

CAFII Board of Directors Meeting

Date: Wednesday, April 5, 2017
Location: TD Insurance, 320 Front Street,
2nd Floor, Cape Breton Room,
Toronto, ON M5V 3B6

Chair: P. McCarthy
Time: 2:30 – 4:30 p.m.
Dial-in: 416-764-8662 or 1.888-884-4534
Participant: 4532491# | Host: 5829171#

Agenda

Item	Presenter	Document	Action
1. Call to Order, Welcome, and Confirmation of Meeting 2:30 p.m. 1.1. Approval of Agenda	P. McCarthy	✓	Approval
2. Consent Items 2:35 p.m. 2.1. Draft Board Meeting Minutes, November 29, 2016 2.2. Summary of Board & EOC Action Items 2.3. 2017 Co-Executive Directors Balanced Scorecard 2.4. Regulatory Update 2.5. Regulator and Policy-Maker Visit Plan 2.6. Committee Reports Addressing CAFII Priorities	P. McCarthy	✓ ✓ ✓ ✓ ✓ ✓	Approval Receipt Receipt Receipt Receipt Receipt
3. Financial 2:40 p.m. 3.1. Financial Statements as at February 28, 2017 3.2. Quarterly Financial Reporting – March 2017 3.3. Draft 2016 Audited Financial Statements 3.4. CAFII Treasurer Succession	R. Rajaram R. Rajaram R. Rajaram P. McCarthy	✓ ✓ ✓ ✓	Approval Review Review Discussion
4. Regulatory 3:00 p.m. 4.1 Consultations/Submissions Timetable i. BC Ministry of Finance 10-year Review of FIA ii. Quebec Omnibus Bill on Financial Sector Modernization iii. CCIR Annual Statement on Market Conduct iv. CCIR Travel Health Insurance Review v. Saskatchewan Insurance Act/ Regulations Consultation 4.2 Alberta Authorization of CI Sales Under an RIA Certificate 4.3 Consumer Protection Framework in Federal Budget Implementation Act, 2016 (Bill C-29) 4.4 CBA Positioning Re Federal Bank Act Review and Insurance Retailing Prohibitions 4.5 Opportunity to Present at June 1-2/17 CISRO Mtg in Saskatoon	B. Wycks B. Wycks R. Beckford/B. Wycks R. Beckford/ B. Wycks S. Manson/K. Martin/ B. Wycks R. Beckford/ B. Wycks B. Wycks B. Wycks B. Wycks B. Wycks	✓ ✓ ✓	Update Update Update Update Update Update Update Update Update Update Update Update Discussion
5. Governance & Strategy 3:30 p.m. 5.1 Strategic Plan Development Proposal 5.2 CAFII Media Engagement; and Related Media Protocol	K. Martin K. Martin	✓ ✓ (2)	Discussion Discussion
6. Other Business 3:40 p.m. 6.1 Upcoming CAFII Event Reminders i. Order of Proceedings and Board/EOC Assignments for CAFII 20 th Anniversary Celebration ii. Jun 6/17 & Oct 3/17 CAFII Board Meeting	B. Wycks		Update
7. In-Camera Session 3:45 p.m.	P. McCarthy		Discussion

CAFII 20th Anniversary Celebration Reception: to directly follow the Board meeting 5:00 to 7:30 p.m.; location: Ripley's Aquarium of Canada, Dangerous Lagoon & Atlantic and Pacific Rooms, 288 Bremner Blvd, Toronto, ON M5V 3L9.

Next Board Meeting: Tuesday June 6, 2017, 3:00 to 5:00 p.m., location: The Albany Club, 91 King St E, President's Room, Toronto, ON M5C 1G3; to be immediately followed by a networking reception in the Sir John A. MacDonald Room, 5:00 to 7:00 p.m.

CAFII Board Meeting Minutes
Tuesday, November 29, 2016
Location: BMO Insurance
60 Yonge St., Main Boardroom, 6th Floor,
Toronto, ON

Present:	Nicole Benson	Canadian Premier Life Insurance Co.
	Joane Bourdeau	National Bank Insurance Co. <i>Vice-Chair</i>
	Linda Fiset	Desjardins Financial Security
	Chris Knight	TD Insurance
	Todd Lawrence	CIBC Insurance
	Chris Lobbezoo	RBC Insurance
	Peter McCarthy	BMO Insurance <i>Chair</i>
	Kelly Tryon	The CUMIS Group
	Robert Zanussi	Assurant Solutions <i>(by teleconference)</i>
Also Present:	Jason Beauchamp	BMO Insurance
	Rose Beckford	ScotiaLife Financial
	Charles Blaquiere	Canadian Premier Life Insurance Co.
	Eleanore Fang	TD Insurance <i>Secretary</i>
	Zack Fuerstenberg	ScotiaLife Financial <i>(observer for Bob Grant)</i>
	Katherine Geisler	CIBC Insurance
	Maira Gill	TD Insurance
	John Lewsen	BMO Insurance
	Sue Manson	CIBC Insurance
	Raja Rajaram	CIBC Insurance <i>Treasurer (for part)</i>
	Brendan Wycks	CAFII <i>Executive Director</i>
	Emily Cloutier	T•O Corporate Services <i>Recording Secretary</i>
Regrets:	Nick Bilodeau	AMEX Bank of Canada
	Bob Grant	ScotiaLife Financial

1. Call to Order

The meeting was called to order at 2:33 p.m. P. McCarthy acted as Chair; E. Fang acted as Secretary; and E. Cloutier acted as Recording Secretary.

P. McCarthy extended a particular welcome to Zack Fuerstenberg from ScotiaLife Financial, who was attending the meeting as an observer for CAFII Director Bob Grant. Mr. McCarthy noted that, as per the Association's By-Law, Mr. Fuerstenberg was permitted to participate in the Board's deliberations and discussions, but was not permitted to vote on motions or resolutions.

Secretary E. Fang confirmed that notice of the meeting was sent to all Directors in accordance with the Association's By-Law and there was a quorum of Directors present, with eight Directors present in-person and one Director participating by teleconference.

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

1.1 Approval of Agenda

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that

the Meeting Agenda be and is approved as presented.

2. 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:

- Draft Board Meeting Minutes, October 4, 2016
- Summary of Board & EOC Action Items
- Balanced Scorecard
- Regulatory Update
- Regulator and Policy-Maker Visit Plan

IT WAS FURTHER RESOLVED that

the Minutes of the Board meeting held October 4, 2016 be and are adopted in the form presented, and that a copy of these minutes be signed and placed in the Minute Book of the Corporation.

3. Financial Update

3.1. Financial Statements as at October 31, 2016

Treasurer R. Rajaram reported on the Association's financial statements as at October 31, 2016. With respect to the Balance Sheet, he noted that total unrestricted net assets currently stood at just under \$410K, and reserves of that amount constituted 81% of annual operating expenses.

With respect to the Statement of Operations, Mr. Rajaram advised that the Association's net income was just under \$51K with 10 months of the year completed as at October 31. He noted that in October, a small current month deficit was sustained; and current month deficits were also expected to be incurred in the final two months of the year, which would moderate the level of the surplus attained for the 2016 fiscal year.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that

The CAFII financial statements as at October 31, 2016 be and are approved in the form presented.

3.2. Quarterly Financial Reporting -- November 2016

Treasurer R. Rajaram recalled that the Quarterly Financial Reporting was a mechanism developed by G. Grant in early 2016, with its purpose being to track the Association's financial results against the approved budget; and to project those results to the end of the fiscal year, with more precision, on a quarterly basis.

Mr. Rajaram noted that with current month deficits expected to be incurred in each of the three months in the final quarter of the year, the projection for the full 2016 fiscal year was a modest surplus of just under \$33K.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII Quarterly Financial Reporting as at October 2016 be and is approved in the form presented.

3.3. Draft CAFII 2017 Operating Budget Options Review

Treasurer R. Rajaram presented the Draft 2017 CAFII Operating Budget, noting that a number of alternative options had been provided due to the realization that the Board-approved plan to hire a new, full-time Co-Executive Director was not financially sustainable after the first year without a substantial member dues increase. Therefore, the following options were presented in the budget file:

- two Co-Executive Directors, with no member dues increase in 2017;
- two Co-Executive Directors, with a 20% member dues increase in 2017;
- existing Executive Director plus an Associate Executive Director, with no member dues increase in 2017;
- existing Executive Director plus an Associate Executive Director, with a 15% member dues increase in 2017; and, in addition,
- a separate tab which provided the 2017, 2018, 2019 *proforma* budget options based on a three-step member dues increase proposal which would allow CAFII to achieve steady state sustainability following the introduction of either a two Co-Executive Directors staffing model or a one Executive Director and one Associate Executive Director staffing model.

Mr. Rajaram noted that the calculations in the separate tab indicated that

- the following member dues increases would be necessary to achieve steady state sustainability under the two Co-Executive Directors option:
 - 20% increase in 2017; followed by a further
 - 45% increase in 2018; followed by a further
 - 5% in 2019; and
- the following member dues increases would be necessary to achieve steady state sustainability under the one Executive Director and one Associate Executive Director option:
 - 15% increase in 2017; followed by a further
 - 20% increase in 2018; followed by a further
 - 10% in 2019.

Following the Board's discussion with Mr. Rajaram on the 2017 Budget options presented, including clarification of the assumptions underlying the numbers, P. McCarthy thanked R. Rajaram and B. Wycks for their work on producing the multiple budget scenarios. Mr. McCarthy advised that further discussion on this important matter would occur shortly, during the Board's *in-camera* session.

4. Regulatory Consultations/Submissions Timetable

4.1. BC 'Effecting' of CGI Issue

E. Fang, Board Secretary and EOC Chair, summarized the EOC's discussion and decision with respect to the recently received legal opinion from expert legal counsel J. McCutcheon on the auto dealers are creditors for a moment-in-time issue; and how the Association could best use the opinion in its still-open dialogue with BC FICOM on how auto dealers who offer creditor's group insurance fit within the framework outlined in the regulator's "Effecting of CGI" Information Bulletin of September 2015.

Ms. Fang advised that the EOC had supported the following next steps proposal advanced by two member organizations which have direct CGI relationships with auto dealers in BC: *send a CAFII letter to H. James of BC FICOM to thank him for the helpful clarifications and insights on this issue provided in the teleconference meeting of April 14/16; and to advise that CAFII has since had further internal consultations on the matter, and now feels fully informed on all aspects of the CGI Information Bulletin, such that our inquiry on the auto dealers as creditors issue can be closed.*

Following discussion, the Board approved the EOC's next steps proposal that the legal opinion be held in reserve and that CAFII's auto dealers-related inquiry with BC FICOM be brought to closure via the proposed draft letter to H. James, which had been included in the materials for this meeting.

ACTION: Send Board-approved letter to H. James, BC FICOM, to bring closure to CAFII's open inquiry on auto dealers are creditors for a moment-in-time issue [Brendan, Eleanore: Dec. 9/16].

4.2 Saskatchewan Insurance Regulations Consultation

R. Beckford, Chair of the Market Conduct Committee, reported that on October 12/16, Saskatchewan's Financial Consumer Affairs Authority (FCAA) released, for consultation, draft Regulations related to the province's recently revised Insurance Act, which has not yet been proclaimed into force. The Regulations Consultation document was released under a restrictive embargo which limits its being shared for review and comment; and it also contains a sub-consultation related to the FCAA's plans to license Third Party Administrators (TPAs).

The joint Market Conduct and Licensing Committees have had a number of meetings to discuss the contents of the Consultation document, and to generate input for CAFII's response submissions on the draft Regulations and the sub-consultation on TPAs. Our comments on the draft Regulations are currently undergoing final review and will be submitted in a few days, by the deadline of December 2/16. Our submission on the TPAs sub-consultation is also well-advanced. However, given that the FCAA has offered CAFII an unsolicited extension to December 31/16, we will take partial advantage of that offer and make our TPAs submission by December 9/16, Ms. Beckford concluded.

4.3 Quebec Omnibus Bill on Financial Sector Modernization

R. Beckford reported that CAFII had recently secured the services of specialized legal counsel S. Bourdeau of Fasken Martineau, via a letter of engagement, and was now in a position of readiness to respond once the Quebec Ministry of Finance releases its omnibus Bill on modernizing the province's financial services sector, including the Insurance Act and Distribution Act.

B. Wycks reported that at the AMF's annual Rendez-vous mini-conference on November 14/16, which he attended in Montreal, Quebec Finance Minister Carlos Leitao, the luncheon speaker, announced that his Ministry would table the anticipated omnibus Bill to modernize the province's financial services sector by no later than December 9/16, which is the last day on which the National Assembly sits before its Holiday Season recess.

L. Fiset advised that a strike by provincial government lawyers, including those who work on drafting and reviewing legislation, was currently underway in Quebec; and that would probably prevent Minister Leitao from keeping his commitment to table the omnibus Bill before the National Assembly adjourns for its Holiday break.

4.4 Ontario Replacement of FSCO with New Financial Services Regulatory Authority

B. Wycks reported that on November 14/16, in his Fall Economic Update, Ontario Minister of Finance Charles Sousa announced that the province intends to establish a new Financial Services Regulatory Authority (FSRA) – replacing the existing Financial Services Commission of Ontario (FSCO) and Deposit Insurance Corporation of Ontario (DICO) – with a view to reducing regulatory burden on Ontario businesses while at the same time protecting consumers and investors. The legislation establishing the FSRA, known as the *Financial Services Regulatory Authority of Ontario Act, 2016* (FSRA Act) was introduced immediately thereafter and received first reading in the legislature on November 16 (as Schedule 8 of the budget implementation act, Bill 70.)

While the necessary Regulations to the FSRA Act have not yet been released, all indications are that the restructuring of Ontario's financial regulators will proceed in accordance with the Final Report of the Expert Panel that was commissioned to examine the mandates of FSCO, DICO, and the Financial Services Tribunal (FST). The FSRA is to be structured as a flexible, independent, financially self-sufficient, expertise-driven body equipped to respond to rapid technological and market change.

The FSRA Act establishes the structure of the FSRA. The agency will have a board of directors of between three and 11 members, led by a Chair chosen by the Minister. The Minister will also have approval power over by-laws. FSRA directors will be subject to the same conflict of interest, fiduciary duty and indemnification rules that apply to business corporation board members under the Business Corporations Act. The FSRA board will appoint a CEO and other officers, who cannot be board members themselves. The FSRA's revenues will be used exclusively for its own activities, thus fostering its independence, rather than being deposited into Ontario's Consolidated Revenue Fund. Those revenues will be raised, in part, through assessments paid by participants in the various regulated sectors, with provisions for licence revocation and other remedies in the event of non-payment.

Much of the detail of the FSRA's structure and mandate has been left to the Regulations. With respect to the development of those Regulations, a new FSRA Implementation Secretariat has been established and will complete that work.

4.5 Alberta Authorization of CI Sales Under an RIA Certificate

B. Wycks reported that he had received a recent update from J. Abram, CEO of the Alberta Insurance Council, indicating that after receiving proposed definitions of Critical Illness Insurance offered as credit-related insurance under a Restricted Certificate from industry stakeholders, including CAFII, AIC's management would be taking forward a recommended definition for approval by the Life Insurance Council at its next meeting on December 14/16. Ms. Abram promised to communicate again with CAFII shortly after the December 14 meeting; and hoped to have this matter fully resolved by the end of this calendar year.

5. Committee Reports Addressing CAFII Priorities

5.1 Market Conduct

No further update at this time.

5.2 Media Advocacy

C. Blaquiere, Chair of the Media Advocacy Committee, reported that significant progress had recently been made in working with RankHigher, the search engine optimization and website design firm engaged through media consultant David Moorcroft, in confirming the elements of a plan to make the CAFII website achieve better search results and be more appealing and consumer-friendly.

In the most recent meeting, committee members provided feedback and further direction on RankHigher's structure and navigation proposal for our website, and RankHigher will now proceed to develop draft web pages.

There is also a need to update or replace the Drupal platform on which our website is currently running. RankHigher will be consulting with TO Corporate Services to produce a plan for that component of the overall website overhaul project.

5.3 Licensing Efficiency Issues

M. Gill, Chair of the Licensing Efficiency Issues Committee, reported that her committee continued to have ongoing discussions with the FCNB in New Brunswick regarding its online licensing portal. There was a recent FCNB webinar that was unsuccessful in communicating updates.

In addition, a number of CAFII members have plans to attend a CISRO LLQP Stakeholder Information Session in Toronto on December 9/16, where an update on LLQP implementation will be provided.

5.4 Research & Education

D. Quigley, Chair of the Research & Education Committee, reported that her committee had recently completed a refresh of the CAFII resource material called a "Seven Point Guide to the Creditor Insurance Regulatory Regime," for possible use as the basis of an educational webinar for the Atlantic Canada insurance regulators and/or other regulators in other parts of the country.

6. Other Business

6.1 Proposed 2017 CAFII Board Meeting Dates

B. Wycks presented the Proposed 2017 CAFII Board Meeting Dates, advising that the April 5/17 Board Meeting had been atypically scheduled for a Wednesday in order to facilitate the attendance of regulators from CCIR and CISRO at CAFII's 20th Anniversary Celebration that same evening.

The Board approved the Proposed 2017 CAFII Board Meeting Dates, as presented.

6.2 CAFII Stakeholder Dialogue With CCIR: December 12/16

B. Wycks reported that Board members P. McCarthy, J. Bourdeau, and C. Knight would be attending CAFII's Stakeholder Dialogue meeting with CCIR on December 12/16, along with EOC members E. Fang, J. Lewsen, and himself. An agenda and related Briefing Document will be circulated to CAFII's participants several days prior to the meeting.

Mr. Wycks advised that CCIR had asked that Stakeholders come prepared to discuss their ideas for input into CCIR's new 2017-2020 Strategic Plan at the Dialogue meetings, but CCIR Policy Manager Martin Boyle had indicated that there would also be an opportunity to provide more formal, written input for the Strategic Plan thereafter.

L. Fiset asked that Board members be given an opportunity to review and comment on the list or outline of topics that CAFII will be suggesting to CCIR for inclusion in its new Strategic Plan.

ACTION: Provide opportunity for CAFII Board and EOC members to comment on the list/outline of topics which CAFII will be suggesting to CCIR for inclusion in its 2017-2020 Strategic Plan. [Brendan, Jan 7/17].

6.3 CAFII 20th Anniversary Celebration in 2017

B. Wycks reported that Ripley's Aquarium of Canada has been secured as the venue for CAFII 20th Anniversary Celebration on April 5/17. The immediately preceding Board meeting will be hosted by TD Insurance at its nearby office building at 320 Front Street West.

6.4. 2017 Annual Members Luncheon

B. Wycks reported that Keegan Iles of PwC had been secured as the speaker for CAFII's Annual Members' Luncheon on February 7/17 at the Arcadian Loft. Mr. Iles is a knowledgeable and passionate speaker on insurtech developments and possibilities, and the title of his presentation is "Tomorrow is Today: Insurtech Disruption in the Life and Health Sector."

6.5. Finance Canada's Bill C-29, Budget Implementation Act

Following Board discussion of this matter which was recently brought to CAFII's attention by CIBC Insurance and which had been forwarded to the Canadian Bankers Association for pursuit of a resolution, it was recommended and agreed that the following Action Item be established:

ACTION: Monitor Canadian Bankers Association's plans and actions for seeking redress with Finance Canada re deficiencies in Bill C-29, Budget Implementation Act's Consumer Protection Framework related to creditor insurance and stand-alone insurance products [Brendan, Ongoing].

7. In-Camera Discussion

7.1 Draft CAFII 2017 Operating Budget

Following completion of the Board of Directors' *in camera* discussion, EOC members, Executive Director B. Wycks, and Recording Secretary E. Cloutier were invited back into the room and the following resolution was confirmed:

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that

With respect to CAFII's future staffing model and related implications for the Association's 2017 Operating Budget, the Board of Directors resolves that

- the Association will proceed with a two Co-Executive Directors staffing model;
- Member Dues will be increased by 25% in 2017 over 2016 levels; and
- Member Dues will be increased by a further 25% in 2018 over 2017 levels if -- following a re-evaluation at the end of 2017, as the 2018 Operating Budget is being developed -- the necessity and prudence of that further Member Dues increase is confirmed.

4. Termination

There being no further business to discuss, the meeting was terminated at 4:25 pm.

It was noted that the CAFII Year-End Reception would immediately follow this Board meeting, from 5:00 to 7:30 p.m. at First Canadian Place, 100 King St. West, York Room, 68th Floor, Toronto.

It was further noted that the next CAFII Board of Directors meeting will be held on Wednesday, April 5, 2017, 2:30 to 4:30 p.m., at TD Insurance, 2nd Floor, Cape Breton Room, 320 Front St. West, Toronto; and will be immediately followed by CAFII's 20th Anniversary Celebration from 5:00 to 7:30 p.m., at Ripley's Aquarium, Toronto.

Date

Chair

Recording Secretary

Summary of CAFII Board and EOC Action Items					
Source	Action Item	Responsible	Deadline	Status 16-Mar-2017	
	BC Ministry of Finance & FICOM Regulatory Issues				
1	EOC Feb 16, 2016	• Investigate opportunities to engage with BC Ministry of Finance to provide information and find out more about what will be included in the Policy Paper to be released in late 2016.	Brendan	Ongoing	In progress
	Alberta Critical Illness Insurance Issue				
2	EOC Feb 21, 2017	• Contact E. Hiemstra to ask her to review the definition of Creditors' Critical Illness Insurance approved by the Alberta LIC to ensure there are no issues with it from CHLIA's broader industry perspective.	Brendan	28-Feb-17	Complete
3		• Contact J. McCutcheon to ask her to review the definition of Creditors' Critical Illness Insurance approved by the Alberta LIC to ensure there are no issues with it from an industry-wide legal perspective.	Brendan	28-Feb-17	Deferred
	Canadian Insurance Services Regulatory Organizations (CISRO)				
4	EOC Feb 21, 2017	• Contact R. Fullan, Chair of CISRO, regarding scheduling an opportunity for CAFII representatives, including new Co-ED K. Martin, to meet with CISRO representatives in conjunction with one of its semi-annual face-to-face meetings.	Brendan	28-Feb-17	Complete
	CCIR				
5	EOC Feb 21, 2017	• Craft an email to M. Boyle with a question regarding the definition of "lawsuits" within the Annual Statement, re whether disputes between an insurer and a beneficiary are outside of the scope of this definition.	Brendan	24-Feb-17	Complete
	Ontario Ministry of Finance & FSCO Regulatory Issues				
6	EOC Jan 17, 2017	• Follow-up with S. Roberts, FSRA Implementation Secretariat, with a request that CAFII be given an opportunity to provide input for the Secretariat's development of draft Regulations.	Brendan	3-Feb-17	In progress
	Finance Canada Regulatory Issues				
7	EOC Feb 21, 2017	• Reach out to A. Ciappara, Director, Economic Analysis, Canadian Bankers Association, for an update on the CBA's plan and actions for seeking redress with Finance Canada re deficiencies in Bill C29, Budget Implementation Act's Consumer Framework related to creditor insurance and stand-alone insurance products.	Brendan	15-Mar-17	Complete
8	Board Nov 29, 2016	• Monitor Canadian Bankers Association's plans and actions for seeking redress with Finance Canada re deficiencies in Bill C29, Budget Implementation Act's Consumer Framework related to creditor insurance and standalone insurance products.	Brendan	Ongoing	In progress
	Quebec Ministry of Finance & AMF Regulatory Issues				
9	EOC Jan 17, 2017	• Prepare and circulate to EOC members a refresher memo on the anticipated Quebec Omnibus Bill expected to modernize the province's financial services sector.	Brendan	17-Feb-17	Complete
	Association Administration				
10		• Reach out to M. Gill/K. Martin regarding coordinating dates for a refresh meeting of the Licensing Committee in April 2017	Emily	24-Feb-17	Complete
11	EOC Feb 21, 2017	• Speak to caterer for CAFII 20th Anniversary re sourcing wines from across Canada for the Reception event; then send wine list to A. Stuska and J. Lewsen for selections.	Emily	10-Mar-17	Complete
12		• Communicate selected CAFII 20th Anniversary banner designs to graphic designer; and ensure production is complete prior to April 5/17 event.	Emily	15-Mar-17	Complete

CAFII - 2017 Co-Executive Directors Balanced Scorecard						
	H = High Priority; M = Medium; L = Low					
Priority	Objectives	Measures	Lead Accountability	Timing	Status As At March 15/17	Outcome
	Regulatory, Advocacy, and Strategy (60% of ED and EOC focus/time)					
#1	Overall: Draft and deliver highly quality regulatory submissions and follow-up with regulators and policy-makers, as appropriate.	Overall: Regulatory submissions are well-written, impactful, and produced on time; consultation issues are reviewed with relevant CAFII committee and input and feedback incorporated into draft submission; Board and EOC have sufficient time to review and provide input, which is given due and equitable consideration and included where appropriate; submissions reflect consultation with allied industry Associations where appropriate. ED monitors, gathers intelligence, and reports on key regulatory developments; any hot button issues dealt with in timely, appropriate manner.	Market Conduct-related submissions, including travel health insurance: B. Wycks; Licensing-related submissions and Research and Education-related presentations: K. Martin	Ongoing		
H	British Columbia Consultation on 10-Year Review of Financial Institutions Act (FIA)	Co-ED monitors progress/status through regular contact with Ministry of Finance. CAFII communicates with and influences Ministry thinking in its preparation of a Policy Paper, such that CAFII's positions are taken into account. CAFII responds to Policy Paper with a compelling submission.	B. Wycks	Q1 thru Q4 2017	Awaiting Ministry's release of Policy Paper on proposals for change (expected in Q2 2017). On March 24/16, Ministry released Public Report on input received in response to Initial Consultation Paper; and all stakeholder submissions were published on its website.	
M	BC FICOM's 'effecting' of creditor's group insurance issue	Co-ED monitors progress/status through regular contact with Harry James, FICOM, to ensure that CAFII members are kept well-apprised of any new developments, especially re regulator's expectations for compliance CGI Information Bulletin.	B. Wycks	Q1 thru Q4 2017	Following review/analysis of legal opinion obtained from J. McCutcheon, EOC decided on November 15/16 not to provide it to FICOM; instead CAFII sent short letter to H. James to close off dialogue on auto dealers are creditors for a moment-in-time issue. Following April 14/16 teleconference between CAFII and FICOM, FICOM was expecting CAFII to provide further information in support of auto dealers are creditors for a "moment-in-time" argument.	Favourable clarification on other major issues received from FICOM via April 14/16 teleconference and April 20/16 response letter from H. James
H	Quebec Ministry of Finance Omnibus Bill aimed at modernizing province's financial services sector, including Insurance Act and the Act respecting the Distribution of Financial Products and Services	Co-ED monitors progress/status through regular contact with Ministry of Finance and AMF executives. CAFII communicates with and influences. CAFII responds to Omnibus Bill, aided by specialized legal counsel, with a compelling submission. Ministry of Finance takes CAFII's positions into account in final decisions on modernizing the Insurance and Distribution Acts	B. Wycks	Q1 thru Q4 2017	Awaiting Ministry's release of Omnibus Bill (expected before end of Q2 2017). On March 24/16, Finance Minister indicated on November 14/16, at AMF Rendez-Vous, that omnibus Bill would be tabled by December 9/16 but strike by province's civil service lawyers prevented that. CAFII has secured specialized legal counsel S. Bourdeau of Fasken Martineau, via a letter of engagement, and is well-prepared to make authoritative submission on this matter.	CAFII received verbal assurance from Ministry of Finance official on Feb. 25/16 that Quebec will be implementing measures to support online distribution of insurance without need for involvement of a licensed advisor
H	CCIR Annual Statement on Market Conduct	Co-ED monitors progress/status through regular contact with Martin Boyle, CCIR. CAFII continues to communicate its views to CCIR as Annual Statement is implemented and thereafter evolves; CCIR takes CAFII's views into account in roll-out and implementation of Annual Statement; and in any subsequent iterations	B. Wycks	Q1 thru Q4 2017	Awaiting CCIR's release of insurer access to AMF-developed Portal site where response data for Annual Statement will be entered, by March 28/17. CCIR to provide further industry information session on how to enter data for certain sections of the Annual Statement.	CAFII member-exclusive webinar on the final version of the Annual Statement on Market Conduct - Life and Health presented by CCIR on March 1/17. CAFII made strong submission on Draft 3 of Annual Statement on August 26/16. CAFII staged May 19/16 preliminary webinar for members with Laurie Balfour, CCIR ICPI Chair.
H	Ontario government implementation of new Financial Services Regulatory Authority (FSRA)	Co-ED monitors progress/status through regular contact with Sandy Roberts, Director, Financial Services Modernization Secretariat. CAFII meets with Secretariat representatives and influences development of FSRA Regulations.	B. Wycks	Q1 thru Q4 2017	In November 2016, Minister of Finance Charles Sousa tabled legislation to create a new Financial Services Regulatory Authority (FSRA), to replace FSCO and DICO, and at the same time set up the Financial Services Modernization Secretariat.	
H	CCIR Review of Travel Health Insurance	Co-ED monitors progress/status through regular contact with Sean Jacobs, CCIR; Joan Weir, CLHIA; and THiA executive members. ED supports work of CAFII's Travel Medical Experts Working Group. CAFII in a position of readiness to make regulatory submission or otherwise make its views known, as distributors of travel insurance, should need arise. CAFII communicates views on TIWG Position Paper in timely, persuasive, effective manner. CCIR takes CAFII's views into account in final decisions on travel insurance regulatory reforms	B. Wycks; transitioning to K. Martin in September 2017	Q1 thru Q4 2017	Awaiting probable release of CCIR Position Paper in Q2 2017	CAFII held productive stakeholder meeting with CCIR TIWG on draft Recommendations intended for inclusion in Position Paper on February 22/17. CAFII submitted response to CCIR TIWG's Issues Paper on Travel Health Insurance for September 30/16 deadline. CAFII held productive stakeholder meeting with CCIR TIWG on Issues Paper on August 10/16. On May 4/16, C. Rogers advised CAFII that because the industry had demonstrated significant movement in terms of reforms, at its April 7-8/16 meeting the Council decided that the Issues Paper (which was slated for release in the spring) would be revised to reflect the latest industry input and released in the summer instead.
H	Bill 177, The Insurance Act (Saskatchewan)	Co-ED monitors progress/status of finalization of Regulations and communication of "proclamation into force date" through regular contact with Jan Seibel, FCAA. CAFII communicates views on draft Regulations in timely, persuasive, effective manner. FCAA takes CAFII's views into account in final Regulations	B. Wycks	Q1 thru Q4 2017	CAFII awaiting finalization of Regulations developed to support The Insurance Act (Saskatchewan), and indication of timeline for their proclamation into force. On February 17/17, J. Seibel communicated that in-force date of the new Act and Regulations would be deferred to Spring 2018.	CAFII responded to FCAA proposed definition of TPA, for inclusion in Regulations, on March 13/17; to sub-consultation on TPAs-related Regulations on December 9/16; and to main consultation on draft Regulations on December 2/16. FCAA released Insurance Regulations Consultation document on October 7/16.
M	AMF's Distribution Guide template initiative	Co-ED monitors progress/status through regular contact with L. Gauthier, AMF. CAFII communicates views on draft Distribution Guide Regulation in timely, persuasive, effective manner. AMF takes CAFII's views into account in final Distribution Guide template and related Regulation	B. Wycks	Q1 thru Q4 2017	Awaiting reactivation of this initiative via AMF's circulation of a draft Regulation on the Distribution Guide for industry consultation	
M	New Brunswick's "Modernizing the Insurance Licensing Framework" for Other-than-Life Agents and Brokers	Co-ED monitors progress/status through regular contact with David Weir, FCNB. FCNB takes CAFII's views into account in final positions on new licensing framework	K. Martin	Q1 thru Q4 2017	Awaiting release of FCNB's final recommendations to Government re change proposals, especially re implications for life agents' licensing framework	

	H = High Priority; M = Medium; L = Low					
Priority	Objectives	Measures	Lead Accountability	Timing	Status As At March 15/17	Outcome
M	New Brunswick's "Online Insurance Licensing System"	Co-ED monitors progress/status through regular contact with David Weir, FCNB. FCNB takes CAFII's views into account in functionality and features decisions for Phase 2 of online licensing system, especially administrator rights for applicant's insurer sponsor	K. Martin	Q1 thru Q4 2017	FCNB launched Phase 2 of online insurance licensing portal in October 2016 but will be making further enhancements in future. Effective November 1/16, will only accept online applications for for insurance agent, broker, adjuster, and damage appraiser licences.	
M	ICS considers CAFII's request to secure Insurance Council representation for CAFII members as Restricted Insurance Agents in Saskatchewan	CAFII communicates and engages with Ron Fullan, ICS Executive Director, in a timely, persuasive, effective manner. CAFII's proposed model for a Restricted Insurance Agent Advisory Committee is reviewed and considered by the ICS.	K. Martin	Q1 thru Q4 2017	CAFII submission pending re proposed Terms of Reference for RIA Advisory Committee, to augment Concept Proposal sent in October 2014	
#2 H	Develop and execute on Regulator and Policy-Maker Visit Plan in support of CAFII positions on legislative and regulatory issues	CAFII investments in regulator and policy-maker visits are appropriately scheduled; well-organized and executed, including briefing/preparation of CAFII participants	B.Wycks and K. Martin	Ongoing	Regulator visit tours of Western Canada and Atlantic Canada to be planned for K. Martin, B. Wycks, and CAFII volunteer leaders, taking into account opportunities for such visits provided by CAFII 20th Anniversary Celebration on April 5/17; CLHIA Conference in London, Ontario from May 3-5/17; and CISRO meetings in June and October 2017.	
#3 H	Maintain ongoing monitoring of and liaison/communications with regulators, policy-makers, allied Associations, and other industry stakeholders for relationship-building and intelligence gathering	EOC and Board members are kept well-informed of hot button, urgent, time-sensitive issues through CAFII "Alerts"	B.Wycks and K. Martin	Ongoing	B. Wycks and K. Martin had productive liaison lunch with E. Hiemstra and B. Kuiper of CLHIA on Feb. 27/17. Liaison lunch with CCIR Policy Managers to be arranged for week of April 9-13/17, following April 6-7 CCIR Spring Meeting in Toronto. B. Wycks is an individual member of THIA and gathers intelligence through that connection.	
#4 H	Networking and advocacy with key decisionmakers (politicians, bureaucrats, academics, business leaders, media, thought leaders and influencers etc.) on key messages related to CAFII	Quarterly updates through "Networking and Meeting Grid"	K. Martin	Ongoing		
#5 H	Develop a strategic plan with options around new investments and outputs for CAFII; develop a prioritization of the options; deliver against the top priorities identified	Submit plan before end of Q2; prioritize plan before end of Q3; begin implementation in Q4.	K Martin and B. Wycks	Q2 thru Q4 2017		

	H = High Priority; M = Medium; L = Low					
Priority	Objectives	Measures	Lead Accountability	Timing	Status As At March 15/17	Outcome
	Media and Communications (20% of ED and EOC focus/time)					
#1 H	Move CAFII into a position of readiness and confidence to respond to media opportunities re Creditor's Group Insurance and Alternate Distribution	Development of revised/updated Communications Plan (followed by execution of Communications Plan tactics within specified timelines, in 2018 and thereafter)	K. Martin	Ongoing	Revised CAFII Communications Plan to be developed as outgrowth of CAFII Strategic Planning initiative to be completed in 2017	
#2 H	Monitor media coverage re CGI, travel insurance, and alternate distribution	Any hot button issues related to media coverage are identified and dealt with in a timely, appropriate manner	K. Martin	Ongoing	In process, in concert with Media Advocacy Committee	
#4 M	Monitor Consumer Interest Groups	Include intelligence on Consumer Interest Groups' issues and activities in Regulatory Updates for EOC and Board meetings	B. Wycks and K. Martin	Ongoing	Consumers Association of Canada, Consumers Council of Canada, and Public Interest Advocacy Centre web sites monitored regularly for issues/activities related to insurance and alternate distribution	
#3 H	Website enhancements to drive traffic to the CAFII site and ensure that the backend is upgraded to Drupal 8 and the frontend is user friendly and consumer oriented.	Drupal migration by end of Q2; front end enhancements beginning in Q3 and continuing in Q4	K. Martin	Q2 thru Q4 2017		
#5 M	Develop thought leadership products that provide relevant information that can be shared with key decisionmakers.	EOC and Board members receive useful, timely, relevant materials; by end of Q4 approve resources for commissioned research	K. Martin	Ongoing		
#6 M	Organize additional events that members and non-members can have access to and which increase the profile of CAFII.	Develop a plan for additional events by end of Q3; budget approval by end of Q4	K. Martin	Q2 thru Q4 2017		
	Association Oversight and Management (20% of ED and EOC focus/time)					
#1 H	Produce an "industry intelligence" Regulatory Update monthly, for each EOC and Board meeting	Regulatory Update is produced for each EOC and Board meeting, containing outside-of-the-public-domain information on regulatory actions, pronouncements, trends and leading indicators	B.Wycks; transitioning to B. Wycks and K. Martin on an alternating months basis, effective September 2017	Ongoing	January, February, and March Regulatory Updates included new intelligence on issues in CAFII Regulatory Consultations/Submissions Timetable	
#2 H	Efficient, effective CAFII meetings: with EOC Chair and standing committee Chairs, ensure agendas are focused and goal-oriented and meetings are well-managed	Agendas and meeting materials are distributed with appropriate lead time. Board and committee members are engaged in meeting discussions and feel meetings are productive and advance CAFII's objectives	B. Wycks and K. Martin	Ongoing	January and February EOC meetings; and November 2016 Board meeting well-managed; executed successful 2017 Annual Members' Luncheon	
#3 H	Ensure that CAFII prepares an annual operating budget that is well-grounded in approved strategic and operational plans; funds are spent according to plan; and financial control policies and procedures -- including monthly financial statements -- are adhered to	Play a leadership role in development, management, and tracking/monitoring of CAFII's annual operating budget, and committee and project budgets. Budget targets are met, except for explainable/approved variances	B. Wycks and K. Martin	Ongoing	Development of 2017 CAFII Operating Budget Options and Budget for CAFII 20th Anniversary Celebration completed, led by B. Wycks; new quarterly financial reporting document refined with CAFII Treasurer.	
#4 H	Provide strategic and operational support to the EOC Chair in management of CAFII priorities and activities, and accountability reporting thereon	Engaged strategic and operational support to EOC Chair; appropriate matters escalated to EOC Chair for review and decision-making	B.Wycks and K. Martin	Ongoing	Co-EDs leading in engagement with TO Corp for discussions re service delivery performance; in trademark registration initiative, and in executing 20th Anniversary Celebration	
#5 M	Develop a plan to increase the value proposition to Associates with the objective of increasing the number of Associates that belong to CAFII.	Develop a plan by end of Q3; begin approaching potential new Associates before end of Q4	K. Martin	Q3 and Q4 2017		

Regulatory Update – CAFII Executive Operations Committee, March 16, 2017

Prepared By Brendan Wycks, CAFII Co-Executive Director

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Federal/National

Financial Consumer Agency of Canada (FCAC)

FCAC To Review Business Practices Of Federally Regulated Financial Institutions

On March 15/17, the Financial Consumer Agency of Canada (FCAC) announced that as part of its ongoing effort to enforce federal financial consumer protection obligations, its next review of business practices of federally regulated financial institutions (FRFIs) will begin in April.

FCAC Commissioner Lucie Tedesco expressed concern about recent media reports which raised allegations related to financial institutions selling additional products and services to consumers without properly obtaining their prior express consent, an issue which the FCAC review will focus on. The following statement was issued by Commissioner Tedesco:

“FCAC is responsible for enforcing federal financial consumer protection obligations. The law requires that, in order to provide consumers with new or expanded products or increase their credit limits, financial institutions obtain their customers’ prior consent and disclose key information about the costs and charges of the products they are purchasing.

“Financial institutions’ compliance with these rules is non-discretionary and the message must be disseminated from the boards of directors on down to customer-facing staff. These issues have been discussed in my recent meetings with the CEOs and boards of Canada’s leading banks. In addition, in a recent address to their compliance professionals and in an industry-wide letter, I expressed my expectation that banks and other financial institutions be proactive in scrutinizing the effectiveness of their policies, procedures and practices to ensure that consumers are protected.

“Through the industry review we are announcing today, we will examine financial institutions’ business practices in relation to express consent and disclosure, including the identification of any factors that may be contributing to non-compliance. We will investigate and enforce any incidence of non-compliance.”

The FCAC also recently published, as a Compliance Bulletin, the letter it sent to FRFIs in early February 2017 reinforcing the Agency’s expectation that they comply with legislated consumer-protection provisions. That Compliance Bulletin is reproduced below.

B-5 Consent for new products or services

The purpose of this bulletin is to reinforce the FCAC’s expectations that institutions obtain consumers’ express consent for a new financial product or service, including credit cards, in accordance with regulatory requirements.

Institutions must ensure any communication (verbal, written or electronic) with consumers that forms part of the interaction for seeking express consent is clear, simple and not misleading.

Institutions must clearly explain they are requesting consent for a financial product or service in any communication with consumers, beginning with the initial contact and continuing throughout the process of obtaining express consent.

Communications with consumers must be clear and must not mislead consumers to believe they are consenting to a promotion or reward (e.g. promotional blanket, t-shirt or reward points), rather than a financial product or service. Failure to meet this requirement is contrary to regulations and may lead to FCAC enforcement action.

FCAC's requirements and expectations apply equally if the activities are outsourced. Institutions retain ultimate accountability for outsourced activities. If the promotion activity is outsourced, institutions must apply the necessary controls to ensure that any communication seeking consumers' consent is clear, simple and not misleading, and that express consent is obtained.

Accordingly, FCAC expects institutions to undertake the following actions:

- ensure communication does not result in misleading consumers during the process of obtaining their express consent for a financial product or service;*
- apply enhanced rigor in the processes and controls (e.g. proactive monitoring, training, scripting) related to obtaining consumers' express consent for a financial product or service;*
- ensure the act of obtaining express consent for a financial product is compliant with regulatory requirements even if it is outsourced; and*
- review all disclosure to ensure it is consistent with the requirements of the Cost of Borrowing Regulations and the Commissioner's Guidance CG-3: Clear language and presentation principles and guidelines for the industry.*

The FCAC will maintain its supervisory scrutiny of disclosures and practices for obtaining consumer consent to ensure they are clear, simple and not misleading. Moving forward, FCAC supervision will place greater emphasis on the full sales process, including any verbal communication that forms part of obtaining consumers' consent.

Canadian Council of Insurance Regulators (CCIR)

CAFII Provides Feedback On CCIR's Draft Travel Insurance Recommendations

On March 10/17, CAFII responded to a request from CCIR's Travel Insurance Working Group (TIWG) for follow-up written feedback – to augment verbal feedback provided in a February 22/17 stakeholder meeting -- on draft Recommendations it intends to include in its upcoming Travel Health Insurance Products Position Paper. The draft Recommendations had been shared with the industry on an embargoed basis; therefore, a copy of the CAFII submission has been provided only to those members of the Association who have signed CCIR's Confidentiality Agreement.

In addition to providing feedback on eight specific draft Recommendations, CAFII's submission made the following comments on overall tone and positioning:

We recommend that

- greater specificity be added to the Recommendations wherever possible, to avoid vagueness, especially in terms of "measures of success" for each. Further specificity, clarity and/or guidance around each Recommendation are needed so that industry players won't interpret them differently and then go off in many different directions in acting on them;*
- clarity, not standardization, should be the linchpin for improving consumers' understanding of THI and their ability to make an informed purchase decision. After all, in a worst case scenario, the industry could standardize at a high level of product complexity. The objective should be clarity and not imposing a regimented standardization that could unduly compromise consumer choice. Industry players and regulators alike should want to avoid creating conditions where consumers become frustrated by a lack of choice and the unavailability of what they're looking for in the marketplace, and therefore decide to travel outside of Canada without securing THI coverage; and*

- *greater balance should be infused into the Position Paper by*

-emphasizing, where appropriate, consumers' responsibilities with respect to THI, in addition to their rights. We believe that the Financial Consumer Agency of Canada has found the right balance in its recent pronouncements, which place equal emphasis on consumers' rights and responsibilities. (FCAC content on consumer rights and responsibilities with respect to insurance can be found here: <https://www.canada.ca/en/financial-consumer-agency/services/financial-toolkit/insurance/insurance-3/10.html>); and

-acknowledging – as appropriate throughout the Paper; and not just via a single passing reference – where the industry has already achieved high standards or made substantial progress in addressing the particular THI concerns (leading to Recommendations) which the CCIR has articulated.

CCIR To Offer Additional Instructional Session On Completion Of Annual Statement

At the conclusion of CCIR's March 1/17 webinar for CAFII members on the Annual Statement on Market Conduct – Life and Health, presenters L. Balfour and M. Boyle advised that CCIR would be offering an additional information session on how to complete/enter data for certain questions in the Annual Statement On Market Conduct at a later date.

On March 16/17, Martin Boyle advised B. Wycks that the details for this additional instructional session had not yet been finalized, but he will communicate the date, time, and registration details to CAFII as soon as they become available.

M. Boyle also provided the following response to one of CAFII's questions about the Annual Statement, in case it had inadvertently not been addressed during the March 1 webinar: *disputes between insurers and beneficiaries for life insurance products need to be reported on the Annual Statement. The CCIR intends to capture information on the insurers' contractual disputes. In the case of life insurance products, it is often only the beneficiary who is able to make a "claim" or initiate a case regarding contractual obligations.*

Canadian Life and Health Insurance Association (CLHIA)

Several Insurance Regulators To Speak At 2017 CLHIA Conference In May

At CLHIA's 2017 Compliance and Consumer Complaints Conference, which takes place in London, Ontario from Wednesday, May 3 to Friday, May 5, the following insurance regulators will be presenting:

- Brian Mills, Vice-Chair of CCIR and Interim CEO of FSCO, will provide an *Update From CCIR* on May 3 from 10:00 to 10:30 a.m.;
- Harry James, Senior Advisor, BC FICOM; Anatol Monid, Executive Director, Licensing and Market Conduct Division, FSCO; and Nathalie Sirois, Senior Director, AMF will participate in a panel on *Regulatory Perspectives From Across Canada* on May 3 from 11 a.m. to 12 Noon;
- Julien Reid, Senior Director, Financial Institutions Oversight and Deposit Insurance, AMF, will provide an update on *International Developments* on May 3 from 3:45 to 4:15 p.m.; and
- Barbara Palace Churchill, Executive Director of the Insurance Council of Manitoba; Joanne Abram, CEO of the Alberta Insurance Council; and Gerry Matier, Executive Director of the Insurance Council of BC will participate in a *Provincial Insurance Councils Panel* on May 5 from 9:30 to 10:30 a.m.

Canadian Bankers Association (CBA)

Neil Parmenter To Succeed Terry Campbell As CEO Of CBA

On February 28/17, the Canadian Bankers Association (CBA) announced the appointment of Neil Parmenter as president and CEO, effective May 1/17. Parmenter will succeed Terry Campbell, who announced his retirement in September 2016 and has been in the role for six years.

Parmenter is currently Senior Vice-President, Corporate and Public Affairs (Global) and Chief Communications Officer at TD Bank. He leads TD's corporate communications for Canada and the United States as well as the its Canadian government relations practice, and counsels the CEO, CFO, senior executive team and Board on government relations, communications, and public affairs issues.

Parmenter holds a BA in political science from Western University, a certificate in public relations from Humber College, a Canadian Securities designation and completed an executive program in strategic marketing management from Stanford University. He serves as a director of the Toronto Financial Services Alliance and the Institute for Public Relations.

Alberta

Definition of Critical Illness Insurance To Undergo Further Review

On March 8/17, A. Maramieri, Chief Operating Officer of the Alberta Insurance Council, sent the following update to B. Wycks:

Apologies for the delay in responding (to an email sent February 15/17 inquiring as to why the Life Insurance Council-approved definition of critical illness insurance to be offered as credit-related insurance under a Restricted Certificate of Authority had not yet been posted on the AIC website).

Thank you for your inquiry. There has been further feedback provided to the Life Insurance Council in regard to the definitions. Therefore, it's on the agenda again for the next meeting on April 12. As a result, we are not yet able to post the definition on the website.

We will be advising you soon after the April 12 meeting of any further details and/or posting to the website.

Earlier, in a February 27/17 liaison meeting between B. Wycks and K. Martin of CAFII and E. Hiemstra and B. Kuiper of CLHIA, Ms. Hiemstra advised that CLHIA had identified some issues/potential problems which could crop up down the road with the definition of "creditors' critical illness insurance" which Alberta's LIC had approved on December 12/16 for inclusion within the overall definition of credit-related insurance permitted to be offered under a Restricted Certificate of Authority; and that CLHIA would be communicating those concerns to the AIC management.

In light of the communication received from A. Maramieri, B. Wycks has sent a follow-up request to E. Hiemstra for a synopsis of the issues/potential problems with the LIC-approved definition of creditors' critical illness insurance which CLHIA had identified. It's expected that E. Hiemstra will share that information when she returns from vacation on March 20/17.

Alberta Treasury Board And Finance Links To CCIR Annual Statement

On February 15/17, Alberta Treasury Board and Finance posted on its website links to the following CCIR documents:

- Introduction to the Annual Statement on Market Conduct;
- Annual Statement on Market Conduct – Life and Health Insurance; and

- Annual Statement on Market Conduct – Property and Casualty Insurance.

The posting notes that the Annual Statement is to be filed by May 1/17 with Quebec's AMF, via an online Portal which is currently completing, in accordance with an agreement between Alberta and the AMF.

Saskatchewan

CAFII Responds To FCAA Request For Feedback On Definition Of TPA

On March 13/17, CAFII responded, within the six days timeframe provided, to a request from Saskatchewan's Financial Consumer Affairs Authority (FCAA) for feedback on a proposed definition of Third Party Administrator. A copy of the submission has been provided to all CAFII members who indicated acceptance of the embargo which the FCAA placed upon the deliberations related to its draft Insurance Regulations. The following is a synopsis of CAFII's submission:

CAFII appreciates your invitation to comment on the following definition of Third Party Administrator, which the FCAA is proposing to include in the Regulations which will support the province's new Insurance Act: "third party administrator" means a business that carries out activities to administer a contract of insurance on behalf of an insurer, but does not include purely clerical activities.

While it is difficult to provide feedback on the proposed definition without knowing the full context of how it will be positioned within the Regulations and the details of the TPA licensing regime with which it will be connected, our Association proposes a modest enhancement to the definition which will help ensure that it is not open to misinterpretation, as follows:

"third party administrator" means an entity that carries out administrative activities related to a contract of insurance on behalf of an insurer, not including purely clerical activities.

We support this slightly tweaked version of the FCAA's proposed definition because it

- *is written in clear, plain language that won't be subject to misinterpretation;*
- *circumscribes and limits the scope of what constitutes a TPA, for purposes of the planned TPA licensing regime, to those entities that are engaged by an insurer to carry out contract administration activities; and*
- *exempts purely clerical administrative services.*

Because the Association's support for the modestly tweaked TPA definition above is conditional upon how it is positioned within the Regulations and the details of the intended licensing regime of which it will be the cornerstone, CAFII's submission also reiterated several key points which had been made in its December 9/16 submission in response to the FCAA's sub-consultation on TPAs.

In the submission's conclusion, CAFII thanked the FCAA for its decision, recently communicated to Co-Executive Director Brendan Wycks, that the timelines for having the new Saskatchewan Insurance Act and its Regulations proclaimed into force would be deferred by one year, to the Spring of 2018.

But in that connection, the submission also noted that *it was CAFII's strong view that the original implementation target date of April 2017 was not realistic or achievable because 12 to 18 months of lead time is necessary -- whenever such new legislation and/or Regulations are introduced -- to enable insurers and distributors to adapt to the mandated changes, especially those which will have systems implications.*

These changes inevitably become major projects within CAFII member organizations and it takes time to ensure that necessary systems changes are made, forms revised, staff trained, and consumers notified of how the changes will affect them.

At this juncture, we would like to stress that risk management and investment decision protocols within CAFII member organizations dictate that IT work stemming from regulatory changes cannot be initiated until the new legislation and/or Regulations come into force. Therefore, we urge the FCAA to expedite the process of finalizing the new Regulations; securing any required Government approvals; determining the date on which the new Insurance Act and related Regulations will be proclaimed into force; and communicating that date to the industry at the earliest possible moment in time.

Ontario

Federal MPs Express Support For Bank Act Prohibitions At Ontario Brokers' Event

A report published on the Insurance Brokers Association of Ontario (IBAO) website indicates that representatives of all three federal political parties, speaking on a panel at a March 8/17 event of the Ottawa Insurance Brokers Association (a chapter of the IBAO), expressed support for maintaining the current Bank Act prohibition against banks selling non-Authorized Insurance Products from their branches.

The IBAO report states that Liberal MP Kyle J. Peterson connected his role in government with the role of insurance brokers, having worked with insurers and brokers on the legal defense side in his previous profession. "Banks selling insurance and lenders selling insurance is a concern," he said, noting that current legislation ensures a level playing field for all industry participants. "I'll do my best to maintain that in my role as a politician."

Peterson also had a message for brokers about advocacy: "Government can't form policy without feedback from industry. You must be active at all levels; this is fundamental to the way government functions." He continued: "it means more when the message is coming from a constituency member in my community than an Association."

Conservative MP Ron Liepert praised the insurance industry for its work following the Fort McMurray fires in Alberta: "politicians are the first to hear things when there's a problem. I have never seen a response like that from any industry. I take my hat off to you."

Liepert also drew a connection between brokers and their role in the community: "I play golf with my broker. It's nice when you know who you're dealing with," he said, and acknowledged that insurance is designed to provide a service when you need something resolved, and seeking resolution with someone you know is the preferred experience. "When people have a problem, they like to know they're dealing with someone who understands their situation."

On the topic of the Bank Act, Liepert called it one of the most important pieces of legislation in our country. "It's important in trying times," he said in reference to the 2008 economic crisis, "but it also strikes the right balance in our financial sector. We don't want to stop business, but we do want to put people on an even playing field."

Liepert issued the following call to action to brokers: "take an aggressive role to make sure your MP has heard your perspective. The modernization of technology will bring more challenges, and we are here to listen."

NDP MP Erin Weir had this to say about the Bank Act: “the NDP has been consistent in supporting a prohibition against insurance being sold in branches at banks,” explaining the party’s belief that insurance business should be kept at arm’s length. “We don’t want to reduce choice for consumers,” stating the fear that banks would monopolize the market if current rules were to change.

The conclusion of the IBAO report on the Ottawa Brokers’ political panel summarizes the Association’s position on the Bank Act as follows:

The Bank Act is the law that governs Canada’s major financial institutions. It’s of importance given that wealth management operations like banks and credit unions are allowed to own and operate insurance businesses, a power granted in the 90s when financial services legislation was reformed. However they’re prohibited from selling insurance at the time of granting credit, or within credit-granting branches (it must take place at a separate location).

There’s a risk for policyholders when insurance carriers are owned by wealth management operations. Brokers advise clients on available products, offer coverage choice and shop the market for best-suited products, while banks and credit unions sell single products, and consumers approach them in times of vulnerability (i.e. when they’re applying for credit). It’s unfair to deal insurance at the same time as credit’s being applied for – the current prohibition protects consumers from cross-selling tactics that might lead individuals to accept/purchase a product that isn’t appropriate for their needs. Protection should remain as it currently stands in the Bank Act, guarding consumers against coercion and undue influence.

International

International Association of Insurance Supervisors (IAIS)

IAIS Launches Major Consultation On ICPs and ComFrame

On March 6/17, the International Association of Insurance Supervisors (IAIS) launched a major consultation package covering proposed revisions to a number of IAIS Insurance Core Principles (ICPs) and ComFrame-related material, in addition to an Application Paper on Group Corporate Governance.

ICPs apply to the supervision of all insurers within a jurisdiction. ComFrame, the Common Framework for the Supervision of Internationally Active Insurance Groups, builds upon the ICPs with standards and guidance specific to the supervision of Internationally Active Insurance Groups.

“This package is the product of substantial feedback from insurance supervisors and stakeholders from throughout the world,” said Victoria Saporta, Chair of the IAIS Executive Committee, adding that “it represents a major milestone in finalizing the qualitative components of ComFrame in line with its scheduled delivery in late 2019, and in upgrading the ICPs.”

With respect to the review of ICPs within the new consultation package, only “The Introduction to ICPs and ComFrame” and “The ICP Assessment Methodology” are covered. Public comments are due by June 1/17.

Fintech Trends Prompt IAIS Assessment Of Supervisory Practices And Skills

In a report released March 14/17, the International Association of Insurance Supervisors (IAIS) highlights the potential impact of innovative financial technologies (“fintech”) on insurance sector competitiveness, consumer choice, interconnectedness, business model viability and regulatory oversight. The report, titled “Fintech Developments in the Insurance Industry”, also examines the challenges and opportunities insurance supervisors face in this rapidly changing insurance environment.

“Fintech innovations have the potential to change fundamentally the way the insurance sector serves policyholders”, said Victoria Saporta, Chair of the IAIS Executive Committee, adding that “because of both the scope and pace of change, insurance supervisors must be alert to new developments and make necessary adjustments in their supervisory practices and skills”.

The IAIS analysed the potential impact of finTech based on three scenarios:

- incumbents successfully maintaining the customer relationship;
- the fragmentation of the insurance value chain with incumbents no longer in control; and
- big technology firms squeezing out traditional insurers.

Among the report’s findings, fintech may disrupt the insurance sector by reducing insurance market competitiveness over the long term; cause traditional insurers to exit the market; result in more individualized insurance products which could affect (price) comparability and consumer choice; increase insurance sector interconnectedness due to the use of a limited number of technology platforms; and lead to changes in insurer business models if profit margins come under pressure.

In addition, fintech may increase the focus on improving the customer experience and affect the treatment of customers, possibly creating issues of affordability of insurance products or even increased financial exclusion. It may also create issues concerning the use, ownership and protection of data.

The report points to several challenges for insurance supervisors, including:

- balancing the risks and benefits of innovations and creating an environment that fosters innovation through approaches such as regulatory sandboxes or innovation hubs;
- evaluating and, if needed, adjusting the prudential regulation framework;
- considering the adequacy of current reporting requirements in monitoring trends and the potential build-up of risk connected to new technologies; and
- understanding how innovations work and are applied to ensure adequate assessment of new product and business models.

Research, Thought Leadership, and Innovation

LIMRA Identifies Five Key Drivers Influencing Life Insurance Industry In 2017

A new research study by the Life Insurance Marketing Research Association (LIMRA), released in early February, highlights five key drivers that will shape the life insurance industry in 2017: regulation, the changing consumer, technology, innovation, and talent management.

CSA Invites Fintech Businesses Into Regulatory Sandbox

On February 23/17, the Canadian Securities Administrators (CSA) launched a “regulatory sandbox” initiative aimed at both supporting fintech businesses and protecting investors.

The CSA said its regulatory sandbox welcomes businesses that are “truly innovative from a Canadian market perspective.” Business models will be assessed on a case-by-case basis and businesses that register or receive relief may be allowed to test their products and services across the Canadian market.

Louis Morisset, CSA Chair and President and CEO of the AMF in Quebec, said the goal of the initiative is “to facilitate the ability of those businesses to use innovative products, services and applications all across Canada, while ensuring appropriate investor protection.”

OSC, UK Regulator Sign Co-operation Agreement On Fintech Businesses

On February 23/17, the Ontario Securities Commission (OSC) and the United Kingdom's Financial Conduct Authority (FCA) signed an agreement under which fintech businesses in both jurisdictions will be able to seek support from their financial regulators as they look to operate in the other's market.

The Co-operation Agreement allows the FCA and the OSC to refer to one another "innovate businesses" seeking to enter the other's market. The regulators may also provide support to businesses to "help reduce regulatory uncertainty and time to market."

The Agreement follows the creation of the FCA's Innovation Hub in 2014 and LaunchPad by the OSC in October 2016. These initiatives are designed to help businesses with innovative ideas navigate the regulatory framework, support them through authorization and facilitate their engagement with their respective regulator.

Once referred by the regulator, and ahead of applying for authorization to operate in the new market, the business will have access to dedicated staff that will help them to understand the regulatory framework in the market they wish to join, and how it applies to them.

In November 2016, the OSC and the Australian Securities and Investments Commission signed a similar agreement for fintech companies in Australia and Ontario.

Manulife Eliminates Blood, Urine, Nicotine Tests For All Eligible Applicants

On February 7/17, Manulife announced that it had become the first Canadian insurer to eliminate blood, urine and nicotine testing for eligible applicants seeking up to \$1 million in life insurance coverage.

The insurer introduced this program for term life products in May of 2016. The program has now been extended to all Manulife individual life insurance offerings, including whole life and universal life.

Predictive analytics and monitoring application data can help eliminate opportunities for fraud and they also improve decision making overall, said Cindy Forbes, Manulife's Chief Analytics Officer. "The insights from the data we collect through our underwriting process and public sources enables us to determine the cases that we believe require testing, while simplifying the application process for more than half of applicants."

Artificial Intelligence Platform For Travel Insurance Wins Innovation Challenge

On February 8/17, AIG Canada announced that Trip Swell Inc.'s Jauntin', a mobile artificial intelligence platform which allows for on-demand, usage-based travel insurance coverage, had won the company's Innovation Challenge.

On its website, Trip Swell says "Jauntin' continuously collects and analyzes incoming data to better predict future risk; and makes it easier for policyholders to obtain travel insurance, enhance their existing policies, or submit claims in real-time. The platform enables insurers to learn when policyholders leave and return, where they go, their travel habits and more.

The AIG Canada Innovation Challenge, positioned as a crowdsourcing opportunity, attracted submissions from 87 Canadian tech start-ups.

CAFII Regulator and Policy-Maker Visit Plan 2017-18

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 14/17
British Columbia				
Insurance Council of BC: Gerry Matier, Executive Director	-Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto - June 29/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto -Feb. 27/15 breakfast meeting in Toronto	-CAFII 20 th Anniversary event: April 5/17 -liaison meeting during CLHIA Annual Conference, May 3-5/17 in London, Ontario, if Gerry is attending	-Council's current view on 10-Year Review of Financial Institutions Act -Representation of alternate distribution/non-resident sellers on Council -Update on Council priorities	-Invitation sent -Pending
FICOM: Frank Chong, Acting Superintendent of Financial Institutions (effective August 1/16)	-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Nov 10/15 in Vancouver re CGI Information Bulletin	-CAFII 20 th Anniversary event: April 5/17 -liaison meeting during CLHIA Annual Conference, May 3-5/17 in London, Ontario, if Frank is attending	-Monitoring for appt. of interim or permanent FICOM CEO successor -FICOM Information Bulletin on CGI ('effecting' of CGI in BC issue: ED and EOC to monitor re need for meeting/ dialogue around any member or industry issues re compliance with CGI Info Bulletin -10 yr. Review of BC Financial Institutions Act (if appropriate)	-Invitation sent -Pending
Doug McLean, Deputy Superintendent of Insurance	-No contact/meeting for at least past three years	-None at this time	-see F. Chong above	-see F. Chong above
Chris Carter, Acting Superintendent, Real Estate and Acting Registrar, Mortgage Brokers (effective August 1/16)	-April 14/16 teleconference re CAFII follow-up letter - Follow-up letter, seeking clarification on CGI Info Bulletin key issues, sent March 15/16 - Nov 10/15 in Vancouver re CGI Information Bulletin	-None at this time	- see F. Chong above	-see F. Chong above
Lorena Dimma, Director, Market Conduct (assuming Harry James' former policy advisor role re 'effecting' of CGI issue)	-April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin	-None at this time	-See F. Chong above	-see F. Chong above -see F. Chong above

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 14/17
Harry James, Senior Regulatory Advisor (Chair of CCIR's Travel Insurance Working Group)	- H. James chaired Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -Dec. 8/16 cordial reply email to E. Fang, agreeing with CAFII's request that auto dealers are creditors for a moment-in-time issue be closed. -April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin	-None at this time	-See F. Chong above. Although H. James is supposed to have handed the CGI Information Bulletin file to L. Dimma and C. Carter, he did most of talking in April 14/16 teleconference; so CAFII will continue to include Harry in discussions on "effecting" issue.	
Molly Burns, Analyst, Policy Initiatives	-April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin -Nov 10/15 in Vancouver	-None at this time	-See F. Chong above	-see F. Chong above
Erin Morrison, Regulatory Analyst, Policy Initiatives	-August 10/16 in Toronto, accompanied Harry James and participated in CCIR TIWG meeting with CAFII	-None at this time	-See F. Chong above	-see F. Chong above
Ministry of Finance: Michael de Jong, Minister of Finance	-Nov. 21/14: G. Grant represented CAFII at FIA Review roundtable discussion hosted by Minister	-None at this time	TBD until CAFII has a "direct ask" at Ministerial level	
Dan Ashton, Parliamentary Secretary for Finance (elected MLA)	-November 10/15 in Vancouver, along with Elizabeth Cole	-If necessary, follow-up meeting in Q2 or Q3 2017 in Vancouver, after Policy Paper released	-Update on 10-year Review of Financial Institutions Act: follow-up on CAFII issues/concerns including recommendations of other stakeholders	Pending (see E. Cole below)

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 14/17
Elizabeth Cole, Executive Director, Strategic Projects & Policy (head of 10-Year Review of FIA)	-June 23/16 telephone conversation with B. Wycks re updates on expected release date of Policy Paper and other FIA Review timelines -November 10/15 in Vancouver along with Dan Ashton; and separate meeting along with Brian Dillon and Kari Toovey	-If necessary, follow-up meeting in Q2 or Q3 2017 in Vancouver, after Policy Paper is released		Pending Ministry of Finance's release of Policy Paper
Brian Dillon, Director, Financial Institutions Kari Toovey, Senior Policy Advisor		-See E. Cole above -See E. Cole above		Pending (see E. Cole above) Pending (see E. Cole above)
Alberta				
Alberta Insurance Council: Joanne Abram, CEO;	-December 21/16 letter to CAFI confirming definition of CGI critical illness insurance approved by Life Council to include selling of CI under existing RIA licence -Oct 31/16 CAFI submission of letter proposing definition of CGI critical illness insurance to be adopted for inclusion under existing RIA licence -Sept 16 & 28/16 and Oct 11/16 e-mail correspondence with B. Wycks re LIC decision on allowing CI to be sold under an RIA licence	-CAFI 20 th Anniversary event: April 5/17 -if necessary, Q2 2017 teleconference or in-person meeting with AIC management or LIC -liaison meeting during CLHIA Annual Conference, May 3- 5/17 in London, Ontario, if Joanne is attending	-AIC's implementation of approved definition and process for CI to be sold under existing RIA licence -Representation for Restricted Licence Holders on Life Insurance Council	Invitation sent Pending Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 14/17
Anthonet Maramieri, COO	<p>-March 8/17 email to B. Wycks advising of Life Council's further look at definition of credit-related insurance approved to be offered under a Restricted Certificate, at April 12/17 meeting.</p> <p>-Sept 12/16 teleconference with G. Grant and B. Wycks</p> <p>-July 12/16 teleconference with G. Grant and B. Wycks</p> <p>- April 11/16 informal discussion with B. Wycks, at CISRO LLQP Info Session</p> <p>- Feb 27/15: Toronto: B. Wycks met A. Maramieri and had get acquainted chat at CISRO LLQP Stakeholder Info Session</p>	-See J. Abram above	-See J. Abram above	Pending (see J. Abram above)
Warren Martinson, Legal Counsel	<p>-W. Martinson in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG</p> <p>-May/June 2016 telephone discussion with J. McCutcheon (on CAFII's behalf) re legislative and regulatory underpinnings of selling of CI benefits as credit-related insurance under an RIA licence</p> <p>-Feb 10/14: Toronto, ON (with B. Wycks, as W. Martinson then on LLQP Governance Ctte.)</p>	-See J. Abram above	-See J. Abram above	Pending (see J. Abram above)

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 14/17
Treasury Board and Ministry of Finance: Nilam Jetha, Acting Superintendent of Insurance (one year interim role) Mark Prefontaine, Superintendent of Insurance (seconded to Senior Asst. Deputy Minister for one year, effective Jan. 11/16)	No contact – appointed Jan 11/16 (congratulatory letter sent Feb. 1/16) -Sep 30/14; Fredericton, NB (informal meeting)	-CAFII 20 th Anniversary event: April 5/17 -Not applicable at this time	- Update on Superintendent's priorities -Communicate CAFII issues; build and strengthen relationship	Invitation sent
David Sorensen, Deputy Superintendent of Insurance	No face-to-face contact to date - <i>appointed Sep 15/14</i>	-None at this time	See N. Jetha above	
Laurie Balfour, Director, Financial Compliance, Insurance Regulation and Market Conduct Branch (Chair of CCIR Insurance Core Principles Implementation Ctte)	-Sep 30/14: Fredericton, NB (informal meeting) -Jul 28/14: call with CAFII reps re: "effecting of CGI"	-None at this time	-See N. Jetha above	
Joe Ceci, President of Treasury Board and Minister of Finance	No contact – appointed May 24/15	-None at this time	TBD until CAFII has a "direct ask" at Ministerial level	
Saskatchewan				
Insurance Councils of Saskatchewan: Ron Fullan, Executive Director, (CISRO Chair)	-R. Fullan in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session	-CAFII 20 th Anniversary event: April 5/17 -liaison meeting during CLHIA Annual Conference, May 3-5/17 in London, Ontario, if Ron is attending	-timing of renewed focus on establishing a Restricted Insurance Agents Advisory Committee -ICS-relevant aspects of implementation of new Saskatchewan Insurance Act and Regulations -Sask. RIA regime and licensure issues	Invitation sent Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 14/17
April Stadnek, Director of Licensing	-Sept 22/15 CISRO LLQP Stakeholder Info Session in Toronto (B. Wycks) - Sep 30/14; Fredericton, NB (informal meeting) - November/13 in Toronto when April attended CLHIA CCOSS Seminar	-None at this time	-See R. Fullan above	
Financial Consumer Affairs Authority (FCAA): Roger Sobotkiewicz, former Director of FCAA Legal Branch, became Interim Chairperson and Superintendent of Insurance, effective Feb. 1/15	-no previous contact; congratulatory letter on appointment sent March 4/15	-see J. Seibel below	-see J. Seibel below; and -introduce CAFII and build relationship -Regulations being developed following passage of <i>Bill 177, The Insurance Act (Saskatchewan)</i> -ISI: Representation for Restricted Licence Holders - Update on Superintendent's priorities	Pending (see J. Seibel below)
Ian McIntosh, Deputy Superintendent of Insurance Janette Seibel, Lawyer, became lead on Bill 177 and Regulations file effective June 1/15	-Jul 28/14 call with CAFII reps re: "effecting CGI" -March 2017 email exchange with B. Wycks re invitation to CAFII to provide feedback on FCAA-proposed definition of TPA, for inclusion in Insurance Regulations	-see J. Seibel below -teleconference meeting in Q1 or Q2 2017, if necessary -CAFII 20 th Anniversary event: April 5/17	-see J. Seibel below; and -see R. Sobotkiewicz above -timing of "in force" date for new Saskatchewan Insurance Act and related Regulations -CAFII's response submissions on FCAA's Insurance Regulations Consultation document (submitted Dec. 2/16) and TPAs sub-consultation (submitted Dec. 9/16)	Pending (see J. Seibel below) Pending Invitation sent

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 14/17
	<p>-February 17/17 call to B. Wycks advising that “in force” date for new Insurance Act and Regulations had been deferred to Spring 2018</p> <p>-Jan 2017 email exchange with B. Wycks re timing of “in force” date for new Saskatchewan Insurance Act and related Regulations</p> <p>-Nov and Dec. 2016 email exchanges with B. Wycks re Insurance Regulations Consultation and TPAs sub-consultation.</p>			
Manitoba				
<p>Ministry of Finance: Ken Lofgren, Acting Superintendent of Insurance</p> <p>Scott Moore, Deputy Superintendent of Insurance</p>	<p>-Appointed Spring 2015; no previous CAFII contact</p> <p>-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto</p> <p>-August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference)</p> <p>-April 15/15 teleconference with three CAFII reps</p> <p>-April 29/14: meeting in Winnipeg, MB</p>	<p>-None at this time</p> <p>-CAFII 20th Anniversary event: April 5/17</p> <p>-Q2 2017 in-person meeting in Winnipeg – either joint with Barbara Palace Churchill, new Executive Director of Insurance Council of Manitoba, or separate -- once K. Martin, CAFII Co-Executive Director, is fully acclimatized (see B. Palace Churchill below)</p>	<p>-see S. Moore below</p> <p>-Maintain and build relationship</p> <p>-Representation for Restricted Licence Holders on Life Insurance Council</p> <p>-concern about amended Insurance Act’s apparent residency requirement for employees of Restricted Insurance Agents</p>	<p>Invitation sent</p> <p>Pending</p>
Cameron Friesen, Minister of Finance	No contact – took office May 3/16	-None at this time	TBD until CAFII has “direct ask” at Ministerial level	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 14/17
Barbara Palace Churchill, Executive Director, Insurance Council of Manitoba (appointed late November 2016)	-congratulatory letter on appointment sent January 2017	-CAFII 20 th Anniversary event: April 5/17	-Introduce CAFII and build/maintain relationship -Representation for Restricted Licence Holders on Life Insurance Council -Insurance Council's "ISI items for further review and development" -communicate CAFII issues	Invitation sent
Erin Pearson, former Executive Director, Insurance Council of Manitoba (retired at end of 2016)	-Sept. 23/16 email exchange with B. Wycks re amendments to Regulation 389/87 which ICM's ISI Committee recommended to Government re incorporating other organizations and other types of insurance into prescribed regulatory framework for RIA licence regime -Oct. 8/15 at CLHIA CCOS Fall Seminar (B. Wycks) -Sept. 30/14: dinner in Fredericton, NB re: ISI implementation	-get acquainted and liaison meeting during CLHIA Annual Conference, May 3-5/17 in London, Ontario, if Barbara is attending -Q2 2017 get acquainted meeting in Winnipeg – either joint with Scott Moore, Deputy Superintendent of Insurance, or separate -- once K. Martin, CAFII Co-Executive Director, is fully acclimatized		Pending
Ontario				
FSCO: Brian Mills, appointed Interim CEO and Superintendent on October 18/14. Will likely be FSCO's last CEO, as Ontario Government transitions to a new Financial Services Regulatory Authority (FSRA) over next two years (2017 and 2018), as stated by B. Mills at FSCO Symposium on November 25/16.	-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto - January 28/15 stakeholder meeting with CCIR	-CAFII 20 th Anniversary event: April 5/17	(i)Build/maintain relationship (ii) Ontario government review of FSCO's mandate (iii) next steps in Life Insurance Product Suitability Review (iv)CCIR review of travel health insurance (v)Update on Superintendent's priorities (vi)communicate CAFII issues	Invitation sent

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 14/17
Richard Tillman, Senior Manager, Insurance and Deposit Institutions Policy	-conversation with B. Wycks at Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto - Oct. 7/16 meeting with CAFII reps re life agent and insurer compliance			
Reena Vora, Manager, Market Regulation Branch, Licensing and Market Conduct Division	-December 8/16 with CAFII reps for feedback on draft questionnaire for life insurer examination visits (one pilot test visit planned in Q1 2017), as next phase in Life Insurance Product Suitability Review	-CAFII 20 th Anniversary event: April 5/17 -CAFII 20 th Anniversary event: April 5/17 -CAFII 20 th Anniversary event: April 5/17	-Life insurer examination visits -Ontario Government's replacement of FSCO with a new Financial Services Regulatory Authority (FSRA) over next two years (2017 and 2018); and Regulations to implement FSRA -	Invitation sent Invitation sent Invitation sent Awaiting release of FSRA Regulations and opportunity for stakeholder input

[illegible]

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 14/17
Patrick Dery, Superintendent, Solvency (appointed CCIR Chair effective April 1/15)	-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto - Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -Liaison lunch and industry issues dialogue on October 6/15 in Levis, Quebec	-See L. Morisset above	-see L. Morisset above	Pending
Eric Stevenson, Superintendent, Client Services and Distribution Oversight	-AMF 2016 Rendez-Vous on November 14/16 in Montreal -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -Liaison lunch and industry issues dialogue on October 6/15 in Levis, Quebec	-CAFII 20 th Anniversary event: April 5/17 -See L. Morisset above	-See L. Morisset above	Invitation sent Pending
Louise Gauthier, Senior Director, Distribution Policies and Compensation (member of CCIR TIWG). Lead on AMF's Distribution Guide rewrite initiative.	-L. Gauthier in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -AMF 2016 Rendez-Vous on November 14/16 in Montreal -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper -Liaison lunch and industry issues dialogue on October 6/15 in Levis, Quebec	-CAFII 20 th Anniversary event: April 5/17 -See L. Morisset above CAFII 20 th Anniversary event: April 5/17	-See L. Morisset above; and -Distribution Guide rewrite -see L. Gauthier above	Invitation sent Pending Invitation sent

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 14/17
Maryse Pineault, Senior Director, Distribution Framework	-Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto -AMF 2016 Rendez-Vous on November 14/16 in Montreal		financial products and service	politely withdrawn, based on reassuring information from Y. Nachabé
Ministry of Finance Carlos Leitao, Minister Richard Boivin, Assistant Deputy Minister, Financial Institution Policy and Corporate Law Guillaume Caudron, Chief of Staff Yann Nachabé, Policy Advisor	-Feb. 25/16 phone call between B. Wycks and Yann Nachabé, Policy Advisor, Ministry of Finance, resulting from CAFII request for April 2016 in-person follow-up meeting with Richard Boivin and Guillaume Caudron	-in-person or teleconference meeting with Ministry officials coincident with consultation period on Omnibus Bill expected in Q1 or Q2 2017, if necessary	-Omnibus Bill expected to modernize financial sector, incl. the Distribution Act (Minister Leitao in response to question at legislative committee meeting on April 28/16) -Ministry's direction on online distribution of insurance without involvement of an advisor -CAFII submission in response to Report on the Application of the Act respecting the distribution of	-Pending release of Omnibus Bill -Request
New Brunswick				
Financial and Consumer Services Commission (Insurance Division): Angela Mazerolle, Superintendent of Insurance	-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto - May 4/16 dinner meeting with Atlantic Canada regulators in Halifax -Oct 1/14: Fredericton, NB	-Q2 2017 CAFII webinar -CAFII 20 th Anniversary event: April 5/17 -liaison meeting during CLHIA Annual Conference, May 3-5/17 in London, Ontario, if Angela is attending	-refreshed "Seven Point Guide to The Creditor Insurance Regulatory Regime," to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -implementation of further phases of online licensing system -legislative/regulatory change to support electronic beneficiary designations -other New Brunswick licensing issues	-Pending Invitation sent Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 14/17
David Weir, Deputy Superintendent of Insurance	-Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto -May 4/16 dinner meeting with Atlantic Canada regulators in Halifax - April 11/16 informal discussion with B. Wycks, at CISRO LLQP Info Session - Feb. 19/16 re CAFII feedback on online insurance licensing system - Sept. 22/15 CISRO LLQP Info Session in Toronto (B. Wycks) -Oct 1/14: Fredericton, NB	-see A. Mazerolle above -CAFII 20 th Anniversary event: April 5/17 -liaison meeting during CLHIA Annual Conference, May 3- 5/17 in London, Ontario, if David is attending	-see A. Mazerolle above -timing of final recommendations on reforming licensing framework for other-than-life agents and brokers -CAFII feedback on New Brunswick online insurance licensing system	-Pending (see A. Mazerolle above) Invitation sent Pending
Opportunities New Brunswick: Jay Reid, Investment Attraction Officer	-Jun 3/14: Toronto, with Adam Mitton of predecessor organization Invest New Brunswick	-None at this time	- CAFII submission re: Insurance Act and regulatory process changes necessary to support business efficiency and further inbound investment and additional jobs in New Brunswick -Introduce CAFII and build relationship -Position CAFII as an information resource	
Consumer Advocate for Insurance: Ronald Godin, Consumer Advocate	No contact	-None at this time		

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 14/17
Nova Scotia				
Superintendent of Insurance: William Ngu, Acting Superintendent of Insurance	-May 4/16 dinner meeting with Atlantic Canada regulators in Halifax -Appointed June 2015; no previous CAFII contact	-Q2 2017 webinar -CAFII 20 th Anniversary event: April 5/17 -liaison meeting during CLHIA Annual Conference, May 3- 5/17 in London, Ontario, if William is attending	-refreshed "Seven Point Guide to The Creditor Insurance Regulatory Regime," to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -Review of life and accident & sickness provisions of Insurance Act -legislative/regulatory change to support electronic beneficiary designations -Update on Superintendent's priorities -Communicate CAFII issues; build and strengthen relationship	-Pending Invitation sent Pending
Jennifer Calder, Deputy Superintendent of Insurance	-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR (participated by phone) -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference) -May 4/16 dinner meeting with Atlantic Canada regulators in Halifax	-See W. Ngu above -CAFII 20 th Anniversary event: April 5/17 -liaison meeting during CLHIA Annual Conference, May 3- 5/17 in London, Ontario, if Jennifer is attending	-See W. Ngu above	-Pending (see W. Ngu above) Invitation sent Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 14/17
PEI				
Superintendent of Insurance: Robert Bradley, Superintendent	-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Oct 1/14: Fredericton, NB	-Q2 2017 CAFII webinar -CAFII 20 th Anniversary event: April 5/17	-refreshed "Seven Point Guide to The Creditor Insurance Regulatory Regime," to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -Review of life and accident & sickness provisions of Insurance Act (on April 23/15, R. Bradley advised that this may get underway in late 2015) -legislative/regulatory change to support electronic beneficiary designations -Update on Superintendent's priorities -Communicate CAFII issues -Maintain and strengthen relationship	-Pending Invitation sent
Newfoundland				
Superintendent of Insurance: John O'Neill, Superintendent Craig Whalen, Deputy Superintendent of Insurance	-N/A; appointed in October 2015 -Oct 1/14: Fredericton, NB	-Q2 2017 CAFII webinar -CAFII 20 th Anniversary event: April 5/17 -see J. O'Neill above -CAFII 20 th Anniversary event: April 5/17	-refreshed "Seven Point Guide to The Creditor Insurance Regulatory Regime," to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -legislative/regulatory change to support electronic beneficiary designations -Update on Superintendent's priorities -Communicate CAFII issues; build and strengthen relationship	-Pending Invitation sent -Pending (see J. O'Neill above) Invitation sent

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 14/17
FEDERAL/NATIONAL				
CCIR: Martin Boyle, Policy Manager	-March 1/17 CCIR webinar presentation for CAFII members on CCIR expectations for insurer completion of Annual Statement on Market Conduct (presented by L. Balfour and M. Boyle) -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -November 29/16 CAFII Holiday Season Reception -October 24/16 CAFII liaison lunch with CCIR Policy Managers -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper -May 19/16 CCIR ICPiC teleconference/webinar meeting with CAFII members (L. Balfour and M. Boyle) -May 4/16 lunch meeting in Halifax (with C. Rogers and S. Jacobs)	CCIR-offered industry-wide learning session on how to complete/enter data for certain sections of Annual Statement on Market Conduct, Life and Health -CAFII 20 th Anniversary event: April 5/17 -liaison lunch in second week of April 2017, following CCIR Spring Meeting, April 6-7/17 -liaison meeting during CLHIA Annual Conference, May 3-5/17 in London, Ontario, if Martin is attending	-Annual Statement on Market Conduct (Martin) -Framework for Cooperative Market Conduct Supervision (Martin) -attendance of CCIR members at CAFII 20 th Anniversary celebration in 2017 -Possible CCIR speakers/panelists at CAFII events -Update on CCIR 2014-17 Strategic Plan and related priorities -Communicate CAFII issues; and maintain and strengthen relationship -possible CAFII webinar(s) for CCIR audience -updates on Annual Statement on Market Conduct	Pending Invitation sent Pending Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 14/17
Sean Jacobs, Policy Manager	<ul style="list-style-type: none"> -February 22/17 CAFII stakeholder meeting with CCIR Travel Insurance Working Group -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -November 29/16 CAFII Holiday Season Reception -October 24/16 CAFII liaison lunch with CCIR Policy Managers -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper -July 7/16 CAFII webinar presentation by Lesli Martin, Pollara, on Canadians' perceptions, confidence, and satisfaction with travel medical insurance -May 4/16 lunch meeting in Halifax (with C. Rogers and M. Boyle) -March 16/16 CAFII/CLHIA joint stakeholder meeting with CCIR Travel Insurance Working Group 	<ul style="list-style-type: none"> - -CAFII 20th Anniversary event: April 5/17 -liaison lunch in second week of April 2017, following CCIR Spring Meeting, April 6-7/17 -liaison meeting during CLHIA Annual Conference, May 3-5/17 in London, Ontario, if Sean is attending 	<ul style="list-style-type: none"> -CCIR TIWG's Position Paper (expected May 2017) -CCIR review of travel health insurance -See M. Boyle above 	<ul style="list-style-type: none"> Invitation sent Pending Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 14/17
Patrick D�ry, Chair (Superintendent, Solvency, AMF)	-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -October 6/15: CAFII liaison lunch and industry issues dialogue with AMF -April 29/15 meeting in Quebec City, along with CCIR Vice-Chair Carolyn Rogers	-CAFII 20 th Anniversary event: April 5/17 -liaison meeting during CLHIA Annual Conference, May 3- 5/17 in London, Ontario, if Patrick is attending	-CCIR review of travel health insurance -Update on CCIR 2017-20 Strategic Plan and related priorities -Communicate CAFII issues; maintain and strengthen relationship	Invitation sent Pending
Harry James, Chair, CCIR Travel Insurance Working Group (TIWG)	-February 22/17 CAFII stakeholder meeting with CCIR Travel Insurance Working Group -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper -March 16/16 CAFII/CLHIA joint meeting with CCIR Travel Insurance Working Group -March 24/15 meeting with CAFII EOC re travel health insurance review initiative	--CAFII 20 th Anniversary event: April 5/17 -liaison meeting during CLHIA Annual Conference, May 3- 5/17 in London, Ontario, if Harry is attending -If necessary, Q2 or Q3 2017 meeting with Harry and TIWG members	-CCIR TIWG's Position Paper (expected May 2017) -CCIR Travel Health Insurance Products Position Paper and CAFII response to same	Invitation sent Pending Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 14/17
Laurie Balfour, Chair, CCIR Insurance Core Principles Implementation Committee (ICPiC)	-March 1/17 CCIR webinar presentation for CAFII members on CCIR expectations for insurer completion of Annual Statement on Market Conduct (presented by L. Balfour and M. Boyle) -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference) -May 19/16 CCIR ICPiC webinar presentation for CAFII members (L. Balfour and M. Boyle)	- CCIR-offered industry-wide learning session on how to complete/enter data for certain sections of Annual Statement on Market Conduct, Life and Health -CAFII 20 th Anniversary event: April 5/17 -liaison meeting during CLHIA Annual Conference, May 3- 5/17 in London, Ontario, if Laurie is attending	-Harmonized Annual Statement on Market Conduct -Framework for Co-operative Market Conduct Supervision in Canada -ICPiC work on IAIS' Insurance Core Principles	Pending Invitation sent Pending
CISRO: Ron Fullan, Chair (SK); G. Matier (BC); J. Abram (AB), W. Martinson (AB); D. Weir (NB)	-R. Fullan in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference)	-CAFII 20 th Anniversary event: April 5/17 - June 1-2/17 CISRO meeting in Saskatoon (CAFII could be offered 30 minutes on agenda, for a presentation)	-national, online licensing system for insurance and related harmonization issues -possible CISRO Strategic Plan and opportunity for stakeholders to provide input	Invitation sent Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 14/17
Financial Consumer Agency of Canada (FCAC): Lucie Tedesco, Commissioner	-May 1/15: B. Wycks made self-introduction and chatted with L. Tedesco, following her speech at CLHIA Conference	-CAFII 20 th Anniversary event: April 5/17	-FCAC consultation on its Proposed Supervision Framework and Publishing Principles for FCAC Decisions (released September 29/16 with November 14/16 deadline for submissions) of document expected). CAFII decided not to respond to this consultation, as out-of-scope	Invitation sent
Brigitte Goulard, Deputy Commissioner	-Jun 10/14: B. Goulard was speaker at CAFII event	-CAFII 20 th Anniversary event: April 5/17		Invitation sent
Jane Rooney, Financial Literacy Leader	-Feb 10/15 (presentation at CAFII Annual Luncheon)	-CAFII 20 th Anniversary event: April 5/17		Invitation sent
Jeremie Ryan, Director, Financial Literacy and Consumer Education	-Feb. 10/15			
Karen Morgan, Marketing Officer	-Jan 9/14			

Agenda Item 2.6

April 5/17 CAFII Board Meeting

Committee Reports Addressing CAFII Priorities

Licensing Efficiency Issues Committee (Chair: M. Gill)

The LEIC does not have any active Regulatory Consultation issues on its agenda at this time. However, the Committee

- participated jointly with the Market Conduct Committee in preparing CAFII's submission to the Saskatchewan Financial Consumer Affairs Authority's *ad hoc* consultation on a Proposed Definition of "Third Party Administrator" related to its planned licensing regime for TPAs;
- is monitoring and liaising with the Insurance Division of the Financial and Consumer Services Commission of New Brunswick with respect to its planned release of a final Position Paper on its "Opportunities for Reforming the New Brunswick Licensing Framework for Other-than-Life Insurance Agents and Brokers" which will have implications for the licensing of life agents;

-is working closely with new Co-Executive Director Keith Martin, who will be supporting the Committee, by facilitating orientation and learning opportunities related to insurance licensing issues;
- is reaching out to Ron Fullan, Chair of CISRO, to seek an update on its near-term agenda, with a view to organizing the LEIC's activities accordingly; and, in that connection, is bringing forward to the Board, for discussion, a CISRO invitation to CAFII to make a presentation at the upcoming CISRO meeting on June 1-2 in Saskatoon; and
- will be meeting on April 25/17 to develop a work plan and resume an active agenda.

Market Conduct Committee (Chair: R. Beckford)

The Market Conduct Committee has led in the development of the following CAFII submissions since the Board's last meeting in November 2016:

- Canadian Council of Insurance Regulators:

-2017-2020 Strategic Plan;

-Draft Recommendations to be included in Travel Health Insurance Products Position Paper (under Confidentiality Undertaking); and

-questions to inform industry stakeholder webinars on the Annual Statement on Market Conduct.

- Saskatchewan Financial Consumer Affairs Authority (all under Confidentiality Embargo):
 - Insurance Regulations Consultation;
 - Sub-Consultation on Regulations related to Third Party Administrators; and
 - ad hoc* Consultation on Proposed Definition of “Third Party Administrator” related to its planned licensing regime for TPAs;
- Ontario Ministry of Economic Development and Growth: Insurance category of Ontario Red Tape Challenge.

At this time, the Market Conduct Committee is looking forward to developing CAFII’s responses to the following consultation/submission opportunities:

- FSCO’s Draft 2017 Statement of Priorities (deadline: May 27, 2016);
- CCIR Travel Insurance Working Group’s Travel Health Insurance Products Issues Paper, expected to be released in late April or May 2017;
- insurance-related sections of Quebec’s omnibus Bill on modernizing the province’s financial services sector, now expected to be tabled by end of June 2017; and
- BC Ministry of Finance’s Policy Paper arising from the 10-Year Review of the Financial Institutions Act, expected to be released in Q2 or Q3 2017.

Media Advocacy Committee (Chair: C. Blaquiere)

The Media Advocacy Committee is currently working closely with media consultant David Moorcroft and search engine optimization (SEO) consultant RankHigher on content and design changes to our CAFII website to make it more appealing for consumers and media and to increase traffic to it, thereby making it a more strategically advantageous tool for the Association and its members.

There are two phases to this project: (i) an update migration from Drupal 6 to Drupal 8 for the Members-only back-end of the site, which RankHigher is currently tackling and expects to complete by the end of May; and (ii) a complete make-over and modernization of the public-facing front-end, using Wordpress, which will give our site a new look-and-feel, optimized for video content (for likely addition of video content in a subsequent phase); and a great deal of new, search engine-optimized text content on insurance and, in particular, Creditor Protection Insurance and its various forms. Phase 2 is expected to be completed this Fall.

The Committee is also looking forward to playing an active, input-providing role in the development of a new CAFII Strategic Plan, particularly with respect to proposed initiatives related to media engagement and related research and thought leadership. To that end, the committee will be meeting again in mid-April.

Research and Education Committee (Chair: D. Quigley)

Since the Board's last meeting in November, the Research and Education Committee has been working closely with new Co-Executive Director Keith Martin, who will be supporting the Committee, by facilitating his orientation and learning related to the Association's current research agenda and future opportunities related to research and thought leadership.

The Committee is looking forward to

- assisting in the development and/or refinement of a CAFII presentation to CISRO at its June 1-2/17 meeting in Saskatoon, as required, should the Board decide that CAFII should accept CISRO's invitation to do so; and
- playing an active, input-providing role in the development of a new CAFII Strategic Plan, particularly with respect to proposed initiatives related research and thought leadership.

Travel Medical Experts Working Group (Chair: S. Manson)

The Travel Medical Experts Working Group's recent work has included the following:

- participation in CAFII's February 22/17 stakeholder meeting with the CCIR Travel Insurance Working Group related to its Draft Recommendations for inclusion in its Travel Health Insurance Products Position Paper; and the related March 10/17 CAFII submission to the TIWG on those Recommendations (all under a Confidentiality Undertaking); and
- completion of the output of the committee's extensive and detailed work on "policy layout" for travel health insurance policies. This work has been based on the following principles:
 - enable consumers to easily compare policies;
 - be intuitive to consumers;
 - use clear language principles;and the following recommendations:
 - coverage descriptions should all follow the same structure/format (as applicable to the coverage);
 - limitations and exclusions should be included within the specific coverage section to which they apply; and
 - definitions should be listed at the back of the policy.

CAFI

21 St Clair Ave East, Suite 802
Toronto, ON M4T 1L9

Balance Sheet As at February 28, 2017

	Current 2017
ASSETS	
Current Assets	
Bank Balance	\$248,050
Investments ^A	\$54,077
Accounts Receivable	\$288,875
Interest Receivable	\$144
Prepaid Expenses	\$13,125
Computer/Office Equipment	\$5,118
Accumulated Depreciation -Comp/Equip	(\$1,983)
Intangible Assets-Trademarks	\$0
Accumulated Amortization-Trademark	\$0
Total Current Assets	\$607,406
TOTAL ASSETS	\$607,406
LIABILITIES	
Current Liabilities	
Account Payable ^B	\$13,748
Deferred Revenue	\$210,375
Total Current liabilities	\$224,123
TOTAL LIABILITIES	\$224,123
UNRESTRICTED NET ASSETS	
Unrestricted Net Assets, beginning of year	\$380,758
Excess of revenue over expenses	\$2,526
Total Unrestricted Net Assets	\$383,284
Total Unrestricted Net Assets	\$383,284
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$607,406

Financial Reserves Targets as per 2016 Budget:	
Minimum 3 months (25%) of Annual Operating Expenses=	\$ 188,161
Maximum 6 months (50%) of Annual Operating Expenses=	\$ 376,322
Current Level of Financial Reserves (total unrestricted net assets):	\$383,284
Current Level of Financials Reserve (%):	51%

C A F I I
21 St Clair Ave east, Suite 802
Toronto, ON, M4T 1L9
Balance Sheet Items
As at February 28, 2017

Item A

Investment Portfolio

Investment Type	Issue Date	Principal	Rate	Deemed Interest	Maturity Date
Cashable GIC #0087-8019718-13	June-16-16	\$54,077.01	0.40%	\$216.31	June-16-17
Total		\$54,077.01		\$216.31	

Item B

Accounts Payable

	Total
	13,560.00
	187.57
Total outstanding:	<u>13,747.57</u>

CAFII

21 St Clair Ave East, Suite 802
Toronto, ON M4T 1L9

Statement of Operations As at February 28, 2017

	Current Month	Current YTD	Budget 2017	Variance Budget to YTD
Revenue				
Membership Fees	46,594	93,188	559,125	465,938
Interest Revenue	35	35	250	215
TOTAL REVENUE	46,629	93,222	559,375	466,153
Expenses				
Management Fees	42,817	69,651	500,115	430,464
CAFII Legal Fees/Corporate Governan	-	-	7,000	7,000
Audit Fees	-	-	14,560	14,560
Insurance	437	873	5,500	4,627
Website (incl translation)	1,791	3,582	33,700	32,827
Telephone/Fax/Internet	72	339	5,000	1,418
Postage/Courier	2	50	375	36
Office Expenses	606	712	3,300	3,250
Bank Charges	-	-	40	- 672
Miscellaneous Expenses	-	-	-	-
Amortization Expense	-	-	-	-
Depreciation Computer/Office Equipm	78	78	468	468
Board/EOC/AGM				
Annual Members Lunch	10,140	10,247	13,200	13,200
Board Hosting (External)	-	-	15,000	4,753
Board/EOC/Meeting Expenses	-	1,680	11,000	11,000
Industry Events	36	36	2,000	320
EOC Annual Lunch	-	-	2,200	2,164
Sub Total Board/EOC/AGM	10,176	11,964	43,400	31,437
Provincial Regulatory Visits	-	-	8,000	8,000
Research/Studies	-	-	50,000	50,000
Regulatory Model(s)	-	-	20,000	20,000
Federal Financial Reform	-	-	2,000	2,000
Media Outreach	-	3,390	20,000	16,610
Marketing Collateral	-	-	7,000	7,000
Tactical Communications Strategy	-	-	-	-
Networking Events				
Speaker fees & travel	-	-	4,000	4,000
Gifts	58	58	500	442
Sub Total Networking & Events	58	58	4,500	4,442
20th Anniversary Event	-	-	27,685	27,685
TOTAL EXPENSE	56,038	90,697	752,643	661,946
NET INCOME	- 9,409	2,526	- 193,268	- 195,794

Explanatory Notes:

- 1 - Amortization of office equipment based on 4 year straight line depreciation
- 2 - Management fees includes TO Corp and Excecutive Director
- 3- Website includes hosting cafii.com, Vimeo(videos) subscrption and website improvements

CAFI

21 St Clair Ave East, Suite 802
Toronto, ON M4V 2Y7

Membership Fees

As At February 28, 2017

	<u>Jan-17</u>		<u>Jul-17</u>	
	<u>Billed</u>	<u>Received</u>	<u>Billed</u>	<u>Received</u>
BMO Bank of Montreal	\$ 29,375.00		\$ 29,375.00	
CIBC Insurance	\$ 29,375.00	17-Mar-17	\$ 29,375.00	
RBC Insurance	\$ 29,375.00		\$ 29,375.00	
ScotiaLife Financial	\$ 29,375.00	10-Mar-17	\$ 29,375.00	
TD Insurance	\$ 29,375.00	3-Mar-17	\$ 29,375.00	
National Bank Insurance Company	\$ 29,375.00		\$ 29,375.00	
Desjardins Financial Security Life Assurance Company	\$ 20,562.50		\$ 20,562.50	
AMEX Bank of Canada	\$ 14,687.50	17-Mar-17	\$ 14,687.50	
Assurant Solutions	\$ 14,687.50	28-Feb-17	\$ 14,687.50	
Canadian Premier Life Insurance Company	\$ 14,687.50		\$ 14,687.50	
Cumis Group Ltd/Co-operators Life Insurance Co.	\$ 14,687.50	10-Mar-17	\$ 14,687.50	
Willis Towers Watson	\$ 4,800.00	17-Mar-17		
Aimia	\$ 4,800.00			
Collins Barrow Toronto Actuarial Services	\$ 4,800.00			
CSI Brokers Inc.	\$ 4,800.00			
KPMG LLP	\$ 4,800.00	17-Mar-17		
Laurentian Bank of Canada	\$ 4,800.00			
Munich Reinsurance Company Canada Branch (Life)	\$ 4,800.00			
Optima Communications	\$ 4,800.00			
RGA Life Reinsurance Company of Canada	\$ 4,800.00	10-Mar-17		
The Canada Life Assurance Company	\$ 4,800.00	17-Mar-17		
January Invoices	\$303,563		\$255,563	
July Invoices	\$255,563			
Total Membership Fees	\$559,125			
Total amount to reallocate monthly Jan-Dec	\$46,594			

CAFII Budget Forecast: February 28, 2017

	As at February 28, 2017				YTD Q2 2017 Forecast			Full-Year Forecast		
	Current Month	Current YTD	Budget YTD	Variance	Q2 Budget	Q2 Forecast	Q2 Variance	2017 Budget	Full-Year Forecast	Full-Year Variance
Revenue										
Membership Fees	46,594	93,188	93,188	1	139,781	139,781	0	559,125	559,125	0
Interest Revenue	35	35	42	(7)	63	63	0	250	250	0
TOTAL REVENUE	46,629	93,223	93,229	6	139,844	139,844	0	559,375	559,375	0
Expenses										
Management Fees ¹	42,817	69,651	125,029	55,378	125,029	125,029	0	500,115	500,115	0
CAFII Legal Fees/Corporate Governance	0	0	1,167	1,167	1,750	1,750	0	7,000	7,000	0
Audit Fees	0	0	0	0	14,560	14,560	0	14,560	14,560	0
Insurance	437	873	917	44	1,375	1,375	0	5,500	5,500	0
Website (incl translation) ²	1,791	3,582	5,617	2,035	8,425	8,425	0	33,700	33,700	0
Telephone/Fax/Internet	72	339	833		1,250	1,250	0	5,000	5,000	0
Postage/Courier	2	2,347	63	(2,285)	94	94	0	375	375	0
Office Expenses	606	25	550	525	825	825	0	3,300	3,300	0
Bank Charges	0	0	7	7	10	10	0	40	40	0
Miscellaneous Expenses	0	0	0	0	0	0	0	0	0	0
Amortization Expense	0	0	0	0	0	0	0	0	0	0
Depreciation Computer/Office Equipm ³	78	12,044	78	(11,966)	117	117	0	468	468	0
Board/EOC/AGM										
Annual Members Lunch	10,140	6,481	13,200	6,719	0	0	0	13,200	13,200	0
Board Hosting (External)	0	0	0	0	0	0	0	15,000	15,000	0
Board/EOC/Meeting Expenses	0	2,079	1,834	(245)	7,500	7,500	0	11,000	11,004	4
Industry Events	36	10,395	334	(10,061)	2,751	2,751	0	2,000	2,004	4
EOC Annual Dinner	1,000	1,356	2,200	844	0	0	0	2,200	2,200	0
Sub Total Board/EOC/AGM	0	0	17,568	17,568	10,752	10,752	0	43,400	43,408	8
Provincial Regulatory Visits	0	0	0	0	2,000	2,000	0	0	0	0
Research/Studies	0	21,809	1,333	(20,476)	12,500	12,500	0	8,000	8,000	0
Regulatory Model(s)	0	0	8,333	8,333	5,000	5,000	0	50,000	50,000	0
Federal Financial Reform	0	180	3,333	3,153	500	500	0	20,000	20,000	0
Media Outreach	0	0	333	333	5,000	5,000	0	2,000	2,000	0
Marketing Collateral	0	0	3,333	3,333	1,750	1,750	0	20,000	20,000	0
Tactical Communications Strategy	75	221	1,167	946	0	0	0	7,000	7,000	0
Networking Events										
Speaker fees & travel	0	0	0	0	26,750	26,750	0	4,500	4,500	110
Gifts	58	58	83	25	0	0	0	500	500	0
Sub Total Networking & Events	58	58	0	(58)	125	125	0	4,500	4,500	0
20th Anniversary Event					27,685	27,685	0	27,685	27,685	0
TOTAL EXPENSE	56,038	90,697	125,441	34,744	188,161	188,161	0	752,643	752,643	0
NET INCOME	(9,409)	2,526	(32,211)	(34,737)	(48,317)	(48,317)	0	(193,268)	(193,268)	(0)

Explanatory Notes:

¹ Management fees includes TO Corporate services and Co-Executive Director salaries

² Website includes hosting cafii.com, Vimeo(videos) subscription and website improvements

³ Amortization of office equipment based on 4-year straight line depreciation

Financial Reserves Target as per 2017 Budget	2017 Full-Year
Unrestricted Net Assets (beginning of year)	\$ 380,757.87
Unrestricted Net Assets (end of year)	\$ 187,489.87
Maximum 3 months (25%) of Annual Operating Expenses	\$ 188,161.00
Maximum 6 months (50%) of Annual Operating Expenses	\$ 376,322.00
Current Level of Financial Reserves	51%

DRAFT #1
March 16, 2017

Financial Statements of

**CANADIAN ASSOCIATION OF
FINANCIAL INSTITUTIONS IN
INSURANCE**

Year ended December 31, 2016

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Canadian Association of Financial Institutions in Insurance, which comprise the statement of financial position as at December 31, 2016, the statements of operations and changes in unrestricted net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Association of Financial Institutions in Insurance as at December 31, 2016, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Statement of Financial Position

As at December 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 322,192	\$ 311,987
Short-term deposits	54,077	53,808
Interest receivable	109	147
Prepaid expenses	17,855	12,277
Capital assets (note 4)	428	896
	\$ 394,661	\$ 379,115

Liabilities and Unrestricted Net Assets

Current liabilities:		
Accounts payable	\$ 13,902	\$ 20,123
Unrestricted net assets (note 2)	380,759	358,992
	\$ 394,661	\$ 379,115

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 Unrestricted Net Assets

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Membership fees	\$ 435,750	\$ 424,000
Interest	231	339
	435,981	424,339
Expenses:		
Association operating	329,752	292,414
Research and education committee	1,356	46,677
Distribution and market conduct committee	10,395	4,620
Networking and events committee	41,895	28,029
Licensing efficiency issues committee	—	1,229
Media and advocacy strategy committee	30,816	70
	414,214	373,039
Excess of revenue over expenses	21,767	51,300
Unrestricted net assets, beginning of year (note 2)	358,992	307,692
Unrestricted net assets, end of year	\$ 380,759	\$ 358,992

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, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 21,767	\$ 51,300
Amortization of capital assets	467	466
Change in non-cash operating working capital	(11,760)	(23,654)
Increase in cash position	10,474	28,112
Cash position, beginning of year	365,795	337,683
Cash position, end of year	\$ 376,269	\$ 365,795
Represented by:		
Cash and cash equivalents	\$ 322,192	\$ 311,987
Short-term deposits	54,077	53,808
	\$ 376,269	\$ 365,795

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

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Notes to Financial Statements

Year ended December 31, 2016

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)(i) 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 Canadian Professional Accountants of Canada Handbook.

(b) Revenue recognition:

CAFII derives its revenue primarily through membership fees. Fees are recognized as revenue in the membership period to which they relate.

Deferred membership fees represent fees received in advance of the membership period 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, 2016

1. Significant accounting policies (continued):

(d) Capital assets:

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

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 period, 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, 2016

2. Unrestricted net assets:

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

3. Financial instruments:

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

4. Capital assets:

2016	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 2,334	\$ 1,906	\$ 428

2015	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 2,334	\$ 1,438	\$ 896

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 2015.

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2016

5. Financial risks and concentration of credit risk (continued):

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. CAFII is exposed to credit risk with respect to the accounts receivable. CAFII assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

Agenda item 3.4
April 5/17 CAFII Board Meeting

CAFII Treasurer Succession

In light of the need for the CAFII Board to identify a successor CAFII Treasurer and appoint a candidate at the June 6/17 CAFII Board Meeting, the following information is provided:

- Candidate Profile: CAFII Treasurer
- CAFII Cheque Signing Authority Policy
- Reverse Chronology of CAFII Board Chair, Board Vice-Chair, EOC Chair, and Treasurer Appointees

Candidate Profile: CAFII Treasurer

The following are desired skills, attributes, experience, and related qualifications for the position of CAFII Treasurer:

- strong numeracy and financial literacy skills
- familiarity with accounting. Able to read, understand, and interpret financial statements
- strong monitoring orientation and attention-to-detail
- good presentation skills, especially for reporting to the EOC and Board on Year-to-Date financial results versus Budget; and on the Association's financial reserves
- available to attend most EOC and Board meetings to provide financial reports. Occasional attendance by teleconference in lieu of in-person would be acceptable, as would occasional attendance for only the financials-relevant portion of a meeting
- experience in development of annual operating budgets; familiarity with budgeting for an Association or similar non-profit organization is an asset
- available to work intensively during the mid-October through early December period each year on development of the subsequent year's operating budget
- some experience/familiarity with the annual audit process for non-profit organizations, and in working with external auditors
- reasonable level of availability and flexibility to be a signatory on CAFII cheques, in keeping with the Association's Cheque Signing Authority Policy
- a collegial nature, as must be able to work co-operatively with other members; the Co-Executive Directors; the Administrative Co-ordinator, Controller, and President at TO Corp.; external auditors; and other suppliers and stakeholders in the overall stewardship of the Association's financial affairs

Cheque Signing Authority Policy

Document Owner:	Executive Operations Committee (EOC)
Practice Applies to:	CAFII Signing Authorities
Process Responsibility:	Executive Director
Final Accountability:	Executive Operations Committee

This policy applies to all cheques prepared and issued by the Canadian Association of Financial Institutions.

1. All Canadian Association of Financial Institutions (CAFII) cheques in amounts of greater than \$2,500 must be signed by any two of the Treasurer, Executive Operations Committee (EOC) Chair, or Executive Director.
2. All CAFII cheques in amounts of less than \$2,500 must be signed by any two of (a) the Treasurer, EOC Chair, or Executive Director; and (b) the Controller of TO Corp., or the President of TO Corp. At least one of the two signatories for cheques in amounts of less than \$2,500 must be one of the Officers of the Association listed in (a) above.
3. A designated signing authority, as noted above, may not be a signatory to a CAFII cheque that is payable to himself/herself nor to a cheque that is payable to his/her company or organization.
4. At least quarterly, the Treasurer -- or in his/her absence, the EOC Chair -- shall review and sign-off on all cheque stubs and their backup invoices/documentation, as a post-issuance internal audit and control measure.

Authorization

The Board of Directors has the authority to change or modify the policy on cheque signing authority as it may from time-to-time deem required.

The policy will be reviewed by the Board of Directors from time-to-time. At a minimum it will be reviewed every five (5) years.

Any changes to the Cheque Signing Authority Policy may not be ratified by electronic means.

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

Reverse Chronology of

CAFII Board Chair, Board Vice-Chair, EOC Chair, and Treasurer Appointees

Appointments to the CAFII volunteer Officer positions of Board Chair, Board Vice-Chair, Executive Operations Committee (EOC) Chair, and Treasurer have typically been made during the first Board meeting of a new governance year, immediately following the Annual Meeting of Members each June, except where noted below. In most cases, the appointed Officers have served two consecutive, one-year terms, except where noted below.

Terms (June to June, except where noted)	Board Chair	Board Vice-Chair	EOC Chair	Treasurer
2016-2017	Peter McCarthy, BMO Insurance	Joane Bourdeau, National Bank Insurance	Eleanore Fang, RD Insurance	Raja Rajaram, CIBC Insurance
2015-2016	Peter McCarthy, BMO Insurance	Joane Bourdeau, National Bank Insurance (<i>Oct 6, 2015 onwards</i>) Isaac Sananes, Canadian Premier (<i>Jun 9-18, 2015</i>)	Greg Grant, CIBC Insurance	Raja Rajaram, CIBC Insurance
2014-2015	Rino D'Onofrio, RBC Insurance (<i>Sep 19, 2014</i>)	Isaac Sananes, Canadian Premier (<i>Sep 19, 2014</i>)	Greg Grant, CIBC Insurance	Raja Rajaram, CIBC Insurance
2013-2014	Mark Cummings, ScotiaLife Financial	Rino D'Onofrio, RBC Insurance	Jennifer Hines, RBC Insurance	Raja Rajaram, CIBC Insurance
2012-2013	Mark Cummings, ScotiaLife Financial (<i>Dec 2012 onwards</i>) Cathy Honor, RBC Insurance (<i>until Dec 2012</i>)	Keith Demmings, Assurant Solutions (<i>until Dec 2012</i>)	Jennifer Hines, RBC Insurance (<i>Dec 2012 onwards</i>) John Lewsen, BMO Insurance (<i>until Oct 2012</i>)	Matt Fabian, BMO Insurance (<i>until Dec 2013</i>)
2011-2012	Cathy Honor, RBC Insurance (<i>Dec 2011 onwards</i>) David Minor, TD Insurance (<i>until Dec 2011</i>)	Keith Demmings, Assurant Solutions	John Lewsen, BMO Insurance	Matt Fabian, BMO Insurance
2010-2011	David Minor, TD Insurance	Keith Demmings, Assurant Solutions	John Lewsen, BMO Insurance	Matt Fabian, BMO Insurance
2009-2010	David Minor, TD Insurance	Keith Demmings, Assurant Solutions	Lawrie McGill, CIBC Insurance	Matt Fabian, BMO Insurance

Terms (June to June, except where noted)	Board Chair	Board Vice-Chair	EOC Chair	Treasurer
2007-2009	Rick Lancaster, CIBC Insurance	Steve Phillips, Assurant Solutions	Moir Gill, TD Insurance	Matt Fabian, BMO Insurance (<i>Dec 2009 onwards</i>) Monica Smith, BMO Insurance (<i>Oct to Dec 2009</i>) Victor Pywowarczuk, BMO Insurance (<i>until Oct 2009</i>)
2005-2007	Neil Skelding, RBC Insurance (<i>Oct 2005 onwards</i>)	Steve Phillips, Assurant Solutions	Lawrie McGill, CIBC Insurance	Victor Pywowarczuk, BMO Insurance
2004-2005	Cathy Honor, RBC Insurance (<i>until Oct 2005</i>)	Steve Phillips, Assurant Solutions	Lawrie McGill, CIBC Insurance	Victor Pywowarczuk, BMO Insurance
2002-2004	Oscar Zimmerman, ScotiaLife Financial	Isaac Sananes, Canadian Premier		Ambrish Jaiswal, CIBC Insurance
2001-2002	Oscar Zimmerman, ScotiaLife Financial	Isaac Sananes, Canadian Premier		Karen Ramdhan, CIBC Insurance Tamesh Paraboo, Canadian Premier Life Insurance (2001)
2000	Russell Dunbar, TD Insurance	Isaac Sananes, Canadian Premier (Mar 2000 onwards) Bernard Dorval, Canada Trust (until Mar 2000)		
1998	Russell Dunbar, TD Insurance	Bernard Dorval, Canada Trust		

CAFII Consultations/Submissions Timetable 2017-18

Regulatory Issue	Deliverable	Deadline	Accountable
BC Ministry of Finance 10-Year Review of FIA (consultation paper released June 2, 2015)	<ul style="list-style-type: none"> CAFII Response to Initial Consultation Paper Meetings with Ministry of Finance officials Public Report on input received on Initial Consultation Paper Policy Paper on proposals for change CAFII Response to Policy Paper <i>Meeting with Ministry of Finance officials, if necessary</i> Amendments to Act and drafting of Regulations 	<ul style="list-style-type: none"> Sep 15, 2015 Nov 10, 2015 Issued March 23, 2016 <u>Q2 or Q3 2017</u> Q3 2017 <u>Q3 or Q4 2017</u> <u>Q4 2017 or Q1 2018</u> 	<ul style="list-style-type: none"> Joint Market Conduct/ Licensing Committee; ED to monitor
QC Ministry of Finance Review of Distribution Act	<ul style="list-style-type: none"> CAFII Response to June 12/15 Consultation Report Dialogue with Ministry re meeting re online distribution CAFII secures specialized legal counsel, in preparation for draft Bill Draft omnibus Bill to be tabled, for industry consultation CAFII Response to draft legislation <i>Meeting with Ministry of Finance officials, if necessary</i> 	<ul style="list-style-type: none"> Sep 30, 2015 Completed March 2016 Nov 2016 <u>Q1 or Q2 2017</u> Q2 or Q3 2017 <u>Q2 or Q3 2017</u> 	<ul style="list-style-type: none"> Joint Mkt Conduct/ Licensing Committee; ED to monitor
CCIR Annual Statement on Market Conduct	<ul style="list-style-type: none"> CAFII Response to Draft Annual Statement (released Oct 28/15) Revised Draft released for 45 day consultation period CAFII Response to Draft 3 CCIR releases implementation-ready final version of Statement CCIR presents webinar on Annual Statement for CAFII members Access to AMF-developed system for data submissions available Insurers submit “best attempts” data based on 2016 fiscal year-end 	<ul style="list-style-type: none"> Dec 4, 2015 July 12, 2016 August 26, 2016 Dec 2016 March 1, 2017 March 28, 2017 May 1, 2017 	<ul style="list-style-type: none"> Market Conduct Cttee; ED to monitor
CCIR Review of Travel Health Insurance	<ul style="list-style-type: none"> CAFII/CLHIA joint update meeting with CCIR TIWG Issues Paper released for 90 day consultation Meeting with CCIR TIWG re Issues Paper CAFII Response to Issues Paper Meeting with CCIR TIWG re draft Recommendations in Position Paper CCIR releases Position Paper CAFII Response to Position Paper <i>Meeting with CCIR TIWG Re Position Paper, if necessary</i> 	<ul style="list-style-type: none"> March 2016 July 4, 2016 Aug 10, 2016 Sep 30, 2016 Feb 22, 2017 Expected May 2017 Q3 2017 <u>Q2 or Q3 2017</u> 	<ul style="list-style-type: none"> EOC; ED to monitor
SK Bill 177	<ul style="list-style-type: none"> FCAA releases Draft Regulations for industry consultation CAFII Responses to Draft Regulations & TPA Sub-consultation <u>CAFII Response to FCAA-proposed definition of TPA</u> <i>Meeting with FCAA officials re CAFII submissions, if necessary</i> <u>New Saskatchewan Insurance Act and Regulations come into force</u> 	<ul style="list-style-type: none"> Oct 7, 2016 Dec 2016 <u>March 2017</u> <u>Q2 2017</u> <u>Spring 2018</u> 	<ul style="list-style-type: none"> Market Conduct Cttee; ED to monitor
“Modernizing the New Brunswick Insurance Licensing Framework”	<ul style="list-style-type: none"> CAFII Response to Position Paper on aspects related to life agents FCNB delivers final recommendations to Minister 	<ul style="list-style-type: none"> Jan 22, 2016 ? 	<ul style="list-style-type: none"> Licensing Committee; ED to monitor

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

Review of the Federal Financial Sector Framework

Submission to the Department of Finance
Canada

Prepared by Canadian Bankers Association

November 15, 2016

Introduction and Overview

The Canadian Bankers Association (CBA) is pleased to participate in the Review of the Federal Financial Sector Framework and respond to the government's initial consultation document for the Review. The CBA works on behalf of 59 domestic banks, foreign bank subsidiaries, and foreign bank branches operating in Canada. The CBA advocates for effective public policies that contribute to a sound, successful banking system that benefits Canadians and Canada's economy. The CBA also promotes financial literacy to help Canadians make informed financial decisions and works with banks and law enforcement to help protect customers against financial crime and promote fraud awareness.

Banks are an active and essential part of the daily life of most Canadians. Ninety-nine per cent of Canadians over the age of 15 have an account with a financial institution, so millions of Canadians turn to banks every day for products, services, and financial advice. Banks help Canadians safeguard their money, finance a home, manage their savings, plan their investments, and prepare for retirement.

Canadian banks are a key driver of economic growth, representing over half of the business lending market and roughly one-quarter of the overall business financing market in Canada. In 2015, total authorized credit to businesses neared \$1 trillion, of which \$209 billion was provided to small and medium-sized businesses. Banks will continue to support their business clients, just as they did during the global financial crisis when other lenders reduced the availability of credit or left the market altogether.

A strong and sound banking system is critical to Canada's economic success. The contribution of the banking industry to Canada's GDP has grown by more than 35 percent over the past seven years, accounting for approximately 3.3 percent, or \$60 billion, of GDP as of December 2015. While continuing to grow domestically to better serve Canadians, by competing globally and earning foreign income, banks not only bolster Canada's international reputation, they generate important economic benefits at home, including highly-skilled, well-paying head office jobs and higher revenues from which dividends are paid to Canadian shareholders. Canadian banks have contributed to job creation by employing more than 280,000 Canadians in a workforce that reflects the diversity of the labour market. Banks and their subsidiaries paid \$26.5 billion in salaries and benefits in 2015.

Canadians also benefit as shareholders in Canada's banks through the Canada and Quebec Pension Plans, employer pension plans, registered plans (such as RRSPs and TFSAs), mutual funds, and direct investments. In total, banks paid almost \$16 billion in dividends to shareholders in 2015, helping Canadians save for a secure future. The vast majority of Canadians either directly or indirectly benefit as shareholders of banks. Furthermore, banks are leading taxpayers, with the six largest banks paying \$7.3 billion in taxes to all levels of government in Canada in 2015.

Canada's financial services sector continues to be one of the most highly competitive sectors in the Canadian economy. Of the 80 banks operating in Canada, more than 40 offer financial products and services to Canadian consumers, including bank accounts, credit cards, loans, and investments. Canada has more large banks actively competing against each other for customers than practically any country in Europe, including the United Kingdom which has almost double the population of Canada. This is in addition to the more than 600 credit unions and Caisses Populaires located across the country. With this high degree of choice and competition, consumers benefit through better products and services, more convenience, and lower prices.

Submission Overview

The setting for the last financial sector review was the aftermath of the global financial crisis. Due to the unprecedented amount of regulatory change that followed, the government opted to limit the focus of the 2012 review process to technical amendments. Given the dynamic nature of financial services however, regular reviews of the legislative framework are critical to ensure it maintains its utility and is responsive to the evolving needs and expectations of Canadians while continuing to foster stability for the benefit of the Canadian economy. This review is timely as there has been dramatic change in how financial institutions and new entrants provide financial services to consumers.

Canadian banks support the government's core policy objectives outlined in the consultation document – stability, efficiency, and utility. To achieve these three objectives and position the financial sector for the future, our submission identifies the following priorities for reviewing the financial sector framework.

1. **The Regulatory Landscape for Canadian Banks:** The financial sector regulatory framework must strike the right balance between efficiency and stability. To do so, the review must be sufficiently comprehensive so as to consider all regulatory agencies that impact the financial sector.
2. **Canada's National Banking System:** The stability and efficiency of Canada's financial sector is rooted in prudent management by banks, which is overseen by a strong national regulatory system. The federal government must continue to protect and enhance its jurisdiction and role in financial services regulation.
3. **Innovation in Financial Services:** Banks support a competitive and innovative financial services sector. The objective of innovation needs to be balanced with a smart regulatory framework that protects consumers and supports the continued strength of Canada's financial system. Consideration should be given to adjusting regulatory requirements to facilitate greater innovation while still protecting consumers.
4. **Supporting Innovation by Reforming the Existing Framework:** A stable, efficient and useful Canadian financial sector can only be fully realized with a regulatory framework that accommodates and encourages innovation and competition. To achieve this, the existing framework must be reformed to permit financial institutions to fully engage in financial technology activity, invest in and enter into commercial relationships with fintech companies and promote further innovation.
5. **Modernizing Financial Services Legislation:** Canadians are rapidly adopting new and more convenient means of conducting their banking. In order to remain a useful and efficient regulatory framework, the *Bank Act* and other financial services legislation and regulations must be modernized to keep pace with innovations in financial services and the needs and expectations of consumers.

In addition to the priorities outlined above, we are currently working with our member banks to develop a comprehensive list of amendments and recommendations to strengthen the *Bank Act* and its related, regulations, statutes and guidance. In the meantime, we hope our contributions below will help assist the government as it prepares its policy paper for the second phase of this important consultation process.

1. The Regulatory Landscape for Canadian Banks

With the start of the global financial crisis now nearly a decade behind us, it is essential to be mindful that the Canadian banking system continues to be recognized as one of the soundest in the world. While the strength and resilience of Canada's banking system was proven during the crisis, there was significant turmoil in the

global financial system and a number of banks in other countries became insolvent and either failed or received taxpayer-funded bailouts in order to survive. In Canada, however, no bank was in danger of failing and no government bailouts were needed.

An unprecedented amount of regulatory change followed the crisis as international and domestic regulators moved to strengthen the global financial system, particularly in the areas of capital and liquidity. While these rules are developed internationally, domestic regulators and banks are responsible for their implementation. Many of the international regulatory reforms coming out of the financial crisis are still ongoing, with implementation occurring over the next few years.

The Canadian banking industry is one of the most heavily regulated and supervised sectors of the economy. The legislative framework governing banks is complex and the industry is subject to an extensive set of laws, regulations, guidelines, and codes of conduct developed and enforced by a number of departments and regulatory agencies, including:

- Department of Finance;
- Office of the Superintendent of Financial Institutions (OSFI);
- Financial Consumer Agency of Canada;
- Financial Transaction and Reports Analysis Centre (FINTRAC);
- Canada Deposit Insurance Corporation; and,
- Canada Mortgage and Housing Corporation.

Banks incur significant costs in ensuring that they are compliant with legislative and regulatory requirements. The CBA and its member banks recognize the importance of effective and appropriate banking supervision given the industry's critical role in the economy. Canadians trust their banks because they are well-managed, well-capitalized institutions operating within a well-regulated financial system.

Balancing Efficiency and Stability

Canada's banks support the government's core policy objectives for the review of efficiency and stability. Strong prudential and regulatory oversight are essential elements of the ongoing stability of the banking sector. This must be balanced with a regulatory system that is efficient so that banks can continue to contribute to economic growth and innovation in Canada. There is always a risk when reviewing financial services legislation that additional regulatory burden could stifle innovation, diminish consumer choice, and restrict economic growth. Moreover, additional regulatory burden can have a disproportionately large effect on smaller financial institutions.

It is our view that this balance between two of the core objectives of this review – stability and efficiency – should be an overarching and broad principle of the review. Because the regulatory system is complex, we also believe there is merit in taking a holistic view of all the regulatory agencies and legislation that have a direct impact on the banking sector, in addition to the financial sector legislation that is subject to the sunset provisions.

Crown Financial Agencies

The global financial crisis demonstrated that any disruption in a specific part of the financial sector can spread quickly and destabilize the entire system. All financial services institutions, including crown financial agencies that are not subject to rigorous regulatory oversight, can have a substantive negative impact on the stability

and soundness of the broader financial sector. The CBA has long been an advocate for strengthening the regulatory framework for crown financial agencies, including Farm Credit Canada, Business Development Bank of Canada, and Export Development Canada. Consideration should be given to what other changes are necessary to ensure these crown financial agencies have a clearly defined public policy mandate along with an appropriate level of oversight in order to ensure ongoing public confidence in the financial system.

Enhancing Competition and Choice for the Benefit of Consumers

The banking industry remains of the view that the inability of consumers to obtain insurance information in the branches and on the websites of banks and other federal deposit-taking institutions does not serve consumers well. We continue to believe that these restrictions have the effect of reducing consumers' choice and limiting their ability to plan their financial future through their chosen bank advisor, since insurance is a key element of a full financial plan. This is particularly important as consumers seek speed, convenience and accuracy as the hallmarks of companies that deliver innovation successfully. Consideration should be given to how existing business practices in relation to insurance might change to support consumer interests in this regard.

2. Canada's National Banking System

The stability and efficiency of the Canadian banking system is founded in a streamlined regulatory system with national laws applicable across the country. Canada's Constitution gives the federal government exclusive federal jurisdiction over banks and banking, but recent court decisions and provincial regulatory actions applying provincial legislative requirements to banking activities threaten the federal government's ability to implement exclusive banking policy. In many instances, the provincial legislative standards relate to issues already regulated federally, where banks already meet or exceed the federal requirements. Fragmentation of a national banking system leads to consumer confusion and impairs the ability of the federal government to inform and protect consumers. A consistent set of rules and regulations helps to foster innovation in financial services by permitting banks to more quickly respond to customer demand by developing and enhancing products and services that are available and consistent in all provinces and territories.

Enhancing Federal Jurisdiction over Banking

Given the importance of a national banking system, we were pleased to see Bill C-29 introduce amendments that further protect the exclusive jurisdiction of the federal government over Canada's banks. As case law evolves, new provincial rules are introduced and banks continue to innovate through their product and service offerings, it will be important to ensure on an ongoing basis that federal jurisdiction over banking is maintained.

3. Innovation in Financial Services

Banks are strong proponents of an open, competitive, and innovative financial services sector. Canadian banks have been leaders in the development and adoption of new technologies that facilitate and improve service to their clients. Banks' investment in new technologies has been substantial, with the six largest banks in Canada spending \$70.2 billion on technology between 2006 and 2015, including \$10.2 billion in 2015 alone. The development and use of leading edge technology by Canadian banks has contributed to Canada being ranked first out of thirty-two countries in the Capgemini/Efma World Retail Banking Report's Customer Experience Index every year since 2012.

How Canadians Bank

Banks are offering Canadians faster and more convenient ways to do their banking. Now consumers can bank anytime from virtually anywhere in the world through online banking and mobile apps. Canadian consumers are embracing these new banking technologies and have come to expect and demand greater convenience when using and accessing financial services.

When online banking was first introduced, some consumers were initially hesitant. However, it has quickly become the most preferred means of banking for the majority of Canadians. Now 55 per cent of Canadians use online as their preferred means of banking, up from only 8 per cent in 2000. Additionally, 48 per cent of Canadians use online banking as their primary method of bill payment. Further, the number of transactions that take place online keeps growing, with nearly 615 million internet banking transactions being completed in 2015.

With more and more Canadians carrying mobile devices, banks offer mobile banking services and apps that allow customers to carry out a variety of day-to-day banking transactions through their mobile devices. Over a few short years, the number of Canadians who use these applications has grown dramatically, with 31 per cent of Canadians using mobile banking last year, up from five per cent in 2010. Banks have successfully implemented these new technologies while ensuring that the personal information of their clients is kept safe and secure, fostering customer trust and confidence.

Banks as Leaders in Financial Technology

The development and use of financial technology is not limited to small start-up fintech companies – banks also engage in fintech activities. All entities that engage in the use of new technologies to provide financial services are providers of fintech products and services. Financial institutions, telecommunications firms, and large global technology companies that use technologies to provide financial services are all engaged in fintech to improve the consumer experience in financial services.

The use of technology to provide financial services is not novel. Canadian banks have an extensive track record of developing and adopting technology to serve their clients. Banks have applied technology to positively impact customer interactions to such a degree that innovations that once seemed cutting edge are now ubiquitous. Below are a number of examples of how banks have incorporated technology to serve customers:

- Automated banking machines (ABMs) located throughout Canada allow account withdrawals, transfers, bill payments, and deposits. Although ABMs have been around for a long time, banks continue to innovate in this space, for example, by making ABMs accessible to the visually impaired and by offering foreign currency.

- Internet and mobile banking enabling customer-directed 24/7 banking access. Mobile apps enabled Canadians to conduct over 200 million transactions on their mobile devices in 2015. New innovations in the mobile space have recently been introduced such as remote-deposit of cheques through imaging, tools for expense tracking and budgeting, and fraud identification tools.
- Technology-based security features on payment solutions such as chip and PIN, data encryption, tokenization, one-time passwords and biometrics significantly reduce the incidence of fraud.
- Contactless payments and mobile wallets, in respect of which Canada is a leader globally. 75% of major Canadian retailers now accept contactless payments and 35% of all in-person card transactions are now contactless.
- Interac e-Transfers offered both online and via mobile by most Canadian financial institutions enable consumers to securely and easily send funds to others. The online and mobile money transfer service is used by 13.5 million active online banking accounts, with over 65% of all deposits now taking place via a mobile device.

Constantly looking to the future, banks have established internal innovation hubs and partnered with outside organizations, including universities, incubators, and technology companies, to pursue, design and deliver digital innovations and solutions for bank customers. Key contributors to these hubs and partnerships are technology-experts specializing in user interface and experience, data scientists and other advanced analytics specialists.

Balancing Innovation with Consumer Protection and Stability

Banks are strong proponents of a competitive financial services sector. The recent emergence of companies that focus on financial technology has had a positive impact on the marketplace by heightening competition and accelerating innovative solutions to provide increased choice to Canadian consumers. The continued accelerated pace of technological developments is creating significant opportunities in the financial and commercial realms for banks and new market players such as fintech companies. Not only do banks compete with these players, they seek to work with them whether as suppliers, through referral arrangements or shared delivery of services, in order to accelerate the development and introduction of new solutions to the marketplace. In turn, many fintech companies benefit from having access to banks for capital, funding, distribution, and advisory services.

Banks have been able to provide innovative products while working within a comprehensive regulatory framework that protects consumers. Canadians have trust and confidence that their interactions with banks will be efficient, accurate, and secure. Banks have extensive security measures in place to protect customers from fraudulent activity, including transaction monitoring to look for unusual activity, authentication measures for online banking, and the move to more secure chip and PIN debit and credit cards and tokenization of customer credentials in mobile wallets. Many of the new entrants to the financial services marketplace are not subject to similar regulatory requirements.

The objectives of innovation need to be balanced with consumer protection and the continued strength of the financial services sector. New players in financial services could cause significant disruption to the financial system and a deterioration of consumer confidence if they fail to meet their obligations to consumers. For example, if a consumer provides instructions to transfer funds based on disclosure of terms and conditions that are unclear, the consumer may be exposed to penalties and additional charges, as well as adverse credit reports, if the funds fail to clear in time to meet a bill payment deadline. Similarly, from a financial risk

perspective, a payment service provider that has insufficient liquidity may fail to settle its payment obligations during the clearing and settlement process, exposing consumers and other market participants to negative impacts. Finally, a payment services provider that does not have adequate security measures may put consumer funds and consumer personal information at risk.

Smart Regulation for Financial Services

Canadian consumers would benefit from a framework that ensures participants in the financial system, including non-bank players, meet standards appropriate to the financial services activities they engage in and the level of risk they pose. This approach would not only be compatible with innovation but would support and facilitate innovative solutions that are beneficial to consumers. As already noted, such standards should include requirements relating to:

- Market conduct risks including disclosure, dispute and recourse, and anti-money laundering;
- Financial risks such as default and liquidity; and,
- Operational risks such as fraud and system disruption, among others.

Managing these risks can reduce the impact on consumers of compromised privacy, a reduced credit score, and financial loss.

Innovation is critical to the continued success of the Canadian economy. Competition fosters innovation and should always be encouraged. At the same time, risks that can affect the safety and stability of the financial system need to be properly managed through appropriate regulation. Without consumer confidence, financial technology will not continue to evolve. Canada must develop a policy environment that recognizes and accommodates innovation while setting reasonable rules to appropriately manage risk to customers and the financial system. This will ensure Canadians can seamlessly interact with financial services technology while appropriately managing the risks created by an electronic, interconnected environment.

Regulatory Innovation

Financial and consumer protection regulators around the world are contemplating specific opportunities to adjust the regulatory requirements for organizations (financial institutions and fintechs) to enable the testing of innovative products, services, business models and delivery mechanisms in a live environment. The CBA encourages coordination between the various regulators that oversee the financial services industry at both provincial and federal levels to consider a similar approach to proofs of concept, pilots and testing that involves the following common characteristics:

- An invitation from regulators to industry to bring forward novel ideas that require relief from certain regulatory requirements for testing purposes;
- Sufficient personnel with the appropriate expertise at each regulator who are mandated to work with and assess innovative ideas for products, services and business delivery models;
- A commitment to early and frequent access by financial institutions to such resources to enable regulatory oversight in a fast-paced landscape;
- Customized requirements on a case-by-case basis with associated mitigants in place for prudential and consumer protection;
- A commitment to confidentiality due to the proprietary information being shared with the regulators; and
- Minimal written reporting requirements (reduce red tape).

This type of regulatory innovation would have the advantage of enabling all market players to assess fintech solutions in Canada and would facilitate and accelerate innovation in the development and implementation of fintech products and services. It would also have the added benefit of allowing regulators to become familiar with new business models and financial services technologies before they are broadly available in order to facilitate their effective regulation.

Within the context of this type of regulatory model, appropriate parameters should be established in order to balance risks while fostering innovation. To that end, lessons may be learned from other jurisdictions where “regulatory sandboxes” and other types of regulatory innovation are already being proposed or developed. Although the approaches taken by regulators differ from country to country, they share the commonality of adjusting regulatory requirements to allow organizations to experiment with financial technology in a live market environment while still protecting consumers.

In Canada, some initial steps have been taken in this direction. Quebec’s *Autorité des marchés financiers* recently created a fintech working group whose mandate includes analyzing technology innovations in the financial sector and anticipating provincial regulatory and consumer protection issues. The Ontario Securities Commission introduced a hub called LaunchPad to work with fintech companies to help them navigate the provincial regulatory framework. The CBA requests the opportunity to collaborate with the federal government to develop approaches to innovation as described above.

4. Supporting Innovation by Reforming the Existing Framework

The accelerated pace of technological developments is creating significant opportunities for consumers to benefit from innovation in the financial and commercial sectors, and banks should continue to play a role in offering consumers innovative products and services. Many emerging fintech companies will benefit from commercial relationships with banks to have, among other things, access to capital, funding, distribution, and advisory services. Consistent with the federal government's Innovation Agenda, banks should be provided with an opportunity to partner and collaborate with emerging fintech companies to drive meaningful growth and innovation. The current legislative and regulatory framework for banks, however, limits the nature of fintech activities in which banks may engage, precludes certain types of commercial relationships amongst banks and emerging fintech companies, and imposes barriers on banks making capital investments in emerging fintech companies through lengthy regulatory approval processes or onerous outsourcing requirements.

The following are just some examples of restrictions that should be reconsidered in the context of the Review of the Federal Financial Sector Framework.

Fintech activities carried on directly by banks

A bank needs to ensure that any fintech activity it wishes to engage in fits squarely within one of the permitted business activities that can be conducted by a bank under the *Bank Act*. The business powers granted to banks must be reviewed in the context of today's market and the emerging fintech sector to foster Canadian innovation and enable banks to remain competitive. In some cases, the permitted business powers set out in the *Bank Act* may not reflect the way that banks could be leveraging technology to provide new types of services that consumers expect from banks. This has the potential to restrict a bank's activities or require a bank to obtain regulatory approval for certain activities.

To ensure that banks can lead in financial innovation and conveniently deliver the services that enrich the lives of Canadians, and that Canadians demand, the business and powers section of the *Bank Act* should be updated to pave the way for financial sector evolution. This includes broadening the scope of activities that a bank may engage in under the *Bank Act* and adopting a broad and liberal interpretation of these provisions, including broadly interpreting what is a financial service and what is the business of banking. The *Bank Act*, and the ongoing interpretation of the *Bank Act* through OSFI Guidelines, Advisories and Rulings, should recognize that innovation in financial services means that the types of services provided by banks are, and will continue to be, rapidly changing. There should be a recognition that the use of technology is inherent in all financial services and that the mere use of technology to provide services, including new types of services and new ways to provide services, does not exclude such services or the provision of such services from the meaning of "financial service" or make them any less of a service that is within the business of banking.

In addition, in those limited cases where a service is not a financial service or within the business of banking, it is imperative that a bank be permitted to engage in information processing, online or information technology services without the requirement for ministerial or other approval. These much needed reforms will provide banks flexibility and agility to determine the scope of innovative activities they engage in, as well as how and with whom they do these activities, as more specifically described below.

Limited investment powers

The *Bank Act* restricts banks' investment powers by limiting investments to entities carrying on specific types of activities, with such entities referred to as permitted entities. In some cases, the activities of a fintech entity do not fit within the ambit of the permitted entity categories, therefore restricting a bank from making a much needed strategic investment. Inability of banks to contribute capital to a broad spectrum of fintech companies has the potential to stifle Canadian innovation and growth.

Restrictions on referral and networking arrangements

The *Bank Act* rules governing banks' referral and networking arrangements with third parties, such as fintech companies, should be clarified. In other jurisdictions, banks have extensive referral and networking powers resulting in customers reaping tangible and intangible benefits. In Canada, banks must have greater latitude to refer and network customers for non-financial services particularly as lines blur between financial and non-financial services and products. Customers will benefit from having greater access to innovative products and services and banks will be galvanized to collaborate more with emerging fintech and other companies in delivering services to their clients.

Regulatory Approval

In some cases, a bank will be able to fit the activities of the emerging fintech company in which it wishes to invest into a permitted entity category, but the investment for that type of permitted entity requires regulatory approval.

The requirement for a bank to obtain regulatory approval for an investment has the potential, in some situations, to make a bank seeking to invest in a fintech uncompetitive relative to other bidders. For example, in an auction seeking investors, a bank's bid that is conditioned on regulatory approval will make that bank's bid less attractive than a bid from another entity that is not required to obtain regulatory approval. This is particularly so in the case of a proposed bank investment in an entity owned by foreign investors who are unfamiliar with the *Bank Act* regulatory approval process, including the timing and likelihood of approval.

In addition, the requirement for regulatory approval gives rise to a timing issue as emerging fintechs may need an infusion of capital quickly which banks cannot provide if they require a regulatory approval. Smaller start up fintech companies in particular need investors to grow and scale and the rapid cash burn rate of these companies may result in companies not staying solvent, therefore stifling innovation and resulting in a missed opportunity for all, including Canadian consumers.

Other activities and investments by fintech companies

Further, once a bank has invested in a fintech company, the fintech company may well find itself limited in its ability to innovate in the future. This is because the *Bank Act* requires that the fintech company's activities and its downstream investments need to be limited entirely to only those activities that are permitted under the *Bank Act*. If any of the activities of the fintech or its downstream investments change, a bank may need to divest its investment or seek approval. In the world of fintech where companies look to be innovative and leverage existing capabilities to take advantage of new opportunities, often on an accelerated basis, the inability of banks to invest in a fintech company or maintain an investment in a fintech company where even one of the fintech company's activities or downstream investments is not permitted under the *Bank Act* constitutes a significant impediment that has the potential to unduly restrict Canadian innovation.

5. Modernizing Financial Services Legislation

In order to ensure that the legislative framework for financial institutions achieves utility by keeping pace with consumer needs and the evolving trends identified above, financial services legislation should be modernized to reflect how Canadians organize their economic lives. The consultation document notes that “the environment in which Canadians interact with financial institutions is rapidly evolving. Most routine transactions are now conducted electronically, and branches are increasingly used to provide advice and value-added services.” Indeed, the rapid pace of technological change in recent years has paved the way for the financial sector to leverage new technologies to deliver services to Canadians, while continuing to accommodate consumers who prefer to access services through in-branch channels.

Reforms to the financial sector legislative and regulatory framework in the current Review will shape how banks are permitted to operate for the next decade. Given the accelerating pace of technological developments, it is imperative to ensure that the Review achieves the objective of a legislative and regulatory framework that allows banks to provide products and services in a manner that is aligned with commercial realities and the expectations of consumers that banking and financial services be delivered in a manner that is convenient and efficient for them.

Technology-neutral Rules

The legislative and regulatory framework for the sector must be reformed to be technology-neutral so that it remains relevant as technology and consumer banking needs continue to evolve. Many of the current *Bank Act* provisions were drafted at a time when individuals did most of their banking on paper and through regular visits to their local branch. Today, consumers can, and want to, bank anytime from virtually anywhere in the world through online banking and mobile apps. As noted above, online banking has become the most preferred means of banking for the majority of Canadians.

There are several benefits of technology neutral legislation. It permits banks to continue meeting the needs of consumers who prefer to access branches and paper-based solutions for their daily banking needs, while at the same time delivering technology-driven banking products and services to those consumers who prefer to bank through digital channels. It also encourages more technology-savvy consumers to engage more deeply with financial institutions to better understand and secure their finances, if they wish to do so.

Although financial services statutes are the focus of this review, the federal government should also modernize other key rules and statutes that impact how financial institutions operate, such as anti-money laundering legislation, the *Bills of Exchange Act*, and relevant OSFI Guidelines. As the consultation process for the Review continues, the CBA will propose amendments to specific requirements that currently restrict the ability of banks to fully utilize and leverage technology to deliver products and services and meet regulatory requirements.

Below, we have identified just some examples of areas where we believe reforms are necessary to bring the *Bank Act* fully into the market realities of the twenty-first century and the expectations of consumers.

Delivery of mandated disclosures to consumers and shareholders

Increasingly, Canadians seek to engage with banks and other service providers through electronic means. With the ubiquitous connectivity available to consumers resulting in the widespread use of online and mobile banking on smartphones and tablets, Canadians increasingly rely on these channels as a means of obtaining

products and services, and related information. The *Bank Act* should be amended to permit banks the ability to readily communicate and do business through “electronic means”. To achieve this, prescriptive disclosure and delivery requirements should be reviewed to ensure that materials can readily be made available to clients through a variety of channels, including by online or electronic means, and to permit access to documents to equal delivery.

The *Bank Act* should also be amended to better enable banks to provide shareholder-related documents, such as proxy circulars and annual reports, through electronic means. Such amendments would also align requirements in the *Bank Act* with shareholder document delivery obligations under securities legislation in Canadian provinces and foreign jurisdictions. These changes are consistent with Bill C-25, which was recently introduced in the House of Commons to amend the *Canada Business Corporations Act*. Similar amendments should be introduced to modify the *Bank Act* to replace paper-based communications with a “notice and access” system, allowing banks to use electronic communications when communicating with shareholders. In addition to being better able to meet the needs to shareholders’ changing preferences to receive information of this kind, there are clear environmental considerations as well. Banks in Canada are proud of their record as leaders in environmentally-friendly approaches to serving customers and supporting the economy. While banks have been effective in “greening” their operations, they are constrained in some areas by these out-of-date regulations.

Client authentication

While client authentication requirements under anti-money laundering/anti-terrorist financing legislation have been modified to permit non-face-to-face identity verification for all retail banking products, these requirements continue to be highly prescriptive. These requirements, which are interpreted by FINTRAC, are not set out in a manner that fully accommodates client authentication in the digital age and should be reviewed to permit emerging trends in this space; that is, the use of innovative identity verification methods such as document review through a live video connection, digital identity products, use of blockchain, biometrics and other methods that will likely become available in the near future. Many of these methods have the potential to prove a customer’s identity more securely and accurately than does the requirement to show physical identification at a branch, which is the prevailing method of authentication in use today.

Conclusion

The CBA appreciates this opportunity to provide our comments on the consultation document for the Review of the Federal Financial Sector Framework. The recommendations contained in this submission are meant to support the government's core objectives of stability, efficiency, and utility and position the banking industry so it will continue supporting Canada's economic growth into the future. We encourage the government to modernize the legislative framework to reflect the changing landscape for financial services. We look forward to participating in second phase of the consultation process following the release of the government's policy paper in 2017.

Agenda Item 5.1
April 5/17 CAFII Board Meeting

CAFII Strategic Plan Development Proposal

Background: With a new Co-Executive Director, CAFII has additional resources to take on additional activities. This is a prime moment for CAFII's leadership to consider the Association's priorities and to identify the best areas for its Co-Executive Directors to focus their energies, through the development of a CAFII Strategic Plan, 2017-2020.

Proposed Approach: A Strategic Plan Development Backgrounder is being prepared, for initial review and approval by the EOC. The document will then be recommended to the Board of Directors for review, revision, and approval. This final approved document will determine the focus of CAFII staff and budget going forward.

The content of the Strategic Plan Backgrounder will be:

- Who are We? This section reviews the mandate and mission of the organization to ensure it remains current and up-to-date.
- Where Are We? This section identifies the organization's existing focus, strengths, and achievements.
- Where Do We Want to Go? This section identifies existing Strategic Initiatives we wish to continue; and potential new Strategic Initiatives we may wish to add to the Association's Strategic Priorities.
- How Do We Get There? This section develops a high level implementation plan to achieve each potential Strategic Initiative, including any new resources, people, budget etc. necessary to achieve the related objectives.

Timelines and Process: The proposed timelines for developing a new CAFII Strategic Plan are:

Item	Deadline	Status
Provide proposed approach to EOC Chair to gain approval to proceed	Prior to March 21/17 EOC meeting	Complete
Provide proposed approach to EOC for discussion, feedback, and approval to proceed	March 21/17 EOC meeting	Complete
Provide proposed approach to Board of Directors for approval to proceed	April 5/17 Board meeting	Pending
Table and review initial version of the Strategic Plan-Development Backgrounder with EOC Chair; make any proposed changes	April 17/17	Pending
Table and review modified version of the Strategic Plan Development Backgrounder with full EOC, for discussion: (i) preliminary discussion at April 25/17 EOC meeting; and (ii) fulsome discussion – with two hours set aside for review, possibly with a facilitator	May 23/17 EOC meeting	Pending

Revise document and submit to EOC Chair, for approval for interim update presentation to Board of Directors	May 30, 2017	Pending
Provide an interim update on Strategic Plan Development to Board of Directors	June 6/17 Board Meeting	Pending
Present Draft CAFII Strategic Plan, 2017-2020 to EOC, for review, feedback, and approval to take to the Board	September 19/17 EOC meeting	Pending
Present revised version of Proposed CAFII Strategic Plan, 2017-20 to Board of Directors, for review and approval	October 3/17 Board Meeting	Pending

CAFII Media Protocol

General

The initial media contact with CAFII will originate with contact to the TO Corporate Services office. Emily Cloutier will act as primary contact (in the event of Emily's absence, Megan McLean of TO Corporate Services will be her backup). The purpose of the first contact is to determine the nature and requirements of the requested interview or response and make arrangements to schedule the media request with the CAFII Co-Executive Director, Keith Martin.

The protocol below applies to media requests for interviews and comments regarding CAFII member products and services.

1. **Initial Contact:** The initial call to be received at CAFII Office (TO Corporate Services). Emily Cloutier (or backup) to answer call and find out the following information:
 - Reporter's name and name of media organization /program?
 - Is the reporter a freelance or staff person?
 - Is the reporter writing a background piece (where direct quotes from and/or attribution to a source(s) are not required) or an interview piece?
 - Is the reporter working on a deadline? If yes, what are their time requirements (when does the story need to be submitted, when do they need a response/interview, etc)?
 - Is the reporter pursuing a particular angle, hypothesis, or topics for the story?
 - What (specific) questions does he/she need answered and can CAFII (we) receive the questions in writing before the interview?
 - Who else has the reporter spoken to (other associations, institutions, etc)?
 - Is it possible to see the story before it goes to print?
 - Determine non-verbal information (if possible), e.g., does the reporter have any bias?

French Media: In the event that a call is received from a French speaking reporter, who prefers to communicate in French, Emily Cloutier will identify a French speaking representative at TOCS to take the call, as outlined above.

Comments:

- Don't commit to any stories

In terms of interviews, face-to-face is ideal for a more in-depth, background piece. If interview is conducted over the phone, Emily Cloutier to join and take notes (if possible).

2. **Arrange Media Spokesperson Involvement:** Emily Cloutier to notify Keith Martin and the Media and Advocacy Committee. In the unlikely event that the Executive Director is unavailable for an urgent issue, the request will be forwarded to the Chair, Media and Advocacy Committee who will work with the Committee to develop a recommendation for a response by the Chair, Board Communications Committee.
3. **Obtain Approval for Proposed Response:** Keith Martin to develop proposed approach to response and obtain necessary approval to proceed. See *Detailed Media Contact Escalation Protocol and Approval Process* for more information.
4. **Arrange Meeting with Media**
Phone Interview: Emily Cloutier to setup call, dial-in and introduce Keith Martin and the reporter. Keith Martin to answers questions. Once interview has concluded, Emily to indicate that if the reporter has any follow up questions they should be directed through her, so that she can facilitate a follow-up interview.

Face-to-face interview: Emily Cloutier to setup face-to-face interview and send email confirmation to Keith Martin and reporter. Keith Martin to conduct face-to-face interview and answer questions. Once interview has concluded, any follow-up questions to be sent to keith.martin@cafii.com; brendan.wycks@cafii.com.

French Interview:

Phone Interview: *In the event the interview must be conducted in French, Emily Cloutier shall provide the translator with relevant CAFII materials (French versions) prior to the interview. Emily Cloutier (or French speaking representative at TOCS) to setup call, dial-in and introduce everyone on the call, including Keith Martin, and the reporter.*

The following individual has been secured to provide simultaneous English-French translation for future CAFII media interviews that require that service:

*Hazel Cole, President
Conference Interpreter, AIIC, ATIO, TAALS
ICI International Conference Interpreters
112 Trelawn Avenue
Oakville, Ontario,
L6J 4R2
Tel: 905 338 7888
ici@conferenceinterpreters.ca
www.conferenceinterpreters.ca*

5. Reporting of Media Interview

- Emily Cloutier to prepare summary notes and send to Keith Martin for review (phone interviews only). If the interview was conducted via a translator then Emily Cloutier to seek comments from the translator as well.
- Keith Martin to ensure story is reported to Board members as outlined in the Approval Process on page 4.

6. Follow-up or next steps (if any).

Detailed Media Contact Escalation Protocol; and Approval Process To Respond To Media Interview Requests

A consultation and approval process is in place to assist the media spokesperson with a responding in a timely fashion, based on the nature, complexity, and potential controversy of the media request.

In all cases, the Media and Advocacy Committee will be advised of media requests. The Board Communications Committee will be notified and engaged in requests as detailed in the Approval Process To Respond To Media Interview Requests below.

Definition of Terms

Types of Requests:

Standard Request—this is a request for which CAFII has already developed information that is approved to be shared with the media/public. Examples include web site content, previously developed position documents and studies sponsored by CAFII where there is agreement to share the information.

Non-Standard Request—this is a request that relates to a new or emerging issue; or a request for which information about or an agreed-upon response from CAFII has yet to be developed.

Type of Media:

Media type: industry—industry publications

Media type: consumer—all other media

Response Timeline:

Non Urgent—interview to be scheduled with media by mutual agreement

Urgent—Media has provided a hard deadline and there may not be enough time to arrange a meeting with a broad group of stakeholders.

Approval Process To Respond To Interview Requests:

Type of Media Request	Comments	Action	Notification and Discussion or Consultation Process	Approval	Reporting
Standard Request: Industry Media	Industry media, typically backgrounder information, non controversial.	Executive Director develops recommended response and reviews with Chair, Media and Advocacy Committee or approved back-up (Media and Advocacy Committee Co/Vice-Chair; or Executive Operations Committee Chair).	Notification to Media and Advocacy Committee.	Chair, Media and Advocacy Committee.	Summary, routine reporting to Board Communications Committee, EOC, and Board.
Non-Standard Request: Industry Media	Industry media, new or emerging issue, possibly controversial.	Executive Director develops recommended response in consultation with Chair, Media and Advocacy Committee or approved back-up (Media and Advocacy Committee Co/Vice-Chair; or Executive Operations Committee Chair).	Notification and consultation with Media and Advocacy Committee. Notification to Board Communications Committee.	Non-urgent: Board Communications Committee. Urgent: Chair, Board Communications Committee.	Detailed reporting to Board Communications Committee, EOC, and Board, including copy of resulting story/news item and recommendations for future action, if applicable.
Standard Request: Consumer Media	Backgrounder or request for quote on topic where CAFII information is well-developed.	Executive Director develops recommended response and reviews with Chair, Media and Advocacy Committee or approved back-up (Media and Advocacy Committee Co/Vice-Chair; EOC Chair).	Notification to Media and Advocacy Committee. Notification to Board Communications Committee.	Chair, Media and Advocacy Committee.	Summary, routine reporting to Board Communications Committee, EOC, and Board.

Non-Standard Request: Consumer Media	All other media inquiries.	Executive Director develops recommended response in consultation with Chair, Media and Advocacy Committee or approved back-up (Media and Advocacy Committee Co/Vice-Chair; or Executive Operations Committee Chair).	Notification and consultation with Media and Advocacy Committee. Notification to Board Communications Committee.	Non-urgent: Board Communications Committee. Urgent: Chair, Board Communications Committee.	Detailed reporting to Board Communications Committee, EOC and Board, including copy of resulting story/news item and recommendations for future action, if applicable.
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For Urgent Matters: In the event that the Chair, Board Communications Committee cannot be reached, then the remaining members of the Board Communications Committee shall be contacted. At least one Board member shall be involved in the approval process.

(Question: Who constitutes the Board Communications Committee?)

Agenda Item 5.2(ii)
April 5/17 CAFII Board Meeting

Is your bank trying to upsell you? Here's what you should – and shouldn't – buy

ROB CARRICK
The Globe and Mail
Published Thursday, Mar. 16, 2017 1:54PM EDT

The downside of bank upselling is that customers get talked into buying junk products they don't need.

According to the bank tellers pouring their hearts out to CBC in a series of recent reports, upselling is rampant because of pressure to meet sales targets. A customer's best defence is to know which sales pitches are worth listening to, and which to shut down. To help promote more informed banking, the Personal Finance column presents this guide to bank products.

Buy this

Overdraft protection: Essential for households where money is constantly flying in and out of chequing accounts to cover automatic payments, mortgages, e-transfers and such. Between \$1,000 and \$2,000 should be enough coverage to protect you against not having sufficient funds to cover a payment or cheque. Some chequing accounts include overdraft. If not, go for the lowest-cost option. This will usually be a pay-per-use version rather than a monthly fee. Of course, this assumes you're not a serial overdraft user.

Home equity line of credit: The equity you have in your home is used to secure a line of credit with a very low interest rate that should be in the low 3-per-cent range these days. HELOCs, as they're called in the banking biz, are a handy tool for financially responsible people who need to finance purchases over in the short term and will not carry a balance indefinitely. If you're pitched a HELOC, ask about the set-up fees and then see whether any discounts are available. Banks sometimes cut the fees to stimulate sales.

Credit cards: See what your bank is pushing and then ask what welcome bonuses are available for new clients. Then go home and research comparable cards to make sure you're getting the best value. You probably only need to carry two cards, so don't grab a new card just to have a new toy for your wallet.

Don't buy that

Any life or disability insurance products covering mortgages or credit card balances: If you need insurance – if you have dependants, in other words – then buy some term life, disability or critical illness coverage from an insurance company. Bank-sold insurance on mortgages and credit cards offers inferior protection full of rules and conditions. Banks sell this insurance because it's a nice little money-maker for them. For example, some credit card insurance plans will make monthly payments of 10 per cent of your credit card balance if you're disabled or lose your job. That allows for plenty of interest to build up on your account at rates around 20 per cent.

Higher credit limits: The time to get the spending limit on your credit card increased is when you feel it would serve your spending needs and you are triple-certain you'll be able to pay what you owe on time. Banks make money off higher limits when people max out their cards and must pay interest on the unpaid balance.

Guaranteed investment certificates: For top rates on GICs, the banks are a black hole. You could get a rate bonus and still not match the returns available to all from alternative banks, trust companies and credit unions. These bank competitors are all members of either Canadian Deposit Insurance Corp. or provincial deposit insurance plans.

Savings accounts: Do not keep any serious money in a bank savings account. They are, to put it bluntly, a joke. Everyone should have a savings account at one of the many smaller financial institutions offering rates between 1 and 2 per cent on savings. Transferring money electronically between these accounts and your big-bank chequing account is super easy, though it can take a couple of days for the transaction to be completed.

Premium chequing accounts: Expect monthly fees of \$25 to \$30 for these ego-strokers. You simply don't need a lot of the services these accounts offer. The real value in chequing accounts today is the mid-range all-inclusive package where you can make as many debits as you need per month for a flat fee. Even better, free chequing is available from the online banks President's Choice Financial and Tangerine, as well as a growing number of credit unions.

Mutual funds: You could do much worse than putting some money in a bank's Canadian dividend fund and leaving it for a couple of decades. Consider them, but be a skeptic when it comes to other bank funds. They vary widely in cost and quality. Most are skippable.

"Straw Man" Letter to the Editor Which CAFII Could Have Sent In Response To March 16/17 Rob Carrick Column

Re The Downside of Bank Upselling (March 16):

In his column on bank upselling Rob Carrick dismisses creditor insurance products without considering some important facts. For example, creditor insurance for mortgages and loans is very price-competitive and easy to obtain. Independent actuarial firm data show that 95% of all claims are paid. Most applicants for this type of coverage are insured immediately without the need for medical tests. In addition, every one of the same age pays the same standard group premium rate regardless of health. In contrast, the pricing of term life insurance varies according to a number of factors including occupation, gender and smoking habits. Creditor insurance also typically offers job loss insurance, which is difficult to find as an individual insurance coverage.

Many prudent Canadians take a portfolio approach to their insurance coverage and thereby choose both options to provide peace of mind in the event of an untimely death: creditor insurance to pay off the mortgage and ensure that the survivors can continue to live in the family home without financial worry; and term life insurance to leave additional money for other ongoing expenses.

That said, for many people, creditor insurance, which is available at the time a new debt obligation is being assumed, may be the only convenient opportunity to buy coverage. For the vast majority of Canadians do not have an established relationship with an insurance agent or broker, or who only want moderate levels of insurance coverage, creditor insurance from banks and credit unions provides a convenient option and, in many cases, the best option.