b>
	-	-	-
<b>UNRESTRICTED NET ASSETS</b>			
Unrestricted Net Assets, beginning of year	\$669,275	\$669,275	\$505,900
Excess of revenue over expenses	\$57,369	\$26,187	\$163,374
<b>Total Unrestricted Net Assets</b>	<b>\$726,643</b>	<b>\$695,461</b>	<b>\$669,275</b>
<b>Total Unrestricted Net Assets</b>	<b>\$726,643</b>	<b>\$695,461</b>	<b>\$669,275</b>
<b>TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS</b>	<b>\$1,558,861</b>	<b>\$677,154</b>	<b>\$749,898</b>
	-	-	-
<b>Financial Reserves Targets as per 2023 Budget:</b>			
Minimum 3 months (25%) of Annual Operating Expenses=		\$ 293,222	- 0.04
Maximum 6 months (50%) of Annual Operating Expenses=		\$ 586,444	- 0.08
<b>Current Level of Financial Reserves</b> (total unrestricted net assets):		<b>\$726,643</b>	
<b>Current Level of Financials Reserve (%)</b> :		<b>62%</b>	0.00

## C A F I I

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

### Membership Fees

			<u>Feb-23</u>				
			<u>Billed</u>	<u>Received</u>	<u>Method of Payment</u>	<u>Received Date</u>	
TD Insurance	2023 Upper Tier Member	\$	77,110	\$	77,110	Cheque	23-Feb-23
BMO Bank of Montreal	2023 Upper Tier Member	\$	77,110	\$	77,110	Direct Payment - EFT	16-Mar-23
CIBC Insurance	2023 Upper Tier Member	\$	77,110	\$	77,110	Direct Payment - EFT	27-Feb-23
RBC Insurance	2023 Upper Tier Member	\$	77,110	\$	77,110	Direct Payment - EFT	2-Mar-23
Scotia Insurance	2023 Upper Tier Member	\$	77,110	\$	77,110	Direct Payment - EFT	28-Feb-23
Desjardins Financial Security Life Assura	2023 Upper Tier Member	\$	77,110	\$	77,110	Cheque	28-Feb-23
National Bank Insurance	2023 Upper Tier Member	\$	77,110	\$	77,110	Direct Payment - EFT	16-Feb-23
Manulife Financial	2023 Upper Tier Member	\$	77,110	\$	77,110	Direct Payment - EFT	13-Feb-23
The Canada Life Assurance Company	2023 Upper Tier Member	\$	77,110				
Securian Canada	2023 Lower Tier Member	\$	38,555	\$	38,555	Cheque	23-Feb-23
Assurant	2023 Lower Tier Member	\$	38,555				
Valeyo	2023 Lower Tier Member	\$	38,555	\$	38,555	Direct Payment - EFT	3-Mar-23
CUMIS Group Ltd	2023 Lower Tier Member	\$	38,555				
Canadian Tire Bank	2023 Lower Tier Member	\$	38,555				
Chubb Life Insurance Company of Canada	2023 Initiation Members (Lower Tier)	\$	23,133				
RSM Canada	Associate	\$	4,800				
Willis Towers Watson	Associate	\$	4,800				
KPMG LLP	Associate	\$	4,800				
Optima Communications	Associate	\$	4,800	\$	4,800	Direct Payment - EFT	17-Feb-23
RGA Life Reinsurance Company of Canada	Associate	\$	4,800				
Torlys LLP	Associate	\$	4,800	\$	4,800	Direct Payment - EFT	28-Feb-23
Stikeman Elliott	Associate	\$	4,800				
Norton Rose Fulbright Canada	Associate	\$	4,800				
Royal & Sun Alliance Insurance Company	Associate	\$	4,800				
<b>Feb Invoices</b>			<b>\$953,098</b>	<b>\$703,590</b>			
<b>Total Membership Fees</b>			<b>\$953,098</b>				
Total amount to reallocate monthly Jan-Dec. 2023			<b>\$79,424.83</b>				

## **Briefing Note**

### **CAFII Board Meeting 4 April, 2023—Agenda Item 3(d)**

#### **Financial Management Matters: Forecast for CAFII 2023 Fiscal Year as at February 28/23**

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

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This is an update only.

#### **Background Information**

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This is an update on the financial forecast for CAFII's 2023 fiscal year as at 28 February, 2023.

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

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This is an update-only.

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

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1 attachment.

2023 CAFII Budget  
In \$ Cdn

	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	CAFII 2023 Budget	2023 YTD February 2023	2023 Forecast	Comment/Rationale
Revenue								
Membership Dues	734,664	884,721	955,970	991,653	929,964	158,850	929,964	Member Dues Revenue Tab
Interest	982	399	236	2,579	5,500	1,634	5,500	Same as budget
CCBPI Revenue + one time event fees	195	-	-	12,511	-	-	-	
TOTAL REVENUE	735,841	885,120	956,206	1,006,743	935,464	160,484	935,464	
EXPENSE								
Office Costs								
Management Fees (CAFII staff and Managing Matters)	465,134	476,844	486,711	507,904	538,784	88,724	538,784	Same as budget
New hire for 6 months overlap					102,895	-	102,895	Same as budget
Audit Fees	14,799	16,743	13,224	15,187	16,402	2,610	16,402	Same as budget
Insurance	5,338	5,385	5,877	6,275	6,902	\$1,051	6,902	Same as budget
Member Communication and Technology Tools	10,022	5,765	6,958	7,990	8,810	2,104	8,810	Same as budget
Telephone/Fax/Internet	6,494	5,808	6,799	5,935	5,789	208	5,789	Same as budget
Postage/Courier	159	53	-	60	86	-	86	Same as budget
Office Expenses	2,025	2,158	2,694	7,898	10,751	102	10,751	Same as budget
Bank Charges	112	236	663	548	628	61	628	Same as budget
New Office Equipment				-	-	-	-	Same as budget
Depreciation Computer/Office Equipment	1,136	1,136	1,136	716	2,821	119	2,821	
Miscellaneous Expense	-	-	-	283	500	-	500	Same as budget
Total Office related expenses	505,219	514,128	524,061	552,796	694,369	94,979	694,369	
Legal and consulting costs associated with regulatory submissions and initiatives	-	28,975	74,221	-	90,400	-	90,400	Same as budget
Board/EOC/AGM								
Annual Members and Associates Luncheon	12,052	-	-	13,147	16,120	-	16,120	Same as budget
Board Hosting (External)	14,001	-	-	203	24,075	-	24,075	Same as budget
Board/EOC Meeting Expenses	35,419	4,676	1,822	11,361	31,089	362	31,089	Same as budget
Industry Conferences and Events	-	-	-	615	3,627	\$0	3,627	Same as budget
EOC Annual Appreciation Dinner	2,193	4,244	-	2,501	5,676	-	5,676	Same as budget
Speaker fees & travel	1,189	-	-	-	1,500	-	1,500	Same as budget
Gifts	200	-	-	765	1,284	-	1,284	Same as budget
Networking Events	-	-	-	1,854	5,650	-	5,650	Same as budget
CAFII 25th Anniversary Celebration	-	-	-	15,315	-	-	-	
Total Board/EOC/AGM	65,053	8,920	1,822	45,761	89,021	362	89,021	Same as budget
Regulatory and Industry								
Provincial Regulatory Visits and Relationship-Building	16,833	983	-	9,205	41,000	89	41,000	Same as budget
Federal Regulatory Visits and Relationship-Building	442	540	-	-	5,000	\$0	5,000	Same as budget
Research/Studies	5,368	28,646	75,473	73,026	67,800	-	67,800	Same as budget
Webinar Fees				7,684	15,368	1,921	15,368	Same as budget
Website SEO and Enhancements	40,914	31,144	50,737	45,200	45,200	-	45,200	Same as budget
CAFII Benchmarking Study/RSM Canada	-	68,365	67,800	67,800	71,190	-	71,190	Same as budget
Media Outreach	5,683	350	9,542	2,779	9,040	\$679	9,040	Same as budget
Media Consultant Retainer	27,120	27,685	29,792	37,331	37,500	5,085	37,500	Same as budget
Marketing Collateral	1,629	845	717	1,787	7,000	-	7,000	Same as budget
Total Regulatory and Industry	105,543	179,462	254,966	244,812	299,098	7,774	299,098	Same as budget
TOTAL EXPENSE	675,816	731,485	855,070	843,368	1,172,888	103,115	1,172,888	
Excess of Revenue over Expenses	60,025	153,636	101,136	163,375	(237,424)	57,369	(237,424)	
Unrestricted Net Assets (beginning of year)	170,198	230,223	230,223	505,900	621,727	669,275	669,275	
Unrestricted Net Assets (end of period)	230,223	383,859	331,359	669,275	384,303	726,643	431,851	

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

Actual/Forecasted Financial Reserves	2019 Actuals	2020 Actuals	2021 Actuals	2022 Actuals	CAFII 2023 Budget	2023 YTD February 2023	2023 Forecast
Minimum 3 months (25%) of Annual Operating Expenses =	\$168,954	\$182,871	\$213,767	\$210,842	\$293,222	\$293,222	\$293,222
Maximum 6 months (50%) of Annual Operating Expenses =	\$337,908	\$365,742	\$427,535	\$421,684	\$586,444	\$586,444	\$586,444
Actual/Forecasted Level of Financial Reserves:	\$230,223	\$383,859	\$331,359	\$669,275	\$384,303	\$726,643	\$431,851
Actual/Forecasted Level of Financial Reserves %:	34%	52%	39%	79%	33%	62%	37%

**2019 Operational Budget - Member Dues Breakdown**

<b>2018 Member Dues Breakdown</b>				
Upper Tier Member	73,438.00	5	367,190.00	
DFS	58,076.00	1	58,076.00	
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	

<b>2019 (Base) Member Dues Breakdown</b>				
Upper Tier Member	73,438.00	5	440,629.00	
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**

<b>2019 Member Dues Breakdown</b>				
Upper Tier Member	73,438.00	5	440,629.00	
National Bank	59,079.00	1	59,079.00	
Lower Tier Member	36,719.00	3	110,157.00	
Initiation Members	44,000.00	2	88,000.00	
Associate	4,800.00	8	40,800.00	
			734,664.00	

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

<b>2020 Member Dues Breakdown</b>				
Upper Tier Member	77,110.00	5	693,985.10	
Lower Tier Member	38,555.00	3	115,594.85	
Initiation Members (U)	46,266.00	1	46,265.94	
Initiation Members (L)	23,133.00	0	0.00	
Associate	4,800.00	11	52,800.00	
			908,719.89	

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

<b>2020 Member Dues Breakdown</b>				
Upper Tier Member	77,110.00	5	693,985.10	
Lower Tier Member	38,555.00	3	115,594.85	
Initiation Members (U)	46,266.00	1	46,265.94	
Initiation Members (L)	23,133.00	0	0.00	
Associate	4,800.00	6	28,800.00	
			884,719.89	

<b>2020 Upper Tier Member</b>				
BMO Bank of Montreal				
CIBC Insurance				
RBC Insurance				
Scotiabank Financial				
TD Insurance				
Desjardins Financial Security Life Assurance Company				
National Bank Life Insurance Company				
Manulife Financial				
The Canada Life Assurance Company				

<b>2020 Lower Tier Member</b>				
Assurant Solutions				
Canadian Premier Life Insurance Company				
Cumis Group Ltd/Co-operators Life Insurance Co.				

<b>2020 Initiation Members (Upper Tier)</b>				
Sun Life Financial				

<b>2020 Associate</b>				
RSM Canada				
Willis Towers Watson				
KPMG MSLP				
Optima Communications				
RCA Life Reinsurance Company of Canada				
Torlys LLP				
*IBC				
*IBC				

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

Did not renew in 2020

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

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

<b>2021 Member Dues Breakdown</b>				
Upper Tier Member	77,110.00	5	693,985.10	
Lower Tier Member	38,555.00	2	154,219.80	
Initiation Members (Upper Tier)	46,266.00	1	46,265.94	
Initiation Members (Lower Tier)	23,133.00	0	0.00	
Associate	4,800.00	6	24,000.00	
			918,474.84	

<b>2021 Upper Tier Member</b>				
BMO Bank of Montreal				
CIBC Insurance				
RBC Insurance				
Scotiabank Financial				
TD Insurance				
Desjardins Financial Security Life Assurance Company				
National Bank Life Insurance Company				
Manulife Financial				
The Canada Life Assurance Company				

<b>2021 Lower Tier Member</b>				
Assurant Solutions				
Canadian Premier Life Insurance Company				
Valeyo				
Cumis Group Ltd/Co-operators Life Insurance Co.				

<b>2021 Initiation Members (Upper Tier)</b>				
Sun Life Financial		2	Year	

<b>2021 Associate</b>				
RSM Canada				
Willis Towers Watson				
KPMG MSLP				
Optima Communications				
RCA Life Reinsurance Company of Canada				
Torlys LLP				

**2021 Forecast**

<b>2021 Member Dues Breakdown</b>				
Upper Tier Member	77,110.00	5	693,985.10	
Lower Tier Member	38,555.00	2	154,219.80	
Initiation Members (Upper Tier)	46,266.00	1	46,265.94	
Initiation Members (Lower Tier)	23,133.00	0	0.00	
Associate	4,800.00	10	48,000.00	
			955,968.84	

<b>2021 Upper Tier Member</b>				
BMO Bank of Montreal				
CIBC Insurance				
RBC Insurance				
Scotiabank Financial				
TD Insurance				
Desjardins Financial Security Life Assurance Company				
National Bank Life Insurance Company				
Manulife Financial				
The Canada Life Assurance Company				

<b>2021 Lower Tier Member</b>				
Assurant Solutions				
Canadian Premier Life Insurance Company				
Valeyo				
Cumis Group Ltd/Co-operators Life Insurance Co.				

<b>2021 Initiation Members (Upper Tier)</b>				
Sun Life Financial		2	Year	

<b>2021 Associate</b>				
RSM Canada				
Willis Towers Watson				
KPMG MSLP				
Optima Communications				
RCA Life Reinsurance Company of Canada				
Torlys LLP				
Dog and Pony Studios				
Sikeman Elliott LLP				
RSA				
Norton Rose Fulbright Canada				

<b>Initiation Members (Lower Tier)</b>				
Canadian Tire Bank				

CTB is joining CAFI in early June, we will prorate CTB's 2021 Initiation Member Dues to 7/12 of the full year amount  
2nd Year

**2022 Operational Budget - Member Dues Breakdown - No Dues Increase**

<b>2022 Member Dues Breakdown</b>				
Upper Tier Member	77,110.00	5	771,096.00	
Lower Tier Member	38,555.00	2	154,219.80	
Initiation Members (Upper Tier)	46,266.00	0	0.00	
Initiation Members (Lower Tier)	23,133.00	1	23,132.97	
Associate	4,800.00	9	43,200.00	
			991,651.77	

<b>2022 Upper Tier Member</b>				
BMO Bank of Montreal				
CIBC Insurance				
RBC Insurance				
Scotiabank Financial				
TD Insurance				
Desjardins Financial Security Life Assurance Company				
National Bank Life Insurance Company				
Manulife Financial				
The Canada Life Assurance Company				
Sun Life Financial				

<b>2022 Lower Tier Member</b>				
Assurant Solutions				
Canadian Premier Life Insurance Company				
Valeyo				
Cumis Group Ltd/Co-operators Life Insurance Co.				

<b>2022 Initiation Members (Upper Tier)</b>				

<b>2022 Associate</b>				
RSM Canada				
Willis Towers Watson				
KPMG MSLP				
Optima Communications				
RCA Life Reinsurance Company of Canada				
Torlys LLP				
Sikeman Elliott LLP				
RSA				
Norton Rose Fulbright Canada				

<b>Initiation Members (Lower Tier)</b>				
Canadian Tire Bank				

**2023 Operational Budget - Member Dues Breakdown - No Dues Increase**

<b>2023 Member Dues Breakdown</b>				
Upper Tier Member	77,110.00	5	893,985.10	
Lower Tier Member	38,555.00	5	192,774.75	
Initiation Members (Upper Tier)	46,266.00	0	0.00	
Initiation Members (Lower Tier)	23,133.00	1	23,132.97	
Associate	4,800.00	9	43,200.00	
			953,096.82	

<b>2023 Upper Tier Member</b>				
BMO Bank of Montreal				
CIBC Insurance				
RBC Insurance				
Scotiabank Financial				
TD Insurance				
Desjardins Financial Security Life Assurance Company				
National Bank Life Insurance Company				
Manulife Financial				
The Canada Life Assurance Company				
Sun Life Financial - Remove next year				

<b>2023 Lower Tier Member</b>				
Assurant Solutions				
Canadian Premier Life Insurance Company				
Valeyo				
Cumis Group Ltd/Co-operators Life Insurance Co.				

<b>2023 Initiation Members (Upper Tier)</b>				

<b>2023 Associate</b>				
RSM Canada				
Willis Towers Watson				
KPMG MSLP				
Optima Communications				
RCA Life Reinsurance Company of Canada				
Torlys LLP				
Sikeman Elliott LLP				
RSA				
Norton Rose Fulbright Canada				

<b>Initiation Members (Lower Tier)</b>				
Chubb Life Insurance Company of Canada				



## **Briefing Note**

### **CAFII Board Meeting 4 April, 2023—Agenda Item 3(e) Financial Management Matters: Receipt of 2023 CAFII Member Dues Payments; and 2023 Associate Dues Payments**

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

This is an update only.

#### **Background Information**

This is an update on the Association's receipt of 2023 member dues payments and 2023 Associate dues payments. In 2023, CAFII transitioned to issuing just one annual invoice for Member dues, as opposed to collecting dues in two instalments over the course of the year, in order to reduce the administrative burden on all parties.

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

This is an update-only.

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

No attachments.

## **Briefing Note**

### **CAFII Board Meeting 4 April, 2023—Agenda Item 4(a)**

#### **Strategic and Regulatory Matters— Insights Gained and Next Steps Arising from February 24/23 CAFII Virtual Meeting with FCNB Staff Executives Re Questions and Clarification Issues Around Compliance with Rule INS-001 (Stikeman Elliott Visitors: Stuart Carruthers, Mike Kilby, Sinziana Hennig)**

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

To provide an update and seek Board feedback on escalation/challenge options available to CAFII following a recent meeting with representatives of the Financial and Consumer Services Commission of New Brunswick (FCNB); and to hear from legal counsel at Stikeman Elliott with respect to those options.

#### **Background Information**

CAFII held a meeting on 24 February, 2023 with staff executives from FCNB around compliance with Rule INS-001, at which David Weir of FCNB emphatically stated that “we will have to agree to disagree” on CAFII’s strong opposition to the Rule’s Section 46 requirement for Restricted Insurance Representative (RIR) licensee representatives to tell customers being offered credit protection insurance that they may wish to seek the advice of an individually licensed representative.

CAFII sought a legal opinion from Stikeman Elliott on Rule INS-001's Section 46. Stuart Carruthers and his Stikeman Elliott colleagues have concluded that FCNB is within its legal rights to include Section 46’s requirement in Rule INS-001.

CAFII will be considering all possible options on this issue, including writing a letter to the Minister of Finance – to whom FCNB is accountable -- outlining why the provision in Section 46 is an inappropriate requirement.

This is an update with an opportunity to discuss legal options with Stikeman Elliott legal counsel.

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

This is an update and discussion (request for feedback) item.

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

3 attachments.

**CAFII Questions and Clarification Issues Related to Implementation and Licensing  
Expectations Arising from FCNB Rule INS-001; and Compliance Obligations Related to the Rule**

**Discussion Summary of February 24/23 Virtual Meeting Between CAFII  
and FCNB (David Weir and Catherine Haines)**

<u>Section</u>	<u>Issue</u>	<u>Request</u>	<u>Outcome of Discussion with FCNB</u>
Definitions (including “employee of a restricted insurance representative) and Exemptions for Individuals (Sections 3 and 4)		CAFII would like to receive a confirmation from FCNB that, given the provisions set out in Rule INS-001, in both the Definitions and Exemptions for Individuals sections, all FI employees who may be involved in a <i>bancassurance</i> business of offering optional credit protection insurance and travel insurance to New Brunswickers would be covered under a corporate Restricted Insurance Representative licence, and none would have to be individually licenced.	<p><b>Response/Discussion Summary:</b> FCNB said that the intention is for the corporate license, issued to the organization, would cover individual representatives. There might be some confusion about third party entities (such as outsourced, third party contact centres) and FCNB is trying to align its Restricted Insurance Representative (RIR) regime with other RIA regimes in Canada on those matters.</p> <p><b>We may need to clarify whether outsourced, third party contact centres need to get their own RIR licence; or whether an FI distributor’s own corporate RIR license would cover such outsourced, business partner entities.</b></p> <p><b>Independent, third party contact centre services providers, such as Optima Communications, may need to apply for their own RIR licences.</b></p>

Section	Issue	Request	Outcome of Discussion with FCNB
33 (1) and Definitions	<p>Section 33 (1) of the Rule seems to indicate that a Restricted Insurance Representative licence is required to sell "mortgage insurance", which is defined as "insurance against loss caused by default on the part of a borrower under a loan secured by a mortgage or charge on, or other security interest in, real property". See definitions ("mortgage insurance" means insurance against loss caused by default on the part of a borrower under a loan secured by a mortgage or charge on, or other security interest in, real property) and 33 1 (j) - mortgage insurance. However, s.33(1) says this: "The Superintendent may issue a [RIR] license for...(j) mortgage insurance". The use of "may" indicates that the Superintendent might not issue this type of license, but has the authority to introduce it.</p>	<p>Is Rule INS-001 intended to require financial institutions to have a Restricted Insurance Representative licence in order to offer federally-mandated mortgage default insurance, i.e. a bank would have to have that licence to permit its staff to offer CMHC, Genworth or Canada Guarantee products when a high ratio mortgage exists?</p> <p>There is a lack of clarity about what "mortgage insurance" means and CAFII would like to receive a clarification from FCNB that mortgage default insurance (federally mandated when a home purchaser's down payment is less than 20% of the purchase price) is not captured by Rule INS-001.</p>	<p><b>Response/Discussion Summary:</b> FCNB said that this was a non-issue because an RIR-licenced distributor of insurance's parent bank/FI, whose representatives would be offering mortgage default insurance (federally mandated for customers with less than a 20% down payment on residential real estate), would be covered by the same corporate RIR licence (which would be issued under the parent bank/FI's name) and so would be able to offer this insurance under that licence.</p> <p>FCNB is capturing mortgage default insurance in Rule INS-001, but nothing new needs to be done as a single corporate RIR licence covers all units within the same company.</p>
37 (Obligations for restricted insurance representatives)	<p>This is the requirement for a Restricted Insurance Representative licence holder potentially to have to provide FCNB with a list of the names of all individuals who have engaged or are engaging in the</p>	<p>In an information-sharing debrief with CLHIA counterparts, following their recent clarifications meeting with FCNB, CAFII learned that FCNB had indicated that it expects that in 9 out of 10 cases where it might make such a request, providing a</p>	<p><b>Response/Discussion Summary:</b> FCNB said that it would normally be seeking just a numerical range of the number of employees, as this was how it calculated its fees for RIR corporate licence registrants. If a material change in the numerical range occurs during a licence year, that information should be provided to FCNB; otherwise, the information can be updated at renewal.</p>

Section	Issue	Request	Outcome of Discussion with FCNB
	business of insurance on behalf of the licence holder.	<p>numerical range of the number of employees, rather than a list of the individual names, would suffice.</p> <p>CAFI would like to receive a clarification from FCNB as to how often would this information possibly be requested?; and would it ever be expected to be proactively provided by the Restricted Insurance Representative if material changes in numbers or headcount occur?</p> <p>Will FCNB be communicating that clarification information to the industry via a Clarification Bulletin?</p>	No Clarification Bulletin on this matter is envisioned as this time.
35(1)(d)	<b>Licensing criteria – restricted insurance representative – (d)</b> <i>provides the address of the head office and any branches soliciting, negotiating, selling or arranging insurance in the Province),</i>	<p>How often does this have to be provided? e.g. at the time of initial licence application and at licence renewal only? or in real time whenever any changes are made to the head office or branches?</p> <p>This constitutes a very long list for the large bank FIs, even in the province of New Brunswick with a relatively small population.</p>	<p><b>Response/Discussion Summary:</b> FCNB would want to know if there were significant changes to the list of branches; otherwise, this information can be updated at time of licence renewal.</p> <p>In the FCNB portal, if a branch's exact date of opening is not known with certainty, an RIR applicant can enter an estimated date and state that this question has been answered in good faith.</p>
39(a); See also Applying for a Restricted Insurance Representative license via the FCNB Portal (1)	<b>A restricted insurance representative shall take reasonable steps to ensure that it: (a) is not engaging an employee of a restricted insurance representative who has had an insurance license refused, revoked or suspended, unless the</b>	There are significant challenges around the vetting/not engaging of new employees (who will be offering CPI) with respect to the obligation around inquiring about previous insurance license declines, revocation, adverse actions. This is not something that is currently done and it will be difficult to implement.	<p><b>Response/Discussion Summary:</b></p> <p>Generally, FCNB was understanding of the concern being raised, but also said that it wanted to avoid a situation where rogue agents were offering insurance. It "is not asking for perfection, and will be taking a light touch to enforcement." Good faith interpretations are what are being requested. FCNB wants industry to operate on a "best efforts" and "reasonable steps" approach.</p>

Section	Issue	Request	Outcome of Discussion with FCNB
	<p><b>Superintendent gives prior written approval;</b></p>	<p>From an HR perspective, when onboarding FI employees or engaging third parties, the industry does not ask such questions or go to this level of detail when hiring an employee who may, as just one part of their responsibilities, be offering/distributing CPI.</p> <p>CAFIL views a stated FCNB rationale for this section – “We don’t want someone who had their individual insurance agent licensed revoked then walking down the street to work for a Restricted Insurance Representative employer” as being highly implausible. Why would a former insurance agent want to go to work in an FI and sell mortgages, credit cards, and CPI? That just doesn’t make sense.</p> <p>FI branch representatives primarily sell financial services – loans, mortgages, credit cards, safety deposit boxes, and overdraft protection. They only offer CPI when it is appropriate to do so, to support an underlying consumer debt obligation. Offering CPI is a very small part of the job of an FI financial services representative.</p>	<p>FCNB said it would look favourably upon any effort to “do due diligence.”</p> <p><b>Guidance from CAFIL:</b> Based on the feedback from FCNB, we believe that a best efforts, good faith approach will be deemed acceptable. Therefore, as part of the process for obtaining or renewing an RIR licence, the individual completing the company’s application on the FCNB portal could simply this question of the corporate HR department: “Are you or your reports aware of any employee who will be offering insurance under this RIR licence who has had an insurance licence refused, revoked, or suspended in any jurisdiction?” If the answer is No, that should satisfy the FCNB’s due diligence requirement.</p>
43 (b) and (d)	<p><i>43. A restricted insurance representative, or an employee of a restricted insurance representative, shall provide the insured in writing, within 20 days</i></p>	<p>CAFIL would like to receive a confirmation from FCNB that with respect to credit protection insurance/creditor’s group insurance (CPI), a welcome letter and fulfillment package that confirm the</p>	<p><b>Response/Discussion Summary:</b> FCNB did not seem to have any concerns with the approach CAFIL was proposing. The FCNB officials said that RIR licensees should do for New Brunswick consumers what we do in other RIA regime jurisdictions. FCNB is not trying to do something different.</p>

<u>Section</u>	<u>Issue</u>	<u>Request</u>	<u>Outcome of Discussion with FCNB</u>
	<p><i>of the insurance coverage coming into force, with all of the following:</i></p> <p><i>(a) the disclosure set out in paragraph 42(a) and (b)</i></p> <p><i>(b) the application and documentation describing the insurance;</i></p> <p><i>(c) the policy or, in the case of group insurance, the certificate;</i></p> <p><i>(d) written documentation that evidences the insurance.</i></p>	<p>customer's enrolment in the group insurance policy, together with the certificate of insurance, would suffice to comply with sub-sections (b) and (d).</p> <p>It would be overly burdensome and not customer-friendly to have to provide a call transcript for phone enrolment in CPI or an IT document for a digital enrolment. A customer's opting to enrol in CPI coverage doesn't involve a lengthy application with medical questions etc.; all that the FI distributor obtains is the customer's consent.</p>	<p>However, FCNB would frown upon "trying to bury or hide information."</p>
44	Disclosure having to be made in a "prominent manner"	CAFII requests greater clarity on what "prominent manner" means exactly.	<b>Response/Discussion Summary:</b> FCNB said that "prominent manner" simply means not using very small type for required disclosures, and not trying to hide such information.
45(1)	If a restricted insurance representative, or an employee of a restricted insurance representative, receives, or will receive any direct or indirect compensation, inducement or benefit from the insurer that exceeds 30% of the price paid by the consumer for an insurance product, the restricted insurance representative shall, at the time the applicant applies for insurance, inform the applicant of the amount of compensation,	<p>CAFII would appreciate a clarification from FCNB as to how the 30% is to be calculated.</p> <p>Also, what are FCNB's expectations as to how this disclosure is to be made? and when is it to be made?</p> <p>Will FCNB be communicating those clarifications to the industry via a Clarification Bulletin?</p>	<b>Response/Discussion Summary:</b> FCNB was quite frank that they were climbing a learning curve on this matter themselves and were not sure how to calculate the 30%. They would appreciate industry's suggestions as to how it should be calculated; and their intent is to ensure that consumers received important disclosure information about compensation before the sale is finalized. They do not intend to issue a Clarification Bulletin on this matter.

Section	Issue	Request	Outcome of Discussion with FCNB
	inducement or benefit or the basis for calculating the amount of the compensation, inducement or benefit.		
46	This section reads as follows: <i>A restricted insurance representative, or an employee of a restricted insurance representative, shall advise potential clients that he or she is not a licensed insurance agent and that the potential client may wish to seek advice from a licensed insurance agent</i>	<p>Given the wording of the concluding Section 123 of Rule INS-001 re “Effective Date,” including its particular reference to “Sections 45 to 53,” CAFII requests a clarification as to whether there are any sections of the Rule, including Section 46, which have yet to be proclaimed into force?; or is the entire Rule already in force?</p> <p>In an information-sharing debrief with CLHIA counterparts, CAFII learned that FCNB indicated that compliance with this clause could be achieved in writing, post- sale, via the fulfillment materials that are sent to the customer (but it must be done/completed within the 20 days free look/review period).</p> <p>CAFII appreciates FCNB’s efforts to identify a more palatable way for our industry sector to comply with what, for our members, is a disappointing section of the Rule which tilts and distorts, in favour of the advice-based channel, what is otherwise a level playing field in the marketplace.</p>	<p><b>Response/Discussion Summary:</b> CAFII made the point that Canadians are vastly underinsured and uninsured; that anything that stands in the way of a legitimate offer of insurance is undesirable; that the marketplace is very competitive with different products and channels; that the commissioned, advice-based channel is threatened by the direct-to-consumer channel and has made inaccurate comments about it, and would not be a legitimate source of advice about credit protection insurance products; and that this Section was a tilting of the level playing field in favour of the advice-based channel.</p> <p>We asked for the Superintendent to not proclaim/enforce this Clause, which would give FCNB and CAFII time to engage in discussion on a reasonable accommodation solution.</p> <p>David Weir said that FCNB and CAFII would simply have to agree to disagree on this Section. He said that he and FCNB were proud of this Clause, and that it un-tilted the playing field and made it level again, as representatives under a corporate RIR licence can offer insurance without taking the courses, training, etc. that licensed individuals must take.</p> <p>As a result of this discussion, CAFII will be exploring possible other options, given that FCNB appears unwilling to compromise on this issue.</p>



<u>Section</u>	<u>Issue</u>	<u>Request</u>	<u>Outcome of Discussion with FCNB</u>
		<p>While appreciative of FCNB's solution suggestion, our Association still sees some particular problems with the above-noted proposal, which we would like to discuss with FCNB.</p> <p>CAFII regards Section 46 as the one major stumbling block and impasse issue in Rule INS-001, because it will significantly inhibit our members' ability to offer simple, accessible/convenient, and affordable insurance coverage and peace-of-mind to New Brunswickers.</p> <p>We implore FCNB to work collaboratively with CAFII and CLHIA – a sister Association which holds the same view as to the negative impact of this Section – to achieve a reasonable accommodation solution, one which addresses our joint objections to Section 46, at the earliest possible point in time.</p>	
Applying for a Restricted Insurance Representative licence via the FCNB Portal (1); <i>See also 39(a)</i>	Several CAFII member companies have indicated that they are finding the online licence application process to be very cumbersome and time-consuming, and that it's set up in such a way that if particular information is not available, they cannot advance to complete any other part of the process, while they wait on others in the	In addition to seeking a solutions- focused dialogue with FCNB as to how the Restricted Insurance Representative online application process can be made more efficient and effective – to address the Issues described in the column to the immediate left -- CAFII recommends to FCNB that it amend the Restricted Insurance Representative online licensing form and flow to adopt a full attestation	<p><b>Response/Discussion Summary:</b> FCNB seemed open to changing the approach for background checks to a simple attestation. They asked CAFII to solicit feedback from the Association's members on specific difficulties and problems being encountered on the FCNB portal with respect to applying for an RIR licence (including, where possible, screen shots).</p> <p>FCNB indicated that they would attempt to address such matters quickly after receiving CAFII's more specific input.</p>

Section	Issue	Request	Outcome of Discussion with FCNB
	<p>organization to gather information that may reside elsewhere, e.g. one section of the application form asks for branch location/address information as well as when each branch was opened.</p> <p>As well, there is an 'attestation' of sorts related to the NB obligation around the vetting of personnel, specific to any of them having previously had an insurance license revoked, refused, etc. As currently constituted, the application requires the Designated Representative to affirm that employees under the requested Restricted Insurance Representative licence <i>have been</i> vetted with respect to not having had an individual license revoked, refused, etc.</p> <p>To have this particular attestation question inserted with just two rather limiting/confining responses is quite challenging. It's not that FIs don't have rigorous employee screening procedures in place, but rather, to insist upon this level of granularity with respect to the FI's</p>	<p>approach to background checks, e.g. rather than having to submit actual documents which establish an individual employee's background, such as a police check, the Designated Representative can provide and sign an attestation that relevant background checks were completed on all employees who will be covered under the restricted licence.</p>	

<u>Section</u>	<u>Issue</u>	<u>Request</u>	<u>Outcome of Discussion with FCNB</u>
	<p>Restricted Insurance Representative licence, for FI employees whose duties include all sorts of activities as representatives of the FI, is very burdensome. This would require an FI to build a process to check whether each employee had ever had their license refused, revoked or suspended; and, if so, to ensure that the FI does not allow them to sell insurance. Additionally, the FI would have to check with all existing employees, rather than just new/incoming employees, which would be quite onerous.</p>		
<p>Applying for a Restricted Insurance Representative licence via the FCNB Portal (2)</p>	<p>The online Restricted Insurance Representative licence application form asks for a very detailed and signed attestation on the part of all Partners, Directors and Officers of the parent bank. To secure that within a large financial institution would be a huge, practically impossible task, and one which is not relevant to the insurance business in question. Meeting that requirement is effectively a non-starter.</p>	<p>Does FCNB have any suggestions or insights as to how the Restricted Insurance Representative online application process can be made more efficient and effective?</p>	<p><b><u>Response/Discussion Summary:</u></b> FCNB is open to reviewing this issue and to looking at an attestation-only approach to satisfying this requirement.</p>

<u>Section</u>	<u>Issue</u>	<u>Request</u>	<u>Outcome of Discussion with FCNB</u>
	Having the Designated Representative complete all required attestations should be sufficient.		
Clarification bulletins		In an information-sharing debrief with CLHIA counterparts, CAFII learned that FCNB had indicated that if the industry felt strongly about a certain issue(s) in Rule INS-001, FCNB would consider issuing a Clarification Bulletin.	<b><u>Response/Discussion Summary:</u></b> FCNB will consider issuing Clarification Bulletins -- especially if there is a groundswell of requests for such from multiple industry stakeholders -- but it is not planning on issuing any such Bulletins at this time.

**Agenda Item 4(a)(2)**  
**April 4/23 Board Meeting**

**From:** Brendan Wycks <[brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com)>  
**Sent:** Wednesday, March 8, 2023 5:57 PM  
**To:** Haines, Catherine (FCNB) <[Catherine.Haines@fcnb.ca](mailto:Catherine.Haines@fcnb.ca)>  
**Cc:** Keith Martin <[Keith.Martin@cafii.com](mailto:Keith.Martin@cafii.com)>; Jake Becker <[jake.becker@cafii.com](mailto:jake.becker@cafii.com)>; Picard, Robert (FCNB) <[Robert.Picard@fcnb.ca](mailto:Robert.Picard@fcnb.ca)>; Weir, David (FCNB) <[david.weir@fcnb.ca](mailto:david.weir@fcnb.ca)>  
**Subject:** Follow-up and A Gentle Reminder From CAFII Re Questions and Clarification Issues Related to Implementation, Compliance, and Licensing Expectations Arising from FCNB Rule INS-001

Good afternoon, Catherine.

On behalf of CAFII and our Association's 15 member companies, thank you to you and David Weir for meeting virtually with my CAFII Co-Executive Director colleague Keith Martin, a sizeable delegation of CAFII member representatives, and me on Friday, February 24/23 around *CAFII Questions and Clarification Issues Related to Implementation, Compliance, and Licensing Expectations Arising from FCNB Rule INS-001*.

We believe that the dialogue in that meeting produced a constructive exchange of information, and several important next steps.

In addition to communicating our thanks, this follow-up message has two important secondary purposes: to provide you with a brief CAFII update from our Association; and to offer a gentle reminder of a next step which you committed to undertake in our February 24 meeting:

- Update: Keith and I are currently canvassing CAFII member companies for information on *Specific difficulties being encountered on the FCNB portal with respect to applying for a Restricted Insurance Representative (RIR) licence (including, where possible, screen shots)*. We expect to be in a position to send you a list of such licence application difficulties being encountered on Friday, March 10 (along with, where possible, illustrative screen shots); and
- Gentle Reminder: it is our recollection that during the FCNB Licensing Portal-focused portion of the discussion in our February 24 meeting, you indicated that you would be able get back to CAFII soon with respect to our questions and concerns related to the RIR licence application process requiring a criminal record check to be submitted for a bank/FI applicant's Board members; and, more specifically, around whether FCNB would be willing to make some manner of accommodation on that unique New Brunswick requirement, perhaps by shifting to an attestation approach to address it.

We left the meeting with the understanding that that particular matter would be considered something quite separate and distinct from our CAFII next step of getting back to you with other examples of specific difficulties being encountered when attempting to complete the RIR licence application process on the Portal.

Therefore, while you await CAFII's delivery of our promised specific difficulties input on Friday of this week, we ask that you get back to our Association at the earliest possible point in time on the issue of Board members' criminal record checks, so as not to impact negatively our members' ability to meet the 90-day deadline, post-February 1/23, to apply for and secure a Restricted Insurance Representative (RIR) licence from FCNB.

Thanks, in advance, for giving this CAFII reminder matter your prompt attention; and we look forward to providing you with our compiled *Specific difficulties being encountered on the FCNB portal with respect to applying for an RIR licence (including, where possible, screen shots)* input on Friday, March 10.

Best regards,

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

Co-Executive Director

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**From:** Haines, Catherine (FCNB) <Catherine.Haines@fcnb.ca>

**Sent:** Thursday, March 9, 2023 4:01 PM

**To:** Brendan Wycks <brendan.wycks@cafii.com>

**Cc:** Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>; Picard, Robert (FCNB) <Robert.Picard@fcnb.ca>; Weir, David (FCNB) <david.weir@fcnb.ca>; Haines, Catherine (FCNB) <Catherine.Haines@fcnb.ca>

**Subject:** RE: Follow-up and A Gentle Reminder From CAFII Re Questions and Clarification Issues Related to Implementation, Compliance, and Licensing Expectations Arising from FCNB Rule INS-001

Hello,

Thank you for following up after our discussion late in February. I realize that your members are looking to move forward with submitting their applications and were waiting on clarification regarding the Director Disclosure section of the Restricted Insurance Representative licence application.

At this time, **we are not going to request** that any entity (or their affiliates) federally regulated by OFSI, or any person or entity currently licensed or registered with FCNB provide the director disclosure form(s) and criminal record check(s) when they submit the Restricted Insurance Representative licence application. Although we reserve the right to request this information from these persons or entities in the future.

We are going to make changes to our application in the FCNB Portal to clarify this item, but in the meantime, your members may proceed with submitting their applications. Applicants may upload a document in place of the Director Disclosure form stating that the information is not being requested as the firm is federally regulated by OFSI or licensed with FCNB in another capacity. In addition, applicants may put the details of any key directors/officers directly in the application, then provide a full listing of their directors/officers in the uploaded documents section of the application.

I will be following up with several of your members who have reached out directly to me on this item, but appreciate that others may be waiting on this information from CAFII.

As I mentioned on the call, there is no need or request to solicit your members regarding any “specific difficulties” they may have encountered on the FCNB Portal, although we appreciate feedback on how our systems may be improved. My request was meant to clarify that if your members have expressed concerns to CAFII, that it would be helpful if you would forward that information along.

Please feel free to contact us if you have any other questions.

Regards.

**Catherine Haines**  
**Deputy Director, Licensing**  
Tel / Tél : 506 444-4052  
[Catherine.haines@fcnb.ca](mailto:Catherine.haines@fcnb.ca)

**Agenda Item 4(a)(3)**  
**April 4/23 Board Meeting**

**From:** Keith Martin  
**Sent:** January 23, 2023 1:48 PM  
**To:** CAFII EOC Members  
**Cc:** CAFII Board Members; Brendan Wycks; Jake Becker  
**Subject:** CAFII Analysis of FCNB Rule 001--Including a Comparison of Original and Final Regulation

**Hello, CAFII EOC and Other Committee Members (Copy to Board Members):**

FCNB (New Brunswick) has introduced a new restricted insurance agent licensing regime, called Rule INS-001.

CAFII had serious issues with the original version of the Rule, and outlined them in a letter on 7 February, 2022; but virtually none of the issues we raised were addressed in the updated Rule, which has now received Ministerial approval and is coming into force by 1 February, 2023. (There will be further guidance from FCNB on what if any transition or implementation period will be available.)

Please find attached the relevant documents for this New Brunswick Rule, **including an analysis of the original document as compared to the final version.**

There are many unclear expectations in the final version of the Rule, and there are concerns around the timeline for implementation. CAFII has captured these in a document that will soon be circulated for review to members, after which we will request a meeting between FCNB and CAFII and its members to walk through these issues.

There is one clause (Clause 46) that CAFII is particularly disappointed by:

***46. A restricted insurance representative, or an employee of a restricted insurance representative, shall advise potential clients that he or she is not a licensed insurance agent and that the potential client may wish to seek advice from a licensed insurance agent.***

Despite our strong reasons in our submission against this provision—it plays favourites by tilting the bar in favour of the advice channel, and we are concerned that offering this advice is not permitted by the Bank Act provisions for offering authorized insurance products—New Brunswick went ahead anyways with the provision.

In the 17 January, 2022 EOC meeting, there was strong support for asking our legal counsel (Stuart Carruthers, Stikeman Elliott) for an opinion on our legal options on this provision. This has now been supported by our Board, and we will be reaching out to Stikeman Elliott for their legal opinion on this clause.



Meantime, please do not hesitate to reach out to Brendan or me if you have any questions or concerns.

Regards,

--Keith

**Keith Martin**

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

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

**From:** Keith Martin

**Sent:** February 7, 2023 12:44 PM

**To:** CAFII Board Members

**Cc:** CAFII EOC Members; Brendan Wycks; Jake Becker; Stuart Carruthers

**Subject:** CAFII Review of FCNB Rule INS 001--Legal Analysis from Stikeman Elliott, and Proposed Next Steps

**Hello, CAFII Board Members (copy to EOC, and Market Conduct and Licensing Committee Members; Stuart Carruthers of Stikeman Elliott is also copied on this note):**

The New Brunswick Financial and Consumer Services Commission (FCNB) has recently published the final version of Rule INS-001, which is mostly about the creation of a new restricted insurance agent licensing regime in the province.

The Rule includes a clause, Section 46, which CAFII strongly disagreed with in its written submission to the FCNB on a draft of the Rule:

***46. A restricted insurance representative, or an employee of a restricted insurance representative, shall advise potential clients that he or she is not a licensed insurance agent and that the potential client may wish to seek advice from a licensed insurance agent.***

Despite our strong reasons in our submission against this provision—it plays favourites by tilting the bar in favour of the advice channel, and we are concerned that offering this advice is not permitted by the Bank Act provisions for offering authorized insurance products—New Brunswick went ahead anyways with the provision.

The CAFII Board recently unanimously supported CAFII seeking a legal opinion on New Brunswick's (FCNB) Rule INS-001, Section 46.

We now have received an overview analysis from our legal counsel, Stuart Carruthers of Stikeman Elliott.

Unfortunately, it concludes that there is no clear legal basis for successfully challenging Section 46 of the recently implemented FCNB Rule INS-001.

It is likely that when FCNB rejected CAFII's objections to this clause in an earlier consultation on a draft of the Rule, FCNB similarly had legal opinions shared with it that it would stand legal scrutiny.

I have consulted with CAFII Board Chair Peter Thompson on next steps, and it was agreed that I would write the Board advising them of this development and share the legal opinion (attached, and also at the bottom of this email); and recommend putting this on the Agenda for the 4 April, 2023 Board meeting.

To further elaborate on next steps, CAFII could do nothing further, or if we did do something, it could not be legal in nature but rather continued advocacy/lobbying, either ourselves or if possible with CLHIA. But since a legal challenge is not apparently in the works, and since our next lobbying opportunity is likely when FCNB next reviews the Rule, discussion of this matter can likely wait until the 4 April, 2023 Board meeting.

Unless as a Board member you would like to discuss this sooner, we will at this time take no further action and have this on the Agenda for the 4 April, 2023 Board meeting for discussion.

Thank you,

--Keith

**Keith Martin**

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

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**From:** Stuart Carruthers <[SCarruthers@stikeman.com](mailto:SCarruthers@stikeman.com)>

**Sent:** February 6, 2023 8:51 AM

**To:** Keith Martin <[Keith.Martin@cafii.com](mailto:Keith.Martin@cafii.com)>

**Cc:** Brendan Wycks <[brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com)>; Stuart Carruthers <[SCarruthers@stikeman.com](mailto:SCarruthers@stikeman.com)>; Peter Hamilton <[PHamilton@stikeman.com](mailto:PHamilton@stikeman.com)>; Michael Kilby <[MKilby@stikeman.com](mailto:MKilby@stikeman.com)>; Chris Lofft <[CLofft@stikeman.com](mailto:CLofft@stikeman.com)>; Sinziana Hennig <[SHennig@stikeman.com](mailto:SHennig@stikeman.com)>

**Subject:** RE: CAFII Analysis of FCNB Rule 001--Including a Comparison of Original and Final Regulation

Keith –

## I. Introduction/Summary

I've now canvassed that New Brunswick Financial and Consumer Services Commission Rule INS-001 section 46 (the "**Section**") with my colleagues in our practice areas which I considered might present the best possible bases on which to further legally challenge the Section, if desired. Those areas were public policy/administrative law litigation (including under the Charter of Rights), competition law, and bank regulatory law.

This is to concisely report to you on that and then we could discuss further, including possible next steps.

In summary, we don't see any reasonable prospect of successfully legally challenging the Section from any of the litigation, competition or bank regulatory perspectives. As a result, it would appear that further and more intensive lobbying of the New Brunswick regulator would presumably present the best chance of successfully repealing or amending the Section. That might be most usefully undertaken on a co-ordinated basis with other aligned organizations, such as insurance industry groups like the CLHIA or non-insurance groups also subject to the Section, such as automobile dealer associations. While commencing or threatening litigation can sometimes be strategically useful in connection with any such lobbying, any such steps would need to be very carefully considered at the time, as they could also be counter-productive and/or present reputation risks to CAFII and its members.

## II. Discussion

Taking each of those areas in turn, concisely:

### 1. Public Policy Litigation

Our litigation partner Sinziana Hennig advises as follows. Sinziana was part of the team which represented the CLHIA in the life insurance "side investment accounts" litigation in Saskatchewan. The following is based on initial, high-level research; we could consider this more exhaustively upon request.

- Generally, rules or regulations can be challenged (i) if a required rule-making process was not followed (very rare), (ii) as being unauthorized by the enabling statute (rarely successful), or (iii) on constitutional grounds.
- Based on an initial review of the *Insurance Act* (New Brunswick (the "**Insurance Act**")) and the *Financial and Consumer Services Commission Act* (New Brunswick) (the "**FCNB Act**") and the Rule-making Procedure Regulation under the FCNB Act:

- We don't see any material process requirements other than publication.
- There does not seem to be an obvious basis for arguing that the Section is unauthorized by the Insurance Act. In brief:
  - It seems to fall squarely within the scope of the Rule-making powers under s. 371.1(ff) of the Insurance Act (prescribing disclosure requirements for restricted insurance agents ("RIAs")), further supported by sections 371.1(v) and (cc) (rules respecting the responsibilities of RIAs, prescribing standards of practice and duties of RIAs).
  - While one of the grounds on which regulations or rules are sometimes challenged as *ultra vires* (beyond the powers/authority of the governmental entity) is that they discriminate against classes of persons without statutory authorization, here the Insurance Act contains a provision that expressly and broadly authorizes discrimination: s. 371.2(6) provides that: "rules may vary for or be made in respect of different persons, matters or things or different classes or categories of persons, matters or things."
  - The Insurance Act provides that in the event of a conflict or inconsistency between a rule and a regulation, the regulation prevails – but no relevant regulations have been adopted under the Insurance Act.
- We also considered whether the requirements of the Section could amount to "forced speech" in breach of Charter s. 2(b)(which protects freedom of expression). Section 2(b) breaches are relatively easy to establish, but even that may not be made out here, because the Section doesn't require the RIAs to use specific wording or preclude them from attributing the disclosure to a requirement by the regulator. If the RIAs could comply with the Section by saying some version of the following, it may not even be possible to establish a 2(b) breach: "I am required by the Financial and Consumer Services Commission to advise you that I am not a licensed insurance agent and that you may wish to seek advice from a licensed insurance agent. If they recommend to you alternative options, you should consider what is appropriate for you, considering your needs and your budget."
- Even if a breach of s. 2(b) could be established, the challenge for Charter claimants in expression cases is at the stage of whether the state can justify the breach. We would expect that it could, in the case of prescribing disclosure requirements for representatives interacting with the public in the context of a highly regulated regime.

## 2. Competition

We don't think there is any reasonable prospect of challenging the Section under the *Competition Act* (Canada). Our partner Michael Kilby, who's assisted CAFII on other matters, advises that:

- The *Competition Act* allows for private actions, but the scope for these is essentially limited to scenarios where: (i) a group of competitors is engaged in a price-fixing or similar conspiracy; or (ii) a dominant competitor is engaged in abusive conduct. Cases in these areas are rare and tend only to proceed on egregious facts. Challenging the rule-making discretion of a provincial legislature or regulatory agency falls well outside the scope of activity that would typically form the basis for a private action.
- A complaint can also be made to the Competition Bureau, with a view to causing the Bureau to challenge conduct under the *Competition Act*. However, in this case, it would be necessary as a first step to convince the Bureau that the Section is clearly anti-competitive, i.e., will result in higher prices to be paid by consumers. Even then, we do not think the Bureau would take enforcement action but rather may possibly make a submission to the NB regulator, advocating for a more pro-competitive rule. In the scenario where a regulatory provisions has an ambiguous outcome on the market (i.e., some benefits for consumers and some negatives for consumers, some winners and some losers), it does not seem likely that the Bureau would take a side. Even if it did take a side, this would not dictate the ultimate decision of the NB regulator. The time and effort needed to educate the Bureau on these issues, have them understand the market dynamics, form a view, etc. would be very substantial with the return likely to be minimal, if anything.

### 3. Bank Regulatory

We generally agree with Dallas Ewen's observations in his email. The Section does not require a referral to a specific agent, and the RIA, if asked for a referral, could either decline, or refer to a list (which we do not think would constitute promoting a specific agent).

Further, any constitutional challenge, focused on federal jurisdiction over the business of banking, would be a very uphill process, given the current provincial licensing requirements to which banks are subject, following the Supreme Court decision in the Canadian Western Bank case, holding that incidentally sold insurance was not a core banking activity and was therefore subject to provincial regulation.

\*\*\*

Pleased to discuss further as constructive at your convenience.

**Stuart S. Carruthers**

Direct: +1 416 869-5600

Email: [scarruthers@stikeman.com](mailto:scarruthers@stikeman.com)

## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 4(b)**

**Strategic and Regulatory Matters-- Outcomes of March 7/23 CAFII Virtual Meeting with Eric Jacob and Mario Beaudoin, AMF, To Reaffirm 'Unwritten Understanding' Resolution to Credit Card-Embedded Insurance Benefits Impasse Issue**

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

To provide an update and seek feedback.

### **Background Information**

The Board will be provided with an update on a 7 March, 2023 meeting that CAFII held with the AMF on the “unwritten understanding” resolution to the impasse issue related to the Regulation respecting Alternative Distribution Methods (RADM)’s applicability to credit card-embedded insurance benefits.

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

This is an update and discussion item.

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

1 attachment.

## **Summary of a Virtual Meeting between CAFII and the AMF 7 March, 2023 (9-10am)**

### **Background**

At the 11 October, 2022 CAFII Board meeting and AMF dialogue and liaison meeting in Montreal, Quebec, there was a presentation and dialogue with the AMF at which a main topic raised by CAFII was the lack of progress around CAFII member concerns with respect to the distribution of the Fact Sheet and Notice of Rescission for credit card-embedded insurance benefits. There was some tension at that meeting, and after it concluded AMF Superintendent, Client Services and Distribution Éric Jacob approached CAFII Board Chair Peter Thompson and suggested that the two of them have regular quarterly meetings to discuss issues on the table between CAFII and the AMF.

At the most recent such meeting, on 6 February, 2023, Éric Jacob and Peter Thompson came to an understanding where CAFII members did not need to distribute the Fact Sheet and Notice of Rescission for credit card-embedded insurance benefits, and the AMF and CAFII would have an “informal understanding” where the AMF would not do anything further on this file. The full summary of that meeting can be found below in Appendix A.

Peter Thompson said at the conclusion of the 6 February, 2023 meeting that it would be beneficial for a follow-up meeting to be held with Keith Martin, CAFII Co-Executive Director, in attendance to hear this commitment along with another AMF representative, and Éric Jacob readily agreed. That meeting was held on 7 March, 2023 from 9-10am, with Éric Jacob, Peter Thompson, Keith Martin, and Mario Beaudoin (Director, Alternative Insurance Distribution Practices) in attendance. The meeting was held entirely in French.

### **Summary of 7 March, 2023 CAFII/AMF Meeting**

After the exchange of some informal comments and pleasantries, Peter Thompson thanked Éric Jacob and Mario Beaudoin for joining CAFII in this call. Peter then gave a summary of the commitment that he understood from Éric Jacob, which was that the distribution of the Fact Sheet and Notice of Rescission was not an AMF priority, and not something they wanted to focus on. He noted that the AMF felt it was difficult to formally revise the Regulation, as it would require Ministerial approval to do so, and the AMF preferred to just not do anything at this time. Peter Thompson noted as well that if something changed at some point in future, the AMF indicated that it would let CAFII know with time to adjust. Finally, Peter Thompson said that the meeting today was to reiterate and confirm this understanding with Keith Martin and an additional AMF executive in attendance.

Éric Jacob said that he was comforted and reassured by Peter Thompson’s summary, and that he was fully aligned with it. He said that it was difficult to change a regulation, and that doing so would raise all sorts of difficulties. Furthermore, such a change would trigger all the requirements associated with a regulatory change—including communications, consultations with industry, and an implementation period. This is not something the AMF wants to do right now, Mr. Jacob said, and then, smiling, he added “we are already viewed as too active with regulation.”

Éric Jacob said that the Regulation respecting Alternative Distribution Methods was not developed with credit card-embedded insurance benefits in mind, and that this resulted in requirements that did not really fit—Mr. Jacob used the colloquial expression <<un Molson pour tout le monde>> (“a Molson beer for everyone”). He reiterated that if the unwritten agreement ever needed to be changed—which is not something he envisions, this is nowhere on his priority list—CAFII would be given ample notice.



Mario Beaudoin added to Mr. Jacob's comments, flatly acknowledging that "the Fact Sheet was never meant for credit cards," but that changing the regulation would be a big change, with potentially unexpected consequences. For example, changing the requirements for the travel insurance industry would involve travel agencies and other parts of the insurance space in addition to the areas that CAFII members are active in, and this would be a major undertaking. It would, he said, "open a Pandora's box" for something that is "not a deal breaker for the AMF."

Mario Beaudoin said that the AMF simply wants proper disclosure for insurance for customers, and that this file is nearly complete with CAFII members' Action Plans largely implemented. He said that he has been working closely on the Action Plans with CAFII members, and that the CAFII member employees he and his team have been working with have "collaborated impeccably on the Action Plans" and that other than some fine-tuning, these are largely implemented now. He said it was best not to reopen this file for credit cards, and that this was now a "done deal."

However, Mario Beaudoin said that while the AMF would not pursue this file further, there was always the risk of someone complaining that the Regulation was not being adhered to, and that if such a complaint were made the AMF would have to respond to it in some way.

Peter Thompson asked Keith Martin if he had any questions, and Keith Martin said that the summaries by all three were excellent, and that he had spoken with members about this informal agreement solution and CAFII members were very appreciative of the effort by the AMF to find a solution to this matter. He added that this approach would allow CAFII members to conform with the Regulation. Keith Martin said that the industry appreciated the dialogue and effort by the AMF, and he concluded by saying "thank you for offering this solution."

Éric Jacob said he appreciated those comments. He then added that he was carefully reviewing a recent CAFII letter to the AMF on the *Regulation on Complaints and Dispute Resolution*, and that we made many interesting observations in the submission. He then noted that we mentioned in our letter that we had previously made a submission to the AMF on Burden Reduction, but had not received a response to that submission yet<sup>1</sup>, which Mr. Jacob said concerned him. He elaborated that while a formal response might not have been made yet, there were AMF initiatives that he hoped were helping industry around burden reduction. Keith Martin responded to Mr. Jacob by agreeing that there were informal initiatives being made by the AMF that industry appreciated, and called out specifically the initiative that Mario Beaudoin shared in late 2022 to not require industry to submit to the AMF lists of all branches distributing products covered by the RADM, but instead to only submit the address of the head office, which was a very important and elegant solution and one that was much appreciated by the industry. Mario Beaudoin was smiling and nodding during this comment. Keith Martin also noted that there was a 23 March, 2023 virtual meeting called by Julien Reid of the AMF, that Keith Martin would be attending, on burden reduction initiatives by the AMF.

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<sup>1</sup> The exact quote from the 17 February, 2023 letter "Re: CAFII Feedback On Revised 8 December, 2022 Draft 2 of AMF's Regulation respecting Complaints Handling and Dispute Resolution in the Financial Sector" was: "CAFII made an AMF-requested submission on regulatory burden reduction opportunities in Québec on 25 October, 2021, a submission to which we have yet to receive an official response."



The meeting was notable for the friendly and well-intentioned tone of both Éric Jacob and Mario Beaudoin. They were engaged, sincere, and seemed to genuinely seek a resolution to the credit card-embedded insurance benefit issue.

In a debrief call after the meeting between Peter Thompson and Keith Martin, Peter Thompson said that he felt that there was a desire for collaboration on the part of the AMF after some of the tensions of the past. Peter Thompson felt that there was benefit to continuing with the quarterly meetings, and that Keith Martin's involvement in future meetings would be a positive step forward. Peter will suggest that to Éric Jacob at the next quarterly meeting, and also suggest that Éric Jacob may also wish to bring a senior person within his team to future meetings. Finally, it was agreed that with an imminent naming of a new President and CEO of the AMF, the time was ideal to seek to recalibrate the relationship overall and seek a resetting of the AMF tendency to over-regulate, not harmonize, and to be overly prescriptive.

**Appendix A****Summary of Peter Thompson Virtual Meeting with Éric Jacob, 6 February, 2023—(Summary is from a 16 February, 2023 Email From Keith Martin to CAFII Board, EOC, and Committee Members)****CAFII Update on AMF Regulation respecting Alternative Distribution Methods (RADM) and Credit Card-Embedded Insurance Benefits****Background**

- CAFII has tried to persuade the AMF that credit card-embedded insurance benefits should not fall under the RADM regime, but the AMF has not accepted that argument. Relevant CAFII member companies therefore submitted Action Plans to the AMF in December 2021 with respect to how they would comply with the RADM in the case of credit card-embedded insurance benefits.
- However, since the Fall of 2021, CAFII has continued to make the case to the AMF that the Fact Sheet and the Notice of Rescission, both of which indicate that customers can cancel the insurance benefits that come embedded in a credit card, were inaccurate with respect to these products and would confuse and mislead consumers.
- On 10 September, 2021, in a meeting with Eric Jacob, the AMF's Superintendent, Client Services and Distribution Oversight, and Louise Gauthier, the AMF's Senior Director of Distribution Framework Policies, a commitment was made to CAFII that the Fact Sheet and the Notice of Rescission did not have to be distributed to consumers until the AMF and CAFII had identified a resolution to this impasse issue. As a result, most CAFII members included common language in their December 2021 Action Plans that they would not be distributing the Fact Sheet and Notice of Rescission for credit card-embedded insurance benefits until a resolution had been agreed upon. As a result, nearly all CAFII members are currently not distributing those documents to the holders of credit cards with embedded insurance benefits.

**6 February, 2022 Meeting between CAFII Chair Peter Thompson and AMF Superintendent Eric Jacob**

- CAFII made a presentation at the 11 October, 2022 Industry Issues Dialogue with the AMF in Montreal which noted that this impasse issue was not yet resolved, despite the fact that CAFII had proposed language to modify the Fact Sheet and the Notice of Rescission to make them accommodate and fit credit card-embedded insurance benefits. Coming out of that 11 October, 2022 meeting, Eric Jacob requested quarterly virtual meetings with CAFII Board Chair Peter Thompson to enhance communication between the AMF and our industry Association.
- The first such quarterly meeting was held in November 2022, at which Eric Jacob committed to try to resolve the impasse between the AMF and CAFII on the credit card-embedded insurance benefits issue. A subsequent meeting was held on 6 February, 2023.
- At the 6 February, 2023 meeting, Eric Jacob said that changing the RADM would require securing approval from the Quebec Minister of Finance, and making such an entreaty was not something that the AMF wanted to undertake at this time. However, Mr. Jacob said that the AMF understood the concerns of CAFII members about distributing the Fact Sheet and Notice of Rescission in their present form to consumers; that monitoring and enforcement with respect to the requirement to distribute those two documents to holders of credit cards with embedded insurance benefits was currently very low on the AMF's priority list; and that there was no AMF desire or intention to impose sanctions or penalties, or even to act on this matter with respect to regulated entities which are not distributing the Fact Sheet and Notice of Rescission to holders of credit cards with embedded insurance benefits.

- **As such, Mr. Jacob said that the solution to this impasse might be simply for the status quo to prevail: i.e. for CAFII members to continue to refrain from distributing the Fact Sheet and Notice of Rescission to holders of credit cards with embedded insurance benefits; and the AMF would simply continue to do nothing based on an “unwritten understanding.”**
- Mr. Jacob said he understood that some CAFII members might prefer a written commitment, but the AMF would not be able to provide that. However, he gave his word about the unwritten understanding; and furthermore said that if, for whatever reason, this situation changes in future, he would give CAFII ample notice.
- Peter Thompson said that it would be beneficial to have additional people, from both CAFII and the AMF, become a party to the proposed “unwritten understanding”; and he therefore proposed that Keith Martin (CAFII Co-Executive Director) join a subsequent virtual meeting at which this commitment would be repeated; and Eric Jacob readily agreed to such a meeting in the very near future, to which he would bring Mario Beaudoin.

### **Analysis and Observations**

- In many respects, the AMF’s proposed “unwritten understanding” meets all of the “best case” outcomes desired by CAFII with respect to distribution of the Fact Sheet and Notice of Rescission. That’s because if, in the alternative, those two documents were modified and then had to be distributed to consumers, a new round of Action Plans, process changes, and implementation efforts would be required. All of that is avoided by essentially retaining the status quo.
- Mr. Jacob acknowledged that FIs prefer written commitments over unwritten understandings, but this verbal entente has the potential to strengthen the relationship between the AMF and industry, and establish a good faith resolution to this long-standing impasse.
- If, at some point, the AMF reverses its position on this matter, CAFII and its members would have a very strong and persuasive argument, and even a solid legal foundation, after many years of not distributing the Fact Sheet and Notice of Rescission to holders of credit cards with embedded insurance benefits, with the AMF having been fully aware of that reality and not having taken any action in response.

### **Next Steps**

- Following a meeting on 7 February, 2023 at which Peter Thompson briefed CAFII Management (Keith Martin and Brendan Wycks) and the EOC volunteer leaders (EOC Chair Rob Dobbins and EOC Vice-Chair Karyn Kasperski) on the outcomes of his 6 February, 2023 meeting with Eric Jacob, Peter Thompson asked Keith Martin to distribute a summary note on the 6 February, 2023 meeting and, through that communication, to seek support from the CAFII Board for the approach outlined; or, alternatively, to determine if the CAFII Board would like to have a Special Purpose Board Meeting convened to discuss the proposed solution.
- If there is support for the proposed solution, Peter Thompson will reach out to Eric Jacob for a meeting to confirm the AMF’s commitment to the unwritten understanding, at which Keith Martin and Mario Beaudoin will be present along with Eric Jacob and Peter Thompson.
- **CAFII Board members are therefore requested to provide their views on the proposed solution to this impasse issue with the AMF by end of day on Friday, 17 February, 2023.**

### **Keith Martin**

Co-Executive Director / Co-Directeur général

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## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 4(c)  
Strategic and Regulatory Matters-- Insights Gained and Next Steps Arising from March 22/23 One-on-One Virtual Meeting Between CAFII Board Chair Peter Thompson and AMF's Éric Jacob**

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

To provide an update and seek feedback.

### **Background Information**

Peter Thompson will update the Board on his 22 March, 2023 quarterly meeting with Éric Jacob, Superintendent, Client Services and Distribution Oversight at the AMF.

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

This is an update and discussion item.

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

1 attachment.

***Agenda Item 4(c)  
April 4/23 Board Meeting***

**From:** Thompson, Peter <[Peter.Thompson@bnc.ca](mailto:Peter.Thompson@bnc.ca)>

**Sent:** Monday, March 27, 2023 10:26 AM

**To:** Keith Martin <[Keith.Martin@cafii.com](mailto:Keith.Martin@cafii.com)>; Brendan Wycks <[brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com)>; Rob Dobbins <[rob.dobbins@assurant.com](mailto:rob.dobbins@assurant.com)>; [karyn.kasperski@rbc.com](mailto:karyn.kasperski@rbc.com)

**Cc:** Thompson, Peter <[Peter.Thompson@bnc.ca](mailto:Peter.Thompson@bnc.ca)>

**Subject:** CAFII-AMF quarterly discussion

Hi everyone,

A short recap of my discussion with Eric Jacob on March 22nd, 2023:

- friendly discussion around how last meeting with Keith and Mario was very positive to help bring credit card embedded insurance issue to a close. I mentioned it would be good if we could each add one or two people each to our discussions depending on the issue to enable us to go deeper as needed. He agreed that could be helpful.
- I mentioned to Eric how CAFII was preparing for Brendan's retirement at the end of the year and the new structure going forward (Keith as sole Executive Director with 2 direct reports). He felt that was good planning on CAFII's part.
- Eric spoke about his added responsibilities on an interim basis (team of about 200 people responsible for "enforcement") further to JF Fortin's retirement. He has experience in this type of role which he indicated would be helpful. He expects this added responsibility would last at least 6-9 months to allow for new CEO to come on board who would then likely be looking at structures.
- I told Eric CAFII still had 2 primary issues when it came to Quebec that it had concerns about: 1) the "complaints" definition which was much broader and not harmonized with other jurisdictions (thereby leading to a significant increase in number of "reported complaints" without any real value added for consumers); and 2) the lack of clarity around the intent/objective/next steps for the claims data which the AMF had requested from CAFII members (and other insurance distributors). This is the issue which was first introduced by Mario Beaudoin last October at the AMF-CAFII meeting in Montreal.

- On the "complaints" definition issue, he said he understood our concerns and that the team was working through all the feedback received after the second round of consultations. It sounded as though they had a lot of feedback from many different constituents to work through and that it was challenging work. He did not commit to any timeline but said they would be getting back to us on this.
- On the claims data issue, he was very keen on discussing this further with us to ensure we (CAFII & AMF) have a common understanding of why data is being collected, how it should be interpreted, what are next steps, etc. He said this could be a good subject to have one or two others join the discussion. On our end, I mentioned Keith and also Rob, as head of the EOC, who should have a good understanding of most of our members questions/concerns around this issue. Although I would revert to them and see if this is what made most sense on this issue. On AMF's end, Éric mentioned Mario and possibly Christian (Mario's boss) although he too would check with them. Eric also offered to prepare a proposed agenda and schedule the meeting. He will keep us posted.

Overall, positive tone and I continue to believe we are headed in right direction with AMF.

I think I captured most of what was discussed but don't hesitate to ask any questions you may have.

Thanks and have a great week!

Peter

## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 4(d)  
Strategic and Regulatory Matters-- Insights Gained from March 23/23 AMF Virtual Presentation, in  
French Only, on Plans to Review the Consultation Process for the Prudential and Regulatory  
Framework Applicable to Financial Institutions (Optimizing The Compliance Burden)**

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

To provide an update and seek feedback.

### **Background Information**

Keith Martin attended a virtual meeting on 23 March, 2023 with the AMF on the amended regulatory framework which the AMF intends to utilize for financial institutions. The meeting was notable for its very high-level commitments, without much in the way of specifics, around a better consultative approach. The AMF committed to more frequent communications with industry, including a calendar of upcoming regulatory changes, more webinars, and more predictability around what industry can expect. The AMF representative presenters said that the Autorite would also share papers on its expectations around emerging regulatory issues, such as operational resilience. It did not address any specific regulatory burden concerns which had been raised by CAFII or other industry stakeholders.

The presentations were made by Julien Reid, Senior Director, Policy and Resolution; and Hélène Samson, Director, Prudential Oversight of Financial Institutions.

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

This is an update and discussion item.

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

No attachments.



## **Briefing Note**

### **CAFII Board Meeting, 4 April, 2023—Agenda Item 4(e)**

#### **Strategic and Regulatory Matters-- 'Deeper Dive Research' to Inform Possible Utilization of Results of CAFII 2022 Tracking Study Research with Pollara Strategic Insights on 'Consumers' Satisfaction with Credit Protection Insurance'**

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

To provide an update for the Board.

#### **Background Information**

Pollara Strategic Insights has submitted its findings from October 2022 CAFII-commissioned consumer survey of attitudes towards and satisfaction levels with credit protection insurance. Some of the results were challenging to interpret and required more information; and, as a result, Pollara has been asked to go back into the field for a deeper dive on some of the issues that CAFII would like greater insights on.

#### **Recommendation / Direction Sought—Update**

This is an update-only item.

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

No attachments.

## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 4(f)  
Strategic and Regulatory Matters-- Plans for May 9/23 2023 CAFII Annual Members and Associates  
Luncheon**

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

To provide an update for the Board.

### **Background Information**

CAFII is well-advanced in its plans for the 9 May, 2023 Annual Members and Associates Luncheon, at which two leading insurance lawyers — Stuart Carruthers, Stikeman Elliott, and Jill McCutcheon, Torys -- will share their insights in a fireside chat discussion moderated by Keith Martin.

### **Recommendation / Direction Sought—Update**

This is an update-only item.

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

1 attachment.

**Agenda Item 4(f)**  
**April 4/23 Board Meeting**



Hello CAFII,

***You're Invited!***

You are cordially invited to attend CAFII's **2023 Annual Members and Associates Luncheon** on Tuesday, May 9, 2023 at St. James Cathedral Centre Event Venue in Toronto.



***CAFII 2023 Annual Members and Associates Luncheon***

This *by-personal-invitation-only* CAFII event will take place at St. James Cathedral Centre Event Venue, 65 Church St. in downtown Toronto (short walk from the King TTC station). Join us for a benefits-packed 2.5 hours of networking with fellow CAFII Member and Associate representatives; a delicious buffet lunch; and a panel presentation with Stikeman Elliot Partner Stuart Carruthers and Torys LLP Partner Jill McCutcheon, moderated by CAFII Co-Executive Director Keith Martin.

## The Changing Insurance Law and Regulatory Environment: Challenges, Risks, and Opportunities



**Stuart Carruthers, Partner, Stikeman Elliot**

Please [click here](#) for capsule biography.



**Jill McCutcheon, Partner, Torys LLP**

Please [click here](#) for capsule biography.

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CAFII is pleased to present a stellar panel of two leading insurance law and regulatory regime experts, who will engage in a Fireside Chat with CAFII Co-Executive Director Keith Martin on changes, trends, and issues in the global and domestic insurance regulatory environments, with a particular focus on credit protection insurance, travel insurance, and life and health insurance more broadly.

**When:** Tuesday, May 9, 2023 from 11:45 am to 2:15 pm

**Location:** St James Cathedral Centre Event Venue, 65 Church St, Toronto, ON M5C 2E9

### ***CAFII 2023 Annual Members and Associates Luncheon: Event Overview***

**11:45 a.m. to 12:15 p.m.:** Arrival & Pre-Lunch Networking

*Check in at Registration; Network with fellow CAFII Member and Associate representatives before lunch*

**12:15 to 1:00 p.m.:** Buffet Lunch and At-Table Conversation/Networking

**1:00 to 1:10 p.m.:** Coffee/Tea and Dessert (placed On tables); and At-Table  
Conversation/Networking continues

**1:10 to 1:15 p.m.:** Welcome Remarks and Introduction of VIP Guests and Expert Panelists

**1:15 to 2:00 p.m.:** Fireside Chat Presentation, concluding with Q&A Session with Audience  
Members

**2:00 to 2:15 p.m.:** Post-Event Networking

**2:15 p.m.:** Event concludes

Please register below by 5:00 p.m. on Monday, May 1, 2023.

If you have any questions, please contact Meighan Pears at [events@cafii.com](mailto:events@cafii.com).

[Please Click Here To Register](#)

Sincerely,

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## **Briefing Note**

### **CAFII Board Meeting, 4 April, 2023—Agenda Item 4(g)**

#### **Strategic and Regulatory Matters--Planned Timing of CAFII Western Canada Insurance Regulators and Policy-Makers Visits Tour in Spring 2023; and CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour in Fall 2023; and Related Attendance/Representation Opportunities**

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

To provide an update for the Board.

### **Background Information**

As part of its strategic plan, CAFII attempts to visit insurance regulators and policy-makers in Western Canada and in Atlantic Canada on their own turf, no less than once every 18 months. Because of the pandemic, we have not done this for over three years. In 2023, to catch up, CAFII intends to complete both of these regional visits tours this year, in the spring to Western Canada, and in the fall to Atlantic Canada.

### **Recommendation / Direction Sought—Update**

This is an update-only item.

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

1 attachment.

***Agenda Item 4(g)  
April 4/23 Board Meeting***

**Planned Timing of and Approach to  
CAFII Western Canada Insurance Regulators and Policy-Makers Visits Tour in Spring 2023; and  
CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour in Fall 2023**

**Western Canada Tour: Spring 2023**

British Columbia and Alberta

- Wednesday, May 24/23;
- Thursday, May 25/23; and
- morning of Friday, May 26/23 (if needed)

Saskatchewan and Manitoba

- Wednesday, May 31/23;
- Thursday, June 1/23; and
- morning of Friday, June 2/23 (if needed)

**Atlantic Canada Tour: Fall 2023**

New Brunswick and Prince Edward Island

- Thursday, September 21/23; and
- Friday, September 22/23

Nova Scotia and Newfoundland and Labrador

- Wednesday, September 27/23; and
- Thursday, Thursday, September 28/23

## **Briefing Note**

### **CAFII Board Meeting, 4 April, 2023—Agenda Item 5(a)**

#### **Governance Matters-- Draft Guideline on CAFII Board Chair and Board Vice-Chair Roles**

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

To provide an update and discussion item.

### **Background Information**

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#### **Background**

In the past 2-3 years, CAFII has been seeking to develop a Vice Chair role for key leadership positions, and has successfully done so for nearly all key leadership functions—including Vice Chair of the EOC, Vice Chair of the Market Conduct Committee, and Vice Chair of the Research & Education Committee. This has several benefits: it provides the Vice Chair with experience and exposure to the Committee, and provides a natural stepping stone for the Vice Chair to become Chair when that position is vacated. It also provides the Chair with helpful counsel, as well as a back up if the Chair for example cannot attend a meeting, with the Vice Chair then able to fill in for them.

This system is generally working well, and it has also recently been used for the most senior leadership role in CAFII, the Chair of the Board of Directors, with a Vice Chair recently having also been in place. More specifically, during Chris Lobbezoo's tenure as Chair of CAFII, Peter Thompson was the Vice Chair; and when Chris Lobbezoo completed his term, Peter Thompson stepped into the Chair role.

#### **Context**

There are some observations however that suggest that for the Board Chair role, some additional flexibility may be necessary. The Board consists of one representative per member, so a total of 15 positions currently exist on the Board. Currently, four of those—Peter Thompson, Chris Lobbezoo, Nicole Benson, and Peter McCarthy—are or have been Chair, so they are not in the pool for future Chairs. This means that the pool of candidates for Vice Chair is 11.

Furthermore, if the Vice Chair becomes Chair, it should be a candidate with some experience on the Board, and who is active at Board meetings. The issue here is that there has of late been very significant turnover on the Board, with many new Board members who are still getting acclimatized to CAFII. That also reduces the pool of potential Vice Chairs.

Perhaps most importantly, the Vice Chair would typically serve two years in that role, then two years as Board Chair. That is a significant commitment, not only in terms of a four year tenure in total, but also given that for many members, executives change roles fairly frequently and may not be on the CAFII Board for that long. Furthermore, for a Board member, we are generally speaking about very seasoned, senior executives who would not need a two year period to prepare them for the Chair role.



### **Possible Options**

In order to add flexibility to the approach to naming a Board Chair, there have been discussions about possible new approaches. EOC Chair Rob Dobbins has advanced some ideas with CAFII management and the EOC Vice Chair Karyn Kasperski, and he has had a meeting on possible options with CAFII Board Chair Peter Thompson. The following is a proposed new Guideline for the Board Chair and Vice Chair.

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

This is an update item with the opportunity for discussion, and the Board will be asked to approve the new Guideline.

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

1 attachment.

***Agenda Item 5(a)***  
***April 4/23 Board Meeting***

**Draft Principles-Based Guideline on**  
**Appointment of CAFII Board Members Into Leadership Roles of Board Chair and Board Vice-Chair**

**Principle #1:** Any CAFII Board Member is eligible for appointment to the leadership role of CAFII Board Chair.

Similarly, any CAFII Board Member is eligible for appointment to the leadership role of CAFII Board Vice-Chair.

There will be no hard-and-fast prescriptions or limitations governing who among the existing roster of CAFII Board Members may be appointed to the leadership roles of Board Chair and Board Vice-Chair, save and except for the Board-approved CAFII Initiation Membership Policy which dictates that a CAFII Board Member from an Initiation Member may not be appointed to the role of Board Chair or Board Vice-Chair during the two years in which that Board Member's company holds Initiation Member status in the Association.

**Principle #2:** Preferred consideration for appointment to the leadership roles of Board Chair and Vice-Chair will be given to Board Members who

- have served on the CAFII Board for sufficient time i.e. one year to have become reasonably well-acquainted with the Association's strategic priorities; its policies and guidelines; and its governance practices;
- have demonstrated a high level of engagement in CAFII and its activities, in part through an exemplary attendance record at and participation in Board meetings;
- have otherwise distinguished themselves as a candidate ready to take on a CAFII Board volunteer leadership role; and
- are willing to commit to serve a two-year term in the Board Chair or Board Vice-Chair role.

**Principle #3:** Due to the essential nature of CAFII's mission and mandate as the Canadian Association of Financial Institutions in Insurance, there will be a preference – but not an absolute expectation or requirement – that an appointee to the CAFII Board Chair role will come from a CAFII financial institution distributor of insurance Member company.

As at April 2023, Board members from the following Member companies would receive preferred consideration for the role of CAFII Board Chair: BMO Insurance; Canadian Tire Bank; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; Scotia Insurance; and TD Insurance.

There will normally be no expectation or requirement that a CAFII Board Chair will have first served as CAFII Board Vice-Chair. Rather, a Board Member candidate will normally be appointed directly into the leadership role of Board Chair, without having to serve a prior apprenticeship as Board Vice-Chair.

Hence, the term of service commitment for a CAFII Board Chair will normally be just two years.

**Principle #4:** Due to the essential nature of CAFII's mission and mandate as the Canadian Association of Financial Institutions in Insurance, there will be a preference – but not an absolute expectation or requirement – that an appointee to the CAFII Board Vice-Chair role will come from an insurer Member company.

As at April 2023, Board members from the following Member companies would receive preferred consideration for the role of CAFII Board Vice-Chair: Assurant; Canada Life Assurance; Chubb Life Insurance Company of Canada; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Securian Canada; and Valeyo.

There will normally be no expectation or requirement that a CAFII Board Vice-Chair will subsequently advance into the role of Board Chair. Rather, a Board Member candidate for the role of Board Vice-Chair should be able to consider that opportunity under the expectation that there will be no further leadership obligation beyond that initial appointment.

The role description of the Vice-Chair will be to support the Chair; provide counsel and an additional perspective; and be a back-up for the Chair when the Chair is not available, for example by chairing a Board meeting when the Chair is unavailable to do so.

After two years, a Board Vice-Chair's term would typically end, and a new Vice-Chair would be appointed.

Hence, the term of service commitment for a CAFII Board Vice-Chair will normally be just two years.

Ideally, CAFII will strive to ensure that the two-year periods in which a Board Chair and a Board Vice-Chair serve will be staggered, so as to avoid complete turnover of both Board leadership roles in the same year.

**Principle #5:** If a Board Chair steps down before their two-year appointment ends, the expectation will be that the Vice-Chair will step into the role of Chair on an interim basis, but not necessarily for the remainder of the departed Chair's term, nor for a full two years; but rather until a new Chair has been appointed by the Board. But such arrangements will be contingent upon the particular circumstances at the time, and a discussion would occur at the Board as to the optimal approach to interim/future Board leadership appointments.

**Principle #6:** Except under exceptional, extenuating circumstances, a past-CAFII Board Chair or a past-CAFII Board Vice-Chair who has remained on the Association's Board after completion of their initial two-year leadership appointment shall not be re-appointed to a second, non-concurrent term in the same role.

**Principle #7:** Consideration and recommendation of candidates for appointment to the CAFII leadership roles of Board Chair and Board Vice-Chair will be facilitated by a *CAFII Board Leadership Nominating Committee* comprising past-CAFII Board Chairs who still serve on the Association's Board of Directors; the current CAFII Board Chair; the current CAFII Board Vice-Chair; the current Executive Operations Committee Chair and Board Secretary; the current Executive Operations Committee Vice-Chair and Vice-Board Secretary; and CAFII Management.

A Terms of Reference for the proposed *CAFII Board Leadership Nominating Committee* will be drafted and presented to the Board, for review and approval.

## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 5(b)**

**Governance Matters--Implementation of Board-Approved “New CAFII Management Structure (Post-2023)”**

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

To provide an update for the Board, with an opportunity for discussion.

### **Background Information**

The CAFII Board has unanimously approved a recommendation for a 2024 CAFII management structure, with Keith Martin as the sole Executive Director, and with two new hires (Research Analyst, Operations Manager) reporting to him.

Various Board members also encouraged efforts to recruit bilingual capabilities to the extent possible; to strive to achieve greater diversity on the CAFII management team; and to develop a succession plan for the Executive Director position.

In addition to focusing on those priorities, the next steps will be to develop a plan around recruitment for the two new hires. The Board has already approved a six-month overlap period between the new hires and Brendan Wycks prior to his retirement at the end of 2023.

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

This is an update item with the opportunity for discussion.

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

1 attachment.

**Agenda Item 5(b)**  
**April 4/23 Board Meeting**

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

**Sent:** CAFII Board Members

**Cc:** CAFII EOC Members; Brendan Wycks; Jake Becker

**Subject:** UPDATE RE: Follow up To CAFII Board Members--Proposed Management Structure 2024--  
Relevant Materials, and Request to Participate in an Electronic Vote of the CAFII Board

**Hello CAFII Board Members (copy EOC Members):**

I'm pleased to report that all Board members have now submitted their electronic vote on the 2024 Proposed Management Structure, and all 15 Board members have voted in favour.

Thanks again to each of you for your support.

I also want to acknowledge three important comments that were made by various Board members:

- seek bilingual capabilities to the extent possible;
- strive to achieve greater diversity in the team;
- develop a succession plan for the Executive Director position.

I will be working on each of these three priorities. In terms of next steps, I will be developing a plan with options around hiring, and will reach out initially to the Board Chair Peter Thompson, EOC Chair Rob Dobbins, and EOC Vice-Chair Karyn Kasperski on these, and will provide updates as the process moves forward to the full Board and EOC.

Thanks,

--Keith

**Keith Martin**

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

L'association canadienne des institutions financières en assurance

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

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**CAFII Board Electronic Vote on New Management Structure 14 March, 2023**

<b><u>Board Member</u></b>	<b><u>Response</u></b>	<b><u>Date/Time of Email</u></b>
(Nicole Benson) <a href="mailto:nicole.benson@securiancanada.ca">nicole.benson@securiancanada.ca</a>	Yes	10.03am 15 March 2023
(Paul Cosgrove) <a href="mailto:paul.cosgrove@assurant.com">paul.cosgrove@assurant.com</a>	Yes	5.28pm 7 March 2023
(Valerie Gillis) <a href="mailto:valerie.gillis@td.com">valerie.gillis@td.com</a>	Yes	10.35pm 7 March 2023
(Louie Georgakis) <a href="mailto:louie_Georgakis@canadalife.com">louie_Georgakis@canadalife.com</a>	Yes	10.48 14 March 2023
(Simon Lacroix-Hubert) <a href="mailto:simon.lacroixhubert@dsf.ca">simon.lacroixhubert@dsf.ca</a>	Yes	10am 8 March 2023
(Chris Lobbezoo) <a href="mailto:chris.lobbezoo@rbc.com">chris.lobbezoo@rbc.com</a>	Yes	1.41pm 7 March 2023
(Peter McCarthy) <a href="mailto:peter.mccarthy@bmo.com">peter.mccarthy@bmo.com</a>	Yes	1.09pm 7 March 2023
(Ian Oncea) <a href="mailto:ian.oncea@cibc.com">ian.oncea@cibc.com</a>	Yes	2.02pm 8 March 2023
(Wallace Thompson) <a href="mailto:wallace_thompson@manulife.com">wallace_thompson@manulife.com</a>	Yes	11.12am 7 March 2023
(Peter Thompson) <a href="mailto:Peter.Thompson@bnc.ca">Peter.Thompson@bnc.ca</a>	Yes	3.12pm 7 March 2023
(Kelly Tryon) <a href="mailto:kelly.tryon@cumis.com">kelly.tryon@cumis.com</a>	Yes	11.59am 7 March 2023
(Adam Vespi) <a href="mailto:adam.vespi@ctfs.com">adam.vespi@ctfs.com</a>	Yes	10.03am 15 March 2023
(Wayne Hewitt) <a href="mailto:wayne.hewitt@scotiabank.com">wayne.hewitt@scotiabank.com</a>	Yes	1.47pm 7 March 2023
(Nigel Branker) <a href="mailto:Nigel.Branker@securiancanada.ca">Nigel.Branker@securiancanada.ca</a>	Yes	1.42pm 13 March 2023
(Rahul Kakar) <a href="mailto:Rahul.Kakar@Chubb.com">Rahul.Kakar@Chubb.com</a>	Yes	2.35pm 7 March 2023

**Keith Martin**

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

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## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 5(c)**

**Governance Matters—Plans For Immediately Ensuing April 4/23 CAFII Reception Event with Kartik Sakthivel, LIMRA As Guest Speaker**

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

To provide an update for the Board.

### **Background Information**

Immediately following this Board meeting, a CAFII Reception event will take place at Vantage Venues, with a guest speaker: Kartik Sakthivel from LIMRA in the U.S.

### **Recommendation / Direction Sought—Update**

This is an update-only item.

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

1 attachment.



**Agenda Item 5(c)**  
**April 4/23 Board Meeting**

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**Rendre l'assurance simple et accessible pour les Canadiens**

## *You're Invited!*

You are cordially invited to attend CAFII's Reception event on Tuesday, April 4, 2023. This thought leadership and networking-focused gathering will provide an opportunity to socialize informally with industry counterparts, insurance regulator and policy-maker representatives, and key contacts from allied Associations.

**When:** Tuesday, April 4, 2023 from 5:30 to 7:30 p.m.

**Location:** Vantage Venues, Inverness Room - 27th Floor, 150 King St West, Toronto (northeast corner of King St. West and University Avenue; connected to the PATH).

## cafii acifa

The Canadian Association of  
Financial Institutions in Insurance | L'association canadienne des  
institutions financières en assurance

This Reception will feature a presentation by Kartik Sakthivel, Vice President and Chief Information Officer at LIMRA and LOMA:



**Kartik Sakthivel, PhD, MS-IT/MS-CS, M.B.A., PGC-IQ**

Vice President and Chief Information Officer

LIMRA and LOMA

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

### *This presentation will focus on ...*

Kartik will offer a sweeping overview of transformations occurring in the life and health insurance space, building on leading-edge research by LIMRA/LOMA, including:

- Technology changes and their impact on insurance, including artificial intelligence, machine learning, and other technological developments;
- The heightened expectations of insurance consumers, including around a seamless digital experience;
- The importance of delivering on diversity, equity, and inclusion in insurance companies; and
- How Canada fares in insurance innovation in comparison with other jurisdictions in the world.

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### ***Reception: Event Overview***

#### **5:30 to 6:00** Cocktails and Conversation

*Networking and socializing, with beer, wine, soft drinks, snacks and hors d'oeuvres available*

**6:00 to 6:30** Presentation by Kartik Sakthivel Vice President and Chief Information Officer at LIMRA and LOMA

#### **6:30 to 7:30** Reception Continues

*Further networking and socializing continues*

***Registration is required to attend. Please RSVP to this invitation using the "Register Here" link below by 4:00 p.m. on Monday, March 27, 2023.***

If you have any questions, please contact Meighan Pears at [events@cafii.com](mailto:events@cafii.com)

[Click Here to Register](#)

For further information or assistance, please email Meighan Pears at [events@cafii.com](mailto:events@cafii.com)

We look forward to welcoming you to this 2023 CAFII event!

Sincerely,

Brendan Wycks, BA, MBA, CAE  
Co-Executive Director  
Canadian Association of Financial  
Institutions in Insurance  
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## **Briefing Note**

### **CAFII Board Meeting, 4 April, 2023—Agenda Item 6(a)**

#### **Read Only Items-- Initial Board Briefing Note Around Issue of “CAFII Board Diversity”**

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

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This is a read-only item.

#### **Background Information**

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The Executive Operations Committee (EOC) has expressed a desire to see greater diversity in terms of representation on the CAFII Board of Directors, as it was observed at the December 2022 Board of Directors meeting that there was very little diversity around the table. This has been an item of discussion in the last two EOC meeting *in camera* sessions.

While positive strides with recent Board member appointments have been made, taking a more purposeful course is needed to achieve greater, consistent diversity in the Association’s representation as an important key to CAFII’s future success.

To further the goal of greater diversity, volunteer members\* from the EOC are in the process of forming a working group with CAFII Co-Executive Director oversight to document recommendations to the Board of Directors on best practices for industry Associations of comparable size and scope; whether that be in the form of a policy, guideline, practice, or some other mechanism.

Once the recommendations have been drafted, they will be presented to the Board of Directors for review and approval and a mandate to the EOC to proceed with any required implementation steps.

\* Volunteer EOC members identified to date:

Karyn Kasperski, RBC Insurance

Rob Dobbins, Assurant Canada

David Self, CIBC

Andrea Stuska, TD,

Jennifer Russell, Assurant Canada

#### **Recommendation / Direction Sought – *Read Only Item***

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This is a read-only update for the CAFII Board.

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

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Briefing note only.

## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 6(b)**

**Read Only Items-- November 30/22 CAFII Response Submission to CCIR on “Draft 2023-2026 Strategic Plan”**

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

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This is a read-only item.

### **Background Information**

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CAFII has made a submission to the CCIR on its draft 2023-2026 strategic plan, which was largely supportive of the direction proposed by the CCIR.

### **Recommendation / Direction Sought – *Read Only Item***

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This is a read-only update to the Board.

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

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2 Attachments.

November 30, 2022

Mr. Robert Bradley  
Chair, Canadian Council of Insurance Regulators  
c/o CCIR Secretariat  
25 Sheppard Avenue West, Suite 100  
Toronto, Ontario M2N 6S6  
E-mail: [ccir-ccra@fsrao.ca](mailto:ccir-ccra@fsrao.ca)

**Re: CAFII Feedback on CCIR Draft Strategic Plan, 2023-2026**

Dear Mr. Bradley:

The Canadian Association of Financial Institutions in Insurance thanks the Canadian Council of Insurance Regulators for inviting our Association to provide feedback on the Council's *Draft Strategic Plan, 2023-2026*, both as one of a small group of key stakeholders chosen to provide preliminary, verbal feedback in a Virtual Stakeholder Session on November 4/22 and via this written submission.

CAFII is strongly of the view that regular, transparent, candid communication between insurance regulators/policy-makers and industry stakeholders leads to better regulatory and Fair Treatment of Customers (FTC) outcomes, and increases industry efficiency and effectiveness.

Our Association and its members regard the CCIR as a critically important national co-ordinating body which plays a critical role in the life and health insurance sector. The fact that over 50 CAFII Member representatives – each having accepted the terms of a Confidentiality Undertaking to comply with the terms of CCIR's embargoed sharing of its *Draft Strategic Plan, 2023-2026* – took the time to attend the November 4/22 Virtual Stakeholder Session is indicative of our members' keen interest in CCIR's strategic direction and priorities.

We are largely supportive of the broad direction and the specific priorities set out in the *Draft Strategic Plan, 2023-2026*. Our feedback comments, therefore, relate mainly to matters of emphasis and refinement.

We have divided our feedback into two main sections: Broad Strategic Themes Feedback; and Specific Strategic Priorities Feedback.

**Broad Strategic Themes Feedback**

Harmonization

For CAFII Members and other regulated entities, a key objective for a national regulatory co-ordinating body such as CCIR must be harmonization. We therefore encourage CCIR to identify harmonization as a prominent objective in the *Draft Strategic Plan, 2023-2026*.

We want to acknowledge the several recent, kudos-worthy examples of provincial/territorial regulators making an exemplary decision in support of national harmonization, such as when BCFSA adopted national definitions around Information Security Incident Reporting; and when FSRA, in Ontario, and the Alberta Superintendent of Insurance (ATBF) and the Alberta Insurance Council, collectively, adopted CCIR/CISRO's *Guidance: Conduct of Insurance Business and Fair Treatment of Customers* as the code of conduct for their respective jurisdictions.

That said, CAFII is always concerned about the implications of a lack of harmonization. For example, when jurisdictions adopt their own slightly different versions of regulatory Guidance, industry players are compelled to allocate resources to 'exception management', i.e. understanding the subtle differences in wording between jurisdictions and acting upon the resulting differences in compliance obligations, as distinct from being able to dedicate the entirety of their attention and resources to meeting the underlying FTC objectives. In that respect, for CAFII Members, regulatory harmonization is about supporting customer-centricity and enabling regulated entities to deliver the best customer experience.

However, we also recognize that national harmonization is an ideal and that there will sometimes be unavoidable exceptions. We note that in the Q&A Session which wrapped up our November 4/22 Virtual Stakeholder Session with CCIR, a Council member inferred (mistakenly) that the feedback comment we had delivered about the implications of a lack of harmonization was directed at the fact that Quebec/the AMF has its own version of an FTC Guidance. However, CAFII fully appreciates the reality of Quebec's unique culture, language, and heritage; and we are aware that the AMF developed the province's own FTC Guidance (the Sound Commercial Practices Guideline) well before the CCIR/CISRO Guidance was developed and released in 2018; that the AMF is an integrated financial services regulator with responsibility for more than just insurance and, as such, its Guidance needs to encompass more than just the insurance industry; and that Quebec is governed by a civil law, not common law, legal framework which makes its situation different from other provinces and territories. Our feedback comment about the implications of a lack of harmonization was meant to be general in nature, and reflective of jurisdictions other than Quebec that may be contemplating their own FTC Guidance.

In that same vein, CAFII recognizes that the *CCIR/CISRO FTC Guidance* is intended to be a living, evolving document; and that additional sections will be developed over time. We note, in that respect, the work which CCIR/CISRO has recently been engaged in around incentives management. We believe that supplemental guidance such as that related to incentives management should be tackled and fully completed at a national level – at the CCIR/CISRO joint co-ordinating body table -- to avoid the emergence of a patchwork of slightly differing regulatory expectations across the country.

#### Co-ordination Of Timing Of Regulatory Consultations Among CCIR Members

CAFII also encourages CCIR to deploy some of its Secretariat expertise to co-ordinate better the timing of regulatory consultations being initiated by its provincial/territorial members; and to help avoid significant overlap among those consultations.



By way of example, as regulators have returned their focus and attention to priorities which may have been deferred for a time during the COVID-19 pandemic, CAFII and other industry Associations have been exposed to an unprecedented level of regulatory consultation activity over the past two years, with our Association having made 17 written submissions in total over the past 12 months alone: to five different CCIR provincial/territorial members and to CCIR and CISRO as national co-ordinating bodies, several of which had competing submission deadlines. Co-ordination of provincial/territorial member consultations, at the CCIR level, would help CAFII to dedicate a singular focus and undivided attention to each submission and prevent our finite resources from being spread too thin; and, at a minimum, if regulatory authorities were more fully aware of the planned timing of others' consultations, they may be in a better position to determine the best timeline for their own.

#### Joint CCIR/Industry Working Group On Pandemic Learnings And Being Prepared For The Next Time

CAFII believes that much has been learned by both regulated entities and regulatory authorities during the COVID-19 pandemic years, as evidenced by how both were able to move to an at-home work model and rapidly provide stakeholders and consumers with digital means of communicating with them. CAFII therefore recommends that CCIR, as part of its *2023-2026 Strategic Plan*, strike a Joint CCIR/Industry Working Group to review pandemic learnings – e.g. what went well, what could have been done better, and what we can do together to prepare for the next unforeseen event – and to identify improvements that can be implemented to support readiness to assist consumers in the event of a similar world-changing scenario.

#### Vehicle For Regular, Ongoing Dialogue With Industry Stakeholders

CAFII encourages CCIR to build into its *2023-2026 Strategic Plan* a vehicle for regular, ongoing dialogue with industry stakeholders on issues that are top-of-mind for regulated entities, such as the future of digitization and digital communication with customers; leveraging the Annual Statement on Market Conduct more fully in the gathering of industry data, to minimize the need for one-off data requests from provincial/territorial jurisdictions; and continuing regulatory efforts to identify and act upon compliance burden reduction opportunities.

### **Specific Strategic Priorities Feedback**

#### Annual Operational Plan

CAFII applauds CCIR for the *Draft 2023-2026 Strategic Plan's* new emphasis on the development of an annual operational plan. Having an annual operational plan will provide the Council with both more readily identifiable short-term goals and a basis for flexibility to adjust the overall Plan to changing circumstances, if warranted. We look forward to an opportunity to be consulted by CCIR on the Council's annual operational plan in future years.

#### CCIR/CISRO Segregated Funds Guidance

During our November 4/22 Stakeholder Session, we advised that our Association would not be commenting on the Segregated Funds Guidance priority set out in the proposed annual Operational Plan, 2023-24, because Segregated Funds are out-of-scope for CAFII. We want to emphasize in this submission that CAFII recognizes that Segregated Funds are an important part of the life and health insurance marketplace, and that they constitute a critical area for CCIR/CISRO oversight.

Our November 4 comment was made out of respect for the importance of this CCIR/CISRO area of responsibility — so that our not offering any feedback on it would not be viewed as a failure to appreciate its importance, but rather as a simple reflection of the fact that Segregated Funds do not fall within CAFII's mandate.

#### Alignment With International Standards

CAFII applauds CCIR's intention to align its Guidance and the other regulatory documents it produces with international standards, in particular standards produced by the International Association of Insurance Supervisors (IAIS). That said, we encourage CCIR to ensure that Canada's business marketplace and regulatory framework realities are always taken into account in the application of international standards. Canada's business culture is already more aligned with regulatory expectations than is the business culture in many other jurisdictions. Correlated with that, this country's provincial/territorial insurance regulators and policy-makers create and enable a professional, proactive, and properly-funded system, which is not always the case with their counterparts in other jurisdictions.

#### Overall Strategic Priorities

CAFII supports the three main Strategic Priorities which CCIR has proposed for 2023 to 2026: Enhance Consumer Protection and Alignment With International Standards; Demonstrate Regulatory Efficiency and Effectiveness Through Co-operative Supervision; and Strengthen Regulatory Outcomes Through Collaboration and Stakeholder Engagement.

However, with respect to the Strengthen Regulatory Outcomes Through Collaboration and Stakeholder Engagement priority, we encourage CCIR to call out the importance of working collaboratively not only with counterpart regulatory authorities, but also with industry stakeholders and the Associations that represent them such as CAFII, CLHIA, and THIA in the life and health insurance sector.

#### Standing Committees

With respect to CCIR Standing Committees, CAFII believes that the committees itemized in the *Draft Strategic Plan, 2023-2026* cover all of the key issues that are germane to the Council's mandate. That said, we encourage use of language in the Strategic Plan which will make it clear that over the course of the three-year Plan, new Committees may be formed to respond to emerging issues. As has been driven home to all of us during the COVID-19 pandemic, the future is unpredictable; three years can be a relatively long time horizon; and issues may arise during that time span which are not on anyone's radar at this time.

#### Innovation Committee

Innovation is certainly an appropriate focus for a CCIR committee. However, CAFII recommends that the Council consider creating a separate, but related technology-oriented committee: one focused on technology's role in enhancing regulators' capabilities. In terms of rationale for this recommendation, we note recent advancements in RegTech, as well as the relentless push for digital capabilities in the economy and society generally. Such advancements are challenging all organizations and we suggest that it may be worthwhile for this to be a formal area of CCIR committee work. This recommendation lines up with the Council's own recognition of the impact of "Technological Advancements and Innovation" under "Key Issues and Emerging Trends."

#### Key Issues and Emerging Trends: Technological Advancements and Innovation

CAFII takes issue with the wording of the final sentence under “Technological Advancements and Innovation” because it seems to imply that the use of technology to sell products to consumers inherently introduces the risk of unsuitable sales. We do not agree that there is inherently any greater risk in digital sales versus sales via other channels. The risk of an unsuitable sale is there just as much in the face-to-face, advice-based channel. What is required to protect against a product being sold which is not suitable for the customer’s unique circumstances is that FTC has been built into the sales practices of the business by design/intent.

#### Key Issues and Emerging Trends: Climate Change and Natural Catastrophes

This is an area of increasing interest in the life and health insurance sector because climate change is impacting upon mortality, morbidity, and the life and health outcomes of Canadians generally. CAFII and its members have developed notable expertise in this area over the past few years. Our Association would be pleased to co-operate and participate with CCIR in the life and health insurance aspects of its planned consumer communication and awareness initiative related to Climate Change and Natural Catastrophes, if the Council would like to avail of our offer of assistance.

#### **Conclusion**

In conclusion, CAFII reiterates that our Association and its members share CCIR’s strong focus on FTC. We look forward to continuing meaningful discussions with CCIR on this critically important element of the Council’s mandate, in connection with the *Strategic Plan, 2023-2026*; annual operational plans; and other initiatives.

We also want to underscore that the life and health insurance industry in Canada provides critically important protection to consumers. We believe that, overall, the industry is functioning well and delivering good value to customers. Promoting consumer confidence in the industry is an important part of the mandate of CCIR and its members. Therefore, while the discovery of unfair sales practices or other lapses from regulatory norms must be dealt with, we respectfully also encourage CCIR and its members to consider the importance of the life and health insurance industry to Canadians; such that, where warranted, you are also prepared to share positive data analyses and good news stories about the soundness, safety, and integrity of the industry with consumers, media, and the industry itself.

Thank you again for the opportunity to provide written feedback on the *Council’s Draft 2023-2026 Strategic Plan*. We look forward to continued dialogue and collaboration with CCIR and its members on this and related matters.

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 credit protection, travel, life, health, and property and casualty 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 which helps ensure that Canadian consumers have access to insurance products that suit their needs. Our aim is to ensure that appropriate standards are in place for the distribution and marketing of all insurance products and services.

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

***Agenda Item 6(b)(2)***  
***April 4/23 Board Meeting***

**From:** Robert Bradley <RABRADLEY@gov.pe.ca>

**Sent:** December-06-22 8:43 AM

**To:** Brendan Wycks <brendan.wycks@cafii.com>; ccir-ccrra@fsrao.ca

**Cc:** Jake Becker <jake.becker@cafii.com>; Keith Martin <Keith.Martin@cafii.com>; Donna Soloway <Donna.Soloway@fsrao.ca>; Margaret Orlander <Margaret.Orlander@fsrao.ca>; Peter Burston <Peter.Burston@fsrao.ca>; Raseema Alam <Raseema.Alam@fsrao.ca>; Tony Toy <Tony.Toy@fsrao.ca>; laurie.balfour@gov.ab.ca

**Subject:** RE: CAFII Feedback on CCIR Draft Strategic Plan, 2023-2026

Good morning Brendan,

CCIR very much appreciated CAFII's participation in this year's stakeholder meeting. In addition, thank you very much for providing CAFII's written feedback. I can assure you it'll be taken into full account as we strive to continue to work to promote a high level of cooperation and collaboration on regulatory issues going forward.

Enjoy your day.

Robert

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## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 6(c)**

**Read Only Items-- CCIR December 15/22 Publication of “2021 Annual Statement on Market Conduct Public Report”**

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

This is a read-only item.

### **Background Information**

CCIR has released a 2021 Annual Statement on Market Conduct-based Public Report that was somewhat critical of industry practices around the Fair Treatment of Customers.

### **Recommendation / Direction Sought – *Read Only Item***

This is a read-only update to the Board.

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

1 Attachment.



# 2021 Annual Statement on Market Conduct - Public Report

December 2022

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## EXECUTIVE SUMMARY

This report provides an overview of the findings from the 2021 Annual Statement on Market Conduct (Annual Statement)<sup>1</sup> administered by the Canadian Council of Insurance Regulators (CCIR) on behalf of its members.

This report:

- highlights key data points to provide a macro-level overview of the insurance industry in Canada as well as note changes between data points year-over-year (y/y);
- provides a means for insurers to compare their overall policies, procedures and performance against industry averages and make improvements;
- in some instances, creates benchmarks on key Fair Treatment of Customers (FTC) principles and best practices;
- demonstrates how CCIR members use data from the Annual Statement; and
- provides key observations related to industry trends, how insurers are interpreting the Annual Statement questions, how results on examinations compare to how insurers answer the Annual Statement, and how the Annual Statement relates to the CCIR/Canadian Insurance Services Regulatory Organizations' (CISRO) Guidance on the Conduct of Insurance Business and Fair Treatment of Customers (FTC Guidance).

### Data Utilization

This report provides examples of how CCIR members use data specific to each section of the Annual Statement and how the insurers should use them.

In general, CCIR members use the Annual Statement to:

- monitor and assess the effectiveness of FTC Guidance and CCIR members FTC regulatory requirements. Those are designed to satisfy the International Association of Insurance Supervisors' (IAIS) Insurance Core Principle (ICP) 19: Conduct of Business;
- provide a macro-level overview of the insurance industry that can be monitored on an annual basis;
- monitor and respond to new trends;

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<sup>1</sup> The 2019 Annual Statement introduced a new section on Travel Health Insurance. As data for this section is still provided on a "best efforts" basis it is excluded from this report.

- conduct risk assessments of classes of insurance, distribution channels and individual insurers;
- assess the industry's adoption and implementation of FTC principles;
- establish key risk indicators to assist CCIR members in the development of examination assessments; and
- provide a reference tool during on-site examinations.

### Key Observations

- There are indications throughout the Annual Statement that some of the data fluctuations that were probably the result of the unique circumstances of the Covid-19 pandemic are subsiding and many data points are returning to pre-pandemic levels.
- Annual Statement results continue to indicate although insurers value FTC principles, there are opportunities for some insurers to better demonstrate how they have incorporated FTC principles or to implement FTC principles through their activities and sectors.
- Data quality continues to be an issue for some respondents. **Insurers should closely study this report, as well as the Annual Statement's definitions and instructions, to ensure they are providing accurate data which conforms to CCIR's expectations.**

CCIR would like to highlight the 'CCIR Cooperative Fair Treatment of Customers (FTC) Review – Consolidated Observations Report' (FTC Observations Report)<sup>2</sup>, which was published in October 2021. Many of the observations made in the FTC Observations Report will be flagged again in this report in their relation to the data CCIR has collected.

CCIR would also like to highlight the Incentive Management Guidance<sup>3</sup> which it proposed in 2022.

## BACKGROUND

CCIR introduced the Annual Statement in 2017 to collect information from insurers across Canada related to their governance, practices, policies, and treatment of customers. The

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<sup>2</sup> <https://www.ccir-ccrra.org/Documents/View/3669>

<sup>3</sup> <https://www.ccir-ccrra.org/Documents/View/3690>

requirement to complete and file the Annual Statement is based on the authority of each provincial and territorial insurance regulator within their jurisdiction.

### Purpose of the Annual Statement Dataset for CCIR Members

CCIR developed the Annual Statement as a harmonized approach to better understand and assess the insurance marketplace and insurer conduct. CCIR members have committed to increased cooperation and information sharing to improve customer protection and ensure alignment with international best practices and standards, in particular the ICPs. CCIR members have signed a Memorandum of Understanding and Protocol on Cooperation and the Exchange of Information (MOU)<sup>4</sup> which provides the basis for increased information sharing and cooperation in supervisory activities. The CCIR published its Framework for Cooperative Market Conduct Supervision<sup>5</sup>. This Framework outlines CCIR members' commitment to increasing collaboration and sharing information regarding the oversight of market conduct in Canada.

CCIR members use the data collected in the Annual Statement for various purposes, and the usage will vary by regulator. Members have used the data:

- to create a risk indicator system helping regulators determine which insurers should be examined;
- to verify how insurers' responses during an examination align with their actual policies and procedures; and
- for market intelligence purposes to gather information about the insurance industry as a whole, identifying long term trends, and flagging potential risks.

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<sup>4</sup> <https://www.ccir-ccrra.org/Documents/View/3544>

<sup>5</sup> <https://www.ccir-ccrra.org/Documents/View/2592>

### Cooperative Supervision Oversight Committee (CSOC)

CSOC is a CCIR committee overseeing the MOU and the Framework for Market Conduct Supervision in Canada. This includes oversight of CCIR's cooperative supervisory plans and activities, guided by the FTC Guidance (aligned with the ICPs by IAIS). The committee oversees cooperative supervision activities where emerging issues are examined on a thematic and/or insurer basis.

CSOC manages the collection of information and reporting through the Annual Statement and revises the data reporting requirements on an annual basis (working with CCIR members, working groups and committees to identify beneficial changes and areas for data collection). CSOC also shares information among CCIR members regarding the jurisdictional usage and validation of market conduct data.

## RESULTS FROM 2021 ANNUAL STATEMENT

CCIR is sharing the following key results from the 2021 Annual Statement so insurers can utilize these results to compare against their own operations, policies, and procedures, particularly as it relates to FTC outcomes. All of the results should be viewed based on the nature, size and complexity of an insurer's activities.

Throughout the report, CCIR highlights how its members use the Annual Statement data and makes key observations when appropriate. CCIR expanded comments to include insights observed by CCIR members during its examinations in addition to analysis on the Annual Statement data itself.

### Strategic Plan 2020-2023

CCIR is committed to three strategic priorities, each of which is focused on consumers, regulators, and industry:

- Build upon cooperative supervision in alignment with international standards to enhance consumer protection.
- Work collaboratively with regulatory partners to grow and leverage national regulatory capacity.
- Partner with industry stakeholders to identify opportunities to increase regulatory and supervisory harmonization where feasible and appropriate.

A key dependency on CCIR achieving its three strategic priorities is the effective use of data obtained through the Annual Statement.

CCIR members expect insurers will use the information provided in this report to benchmark themselves against the industry, but also to identify CCIR members' expectations and best practices. Members expect insurers to be proactive in this regard and to take action when required. CCIR members will ensure these expectations are met in future examinations.

As this is the third iteration of this report, multiple data points now have three-year trending data. This enables CCIR, the property and casualty (P&C) and life and health (L&H) industries, and other stakeholders to gain insight into how the industries have changed over this period.

The report is categorized in sections corresponding to the data in the Annual Statement. The type of data presented can sometimes differ between the P&C and L&H industries.

## Filing Summary

### P&C Summary

There were 225 insurers (232 in 2020) required to file the Annual Statement (broken down by size and jurisdiction of incorporation),<sup>6</sup> of those 159 (163 in 2020) were actively writing personal lines business.

Jurisdiction	Small	Medium	Large	Commercial & Run Off	Total
<b>Alberta</b>	2	3	2	2	9
<b>British Columbia</b>	0	3	0	2	5
<b>Manitoba</b>	0	1	0	0	1
<b>New Brunswick</b>	0	0	0	0	0
<b>Nova Scotia</b>	2	0	0	0	2
<b>Ontario</b>	37	3	3	9	52
<b>Quebec</b>	18	7	6	4	35
<b>Prince Edward Island</b>	1	0	0	0	1
<b>Saskatchewan</b>	4	1	0	3	8
<b>Federal - Foreign</b>	12	3	1	27	43
<b>Federal - Canadian</b>	9	23	18	19	69
<b>Total</b>	<b>85</b>	<b>44</b>	<b>30</b>	<b>66</b>	<b>225</b>

<sup>6</sup> For P&C: Small insurers=Direct Written Premium (DWP) under \$50M; medium insurers= DWP between \$50M and \$300M; large insurers= over \$300M DWP.

## L&H Summary

There were 72 insurers (76 insurers in 2020) required to file the Annual Statement (broken down by size and jurisdiction of incorporation),<sup>7</sup> of those 57 (58 in 2020) were actively writing new business.

Jurisdiction	Small	Medium	Large	Run Off	Total
<b>Alberta</b>	1	1	0	0	2
<b>British Columbia</b>	0	1	0	0	1
<b>Manitoba</b>	0	0	0	1	1
<b>New Brunswick</b>	1	1	0	0	2
<b>Nova Scotia</b>	0	0	1	0	1
<b>Ontario</b>	4	2	2	2	10
<b>Quebec</b>	6	2	4	0	12
<b>Saskatchewan</b>	1	0	0	0	1
<b>Federal - Foreign</b>	4	4	0	5	13
<b>Federal - Canadian</b>	7	7	8	7	29
<b>Total</b>	<b>24</b>	<b>18</b>	<b>15</b>	<b>15</b>	<b>72</b>

## Governance

FTC is a principle focused on customer outcomes, in particular, having due regard for the interests of the customers and treating the customers fairly. It refers to the customer-related conduct of insurers and how insurers treat customers at each stage of the life-cycle of a product. The life-cycle of the product begins with its design and covers services from the moment obligations under the contract arise until the point at which all obligations under the contract have been fulfilled.

The outcomes associated with FTC as described in the FTC Guidance include the following:

- developing and marketing products in a way that pays due regard to the interests of customers;
- providing customers with clear information before, during and after the point of sale;
- reducing the risk of sales which are not appropriate to customers' needs;

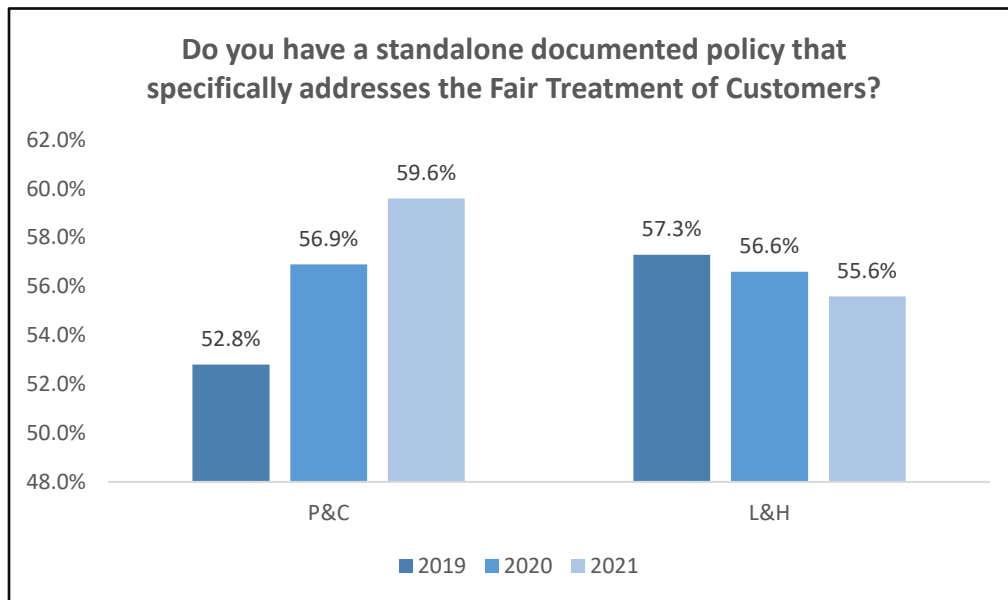
<sup>7</sup> For L&H: Small insurers=DWP under \$150M; medium insurers= DWP between \$150M and \$800M; large insurers= over \$800M DWP.

- ensuring any advice given is of a high quality;
- dealing with customer complaints and disputes in a fair manner;
- protecting the privacy of information obtained from customers; and
- managing the reasonable expectations of customers.

The Governance section of the Annual Statement requires insurers to answer questions designed to give an overall indication of their commitment to FTC principles.

### FTC Code or Policy

According to the FTC Guidance, CCIR recommends insurers “establish and implement policies and procedures on fair treatment of customers, as integral parts of their business culture”.



One of CCIR’s key outcomes for the Annual Statement Public Report is to encourage higher adoption and implementation of FTC principles by insurers. When asked if they have a “standalone documented policy specifically address the Fair Treatment of Customers”, 59.6% of P&C respondents answered in the affirmative, as did 55.6% of L&H respondents. While this result was largely stagnant for L&H respondents (56.6% in 2020), it represents a 4.6% increase in the percentage of P&C respondents having a standalone documented policy. This growth was largely driven by small and medium-sized insurers. This is the second year in a row where the

percentage of P&C respondents who have standalone documented FTC policies has increased. The percentage of L&H insurers has been steadily declining.<sup>8</sup>

There were slight upticks in the number of P&C respondents (76.0% in 2021 compared to 75.4% in 2020) and L&H respondents (86.1% in 2021 compared to 85.5% in 2020) indicating they have a documented code incorporating FTC principles. This follows a three-year trend showing more insurers have adopted codes incorporating FTC principles since this report began in 2019. This trend is largely due to adoption of new documented codes by small and medium-sized insurers.

### FTC Implementation

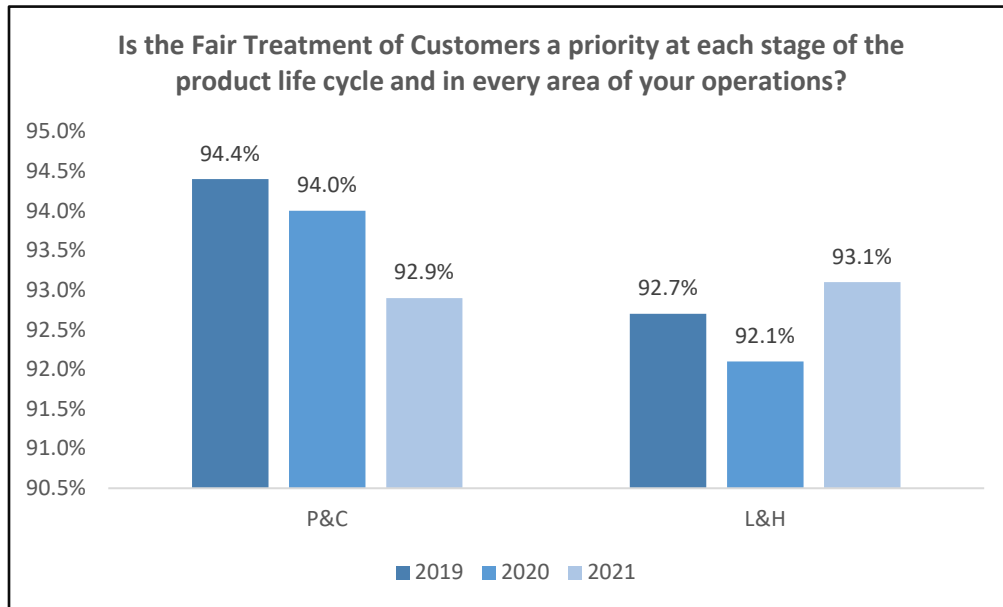
According to the FTC Guidance: “Sound conduct of business includes treating customers fairly throughout the life cycle of the insurance product. This cycle begins with product design and runs until all obligations under the contract are fulfilled.” In both the P&C and L&H sectors (92.9% and 93.1%, respectively), insurers largely responded they have embraced this principle by making FTC a priority at each stage of the product life-cycle and in every area of their operation.

Due to the high percentage of insurers who already indicated FTC is a priority to their organization, the results are largely unchanged. P&C respondent levels are slightly lower (from 94.0% in 2020), while L&H respondents increased 1% y/y. For those respondents answering “no” the exact reasons varied, but included insurers in run-off or currently developing their internal FTC culture and hope to be able to answer in the affirmative at a future date. As part of a plan to develop an FTC culture, insurers should ensure their expectations are clearly articulated to members of the organization and to their distribution channels. Insurers should also ensure they are able to measure their FTC performance

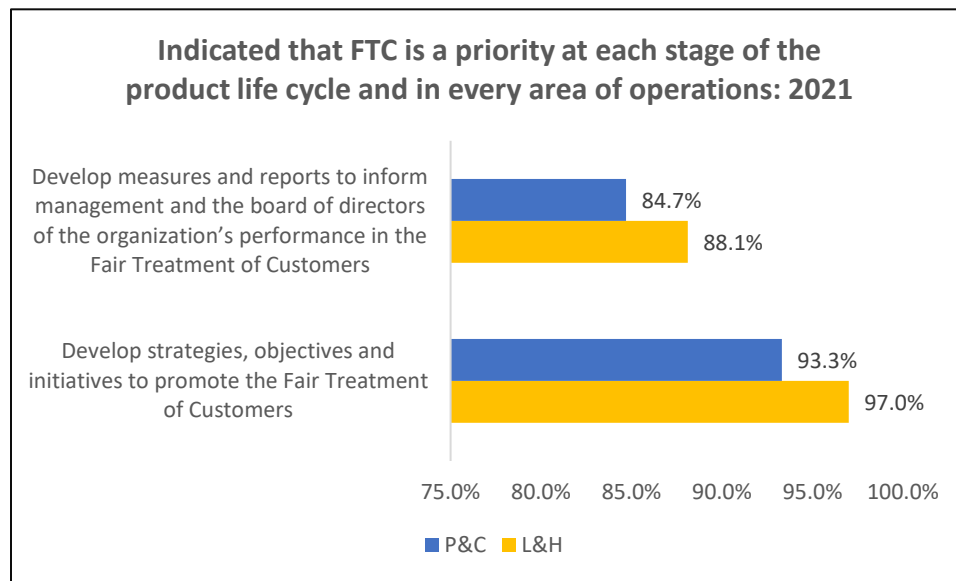
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<sup>8</sup> There are several instances of L&H results from 2021 that appear lower than 2020 and 2019, but the total number of L&H insurers continues to decrease, resulting in superficial changes to some key data points.





For those insurers who answered in the affirmative to FTC being a priority for their organization, both P&C and L&H respondents predominately answered they “develop strategies, objectives and initiatives to promote the Fair Treatment of Customers.” The results from 2021 showed this is an area where respondents continue to develop as there were increases for both P&C respondents (84.7% in 2021 compared to 82.6% in 2020) and L&H respondents (88.1% in 2021 compared to 87.1% in 2020). The percentage of respondents indicating they have “develop(ed) measures and reports to inform management and the board of directors of the organization’s performance in the Fair Treatment of Customers” was slightly lower than the results from the 2020 report, but with results over 90% there are likely to be superficial changes on a y/y basis.



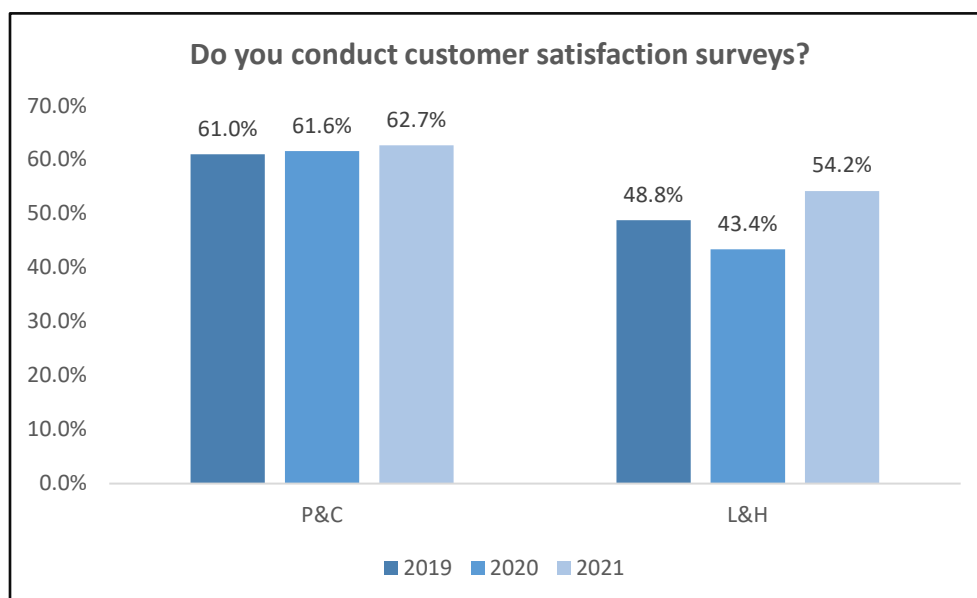
CCIR is encouraged it appears more insurers are moving towards being able to demonstrate they have incorporated FTC principles within their organizations, though room for improvement still exists. Furthermore, there are some discrepancies between what insurers indicate on their Annual Statement and the reality of their operations. The establishment of FTC principles and their governance is an important FTC governance element. The implementation of measures or reporting to senior management or the board of directors should not be limited to the number of complaints, satisfaction surveys results or response delay. See the table on 'FTC Governance Key Indicators' in Appendix 1 for some examples of key indicators that could be used by insurers to evaluate its FTC performance.<sup>9</sup>

Insurers generally indicated they consider FTC a priority during the entire life-cycle of the insurance product, but some insurers still have not yet promoted FTC principles or implemented a reporting mechanism to measure FTC performance or their risk related to FTC.

Furthermore, there are still many insurers who do not have a standalone documented policy specifically addressing FTC.

<sup>9</sup> Those key indicators were identified through CCIR members monitoring activities and from IAIS reports.

## Customer Satisfaction Surveys



In the P&C sector, the percentage of respondents again slightly increased when asked if they conduct customer satisfaction surveys (increasing from 61.6% in 2020 to 62.7% in 2021). In the L&H sector, however, the number of insurers conducting customer satisfaction surveys greatly increased on a y/y basis (going from 43.4% in 2020 to 54.2% in 2021).

Amongst the insurers who responded in the affirmative they conduct customer satisfaction surveys, the most common occurrence in the P&C sector was immediately following a claim (95.7%), followed by sale (56.7%). In the L&H sector, the most common occurrence was following a sale (71.8%), followed by a claim (66.7%). Only a small percentage of respondents conducting customer satisfaction surveys, do so following a complaint (P&C – 22.7%; L&H – 23.1%), which represents a reduction in both sectors y/y.

The FTC Guidance indicates insurers are responsible for assessing the “performance of the various models of distribution used, particularly in terms of fair treatment of customers and, if necessary, take the necessary remedial action.” While there are numerous ways through which an insurer can assess performance of employees/distributors (e.g., audits, reviews), direct contact with customers enable organizations to better assess how they are performing regarding the fair treatment of customers. Surveys and other feedback mechanisms employed by insurers such as focus groups, online feedback forms, etc. are a simple and effective way for the voice of the customer to be heard. It enables insurers to identify areas of improvement and new opportunities to have open dialogue and deepen the relationship with customers.

### How CCIR Members Utilize Governance Data

- Aids in tracking industry support and implementation of FTC principles
- Helps assess risks and highlight risk indicators used in selecting risk-based examinations
- Verifies how FTC principles are implemented and operationalized in examinations
- Monitors number of FTC audits being performed by insurers throughout various distribution channels

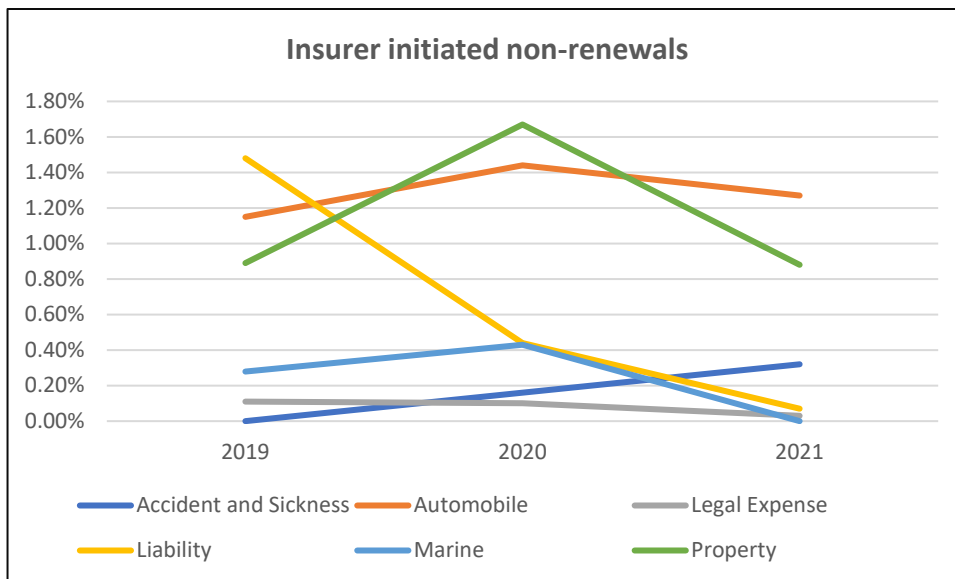
### Observations on Governance Data

- The FTC Guidance outlines the expectation FTC needs to be a core component of the governance and business culture of Insurers and Intermediaries
- Insurers should be able to demonstrate how they ensure FTC is a priority throughout every area of their operations, including their risk management and monitoring of their distribution channels
- CCIR members expect insurers to measure their FTC performance and if necessary, take remedial action
- CCIR and members examinations found:
  - There was a lack of consolidated reporting to assess the insurers' overall performance with respect to FTC;
  - The roles and responsibilities specifically related to FTC were not always clearly defined; and
  - The current policies and procedures were not fully evaluated to assess if pertinent FTC elements were incorporated, and no action plans were in place to implement and operationalize the FTC elements

## Policies

The Policies section of the Annual Statement requires insurers to provide information on the state of their policies in force and policies issued in their previous reporting period. Special emphasis is placed on data surrounding the cancellation of contracts or the denial of applications, in relation to the class of insurance. For P&C insurance, commercial insurance policies are excluded from the data.

CCIR has developed ratios based on the Policies data provided to better analyze risks and trends associated with particular classes of insurance. CCIR uses these data points to track and analyze changes in insurer/customer behaviour over multiple years.



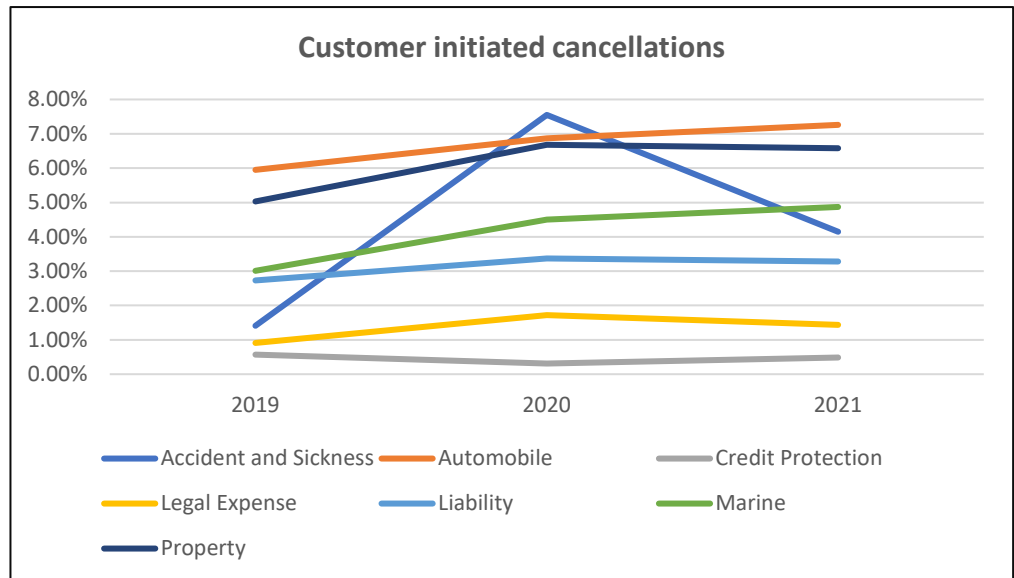
### P&C Insurance Policies

The insurer initiated non-renewals ratio<sup>10</sup> is designed to capture broad industry trends, and identify if an insurer has initiated a significant reduction in a class of insurance. Aside from A&S, which increased to 0.32% in 2021 from 0.16% in 2020, all classes of

insurance ratios decreased in 2021. Property has the largest decrease, going from 1.67% in 2020 to 0.88% in 2021, representing a decrease over 47% y/y, and returning closer to its 2019 level.

<sup>10</sup> Ratio calculation: Total number of insurer initiated non-renewals / (number of policies issued + number of policies renewed)

The customer initiated cancellations ratio<sup>11</sup> is designed to track customer mobility, and provide a broad indication of customer satisfaction with certain classes of insurance. This data is not used in isolation but is corroborated with other indicators, such as complaints, premiums,



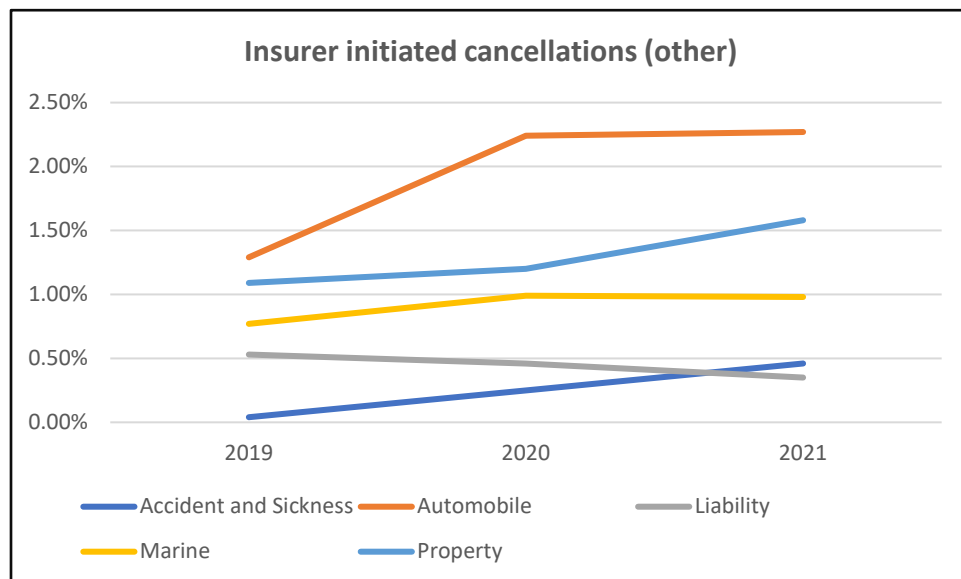
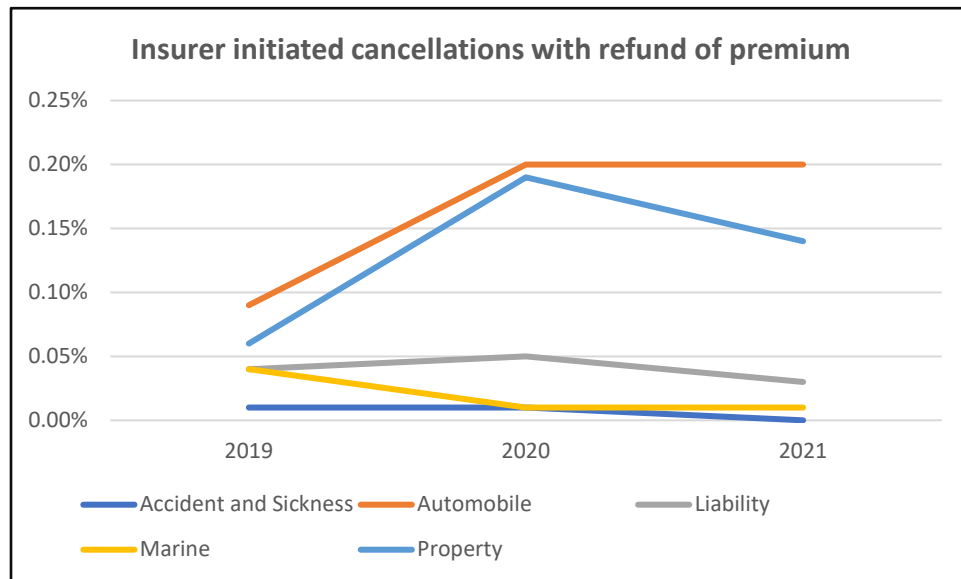
and media reports. The results for 2021 were relatively flat across most classes of insurance, the exception being A&S, which saw customers cancelling at a rate significantly lower than 2020 (4.15% in 2021 compared to 7.55% in 2020, a decrease of more than 45% y/y). However, 2021 cancellations were still roughly 194% greater than cancellations in the 2019 reporting period.

The insurer initiated cancellations with refund of premium – Fully refunded ratio<sup>12</sup> and the insurer initiated cancellations (other) ratio<sup>13</sup> are designed to capture which classes of insurance customers are mostly likely to have their policies cancelled. In these cases, the insurer retroactively canceled the policy and insureds are left without insurance protection. Insurer-initiated cancellations in auto remained flat for both ratios, following a spike in 2020. Insurer-led cancellations of property policies with a refund of premium declined, while they increased in instances without a refund in premium. A&S cancellations without a refund increased significantly for the second year in a row, increasing 84% y/y. The factors influencing these results will continue to be discussed with the industry to understand the causes and monitor the situation as it may have a significant impact on some consumers (e.g.: insurance accessibility issues).

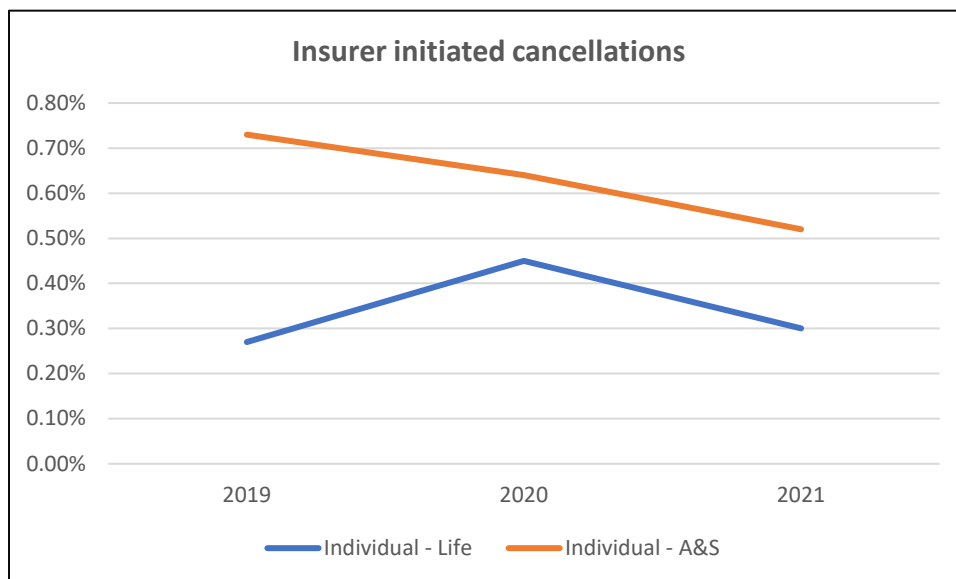
<sup>11</sup> Ratio calculation: Total number of customer initiated cancellations / (number of policies issued + number of policies renewed)

<sup>12</sup> Ratio calculation: Total number of insurer initiated cancellations with full refund of premium / (number of policies issued + number of policies renewed)

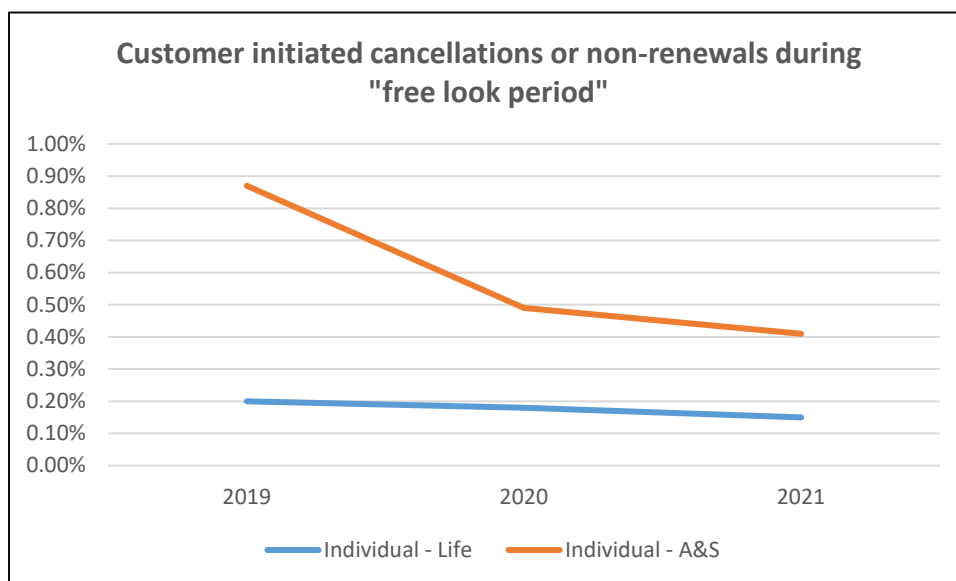
<sup>13</sup> Ratio calculation: Total number of insurer initiated cancellations (other) / (number of policies issued + number of policies renewed)



## L&H Insurance Policies



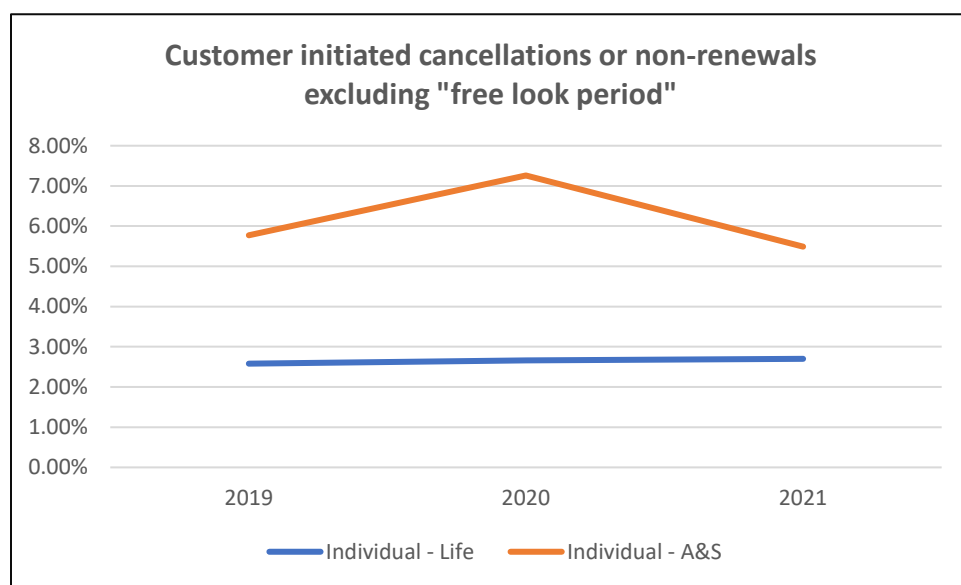
The insurer initiated cancellations ratio<sup>14</sup> is designed to provide data on the number of policies cancelled by insurers in a specific class of insurance. It is also used on an individual insurer basis to determine if an insurer has a significant increase in the number of cancelled policies compared to previous years. Both individual life (0.30% from 0.45%) and A&S (0.52% from 0.64%) ratios declined in 2021 and compared to 2020.



<sup>14</sup> Ratio calculation: Number of insurance initiated cancellations / policies in force



The ‘customer initiated cancellations or non-renewals during free look period ratio’<sup>15</sup> is designed to broadly capture what classes of insurance are mostly likely to have customers cancel policies during the “free look” period. This ratio may be used to determine if a particular class of insurance is more likely to cause customers to experience “buyer’s remorse” wherein they may feel a sense of regret and elect to cancel their policy. For individual insurers, this ratio may create a “red flag” an insurer’s distribution channel might not be properly selling policies to customers.<sup>16</sup> Both individual – life and individual – A&S declined in 2020, with individual – life declining 17% y/y after remaining flat in the previous reporting period, and A&S declining 16% y/y following a sharp decline the previous year.



The ‘customer initiated cancellations or non-renewals excluding “free look period” ratio’<sup>17</sup> is designed to capture which classes of insurance are being cancelled during the normal life span of a product excluding the initial “free look period”. This ratio is useful to CCIR in determining which classes of insurance customers may be dissatisfied with. Cancellations during this period remained stagnant in the individual – life class for the second year in a row, while they declined by over 24% for the individual – A&S class following a sharp increase in the previous reporting period.

<sup>15</sup> Ratio calculation: Total customer initiated cancellations or non-renewals during free look period / policies in force (new policies + policies in force at end of previous period)

<sup>16</sup> CCIR members do not rely wholly on data collected from the Annual Statement and would verify information from sources, including examinations.

<sup>17</sup> Ratio calculation: Total customer initiated cancellations or non-renewals excluding free look period / policies in force (new policies + policies in force at end of previous period)

### How CCIR Members Utilize Policies Data

- Aids in tracking broad industry trends across classes of insurance, including denial of applications, and customer/insurer cancellations/non-renewals
- Enables tracking of growth/decline of certain classes of insurance based on total policies issued/renewed
- Allows CCIR members to track individual insurers' policies across classes of insurance
- Highlights risk indicators for CCIR members and identifies if customers are being treated fairly based on a specific class of insurance

### Observations on Policies Data

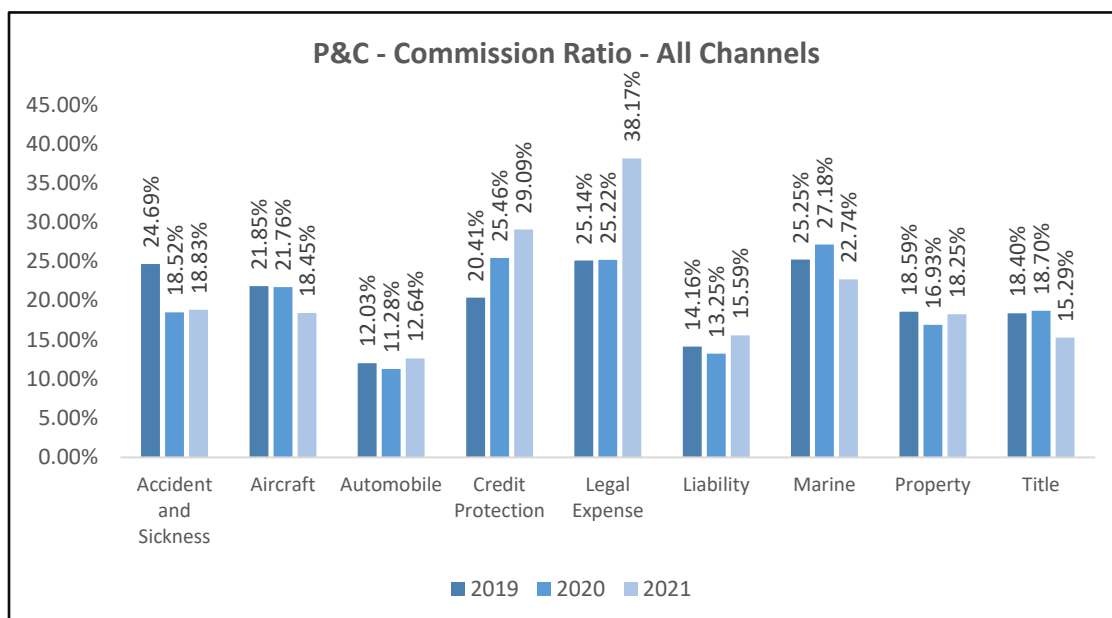
- The FTC Guidance highlights the expectation insurers provide policyholders with information allowing them to make informed decisions throughout the lifetime of their contracts (this includes disclosing the terms and conditions in the case of switching between products or early cancellation of a policy)
- During examinations, some CCIR members have noted there are a lack of formal periodic reviews in place for information materials provided to customers
- Some CCIR members have noted during examinations there is insufficient training related to essential product information being disclosed to customers
- CCIR members noted some insurers did not always provide insureds with post-purchase assistance and communications to ensure they are informed and they understand and know when to exercise their rights and obligations and of the impact of a decision

## Premiums, Commissions and Claims

This section of the Annual Statement captures data on direct premiums written, categorized by distribution channel and by class of insurance. Data is collected on commissions earned and claims incurred, both of which are also categorized by class of insurance and distribution channel. This section enables CCIR members to obtain a macro-level scale and nature of a certain class of insurance and its distribution channels. For the P&C sector<sup>18</sup>, only data on personal lines is included.

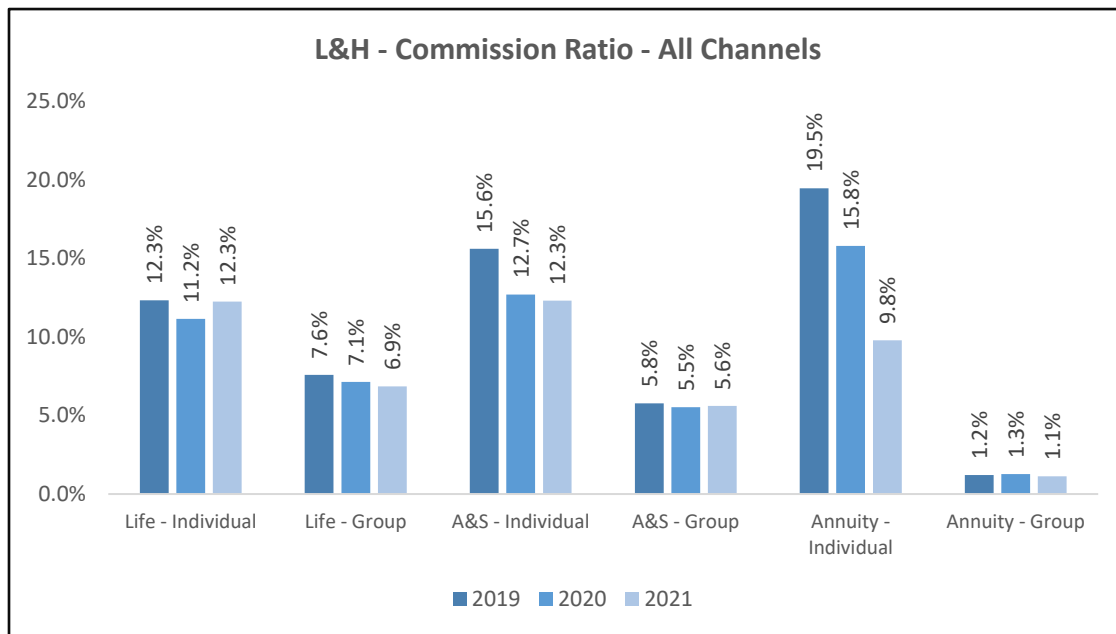
### Commissions

The commission ratio<sup>19</sup> is calculated as the total amount of commissions paid in relation to the total direct written premiums (DWP) for a class of insurance. In this instance, commissions from commercial or reinsurance products are excluded. This gives a broad indication as to how commissions are paid relative to the amount of premium written based on the class of insurance.



<sup>18</sup> The Annual Statement harmonizes definitions of classes of insurance to the P&C Quarterly Return / Annual Supplement: [https://lautorite.qc.ca/fileadmin/lautorite/formulaires/professionnels/assureurs/definitions-declaration-annuelle-assurance-dommages\\_an.pdf](https://lautorite.qc.ca/fileadmin/lautorite/formulaires/professionnels/assureurs/definitions-declaration-annuelle-assurance-dommages_an.pdf)

<sup>19</sup> Ratio calculation: Total all distribution channel commissions / total direct written premiums

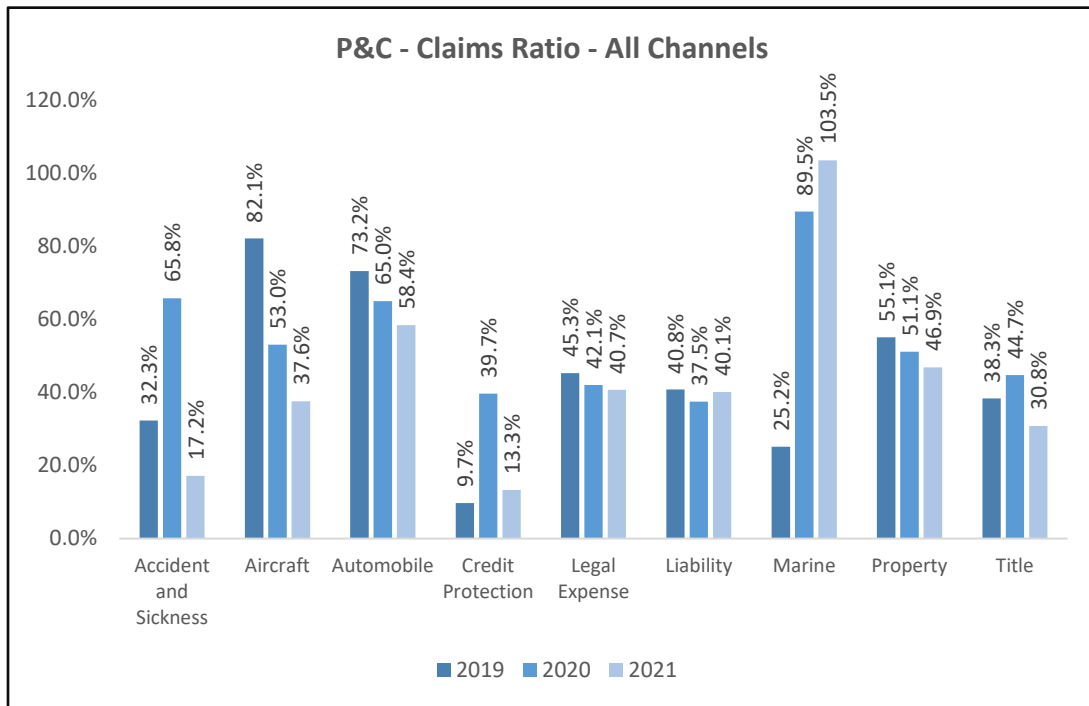


Data on commissions are likely to have moderate swings on a y/y basis. CCIR members will continue to monitor with interest the commission ratios and any other incentives, all in relation to the expectations that will be expressed to its future Incentives guidance.

### Claims

The claims ratio<sup>20</sup> is calculated as the total amount of claims incurred in a class of insurance in relation to the total DWP. The claims ratio is useful for CCIR to determine which classes of insurance provide the highest value of return for customers, and if this is impacted by distribution channel. The automobile class continues to see noticeable reductions in its claims ratio on a y/y basis, probably due in large part to a continued reduction in kilometres because insured were working remotely. The auto claims ratio has declined over 20% since 2019. A&S and credit protection also had significant declines in their claims ratios on a y/y basis (declining 74% and 66% respectively). The marine class of insurance continued to face difficulties in 2021, with its claims ratio exceeding 100% (103.5%).

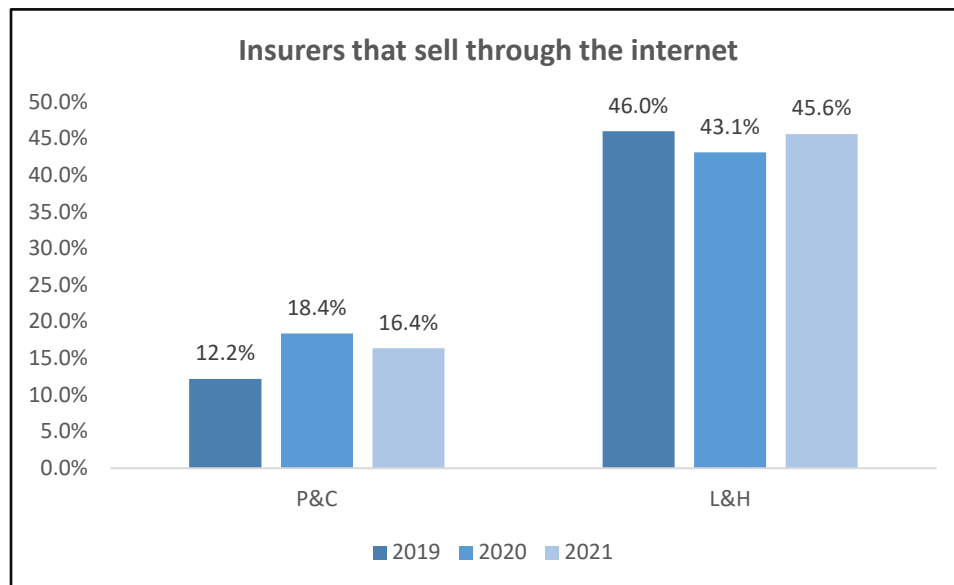
<sup>20</sup> Ratio calculation: Total claims / total DWP



### Sales of Insurance Through the Internet

The Annual Statement is a useful tool to track the sale of insurance through the internet<sup>21</sup>. CCIR is interested in internet sales and plans to closely monitor the growth of sales in future iterations of this report. This data can be used to actively track the growth of internet sales, as well as cross-reference against other data including: employment data, sales of insurance through different distribution channels, growth/decline of classes of insurance etc. This data is of particular interest in the context of the Covid-19 pandemic's impact on the insurance sector.

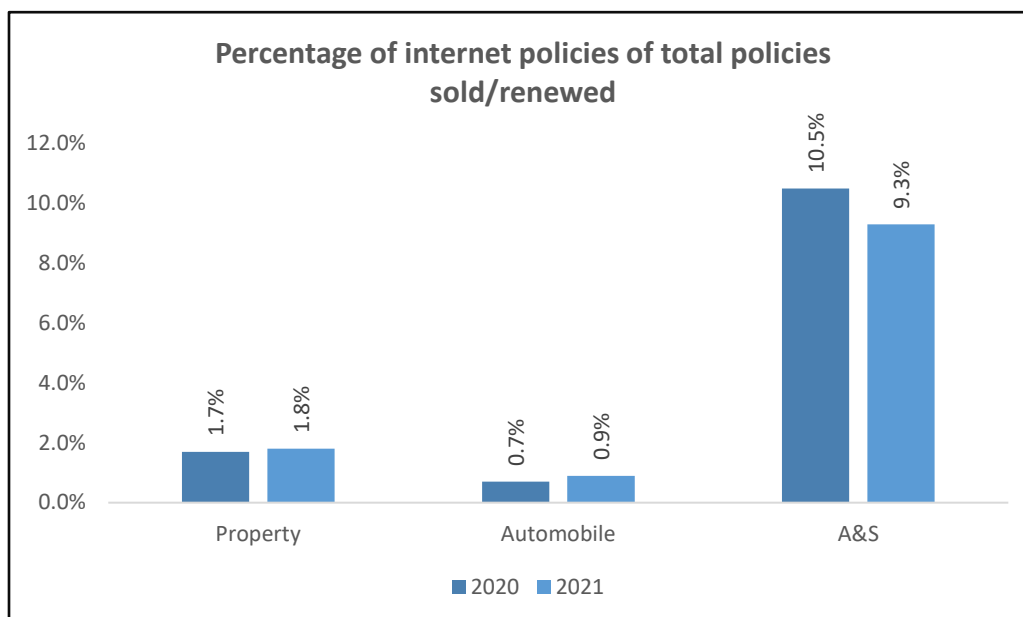
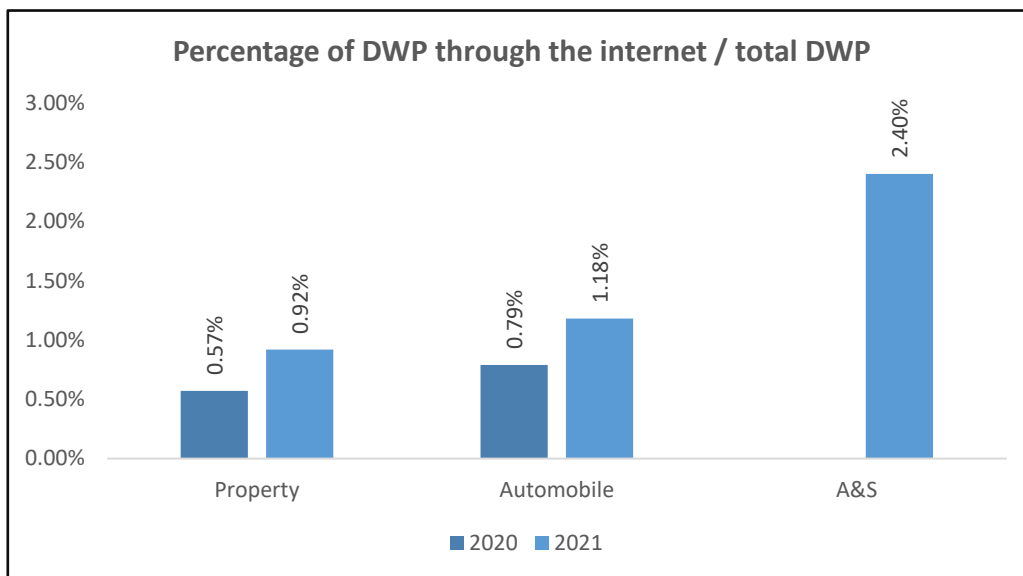
<sup>21</sup> A product is considered to be sold by Internet/online if the entire sale process is done online without using the services of an agent or broker. If a sale is completed by a licensed agent after the consumer obtains information or a price from a website, it is not considered as an Internet sale.



The number of L&H respondents selling through the internet has remained flat since 2019, while P&C respondents only increased slightly. In 2021, 16.4% of P&C respondents and 45.6% of L&H respondents indicated they sold products through the internet without the use of an intermediary. The data collected in the Annual Statement does not account for sales assisted by an intermediary but facilitated online. For example, a customer requesting a quote through a website and then finalizing the policy via telephone with an intermediary would not be captured through this data.

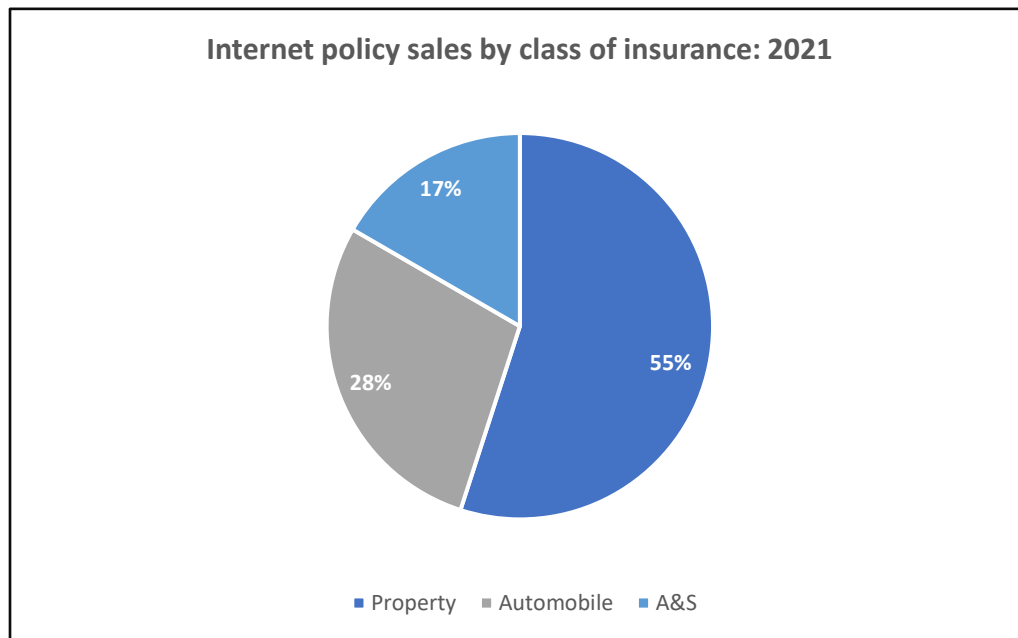
It appears the majority of insurers adopting new digital technologies are doing so to complement their existing distribution channels. CCIR will continue to closely monitor this trend in the future.

## P&C Insurance



In the P&C sector, internet sales continue to be dominated by property insurance, accounting for around 55% of all P&C policies sold through the internet. Both property and auto policy sales increased in 2021 as a percentage of total policy sales (up to 1.8% and 0.9% of total policies sold respectively). For property, the percentage of DWP by internet was only 0.9%, compared to 1.8% of all policies, which suggests that the property sales were in simpler, less expensive

products. A&S made up the highest percentage of both DWP and policy sales (2.4% and 9.3% respectively in 2021).<sup>22</sup>



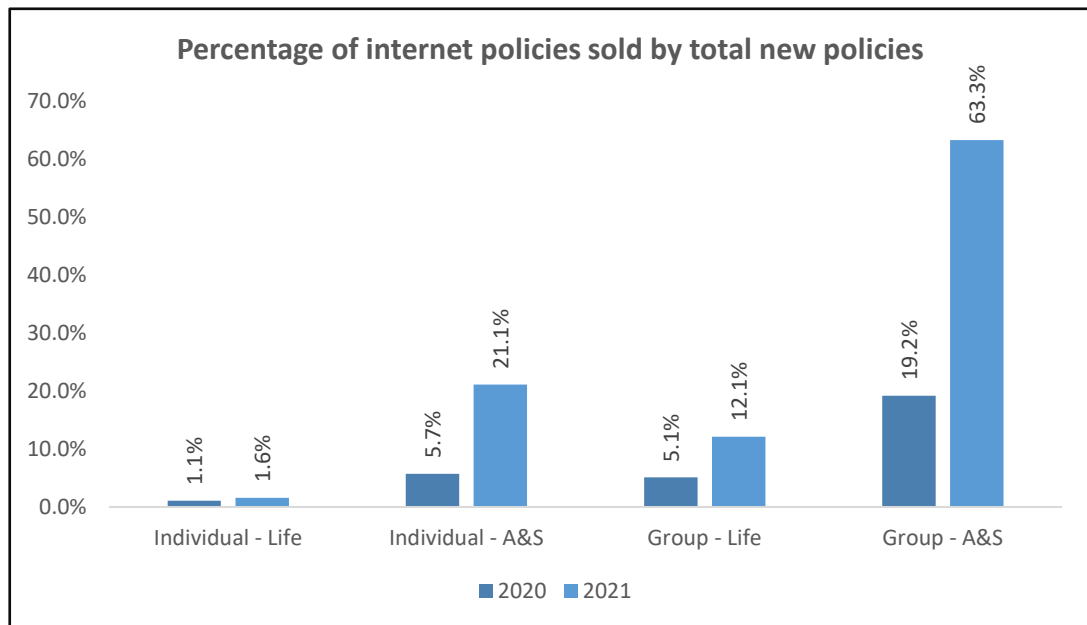
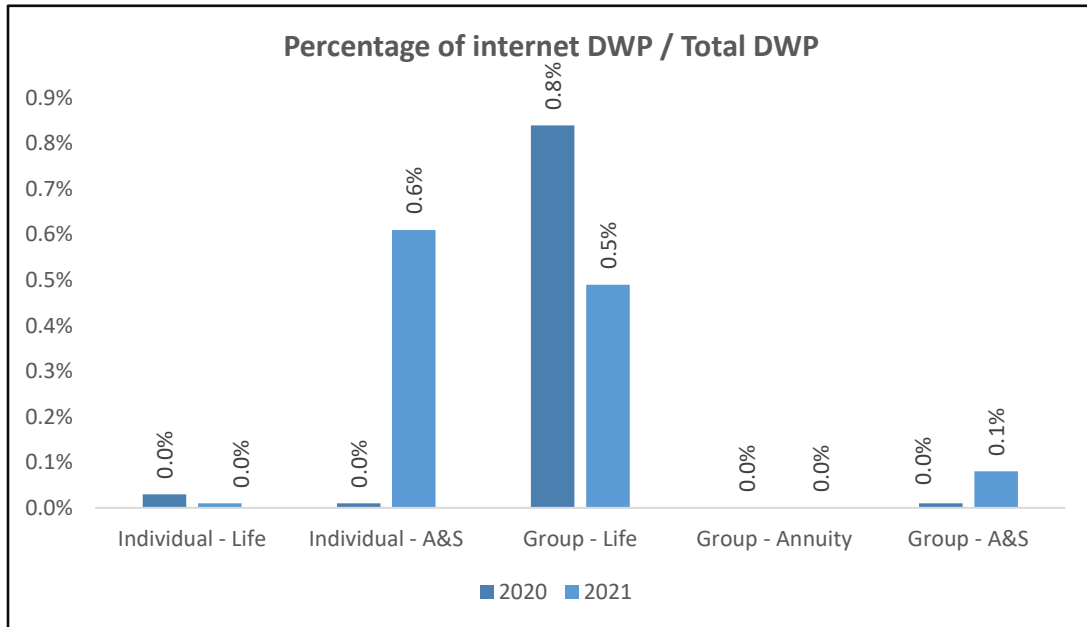
The majority of internet sales in the P&C sector are being undertaken by medium-sized insurers, which sold 68% of all policies sold in the sector. This is followed by small-sized insurers (22%) and large insurers (10%).

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<sup>22</sup> Data from the A&S line in 2020 did not meet CCIR's quality standards and has been excluded from this report.

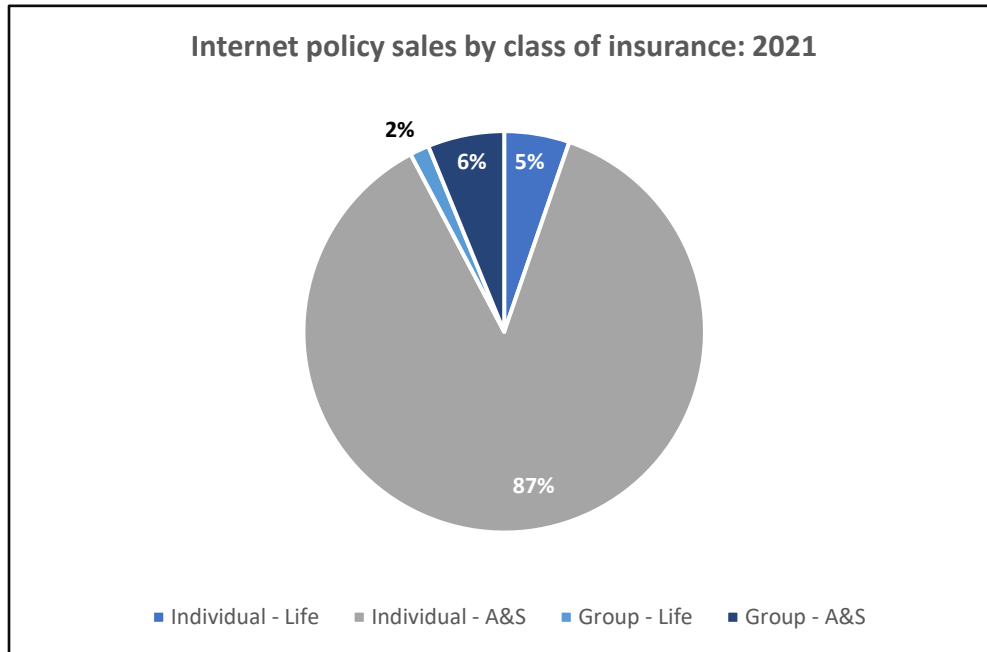


## L&H Insurance



In the L&H sector, individual – A&S continued to dominate policy sales through the internet (87% of total L&H policy sales), followed by group – A&S (6%) and individual life (5%). In both A&S classes, the percentage of DWP through the internet and percentage of total policy sales through the internet grew exponentially. For individual – A&S, internet sales now account for 21.1% of all

policy sales, while the group – A&S class sold a majority of their new policies through the internet. In the life classes, the percentage of new policies sold increased in both individual (1.1% to 1.6%) and group (5.1% to 12.1%), while their total percentage of DWP declined.



Large-sized L&H insurers were responsible for the increase in policy sales, selling close to 80% of all policies through the internet. This was followed by medium-sized insurers (15%) and small-sized insurers (5%).

CCIR intends to closely monitor the results of future iterations of the Annual Statement to track the development of internet sales and its effects on FTC outcomes. The CCIR Position Paper on Electronic Commerce in Insurance Products<sup>23</sup> outlines CCIR's recommendations for ensuring consumer protection outcomes when an insurance product is distributed electronically.

<sup>23</sup> <https://www.ccir-ccrra.org/Documents/View/2725>

### How CCIR Members Utilize Premiums, Commissions and Claims Data

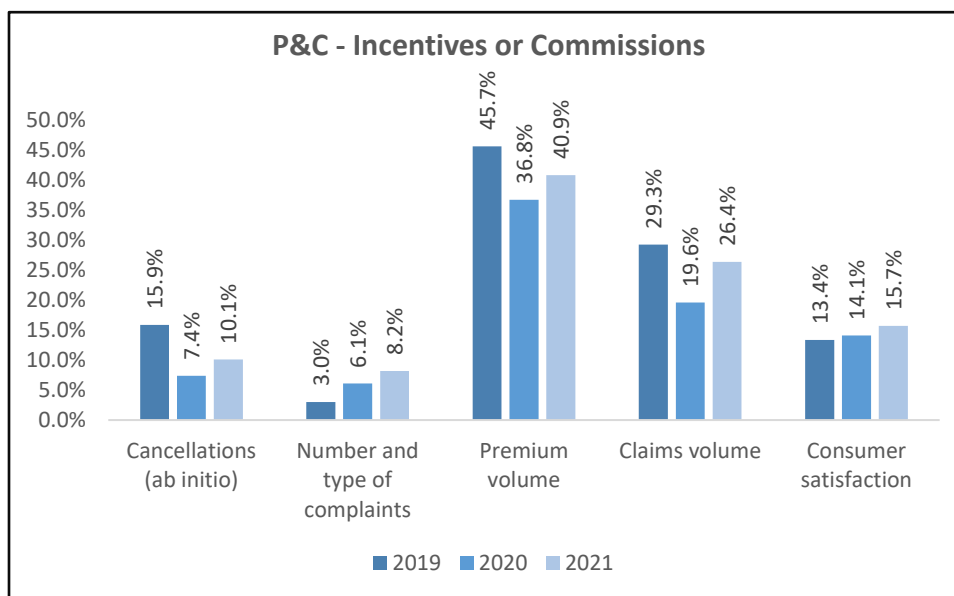
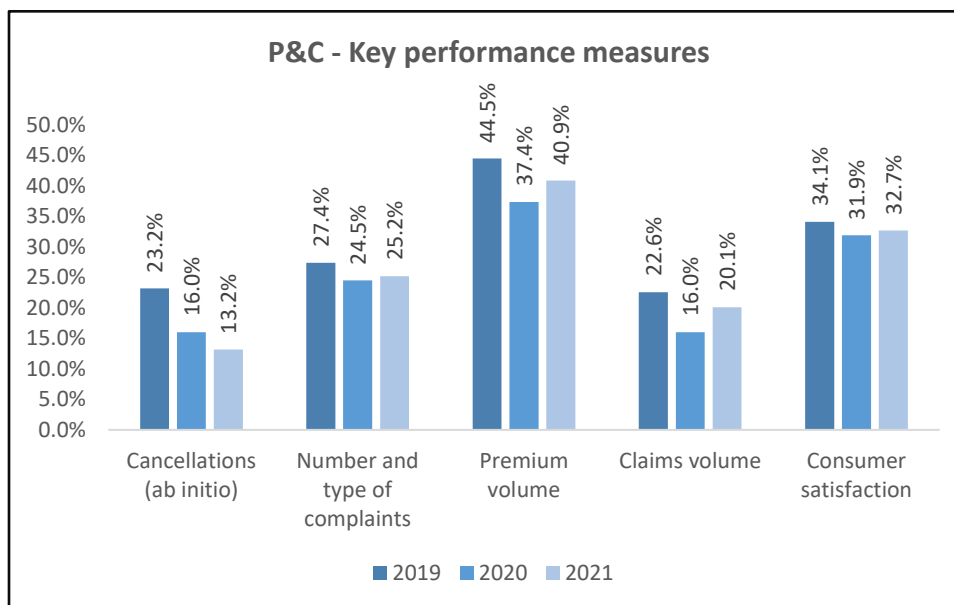
- Provides macro-level view of the insurance market, classes of insurance, commissions and claims
- Feeds data into risk assessments of classes of insurance
- Enables targeted tracking of incentive levels
- Tracks and monitors trends related to the sale of insurance through the internet

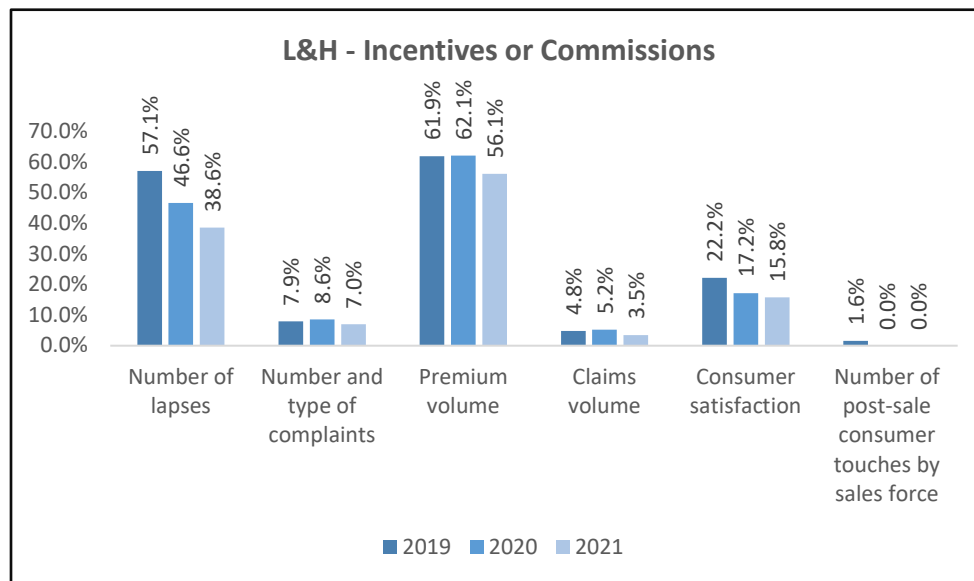
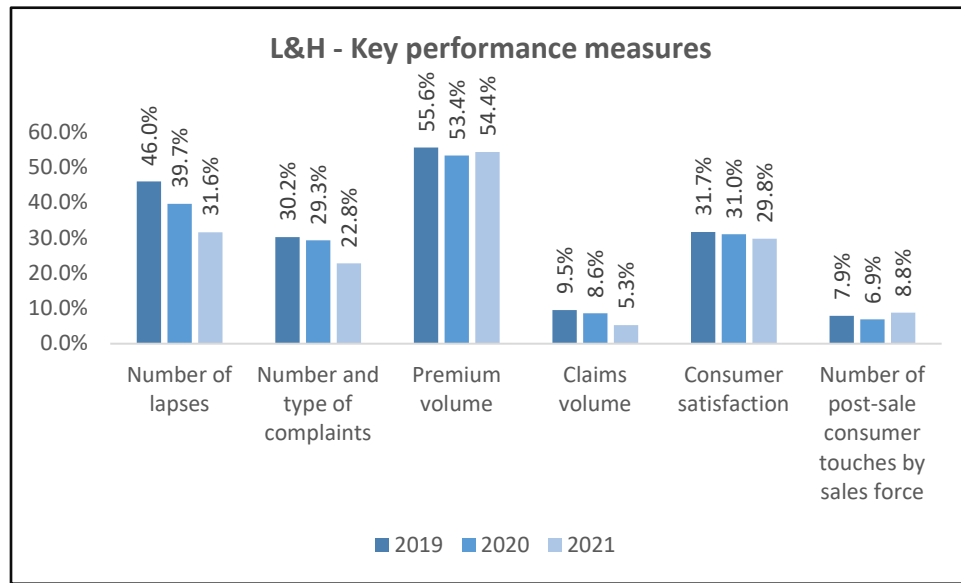
### Observations on Premiums, Commissions and Claims Data

- The FTC Guidance emphasizes “minimizing the sales which are not appropriate to the Customers’ needs” is an FTC outcome
- The CCIR Position Paper on Electronic Commerce in Insurance Products recommends customers purchasing insurance products electronically be given adequate information in order to ensure they are purchasing products suitable to their needs

## Sales and Incentives Management

The Sales and Incentives section of the Annual Statement only captures data for incentives provided by the insurer, excluding compensation practices of any entity distributing the product of the insurer.





Across both sectors, the most common form of performance measure or incentive/commission for respondents' sales force was through premium volume, which has remained consistent over the past three years. For the P&C sector, 40.9% of respondents indicated premium volume was a key performance metric for their sales force, while roughly the same percentage indicated they based incentives/commission around premium volume. In the L&H sector, 54.4% of respondents indicated premium volume was a key performance metric and 56.1% used it to determine incentives/commission.

In the P&C sector, the number and type of complaints has steadily risen as a key metric across both data fields over the past three years. In the L&H sector, the number of insurers conducting performance measures or offering incentives/commissions declined across almost all of the prescribed metrics in the Annual Report on a y/y basis.

### How CCIR Members Utilize Sales and Incentives Management Data

- Provides unique data on incentives utilized by insurers, including data on commissions offered to direct sales forces in the first and second years of a policy
- Enables CCIR members to monitor the development of qualitative criteria based on FTC principles into incentive programs
- Helps to assess risks and highlight risk indicators to aid in selecting risk-based examinations

### Observations on Sales and Incentives Management Data

- CCIR expects remuneration, reward strategies and performance evaluation take into account the contribution made to achieving FTC outcomes
- According to the proposed Incentives Management Guidance, insurers are expected to:
  - Have a governance and business culture placing FTC at the center of decisions concerning the way Incentive arrangements are designed and managed; and
  - design and implement Incentive arrangements including criteria ensuring FTC
- CCIR members noted, through their examination, that a structured incentive management program was not always in place, including a risk analysis of each type of incentive
  - The structure of incentive programs reviewed predominantly contained sales-related quantitative elements and the application of qualitative criteria based on FTC was absent or not formalized
- CCIR members have noted during examinations some insurers have inadequate supervision of their external sales force regarding conflict of interest and incentives

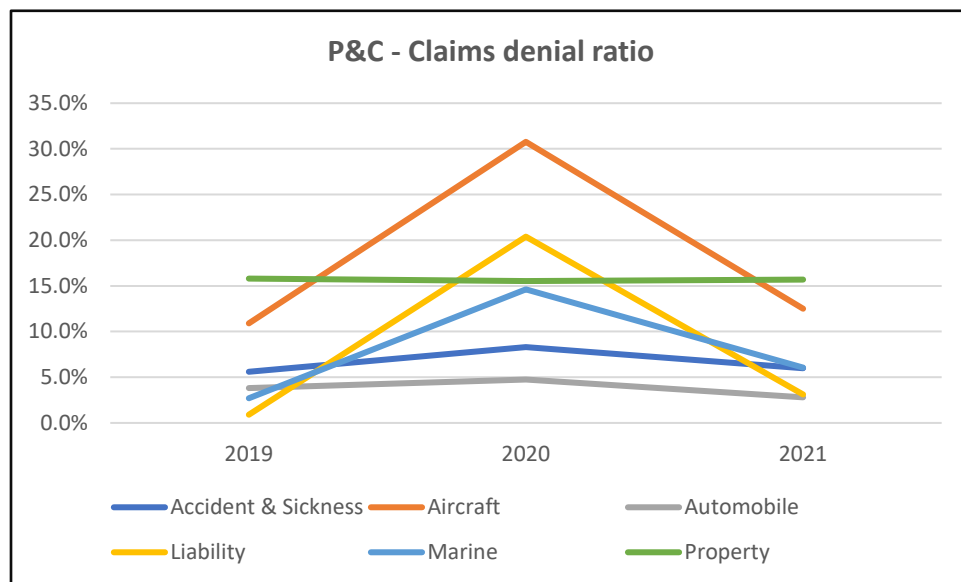
## Claims

The Annual Statement collects data related to claims, categorized by class of insurance. The data also tracks the denial of claims, and time taken to complete the claims process. This information helps CCIR members track adherence to the FTC Guidance's expectation for insurers to handle "claims in a timely and fair manner" and identify areas where improvements are needed in the information provided to the consumer.

### Claim Denials<sup>24 25</sup>

CCIR developed a claims denial ratio, which measures the amount of claims which were denied in relation to the total number of claims made.<sup>26 27</sup> The ratio provides CCIR members a macro-level view of claims which were rejected based on class of insurance, or distribution channel.

For the P&C sector, claims denials declined across almost all classes of insurance, following a large spike in 2020. The greatest declines were witness in aircraft (30.8% in 2020 to 12.5% in 2021), liability (20.4% in 2020 to 3.1% in 2021), and marine (14.6% in 2020 to 6.1% in 2021). Property has remained consistently flat over the three year period.



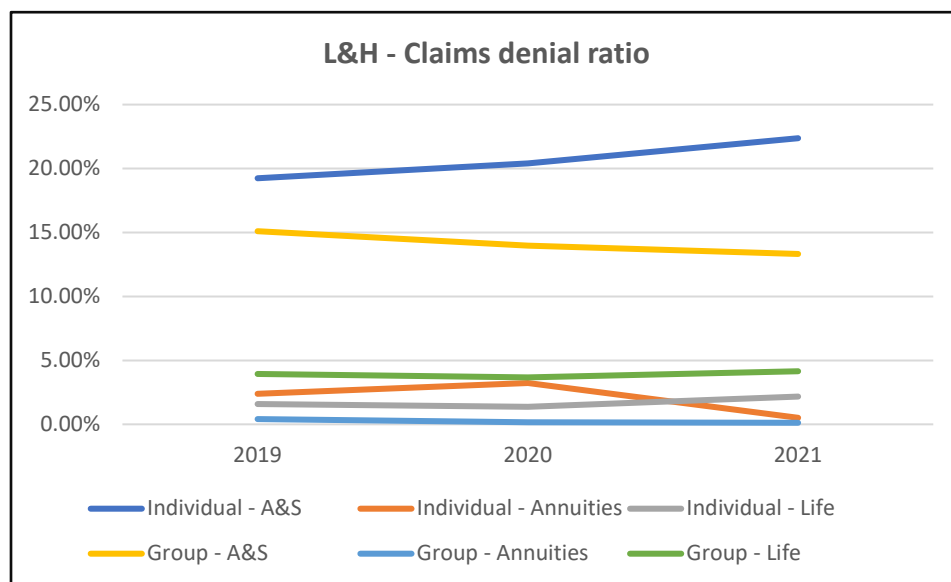
<sup>24</sup> For the P&C sector, CCIR excluded Credit Protection data from the Claims Denial Ratio as the data has not reached an acceptable level of quality for two consecutive returns.

<sup>25</sup> Title and Legal Expense have a limited number of insurers which may cause large changes in the data from year to year.

<sup>26</sup> Ratio calculation: # claims denied in the period / (# of claims opened at the beginning of the period + # of new claims opened during the period – # of claims opened at the end of the period)

<sup>27</sup> A claim is considered denied if an insurer refuses to pay any amount of the claim.

The L&H sector remained relatively flat across all classes of insurance over the last three years compared to the P&C sector. There was a slight increase in individual – A&S (from 20.41% in 2020 to 22.37% in 2021), as well as a proportionally large increase in the percentage of individual – life claims being denied compared to the previous reporting period (1.37% in 2020 to 2.17% in 2021, representing an increase of over 58%). However, claim denials remained under 5% for all classes of insurance aside from individual and group A&S.



The claim denial ratio should be given special attention by insurers. Insurers should determine whether being above the 10% threshold undermines the fair treatment of consumers and, if so, they should take appropriate remediate action. This 10% rate is not a ceiling that should not be exceeded, but rather an indicator that should trigger a reflection by the insurer. The percentage of claims denied by insurers and the reasons for denial could, for example, illustrate the need to provide relevant and complete information to consumers, before and at the time of purchase, so that they can make an informed decision on the suitability of the product being offered.

A low claims ratio, alternatively, could reflect a value disparity for customers. For these products, insurers may want to consider improving or modifying the product to better meet customer needs.



### Average final days to payment

For the P&C sector, the average final days to payment by class of insurance improved slightly upon the 2020 return when there were substantial increases in some lines. This reflects the classes like A&S<sup>28</sup>, liability, and property and making improvements in paying out claims in a timely manner. Auto, which witnessed large improvements in 2020 due primarily to less claims total, returned to pre-pandemic levels.

Average final days to payment – P&C sector			
Class of insurance	2019	2020	2021
Accident & Sickness	30	106	92
Aircraft	2	9	8
Automobile	154	133	152
Legal Expense	20	14	11
Liability	218	262	253
Marine	49	72	62
Property	117	169	160
Title	8	4	7

The L&H sector, by contrast, has remained relatively flat over the past three years. The notable exception being individual – A&S in 2021 which saw a significant reduction compared to 2020 (going from 59 days on average to 24).

Average final days to payment – L&H sector			
Class of insurance	2019	2020	2021
Individual - Accident and Sickness	52	59	24
Individual - Annuities	17	21	18
Individual - Life	26	27	30
Group - Accident and Sickness	70	65	79
Group - Annuities	8	13	13
Group - Life	31	28	28

<sup>28</sup> There continue to be discrepancies in the data provided to CCIR through the Annual Return. Data regarding A&S claims from 2019 and 2020, for instance, has needed further refinement.

## Reasons for denial

The Annual Statement also requires insurers to indicate the three main reasons for denial of claims during the reference period and the total number of denials for the three reasons selected.

For the P&C sector, over the past two years the main reason for denial of a claim was indicated to be ‘exclusions or limitations in the policy’. In 2021, there were large increases in the number of claims being denied for lack of coverage (50.3% in 2020 to 64.8% in 2021) and ‘failure to disclose or misinterpretation’ (17.2% in 2020 to 27.0% in 2021). The 2021 return also indicated reductions in the number of claims being denied due to fraud (1.8% in 2020 to 0.6% in 2021), and a ‘claim being abandoned by an insured’ (21.5% in 2020 and 14.5% in 2021).

Three main reasons for denial of claims – P&C sector		
Reason for denial of claims	2020	2021
Exclusions and limitations in the policy	80.4%	76.7%
Delay in submitting claim	3.7%	5.7%
Not covered, except for exclusions and limitations in the policy	50.3%	64.8%
Failure to disclose or misrepresentation	17.2%	27.0%
Fraud	1.8%	0.6%
Below deductible	19.6%	9.4%
Claim abandoned by insured	21.5%	14.5%
Missing information or documentation	4.9%	6.3%

In the L&H sector, the main reason for denying a claim, like the P&C sector, was due to ‘Exclusions and limitations in the policy’. Unlike the P&C sector, there were increases in the number of insurers denying claims for ‘fraud’ (1.7% to 2.5%) and ‘claim abandoned by insured’ (1.7% to 5.3%).

Three main reasons for denial of claims – L&H sector		
Reason for denial of claims	2020	2021
Exclusions and limitations in the policy	56.9%	52.6%
Delay in submitting claim	1.7%	3.5%
Not covered, except for exclusions and limitations in the policy	37.9%	33.3%
Failure to disclose or misrepresentation	22.4%	29.8%
Fraud	1.7%	3.5%
Claim abandoned by insured	1.7%	5.3%
Missing information or documentation	13.8%	10.5%
Pre-existing conditions	13.8%	14.0%
Insured not eligible	13.8%	22.8%

The reasons for denial are good indicators for insurers to realize the need to provide more relevant and complete information to consumers, before and at the time of purchase. The information enables consumers to make a more informed decision on the suitability of the product being offered.

Where applicable, insurers should create and provide tools to help consumers better understand the information that is given to them (e.g., guide, glossary or summary containing examples, explanations of terms of a more technical nature, illustrations, timeline with the various timeframes, FAQs).

### How CCIR Members Utilize Claims Data

- Provides macro-level data to CCIR members on claims, in particular data on how long insurers take to close claims and how often claims are denied in relation to class of insurance and distribution channel
- Assists CCIR members in assessing the risk for a particular class of insurance, distribution channel or insurer for their adherence to the expectation outlined in the FTC Guidance for claims to be “examined diligently and fairly settled, using a simple and accessible procedure”

## Observations on Claims Data

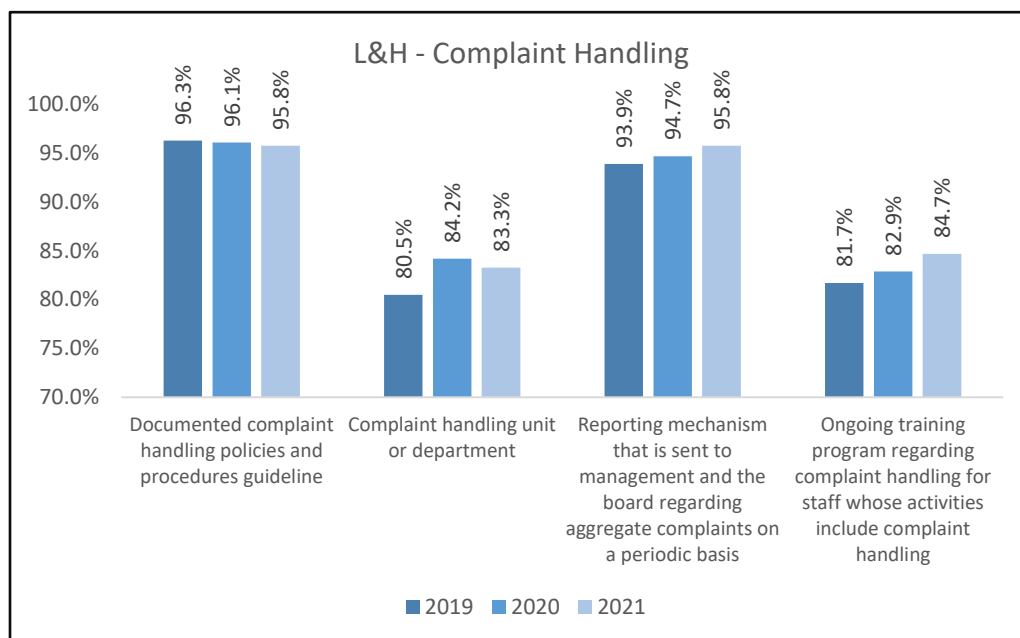
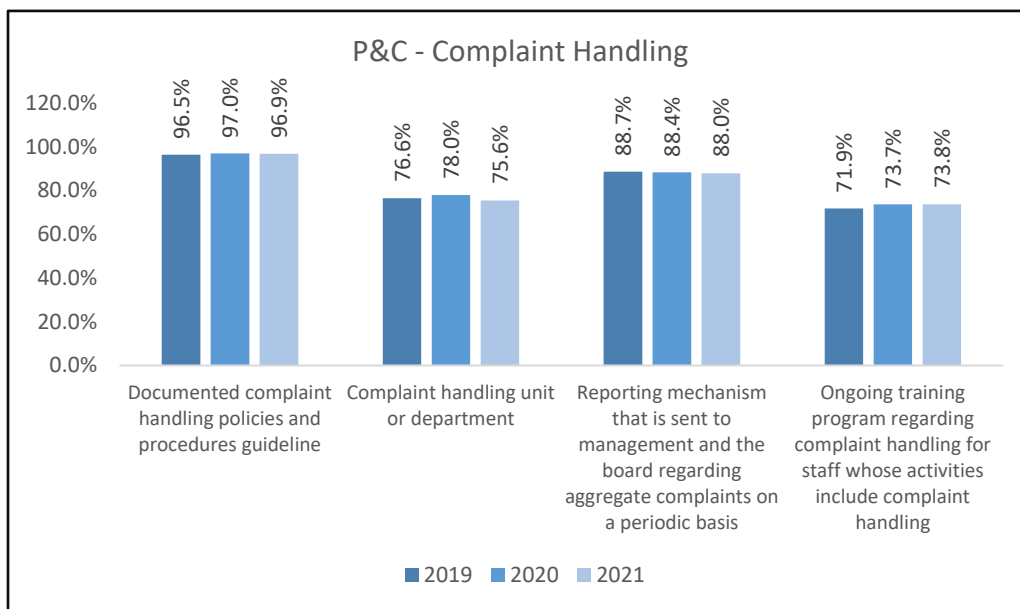
- CCIR members noted some insurers do not have adequate information about their claims process easily available to customers
- Not all insurers adequately inform customers of the reasons for a claims' denial
- The FTC Guidance expects insurers "Maintain written documentation on their claims handling procedures, which include all steps from the claim being made up to and including settlement"
- Insurers' claims processes were not always explained in a complete and accessible manner

## Complaint Examination

The FTC Guidance outlines several key expectations related to complaint examination and handling, including for the insurer to:

- Handle complaints in a timely and fair manner;
- Analyze complaints concerning Intermediaries in respect of products distributed by Intermediaries on their behalf, enabling them to assess the complete Customer experience and identify any issues to be addressed;
- Identify whether some Intermediaries or particular issues are subject to regular or frequent complaints;
- Establish policies and procedures to deal with received complaints in a fair manner; and
- Analyze the complaints received to identify trends and recurring risks

The Annual Statement collects key data assisting CCIR members in tracking insurers' adoption of FTC principles related to complaints.



For insurers active in the sale of insurance, 99.5% of P&C respondents and 100% of L&H respondents indicated they have a “senior officer responsible for complaints handling”. The insurers who answered in the affirmative were also asked what complaint handling elements were present within their organization. 96.9% of P&C respondents and 95.8% of L&H respondents indicated they have a “documented complaint handling policies and procedures guideline”. This represents flat results in both sectors over the three-year period. The P&C sector across all four metrics has remained relatively flat over the three-year period. The L&H sector has made steady improvement in the number of respondents indicating they have a “reporting mechanism sent to management and the board regarding aggregate complaints on a periodic basis” and offer “ongoing training program regarding complaint handling for staff whose activities include complaint handling”.

### How CCIR Members Utilize Complaint Handling Data

- Provides key data to assess overall effectiveness of regulatory requirements to satisfy ICP 19.11: “The supervisor requires insurers and intermediaries to handle complaints in a timely and fair manner”
- Helps to assess risks and highlight key risk indicators to aid in selecting risk-based examinations
- Acts as a verification tool on examinations to determine how FTC principles are implemented and operationalized

### Observations on Complaint Handling Data

- The FTC Guidance highlights CCIR members’ expectations for insurers to ensure “Relevant staff trained to deliver appropriate outcomes in terms of fair treatment of Customers”
- CCIR notes that complaints handling policies and procedures were not always simple, accessible, and complete

## Complaints

Insurers are required to file all applicable complaints which meet the standards established through the Annual Statement<sup>29</sup>. For Annual Statement reporting purposes, complaints to be reported are those who are the expression of at least one of the following elements persists after being considered and examined at the operational level capable of making a decision on the matter:

- a reproach against an organization;
- the identification of a real or potential harm a consumer has experienced or may experience; or
- a request for a remedial action.

Province	% of P&C Complaints	% of L&H Complaints	% of Population
Alberta	12.8%	7.2%	11.6%
British Columbia	13.9%	11.6%	13.7%
Manitoba	1.2%	1.9%	3.6%
New Brunswick	2.4%	1.7%	2.1%
Newfoundland and Labrador	1.1%	1.8%	1.4%
Northwest Territories	0.1%	0.1%	0.1%
Nova Scotia	2.1%	2.3%	2.6%
Nunavut	0.0%	0.0%	0.1%
Ontario	49.2%	33.0%	38.8%
Prince Edward Island	0.1%	0.2%	0.4%
Quebec	16.0%	37.7%	22.5%
Saskatchewan	0.6%	1.5%	3.1%
Yukon	0.1%	0.1%	0.1%
Not Classified	0.3%	1.0%	N/A

The overall number of complaints dropped by 12.8% in the P&C sector and increased 9.7% in the L&H sector compared to the 2020 Annual Return.

A disproportionate number of complaints originated in Ontario for the P&C sector, the majority of which are in the automobile class of insurance, however for the second consecutive year there was a substantial decrease in Ontario's share of P&C complaints (49.2% in 2021 decreasing

<sup>29</sup> Where a consumer makes a complaint by phone or in person and the complaint is handled and examined by the person responsible for the examination of complaints and designated as such in the organization's policy, the complaint must be documented so it can be kept on file. The initial expression of dissatisfaction by a consumer, whether in writing or otherwise, will not be considered a complaint where the issue is settled in the ordinary course of business. However, in the event the consumer remains dissatisfied and such dissatisfaction is referred to the person who is responsible for the examination of complaints and designated as such in the organization's policy, then it will be considered as a complaint.

from 54.4% in 2020 and 61.4% in 2019). BC continued to see its proportion of complaints grow in the P&C sector, increasing to 13.9% in 2021 compared to just 9.8% in 2020.

Quebec continues to have a disproportionate number of complaints in the L&H sector, though the percentage of complaints originating in Quebec declined on a y/y basis (going from 39.9% in 2020 to 37.7% in 2021).

In the P&C sector, complaints continued to decline in auto as a percentage of total complaints. This may be due to a reduction in the frequency of claims tied to less kilometers driven as a result of the Covid-19 pandemic. The number of property related complaints remained steady from the previous year, but was still significantly higher than 2019. The percentage of complaints in A&S continued to increase, reaching 6.8% of all complaints, while the class only represents about 1.5% of the DWP in the P&C sector. The travel health segment of A&S is responsible for driving complaints in the class, representing 6.0% of all complaints made in the P&C sector.

The most common cause of complaints in the P&C sector continues to be related to claims/settlements. Like 2020, 'refusal of claim' was the largest percentage of complaints, representing 22.9% of all complaints made in the sector, followed closely by 'claim procedure' with 21.0%.

Breakdown of complaints percentage by class of insurance			
Class of Insurance	2019	2020	2021
Accident & Sickness (Total)	1.6%	3.9	6.8%
Automobile	62.5%	51.5%	46.5%
Credit Protection	0.3%	0.6%	0.4%
Liability	1.5%	1.7%	2.0%
Marine	0.1%	0.1%	0.2%
Property	30.3%	38.6%	37.9%
Title	0.8%	0.5%	0.7%

In the L&H sector, individual complaints represent around 36.2% of all complaints, compared to 63.8% in group. For individual complaints, the majority (57.7%) of complaints originate in the life class, followed by 33.5% in A&S. The most common causes of complaints in individual classes are in the claims/settlement category, representing 33.6% of all complaints, followed by product based complaints (26.6%) and administration (25.1%). Similar to 2020, the most common cause of complaint in individual classes was 'refusal of claim' which represented 24.1% of all complaints made, followed by 'policy provisions' (11.2%).



In the group classes, the vast majority of complaints are made in the A&S sector, which has driven complaints over the past three years, increasing its total share of complaints over the period. Critical illness (with 33.8% of complaints) and health and dental (33.3%) are the leading sub-classes of insurance within A&S contributing to the high number of overall complaints. 'Refusal of claim' is also the largest driver of complaints for the group classes, but it has a much higher percentage of total complaints, representing 53.5% of all complaints made.

Breakdown of complaints percentage by class of insurance - Individual			
Class of Insurance (Individual)	2019	2020	2021
Accident & Sickness	28.3%	37.2%	33.5%
Annuities	3.3%	2.1%	1.9
Guaranteed Investment Account (GIA)	0.2%	0.4%	1.2%
Life	58.3%	51.9%	57.8%
Segregated Funds	7.2%	8.2%	5.7%

Breakdown of complaints percentage by class of insurance - Group			
Class of Insurance (group)	2019	2020	2021
Accident & Sickness	78.9%	85.1%	90.3%
Annuities	1.5%	1.5%	0.2%
Guaranteed Investment Account (GIA)		0.2%	0.1%
Life	12.5%	11.8%	8.6%
Segregated Funds	0.4%	1.3%	0.8%

### How CCIR Members Utilize Complaints Data

- Helps to assess risks and highlight risk indicators to aid in selecting risk-based examinations
- Verifies how FTC principles are implemented and operationalized during examinations
- Monitors macro-level complaint trends

### Observations on Complaints Data

- CCIR members have noted that all the complaints meeting the definition of a complaint weren't filed in the Annual Statement. CCIR hopes insurers will take note of the CCIR definition of a complaint under the Annual Statement to ensure all appropriate complaints are being reported
- CCIR noted that many insurers' reporting of complaints was still not being done in accordance with the Annual Statement requirements

## CONCLUSION

CCIR members find increasing value in the Annual Statement every year. With each subsequent reporting period, CCIR finds the overall quality of data is improving. With multi-year trending, CCIR can better track new developments in the P&C and L&H sectors, as well as identify potential areas of concern.

CCIR members continue to see value in making data available to the sectors and the general public through this public report. Through the report and CCIR's commitment to harmonized, co-operative examinations and messaging, CCIR believes the industry is showing signs of improvement and commitment to achieving positive outcomes for consumers. As is noted in the report, however, there are still several areas for improvement. CCIR encourages insurers to examine the results of this report closely, benchmark their organization's results with the results of the industry as a whole and take the actions required to meet CCIR members FTC expectations.

## Appendix 1 – Key FTC Performance Indicators

FTC Governance Key Indicators	
Focus area	Example indicators
Claims	<ul style="list-style-type: none"> <li>• Claims volumes and amounts</li> <li>• Claims outcomes or status such as whether registered, pending, denied, accepted or withdrawn</li> <li>• Claims ratio<sup>30</sup> <ul style="list-style-type: none"> <li>• Refusal claim rate (Number of claims refused / Number of claims processed)</li> <li>• Retention rate of claims decisions / number of claims reviews</li> </ul> </li> <li>• Reasons for claims not being paid or delayed</li> <li>• Average days to final payment and global claims closed delay in treatment of a claim</li> </ul>
Policies/Certificates, premiums and persistency, renewals and alterations	<ul style="list-style-type: none"> <li>• Change in number of policies / certificates</li> <li>• Lapse<sup>31</sup> and cancellation rates <sup>32</sup>or persistency<sup>33</sup> ratio</li> <li>• Total benefits paid and incurred / premiums written</li> <li>• Renewal ratio<sup>34</sup></li> <li>• Reasons for poor persistency</li> <li>• Proportion of cancellations post a certain period eg free-look or time tranches, churn and replacement rates</li> </ul>
Complaints	<ul style="list-style-type: none"> <li>• Overall complaint volumes</li> <li>• Complaints broken down by issue, status/resolution outcome or by channel and product line</li> <li>• Complaint rates<sup>35</sup></li> </ul>

<sup>30</sup> Claims ratio: measures how much the insurer is paying out in claims relative to the premium.

<sup>31</sup> Lapse rate: measures the number of policies discontinued due to non-payment of premiums by the policyholder relative to the total number of policies at the beginning of the period.

<sup>32</sup> Cancellation rate: measures the number of policies proactively cancelled (i.e., during the policy term) either by the insurer or the policyholder relative to the total number of policies. Sometimes cancellation rate is differentiated according to cancellation by the policyholder vs the insurer.

<sup>33</sup> Persistency ratio: the ratio of policies that have not lapsed, been cancelled/surrendered, matured or terminated upon claim at the end of a given period relative to the total number of policies at the beginning of the period (minus those which have matured or terminated upon claim) which shows the business that the insurer can retain.

<sup>34</sup> Renewal ratio: measures the number of renewed policies in a period relative to the total number of policies at the beginning of the period.

<sup>35</sup> Complaint rate: A complaint rate measures the number of complaints relative to the total number of policies in force. Complaint rates can be further disaggregated to provide more targeted insights, for example complaints that are still outstanding relative to the total number of complaints received, complaints resolved in favour of the consumer relative to the total number of closed complaints etc.

	<ul style="list-style-type: none"> <li>• Complaint reasons</li> <li>• Dispute numbers and rates<sup>36</sup></li> </ul>
Pricing & cost structure - fees, commissions, Expenses, incentives	<ul style="list-style-type: none"> <li>• Combined ratio<sup>37</sup></li> <li>• Expense ratio<sup>38</sup></li> <li>• Amount of commission and non-commission fees</li> <li>• Incentives aligned or not on the FTC principles put in place by the insurers</li> </ul>
Product design and selling practices	<ul style="list-style-type: none"> <li>• Surveys results (consumers and distribution channels surveys, Focus groups, etc.)</li> </ul>
Customer satisfaction	<ul style="list-style-type: none"> <li>• Surveys results</li> </ul>
Insurers' internal policies and practices	<ul style="list-style-type: none"> <li>• Implementation of the Fair Treatment of Customers (FTC) policy and the FTC performance of the insurer</li> <li>• FTC code respect through the organisation</li> <li>• FTC Reviews or audits conducted results and action taken when appropriate</li> <li>• FTC Quality control results</li> <li>• Protection of the personal information performance and breaches</li> </ul>
Others	<ul style="list-style-type: none"> <li>• Advertising channels and practices</li> <li>• Outsourcing</li> </ul>

<sup>36</sup> Dispute rate: 'dispute' can refer to the specific type of complaint when a consumer does not agree to the terms of a claim settlement that has been decided by the insurer and raises the disagreement through the appropriate dispute resolution system. The dispute rate then measures the number of claims disputed relative to the number of claims finalized.

<sup>37</sup> Combined ratio: shows the underwriting profit or loss before taking investment income into account.

<sup>38</sup> Expense ratio: shows the insurer's cost of business relative to its revenue from gross written premiums.



## Canadian Council of Insurance Regulators

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## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 6(d)**

**Read Only Items-- BCFSa Interim Update on How It Plans to Proceed on Proposed “Insurer Code of Market Conduct” and Related “Supplemental Guideline”**

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

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This is a read-only item.

### **Background Information**

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In mid-December 2022, BCFSa issued an update on how it plans to proceed on its “Insurer Code of Market Conduct,” which is the BCFSa version of a Fair Treatment of Customers Guideline. CAFII and other industry Associations have strongly pushed back on the need for BC to develop its own Guideline, suggesting that this is a non-helpful, non-harmonized approach and that BCFSa should do what Ontario’s FSRA has done, and simply adopt the CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers.

### **Recommendation / Direction Sought – *Read Only Item***

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This is a read-only update to the Board.

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

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1 Attachment.

***Agenda Item 6(d)  
April 4/23 Board Meeting***

**From:** BCFSa Engagement Team <engage@bcfsa.ca>  
**Sent:** December-15-22 4:53 PM  
**To:** BCFSa Engagement Team <engage@bcfsa.ca>  
**Subject:** Update: BCFSa Consultation on Insurer Code of Market Conduct

Good afternoon,

Please see BCFSa's update below on the BCFSa Consultation on Insurer Code of Market Conduct.



**Update: BCFSa Consultation on Insurer Code of Market Conduct**

BCFSa thanks everyone who participated in the recent consultation on the proposed Insurer Code of Market Conduct. The Code proposes to embed principles for fair treatment of customers into BCFSa's market conduct supervision and oversight practices, enhancing consumer protection and strengthening public trust and confidence.



BCFSA values the feedback it receives during consultations and is committed to using input as appropriate to inform its approach. We are continuing to consider feedback from submissions received during the consultation period and from follow-up discussions with industry associations held throughout the fall.

We will provide a report in 2023 on the results of the consultation and the feedback received, along with planned next steps for the proposed Code.

For further information about the consultation process for the Insurer Code of Market Conduct, please visit BCFSA's [Consultations and Engagement webpage](#). Questions regarding this consultation can be directed to [policy@bcfsa.ca](mailto:policy@bcfsa.ca).

We wish you a happy holiday season and look forward to providing further information on the Insurer Code of Market Conduct in the new year.



BC Financial Services Authority  
600-750 West Pender Street  
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## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 6(e)**

**Read Only Items-- BC Ministry of Finance Next Steps for Development of BC Restricted Insurance  
Agent Licensing Regime Framework**

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

This is a read-only item.

### **Background Information**

In mid-January 2023, the BC Ministry of Finance provided CAFII with a brief written update on plans for the introduction of a restricted insurance licensing regime in British Columbia. Once implemented, this will result in all four Western Canada provinces having a version of such a regime. This is an update on the status and next steps for this initiative.

### **Recommendation / Direction Sought – *Read Only Item***

This is a read-only update to the Board.

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

1 Attachment.

**Agenda Item 6(e)**  
**April 4/23 Board Meeting**

**From:** Toovey, Kari FIN:EX <Kari.Toovey@gov.bc.ca>  
**Sent:** January-13-23 11:00 AM  
**To:** Brendan Wycks <brendan.wycks@cafii.com>  
**Cc:** Keith Martin <Keith.Martin@cafii.com>  
**Subject:** RE: CAFII Feedback Submission on BC's Consultation Regarding Restricted Insurance Licences

Hi Brendan and Keith:

At this stage, we are hoping to be able to move the Regulation forward this Spring (dependent on government priorities and approval). However, the bulk of the actual implementation work will be in the form of Insurance Council Rules. As you know, the Insurance Council must publicly consult on any Rules it proposes and will not be able to develop and/or consult on Rules until after the Regulation has been passed. All of this is a long way of saying that I don't anticipate that the restricted licensing regime will be in effect until mid-2024 or later.

I'll let you know once we have a Regulation and then the Insurance Council will be undertaking significant consultation respecting implementation.

Hope that helps.

Kari

**Kari Toovey** (she/her)  
Director, Financial Institutions  
Financial and Corporate Sector Policy Branch, Ministry of Finance  
**Email:** [Kari.Toovey@gov.bc.ca](mailto:Kari.Toovey@gov.bc.ca) **Ph:** 778-698-5262  
617 Government Street, Victoria, BC V8V 1X4

## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 6(f)**

**Read Only Items-- February 17/23 CAFII Response Submission on “Revised 8 December, 2022 Draft 2 of AMF’s Regulation respecting Complaints Handling and Dispute Resolution in the Financial Sector” (Final English Version upon which French Translation, for submission, will be based)**

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

This is a read-only item.

### **Background Information**

CAFII has made a submission to the AMF on its second consultation on its draft complaints handling and dispute resolution regulation. CAFII continues to make the point that the regulation remains prescriptive, is not harmonized with other jurisdictions, and has an expansive definition of complaints which will be problematic to manage for industry.

### **Recommendation / Direction Sought – Read Only Item**

This is a read-only update to the Board.

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

2 Attachments.

17 février, 2023

Maître Philippe Lebel  
Secrétaire et directeur général des affaires juridiques  
Autorité des marchés financiers  
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c.c. M. Éric Jacob, surintendant de l'assistance aux clientèles et de l'encadrement de la distribution  
M. Patrick Déry, surintendant des institutions financières  
M<sup>me</sup> Louise Gauthier, directrice principale des politiques d'encadrement de la distribution  
M. Mario Beaudoin, directeur des pratiques de distribution alternatives en assurance  
M<sup>e</sup> Mélissa Perreault, directrice des pratiques de distribution et des OAR  
M<sup>e</sup> Cindy Coté, analyste expert en réglementation, Direction des pratiques de distribution et des OAR  
M<sup>e</sup> Isabelle Déry, analyste en normalisation, Direction de l'encadrement prudentiel des institutions financières

**Objet : Rétroaction de l'ACIFA sur la version révisée de l'ébauche 2 du Règlement sur le traitement des plaintes et le règlement des différends dans le secteur financier produite par l'AMF le 8 décembre 2022**

Maître,

L'ACIFA félicite l'AMF d'avoir apporté des changements importants à l'ébauche originale du 9 septembre 2021 du *Règlement sur le traitement des plaintes et le règlement des différends dans le secteur financier*, et d'avoir organisé une deuxième ronde de consultation de l'industrie sur l'ébauche 2 révisée du 8 décembre 2002 du Règlement. À notre avis, la réglementation des services d'assurance et des services financiers devient optimale, et les protections des consommateurs sont renforcées, lorsque cette réglementation est fondée sur une communication et une collaboration efficaces entre les organismes de réglementation et les entités réglementées. La façon dont l'AMF a consulté les intervenants du secteur à propos de la présente ébauche de règlement en est un bon exemple.

Si notre association reconnaît les améliorations qui ont été apportées à l'ébauche du Règlement — telles que la suppression de certaines listes de contrôle et d'autres mesures prescriptives, ainsi que l'obligation initialement envisagée pour l'industrie de fournir un service de rédaction des plaintes pour les consommateurs — nous estimons toujours que l'ébauche 2 révisée du Règlement est trop prescriptive et pas suffisamment fondée sur des principes. Nous sommes de cet avis parce que l'ébauche révisée du Règlement ne résume pas seulement les objectifs de l'AMF, mais décrit de manière très détaillée comment les entités réglementées doivent atteindre ces objectifs.

Les assureurs et leurs distributeurs des institutions financières, ainsi que d'autres entreprises de services financiers, ont depuis longtemps mis en place des procédures rigoureuses pour traiter et résoudre les plaintes des clients, partout au Canada, dont au Québec. Maintenant, au Québec, ce règlement nouveau et particulier de l'AMF augmentera le fardeau réglementaire de la gestion des plaintes. En effet, il ajoute une nouvelle définition plus large du terme « plainte » à la définition acceptée à l'échelle nationale précédemment promulguée par le Conseil canadien des responsables de la réglementation d'assurance (CCRRA), dont l'AMF est un membre important, et il établit de nouveaux délais et de nouvelles procédures pour la résolution des plaintes.

Le 25 octobre 2021, à la demande de l'AMF, l'ACIFA a présenté un mémoire sur les possibilités de réduction du fardeau réglementaire au Québec. Nous n'avons pas encore reçu de réponse officielle à propos de ce mémoire. Si on nous demandait de soumettre à nouveau ce mémoire aujourd'hui, nous ajouterions ce Règlement à la liste des initiatives d'alourdissement du fardeau qui sont uniques au Québec. Il s'agit d'approches réglementaires différentes de celles adoptées dans d'autres régions, mais qui ne reposent pas sur des arguments convaincants en faveur de la protection des consommateurs, et qui, en fin de compte, augmentent les coûts des affaires au Québec.

L'ACIFA reconnaît que certaines caractéristiques de l'approche que l'AMF a décidé d'adopter dans le nouveau Règlement — notamment la définition plus large du terme « plainte » et certains des nouveaux processus proposés — ressemblent à la nouvelle approche des plaintes récemment mise en place par l'Agence de la consommation en matière financière du Canada (ACFC). Toutefois, il faut reconnaître que la nouvelle définition de « plainte » de l'ACFC et les nouveaux processus connexes sont encore au stade de l'élaboration. Par conséquent, notre association estime qu'il ne serait pas prudent pour l'AMF de tenter de reproduire l'approche de l'ACFC avant une période raisonnable (trois ans semblent être une période minimale prudente). Seulement après cette période, il sera possible de déterminer avec certitude si l'approche novatrice adoptée par l'ACFC apporte effectivement une valeur ajoutée à la protection des consommateurs.

L'ACIFA a déjà entendu l'AMF dire qu'elle cherchait à promouvoir l'harmonisation en s'alignant sur la définition de « plainte » du CCRRA. Toutefois, étant donné que l'Autorité a maintenant établi une définition élargie et unique du terme « plainte », il semblerait que l'AMF s'éloigne davantage de l'harmonisation, à moins que le CCRRA ne mette à jour sa définition afin qu'elle corresponde à la nouvelle définition de l'AMF. À cet égard, notre association encourage fortement l'AMF à déterminer, en premier lieu, si le CCRRA, en tant qu'organisme de coordination national, accepterait de modifier sa définition de « plainte » et, quelle que soit la réponse, à adopter et à respecter une définition de « plainte » harmonisée à l'échelle nationale, plutôt que d'introduire une nouvelle définition québécoise unique qui obligerait l'industrie à gérer simultanément plusieurs définitions de « plainte » dans tout le pays.

Étant donné que la nouvelle définition de « plainte » de l'AMF englobera certainement une gamme plus large d'interactions avec les clients, l'ACIFA prévoit une augmentation significative du nombre de plaintes à signaler. Cependant, il n'y aurait pas d'augmentation correspondante des avantages en ce qui concerne la protection des consommateurs. L'AMF risque de devoir traiter un nombre beaucoup plus important de dossiers de réclamation, non pas en raison d'une proportion plus élevée de cas d'insatisfaction de la part des clients, mais parce que la nouvelle définition de « plainte » est si vaste qu'elle exigera un rapport pour toute interaction avec un client dans laquelle un mécontentement est exprimé.

Néanmoins, notre association a soigneusement examiné ce qui, selon l'AMF, sera et ne sera pas pris en compte dans la nouvelle définition de « plainte ». En fonction de ces indications, les membres de l'ACIFA ne jugeront pas que les problèmes soulevés par les clients au sujet d'un élément qui n'est pas directement lié à un produit ou à un service réel et actuel, ou à sa prestation, cadrent avec la définition de « plainte » de l'AMF.

Le Règlement permet à l'AMF d'imposer des sanctions administratives pécuniaires (SAP) importantes aux entités réglementées qui ne se conforment pas à ce qui constitue une approche nouvelle et novatrice en matière de plaintes. Par conséquent, nous croyons que cette nouvelle situation au Québec incitera les intervenants de l'industrie, en l'absence de directives plus précises de la part de l'AMF, à interpréter certaines dispositions du Règlement d'une manière plus stricte et conservatrice que celle prévue par l'AMF. De plus, l'ACIFA recommande que le dialogue, la consultation et la collaboration avec les entités réglementées servent comme moyens privilégiés et principaux pour l'AMF d'orienter l'industrie dans la direction qu'elle souhaite, et que les SAP ne soient utilisées qu'en dernier recours comme mesure réglementaire. Nous encourageons l'AMF à faire preuve de discrétion et de flexibilité dans son utilisation des SAP, en particulier pendant la période de transition au cours de laquelle l'industrie s'adaptera au nouveau Règlement.

De plus, en ce qui concerne un point à clarifier, soulevé lors de la séance virtuelle de l'AMF du 12 janvier 2023 pour les intervenants à propos de l'ébauche 2 du Règlement, un des présentateurs de l'AMF a déclaré qu'un dossier de plainte devrait demeurer ouvert même si une procédure judiciaire a été entamée par le client. L'ACIFA est fortement d'avis que dès qu'un client entame une procédure judiciaire, le dossier de la plainte doit être fermé. Nous souhaiterions que l'AMF clarifie le fait que le commentaire susmentionné du dirigeant de l'AMF lors de la séance virtuelle a été fait par erreur, surtout si on tient compte du fait que la référence de l'ébauche 1, selon laquelle le dossier doit rester ouvert malgré le début du recours juridique du client (ce que nous avons fortement désapprouvé dans notre soumission écrite à propos de l'ébauche 1), a été supprimée dans l'ébauche 2 révisée du 8 décembre 2022 du Règlement. Nous avons été ravis de constater cette suppression.

Un autre point à clarifier est la confusion quant à la façon de compter le délai maximum de 60 jours pour la résolution d'une plainte après sa réception, en particulier si un client signale de nouveaux problèmes à l'approche du délai de 60 jours. L'ACIFA soutient fermement que les entités réglementées devraient être tenues responsables uniquement des jours sur lesquels elles exercent un contrôle. Par conséquent, selon notre interprétation, le décompte des jours devrait s'appliquer uniquement aux obligations de l'entité réglementée. Ainsi, si le client reçoit, par exemple, une demande d'information et qu'il lui faut 15 jours pour y répondre, ces 15 jours ne devraient pas être comptabilisés dans les 60 jours de résolution. Nous encourageons également l'AMF à préciser que les 60 jours indiqués signifient 60 jours ouvrables et non 60 jours civils. À notre avis, il serait déraisonnable d'inclure les fins de semaine et les jours fériés dans le délai de 60 jours accordé pour le règlement d'une plainte.

En ce qui concerne la question centrale de la déclaration des plaintes des membres de l'ACIFA à l'AMF et les délais connexes, chaque fois que les provinces apportent des modifications réglementaires qui nécessiteront des changements importants aux processus, l'ACIFA demande toujours qu'un délai minimum de 12 à 18 mois soit accordé pour permettre à nos membres de mettre en œuvre les changements requis.

Cependant, le *Règlement sur le traitement des plaintes et le règlement des différends dans le secteur financier* sera particulièrement difficile à mettre en œuvre, étant donné qu'il s'agit d'un règlement totalement nouveau et substantiel qui exige des changements majeurs à la gouvernance, à l'allocation des ressources, à la structure, aux systèmes, aux politiques et aux procédures des entreprises, ainsi qu'à l'embauche et à la formation du personnel en période de pénurie importante de main-d'œuvre. Il faut également tenir compte du fait que les services électroniques de l'AMF devront être mis à jour pour être conformes au nouveau Règlement. L'ACIFA demande donc à l'AMF d'envisager sérieusement d'accorder une période de transition et de mise en œuvre de trois ans à compter de l'entrée en vigueur du règlement, afin que nos membres disposent de suffisamment de temps pour effectuer les changements nécessaires en fonction d'un échéancier de résultats prioritaires et échelonnés, puisqu'il s'agit d'une opération majeure. Durant cette période de transition et de mise en œuvre, les assureurs, distributeurs et intermédiaires veilleront à ce que les plaintes soient traitées et les différends résolus de manière diligente, conformément aux attentes actuelles de l'AMF et du CCRRA.

Compte tenu de ces informations sur les délais de mise en œuvre, l'ACIFA demande à l'AMF de fournir à l'industrie des précisions sur les délais dans lesquels elle s'attend à ce que les rapports en vertu du nouveau Règlement commencent.

En ce qui concerne la clause 19, nous notons que la rétroaction de l'ACIFA sur cette clause n'a pas été prise en compte dans l'ébauche 2. Par conséquent, nous profitons de cette occasion pour réitérer nos commentaires et nous serions reconnaissants que l'AMF confirme notre interprétation et notre position en ce qui concerne cette clause :



*En ce qui concerne l'article 19, nous sommes d'avis qu'une plainte de niveau 1 qui est immédiatement résolue par l'entreprise à la satisfaction du plaignant ne devrait pas être soumise à cet article. Nous croyons que le fait de préciser cette exclusion permettrait d'harmoniser le Règlement Québec/AMF avec la définition d'une plainte de niveau 1 énoncée dans la Déclaration annuelle sur les pratiques commerciales du CCRRA. En l'absence d'harmonie entre la définition d'une plainte de niveau 1 de l'AMF et la définition correspondante utilisée dans la Déclaration annuelle sur les pratiques commerciales, il serait nécessaire que l'AMF utilise son propre mécanisme distinct de l'industrie pour la déclaration des plaintes (en dehors de la Déclaration annuelle sur les pratiques commerciales), ce qui serait inefficace et dégraderait la valeur de la déclaration faite par l'intermédiaire de la Déclaration annuelle sur les pratiques commerciales. (Mémoire de l'ACIFA à l'AMF, 8 décembre 2021)*

Enfin, nous notons que dans plusieurs sections du Règlement, il est mentionné d'informer le client à propos d'un élément pertinent du dossier de plainte, dont sa résolution. Cependant, il n'est pas clair si le Règlement permet que cette information soit transmise par des moyens électroniques ou numériques. Nous encourageons l'AMF à préciser, dans tous ces cas, que la communication électronique ou numérique avec le plaignant est appropriée et acceptable.

Veuillez agréer, Maître, l'expression de mes sentiments les meilleurs.



Rob Dobbins

Secrétaire du conseil d'administration et président du comité exécutif des opérations

### À propos de l'ACIFA

L'ACIFA est une association sectorielle à but non lucratif qui se consacre au développement d'un marché de l'assurance ouvert et flexible. Notre association a été créée en 1997 pour donner une voix aux institutions financières qui vendent des assurances par l'entremise de divers canaux de distribution. Nos membres proposent des assurances par le biais de centres d'appels, d'agents et de courtiers, d'agences de voyage, de publipostage, de succursales d'institutions financières et d'Internet.

L'ACIFA croit que les consommateurs sont mieux servis lorsqu'ils ont un choix significatif dans l'achat de produits et services d'assurance. Nos membres offrent l'assurance voyage, l'assurance vie, l'assurance maladie, l'assurance dommages et l'assurance-crédit collective dans tout le Canada. En particulier, l'assurance-crédit collective et l'assurance voyage sont les lignes de produits sur lesquelles se concentre l'ACIFA, car nos membres ont un point commun.

La diversité des membres de l'ACIFA permet à notre association d'avoir une vue d'ensemble du régime réglementaire qui régit le marché de l'assurance. Nous travaillons avec les gouvernements et les organismes de réglementation (principalement provinciaux et territoriaux) afin d'élaborer un cadre législatif et réglementaire pour le secteur de l'assurance qui contribue à garantir que les consommateurs canadiens obtiennent les 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 - BMO Assurance, Assurance CIBC, Desjardins Assurances, Banque Nationale Assurances, RBC Assurances, Assurance Scotia, et TD Assurance - ainsi que les principaux acteurs de l'industrie : Assurant, Assurance-vie Canada, Chubb Compagnie d'Assurance-Vie du Canada, CUMIS Services Incorporated, la Banque Canadian Tire, Manuvie (La Compagnie d'Assurance-Vie Manufacturers), Securian Canada, et Valeyo.

17 February, 2023

Me Philippe Lebel  
Corporate Secretary and Executive Director, Legal Affairs  
Autorité des marchés financiers  
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c.c. Mr. Éric Jacob, Superintendent, Client Services and Distribution Oversight  
Mr. Patrick Déry, Superintendent, Solvency  
Ms. Louise Gauthier, Senior Director, Distribution Policies  
Mr. Mario Beaudoin, Director, Alternative Insurance Distribution Practices  
Me Mélissa Perreault, Director of Distribution Practices and SROs  
Me Cindy Coté, Senior Policy Analyst, Distribution Practices and SROs  
Me Isabelle Déry, Standardization Analyst, Prudential Oversight of Financial Institutions

**Re: CAFII Feedback On Revised 8 December, 2022 Draft 2 of AMF's Regulation respecting Complaints Handling and Dispute Resolution in the Financial Sector**

Dear Mr. Lebel:

CAFII commends the AMF for making some significant changes to the 9 September, 2021 original draft of the *"Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector,"* and for arranging a second round of industry consultation on the revised 8 December, 2022 Draft 2 of the Regulation. We believe that insurance and financial services regulation becomes optimal, and that consumer protections are enhanced, when such regulation is grounded in strong communication and collaboration between regulators and regulated entities, as exemplified by the manner in which the AMF has consulted with industry on this draft Regulation.

While our Association appreciates the improvements that have been made to the draft Regulation – such as removal of some of the checklists and other prescriptive measures, as well as the originally contemplated requirement for industry to provide a complaint drafting service for consumers – we still consider the revised Draft 2 of the Regulation to be too prescriptive and not sufficiently principles-based. We hold that view because the revised draft Regulation does not just outline the AMF's objectives, it also goes into significant detail about how regulated entities are to achieve those objectives.

Insurers and their financial institution distributors, along with other financial services firms, have long had robust procedures in place to handle and resolve customer complaints, across Canada including Québec. Now, in Québec, this new and unique AMF Regulation will increase the regulatory burden of managing complaints by adding a broader new definition of 'complaint' to the nationally accepted definition previously promulgated by the Canadian Council of Insurance Regulators (CCIR), of which the AMF is a significant member regulator, and by including new timelines and procedures for the resolution of complaints.

CAFII made an AMF-requested submission on regulatory burden reduction opportunities in Québec on 25 October, 2021, a submission to which we have yet to receive an official response. If we were asked to make that submission again now, we would add this Regulation to the list of burden-intensifying initiatives that are unique to Québec -- different from regulatory approaches in other jurisdictions without a compelling consumer protection rationale -- and which ultimately increase the costs of doing business in Québec.

CAFII recognizes that there are features of the approach which the AMF has decided to take in the new Regulation -- including the broader definition of 'complaint' and some of the new processes being proposed -- which mirror the novel approach to complaints recently put in place by the Financial Consumer Agency of Canada (FCAC). However, it should be acknowledged that the FCAC's new definition of 'complaint' and its related new processes are still a work-in-progress. Our Association therefore recommends that it would not be prudent for the AMF to attempt to replicate the FCAC's approach until the passage of a reasonable period of time (three years would seem to be a prudent minimum period), only after which will there be some certainty as to whether there is indeed a value-added consumer protection benefit to the novel approach which the FCAC has taken.

CAFII has previously heard the AMF espouse that it seeks to promote harmonization by aligning with the CCIR definition of 'complaint.' However, given that the Autorité has now developed an expanded, unique definition of 'complaint', it would appear that the AMF will be moving further away from harmonization unless the CCIR updates its definition to match the AMF's new definition. In that connection, our Association strongly encourages the AMF, in the first instance, to determine whether the CCIR, as a national co-ordinating body, is willing to change its definition of 'complaint'; and, whatever the outcome, to adopt and adhere to a nationally harmonized definition of 'complaint', rather than introducing a unique new Québec definition that will result in industry having to manage against multiple definitions of 'complaint' across the country at the same time.

Because the AMF's new definition of 'complaint' will definitely capture a broader range of customer interactions, CAFII foresees a significant increase in the number of reportable complaints, but without any corresponding increase in consumer protection benefits being delivered. The AMF may find itself having to deal with a much larger number of complaint files, not due to a higher proportion of concerning customer outcomes, but because the new definition of 'complaint' is so all-encompassing that it will require reporting for any interaction with a customer that includes an expression of dissatisfaction.

That being said, our Association has carefully reviewed what the AMF has indicated will be and what will not be captured by the new definition of 'complaint.' Based on that guidance, CAFII members will not regard an issue that may be raised by a customer about something that is not directly related to an actual, existing product or service or its delivery as falling within the AMF's definition of 'complaint.'

Given that the Regulation empowers the AMF to impose significant administrative monetary penalties (AMPs) upon regulated entities for not adhering to what is a new and novel approach to complaints, we believe that the new scenario in Québec will lead, in the absence of greater guidance from the AMF, to industry players interpreting some of the Regulation's clauses in a more strict and conservative manner than is likely the AMF's intent. Additionally, CAFII recommends that dialogue, consultation, and collaboration with regulated entities should be used as the preferred and principal way for the AMF to move the industry in the direction it seeks; and that AMPs should only be used as a last resort regulatory measure. We encourage the AMF to exercise discretion and latitude in its utilization of AMPs, particularly during the transitional period in which the industry will be adjusting to the new Regulation.

Furthermore, with respect to a matter requiring clarification, at the AMF's 12 January, 2023 virtual session for stakeholders on Draft 2 of the Regulation, one of the AMF's presenters said that a complaint file should remain open even if a legal proceeding has been initiated by the customer. It is CAFII's strong view that once a customer launches a legal proceeding, the complaint file should be closed. We would appreciate a clarification from the AMF that the above-noted AMF staff executive comment at the virtual session was made in error, especially given that Draft 1's reference to the file having to remain open despite the customer's launch of a legal challenge (something we strongly disagreed with in our written submission on Draft 1) has been removed in the revised 8 December, 2022 Draft 2 of the Regulation, which we were very pleased to see.

On another matter requiring clarification, there is some confusion about how to count the maximum 60 days timeline for resolution of a complaint after it has been received, in particular if a customer introduces new issues close to the 60-day mark in the process. It is CAFII's strong view that regulated entities can only be held responsible for the days that are under their own control. Therefore, our interpretation is that the counting of days should only apply to the regulated entity's obligations — and as a result, if the customer is sent, for example, a request for information, and they take 15 days to respond, that 15 days should not count against the 60 days for resolution. We also encourage the AMF to clarify that the 60 days specified means 60 business days, not 60 calendar days. In our view, it would be unreasonable to include weekends and holidays within the 60 days allowed for resolution of a complaint.

With respect to the key matter of CAFII members' reporting on complaints to the AMF and related timelines, whenever provinces are finalizing regulatory changes that will require significant process changes, CAFII always requests that a minimum lead time period of 12 to 18 months be provided to allow for our members' implementation of the required changes.

However, because the *Regulation respecting Complaints Handling and Dispute Resolution in the Financial Sector* will be particularly complex to implement – given that it is a totally new and substantive Regulation which calls for major changes to firms' existing governance, resource allocation, structure, systems, and policies and procedures, as well as staff hiring and training during a time of significant labour shortages; and given, as well, that the AMF's e-services will need to be updated to bring it into alignment with the new Regulation -- CAFII requests that the AMF give serious consideration to providing a three-year Transition and Implementation Period from the coming into force of the Regulation, in order for our members to have sufficient time to make the necessary changes based on a schedule of prioritized and staggered deliverables, which will be a major undertaking. During that Transition and Implementation Period, insurers, distributors, and intermediaries will ensure that complaints are handled and disputes resolved in a diligent manner, in accordance with the AMF's and CCIR's current expectations.

With that implementation timelines information as background context, CAFII asks that the AMF provide the industry with clarification as to the timelines around when it expects reporting against the new Regulation to begin.

With respect to Clause 19, we note that CAFII's Draft 1 feedback comments on that clause were not addressed in Draft 2. Therefore, we take this opportunity to reiterate those comments and would appreciate the AMF's confirmation of our interpretation of and position on that clause:

*With respect to Clause 19, it is our view that a Level 1 complaint that is immediately remedied by the company to the complainant's satisfaction should not be subject to this Clause. We believe that specifying this exclusion would bring the Quebec/AMF Regulation into harmony with the definition of a Level 1 complaint set out in CCIR's Annual Statement on Market Conduct (ASMC). In the absence of harmony between the AMF's definition of a Level 1 complaint and the corresponding definition used in the ASMC, it would be necessary for the AMF to utilize its own separate industry mechanism for complaint reporting (outside of the ASMC), which would be inefficient and degrade the value of reporting done through the ASMC. (CAFII written submission to the AMF, 8 December, 2021)*

Finally, we note that there are several sections of the Regulation where there is a reference to informing the customer about something relevant to the complaint file, including its resolution. However, it is not clear whether the Regulation permits this to be done through electronic or digital means. We encourage the AMF to clarify, in all such instances, that electronic or digital communication with the complainant is appropriate and acceptable.

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 credit protection, travel, life, health, and property and casualty 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 which helps ensure that Canadian consumers have access to insurance products that suit their needs. Our aim is to ensure that 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; Scotia Insurance; and TD Insurance – along with major industry players Assurant; Canada Life Assurance; Canadian Tire Bank; Chubb Life Insurance Company of Canada; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Securian Canada; and Valeyo.

## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 6(g)**

**Read Only Items-- Insights Gained from January 19/23 FSRA “Exchange” Event**

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

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This is a read only item.

### **Background Information**

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On 19 January, 2023 Keith Martin attended in person, and Brendan Wycks attended virtually, a FSRA “Exchange 2023” conference. Detailed summary notes of the event can be found in the February 2023 Regulatory Update, which is one of the Consent Items in the Consolidated Meeting Materials Package for this Board meeting.

### **Recommendation / Direction Sought – *Read Only Item***

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This is a read-only update to the Board.

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

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Briefing note only.



## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 6(h)**

**Read Only Items-- February 27/23 CAFII Response Submission to FSRA Consultation on “Proposed Rule 2022 – 001: Assessments and Fees”**

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

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This is a read-only item.

### **Background Information**

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CAFII made a brief, largely supportive submission to FSRA in response to its consultation on its proposed 2022 rule related to assessments and fees.

### **Recommendation / Direction Sought – *Read Only Item***

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This is a read-only update to the Board.

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

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1 Attachment.

February 27, 2023

Mr. Mark White, CEO  
Financial Services Regulatory Authority of Ontario  
25 Sheppard Avenue West, Suite 100  
Toronto, Ontario  
M2N 6S6  
[mark.white@fsrao.ca](mailto:mark.white@fsrao.ca)

**RE: Proposed FSRA Rule 2022 – 001: ASSESSMENTS AND FEES**

Dear Mr. White:

The Canadian Association of Financial Institutions in Insurance (CAFII) thanks the Financial Services Regulatory Authority (FSRA) of Ontario for the opportunity to provide feedback comments on proposed *FSRA Rule 2022 – 001: Assessments And Fees*.

Our feedback will be relatively brief, largely because only certain aspects of the proposed amendments to Rule 2019 – 001 – Assessments and Fees (the 2019 Fee Rule) are germane to the life and health insurance sector in which CAFII members operate; and because we have previously communicated our support for FSRA's foundational approach to assessments and fees (as established in the 2019 Fee Rule).

That said, we have the following points of feedback to offer.

As an overarching feedback comment, CAFII notes, with some concern, that Rule 2022 – 001 proposes to remove the 'Principle of Predictability' from the 2019 Fee Rule's Vision & Principles. We view that particular Principle as a foundational, cornerstone feature of a transparent and fair regulatory fees regime; and we therefore strongly encourage FSRA to retain it.

Predictability is one of the guiding principles in Ontario's *Burden Reduction Directive*, a government-wide imperative that "sets out the Ontario government's burden reduction and regulatory modernization expectations, requirements, and responsibilities." Predictability is also the *sine qua non* of a sound regulatory regime, an essential aspect which encourages compliance and helps business entities in the regulated sectors to plan for change.

With respect to Part 2 – Sectoral Assessment Process, the proposed amendments include the following: "With respect to the preparation of budgets by FSRA, the requirement to post a draft budget on the FSRA website has been removed and replaced with a requirement to consult with the regulated sectors as part of FSRA's annual business plan process (Vision & Principles 1.2; 6.1)."

CAFII strongly encourages FSRA to reconsider the removal of the requirement for the Authority to post a draft budget on the FSRA website. In the interests of full transparency, we believe that it should be incumbent upon FSRA both to post a draft budget – in the first instance, before consulting with the regulated sectors on the annual business plan process (which is a related but separate area for review/scrutiny and feedback) – and then to consult with the regulated sectors on it.

In other words, it is our view that this annual process can only be optimal and produce a good, mutually beneficial outcome if it is not an 'either, or' between those two elements, but rather a 'both' and in the right sequential order. After all, how can the regulated sectors be in a position to provide constructive, meaningful feedback to FSRA on the proposed budget for the ensuing year, and on the related annual business plan priorities which the budget is intended to fund, if the draft budget has not been made public and shared with them – in advance, prior to the consultation phase occurring – typically via publication on the Authority's website?

Also in Part 2 – Sectoral Assessment Process, CAFII supports the addition of a new provision whereby "if funds are used from the operating reserve for a specific variable fee sector, then that sector shall include that cost for replacing such funds in the operating reserve as a sector-specific cost for calculating a future assessment following the withdrawal of those funds (Vision & Priorities 2.1; 3.1; 3.2)." We believe that FSRA's stated intention to avoid cross-sector subsidization with respect to replenishment of utilized operating reserve funds – and to take a user/causer-pay approach -- is the only fair and proper way to proceed.

With respect to Part 4 – Insurance Sector Assessments and Fees, CAFII supports the following amendment as a change that will provide greater precision and certainty for the regulated sectors: *"The definition of "direct written premiums" for the insurance sectors has been amended to now be recorded as they are reflected in the insurer's most recent annual audited financial statements presented to the insurer's prudential regulator (Vision & Priorities 4.2; 5.1)."*

With respect to Part 10 – Innovation Office Fees, CAFII supports the fee table set out therein and concurs with FSRA that the proposed fees are modest and reasonable and will serve "to prevent barriers to entry for innovation opportunities (Vision & Priorities 2.1)." In addition, such reasonable fee-for-service rates should incentivize fintechs, insurtechs, and other innovators to approach the FSRA Innovation Office to take advantage of its "Test and Learn Environment."

In a parallel vein, CAFII encourages FSRA to communicate regularly with the regulated sectors with respect to the activities of its Consumer Office and how it is funded.

More generally, we feel that FSRA continues to "walk the talk" in terms of its commitment to transparency, collaboration, and open communication with stakeholders.

## Conclusion

CAFII again thanks FSRA for the opportunity to provide key industry stakeholder feedback on the Authority's *Proposed FSRA Rule 2022 – 001: Assessments And Fees*. We extend our Association's appreciation for FSRA's continued commitment to open and transparent communication and consultation. Should you require further information from CAFII or wish to meet with representatives from our Association on this submission or any other matter at any time, please contact Keith Martin, CAFII Co-Executive Director, at [keith.martin@cafii.com](mailto:keith.martin@cafii.com) or 647-460-7725.

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 credit protection, travel, life, health, and property and casualty 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 which helps ensure that Canadian consumers have access to insurance products that suit their needs. Our aim is to ensure that 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; Scotia Insurance; and TD Insurance – along with major industry players Assurant; Canada Life Assurance; Canadian Tire Bank; Chubb Life Insurance Company of Canada; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Securian Canada; and Valeyo.

## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 6(i)**

**Read Only Items-- FSRA's Draft 2023-2024 Statement of Priorities (pp. 21-22 for Life and Health Insurance Priorities)**

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

This is a read-only item.

### **Background Information**

Keith Martin is the CAFII representative on FSRA's Sectoral Advisory Committee (SAC) on Life and Health Insurance, and he will be attending the next virtual meeting of that SAC on 5 April, 2023. In preparation for the meeting, Keith Martin held a meeting on 27 March, 2023 with three insurance market conduct staff executives at FSRA, at FSRA's request (Robert Prior, Senior Manager, Life & Health Agents; Mike Winter, Senior Policy Analyst; Sohail Deen, Manager). Keith Martin said that CAFII largely supported FSRA's Life and Health Insurance priorities, and he emphasized some of the key concerns for CAFII and its members including a principles-based, evidence-based, harmonized regulatory approach. Keith Martin provided an overview of some of the recent research and webinar initiatives held by the Association.

### **Recommendation / Direction Sought – Read Only Item**

This is a read-only update to the Board.

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

1 Attachment.

## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 6(j)**

**Read Only Items-- Outcomes of February 28/23 CAFII Meeting with CCIR/CISRO FTCWG on Final Version of CCIR/CISRO 'Incentive Management Guidance'**

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

This is a read-only item.

### **Background Information**

CAFII held a meeting on 28 February, 2023 with the CCIR/CISRO Fair Treatment of Customers Working Group (FTCWG) on the final version of its "Incentive Management Guidance." The meeting was in-person and virtual, with four CAFII representatives in attendance in-person (Rob Dobbins, Charles MacLean, Keith Martin, Brendan Wycks) and about half a dozen in-person representatives from CCIR/CISRO. After the meeting, informal small group discussions occurred among the in-person attendees for over 45 minutes.

### **Recommendation / Direction Sought – Read Only Item**

This is a read-only update to the Board.

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

2 Attachments.

***Agenda Item 6(j)(1)  
April 4/23 Board Meeting***

**Welcome and Introductions**

Brendan Wycks

Brendan will serve as CAFII's facilitator during the meeting, including monitoring MTeams for virtual CAFII member representative attendees who have clicked the "Raise Your Hand" tab and would like to speak.

He will open the proceedings; ask the CAFII member representative participants to introduce themselves; make reference to the number of CAFII member companies and the number of individual member representatives participating in the meeting; and indicate how importantly this meeting is viewed by the Association's members as demonstrated by the number of participants.

**Thank You and Opening Comments**

Rob Dobbins

- On behalf of CAFII's Board and membership, thank you for inviting us to this meeting today.
- This opportunity for us to collaborate and discuss an important new regulatory Guidance, the Incentive Management Guidance, formally published on 30 November, 2022, is greatly appreciated.
- Your openness, transparency, and commitment to dialogue – as leaders within CCIR, CISRO and the joint Fair Treatment of Customers Working Group -- is critically important to regulated entities; and we believe that those attributes lead to better, principles-based regulation that is focused on a common understanding and commitment to the Fair Treatment of Customers; and to the outcomes that you, the regulators, seek for customers.
- As the Chair of CAFII's Executive Operations Committee—and as Chief Compliance Officer at Assurant, where I lead a staff of X professionals committed to ensuring compliance with both the letter and the spirit of our regulatory obligations—I am constantly exposed to the benefits of evidence-based, principles-based, outcomes-focused regulatory approaches – benefit which accrue to regulators, consumers, and the industry.
- I will now turn the next part of CAFII's speaking and dialogue role in this meeting over to Keith Martin, CAFII Co-Executive Director, to comment on some specifics around the final version of the Incentive Management Guidance.

**Comments on the Incentive Management Guidance**

Keith Martin

- Let me echo our appreciation to CCIR and CISRO for this invitation to meet with you today, and for making it both an in-person and virtual meeting, which has enabled a significant number of our Association's member representatives to participate.
- We have only high-level feedback comments to offer on the final version of the Incentive Management Guidance, because a previous version of the Guidance which we made detailed comments on, led to significant changes which we feel addressed many of our concerns, and for which we are extremely appreciative.

- In the revised version of the Guidance, which we offered formal comments on in a 4 April, 2022 submission letter, we noted that you had introduced new language in the Preamble which included a recognition that “one size fits all” does not work for an industry with participants of different sizes and business models, specifically your new language that remains in the 30 November, 2022 final version:

This guidance provides Insurers and Intermediaries with the necessary latitude to determine the requisite strategies, policies, processes, procedures and controls in order to facilitate achieving such results and to apply them based on the nature, size and complexity of their activities, while considering representatives’ regulatory obligations in order to facilitate achieving the Customer outcomes reflected in this guidance.

- *We also supported in our April 2022 feedback submission inclusion of the following helpful clarifying language in the final version of the Guidance, which has now been added:*

The Insurer is responsible for FTC throughout the life-cycle of the insurance product, as it is the Insurer that is the ultimate risk carrier. The Insurer’s ultimate responsibility does not absolve Intermediaries of their own responsibilities for which they are accountable. Treating Customers fairly is a shared responsibility when Insurers and Intermediaries are both involved.

- *We have additionally noted many helpful revisions in the updated version that now remain in the 30 November, 2022 final version of the Guidance, including clarifying language around the role of senior management versus the Board of Directors; and the modification of the use of the term “suitable” by adding language using the term “appropriate.” We also noted and greatly appreciate that CCIR/CISRO has added new language in the final version of the Guidance that changed the section on Controls to modify “Detecting unsuitable sales...” to “Detecting unsuitable sales, inappropriate sales and inappropriate practices.” Credit protection insurance is simple insurance that is offered to consumers by unlicensed representatives, and as such it does not include the provision of advice. A suitability test is not performed, and as such we appreciate the use of more inclusive language which accommodates our sector of the industry.*
- *Finally, we would like to reiterate a key message in our 4 April, 2022 feedback letter, which is that there is, in our view, no fundamental conflict between Fair Treatment of Customers and the offering of incentives to sell insurance. Incentives can lead to the offering of protection solutions that are important to customers, especially less well-off customers who are vastly underinsured or uninsured. We are committed to controls, including training, scripts, sales reviews, and a variety of post-sales monitoring tools, and we believe that the approach taken in the final version of the Guidance, based on a balanced and nuanced approach, is in the best interests of customers.*
- *We would now welcome a dialogue with you – as the members of the CCIR/CISRO Fair Treatment of Customers Working Group -- on the Incentive Management Guidance, in particular around your plans for educating the industry about the new, now-in-force Guidance; and for monitoring industry implementation and compliance, all the while noting that even though CAFII is confident that our members are fully committed to fair treatment of customers, it is a concept that is hard to measure, and it is fundamentally dependent on ‘culture,’ which can be hard to demonstrate and measure.*





March 13, 2023

Mr. Brendan Wycks, Executive Director  
Canadian Association of Financial Institutions in Insurance (CAFII)  
21 St. Clair Avenue West  
Suite 802  
Toronto ON M4T 1L9

[Brendan.wycks@cafii.com](mailto:Brendan.wycks@cafii.com)

**Re: Incentives Management Guidance In-Person Meetings**

Dear Mr. Wycks:

Thank you for participating in the Canadian Council of Insurance Regulators (CCIR) and Canadian Insurance Services Regulatory Organizations (CISRO) in-person meetings regarding the Incentives Management Guidance (IMG).

We hope the exchange of dialogue was as beneficial for your organization as it was for CCIR and CISRO. As you may already be aware, other stakeholders also participated and raised clarification issues pertinent from their perspectives. Regulators are working on a Questions and Answers document to be posted on our respective websites so all stakeholders will be able to see the important questions raised and the responses. Once we finalize the document, you will be advised in advance of its posting.

Some stakeholders are also working on plans to assist their members with satisfying the guidance expectations. To help with these efforts, in advance of the Questions and Answers document, we also encourage stakeholders to look at the [annual market conduct reports](#) and the [CCIR Cooperative Fair Treatment of Customers \(FTC\) Review – Consolidated Observations Report, October 2021](#) to get additional insights from the regulators on the Fair Treatment of Customers.

One important point raised during those sessions was with respect to educating your members. CCIR and CISRO are holding these meetings for associations to obtain answers directly from regulators and the information is expected to be disseminated accordingly. However, if there are further questions that arise, please contact the CCIR Secretariat directly and we will address inquiries as they arrive.

CCIR and CISRO express their great appreciation for your contribution and efforts.

Regards,

Original signed by

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Louise Gauthier  
Co-Chair FTCWG  
Canadian Council of Insurance Regulators

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April Stadnek  
Co-Chair FTCWG  
Canadian Insurance Services Regulatory  
Organizations

Cc: Keith Martin

## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 6(k)**

**Read Only Items-- Insights Gained from Initial Meetings of CAFII Quebec/AMF Issues Committee**

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

This is a read-only item.

### **Background Information**

The new CAFII Quebec/AMF Issues Committee has now held several meetings, and is meeting once a month on an ongoing basis. The Committee has already proven to be very valuable, with members sharing notes on a variety of Quebec and AMF issues.

### **Recommendation / Direction Sought – Read Only Item**

This is a read-only update to the Board.

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

1 Attachment.

**ROLLING NOTES, CAFII QUEBEC/AMF ISSUES COMMITTEE**

**Draft CAFII Quebec/AMF Agenda, Wednesday, 1 March, 2023**

1. Welcome and start of meeting (Jennifer Russell, All)
2. Jennifer Russell Formally Confirmed as Chair of the Quebec/AMF Committee at 14 February, 2023 EOC Meeting (Keith Martin)
3. Updates on intelligence gained about AMF Including 7 March, 2023 Meeting with Eric Jacob; and 23 March, 2023 Meeting “*Présentation panier de solutions, échanges et questions*” (Keith Martin)
4. Round 2 of AMF consultation on its updated Draft Regulation respecting Complaints Handling and Dispute Resolution in the Financial Services Sector – Submission Sent to AMF (Brendan Wycks, All)
5. Bill-96, Quebec Charter of the French Language—Application to insurance contracts (contracts of adhesion) (Jennifer Russell, All)
6. Recently updated and implemented new AMF Sound Commercial Practices Guideline, including problematic clause regarding reporting any conflicts of interest to customers (Jennifer Russell, All)
  - a. Open Discussion—How do members intend to implement the conflict of interest clause? (All)
7. Recently implemented new Quebec privacy legislation (Bill-64) and related initiatives (Jennifer Russell, All)
8. Removal of spousal cover exemption by January 1, 2025 (all)
9. Other Business

**Tracking Issues**

AMF initiative around statistics on Debtor Life, Health, and Employment (DLHE) Insurance claims denial rates, and return of premium to customers.

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Jennifer Russell opened the meeting and noted that we had a very robust Agenda today. Keith Martin confirmed that the EOC formally confirmed that Jennifer Russell was approved as the new Chair of the Quebec/AMF Committee at its 14 February, 2023 meeting.

Keith Martin provided an update on the resolution of the issue of the RADM and credit card-embedded insurance benefits, noting that a meeting would be held on 7 March, 2023 to confirm the understanding of the AMF and CAFII that the Fact Sheet and Notice of Rescission would not need to be distributed for these products, and that the AMF would have an “unwritten understanding” on this issue with CAFII. Keith Martin would be in attendance of that meeting along with Mario Beaudoin from the AMF, as “witnesses.” As well, Keith Martin noted that a French-only session would be held on 23 March, 2023 on burden reduction initiatives by the AMF. Keith Martin will attend that meeting and provide an English summary; and it was noted that the AMF was increasingly holding meetings only in French, and distributing written documents in French only, or with the English translation only provided many weeks after the distribution of the French.

Brendan Wycks noted that CAFII had submitted its formal submission to the updated AMF draft regulation respecting complaints handling and dispute resolution. The Quebec/AMF Committee was consulted on that submission.

The Committee turned next to Bill-96 on the Charter of the French Language. Michelle Costello from CUMIS asked whether the group policy was also considered a “contract of adhesion.” The group policy is provided by the insurer to the distributor, but the customer may request to see that policy. At Assurant, the group master policy is not viewed to fall within the definition of a “contract of adhesion.” If requested by a policy holder, it would be provided in the language of choice of the consumer. Pete Thorn said TD was in agreement with this interpretation. Isabelle Choquette said that Desjardins was still determining its position, but was leaning towards considering the group policy to fall within the contract of adhesion, so that if a consumer requests to see it the French would be shared first. Kristal McKay from CIBC also felt that CIBC would likely view the group policy to fall within the contract of adhesion.

A question was asked about whether underwriting which might require communication with the customer might be considered to fall within Section 55. The whole issue is whether these documents relate to the contract. Catherine Latulippe from CTFS said that fulfilment packages would be sent by her institution in the language preference of the customer, because it would fall under the consent from customers around language preference, which would already have been received. There is uncertainty around how phone channel enrollment will occur.

It was agreed that “Recently updated and implemented new AMF Sound Commercial Practices Guideline, including problematic clause regarding reporting any conflicts of interest to customers” would be moved to a tracking issue.

Isabelle Choquette said that Desjardins were facing major issues around cancelling the remaining spousal insurance policies by 2025, and had concerns about how to do this. Kristal McKay said CIBC was on track to cancel these spousal insurance policies. There was discussion about whether a spouse who has been enrolled by the primary card holder and who is paying additional premium would need to be removed from spousal coverage, and Desjardins felt that yes that was the view of the AMF.

#### **In Attendance**

Jennifer Russell, Assurant \* Chair  
 Belinda Lynch, Scotia Insurance  
 Bessie Paliouras, Manulife  
 Cassandra Litniansky, CUMIS  
 Catherine Latulippe, Canadian Tire Financial Services  
 David Self, CIBC Insurance  
 Doug Weir, CIBC  
 Greg Caers, BMO Insurance  
 Jonathan Poulin, BNC Insurance  
 Kristal McKay, CIBC Insurance  
 Lindsey LeClair, Valeyo  
 Marc-Andre Chartrand, Canada Life  
 Michelle Costello, CUMIS

Nadine Roy, Assurant  
Peter Thorn, TD Insurance  
Silvana Capobianco, BMO Insurance

From staff:  
Keith Martin, CAFII Co-Executive Director  
Brendan Wycks, CAFII Co-Executive Director

**NEXT MEETING: Wednesday, 29 March, 2023, 1-2pm**

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**9 February, 2023 Quebec/AMF Committee Special Purpose Meeting on Bill-96**

A special purpose meeting of the Quebec/AMF Committee was held on 9 February, 2023 to discuss how CAFII member companies would be responding to Bill-96, the Charter of the French Language with an implementation deadline of 1 June, 2023.

However, before that part of the meeting started Committee Chair Jennifer Russell (Assurant) called on Keith Martin to update the Committee on a development with the AMF. Keith Martin mentioned that he sent a note to CAFII members on 8 February, 2023 about a resolution to the RADM and credit card-embedded insurance benefits issue with the AMF, where the AMF's Superintendent of Client Services and Distribution Oversight said that there would be an "unwritten agreement" that the AMF would take no action with respect to regulated entities who have chosen not to distribute the Fact Sheet and Notice of Rescission.

David Self (CIBC Insurance) asked if there would be any issues due to CIBC Insurance distributing the Fact Sheet and Notice of Rescission to credit card-embedded insurance benefits, and Keith Martin said that the AMF was already well-aware of this and their decision was more around "we will not do anything if a company does not distribute these documents for embedded insurance" as opposed to a company not being able to distribute those documents if they wished to.

Peter Thorn (TD Insurance) said that he supported the outcome, but that there was a risk of a customer or a consumer organization complaining that the Regulation was not being complied with. Keith Martin agreed that there was some risk of that, but that it was still the best solution available in the circumstances, and it would be difficult for the AMF to reverse position at a later point in time on a matter which they were fully aware of and which had been in place for years.

The meeting then turned to Bill-96, with Jennifer Russell providing an overview of her understanding of the Bill and how Assurant was thinking of implementing it. In reviewing the bill, especially with respect to "Contracts of adhesion" which are final contracts that are non-negotiable, the conclusion reached at her company is that for credit protection insurance (CPI), customer certificates meet the definition of a contract of adhesion. However, it is less clear that embedded benefits within a credit card meet the definition of a contract of adhesion.

There are exceptions in the Bill to the application of the Charter to contracts of adhesion, but there is nothing in the Charter that says that group creditor certificates are exempted. The contract in this case is the certificate for the policy-holder. If that interpretation is correct, then for certificates for CPI French documents must be presented first even if the consumer is English. The consumer may then choose to continue in French or request the English version and continue to discuss the contract in English, but they must first see the contract in French.

Farhad Eslah (Canadian Tire Financial Services) said CTFS would offer the certificates as two links, one in French, and one in English. The same would be done for the Fact Sheet etc. The individual at the end of the credit card application would have an extra sentence in French and English asking them to confirm that if they are a resident of Quebec they have received all documentation in French first, and that they chose to proceed in English for all subsequent communications and reception of documentation. In-store customers would only receive documentation in French, to avoid the risk of staff accidentally providing documentation in English first. In general for credit card applications there will be more physical handouts at the branch, because this lowers the amount of information that needs to be distributed with the material sent in the mail afterwards to the customer.

Elyse Lemay (Canada Life) asked about the Charter's exemptions for loans. If the insurance offer is separate from the loan it would have to be subject to the Charter, but if they are done together it is not clear if the exemption would apply to the loan and the insurance as well. The loan would come first and so how Section 55 applies to the insurance associated with the loan is not completely clear.

Elyse Lemay also said that the interpretation Jennifer Russell is advancing is based on treating the certificate as though it was an individual contract, which is not necessarily everyone's interpretation. Peter Thorn (TD Insurance) asked if there was any legal basis for the interpretation that the certificate is in fact a contract? Peter Thorn said that the incidental insurance to the loan should not be separated from the decision to apply for the loan, which is the primary contract. Catherine Latulippe (Canadian Tire Financial Services) said that there has been work been done at the CBA level on this issue. Section 55 exempts some loan contracts, but subsequent Section 26 amendments to the Consumer Protection Act may remove those exemptions in practice, so the Section 55 exemptions may not matter in practice.

Iman Muntazir (RBC Insurance) said that at RBC they will act as if the insurance needs to be subject to Bill-96. The process for digital and online applications are still up in the air, but one approach may be to send the application and certificate in French first, and then customer can choose or request after the fact to receive an English version. The Product Summary and Fact Sheet are not viewed as part of the contract of adhesion. So the links will be provided in French first, but only for the application and the certificate. That likely includes the approach for documents that are mailed out. RBC Insurance has chosen to not send out the English version of the documents as well to avoid sending out too much paper. There is still discussion internally on the approach to take, however, as there may be an easier way to let the customer get a copy of the document in English.

Jennifer Russell noted that in addition to the customer experience being negatively affected by some of these processes, there is also the issue of communicating with the customer in a reasonable timeline. She noted that the implications of not complying with the rules are significant, as if the contract of adhesion is not offered in French the contract is voided.

Maude-Marie Dorval (Desjardins) said that underwriting is viewed as part of the contract as well, for example if a customer is told that their application is rejected as part of an underwriting process, that this needs to be communicated in French first. A question was asked if some members are thinking of not providing an English version of the contract at all? Some members said that they will provide general information bilingually, but the fulfillment element may be in French only.

Kristal McKay (CIBC Insurance) asked if there is consideration of fulfillment being bilingual for some members, and Sergio Gomes (BMO Insurance) said BMO was planning on sending fulfillment packages in both languages, with French being first for everyone. Keith Martin noted that this has the ironic outcome of sending English versions of documents to French speakers, which is not the intention of the Charter which seeks to promote French in Quebec.

David Self (CIBC Insurance) said that there was still uncertainty around the how to interpret Bill-96 for embedded coverages.

Michelle Costello (CUMIS) asked about whether the French contract needed to be signed, and the general view was that it was the presentation of the contract that needed to be in French first, and it was fine if the customer chose to sign the English version of the document thereafter. Maude-Marie Dorval (Desjardins) and Cecillia Xiao (Assurant) agreed with that interpretation.

Farhad Eslah (CTFS) said that for the phone channel, CTFS will send the certificate over email during the phone call, and so they will only make an offer to a customer when they have an email. It was noted that the RADM indicates that the Fact Sheet and Notice of Rescission do not need to be provided to the customer during a phone call if there is no way to provide the customer with those documents during the call; if the certificate is being sent during the call to the customer, does that mean the customer should also be sent the Fact Sheet and Notice of Rescission?

Mandy Rutten (CIBC Insurance) said that her view was that embedded insurance is included as part of the credit card so the insurance does not require a separate process, and Keith Martin noted that while that is logical, it is not the interpretation that the AMF has used. Having said that, it is also important to keep in mind that Bill-96 is not an AMF regulation.

Lea Dufresne (Desjardins) asked about the process for travel insurance, and members generally felt that the process should be the same as for credit protection insurance. Silvana Capobianco (BMO Insurance) asked if the Fact Sheet and Notice of Rescission are in scope for Bill-96, and the general consensus was that these documents were not captured by the bill.

There was some discussion of asking for an extension of the 1 June, 2023 deadline, and Catherine Latulippe (CTFS) said that even if there was an extension, there is a private right of action that will be available as of 1 June, 2023. It was noted that monitoring and enforcement of the Charter of the French Language was the jurisdiction of the *Office québécois de la langue française*.

### **Additional Information**

Please find links to two legal opinions on Bill-96:

[Charter of the French language](#) | [Knowledge](#) | [Fasken](#)



[Stikeman Elliott on Bill-96](#)

**In Attendance**

Jennifer Russell, Assurant \* Chair  
Iman Muntazir, RBC Insurance \*\* Vice Chair  
Belinda Lynch, Scotia Insurance  
Cassandra Litniansky, CUMIS  
Catherine Latulippe, Canadian Tire Financial Services  
Cecilia Xiao, Assurant  
David Self, CIBC Insurance  
Deliska Beauregard, Canadian Premier Life  
Elliot Yoo, Scotia Insurance  
Elyse Lemay, Canada Life  
Farhad Eslah, Canada Tire Financial Services  
Greg Caers, BMO Insurance  
Jason Beauchamp, Canada Life  
Jonathan Poulin, BNC Insurance  
Kristal McKay, CIBC Insurance  
Léa Dufresne, Desjardins  
Mandy Rutten, CIBC Insurance  
Marc-Andre Chartrand, Canada Life  
Maude-Marie Dorval, Desjardins  
Michelle Costello, CUMIS  
Nadine Roy, Assurant  
Peter Thorn, TD Insurance  
Sergio Gomez, BMO Insurance  
Silvana Capobianco, BMO Insurance  
Susan Gibaut, Assurant  
Tejal Harri-Morar, BMO Insurance

**STAFF:**

Keith Martin, CAFII  
Brendan Wycks, CAFII

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**1 February, 2023 Quebec/AMF Agenda Meeting**

**Draft CAFII Quebec/AMF Agenda, Wednesday, 1 February, 2023**

1. Jennifer Russell as Chair of the Quebec/AMF Committee (Keith Martin)
2. Welcome and Introductions (Jennifer Russell, All)
3. Terms of Reference for this Committee (Jennifer Russell, All)
4. Nominating Iman Muntazir, RBC Insurance as Vice-Chair of this Committee— (Jennifer Russell)
5. Updates on intelligence gained about AMF (Keith Martin)

6. AMF initiative around statistics on Debtor Life, Health, and Employment (DLHE) Insurance claims denial rates, and return of premium to customers (Jennifer Russell, All)
7. Round 2 of AMF consultation on its updated Draft Regulation respecting Complaints Handling and Dispute Resolution in the Financial Services Sector (Jennifer Russell, All)
8. Recently updated and implemented new AMF Sound Commercial Practices Guideline, including problematic clause regarding reporting any conflicts of interest to customers (Jennifer Russell, All)
  - a. Open Discussion—How do members intend to implement the conflict of interest clause? (All)
9. Bill-96, Quebec Charter of the French Language—Application to insurance contracts (contracts of adhesion) (Jennifer Russell, All)
10. Recently implemented new Quebec privacy legislation (Bill-64) and related initiatives (Jennifer Russell, All)
11. Removal of spousal cover exemption by January 1, 2025 (all)
12. Frequency of Meetings (all)
13. Other Business

### **Notes 1 February 2023**

Agenda #1: The Committee unanimously supported Jennifer Russell as the new Chair with a motion from David Self, seconded by Peter Thorn.

Agenda #2: Welcome to all by Committee Chair Jennifer Russell.

Agenda #3: Terms of Reference were approved by the at the 17 January, 2023 EOC Meeting. Jennifer Russell will join the EOC as the Chair of the Committee. It was suggested that the creation of this Committee should be shared with the AMF.

Agenda #4: Iman Muntazir as Vice Chair of the Quebec/AMF Committee was approved by the Committee. Moved by David Self, seconded by Deliska Beauregard.

Agenda #5: Keith Martin noted that Louis Morriset, CEO of the AMF would not be renewing his contract and would be leaving in the summer of 2023. Internal candidates to succeed him include Patrick Déry. Keith Martin spoke to Lynne Duhaime of the Quebec CLHIA on 19 January, 2023 at a FSRA Conference, and she said that meetings in recent years with the AMF had been very difficult and awkward. It was noted that on Monday, 6 February 2023 CAFII Chair Peter Thompson would be meeting virtually with AMF's Eric Jacob, in their first quarterly virtual meeting.

Agenda #6: The AMF exercise around insurance denial rates and return of premium to customers was discussed. This was first brought to CAFII's attending in September, 2022 and is based on annual reporting done by industry for the AMF around insurance benefits. This time around, embedded benefits were not included in the exercise. The AMF has sent companies that are not meeting the averages for the industry letters requiring additional information. The letters were sent in November, 2022 and 1 February, 2023 is the deadline for responding. It is not clear if the AMF will have any follow up on this. The focus of the AMF has been on claims denial rates more than loss ratios. TD Insurance's letter only spoke about claims denial rates. CUMIS also did not have any loss ratio questions. It was

suggested that for the Peter Thompson/Eric Jacob virtual meeting on 1 February, 2023 the question of whether this exercise would occur again could be asked, as well as how the data would be used.

Agenda #7: The AMF consultation on complaints handling and dispute resolution was discussed. It was noted that the AMF draft is still prescriptive, is not harmonized with other jurisdictions and the CCIR, and is aligned more with the FCAC definition of complaints. This could also be a question Peter Thompson raises with Eric Jacob, around the strategic direction that the AMF is taking on these files. The letter CAFII has drafted for the AMF will be circulated to the EOC and the Quebec/AMF Committee for comment. Feedback was originally due by February 6<sup>th</sup>, but industry received an extension offer from the AMF for another two weeks. Plan is to have letter circulated and approved by the EOC and the Quebec/AMF Committee very shortly, and well prior to the deadline.

Agenda #8: AMF Sound Commercial Practices Guideline includes a problematic conflict of interest clause where all potential conflicts need to be captured and all changes need to be shared with customers. Members were encouraged to review the appropriate documents and this can be discussed in future meetings.

Agenda #9: Bill 96 is an open issue in terms of how to interpret the new rules. Section 55 is a concern for group insurance. This might be something that CAFII needs to explore. How are member companies planning to apply this provision? This was something that members of the Committee felt should be added to the Agenda for future meetings. Perhaps there could be a dedicated group that discusses this, or a separate meeting on this issue. CIBC Insurance is taking an approach where documents will be bilingual. CTB said that in a bilingual document the French has to be viewed first.

***ACTION: A separate meeting will be organized on this issue alone.***

Agenda #10: It was agreed that the issue of Quebec privacy legislation with certain elements requiring implementation by September 2023 would be tabled at future meetings. There was an interest in having a separate meeting on Bill 64 at some point, but it will be on the Agenda for the next meeting as well.

Agenda #11: Postponed due to time issues.

Agenda #12: Agreed to hold monthly meetings every 4 weeks on Wednesdays from 1-2pm.

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**In Attendance**

Jennifer Russell, Assurant \* Chair  
Iman Muntazir, RBC Insurance \*\* Vice Chair  
Deliska Beauregard, Canadian Premier Life  
Silvana Capobianco, BMO Insurance  
Cecilia Xiao, Assurant  
Elyse Lemay, Canada Life  
Farhad Eslah, Canada Tire Financial Services  
Jonathan Poulin, BNC Insurance  
Léa Dufresne, Desjardins  
Belinda Lynch, Scotia Insurance  
Marc-Andre Chartrand, Canada Life  
Maude-Marie Dorval, Desjardins  
Michelle Costello, CUMIS  
Kristal McKay, CIBC Insurance  
Nadine Roy, Assurant  
David Self, CIBC Insurance  
Susan Gibaut, Assurant  
Peter Thorn, TD Insurance

**STAFF:**

Keith Martin, CAFII  
Brendan Wycks, CAFII

## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 6(I)**

**Read Only Items-- Outcomes of March 2/23 CAFII Relationship-Building Lunch With CAFII Initiation  
Member Applicant Prospect: Canadian Western Bank (CWB)**

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

This is a read-only item.

### **Background Information**

Canadian Western Bank (CWB)'s Senior Vice-President, Client Solutions Elizabeth Gandolfi had lunch with CAFII Co-Executive Directors Keith Martin and Brendan Wycks on 2 March, 2023 to explore the possibility of CWB submitting an application for CAFII Initiation Membership. Ms. Gandolfi had prior exposure to CAFII in recent years, as she was an executive at Scotia Insurance from approximately 2019 until August 2022.

### **Recommendation / Direction Sought – Read Only Item**

This is a read-only update to the Board.

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

1 Attachment.

**Agenda Item 6(I)**  
**April 4/23 Board Meeting**

**From:** Keith Martin <[Keith.Martin@cafii.com](mailto:Keith.Martin@cafii.com)>  
**Sent:** Wednesday, November 23, 2022 12:56:01 PM  
**To:** Elizabeth Gandolfi <[Elizabeth.Gandolfi@cwbank.com](mailto:Elizabeth.Gandolfi@cwbank.com)>  
**Cc:** Brendan Wycks <[brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com)>; Jake Becker <[jake.becker@cafii.com](mailto:jake.becker@cafii.com)>  
**Subject:** Follow up from CAFII

Hi Elizabeth!

Thank you so much for responding to my LinkedIn reach-out to you. I did notice that you had left Scotia for Canadian Western Bank, and I hope that has turned out well for you and that you are enjoying your new job.

I believe that Canadian Western Bank does offer credit protection insurance? Brendan and I thought that it might be worth exploring whether the services of our Association might be relevant for Canadian Western Bank, with the level of regulatory activity being so intense I do believe that our members find it essential to be engaged with CAFII and so I thought I would reach out to you about that possibility for your company.

Elizabeth, let us know if you think that an exploratory, low-key lunch might be possible for us to discuss that idea. Regardless of how such an exploratory discussion turns out, catching up with you would be great.

Look forward to hearing back from you,

Thanks,

--Keith

**Keith Martin**

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

**From:** Elizabeth Gandolfi <[Elizabeth.Gandolfi@cwbank.com](mailto:Elizabeth.Gandolfi@cwbank.com)>  
**Sent:** Saturday, January 21, 2023 3:34 PM  
**To:** Keith Martin <[Keith.Martin@cafii.com](mailto:Keith.Martin@cafii.com)>  
**Cc:** Brendan Wycks <[brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com)>; Jake Becker <[jake.becker@cafii.com](mailto:jake.becker@cafii.com)>; Michelle Kowalchuk <[Michelle.Kowalchuk@cwbank.com](mailto:Michelle.Kowalchuk@cwbank.com)>; Anthony Danda <[Anthony.Danda@cwbank.com](mailto:Anthony.Danda@cwbank.com)>  
**Subject:** Re: Follow up from CAFII

Sorry for delayed response.

Can we set up time to reconnect? Michelle can help set up for early March. CWB does offer Creditor Insurance.

Many thanks  
Elizabeth

**From:** Brendan Wycks  
**Sent:** Monday, March 20, 2023 11:39 AM  
**To:** 'Elizabeth Gandolfi' <[Elizabeth.Gandolfi@cwbank.com](mailto:Elizabeth.Gandolfi@cwbank.com)>  
**Cc:** Jake Becker <[jake.becker@cafii.com](mailto:jake.becker@cafii.com)>; 'Michelle Kowalchuk' <[Michelle.Kowalchuk@cwbank.com](mailto:Michelle.Kowalchuk@cwbank.com)>; 'Anthony Danda' <[Anthony.Danda@cwbank.com](mailto:Anthony.Danda@cwbank.com)>; Keith Martin <[Keith.Martin@cafii.com](mailto:Keith.Martin@cafii.com)>  
**Subject:** RE: Follow up from CAFII

Good morning, Elizabeth.

Thanks so much for meeting with Keith Martin and me for lunch on Thursday, March 2. We really enjoyed the catch-up dialogue with you and the opportunity to learn more about CWB and its interest in CAFII Initiation Membership.

Please see attached and below for the promised follow-up documents from CAFII, related to the benefits of membership in our Association and, more specifically, to CAFII Initiation Membership.

Those documents are

- a short, two-pager on the Benefits of CAFII Membership;
- the CAFII New Member Representative Orientation Package (which still requires a few minor updates, but is substantially complete and accurate) found at this link: [https://infocafii-my.sharepoint.com/:b/g/personal/info\\_cafii\\_com/EQRGm0tsgbNAjUH8MTn2pOoBPapaakSSumMWmsetunl\\_Jw?e=jHzOAY](https://infocafii-my.sharepoint.com/:b/g/personal/info_cafii_com/EQRGm0tsgbNAjUH8MTn2pOoBPapaakSSumMWmsetunl_Jw?e=jHzOAY). After you have a chance to look at the Orientation Package's Table of Contents, let us know if you would like us to prepare and send you a condensed version containing only those sections of most relevance to your CWB team members; and

- the CAFII Initiation Membership Application Form document (which includes background information about what this category of CAFII Membership is all about).

Keith and I look forward to an opportunity to chat further with you, Elizabeth, and/or with your CWB colleagues about the benefits of CAFII Initiation Membership and your company's interest in joining our industry Association.

Best regards and talk soon,

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

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

[Brendan.wycks@cafii.com](mailto:Brendan.wycks@cafii.com)

T: 647.218.8243

Alternate T: 647.361.9465

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

*Making Insurance Simple and Accessible for Canadians*

*Rendre l'assurance simple et accessible pour les Canadiens*



## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 6(m)**

**Read Only Items-- 2022 CAFII Website and Search Engine Optimization Performance Report from Operatic Agency**

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

This is a read-only item.

### **Background Information**

Operatic Agency CEO Chris Barrett presented an overview of the performance of the CAFII website in 2022 to CAFII's membership in early February 2023. CAFII continues to see improvements in the website's search engine optimization results, and many parts of the website have been streamlined to make navigation smoother and easier. Based on the 2022 results, Operatic Agency will make a series of recommendations on improvements to the website in 2023.

### **Recommendation / Direction Sought – Read Only Item**

This is a read-only update to the Board.

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

1 Attachment.

# cafii acifa

The Canadian Association of  
Financial Institutions in Insurance

L'association canadienne des  
institutions financières en assurance

## AGENDA

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- 01 Our Partnership
- 02 2022 Scope Recap
- 03 2022 Web Performance
- 04 Glossary of Terms
- 05 2023 Next Steps



Making Insurance Simple, Accessible,  
and Affordable for Canadians

# 01 Our Partnership

Synergistic & Simultaneous Efforts



**Visibility**



**Usability**

**Drives Traffic  
& Engages**

# 02 2022 Scope Recap

## Summary 2022's Activities

Focus	Category	Item	Status
Usability	Video Production	Publish both videos created in 2021 1 New Motion Graphic Videos (EN & FR version) covering Deloitte Research	Complete
Usability	Google Business Profile	Images, Review Building, Posts, FAQ / Responses	Complete
Usability	Website Design / Development	FAQs (Research, Strategy, Development)	Complete
		Event Page (UI/UX, Design & Development)	Complete
		Website Maintenance & Support	Ongoing
Visibility	French   Search Engine Optimization	Keyword Research, Search Engine Optimization	Complete
Visibility	English   Search Engine Optimization	Keyword Research, On-Page Optimizations, Link Cleanup	Complete
Reporting & Communication	Reporting & Communication	1 Performance Report / YE Executive Presentation	In Progress

# 02 2022 Scope Recap

Usability | Motion Graphic Video

## Credit Protection Insurance



## Job Loss Credit Protection



# 02 2022 Scope Recap

Usability | Motion Graphic Video



## 2022 Scope

- Create a 60-90 second animated video

## The Result

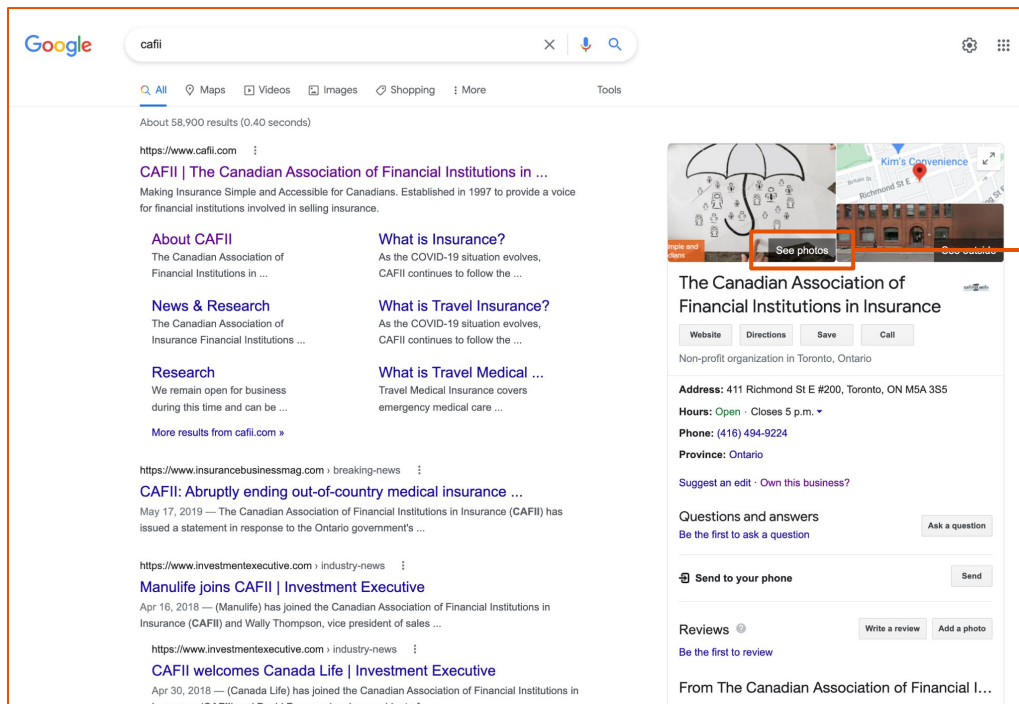
- 110 second animated video illustrating the importance of digitization to CPI consumers

## Next Steps

- Continue to create rich engaging video content to improve the online experience

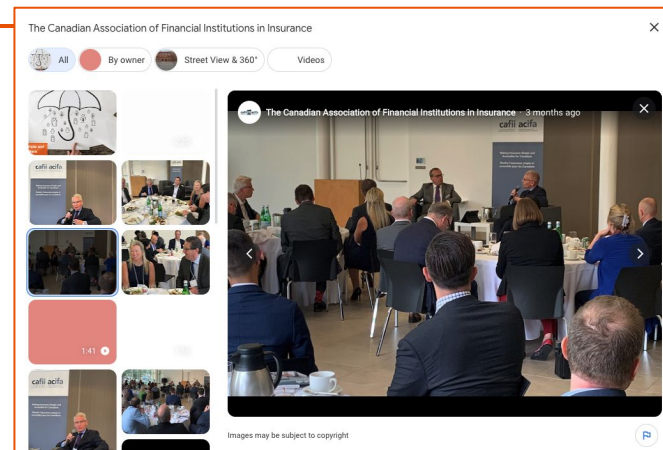
# 02 2022 Scope Recap

## Usability | Google Business Profile



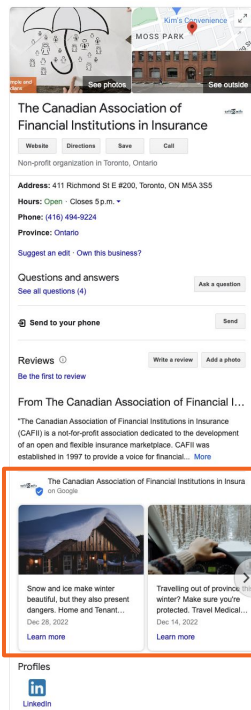
### 2022 Scope

- Add available images
- Add available videos
- Create Google Business Profile posts
- Create 4 x FAQs and responses

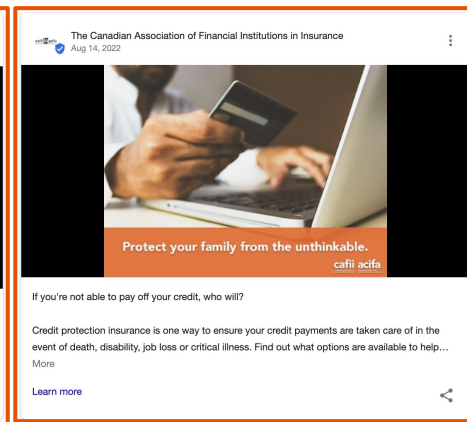
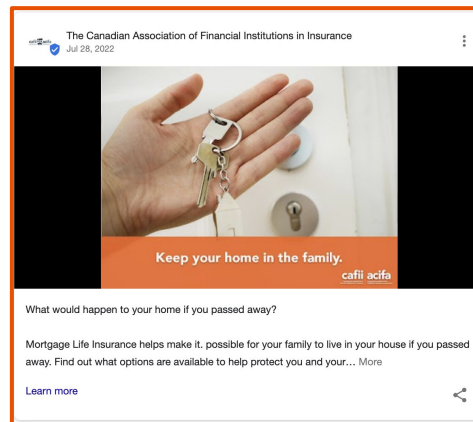
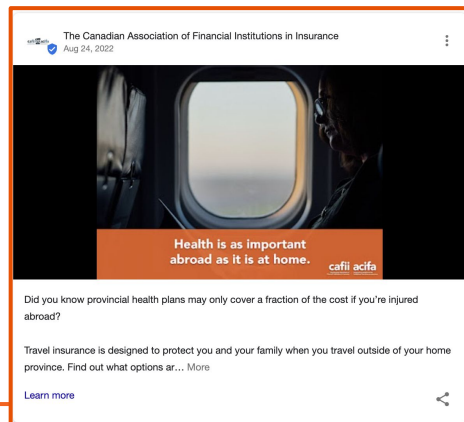


# 02 2022 Scope Recap

Usability | Google Business Profile



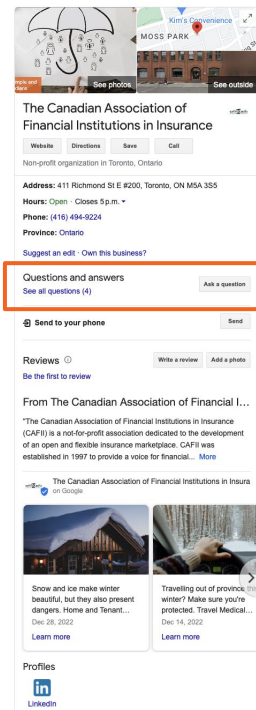
## Posts



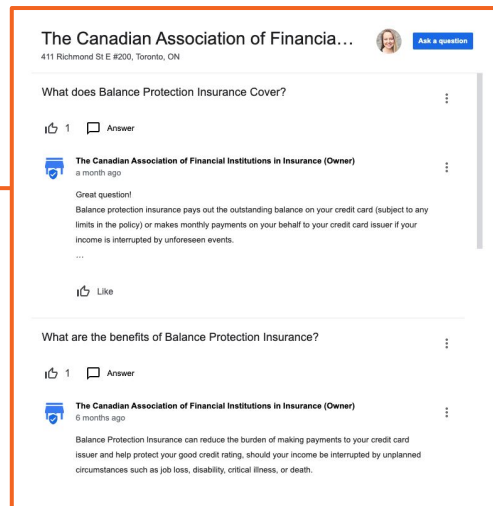


# 02 2022 Scope Recap

## Usability | Google Business Profile



### FAQs



### The Result

- Years previous, on average .006% of visitors to your Google Business Profile clicked through to your website
- In 2022, your average jumped to 2% which is now equal to the industry average for associations

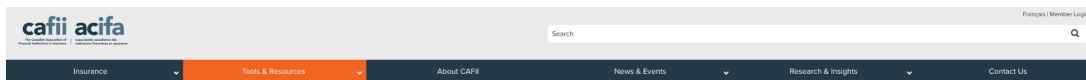
### Next Steps

- Continue to update images and videos as available, continue Google Business Profile Posts and build out 4 x more FAQ's and responses in an effort to maintain and improve your CTR

# 02 2022 Scope Recap

## Usability | FAQ Additions

1. Can I cancel Credit Protection Insurance (CPI)?
2. How far in advance should I buy Travel Medical Insurance?
3. How far in advance should I buy Trip Cancellation Insurance and Trip Interruption Insurance?
4. What is included in Trip Cancellation Insurance?
5. What pre-existing medical conditions are not covered by Travel Medical Insurance?



### Frequently Asked Questions About Insurance

Answers to FAQs provide general guidance and customers should always refer to their certificate of insurance and the terms and conditions of their coverage.

All Questions Credit Protection Insurance Mortgage Life, Disability & Critical Illness Insurance Coverage Travel Insurance

- Q: What is Credit Protection Insurance?
- Q: What are the benefits of Credit Protection Insurance?
- Q: Does Credit Protection Insurance provide good value?
- Q: What are the benefits of Credit Protection Insurance compared to traditional Term Life Insurance?
- Q: If I make a claim one day, how can I ensure it will not be denied?
- Q: Is there someone who can help me apply for Credit Protection Insurance?
- Q: Do I have to buy credit protection insurance to get my mortgage, loan or credit card approved?
- Q: Can I cancel Credit Protection Insurance (CPI)?

### 2022 Scope

- Researched the top 5 FAQs not yet addressed on the website
- Designed and developed the responses into the website
- Categorized existing FAQs and created filtering functionality to improve the user experience

### The Result

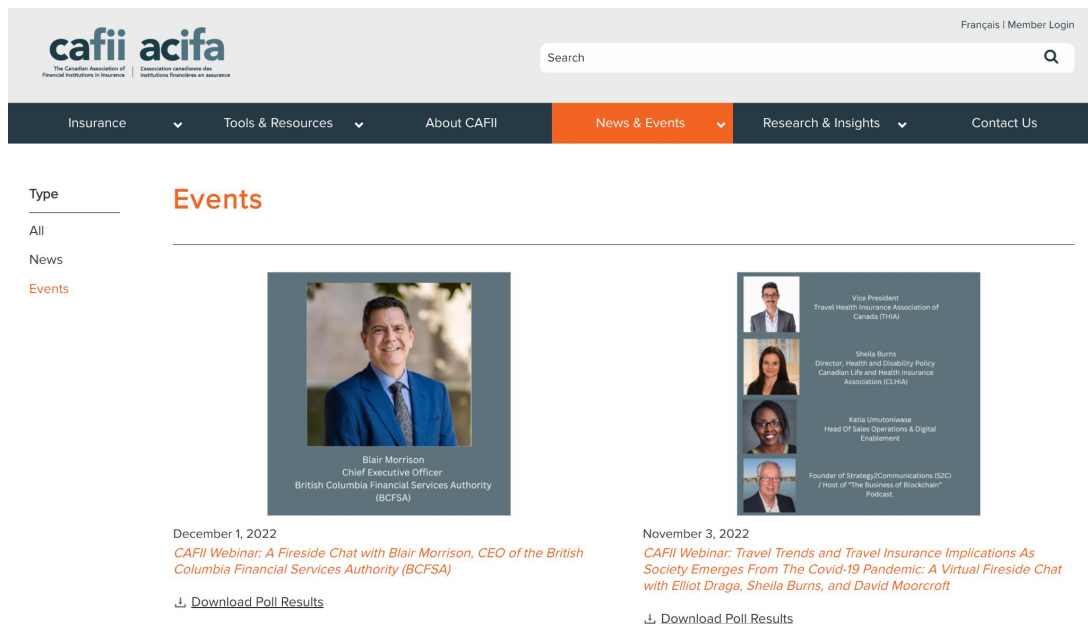
- The section is easier to navigate
- 465 page views, 2:10 avg. time spent on the page, both of which are up by more than 100% compared to the previous period

### Next Steps

- Continue to work on other ways to improve the user experience throughout the website

# 02 2022 Scope Recap

## Usability | Event Page



### 2022 Scope

- Create a New Event page with “blog-style” functionality and reorganize the navigation to accommodate
- Move webinars from the Research tab to the Event tab
- SEO fundamentals for the new page

### The Result

- The section is easier to navigate
- 210 page views of the new Events page

### Next Steps

- Continue to work on other ways to improve the user experience throughout the website

# 02 2022 Scope Recap

## Visibility | French – Search Engine Optimization

### 2022 Scope

- Last year we explained that we had not focused on SEO for the french speaking population of Canada

This year's scope included:

- French keyword research
- Search experience analysis
- On-page fundamentals optimization

### The Result

- Incredible gains in many of the keywords for which you wish to rank for. **Some of the top movers are:**

Keyword	Translation	Position in September 2021	Current Position	Ranking Change
Assurance medicale voyage	Travel medical insurance	88	35	↑53
Assurance carte de crédit	Credit card insurance	47	20	↑27
Assurance vie pour les pret personnels	Life insurance for personal loans	27	1	↑26
Assurance invalidité et assurance maladie grave	Disability and critical illness insurance	31	11	↑20
Questions d'assurance fréquemment posées	Frequently asked insurance questions	11	4	↑9
Assurance vie hypothécaire	Mortgage insurance	39	32	↑7

# 02 2022 Scope Recap

Visibility | English – Search Engine Optimization

## 2022 Scope

- Last year we explained that a renewed effort on search engine optimization had become critical – as we were seeing our first ever drops in website traffic

This years scope included:

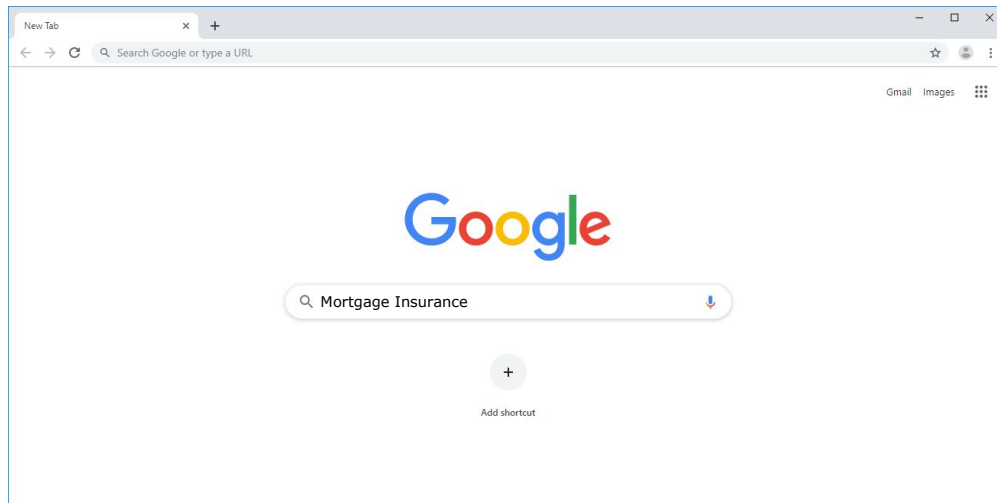
- Keyword research
- Realignment / update on-page optimization
- Link cleanup

## The Result

- The best search engine optimization results since early in our relationship

## Next Steps

- Continued maintenance /reduced SEO budget



# 03 2022 Web Performance

## Website Traffic Overview

### Website Metrics

2021 TOTAL VISITS  
**18,385**

2022 TOTAL VISITS  
**25,064 (36%)**

2021 SESSIONS  
**21,291**

2022 SESSIONS  
**28,343 (33%)**

2021 PAGEVIEWS  
**35,491**

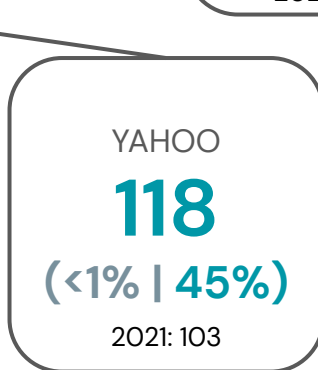
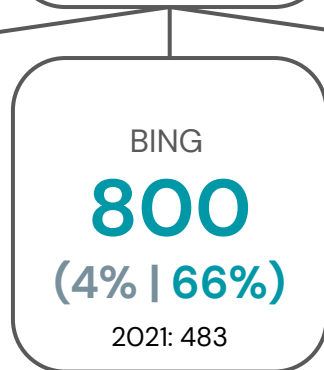
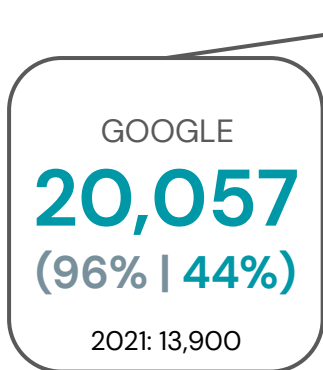
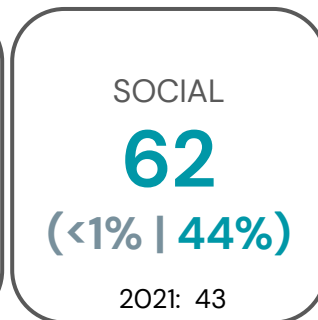
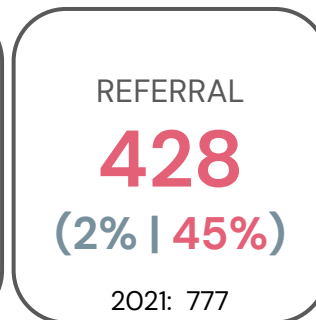
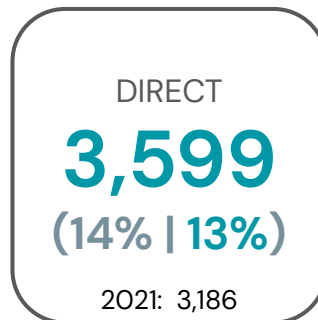
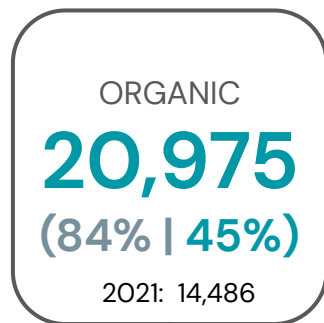
2022 PAGEVIEWS  
**43,721 (23%)**

- Interest in insurance as a category remains down from its peak (2020) by just over 20%
- Significant changes in both search behaviour and algorithms (3 major Google updates)
- Organic (SEO) is your primary source of traffic

# 03 2022 Web Performance

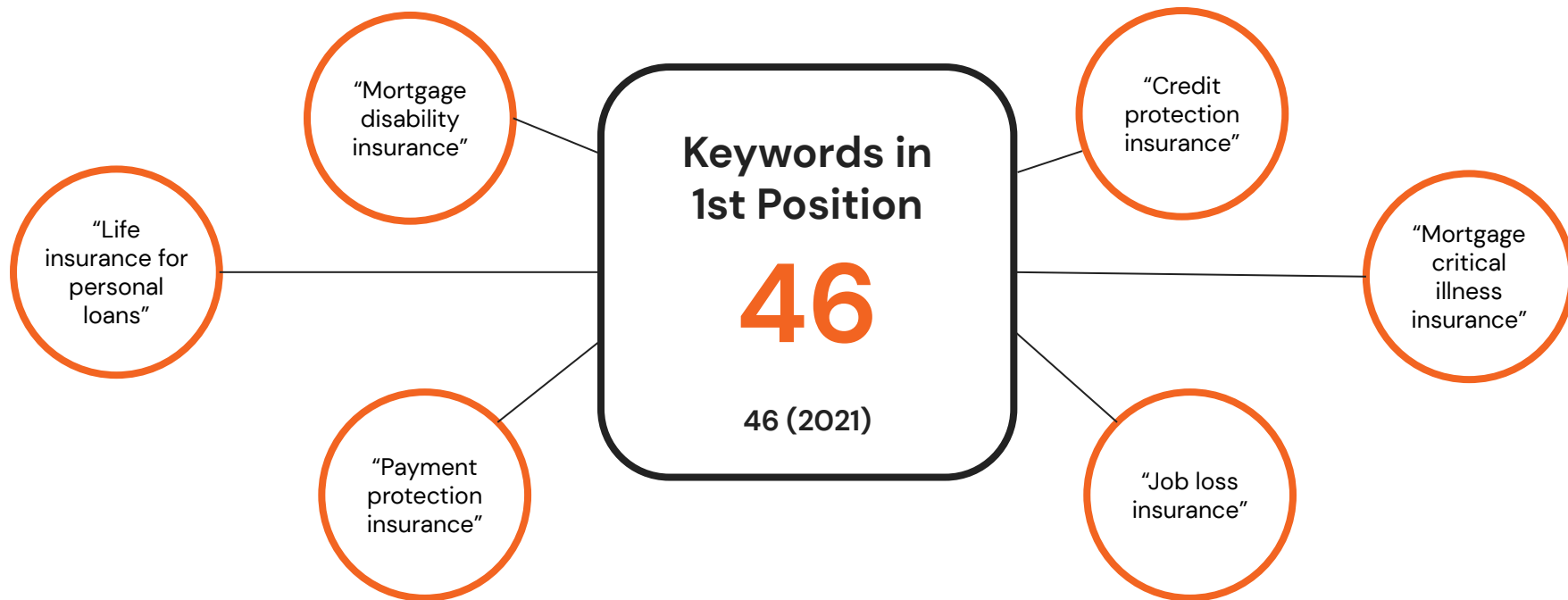
Website Traffic Sources | Top Channels (25,064 Total Visits)

## Top Sources



# 03 2022 Web Performance

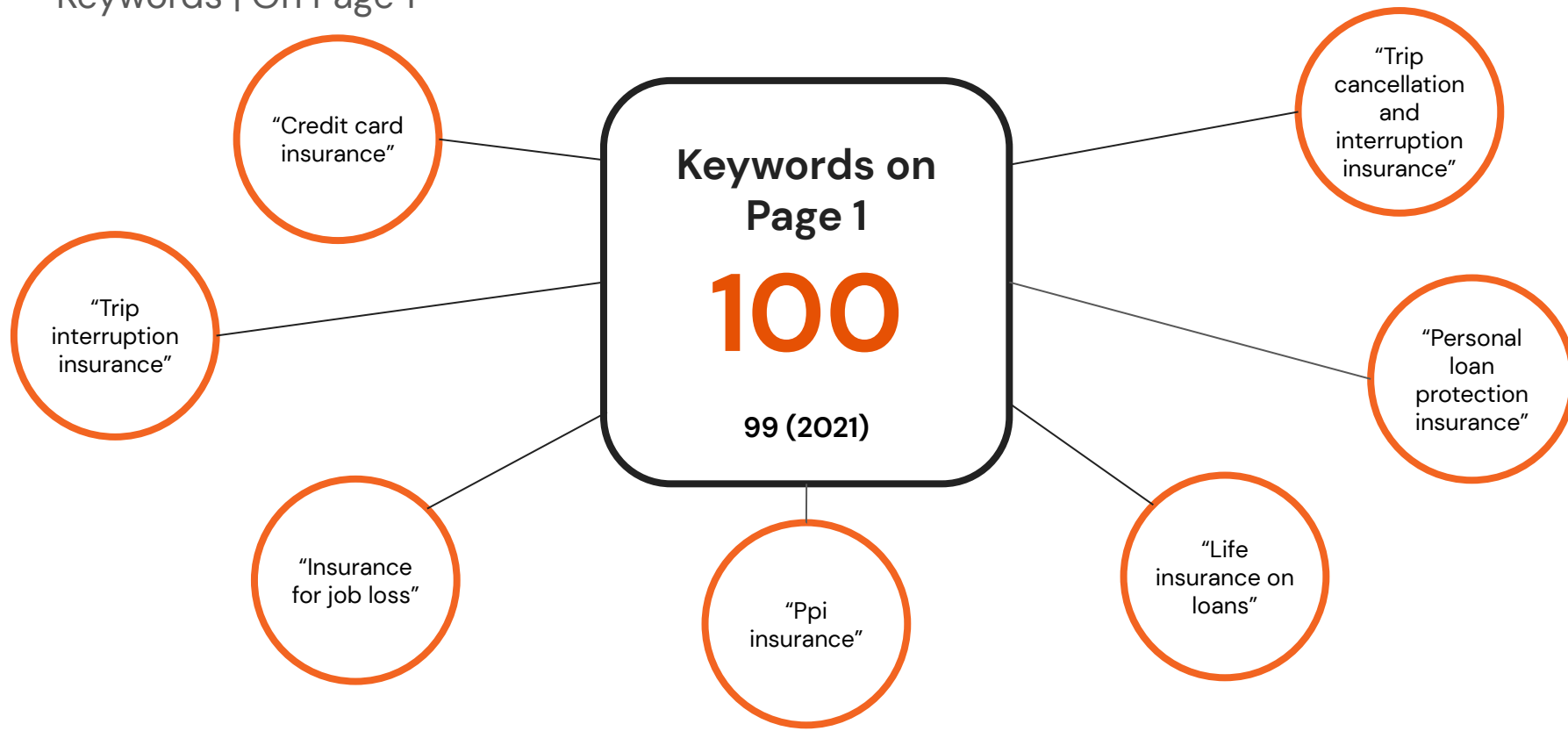
Keywords | In First Position





# 03 2022 Web Performance

Keywords | On Page 1



# 03 2022 Web Performance

## Keyword Increases

Critical Illness  
Insurance

41+

+68%

Disability  
Insurance

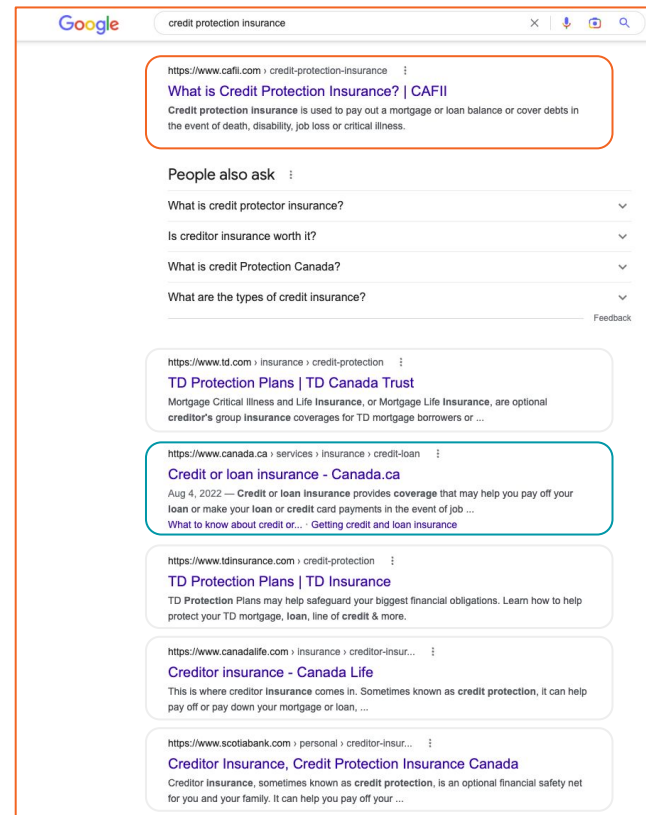
21+

+60%

Credit Card  
Protection  
Insurance

38+

+41%



# 03 2022 Web Performance

Website Traffic Sources | User Experience

## Device Usage

Device	Percentage 2021	Percentage 2022
Desktop	55%	53%
Mobile	43%	44%
Tablet	2%	3%

## Bounce Rate

2021 BOUNCE RATE  
**80.41%**

2022 BOUNCE RATE  
**84.45%**

## Session Duration

City	Visits	Avg. Session Duration 2021	Avg. Session Duration 2022
Toronto	2,120	2:51	2:02
Montreal	627	1:23	0:51
Calgary	412	0:58	0:51
Vancouver	396	0:41	0:35
Brampton	349	0:43	0:25
Ottawa	228	0:46	0:33
Edmonton	227	0:42	0:37
Winnipeg	215	–	0:57

# cafii acifa

The Canadian Association of  
Financial Institutions in Insurance

L'association canadienne des  
institutions financières en assurance

## This Year's Focus

- Website User Experience
- Animated Video
- GBP Maintenance



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Thank You!

OPERATICAGENCY.COM



# cafii acifa

The Canadian Association of  
Financial Institutions in Insurance

L'association canadienne des  
institutions financières en assurance

## 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 Business Profile – 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 Business Profile and clicks through to your website.

### Clicks For Driving Directions

When a visitor finds you on Google Business Profile and clicks to find driving directions.

### Clicks To Place Phone Call

When a visitor finds you on Google Business Profile and clicks to place a phone call.



## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 6(n)**

**Read Only Items-- 2023 Statement of Work Proposal from Operatic Agency Re CAFII Website and Search Engine Optimization Performance Enhancements**

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

This is a read-only item.

### **Background Information**

Operatic Agency has submitted its proposed 2023 Statement of Work (SOW) to CAFII. On 27 March, 2023, the Media Advocacy Committee reviewed the proposal in a virtual meeting, and supported the approach recommended. Keith Martin has now signed the SOW document and CAFII will now work with Operatic Agency to implement the 2023 work plan.

### **Recommendation / Direction Sought – *Read Only Item***

This is a read-only update to the Board.

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

1 Attachment.

**Scope of Work** March 3, 2023

# 2023 Marketing Program

Prepared for CAFII

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## Overview

At our core, Operatic is a creative digital agency that solves complex business challenges with data-inspired strategy. Our strengths include research, creative and digital strategy, performance marketing, design including UX/CRO, and the development of websites/platforms/tools that better connect brands with their intended audience segments. We have a proven ability to produce deliverables that exceed our clients' expectations on time and on budget. To learn more about our approach and the value it drives for our clients, please [visit our website](#).

But enough about us, we're here for you – and based on our work together our primary focus for 2023 is going to be on improving the user experience of your online ecosystem while not losing ground on visibility. In this proposal we've included the following tactics which we've already briefly discussed with you:

- Website Hosting, Maintenance & Enhancements of front-end, consumer-facing portion of website (e.g. backups, plugin updates, uptime, speed, general security)
- Animated Video Creation
- Google Business Profile Management
- Year End Performance Report and 2023 Strategy

We're looking forward to continuing our long standing partnership.

## Website Hosting, Maintenance & Enhancements

This year we'll continue to host and maintain the front-end portion of your website. Additionally, we'll ensure the creation of a dedicated URL for event posts, keep up to date on search engine optimizations and finally, we'll focus on User Experience (UX) to increase engagement with your website. Details as follows:

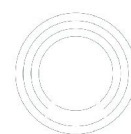
### Website Hosting & Maintenance

Your website hosting and maintenance will include the following as they pertain to the front-end of your website:

- Hosting fee for your website
- SSL certificate fee – keeping your websites secure
- CDN fee – contributing to a faster website experience
- Automated backups – providing an up-to-date backup to rely on
- Uptime monitoring – proactively flag challenges with your site

### Dedicated URL for Event Posts

We'll create a dedicated URL for each event post throughout the year, for CAFIL to share with its members. We will use SEO best practices in the creation of the URL, which can contribute to search rankings. Events pages will include the research related to the event (where applicable) as a download link.



## Search Engine Optimization Enhancements

Leveraging our work and results from 2022 we'll continue to optimize in order to stay aligned with shifts in search behaviour and algorithmic changes throughout 2023.

## User Experience Enhancements

In an effort to improve the bounce rate on your website (as reported in the performance report) we'll focus on improving the user experience. Our focus will be on four main items for this year:

1. Home Page – we'll redesign the home page in order to create a scrollable experience which will include an intro to: CAFII, insurance, tools & resources, news, research & insights and contact us. We'll design the page, and we'll provide David Moorcroft with the content requests we require to build the page. Once built, we'll ensure optimization of the content and technical elements for SEO.
2. Insurance Page – we'll design and properly structure the Insurance Page. We'll leverage content from the insurance sub page – but will request David Moorcroft's support if we need to expand a little further to improve the experience. This initiative will be part of creating cohesion and continuity in the website's navigation bar.
3. Tools & Resource Page – we'll design and properly structure a Tools & Resources Page – which will include an intro into FAQs, Inquiries and Complaints, Helpful Links and How To Make A Claim. Again, this update will be part of creating cohesion and continuity in the website's navigation bar.
4. We'll create the same functionality on the Research section as the Event section (i.e. additional download links for related, downloadable content, where applicable).
5. We will add your LinkedIn profile link to the CAFII home page
6. We will adjust settings to ensure that all YouTube embedded videos do not have links displayed when the video concludes.
7. We will ensure that tracking is active and firing on the CAFII website, to ensure that we have real time access to all website data.

## Animated Video

Continuing with our series, we'll create one 60–90 second on-brand, motion graphic video covering the topic of your choosing, during Q3–Q4. As always, the animation will be produced in both English & French, and deployed on your website. Once you've determined the video topic of your choosing, our process will be as follows:

### Pre-Production:

1. CAFII will provide English and French scripts (which read no more than 90 seconds) to Operatic
2. Operatic will storyboard the English script for CAFII review and feedback
3. Operatic will complete one-round of revisions incorporating CAFII's feedback
4. CAFII will sign-off on the script and storyboard for production

#### Production:

5. Operatic will complete a rough-cut English animation (with FPO voiceover for pacing purposes only) as well as options for voice over talent and music
6. CAFIL will provide feedback on the animation, and their selections for voice over talent and music
7. Operatic will complete the final English animation including voice over and music
8. CAFIL will review the English animation and provide feedback
9. Operatic will complete one-round of revisions and minor graphic updates as needed
10. CAFIL will sign-off on polished English animation output
11. Operatic will create the French animation including voice over and music
12. CAFIL will review the French animation and provide feedback
13. Operatic will complete one-round of revisions related to pacing
14. CAFIL will sign-off on polished French animation

\*Please note that adaptations to this process may result in scope change orders.

## Google Business Profile

Your Google Business Profile is an integral part of your online ecosystem, taking up valuable real estate within the search engine results page. Ensuring that you show up for searches related to your association has been a key focus of our activities in years past. This year, we're going to maintain your presence on Google Business Profile and ensure users continue to receive a positive user experience through the following:

### Images & Video

We'll continue to upload any assets that you create and share throughout the year, and we'll ensure this year's video is featured on your GBP once complete.

### Posts

In March, we'll create a content calendar that aligns with your business goals, key messages, and upcoming events for the rest of the year. Once approved, we'll create and publish two posts per month on your GBP. We will also leverage LinkedIn content, where appropriate, to use for posts.

### FAQ / Responses

Leveraging the top FAQs from your website that we have not yet used, we'll pose one question per quarter on your Google Business Profile, and we'll answer it with the pre-approved response provided by **David Moorcroft**.

### Additional GMB Content

GMB additions to list member companies – we will check with our internal team and confirm the possibility of doing this. The CAFIL team to confirm if we are going ahead with this (to ensure that CAFIL isn't perceived to be "selling or promoting" insurance products).

## Website Back End Scope, Report & Strategy

In the fall, we'll scope out the rebuild of your member portal and will provide it to you for your consideration for 2024 budgets. Additionally, we'll prepare one Executive Presentation with data on performance, insights and recommendations for 2024's strategy which will be presented to the CAFII board in early 2024, and will include one round of revisions before the full presentation to the broader CAFII group. The report will be delivered by our CEO, Chris Barrett.

## Project Governance

### What About Feedback?

Feedback is an important part of our process, so addressing it needs to be a part of our workflow. Throughout our program (we'll need you to be especially active out of the gate), you will be given the opportunity to review and provide feedback before deliverables are implemented. We have included one round of revisions for all deliverables in this proposal. Should additional feedback be given after approval is received or one round of revisions is already completed, a Change of Scope Order will be required.

We ask that you do your best to be timely with your feedback so that we may keep your deliverables on time. We understand that from time to time unanticipated challenges arise which delay feedback from you. If this does occur, we'll communicate the effect of the delay on your project timeline.

### Scope & Scope Changes

We're partners and as such will deliver what we've scoped in this document, whether or not we're on a budget. That said, from time to time new information, needs or wishes arise from our partners and it's important to note that anything that does not fall within this document is out of scope. When this occurs, our team will be diligent in ensuring that you're aware of the options you have available to you, as well as the pros and cons of each option. In cases where changes are determined to be necessary, a change request will be processed as follows:

- Operatic will create a Change of Scope Order that documents the relevant information, including but not limited to:
  - Description of the change
  - Rationale
  - Impact assessment
  - Effort
  - Associated incremental investment to implement the change
- This Change of Scope Order will be submitted to you and reviewed for final approval before we proceed.

## Investment

Item	Investment
Website <ul style="list-style-type: none"><li>• Host &amp; maintain your front-end website</li><li>• Create a dedicated URL for each event post</li><li>• Ongoing search engine optimizations</li><li>• Enhanced user experience on website</li></ul>	\$21,000
Video	\$12,000
Google Business Profile	\$3,500
Reporting & Strategy	\$3,500
<b>TOTAL</b>	<b>\$40,000</b>

## Terms and Conditions

- Investment is shown in CAD and does not include applicable taxes.
- 25% due upon acceptance of this proposal
- 25% due on July 1st, 2023
- 25% due in October 1st, 2023
- 25% due December 1st, 2023
- All Invoices are net thirty (30).
- Operatic reserves the right to charge a late interest fee of 2.75% per month on invoices past due thirty (30) days.
- Accepted payment methods include cheque, EFT, and credit card. A 2.75% processing fee will apply to all credit card transactions.



---

Signature of authorized representative  
Date:

---

Signature of authorized representative  
Date:





## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 6(o)**

**Read Only Items-- Results of Informal CAFII Member Survey Re Research On 'The Consumer Financial Resiliency and Social Resiliency Benefits of Credit Protection Insurance'**

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

This is a read-only item.

### **Background Information**

At the request of a CAFII Board member, the Association surveyed members companies about the existence of white papers or other similar research that address the role of credit protection insurance in addressing consumers' financial resiliency. The survey found a strong level of support for conducting such research, but it was not felt that it was an urgent priority.

### **Recommendation / Direction Sought – Read Only Item**

This is a read-only update to the Board.

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

1 Attachment.

**Agenda Item 6(o)**  
**April 4/23 Board Meeting**

**Results of Informal CAFII Member Survey Re Research On 'The Consumer Financial Resiliency and Social Resiliency Benefits of Credit Protection Insurance' (Entered Into Survey Below In Red Font)**

**From:** Brendan Wycks

**Sent:** December-21-22 1:26 PM

**To:** EOC Members

**Cc:** Board Members and Board Surrogates

**Subject:** Informal CAFII Member Survey Re Research On 'The Consumer Financial Resiliency and Social Resiliency Benefits of Credit Protection Insurance': One Response Per Member Company Requested By 5:00 p.m., Wednesday, January 11/23

**CAFII EOC Members (c.c. Board Members and Board Surrogates):**

The purpose of this message is to ask each CAFII Member company to respond to the brief informal survey below, being undertaken at the request of a CAFII Board member, the results of which should benefit our Association and all Member companies.

The rationale for this brief survey is to determine if anyone is aware of any research (primary or secondary) or related documentation/reports – perhaps in the form of a white paper – that looks at ***whether and how credit protection insurance (CPI) supports consumers' financial resiliency and/or their social resiliency*** (those terms are defined below).

CAFII therefore asks that one EOC member per Member company respond to Keith Martin and me with respect to this survey by 5:00 p.m. EST on Wednesday, January 11/23. The results will be shared with all Member companies shortly thereafter. (A reminder message about this survey request will be circulated on Wednesday, January 4/23.)

**Definition of Terms:**

- *Financial resiliency: long-term financial security and peace of mind; the ability to prepare for the future with confidence. Capacity to recover quickly from financial stresses when they occur (protect).*
- *Social resiliency: the ability to thrive long into the future. Safety, security, mental and physical well-being. Capacity to adapt and endure as stresses occur (prepare and protect).*

1. Is your CAFII Member company aware of any research (primary or secondary) or related documentation/reports – perhaps in the form of a white paper – that looks at ***whether and how credit protection insurance (CPI) supports consumers' financial resiliency and/or their social resiliency?***

☐ Yes ☒ No

If your Response is No, skip to Question 4.

("Yes" Responses Received from Zero (0) Member Company Respondents;  
No Responses Received from Twelve (12) Member Company Respondents: Assurant Canada; BMO Insurance; Canadian Tire Bank; CIBC Insurance; CUMIS/Co-operators; Desjardins Insurance; Manulife; National Bank Insurance; RBC Insurance; Scotia Insurance; TD Insurance; Valeyo)

Additional Comments from Andrea Stuska, TD Insurance (permission obtained to disclose her identity as source of these comments):

*While there is research and information around the benefits of insurance generally, I'm not aware of anything published specifically around the social resiliency of Credit Protection Insurance.*

*I recall when we had our conversation about this before you sent out the informal survey, I shared the industry work I'm leading at the United Nations Principles of Sustainable Insurance Social Thematic Group. We are working on a framework for the insurance industry to close the insurance protection gap in Canada and help make insurance more affordable and accessible for all Canadians. It is difficult to discuss social or financial resiliency without understanding and addressing protection gaps in communities where barriers to access continue to persist.*

*In this vein, I've provided a few resources below that discuss protection gaps and who is most affected. Please note this is not an exhaustive list but I think it will help direct, and inform, CAFII members to useful resources in advance of any further discussions on the issues.*

*As you are aware, regulators and other groups are increasingly examining this topic internationally as well as here in Canada:*

[Geneva Association The Role of Insurance in Promoting Social Sustainability](#)

[https://www.eiopa.europa.eu/document-library/report/thematic-review-credit-protection-insurance-cpi-sold-banks\\_en](https://www.eiopa.europa.eu/document-library/report/thematic-review-credit-protection-insurance-cpi-sold-banks_en)

[FSRA Research to help improve the lives of vulnerable consumers](#)

[AMF Actions to Protect Vulnerable Clients](#)

*I expect this will continue in 2023 and beyond and we are likely to see more activity on these issues as a result of Mark White appointed to Chair of the Market Conduct working group at the IAIS.*

*The implementation arm of the IAIS on inclusive insurance is A2ii (Access to Insurance Initiative):*

<https://www.iaisweb.org/activities-topics/financial-inclusion/>

<https://a2ii.org/en/home>

2. If Yes to Question 1, is the relevant research/white paper/report that you are aware of in the public domain, such that you can provide CAFII with a copy of it or direct us to where it can be accessed?

☐ Yes ☐ No

If your Response is Yes, please attach a copy of the research/white paper/report; or provide the URL/link to where it can be accessed; and then skip to Question 4.

*(Question #2 Not Applicable to the Twelve (12) Member Company Respondents, given their No Response to Question #1.)*

3. If your response to Question 2 is No – i.e. the relevant research/white paper/report that you are aware of is proprietary or otherwise confidential – are you able to provide a ‘Highlights Summary’ to CAFII, which could then be shared with other CAFII Member companies?

☐ Yes ☐ No

If Yes, please dialogue with Keith Martin and Brendan Wycks about the optimal format, conditions, etc. for CAFII’s obtaining and sharing of the requested Highlights Summary with other Member companies.

*(Question #3 Not Applicable to the Twelve (12) Member Company Respondents, given their No Response to Question #1.)*

4. Regardless of your responses to the preceding questions, does your Member company regard the topic/subject matter of ***whether and how credit protection insurance (CPI) supports consumers’ financial resiliency and/or their social resiliency*** as an area which CAFII should consider investing in as a research project, perhaps via an independent consultancy white paper akin to the recent CAFII-commissioned Deloitte Canada paper on ‘Best Practices in the Digitization of Credit Protection Insurance in Canada’?

☒ Yes ☐ No

If your Response is No, skip to final Question 6.

(“Yes” Responses Received from All Twelve (12) Respondent Member Company Respondents)

*Additional Comment Received from Assurant Canada: Given the focus of the FCAC on financial literacy as evidenced by the National Financial Literacy Strategy: 2021-2026 which has as its ultimate goal “financial resilience”, any independent research we can produce that demonstrates how CPI supports consumers financial/social resilience would be an important/beneficial finding for CAFII members.*

5. If your response to Question 5 is Yes, does your Member company view the topic/subject matter of **whether and how credit protection insurance (CPI) supports consumers’ financial resiliency and/or their social resiliency** as an urgent research priority for CAFII?; or as a more regular/routine research priority that should be considered alongside other options available for the Association’s research initiative(s) funded by its Annual Operating Budget?

☒ **X** Urgent Research Priority (1)

☒ **X** Regular/Routine Research Priority (12)

(Response of “Urgent Research Priority” Received from One (1) Member Company Respondent; Response of “Regular/Routine Research Priority” Received from Eleven (11) Member Company Respondents)

*Additional Comment Received from TD Insurance: We are very interested in the outcome of research into this topic. We would see it as an "urgent" priority, rather than a "regular/routine" priority and our preference would be to see it sooner rather than later. I would also add that I anticipate more research coming out from a variety of sources on related issues that could help inform the basis of a more specific research initiative for CAFII.*

*Additional Comment Received from National Bank Insurance: While we consider this an important issue which probably warrants a research study, I believe it would be worthwhile to tie this into our strategic plan (which we can adjust if necessary) such that our plan remains our overarching guide as to broader CAFII initiatives.*

*Additional Comment Received from BMO Insurance: The merit of both options should be explored by the EOC. Following this review, the EOC should provide a recommendation to the Board at its next meeting. (The proposed research has value. Not sure it really matters how it’s categorized, ranked or funded.)*

## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 6(p)**

**Read Only Items-- CAFII Media Release on “CAFII Welcomes Chubb Life Insurance Company of Canada As A New Member”**

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

This is a read-only item.

### **Background Information**

CAFII recently published a news release on Chubb Life Insurance Company of Canada joining CAFII as a new member, with Rahul Kakar becoming the first CAFII Board member from Chubb Life.

Insurance Business Canada reported on the story here:

<https://www.insurancebusinessmag.com/ca/news/life-insurance/chubb-life-insurance-company-of-canada-joins-cafii-437757.aspx>

### **Recommendation / Direction Sought – Read Only Item**

This is a read-only update to the Board.

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

1 Attachment.

## **CAFII Welcomes Chubb Life Insurance Company of Canada as a New Member**

**Toronto, February 27, 2023** – The Canadian Association of Financial Institutions in Insurance (CAFII) is pleased to announce that Chubb Life Insurance Company of Canada has joined the Association as a new member. In that connection, Rahul Kakar, Senior Vice President and Head of Chubb Life Canada's Accident and Health (A&H) division, has been appointed to CAFII's Board of Directors.

Chubb is the world's largest publicly traded property and casualty insurance company, with operations in 54 countries and territories. It provides commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance to a diverse group of clients. Chubb Insurance Company of Canada has offices in Toronto, Calgary, Montreal and Vancouver and provides its products and services across Canada.

"The Board of CAFII is pleased to welcome Chubb Life Insurance Company of Canada as a member of our Association," said Peter Thompson, Chair of the CAFII Board and CEO of National Bank Insurance. "We look forward to working with Rahul and his colleagues at Chubb in fulfilling our mission to ensure that Canadians have access to an open and flexible insurance marketplace, with high levels of customer satisfaction."

"I am delighted to be appointed to the board of CAFII," noted Kakar. "Together, we can take proactive steps to make insurance more accessible and simpler for Canadians while continuing to provide a great customer experience for our clients."

CAFII is a not-for-profit industry association that was established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels including client contact centres, agents and brokers, travel agents, direct mail, branches of financial institutions, and the internet. Its members offer credit protection insurance, travel, life, health, and property and casualty insurance across Canada.

CAFII works 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. The Association's aim is to ensure that appropriate standards are in place for the distribution and marketing of all insurance products and services.

In addition to Chubb Life Insurance Company of Canada, CAFII's 15 members include the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; Scotia Insurance; and TD Life Insurance Company; along with major industry players Assurant Canada; The Canada Life Assurance Company; Canadian Tire Bank; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Securian Canada; and Valeyo.

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## **L'ACIFA accueille Chubb du Canada Compagnie d'assurances en tant que nouveau membre**

**Toronto, le 27 février 2023** – L'Association canadienne des institutions financières en assurance (ACIFA) est heureuse d'annoncer que Chubb du Canada Compagnie d'assurances est nouvellement devenue membre de l'Association. De ce fait, Rahul Kakar, vice-président principal et directeur de la division accidents et maladie de Chubb, a été nommé au conseil d'administration de l'ACIFA.

Chubb est la plus grande compagnie d'assurance-dommages cotée en bourse au monde, avec des bureaux dans 54 pays et territoires. Elle offre des produits d'assurance-dommages commerciale et personnelle, ainsi que des produits d'assurance-accidents, d'assurance-maladie supplémentaire, de réassurance et d'assurance-vie personnelles à divers groupes de clients. Chubb a des bureaux à Toronto, à Calgary, à Montréal et à Vancouver. Elle offre ses produits et services partout au pays.

« Le conseil d'administration de l'ACIFA est fier d'accueillir Chubb du Canada Compagnie d'assurances à titre de membre de notre association », indique Peter Thompson, président du conseil d'administration de l'ACIFA et PDG de Banque Nationale Assurances. « Nous sommes impatients de collaborer avec Rahul et ses collègues pour remplir notre mission et veiller à ce que les Canadiens aient accès à un marché de l'assurance ouvert et flexible, où le taux de satisfaction est élevé. »

« Je suis ravi d'avoir été nommé au conseil d'administration de l'ACIFA », confirme M. Kakar. « Ensemble, nous pouvons prendre des mesures proactives pour nous assurer que l'assurance est simplifiée et plus accessible pour les Canadiens, tout en continuant d'offrir une excellente expérience à nos clients. »

L'ACIFA est une association industrielle sans but lucratif créée en 1997. Elle a pour but de donner une voix aux institutions financières impliquées dans la vente d'assurance par le biais de diverses méthodes de distribution, comme les centres d'appels, les agents et courtiers, les agences de voyages, le publipostage, les succursales d'institutions financières et Internet. Nos membres offrent l'assurance voyage, l'assurance-vie, l'assurance-maladie, l'assurance-dommages et l'assurance-crédit collective dans tout le Canada.



L'ACIFA collabore avec les gouvernements et les organismes de réglementation (principalement provinciaux et territoriaux) afin d'élaborer un cadre législatif et réglementaire pour le secteur de l'assurance qui contribue à garantir que les consommateurs canadiens obtiennent les produits d'assurance qui répondent à leurs besoins. L'ACIFA a pour mandat d'assurer la mise en place de normes appropriées pour la distribution et la commercialisation de tous les produits et services d'assurance.

En plus de Chubb du Canada Compagnie d'assurances, les membres de l'ACIFA comprennent les branches d'assurance des principales institutions financières du Canada – BMO Assurance, Assurance CIBC, Desjardins Assurances, Banque Nationale Assurances, RBC Assurances, Assurance Scotia et TD Assurance – ainsi que les principaux acteurs de l'industrie : Assurant, Assurance-vie Canada, Banque Canadian Tire, CUMIS Services Incorporated, Manuvie (La Compagnie d'Assurance-Vie Manufacturers), Securian Canada et Valeyo.

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## **Briefing Note**

**CAFII Board Meeting, 4 April, 2023—Agenda Item 7(a)**

***In Camera* Session – 2023 Implementation of CAFII Policy Re Co-Executive Directors' Performance Review Process**

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

To provide the Board with a confidential update on a Board-level human resources management/stewardship matter during its *In Camera* Session.

### **Background Information**

EOC Chair and Board Secretary Rob Dobbins and EOC Vice-Chair and Vice-Board Secretary Karyn Kasperski will provide an update on their *2023 Implementation of CAFII Policy Re Co-Executive Directors' Performance Review Process*, on the Board's behalf.

### **Recommendation / Direction Sought—Update/Discussion/Approval**

This is an update-only item during the Board's *In Camera* Session.

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

1 attachment.

***Agenda Item 7(a)***  
***April 4/23 Board Meeting***

**CAFII Policy On Association Executive Staff Annual Performance Review and Consideration For Compensation Adjustment**

**Date Prepared:** November 30, 2020

**Recommended By:** Martin Boyle, Immediate Past-Board Secretary and EOC Chair

**Date Presented To Board of Directors:** December 1, 2020

**Date Approved By Board of Directors:** December 1, 2020

**Purpose of Policy**

- to formally document CAFII's practices related to its process for the Executive Staff Annual Performance Review and Consideration for Compensation Adjustment; and
- to bring transparency, rigour, objectivity, and certainty to this process.

**Executive Staff Annual Performance Review and Consideration For Compensation Adjustment**

This policy shall apply to whomever the CAFII Board shall determine to be the Association's "Executive Staff."

The person in the CAFII Officer role of Board Secretary and Executive Operations Committee Chair (hereinafter referred to as "EOC Chair") shall be responsible for carrying out this policy, in consultation with the Board Chair and Board Vice-Chair.

In November/December each year, the EOC Chair shall gather appraisal input for an Executive Staff member's annual performance review from three sources:

- Board members' responses to a survey on the Executive Staff member's goals/objectives/Position Description-based performance within the period being evaluated. The EOC Chair shall develop the survey questions in consultation with the Executive Staff, and such questions will be subject to annual review and update;
- EOC members' responses to a survey on the Executive Staff member's goals/objectives/Position Description-based performance within the period being evaluated. The EOC Chair shall develop the survey questions in consultation with the Executive Staff, and such questions will be subject to annual review and update; and
- the Executive Staff member's self-evaluative goals/objectives/Position Description-based key performance accomplishments for the period being evaluated.

Taking those inputs into account, the EOC Chair shall prepare a written assessment of the Executive Staff member's performance in the period being evaluated, for use in a performance feedback discussion with the Executive Staff member and eventual placement into the individual's personnel file.

The EOC Chair shall also formulate a recommended compensation adjustment based on the Executive Staff member's performance, for discussion with the Board Chair and Board Vice-Chair.

Prior to conducting a performance feedback discussion with the Executive Staff member, the EOC Chair shall consult with the Board Chair and Board Vice-Chair on the written assessment of the Executive Staff member's performance in the period being evaluated; and on the EOC Chair's recommended compensation adjustment for that Executive Staff member. The EOC Chair shall take the views of the Board Chair and the Board Vice-Chair into account in finalizing the written assessment of the Executive Staff member's performance and any resulting compensation adjustment.

Following completion of the EOC Chair's consultation with the Board Chair and Board Vice-Chair, the EOC Chair shall schedule and conduct a performance feedback discussion with the Executive Staff member, in which the written assessment of Executive Staff member's performance in the period being evaluated and any resulting compensation adjustment shall be communicated and discussed.

#### **Executive Staff Member's Right Of Appeal**

In the event that an Executive Staff Member does not agree with the written assessment of his/her performance and/or the compensation adjustment offered, he or she has the right to appeal either or both of those performance evaluation components.

The Executive Staff member must file an appeal in writing – setting out grounds/rationale for the appeal -- to the Board Chair and Board Vice-Chair, for consideration. The Board Chair and Vice-Chair shall review the written appeal, in consultation with the EOC Chair, and make a decision on the appeal on its merits, which decision shall be final.

#### **Timing Of Effect Of Any Compensation Adjustment Awarded**

Any compensation adjustment awarded to a CAFII Executive Staff member shall take effect on January 1 of the year following the period for which performance has been evaluated. Adjustments may be made retroactive to this date if the performance review was not completed and finalized prior to the end of the calendar year.

#### **Reporting/Accountability To Board of Directors**

Following the completed execution of this *Executive Staff Annual Performance Review and Consideration For Compensation Adjustment Policy* each year, the EOC Chair – or in his/her absence, the Board Chair – shall report to the Board of Directors in an *in camera* session that this annual policy responsibility has been completed.