

CAFII Board of Directors Teleconference-Only Meeting Agenda

Date: Tuesday, April 7, 2020

Chair: N. Benson

Dial-in: Registration link for Zoom Video Conference: [click here](#)

Time: 2:00 – 4:30 p.m. EDT

Item	2:00 p.m.	Presenter	Action	Document
1. Call to Order		M. Boyle		
2. Consent Items	2:02 p.m.	Presenter	Action	Document
a. Draft Board Meeting Minutes, December 3, 2019				✓
b. Draft Board Meeting Minutes, February 10, 2020				✓
c. Draft Board Meeting Minutes, March 26, 2020				✓
d. Regulatory Update				✓
e. Consultations/Submissions Timetable				✓
f. Regulator and Policy-Maker Visit Plan				✓
g. Summary of Board and EOC Action Items				✓
h. Committee Reports Addressing CAFII Priorities				✓
i. Postponement of 2020 CAFII Annual Members' Luncheon To Fall 2020				✓
j. CAFII CPI Opinion Piece In Canadian Business Quarterly				✓
3. Governance Matters	2:05 p.m.	Presenter	Action	Document
a. Rescheduling of 2020 Informal Liaison Lunch and Industry Issues Dialogue With AMF Staff Executives		B. Wycks/K. Martin	Update	✓
b. Recommendation That June 9/20 CAFII Annual Meeting Be Converted To A Virtual-Only Meeting		B. Wycks	Update/ Discussion	
4. Financial Management Matters	2:15 p.m.	Presenter	Action	Document
a. Financial Statements as at February 29/20		T. Pergola	Approval	✓
b. 2020 Budget Forecast		T. Pergola	Update	✓
c. Draft 2019 CAFII Audited Financial Statements		T. Pergola	Approval	✓
d. Timelines for Board and Membership Approval of CAFII 2019 Audited Financial Statements		B. Wycks	Update	✓
5. Strategic and Regulatory Matters	2:30 p.m.	Presenter	Action	Document
a. COVID-19 Pandemic Issues				
i. Options Related To A CAFII Working Group On COVID-19 Industry-Level Initiatives		K. Martin	Discussion	✓
ii. CAFII Forbearance Request Letters to Insurance Regulators and Policy-Makers Across Canada		K. Martin/B. Wycks	Update	✓ (8)
iii. CAFII Sharing Of Regulatory Forbearance Requests Strategy With CLHIA, CBA, THIA		K. Martin/B. Wycks	Update	✓
iv. CAFII Twice Weekly Calls With CLHIA and THIA Re COVID-19 Industry Impact and Developments		K. Martin/B. Wycks	Update	
v. Postponement of Launch of CAFII Quarterly CPI Benchmarking Study With RSM Canada		K. Martin	Update	✓
vi. Deferral of 2020 CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour		B. Wycks	Update	✓
b. AMF Credit Card-Embedded Insurance Benefits Matters "On Hold" Awaiting AMF Response To CAFII Forbearance Request Due To COVID-19		K. Martin	Update	✓ (6)
c. AMF Response Letter To CAFII Members' Action Plans Re Runoff Of Non-Debtor/Spousal CPI Coverage		K. Martin	Update	✓
d. March 5/20 CAFII Stakeholder Meeting With CCIR/CISRO FTC Working Group		B. Wycks/K. Martin	Update	✓
i. Request From CCIR/CISRO FTC Working Group For Results Of A CAFII Member Survey On "Incentives and Compensation Models Used In Market"		K. Martin	Update	
e. March 9/20 CAFII Presentation Meeting with FCAC Staff Executives On "Credit Protection/Authorized Insurance Product Sales Practices and Fair Treatment of Consumers"		K. Martin/B. Wycks	Update	✓ (3)
i. CAFII Future Use of WTW-Produced Key Data Point Slides		K. Martin	Update	✓ (2)
f. CAFII Credit Protection Insurance Industry Best Practices Working Group: Progress Report		M. Boyle	Update	✓
g. Research & Education Committee				
i. Recommendations on 2020 CAFII Research		C. Blaquiere/ K. Martin	Update/ Approval	✓

h. Media Advocacy Committee			
i. CAFII 2019 Website Metrics Report From RankHigher	C. Blaquiere/ K. Martin	Update	✓
ii. CAFII 2020 Website Investment Plans/Initiatives	C. Blaquiere/ K. Martin	Update/ Approval	✓

6. Other Business	4:00 p.m.	Presenter	Action	Document
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7. In Camera Session	4:10 p.m.	Presenter	Action	Document
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Next Board Meeting: Tuesday, June 9, 2020, immediately preceded by 2020 CAFII Annual Meeting of Members

2020 CAFII Annual Members' Luncheon: Postponed to Fall 2020

BOARD MEETING MINUTES
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

Tuesday, December 3, 2019 Host: TD Insurance
 TD Conference Centre, 55 King St. West, Concourse Level Toronto, Ontario

Board Present:	Nicole Benson	Canadian Premier Life, Chair (by teleconference)
	Peter Thompson	National Bank Insurance
	Chris Lobbezoo	RBC Insurance Vice-Chair
	Peter McCarthy	BMO Insurance
	Janice Farrell Jones	TD Insurance
	Kelly Tryon	CUMIS Services Incorporated
	Sandra Rondzik	CIBC Insurance
	Zack Fuerstenberg	ScotiaLife Financial
	Wally Thompson	Manulife
	Christian Dufour	Desjardins Financial Security

Board Regrets:	Paul Cosgrove	Assurant
	Louie Georgakis	Canada Life Assurance

EOC Present:	Martin Boyle	BMO Insurance, EOC Chair and Board Secretary
	Michele Jenneau	National Bank Insurance (by teleconference)
	Rob Dobbins	Assurant
	Andrea Stuska	TD Insurance (by teleconference)
	Kamana Tripathi	TD Insurance (by teleconference)
	Scott Kirby	TD Insurance (by teleconference)
	Tony Pergola	ScotiaLife Financial (by teleconference)
	Peter Thorn	TD Insurance
	Dallas Ewen	Canada Life Assurance (by teleconference)
	Sharon Apt	Canada Life Assurance
	Mindy Tarantelli	ScotiaLife Financial (by teleconference)
	Brad Kuiper	ScotiaLife Financial (by teleconference)
	Afzal Baig	TD Insurance
	Vivek Sahni	RBC Insurance
	Joanna Onia	CIBC Insurance (by teleconference)
	Charles MacLean	RBC Insurance
	Laura Bedford	RBC Insurance (by teleconference)
	Moir Gill	TD Insurance (by teleconference)
	Michelle Costello	CUMIS Services Incorporated
	Shawna Sykes	CUMIS Services Incorporated (by teleconference)

Also Present:	Keith Martin	CAFII Co-Executive Director
	Brendan Wycks	CAFII Co-Executive Director
	Natalie Hill	Managing Matters Inc. <i>Recording Secretary</i>

1. Call to Order, Meeting Confirmation, & Governance Matters

Board Vice-Chair C. Lobbezoo chaired this meeting in place of Board Chair N. Benson, who was unable to attend in-person. Mr. Lobbezoo welcomed everyone and called this meeting of the CAFII Board of Directors to order at 2:02 p.m.

M. Boyle confirmed that notice of this meeting was sent to all Directors in accordance with the Association's By-Law.

M. Boyle also confirmed that a quorum of Directors was present, noting that there were 10 Directors present in-person.

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

1(a). Approval of Agenda

C. Lobbezoo noted that a meeting agenda had been circulated to the Directors. He asked if the Directors had any additions or changes to propose to the agenda. As well, he inquired if anyone would like to discuss any of the ten (10) items listed in the Consent section, such that one or more of them should be moved to the regular section of the agenda.

No changes or additions to the agenda were proposed.

On a motion duly made, seconded and unanimously carried

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

2. Approval/Receipt of Consent Items

One or more documents had been provided for each of ten (10) consent agenda items; and it was presumed that Directors had reviewed them in advance of the meeting.

The following two-part motion was duly made and seconded and unanimously carried:

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

And further, **it is RESOLVED that** the minutes of the meeting of the Board of Directors held October 1, 2019 be and are adopted in the form presented, and that a copy of those minutes be signed and placed in the minute book of the Corporation.

3. Financial Matters

3(a). CAFII Financial Statements as at October 31, 2019

CAFII Treasurer Tony Pergola provided a financial report and review of the October 31, 2019 financial statements for the Board. Overall financial performance was as expected, although the forecast now had higher expenses due to the expenses that would be incurred for the Norton Rose legal opinion on the AMF spousal issue. There would also be meeting hosting associated with two 2019 Board meetings that would be expensed back to the Association at \$7500 each.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the October 31, 2019 CAFII financial statements be and are approved as presented.

3(b). 2019 Fiscal Year Forecast As At October 31, 2019

The forecast for the Association's 2019 fiscal year had deteriorated somewhat due to unbudgeted expenses related to the Norton Rose legal opinion. The Operating Ratio was now anticipated to come in at 21%, which is lower than the 25% minimum of the target range for the Association's financial reserves, if the Norton Rose legal costs are allocated to the expense line of the regular budget. However, there is a pool of money available in the 2019 Special Project fund, to which this expense could be allocated.

Item 3(c). Payment of 2019 Stikeman Elliott Legal Services Invoice

Keith Martin provided the Board with the background to Stikeman Elliott's recently received invoice for legal services rendered in 2019, with a view to having a motion thereafter for the Board to approve payment of that invoice. Mr. Martin noted that based on the size of the original bill, which was a straight time calculation, and which was close to the amount originally estimated for the Special Project, even though that Special Project was put on hold, a request was made for a volume discount, to which Stikeman Elliott had agreed. As a result, the original invoice was reduced by 10%, resulting in an \$11,000 discount.

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

IT WAS RESOLVED that the CAFII Board of Directors approves the payment of Stikeman Elliott's 2019 legal services invoice to CAFII, totaling \$92,113.81, with the funds to be drawn from the separate Special Project account monies which were received from members earlier this year for such purposes

3(d). Proposed 2020 CAFII Operating Budget Options

Treasurer Tony Pergola advised that there were some recent Board-approved expense items, such as the Norton Rose legal opinion, which were unbudgeted. The Board had the option of drawing from the Special Project funds, if desired, to pay for some of these expenses.

It was noted that it was expected that after the Board had had an opportunity to discuss the Proposed 2020 CAFII Operating Budget Options in today's *in camera* session, a Special Purpose Board Teleconference Meeting will be arranged for a date next month, in January, 2020, for the express purpose of approving the Association's 2020 Operating Budget.

4. Regulatory Matters

4(a). Implementation of Board-Mandated External Counsel Legal Opinion

C. Lobbezoo advised that this section of the agenda related to implementation and utilization of the external counsel legal opinion, which the Board had mandated at its previous meeting on October 1, 2019, with respect to the AMF's directive to cancel and remove existing, in-force credit protection insurance coverage from non-debtor spouses in Quebec. The Board was now being called upon to make some strategic decisions related to utilization of the legal opinion.

While the Board engaged in some preliminary discussion on this agenda item in this open portion of the Board meeting, this matter was ultimately assigned to the *in camera* session to allow for more thorough and candid discussion.

K. Martin updated the Board on the development and content of the legal opinion intended for the AMF, on recent CAFII liaison with the AMF on this matter, and on the strategic decisions related to utilization of the legal opinion which the Board was being called upon to make. Mr. Martin noted that there were a variety of internal CAFII opinions around utilization of the Norton Rose legal opinion.

Some of the arguments advanced in the opinion, while effective for the specific issue at hand, were of concern in terms of broader strategic implications. As a result, many arguments had been removed from the opinion, rendering it much watered-down. Furthermore, there was a concern with sharing the opinion in writing with the AMF, out of concern it could be discoverable.

The key objective at this point was to request of the AMF that Action Plans not include cancellation of existing, in-force policies, but rather see these policies diminish over time through natural attrition. It was suggested that this could be made through an in-person meeting in Quebec City involving AMF, Norton Rose, and CAFII representatives. It was also noted that the Action Plans deadline had been extended to 13 December, 2019.

It was agreed to continue and conclude discussion on this matter in the Board's *in camera* session, a discussion for which the Co-Executive Directors would be invited to remain and participate.

4(b). CAFII Strategy on AMF Position on Credit Card-Embedded Insurance Coverages

K. Martin and B. Wycks updated the Board on the matter of CAFII's strategy on the AMF's position on credit-card embedded credit protection and travel insurance coverages. It was mentioned that the AMF had recently indicated to the CLHIA that it expects a Fact Sheet and Product Summary to be provided to customers for insurance embedded in credit cards, and it would be auditing distributors in January and February 2020 to ensure they are complying with this expectation. Because this means that the AMF is treating this insurance coverage as a "sale," it raises implications for CAFII members that are concerning, and is a position that is opposed by the industry.

In response, a detailed letter explaining why CAFII does not agree with this position has been developed, but it was suggested that this should be sent only after resolution of the Spousal Issue. However, given that the AMF is moving forward quickly on this file, a counter view has been expressed that CAFII should proceed with finalization of the letter as soon as possible.

Further discussion on this issue was assigned to the Board's *in camera* session.

4(c). AMF Review of Critical Illness Insurance

EOC Chair M. Boyle reported that the AMF had undertaken a review of critical illness insurance, which included a requirement for affected insurers to complete one of two separate surveys. The investigation was based on a concern that the product is overly complex, and the claims ratio is too low. The CLHIA has a working group providing industry views to the AMF on this matter.

4(d). CAFII Follow-Up on October 28, 2019 Meeting With FCAC

B. Wycks and K. Martin updated the Board on two developments that had arisen from an October 28/19 relationship-building and dialogue meeting which the Association had had with Judith Robertson, the Financial Consumer Agency of Canada's new Commissioner, and three of her FCAC staff executives.

First, an invitation had been sent to Commissioner Judith Robertson to be the guest speaker at CAFII's 2020 Annual Members Luncheon.

Second, CAFII was proceeding to secure and prepare for a presentation meeting with FCAC staff executives on “Credit Protection/Authorized Insurance Products Sales and Fair Treatment of Consumers Implications” in early 2020.

Board members felt that this was an opportunity not to be missed to provide critical information and facts to the FCAC.

Z. Fuerstenberg, Board member for ScotiaLife Financial, suggested that consideration be given to engaging consultants to assist in the preparation of the presentation deck, including developing a product fact sheet and information on members’ distribution methods. Mr. Fuerstenberg felt that having such information on the letterhead of a credible external consultant might give it additional credibility.

In Board discussion of that suggestion, concerns expressed about taking such an approach, as consultants would offer an opinion, and could be very expensive. However, while the specifics of how to get external support was still open for discussion, there was Board consensus that this was a critically important presentation and “CAFII had to put its best foot forward.”

Further discussion on this matter was assigned to the Board’s *in camera* session.

4(e). CAFII 2019 Stakeholder Meeting With CCIR On November 5/19

Keith Martin provided an overview of the 5 November, 2019 CAFII stakeholder meeting with the CCIR, noting that it was a good discussion at which CAFII made some suggestions to the CCIR on how it could move to the next level of harmonization, including focusing not so much on coordinating activities between regulators, but actually developing policy positions that CCIR members could consider adopting. While the CCIR did not commit to these suggestions, they indicated that they were willing to consider and explore them.

4(f). Implementation of Saskatchewan’s New Insurance Act and Regulations

B. Wycks updated the Board on the latest developments with respect to Saskatchewan’s plans for implementing and bringing into force its new Insurance Act and related Regulations. He noted that Jan Seibel of Saskatchewan’s Financial and Consumer Affairs Authority had indicated that there would be no further delay to the 1 January, 2020 implementation date, but that select sections of the Act might be proclaimed into force at a later date.

4(g). FSRA Launch of Life and Health Insurance Sector Stakeholder Advisory Committee

K. Martin provided an update on a meeting of the FSRA Stakeholder Advisory Committee (SAC) with FSRA management, at which a presentation was made by FSRA management on their budget and policy priorities. FSRA continued to demonstrate a commitment to a principles-based approach and to collaborative consultation. A meeting is also soon to be held with the FSRA Board of Directors and the SAC. The SAC has about 15 members, with representation from various industry Associations and from industry itself.

CAFII's presentation to the SAC noted that the FSRA launch was successful, its management team impressive, and its commitment to principles-based regulation noted and supported. The presentation recommended that FSRA take on a leadership role within both the Canadian Council of Insurance Regulators and the International Association of Insurance Supervisors, continue to promote harmonization across Canadian jurisdictions including on licensing, and support the development of ways to promote innovation in the industry, including the development of regulatory sandboxes.

5. Strategic Matters

5(a). Opportunity to Take over CBA's Quarterly CPI Benchmarking Study

C. Lobbezoo advised that the first item in this section of the agenda related to (i) the opportunity for CAFII to take over the Canadian Bankers Association's quarterly credit protection insurance benchmarking study, and (ii) the outcomes of a November 19 meeting which a CAFII selection committee had had with representatives from two actuarial firms which responded to a CAFII Request For Proposals related to launching an enhanced version of the CBA's benchmarking study, under CAFII's auspices, next year.

C. Lobbezoo, who attended the selection meeting with the actuarial firm representatives, and K. Martin provided an update on this initiative and the recommendations to the Board which emerged from the RFP process. It was felt that the better proposal was from RSM Canada, and the recommendation to the Board was to proceed with this initiative with RSM Canada as the winning bidder. It was also recommended that the initial project be just a go-forward quarterly study, with additional data points considered at a later point in time. It was observed and accepted that the RSM proposal for continuing the study as it currently exists, but with improved data quality and definitions to make it a more credible study, would cost 15,000 for each quarterly study or \$60,000 annually.

It was also noted that this item was not currently in the draft CAFII 2020 operating budget, although there was \$60,000 allocated for research in the budget that potentially could be allocated to this initiative.

Further discussion on this item was assigned to the Board's *in camera* session.

5(b). CAFII Credit Protection Insurance Industry Best Practices Working Group: Progress Report

M. Boyle and K. Kasperski, co-chairs of the CAFII Credit Protection Insurance Industry Best Practices Working Group, provided the Board with a progress report on its work since the last Board meeting at the beginning of October. A significant amount of progress had been made, with the Working Group breaking up into smaller groups to develop specific initiatives around components of the overall effort. A more detailed progress report would be delivered to the Board at its 7 April, 2020 meeting.

5(c). Implementation of Decision to Enhance the Benefits of CAFII Associate Status

B. Wycks provided an update the Board on the implementation of the Board-approved decision, made at our October 1/19 meeting, to enhance the benefits and value proposition of CAFII Associate status. The Board at that meeting supported a recommendation to provide Associates with addition value by sharing the monthly Regulatory Updates with them, along with CAFII Alerts. A transmittal message on this new benefit is being crafted, with the intention of providing Associates with some recent Regulatory Updates and a list of 2019 CAFII Alerts.

5(d). Creation of Board-Mandated EOC Working Group to Explore A New Lower Due Category of CAFII Membership

M. Boyle reported that there had been discussion at the Board and EOC of the possible value of a new category of membership for smaller members. An EOC Working Group was therefore being developed to propose specifics, and the results of its work would be presented at a future meeting of the Board for consideration.

6. Other Business

6(a). Timetable for Finalization and Posting/Dissemination of CAFII Board Agenda and Meeting Materials Packages

B. Wycks provided an update to the Board on the implementation of the plan, which the Board had approved at its 1 October 2019 meeting, for earlier finalization and timelier posting and dissemination of the agenda and meeting materials for CAFII Board meetings. He advised that CAFII management was committed to posting the materials for meetings at least one week prior to meetings, and had made good, demonstrable progress on this initiative.

6(b). Provision of a “Briefing Note” For Each Board Meeting Agenda Item

K. Martin provided an update on implementation of the Board’s request to provide a Briefing Note for each Board meeting agenda item; and he made a request for some feedback from Directors on the Briefing Note that was introduced with today’s Board meeting materials.

He advised that the Briefing Note was intended to provide a short summary for each agenda item, including its purpose, objective, background information, and the decision the Board was being asked to take. Board feedback was positive and the consensus was that this was a valuable addition to the Board materials, and should be continued going forward.

6(c). Regulator and Other Special Guests Expected At December 3/19 CAFII Reception

B. Wycks updated the Board on the insurance regulators and policy-makers and other special guests who were expected to be in attendance at this evening’s CAFII Reception.

6(d). Next CAFII Board Meeting: Tuesday, April 7/20 In Levis, Quebec

B. Wycks updated the Board on the next Board meeting in April of 2020, noting that CAFII had received confirmation from the AMF that its CAFII-relevant staff executives would attend an informal lunch and Industry Issues Dialogue with CAFII on that date.

In other business, B. Wycks noted that a consultation paper had just been received from David Weir of New Brunswick’s Financial and Consumer Services Commission (FCNB), on the development of an RIA Regime in that province. The deadline for submissions is 31 January, 2020 and CAFII is gearing up to make a compelling submission.

Item 7. Meeting Termination

C. Lobbezoo thanked everyone for their participation and contributions to CAFII’s advancement through today’s Board meeting. The meeting was terminated and adjourned at 4:00 p.m.

CAFII Board of Directors Special Purpose Teleconference Meeting

Monday, February 10, 2020

MINUTES

In Attendance

Directors Present:

Nicole Benson	Valeyo	<i>Chair</i>
Chris Lobbezoo	RBC Insurance	
Zack Fuerstenberg	ScotiaLife Financial	
Sandra Rondzik	CIBC Insurance	
Peter Thompson	National Bank Insurance	
Janice Farrell-Jones	TD Insurance	
Wally Thompson	Manulife Financial	
Louie Georgakis	Canada Life Assurance	
Paul Cosgrove	Assurant	

Regrets:

Peter McCarthy	BMO Insurance
Kelly Tryon	CUMIS Services Inc.

EOC Members Present:

Martin Boyle	BMO Insurance	<i>Board Secretary</i>
Rob Dobbins	Assurant	
John Lewsen	BMO Insurance	
Andrea Stuska	TD Insurance	
Peter Thorn	TD Insurance	
Charles MacLean	RBC Insurance	
Tony Pergola	ScotiaLife Financial	<i>Treasurer</i>
Brad Kuiper	ScotiaLife Financial	
Vikram Malik	Sun Life Financial	

Also Present:

Keith Martin	CAFII	<i>Co-Executive Director</i>
Brendan Wycks	CAFII	<i>Co-Executive Director</i>
Natalie Hill	CAFII	<i>Recording Secretary</i>

1. Call to Order, Welcome and Confirmation of Meeting

N. Benson welcomed everyone to this Special Purpose Teleconference Meeting of the CAFII Board of Directors and called the meeting to order at 12.05pm. N. Benson thanked all Directors and EOC members for making the time to attend.

N. Benson advised that this Special Meeting had been arranged to allow the Board to deal with several time-sensitive matters, including

- the admission of Sun Life Financial to CAFII Initiation Membership and the appointment of a CAFII Director from Sun Life Financial;
- the appointment of a new CAFII Director from Regular Member Desjardins Financial Security;

- formal approval of a CAFII quarterly benchmarking study on credit protection insurance, so that two decisions related to that initiative which the Board had reached during the *in camera* session at its December 3, 2019 meeting could now be captured in the minutes of the Corporation; and
- approval of a CAFII 2020 Operating Budget.

1.1. Confirmation of Quorum

M. Boyle confirmed that notice of this meeting had been sent to all Directors in accordance with the Association's By-law, and also confirmed that a quorum of Directors was present, as there were nine (9) of the current eleven (11) CAFII Directors on the phone.

1.2 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.

2.1. i. Recommended Admission of Sun Life Financial to CAFII Initiation Membership

At N. Benson's request, B. Wycks provided a brief report on Sun Life Financial's application for CAFII Initiation Membership and the CAFII Member Applicant Review Committee's recommendation on the application.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that Sun Life Financial be admitted to CAFII Initiation Membership, and that its two year period for reduced Initiation Member Dues be 2020 and 2021.

2.1.ii. Appointment of a CAFII Director from Sun Life Financial

At N. Benson's request, B. Wycks provided a brief report on Sun Life Financial's nomination of Sophie Ouellet for appointment as its first Director on the CAFII Board.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that Sophie Ouellet, Vice-President, Business Development, Group Benefits at Sun Life Financial be appointed as that new Member's Director on the CAFII Board.

Following a brief pause, Sophie Ouellet from Sun Life Financial then joined this CAFII Board Special Purpose Teleconference Meeting and she was warmly welcomed and congratulated by her fellow CAFII Directors.

2.2. Appointment of a CAFII Director from Desjardins Financial Security

At N. Benson's request, B. Wycks provided a brief report on Desjardins Financial Security's nomination of André Langlois for appointment as its Director on the CAFII Board, succeeding Christian Dufour.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that André Langlois, Senior Vice-President, Life and Health Insurance, at Desjardins Financial Security be appointed as its Director on the CAFII Board, succeeding Christian Dufour.

Following a brief pause, André Langlois, Senior Vice-President, Life and Health Insurance, at Desjardins Financial Security then joined this CAFII Board Special Purpose Teleconference Meeting and he was warmly welcomed and congratulated by her fellow CAFII Directors.

2.3. Formal Approval of CAFII Quarterly Benchmarking Study on Credit Protection Insurance; and Related Actuarial Firm Selection

N. Benson noted that the purpose of this agenda item was to allow the following two decisions which the Board had reached in the *in camera* session of its December 3, 2019 meeting to be officially captured in the minutes of the Corporation:

- to proceed with a CAFII quarterly benchmarking study on credit protection insurance at an initial cost of \$60,000 per annum; and
- to select RSM Canada as the winning RFP bidder and to contract with that firm to provide actuarial expertise services to CAFII for the quarterly benchmarking study.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the CAFII Board of Directors approves the undertaking of a CAFII quarterly benchmarking study on credit protection insurance and, in that connection, authorizes CAFII management to proceed with the launch of such a study at an initial cost of \$60,000 per annum.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the CAFII Board of Directors selects RSM Canada as the winning bidder in the Request for Proposals process related to a CAFII quarterly benchmarking study on credit protection insurance; and that the Board authorizes CAFII management to contract with RSM Canada to provide actuarial expertise services to the Association and its members for that study.

2.4. CAFII 2020 Operating Budget

At N. Benson's request, CAFII Treasurer T. Pergola presented an updated Proposed CAFII 2020 Operating Budget, and highlighted the changes made to an earlier draft of the budget presented at the Board's December 3, 2019 meeting. The revised CAFII 2020 Operating Budget set out three options – No Member Dues Increase (status quo); a three percent (3%) Member Dues Increase; and a five percent (5%) Member Dues Increase – and T. Pergola outlined the implications of each option.

In Board discussion, it was agreed that the insurance policy and regulatory environment that CAFII was dealing with was becoming increasingly complex, and that it was advisable to provide additional revenue in the CAFII budget in anticipation of heightened regulatory and legal activity.

As such, a proposal was made to increase Member Dues by five percent (5%) over 2019 levels. S. Rondzik requested that a new expense line item be added to the 2020 CAFII Operating Budget for unforeseen or unbudgeted expenditures, which the Association may deem it necessary to undertake, related to the insurance policy and regulatory environment.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the CAFII Board of Directors approves the CAFII 2020 Operating Budget Option which calls for a Members Dues Increase of five percent (5%), as set out in the Budget Options document dated February 10, 2020.

2.5. Presentation Deck for CAFII March 9, 2020 Meeting with FCAC Around CPI Sales Practices and Related Fair Treatment of Consumers Considerations

At N. Benson's request, K. Martin provided an update on preparations for CAFII's upcoming 9 March, 2020 meeting with Financial Consumer Agency of Canada (FCAC) staff executives in Ottawa.

Noting that the focus of that meeting would be a CAFII presentation on *Credit Protection/Authorized Insurance Products Sales Practices and Related Fair Treatment of Customers Considerations*, K. Martin advised that Dog and Pony Studios was working diligently on a draft presentation deck, and a Working Group of EOC members would provide feedback on it. Willis Towers Watson was producing some benchmarking data that was also intended to be incorporated into the presentation deck.

In response to Mr. Martin's update, the Board requested an opportunity to review an advanced, penultimate draft of the presentation deck, and to receive it sufficiently early to permit its being shared with internal legal counsel for review and feedback comments.

2.6. Proposed CAFII Working Group on Credit Card-Embedded Insurance Benefits and Industry Relations with the AMF

At N. Benson's request, K. Martin outlined the rationale behind the EOC's recommendation that a *CAFII Working Group on Credit Card-Embedded Insurance Benefits and Industry Relations With The AMF* be formed.

Mr. Martin noted that a meeting was going to be held in Quebec City the following day, 11 February, 2020, with the AMF on embedded credit card insurance benefits. Following that meeting, consideration would be given to next steps, and the EOC felt that a Working Group could contribute to the advancement of CAFII's further work in this area, he indicated.

The Board endorsed the creation of a *CAFII Working Group on Credit Card-Embedded Insurance Benefits and Industry Relations With The AMF*.

S. Rondzik recommended that any such Working Group should have a plan and strategy as a key component of its mandate. That strategy could include the benefits and risks of escalating, versus trying to find a middle ground with the AMF, it was noted.

2.7. Strategy for CAFII February 11, 2020 Meeting with AMF on RADM's Applicability to Credit Card-Embedded Insurance Benefits

At N. Benson's request, K. Martin highlighted the CAFII-controlled proposed agenda for the February 11/20 meeting with the AMF; the proposed Opening Statement to be delivered partly in French; and related strategy elements.

A thorough Board discussion ensued, from which a consensus emerged that the February 11/20 meeting with the AMF should be approached as a preliminary, exploratory meeting, especially since more senior AMF executives would not be present. It was recommended that CAFII's principal focus for the meeting should be information-gathering, and while our Association's position on this file should be communicated to the AMF, our key objective should be to listen and learn what the AMF's position is.

3. Meeting Termination

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that this Special Purpose Teleconference Meeting of the CAFII Board of Directors be terminated at 1:05 p.m.

CAFII Board of Directors Special Purpose Teleconference Meeting

26 March, 2020

MINUTES

In Attendance

Directors Present:

Nicole Benson	Canadian Premier Life <i>Chair</i>
Chris Lobbezoo	RBC Insurance Vice Chair
Paul Cosgrove	Assurant
André Langlois	Desjardins Financial Security
Louie Georgakis	Canada Life
Janice-Farrell Jones	TD Insurance
Zack Fuerstenberg	ScotiaLife Financial
Sandra Rondzik	CIBC Insurance
Peter Thompson	National Bank Insurance
Peter McCarthy	BMO Insurance
Wally Thompson	Manulife
Kelly Tryon	CUMIS
Sophie Oulette	Sun Life Financial

Also Present:

Martin Boyle	Board Secretary and EOC Chair
Keith Martin	CAFII <i>Co-Executive Director</i>
Brendan Wycks	CAFII <i>Co-Executive Director</i>
Natalie Hill	Managing Matters
Natalie Hill	CAFII

Over 25 CAFII EOC members indicated that they were going to participate in the call, but their attendance was not captured in the roll call.

1. Call to Order, Welcome and Confirmation of Meeting

N. Benson, CAFII Board Chair, called the meeting to order at 1:03 p.m. and welcomed all attendees to this Special Purpose Teleconference Meeting of the CAFII Board of Directors. She thanked all Directors and EOC members for making the time to attend.

N. Benson advised that this meeting had been arranged to allow the Board to discuss industry-level matters related to the unprecedented COVID-19 global pandemic crisis and the pressures it had created for the credit protection insurance and the travel insurance sectors in Canada, particularly in terms of fair treatment of customers, financial risk and reputational risk.

1.1. Confirmation of Quorum

M. Boyle, Board Secretary, confirmed that notice of this meeting had been sent to all Directors in accordance with the Association's By-law. He also confirmed that a quorum of Directors was present, noting that all thirteen (13) of the Association's Directors were present on the phone.

1.2 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. Updates from CAFII Management

B. Wycks provided an update on twice-a-week teleconference meetings which were being held among CLHIA, THIA, and CAFII, in which the three Associations; participants provided each other with updates on the COVID-19 pandemic's impact upon the travel insurance industry, and coordinated activities as appropriate. He noted that the latest COVID-19-related issue that the industry and the government were dealing with in this area was around ensuring that truckers entering the United States continued to receive travel medical insurance for COVID-19, something which the CLHIA supports. Another emerging issue was travel health insurance for migrant agricultural workers entering Canada from other countries. Progress was being made on allowing these workers into Canada and providing for insurance for them.

Mr. Wycks also noted that Swati Agrawal of the Financial Services Regulatory Authority of Ontario (FSRA) Market Conduct Division had reached out to K. Martin to arrange a teleconference with CAFII to discuss the COVID-19 crisis and what were the current preoccupations of CAFII members. That call took place on Wednesday, 25 March with CAFII Co-Executive Directors B. Wycks and K. Martin conversing with FSRA's Swati Agrawal; Anthonet Maramieri, Head, Insurance; and Huston Loke, Executive Vice President, Market Conduct. K. Martin and B. Wycks provided the FSRA staff executives with an overview of the challenges CAFII members are facing as their employees work from home as much as possible, while dealing with a large volume of calls and inquiries from insureds and customers who facing financial hardship due to the COVID-19 pandemic's impact upon the economy. CAFII shared that it would be writing imminently to all insurance regulators and policy-makers across Canada to request regulatory forbearance in the form of a six-month moratorium on filing requirements, new regulatory initiatives, and discretionary audits. CAFII learned that the CCIR has created a new COVID-19 Working Group, which is meeting four times a week on this issue.

3. Premium Relief

As a possible industry-level initiative related to COVID-19, the Board discussed the topic of premium relief for customers who hold credit protection insurance.

It was noted that financial institutions were offering mortgage payment and loan relief to customers facing financial hardship due to the economic situation created by the COVID-19 crisis, including the shut down of non-essential businesses.

Most CAFII Directors indicated that their member companies had considered offering CPI premium relief for customers whose mortgage or loan payments had been suspended, but for a variety of reasons most, but not all, had decided not to offer CPI premium relief. One member indicated that for its customers, CPI premiums are paid out of the interest charges for a mortgage or loan; and, as such, for its customers, a suspension of mortgage or loan payments would automatically give rise to a suspension of CPI premiums as well.

Several Directors said that even if no formal program of CPI premium relief had been announced for their customers, on a case-by-case basis they were providing temporary CPI premium suspension where a customer requests it. It was noted that whatever individual companies are indicating is their policy currently, that could change quickly due to government action or market pressure.

Several Directors advised that their companies would wait on settling on a CPI premium relief policy, and follow what was ultimately agreed to by the CLHIA when its position on this matter was determined in the near future.

A Director suggested that any CAFII member who is slow to provide CPI premium relief than other members of the Association could create a reputational risk for all. The Directors agreed that the first reputational risk and challenge for industry would be around travel insurance claims, followed by job loss, disability, and life insurance claims in that order. However, it was noted that given the current nature of the COVID-19 virus, which tends to cause deaths in older adults, the exposure to life claims was low as adults over 70 years of age typically would no longer be eligible for CPI life insurance coverage.

It was agreed that any Association-level discussion on CPI premium relief – perhaps under the auspices of a *CAFII COVID-19 Working Group* which the Association may decide to strike – would have to be conducted with the advice of a competition lawyer to ensure that the discussion did not stray into areas that would be off-side the Competition Act. One member noted that so long as the discussion did not lead to an agreement on premiums or pricing, but was more around sharing information, that would not be outside the parameters of appropriate discussion by members of an industry Association.

4. Likelihood of Elevated Claims Levels

CAFII Directors indicated that they felt that a wave of claims would soon hit the credit protection insurance and travel medical insurance sectors, with up to five times the normal number of claims likely to occur for travel medical insurance. Other elevated levels of claims would likely occur for job loss insurance, and for disability insurance.

Several Directors indicated that their companies were attempting to simplify the claims process for customers, including around the need for a doctor's note for travel medical insurance claims, or easing the conditions for making a job loss insurance claim. Some Directors said that they were paying out claims, wholly or partially, immediately upon receiving the claims submission, before the claim had actually been adjudicated, and they would sort out the details later.

Several Directors cautioned that if the industry cannot adjust and pay legitimate claims very promptly in a manner that is outside of the usual parameters, that could lead to significant reputational risk for the industry.

A Director indicated that one approach that could be taken to allow for the payment of claims which were marginally and/or technically outside of the terms specified in the Certificate of Insurance – for which there was precedent in Canada in the property & casualty insurance industry, in the aftermath of the major Bow and Elbow Rivers flooding in Calgary and surrounding area in 2013 – would be to allow insureds to purchase retroactively a rider that would specifically provide for the desired coverage.

5. Desirability of a CAFII Working Group on COVID-19

Some CAFII Directors expressed a desire for the Association to work closely with CLHIA on issues related to the COVID-19 pandemic's impact upon the industry; and, in that connection, it was recommended that CAFII's approach, when finalized, be shared with CLHIA President Stephen Frank.

However, a view was also expressed that CLHIA had so much on its plate right now that it might be distracted, and that CAFII could take the lead on work around credit protection insurance and COVID-19.

It was proposed and agreed that as CAFII member companies develop policies to provide relief to customers and to adjust to the other special issues raised by COVID-19, CAFII could try to document industry best practices in these areas that could be shared with all members of the Association.

In that connection, it was suggested that a special purpose *CAFII COVID-19 Working Group* might be the best vehicle for carrying out such work. It was also suggested that such a Working Group might benefit by having members whose roles in CAFII member companies are more policy development and implementation/operational in nature, as opposed to the more compliance focus of most EOC members.

It was proposed and agreed that before focusing on who should be on the contemplated *CAFII COVID-19 Working Group*, a decision should be made on what are the desired outputs from the Working Group.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the CAFII Board directs CAFII management to produce a document which outlines *Options For A CAFII COVID-19 Working Group*, for consideration by the Board at its next regularly scheduled meeting on 7 April, 2020.

6. Other COVID-19 Related Matters

Some Directors advised that their member companies are taking proactive steps, during the COVID-19 crisis, to remind CPI insureds that they have this coverage and that they should make a claim if, for example, they have job loss/loss of employment CPI insurance and they lose their job involuntarily.

7. Meeting Termination

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that this Special Purpose Teleconference Meeting of the CAFII Board of Directors be terminated at 2:00 p.m.

CONFIDENTIAL TO CAFII MEMBERS; NOT FOR WIDER DISTRIBUTION

Regulatory Update – CAFII Executive Operations Committee, 18 March, 2020

Prepared by Keith Martin, CAFII Co-Executive Director

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Federal/National

Minister of Innovation, Science, and Industry

Prime Minister's Mandate Letter to the Minister of Innovation, Science and Industry Calls for the Creation of a New Canadian Consumer Advocate

At the 9 March, 2020 in-person meeting between CAFII and the Federal Consumer Agency of Canada (FCAC) in Ottawa, CAFII learned that the FCAC was trying to get more information about the creation of a new federal Canadian Consumer Advocate. This was announced in the 13 December, 2019 Mandate Letter from the Prime Minister to the Minister of Innovation, Science, and Industry, which states:

With the support of the Minister of Middle Class Prosperity and Associate Minister of Finance and the Minister of Seniors, create a new Canadian Consumer Advocate to ensure a single point of contact for people who need help with federally regulated banking, telecom or transportation-related complaints. Ensure that complaints are reviewed and, if founded, that appropriate remedies and penalties can be imposed.

The full mandate letter can be viewed at: <https://pm.gc.ca/en/mandate-letters/2019/12/13/minister-innovation-science-and-industry-mandate-letter>

Federal Consumer Agency of Canada (FCAC)

FCAC Releases Reports on Bank Complaint Handling Procedures and Operations of External Complaints Bodies

Fasken reported on 2 March, 2020 that the The Federal Consumer Agency of Canada (FCAC) recently released a report on bank complaint handling procedures (the [CHP Report](#)) and a report on the operation of external complaints bodies (the [ECB Report](#)).

The reports address the FCAC's findings from reviews of banks' complaint handling procedures (CHPs) and external complaint bodies (ECBs) that were conducted in response to a request from the Minister of Finance following the FCAC's 2018 review of domestic retail sales practices.

Fasken notes that the review of CHPs was conducted between November 2018 and June 2019 and focussed on the six largest Canadian banks. It aimed to determine whether the banks had implemented the policies and procedures required to handle complaints in a way that met the standards for effectiveness (whether banks were resolving complaints to most consumers' satisfaction), accessibility (whether consumers knew how and where to make a complaint and were able to do so with relative ease), and timeliness (whether banks resolved consumer complaints within a timeframe defined by the regulators and that the consumer considers reasonable) set out in the *Bank Act* and FCAC guidance.

The CHP Report acknowledges potential limitations, including that it was conducted during a limited time period and that it does not, therefore, reflect improvements that banks may have made to their CHPs since the review was completed.

Canadian Federation of Independent Business (CFIB)

CFIB Releases Report that States that 1 in 4 Canadian Businesses Could Collapse From Big Income Drop Due to COVID-19

Wealth Professional reports that the devastating impact of the virus outbreak on Canada's small businesses has been highlighted in a new report.

It shows that half of small firms say that their sales have fallen as a result of the COVID-19 crisis and 1 in 4 believe that a big drop in income would finish them in just one month.

The Canadian Federation of Independent Business report shows that hospitality, arts/recreation, retail and personal services are most impacted with a \$66,000 average cost to those affected.

Four in ten respondents said they would have zero sales if face-to-face contact becomes impossible. "The early economic impacts of coronavirus on Canada's SMEs has been massive," stated Dan Kelly, CFIB president. "Even more alarming is our finding that a full quarter of small firms would not be able to survive for more than a month with a drop in business income of more than 50%." Among the measures that small businesses have taken are reducing staff hours (43%) and temporary lay-offs (20%).

Almost 4 in 10 respondents said they have suffered supply chain issues.

While the CFIB acknowledges the importance of keeping people safe, it also warns that the economic impact of self-isolation must be effectively addressed by the government. "While waiving the one-week EI waiting period and expanding the Work-Sharing program were helpful moves, CFIB is concerned with calls to mandate employers to provide 14 sick leave days at a time when they are already experiencing tremendous cost pressures and decreases in revenues," added Corinne Pohlmann, CFIB's senior vice-president of national affairs. "Governments need to step in and offer direct cash support to employees and the self-employed who are forced to self-isolate, as has happened in the UK, Ireland, Norway, Sweden and Denmark."

Survey respondents have several measures that they would like to see the government implement:

- Provide temporary tax relief on income, payroll and sales taxes (69%)
- Cancel planned tax increases such as CPP/QPP and carbon tax (66%)
- Delay tax filing deadlines and eliminate penalties for late payments and remittance (65%)
- Introduce wage subsidies for businesses to retain staff (58%)
- Create incentives to boost consumer spending (46%).

"We trust that governments are doing everything they can to ensure Canadians are safe," concluded Kelly. "But we must also ensure the economic survival of our small and medium-sized businesses to ensure we can get back to normal as soon as the threat is over."

Provincial/Territorial

British Columbia

BC Financial Services Authority

BCFSA Releases its 2020/21 to 2022/23 Service Plan

On 18 February, 2020 BC Financial Services Authority (BCFSA), which came into force as the successor to FICOM on 1 November, 2018, published its 2020/21 to 2022/23 Service Plan. The Plan states that

The Government of British Columbia remains focused on its three strategic priorities: making life more affordable, delivering better services, and investing in a sustainable economy. Crowns are essential to achieving these priorities by providing quality, cost-effective services to British Columbia families and businesses.

The Service Plan states that

In addition to the risk-based supervisory framework for regulated financial entities, the BCFSA also monitors the system for any violations of fair business practices such as mis-selling, unfair or misleading contracts and coercive sales tactics. The BCFSA ensures that no unauthorized business takes place in BC and that no unlicensed insurance agents, adjusters and salespeople operate in BC. The BCFSA may also appeal decisions of the Insurance Council of British Columbia.

The Plan states that BCFSA wants to

Increase number of on-site and face-to-face meetings with regulated entities and base subsequent monitoring on these supervisory assessments.

- *Our goal is for each financial institution (credit union, insurance company and trust company) to receive at least one (1) face-to-face meeting per year with the BCFSA.*
- *...*
- *We will establish for turnaround times for the delivery of supervisory letters. Initial metric will be 90 days from the exit meeting (for on-site reviews). As processes and system tools improve, timelines will be reduced to 60 days effective March 2021.*

The Service Plan commits to increased targeted examinations of market conduct activities, and to increase responsiveness to complaints. In an encouraging section, the Plan states that “In order to regulate effectively and in a proportionate manner, the BCFSA needs to engage with regulated entities and individuals to understand their views, challenges and opportunities. As well, the BCFSA needs to engage with other regulators to look to opportunities to harmonize regulation, where possible.”

The full service plan is available at: <https://www.bcfsa.ca/pdf/aboutus/ServicePlan.pdf>

Alberta

Government of Alberta

Alberta Drops Coverage for Out-of-Country Non-Urgent and Elective Health Services

Insurance Business Canada reported on 21 February, 2020 that the provincial government of Alberta has announced that it will no longer provide coverage for Albertans' elective, non-urgent health services and routine lab tests performed out-of-country.

The change takes effect April 01, 2020. Following the move, Alberta will join the majority of provinces in not offering the coverage. Only Quebec and Newfoundland and Labrador still provide coverage for out-of-country elective, non-urgent services.

Although that coverage will be dropped, Alberta will still continue to partially cover emergency health services. "Unlike the recent change in Ontario, Albertans will continue to be partially reimbursed for insured emergency health services needed when traveling outside Canada," a media release from the province explained.

The government also said in its release that the change is expected to save the province about \$1 million annually; the savings will be reinvested into enhancing Alberta's health system.

Ontario

Financial Services Regulatory Authority of Ontario (FSRA)

Three New FSRA Market Conduct Staff Members Join CCIR/CISRO Fair Treatment of Consumers Working Group

At the 5 March, 2020 CAFII Quarterly Stakeholder Meeting with the CCIR/CISRO FTC Working Group, three new market conduct employees from FSRA were present.

Antoinette Maramieri is Head, Insurance, FSRA. Anthonet Maramieri was previously the COO of the Alberta Insurance Council, and CAFII has had long-standing and positive relations with her.

Chris (Christine) Caldarelli is Senior Policy and Technical Lead at FSRA. Chris Caldarelli advised that she had previously worked in Senior Counsel roles at TD Bank, Forester's, and Manulife Financial, during which time she had significant exposure to credit protection insurance products.

Tim Mifflin is Insurance Market Conduct Division, FSRA. Tim Mifflin advised that he had previously worked at the Financial Services Authority (FSA), predecessor national regulator to the current Financial Conduct Authority (FCA) in the UK, and at Royal & Sun Alliance in the UK.

FSRA Website Posts Updated Executive Structure

FSRA has Published an Updated Executive Structure on its Website.

Reporting to CEO Mark White are the following positions and people:

EVP Pensions (Caroline Blouin);
EVP Auto/Insurance Products (Tim Bzowey);
EVP Market Conduct (Huston Loke);
EVP Credit Union and Prudential (Guy Hubert);
EVP Policy & Chief Consumer Officer (Glen Padaserry);
EVP Legal and Enforcement (Jordan Solway);
Chief Public Affairs Officer (Judy Pfeifer);
EVP Corporate Services (Stephen Power).

The EVP Corporate Services EVP Stephen Power has the following positions and people reporting to him:

Chief Financial Officer (Randy Nanek);
Chief HR Officer (Kelly Kimens);
Chief IT Officer (Aleksandar Simic);
Chief Risk Officer (Alston Perianayagam).

FSRA Issues Press Release on Burden Reduction

FSRA Press Release States that it has Made Significant Progress in Reducing Regulatory Burden for Industry

FSRA issued a press release on 6 March, 2020 in which it states that “Since its launch, the Financial Services Regulatory Authority of Ontario (FSRA) has taken significant steps towards regulatory transformation that will reduce regulatory burden and protect the public interest.” The release goes on to cite the following as examples of progress made:

- *Reviewing over 1,100 pieces of inherited regulatory guidance and maintaining only those that are relevant and necessary, resulting in a 51% overall reduction;*
- *Streamlining data collection and filings by eliminating requirements for unused/underutilized data and filings; and*
- *Developing a new service standard framework that will help ensure the consistent delivery of timely and predictable regulatory activities.*

The press release adds that:

FSRA also introduced a new guidance framework to streamline processes and provide greater clarity on what is required of regulated entities. This framework reduces guidance to four distinct categories, making it easier to conduct business. Remaining inherited guidance will, over time, be reviewed and updated within this framework.

“Our goal was to ensure we built a foundation for regulatory effectiveness and achieve a 25 per cent reduction of inherited guidance by fall 2020 – with the help of our stakeholders, we have already well surpassed that target,” said CEO Mark White. “This is just the start. We will continue to build a principles-based and outcomes-focused regulator, and assist businesses in offering reliable and innovative financial products and services that meet the needs of Ontarians.”

“FSRA plays an important role in building a stronger, more competitive business environment in Ontario,” said Minister of Finance, Rod Phillips. “FSRA has made significant progress in modernizing financial services regulation and reducing regulatory burden, while being responsive to the needs of businesses and protecting consumers.”

To view FSRA's full report, please visit: [Burden Reduction Progress Report \(March 2020\)](#).

International Developments, Research, and Thought Leadership

Survey of Life Insurers View of Covering Canadians with COVID-19

Survey Finds that For Many Life Insurers, Canadians with Coronavirus could be too Big a Risk to Cover

Life Health Professional reports that as the impact of the coronavirus continues to spread across industries and regions, Canadian life insurance companies are struggling to get a handle on the danger it poses — and those who are infected could pay the price.

Citing a new survey of Canadian life insurers conducted by LSM Insurance, the National Post reported that some companies would flat-out deny coverage to applicants who have contracted the disease, while others would consider accepting those who have been certified disease-free under certain conditions.

“It’s not that they think it’s a horrible thing,” Lorne Marr, insurance broker and director of new business for LSM Insurance, told the Post. “It’s not like you have terminal cancer ... Insurance is about compiling and analyzing data, and there’s still very, very limited data.”

According to the survey, respondents fell into two broad groups: insurers without a defined approach to deal with coronavirus, and those who could explain exactly under what conditions people with coronavirus can get life insurance.

Among the first group, companies said they would either decline the application, delay it until they have a clearly-defined course of action, or offer only guaranteed-issue life insurance. Such policies, LSM Insurance noted, usually don’t pay claims within one or two years of issuance; aside from not requiring medical screening, they also come with higher premiums and lower payouts, reported the Post.

The second group, meanwhile, said they will offer standard or simplified life insurance policies to those who have been certified coronavirus-free for at least three months, or fully healed and cleared by a physician after being diagnosed.

While the response might seem harsh for applicants, it's actually laxer compared to the industry response to SARS before. Speaking to the Post, Marr said that insurers at the time refused to cover anyone who had come down with the virus, adding that it changed eventually for those who made full recoveries.

Ernst & Young

EY Canada Study Implores Insurers To Rethink Business Models

Insurance Portal reports on an Ernst & Young study that states that Canadian insurers need to rethink existing business models to overcome challenges brought on by new emerging technologies and intensifying competition.

"Canadian insurance providers are vulnerable to shifting trends within their own industry," says Neil Pengelly, EY Canada Insurance Technology leader. "Declining levels of consumer trust, along with legacy technology systems and a growing skills gap are creating more urgency for change. Those with a clear vision of the future and the courage to invest in thoughtful, customer-focused business models will emerge as leaders in the new economy."

EY explains what to prioritize when redesigning business models in its *NextWave Insurance: personal and small commercial 2020 report*. It recommends that insurers develop "seamless digital experiences". The insurers that will increase market share will anticipate consumer needs, target and cross-sell more effectively, build out robust self-service capabilities and focus on data-driven customer relationships. In addition, EY says insurers will benefit by moving to cloud-based platforms by partnering with ecosystem relationships (e.g. sharing platforms, social media, InsurTechs and data providers) to offer specialized, but complementary services in mutually beneficial ways.

Finally, the report says insurance companies can increase customer trust by developing effective techniques with respect to cyber risk protection, including proactive monitoring to incident response and adopting possible defenses to protect their customers from identity theft and data breaches. "While tomorrow's leading insurance businesses will be purpose-led in their strategies — including more agile with their resources and dramatically more customer-centric — the most important capability will be their ability to drive organizational change," says Pengelly. "Creating an aspirational purpose, new offerings or traditional business models isn't enough. Insurers must also get better at execution."

Appendix A

CAFII Alerts 17 January – 17 March 2020

Date of Email Alert	Topic of CAFII Alert
16 March 2020	CLHIA Issues Statement Regarding Coronavirus Pandemic; RSA Canada Imposes 10-day Limitation On Medical and Travel Cancellation Insurance; and March 15/20 Canadian Snowbird Association Member Advisory
12 March 2020	CLHIA Applauds Nova Scotia Government's Prohibition Of Life Insurance Trafficking
11 March 2020	RBC Confirms Mississauga Employee Tests Positive For Coronavirus; Strictly By The Numbers, The Coronavirus Does Not Register As A Dire Global Crisis; and Coronavirus Can Be Transmitted Before Symptoms Develop, New Analysis Suggests
10 March 2020	CBC Article on "Travelling during the coronavirus outbreak? Here's what you need to know right now"
5 March 2020	2 Canadian Insurance Companies Stop Covering Coronavirus-Related Trip Cancellations
5 March 2020	Willis Towers Watson Webcast/Webinar On "Implications of Coronavirus for Employers": Tuesday, March 10/20, 1:00 to 2:00 p.m. Eastern
4 March 2020	Fasken Financial Services Bulletin -- FCAC Releases Reports on Bank Complaint Handling Procedures and Operations of External Complaints Bodies
3 March 2020	CLHIA Urges Caution On Title Regulation
3 March 2020	Canadian Insurer Demands Travelling Employees To Self-Quarantine Amid COVID 19
3 March 2020	Life and Health Insurance Industry Deploying New Technologies In The Fight Against Fraud
19 February 2020	FCAC Sees Room For Improvement In Banks' Complaint Processes
19 February 2020	Duo Bank (formerly Walmart Bank Canada) Buying Fairstone Financial
19 February 2020	BC Gangster's Family Sue Over Denied Life Insurance Claim
19 February 2020	Government of Canada Puts Special Conditions In Place To Allow Life Insurance Benefits/Proceeds To Be Paid To Beneficiaries Who Are Iranian Citizens (Related To Ukrainian Flight 752 Tragedy Only)
14 February 2020	Canadian Premier Life Insurance Company Acquires Gerber Life Canadian Insurance Business
6 February 2020	Coronavirus Scare Puts Travel Insurance In Focus
3 February 2020	Restaurant Association Requests Tax Exemption On Insurance Premiums
3 February 2020	CBC News Article on Credit Card Insurance
31 January 2020	Manulife Canada CEO Sees Apple and Netflix as Insurance Competitors
29 January 2020	Court Affirms Rejection of Former Cabinet Minister's Cancer Claim; and Insurance Preparation Gap Leading to Millions in Unclaimed Benefits
24 January 2020	Free Tuesday, February 4/20, 2:00 p.m. ET, U.S.-Based Webinar On "Successful Banks and Insurers Know A Superior Customer Experience Is A Competitive Advantage"
17 January 2020	Second AMF Letter Received By A CAFII Member This Week, Related To Section 138 Of The Insurers Act

<u>Date of Email Alert</u>	<u>Topic of CAFII Alert</u>
17 March 2020	Ontario's Insurance and Financial Regulator (FSRA) Details Business Continuity Plan
17 March 2020	Travel Insurance Industry Grapples With Coronavirus

CAFII Consultations/Submissions Timetable 2020-21

Regulatory Issue	Deliverable	Deadline	Accountable
BC Ministry of Finance 10-Year Review of FIA (Initial Public Consultation Paper released June 2, 2015)	<ul style="list-style-type: none"> Ministry announces FICOM transition into Financial Services Authority (FSA) FICOM-led Consultation on Industry Funding of BCFSa (successor regulator) CAFII submission on Industry Funding of BCFSa Revised Financial Institutions Act (FIA) tabled in the legislature CAFII submissions on draft Regulations in support of Revised FIA CAFII Meeting with Ministry of Finance staff executives <i>CAFII Follow-up Meeting with Ministry officials Re Credit Protection Insurance Sales Practices and Related Fair Treatment of Consumers Considerations</i> 	<ul style="list-style-type: none"> April 4/19 Released June 10, 2019 July 24/19 October 21/19 Q3 2020 through Q4 2021 October 25/19 Q2 or Q3 2020 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-EDs to monitor
AMF Sound Commercial Practices Guideline Update	<ul style="list-style-type: none"> AMF releases consultation document CAFII submission on updated Sound Commercial Practices Guideline 	<ul style="list-style-type: none"> Q1 or Q2 2020 (expected) Q1 or Q2 2020 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
Quebec Bill 141 and Related Regulations (including Regulation Respecting Alternative Distribution Methods, RADM)	<ul style="list-style-type: none"> National Assembly passes Bill 141 (certain Bill 150 provisions included) AMF releases Regulation Respecting Alternative Distribution Methods (RADM) CAFII submission on Regulations Supporting Bill 141 AMF Response to Feedback on RADM Implementation/In-Force Period for RADM (varies by Article/Chapter) 	<ul style="list-style-type: none"> June 2018 October 10, 2018 December 10, 2018 April 17/19 June 13/19: Chapter 2; June 13/20: Chapter 3 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-EDs to monitor
CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers	<ul style="list-style-type: none"> CCIR issues final version of FTC Guidance document Meeting with CCIR/CISRO Working Group re Guidance implementation Meeting with CCIR/CISRO Working Group re Guidance implementation <i>Meeting with CCIR/CISRO Working Group re Guidance implementation</i> 	<ul style="list-style-type: none"> September 27, 2018 November 28, 2018 March 27, 2019 <i>Deferred from Q4 2019 to March 5/20</i> 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
CCIR 2020-2023 Strategic Plan	<ul style="list-style-type: none"> CCIR releases preliminary consultation draft of 2020-23 Strategic Plan CAFII 2019 Stakeholder Meeting With CCIR Focused On Strategic Plan CCIR announces formal deadline for written submissions CAFII submission on CCIR 2020-2023 Strategic Plan 	<ul style="list-style-type: none"> September 30, 2019 November 5, 2019 Q1 2019 (expected) Q2 2020 (expected) 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; EOC; Co-EDs to monitor
SK Bill 177	<ul style="list-style-type: none"> FCAA delays implementation of new Act and Regulations to Jan 1/20 FCAA releases transition-related Guidance and Interpretation Bulletin FCAA releases further transition-related Guidance/Interpretation Bulletin(s) 	<ul style="list-style-type: none"> November 26, 2018 May 17, 2019 Q1 2020 (expected) 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
FCNB Insurance Act Rewrite and Introduction of RIA Regime	<ul style="list-style-type: none"> CAFII Meeting with David Weir and Jennifer Sutherland Green, FCNB in Fredericton CAFII submission on FCNB Licensing of Insurance Adjusters and Damage Appraisers Consultation FCNB launches industry consultation on RIA licensing regime model CAFII submissions on FCNB's Insurance Act Rewrite and RIA Regime <u>CAFII meeting with FCNB re its proposed RIA licensing regime model</u> 	<ul style="list-style-type: none"> June 11, 2019 July 2/19 November 29, 2019 January 31, 2020 <u>Q2 or Q3 2020 (post-COVID-19 outbreak)</u> 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor

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

Agenda Item 2(c)

March 24/20 EOC Teleconference Meeting

CAFII Insurance Regulator and Policy-Maker Meetings From February 21, 2020 To March 18, 2020

<u>Date</u>	<u>Event/Occasion</u>	<u>Who</u>
5 March 2020	<p>Delegation of three (3) CAFII in-person representatives (Huma Pabani, TD Insurance; and B. Wycks and K. Martin, Co-Executive Directors) had quarterly stakeholder meeting with CCIR/CISRO Fair Treatment of Customers Working Group Re Industry Implementation of CCIR/CISRO "Guidance: Conduct of Insurance Business and Fair Treatment of Customers (supplemented by several CAFII representatives on the phone: Martin Boyle, BMO Insurance and EOC Chair; John Lewsen, BMO Insurance; Greg Cairns, BMO Insurance; Dana Easthope, Canadian Premier Life Insurance; Shawna Sykes, Co-operators/CUMIS Services Inc.; Diane Quigley, CUMIS Services Inc.; Michelle Costello, CUMIS Services Inc.)</p>	<p><u>From CCIR/CISRO: In-Person</u></p> <p>-Louise Gauthier, Senior Director, Distribution Policies, AMF Quebec and Co-Chair of the FTCWG</p> <p>-Isabelle Berthiaume, Director, Prudential Insurance Supervision, AMF Quebec</p> <p>-Antoinette Maramieri, Head, Insurance, FSRA Ontario</p> <p>-Swati Agarwal, Senior Manager, Life Insurance Market Conduct, FSRA Ontario</p> <p>-Chris (Christine) Caldarelli, Senior Policy and Technical Lead, FSRA Ontario</p> <p>-Tim Mifflin, Specialist, Insurance Market Conduct Division, FSRA Ontario</p> <p>-April Stadnek, Director, Strategic Initiatives at ICS Saskatchewan</p> <p>-Jennifer Calder, Deputy Superintendent of Insurance, Nova Scotia</p> <p>-Tony Toy, CCIR Policy Manager</p> <p><u>From CCIR/CISRO: By Teleconference</u></p> <p>-Ron Fullan, Executive Director, ICS Saskatchewan and Co-Chair of the FTCWG</p> <p>-Harry James, Senior Regulatory Advisor, BC Financial Services Authority</p> <p>-Veronique Martin, AMF</p>

		-Robert Picard, Compliance Officer, Pensions and Insurance Division, FCNB New Brunswick
9 March 2020	Delegation of six (6) in-person CAFII representatives (Chris Lobbezoo, RBC Insurance; Martin Boyle, BMO Insurance; Rob Dobbins, Assurant; Dana Easthope, Canadian Premier Life Insurance; and B. Wycks and K. Martin, Co-Executive Directors) had presentation and dialogue meeting with Financial Consumer Agency of Canada (FCAC) staff executives at FCAC office in Ottawa on "Credit Protection/Authorized Insurance Products Sales Practices and Related Fair Treatment of Customers Considerations"	-Teresa Frick, Acting Managing Director: Supervision & Promotion Branch -Stephen Wild, Senior Research & Policy Officer -Laury Johnson, Senior Supervisor -Vincent Gadbois, Supervision Officer -Ruth Stephen, Director: Research, Policy & Education -Véronique Milot, Manager: Consumer Education -Dave Hayes, Research & Policy Officer -Thierry Plante, Senior Consumer Education Officer

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status March 18, 2020
		AMF Quebec			
1	EOC January 21, 2020	Take necessary steps to launch CAFII Working Group on Regulatory Relationship-Building, Communications, and Advocacy With The AMF Re Credit Card-Embedded Insurance Benefits, taking into account CAFII Board feedback on this proposed initiative and Board direction on next steps to be taken on this issue with the AMF.	K. Martin	6-Mar-20	Complete
		Atlantic Canada Insurance Regulators and Policy-Makers			
2	EOC January 21, 2020	Prepare a revised Options document re a 2020 CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour, taking EOC input into account.	B. Wycks	24-Mar-20	Complete
		Association Strategy and Governance			
3	EOC and Board: October 2019	Launch CAFII EOC Working Group to Explore a New Lower Dues Category of CAFII Membership, via a first meeting and a draft Terms of Reference for this Working Group.	B. Wycks/K. Martin	31-Mar-20	In progress
4	EOC May 29, 2018	Develop a summary job description for the CAFII EOC Chair role and circulate it to EOC Members.	Brendan, Keith	30-Jun-20	In progress
5	EOC February 27, 2018	Document in writing the process for reviewing, approving, and admitting applicants for CAFII Members and Associate status	Brendan	30-Jun-20	In progress

Agenda Item 2(h)
April 7/20 Board Meeting

Committee Reports Addressing CAFII Priorities

Market Conduct & Licensing Committee; Brad Kuiper, Chair

Since the CAFII Board's last regularly scheduled meeting on December 3/19, the Market Conduct & Licensing Committee has led in the development of CAFII's response submissions to the following regulatory consultations:

- Financial Services Regulatory Authority of Ontario (FSRA) consultation on its Proposed Guidance Framework; and
- Financial and Consumer Services Commission of New Brunswick (FCNB)'s "Consultation Paper Insurance 2019: Incidental Selling of Insurance, Restricted Insurance Licensing Regime,"

both of which had a January 31/20 submission deadline.

The committee will continue to liaise closely and exchange information with David Weir, FCNB lead on a project to rewrite the province's Insurance Act and, as part of that modernization initiative, introduce a Restricted Insurance Agent (RIA) licensing regime which would be the first in Atlantic Canada.

CAFII has communicated to Mr. Weir, as has CLHIA, that the FCNB's intention to change the nomenclature/terminology around its planned RIA regime by calling it an "Incidental Sellers of Insurance Licensing Regime" would be an ill-advised move for a number of reasons, including the fact that it would give rise to some unintended consequences such as precluding the licensure of travel insurance under the regime, as that product is not sold incidentally.

Other anticipated market conduct and licensing-related regulatory issues and opportunities which the Market Conduct & Licensing Committee expects to have near future involvement in, once the COVID-19 pandemic has abated and a semblance of normalcy has returned to Canadian civil society and the business community, are the following:

- the BC Ministry of Finance's development of Regulations related to the CAFII-relevant provisions of the province's Financial Institutions Amendment Act, 2019 (Bill 37);
- an updated Sound Commercial Practices Guideline from the AMF; and
- Phase 2 of the FCAC's Domestic Bank Retail Sales Practices Review.

Media Advocacy Committee; Charles Blaquiére, Chair

Has specific agenda items on April 7/20 CAFII Board agenda.

Research & Education Committee; Andrea Stuska, Chair

Has specific agenda items on April 7/20 CAFII Board agenda.

Travel Medical Experts Working Group; Afzal Baig, Chair

No activity since December 3/19 CAFII Board meeting.

Agenda Item 2(i)
April 7/20 Board Teleconference Meeting

Postponement Of 2020 CAFII Annual Members' Luncheon To Fall 2020

From: Pamela Wygodansky (FCAC/ACFC) <Pamela.Wygodansky@fcac-acfc.gc.ca>
Sent: March-12-20 9:11 AM
To: Brendan Wycks <brendan.wycks@cafii.com>
Cc: JoAnne Buteau (FCAC/ACFC) <JoAnne.Buteau@fcac-acfc.gc.ca>; Keith Martin <Keith.Martin@cafii.com>; Felicia Tavares <Felicia@cafii.com>; Natalie Hill <Natalie.Hill@cafii.com>
Subject: RE: Postponement and Rescheduling of 2020 CAFII Annual Members' Luncheon Due To Escalating Covid-19 Coronavirus Situation

Good Morning Brendan,

Thank you for letting us know so promptly. The Agency also takes the health and welfare of its staff very seriously and we can most certainly appreciate the need to take precautionary measures.

With November being Financial Literacy Month, you are correct in surmising that it is a very active month for FCAC. Therefore I do suggest avoiding November when you send a proposed list of dates for the luncheon.

We look forward to hearing from you again in the near future.

Best regards,
Pam

From: Brendan Wycks <brendan.wycks@cafii.com>
Sent: Wednesday, March 11, 2020 2:23 PM
To: FCAC.Events-Événements.ACFC <FCAC.Events.Evenements.ACFC@fcac-acfc.gc.ca>; JoAnne Buteau (FCAC/ACFC) <JoAnne.Buteau@fcac-acfc.gc.ca>; Pamela Wygodansky (FCAC/ACFC) <Pamela.Wygodansky@fcac-acfc.gc.ca>
Cc: Keith Martin <Keith.Martin@cafii.com>; Felicia Tavares <Felicia@cafii.com>; Natalie Hill <Natalie.Hill@cafii.com>; Judith Robertson (FCAC/ACFC) <Judith.Robertson@fcac-acfc.gc.ca>; Teresa Frick (FCAC/ACFC) <Teresa.Frick@fcac-acfc.gc.ca>; Sara Desjardins (FCAC/ACFC) <Sara.Desjardins@fcac-acfc.gc.ca>
Subject: Postponement and Rescheduling of 2020 CAFII Annual Members' Luncheon Due To Escalating Covid-19 Coronavirus Situation

Hi again, Pam and JoAnne.

What a difference 24 hours can make!

Given escalating considerations related to the Covid-19 coronavirus, CAFII has now decided to postpone our 2020 Annual Members' Luncheon and not hold it on Thursday, March 26/20.

We've taken that decision mainly because three of our CAFII Member organizations have just implemented company-wide HR policies which prohibit attendance at gatherings with large numbers of people (often 8 or 10 people is the threshold), through to April 30/20 (with the possibility of extension beyond that date). And other Members of our Association are sure to follow suit in the coming days. (You may find the information I've pasted in below, beneath my signature block, to be of interest.)

Instead, we would like to reschedule the date of our 2020 Annual Members' Luncheon to this Fall and seek to confirm a new date on which Commissioner Robertson can be our guest speaker – in September, October, or perhaps the first half of November.

We will very shortly reach out to you with a list of Fall dates that would work for our Association for a rescheduled 2020 CAFII Annual Members' Luncheon in Toronto and work with you to identify one that will also work well for Commissioner Robertson.

CAFII Member representatives were eagerly looking forward to the Commissioner's presentation/remarks on March 26, so we definitely want to rebook her for the Fall as we view her guest speaker presentation to our Association as very much a win-win opportunity.

Are there any times in the Fall to avoid in our proposed list of rescheduling dates? Perhaps avoid November altogether, given that it is Financial Literacy Month?

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

Brendan.wycks@cafii.com

On Mar 10, 2020, at 3:42 PM, FCAC.Events-Événements.ACFC <FCAC.Events.Evenements.ACFC@fcac-acfc.gc.ca> wrote:

Good afternoon Brendan,

I am certain you have been closely monitoring the developments with respect to COVID-19 and as such I wanted to touch base with you about the Members' Luncheon on March 26th. Is CAFII planning to go ahead as planned or will there be changes to the scheduling of this event?

Kind regards,
Pam

Pamela Wygodansky

Outreach Coordinator, Marketing and Communications
Financial Consumer Agency of Canada / Government of Canada
pamela.wygodansky@fcac-acfc.gc.ca / Tel : 613-298-9839 / TTY : 613-947-7771

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

Sent: March-11-20 11:06 AM

To: Nicole Benson <nicole.benson@valeyo.com>; Chris Lobbezoo <chris.lobbezoo@rbc.com>; Paul Cosgrove <paul.cosgrove@assurant.com>; Andre Langlois <andre.langlois@dsf.ca>; Louie Georgakis <louie_Georgakis@canadalife.com>; Janice Farrell-Jones <janice.farrelljones@td.com>; Zack Fuerstenberg <zack.fuerstenberg@scotiabank.com>; Peter McCarthy <peter.mccarthy@bmo.com>; Sandra Rondzik <sandra.rondzik@cibc.com>; Peter Thompson <Peter.Thompson@bnc.ca>; Wallace Thompson <wallace_thompson@manulife.com>; Kelly Tryon <kelly.tryon@cumis.com>; Sophie Oulette <sophie.ouellet@sunlife.com>

Subject: Urgent Message to CAFII Board of Directors re: Annual Members Luncheon and COVID-19

Dear CAFII Board of Directors (copy EOC Members and Board Surrogates):

Regrettably, very recent COVID-19 novel coronavirus developments have brought Brendan and me to a position where, out of prudence and in CAFII's best interests, we must recommend to the Board of Directors a postponement of our 2020 CAFII Annual Members' Luncheon on Thursday, March 26/20, with FCAC Commissioner Judith Robertson as guest speaker, and a rescheduling for the Fall of this year.

We now have two Members (CIBC Insurance and Sun Life Financial) which have indicated that due to recently implemented, company-wide HR policies, in force until the end of April 2020, they are not permitted to have anyone attend the CAFII Annual Members' Luncheon on March 26.

A third member (TD Insurance) has indicated that its representation at the March 26/20 CAFII Luncheon event will likely be limited to a very small number of individuals or perhaps prohibited altogether.

It is our expectation that this will become an issue for additional CAFII Members over the next several days or weeks.

Furthermore, the office of the FCAC Commissioner Judith Robertson reached out to CAFII yesterday to inquire as to whether the COVID-19 situation has caused any changes in our plans, which suggests that our speaker herself has concerns about attending our CAFII Annual Members' Luncheon on Thursday, March 26.

On a separate but similarly imminent and important scheduling matter, Brendan and I will monitor the situation carefully and communicate with the Board (and EOC) next week as to whether we recommend a postponement of or change in approach with respect to the upcoming CAFII Board in-person meeting on 7 April, 2020, being hosted by Desjardins Financial Security in Levis, Quebec at which we have a liaison meeting planned with AMF executives. However, unlike the Annual Members' Luncheon, that Board meeting itself could still proceed as a teleconference-only meeting. If you have any views on

postponing the in-person 7 April, 2020 Board meeting, including the meeting with the AMF, to the Fall of 2020, please let us know.

Meanwhile, please let us by end of today, whether you agree or disagree with our recommendation to postpone the 26 March, 2020 CAFII Annual Members Luncheon and reschedule it to the Fall, so that we can make the necessary arrangements without further delay.

AGREE _____

DISAGREE _____

Keith Martin

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

L'association canadienne des institutions financières en assurance

keith.martin@cafii.com

T: 647.460.7725

www.cafii.com



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THE CANADIAN BUSINESS

QUARTERLY 

Making insurance simple, accessible, and affordable for Canadians



The Canadian Association of Financial Institutions in Insurance (CAFII) is a not-for-profit industry Association dedicated to the development of an open and flexible insurance marketplace in Canada. CAFII members – which include the insurance arms of Canada’s major financial institutions and the country’s major life and health insurance companies — believe that consumers are best served when they have easy access to insurance, meaningful choice in coverage options, and competitive pricing.

Consumers benefit from having access to a wide array of insurance coverage options and sales channels in Canada, but many are not familiar with them or how they work. That’s why CAFII conducts consumer research and has its own consumer-friendly website www.cafii.com – so that our Association can better understand the insurance

needs and preferences of Canadians, share straightforward information about the various insurance options that our members offer, and help educate consumers about the choices available to them.

We believe that better-informed consumers are more aware of the full range of insurance products and services available to them, and can better understand how to match coverage options to their personal circumstances. CAFII members offer a variety of insurance products including travel, life, health, property and casualty, and credit protection insurance (CPI). They provide these products through client contact centres, consumer-friendly websites and apps, direct mail, agents and brokers, and travel agents. CPI, also known as creditor's group insurance, is used to pay off a mortgage or loan balance or to make/postpone debt payments on the insured's behalf in the event of death, disability, job loss or critical illness. It can be obtained for a variety of debt obligations, including mortgages, consumer loans, lines of credit and credit cards.

This type of insurance has multiple benefits. For example:

First, if an insured person is unable to make debt repayments due to reasons such as death, disability, critical illness or job loss, CPI ensures that the debt is paid out to the maximum limit of the policy (in the case of death and critical illness) or that the loan payment is made or postponed on their behalf (in the case of disability or job loss). This will ensure the loan remains in good standing and will help protect the insured person's credit rating.

Second, the group policy structure of CPI allows more Canadians to be insured at economical standard rates, and almost all applicants are accepted.

Third, CPI is easy to obtain. With well-trained and supervised salaried staff at banks and credit unions, Canadians have coast-to-coast access to simple, optional insurance coverage on a 24/7 basis through more than 8,000 branches, telephone contact centres, and online.

Fourth, CPI is offered in exactly the amount of debt being taken on; and, as an optional benefit offered alongside a loan or mortgage product, it is inherently timely and convenient.

And fifth, CPI provides some forms of protection that are not readily available elsewhere, such as job loss insurance.

CPI coverage is typically secured through the financial institution providing the consumer's mortgage, loan or credit card.

According to independent research conducted by Pollara Strategic Insights in late 2018, the experience of Canadians with CPI on their mortgages and home equity lines of credit (HELOCs) is positive, with 87% saying it is a convenient way to protect themselves and/or their families against major financial setbacks arising from death, disability, critical illness, or job loss.

Furthermore, 71% said that without CPI, they do not know how they and/or their family would be able to manage should an unexpected life occurrence negatively impact them financially – for example, not being able to work and earn a regular income. And 70% said CPI is an affordable insurance option.

Canadians with CPI coverage also expressed confidence in the CPI claims process, and indicated that their expectations for claims payouts were being met or exceeded. For example, 89% of survivors/next-of-kin who made a CPI life insurance claim reported that it was paid. (The 89% level of CPI life insurance claims payouts reported by the survivors/next-of-kin of CPI insureds in the survey is close to the level found in aggregated self-reported data from CAFII members, which shows that 94% of CPI life insurance claims were paid in the 2018 fiscal year.)

Travel insurance is designed to protect consumers and their families from a variety of unexpected expenses related to travel outside of their home province. It is usually available in two varieties: travel medical insurance; and trip cancellation/interruption and baggage loss insurance.

Travel medical insurance covers emergency medical care expenses should someone suddenly and unexpectedly get sick, or if they have an accident while outside of Canada. Provincial health plans cover only a fraction of any health care expenses incurred outside of Canada (Ontario now covers almost nothing), and they limit coverage when travelling to another province. Should a covered person get sick or injured during his or her trip, travel medical insurance may cover all or most of their medical expenses up to a predetermined limit.

This coverage can help protect consumers against the high cost of healthcare in the event of a medical emergency when travelling internationally.

For example, medical expenses, including medical evacuation, can be much higher in other countries than they are in Canada where Canadians are likely covered by their provincial health care plan. For example, according to the U.S. Centers for Medicare & Medical Services, fixing a broken leg can cost up to \$7,500; the average cost of a three-day hospital stay is approximately \$30,000; and comprehensive cancer care can cost hundreds of thousands of dollars in the United States – much, much higher than the amount a provincial health plan covers for medical expenses incurred outside

Canada. In addition, the cost of emergency medical evacuation from a foreign country can be \$25,000 or more. Most people would face financial ruin if required to pay medical bills of that magnitude.

Trip cancellation insurance will reimburse consumers for the amount of pre-paid, non-refundable travel expenses (e.g. airline, cruise, train, hotel, etc.) that they have insured, should they cancel their trip before departure for an unforeseen covered reason. These reasons include the unexpected illness or injury of the insured and/or a traveling companion that deems them unfit to travel, by order of a licensed physician; the hospitalization or death of a family member; circumstances beyond one's control that results in the cancellation of the public transportation they have paid for to get to their destination; unforeseen natural disasters at home or the destination; and/or a legal obligation, such as being called for jury duty or to appear as a witness in court.

Trip interruption insurance is similar to cancellation coverage, but covers Canadians while they are on a trip for a list of covered reasons. For example, if a covered reason requires an insured person to return home, trip interruption insurance will reimburse them for the lost portion of their trip, as well as any additional expenses for a last-minute flight home.

According to independent research by Pollara conducted in early 2018, the experience of Canadians who have purchased travel medical insurance is very positive, with more than 8 in 10 satisfied with the coverage and the value it provides. Furthermore, 98% of people who had made travel medical insurance claims within the previous year said they were fully or partially paid, with only 2% of claims being denied. In addition, 91% of claimants said they were satisfied with their claim experience from initial contact to final outcome.

The survey results also revealed that Canadians believe that they have a reasonable understanding of the terms and limitations of their travel medical insurance, their amount of coverage, and who to contact in the event of an emergency. For example, at the time of purchasing their travel medical insurance, buyers said they were satisfied that they knew the policy terms, with 89% saying their knowledge was at least reasonable.

The Pollara research reports on travel medical insurance and credit protection insurance are available on the CAFII website. The website also contains videos, real-life examples, explanations and FAQs about more than a dozen types of insurance including mortgage default insurance and life insurance, as well as a wide range of CPI products including mortgage life insurance, mortgage disability insurance, critical illness insurance, job loss insurance, and payment protection insurance.

While we are pleased with CAFII's progress to date in helping our members make insurance more simple, accessible, and affordable for Canadians, we know there is still more work to be done. So as we move forward towards our Association's 25th anniversary in 2022, we will continue to advocate for an open and flexible insurance marketplace in Canada, and provide consumers with the information they need to make informed choices.

Keith Martin and Brendan Wycks are Co-Executive Directors of the Canadian Association of Financial Institutions in Insurance (CAFII), www.cafii.com

Agenda Item 3(a)

April 7/20 Board Teleconference Meeting

From: Pérodeau Frédéric <Frederic.Perodeau@lautorite.qc.ca>

Sent: March-13-20 6:59 PM

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

Cc: Sirois Nathalie <nathalie.sirois@lautorite.qc.ca>; Gauthier Louise <Louise.Gauthier@lautorite.qc.ca>; Déry Patrick <Patrick.Dery@lautorite.qc.ca>; Lebel Philippe <Philippe.Lebel@lautorite.qc.ca>; Brendan Wycks <brendan.wycks@cafii.com>; Natalie Hill <Natalie.Hill@cafii.com>; Beaulieu Nicole <Nicole.Beaulieu@lautorite.qc.ca>

Subject: Re: Cancellation of 7 April, 2020 CAFII Liaison Lunch and Board Meeting with the AMF in Quebec City due to COVID-19 Related Travel and Meeting Prohibitions

Thank you very much Keith for your e-mail. We fully understand the situation under the current circumstances. Nicole (copied) will follow up for you to confirm date and location of our next in-person meeting. Do not hesitate to contact me in the meantime should you want to further discuss.

Best regards,

Frédéric

Frédéric Pérodeau, LL.B., B.Sc., JEA.C

Surintendant de l'assistance aux clientèles et de l'encadrement de la distribution

Autorité des marchés financiers

Le 13 mars 2020 à 14:13, Keith Martin <Keith.Martin@cafii.com> a écrit :

Bonjour, Frédéric,

It is with great regret that CAFII has determined that it must cancel the 7 April, 2020 in-person meeting with the AMF in Quebec City, at which we were going to have an informal lunch followed by a liaison meeting to discuss issues of mutual interest.

Our members are responding to company-wide Human Resources-mandated travel restrictions and meeting prohibitions in connection to COVID-19 developments, and the CAFII Board has concluded that it is not possible to hold this meeting at this time.

We have another Board meeting, Frédéric, on **Tuesday, 6 October, 2020**, which we could hold in Montreal or Quebec City, and we hope that it might be possible to hold our informal lunch and liaison meeting with the AMF at that time. We will follow up with you separately about that possibility.

Meanwhile, please accept my sincere apologies about this cancellation, and I would like to emphasize that we are only doing so because we see no alternative in the current circumstances.

With respect,

--Keith

Keith Martin

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

L'association canadienne des institutions financières en assurance

keith.martin@cafii.com

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CAFII

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Toronto, ON M5A 3S5

Statement of Operations As at Feb 29, 2020

	Current Month	Budget Feb-20	Variance to Monthly Budget	Current YTD	Budget '20 YTD	Variance Budget to YTD	Budget 2020
Revenue							
Membership Dues	\$72,526	\$75,727	(\$3,200)	\$148,253	\$151,453	(\$3,200)	\$908,720
Luncheon Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Revenue	\$66	\$17	\$50	\$137	\$33	\$104	\$200
TOTAL REVENUE	\$72,592	\$75,743	(\$3,151)	\$148,390	\$151,487	(\$3,096)	\$908,920
Expenses							
Management Fees	\$41,954	\$39,582	(\$2,372)	\$82,601	\$79,165	(\$3,436)	\$474,989
CAFII Legal Fees/Corporate Governan	\$0	\$5,000	\$5,000	\$0	\$5,000	\$5,000	\$20,000
Audit Fees	\$1,271	\$1,271	(\$0)	\$2,542	\$2,541	(\$1)	\$15,247
Insurance	\$449	\$458	\$9	\$898	\$916	\$19	\$5,500
Website Ongoing Maintenance	\$294	\$458	\$165	\$752	\$917	\$165	\$5,500
Telephone/Fax/Internet	\$251	\$483	\$232	\$1,022	\$967	(\$55)	\$5,800
Postage/Courier	\$0	\$21	\$21	\$0	\$42	\$42	\$250
Office Expenses	\$247	\$167	(\$80)	\$402	\$333	(\$68)	\$2,000
Bank Charges	\$0	\$16	\$16	\$87	\$32	(\$55)	\$190
Miscellaneous Expenses	\$0	\$42	\$42	\$0	\$84	\$84	\$500
Depreciation Computer/Office Equipm	\$95	\$100	\$5	\$189	\$200	\$11	\$1,200
Board/EOC/AGM							
Annual Members Lunch	\$0	\$0	\$0	\$0	\$0	\$0	\$12,400
Board Hosting (External)	\$0	\$0	\$0	\$0	\$0	\$0	\$22,500
Board/EOC/Meeting Expenses	\$1,580	\$3,292	\$1,712	\$2,411	\$6,583	\$4,172	\$39,500
Industry Events	\$0	\$0	\$0	\$0	\$0	\$0	\$1,300
EOC Annual Appreciation Dinner	\$0	\$0	\$0	\$4,244	\$4,244	\$0	\$4,244
Sub Total Board/EOC/AGM	1,580	3,292	1,712	6,655	10,827	4,172	79,944
Provincial Regulatory Visits	\$748	\$0	(\$748)	\$748	\$0	(\$748)	\$12,875
Research/Studies	\$0	\$5,000	\$5,000	\$0	\$10,000	\$10,000	\$60,000
Website SEO and Enhancements	\$342	\$3,496	\$3,154	\$489	\$6,992	\$6,503	\$41,950
Regulatory Model(s)	\$0	\$0	\$0	\$0	\$0	\$0	\$15,000
Federal Financial Reform	\$0	\$625	\$625	\$0	\$1,250	\$1,250	\$7,500
CAFII Benchmarking Study/RSM Canada	\$0	\$5,650	\$5,650	\$0	\$11,300	\$11,300	\$67,800
FCAC Presentation	\$0	\$1,883	\$1,883	\$0	\$3,767	\$3,767	\$22,600
Media Outreach	\$2,260	\$3,008	\$748	\$4,520	\$6,017	\$1,497	\$36,100
Marketing Collateral	\$0	\$1,000	\$1,000	\$3,955	\$1,000	(\$2,955)	\$5,000
CAFII Reception Events	\$0	\$0	\$0	\$0	\$0	\$0	\$900
Speaker fees & travel	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000
Gifts	\$0	\$0	\$0	\$0	\$0	\$0	\$500
Networking Events	\$0	\$0	\$0	\$0	\$0	\$0	\$500
Sub Total Networking & Events	-	-	-	-	-	-	3,000
TOTAL EXPENSE	49,490	71,552	22,062	104,859	141,348	36,489	883,845
NET INCOME	23,103	4,191	18,911	43,531	10,138	33,393	25,075

Explanatory Notes:

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

CAFII

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

Balance Sheet As at Feb 29, 2020

	CAFII Operations			CCBPI Project			Combined		
	29-Feb 2019	31-Jan 2019	31-Dec 2019	29-Feb 2019	31-Jan 2019	31-Dec 2019	29-Feb 2019	31-Jan 2019	31-Dec 2019
ASSETS									
Current Assets									
Bank Balance	\$51,949	\$193,458	\$251,549	\$0	\$0	\$0	\$51,949	\$193,458	\$251,549
Savings Account	\$102,016	\$101,949	\$101,879	\$12,151	\$12,151	\$12,151	\$114,167	\$114,100	\$114,030
Accounts Receivable	\$461,562	\$0	\$0	\$0	\$0	\$0	\$461,562	\$0	\$0
Prepaid Expenses	\$9,198	1,795	3,251	\$0	\$0	\$0	\$9,198	\$1,795	\$3,251
Computer/Office Equipment	\$8,014	\$8,014	\$8,014	\$0	\$0	\$0	\$8,014	\$8,014	\$8,014
Accumulated Depreciation -Comp/Equip	(\$5,931)	(\$5,836)	(\$5,742)	\$0	\$0	\$0	(\$5,931)	(\$5,836)	(\$5,742)
Total Current Assets	\$626,807	\$299,379	\$358,951	\$12,151	\$12,151	\$12,151	\$638,958	\$311,530	\$371,102
TOTAL ASSETS	\$626,807	\$299,379	\$358,951	\$12,151	\$12,151	\$12,151	\$638,958	\$311,530	\$371,102
LIABILITIES									
Current Liabilities									
Accrued Liabilities	\$17,142	\$108,405	\$115,891	\$0	\$0	\$0	\$17,142	\$108,405	\$115,891
Credit Card	\$2,746	\$288	\$1,223	\$0	\$0	\$0	\$2,746	\$288	\$1,223
Account Payable	\$19,856	\$15,761	\$11,613	\$0	\$0	\$0	\$19,856	\$15,761	\$11,613
Deferred Revenue	\$313,309	(\$75,727)	\$0	\$12,151	\$12,151	\$12,151	\$325,460	(\$63,576)	\$12,151
Total Current liabilities	\$353,052	\$48,727	\$128,727	\$12,151	\$12,151	\$12,151	\$365,204	\$60,879	\$140,879
TOTAL LIABILITIES	\$353,052	\$48,727	\$128,727	\$12,151	\$12,151	\$12,151	\$365,204	\$60,879	\$140,879
UNRESTRICTED NET ASSETS									
Unrestricted Net Assets, beginning of year	\$230,223	\$230,223	\$271,190	\$0	\$0	\$0	\$230,223	\$230,223	\$271,190
Excess of revenue over expenses	\$43,531	\$20,429	(\$40,967)	\$0	\$0	\$0	\$43,531	\$20,429	(\$40,967)
Total Unrestricted Net Assets	\$273,754	\$250,652	\$230,223	\$0	\$0	\$0	\$273,754	\$250,652	\$230,223
TOTAL LIABILITIES AND UNRESTRICTED	\$626,807	\$299,379	\$358,950	\$12,151	\$12,151	\$12,151	\$638,958	\$311,531	\$371,102

Financial Reserves Targets as per 2019 Budget:

Minimum 3 months (25%) of Annual Operating Expenses= **\$ 220,961**
Maximum 6 months (50%) of Annual Operating Expenses= **\$ 441,923**

Current Level of Financial Reserves (total unrestricted net assets): **\$273,754**

Current Level of Financials Reserve (%): **31%**

CCBPI initiative

- 1) Invoice paid to Stikeman Elliott on 19th December 2019 for Consulting Services incurred to date (31 October 2019) for \$92,113.81 (\$81,516.65 plus HST).
- 2) Invoice to be paid to Norton Rose Fulbright in Feb 2020 for Consulting Services incurred to date (30 November 2019) for \$85,226.13 (\$75,421.35 plus HST).
- 3) Invoice to be paid to Norton Rose Fulbright in Feb-Mar 2020 for Consulting Services incurred to date (31 December 2019) for \$15,765.82 (\$13,952.05 plus HST).

C A F I I

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

Membership Fees

		<u>Feb-20</u>		<u>Feb-20</u>	
		<u>To be billed</u>	<u>Received</u>	<u>To be billed</u>	<u>Received</u>
BMO Bank of Montreal	2020 Upper Tier Member	\$ 38,555		\$ 38,555	
CIBC Insurance	2020 Upper Tier Member	\$ 38,555		\$ 38,555	
RBC Insurance	2020 Upper Tier Member	\$ 38,555		\$ 38,555	
ScotiaLife Financial	2020 Upper Tier Member	\$ 38,555	2-Mar-20	\$ 38,555	
TD Insurance	2020 Upper Tier Member	\$ 38,555		\$ 38,555	
Desjardins Financial Security Life Assurance Company	2020 Upper Tier Member	\$ 38,555		\$ 38,555	
National Bank Life Insurance Company	2020 Upper Tier Member	\$ 38,555	2-Mar-20	\$ 38,555	
Manulife Financial	2020 Upper Tier Member	\$ 38,555	6-Mar-20	\$ 38,555	
The Canada Life Assurance Company	2020 Upper Tier Member	\$ 38,555		\$ 38,555	
Assurant Solutions	2020 Lower Tier Member	\$ 19,277	2-Mar-20	\$ 19,277	
Canadian Premier Life Insurance Company	2020 Lower Tier Member	\$ 19,277	2-Mar-20	\$ 19,277	
Cumis Group Ltd/Co-operators Life Insurance Co.	2020 Lower Tier Member	\$ 19,277		\$ 19,277	
Sun Life Financial	2020 Initiation Members (Upper Tier)	\$ 23,133		\$ 23,133	
RSM Canada	Associate	\$ 4,800			
Willis Towers Watson	Associate	\$ 4,800			
KPMG MSLP	Associate	\$ 4,800			
Munich Reinsurance Company Canada Branch (Life)	Associate	\$ -			
Optima Communications	Associate	\$ 4,800	3-Mar-20		
RGA Life Reinsurance Company of Canada	Associate	\$ 4,800	3-Mar-20		
Torlys LLP	Associate	\$ 4,800	6-Mar-20		
PWC	Associate				
RankHigher.ca	Associate	\$ 4,800			
TBC	Associate	\$ -			
TBC	Associate	\$ -			
Feb Invoices		\$461,560		\$427,960	
July Invoices		\$427,960			
Total Membership Fees		\$889,520			
Total amount to realocate monthly Jan-Sept		\$74,127			
Total amount to realocate monthly Oct-Dec		\$74,127			

2020 CAFII Budget

	2016 Actual	2017 Actuals	2018 Actuals	2019 Actuals	2020 Budget	2020 YTD Feb-2020	2020 Revised Forecast	Comment/Rationale
Revenue								
Membership Dues	\$435,750	\$475,425	\$695,545	\$734,664	\$908,720	\$148,253	\$899,120	See breakdown in Member Dues Revenue Tab
Luncheon 2019	\$231	\$126	\$0	\$195	\$0	\$0	\$0	Additional Attendees at Luncheon
Interest	\$231	\$126	\$0	\$982	\$200	\$137	\$400	Interest from the Savings Account
TOTAL REVENUE	\$ 436,212	\$ 475,677	\$ 695,545	\$ 735,841	\$ 908,920	\$ 148,390	\$ 899,520	
EXPENSE								
Management Fees	\$279,042	\$442,012	\$460,299	\$465,134	\$474,989	\$82,601	\$484,027	Includes MM Fees (2.5% contractual increase) and two Co-Eds (2.5% increase each)
CAFII Legal Fees/Corporate Governance	\$10,565	\$2,954	\$563	\$0	\$20,000	\$0	\$20,000	Legal Fees increased from \$10K to \$20K to reflect the estimated spend of \$10K in February 2020 for Norton Rose to offer a legal opinion around imbedded credit card coverages re: the AMF; Legal Fees contingency for provincial and/or federal regulatory matters (see note 3).
Audit Fees	\$13,560	\$14,271	\$14,432	\$14,799	\$15,247	\$2,542	\$15,247	3% increase over 2019 Revised Forecast
Insurance	\$5,238	\$5,238	\$5,258	\$5,338	\$5,500	\$898	\$5,500	Same as 2019 Budget
Website Ongoing Maintenance	\$13,060	\$42,575	\$6,461	\$10,022	\$5,500	\$752	\$5,500	Includes CG Technology (\$250 per month), Translation (\$400), Domain (\$30) & CAFII Insurance Domain Name Renewal (\$999 USD)
Telephone/Fax/Internet	\$3,538	\$6,119	\$5,939	\$6,494	\$5,800	\$1,022	\$5,800	Same as 2019 Budget
Postage/Courier	\$180	\$380	\$458	\$159	\$250	\$0	\$250	2019 Revised Forecast plus \$50 contingency
Office Expenses	\$5,257	\$1,312	\$2,423	\$2,025	\$2,000	\$402	\$2,000	Same as 2019 Budget
Bank Charges	\$25	\$38	\$23	\$112	\$190	\$87	\$190	Same as 2019 Actual plus Annual Fee for CAFII TD Visa credit card
Depreciation Computer/Office Equipment	\$467	\$1,564	\$1,136	\$1,136	\$1,200	\$189	\$1,200	Same as 2019 Budget
Miscellaneous Expense	\$433	\$433	\$0	\$0	\$500	\$0	\$500	Same as 2019 Budget
Board/EOC/AGM								
Annual Members Luncheon	\$12,044	\$10,247	\$10,503	\$12,052	\$12,400	\$0	\$12,400	3% increase over 2019 Revised Forecast
Board Hosting (External)	\$19,407	\$7,500	\$19,515	\$14,001	\$22,500	\$0	\$22,500	Three Board Meetings/Receptions at \$7,500 each
Board/EOC Meeting Expenses	\$8,145	\$25,493	\$20,715	\$35,419	\$39,500	\$2,411	\$39,500	3% increase over 2019 Revised Forecast
Industry Events		\$36	\$1,270	\$0	\$1,300	\$0	\$1,300	CAFII Purchase of full table of 11 seats at one Economic Club of Canada Luncheon
EOC Annual Appreciation Dinner	\$2,079	\$8	\$763	\$2,193	\$4,244	\$4,244	\$4,244	3% increase over 2019 Revised Forecast
Total Board/EOC/AGM	\$41,675	\$43,284	\$52,766	\$63,665	\$79,944	\$6,655	\$79,944	
Provincial Regulatory Visits and Relationship-Building Research/Studies	\$10,395	\$11,011	\$11,230	\$16,833	\$12,875	\$748	\$12,875	3% increase over 2019 Revised Forecast
Website SEO and Enhancements	\$1,356	\$17,807	\$77,345	\$5,368	\$60,000	\$0	\$60,000	Same amount as originally budgeted for 2019 before decision to scale back Research due to loss of Amex Bank of Canada as a Member
Regulatory Model(s)	\$0	\$15,001	\$6,490	\$7,555	\$15,000	\$0	\$15,000	3% increase over 2019 Revised Forecast
Federal Regulatory Visits and Relationship-Building	\$0	\$0	\$0	\$442	\$7,500	\$0	\$7,500	Same as 2019 Revised Forecast plus \$5,000 Contingency
CAFII Benchmarking Study/RSM Canada	\$0	\$0	\$0	\$0	\$67,800	\$0	\$67,800	Significant increase due to anticipated increased interaction with FCAC in 2020
FCAC Presentation	\$0	\$0	\$0	\$0	\$22,600	\$0	\$22,600	New Line - CAFII Benchmarking Study/RSM Canada estimated at \$60K plus HST. The expense related to CAFII Benchmarking Study/RSM Canada could be found from this line item in the first year, or this \$60K research fund could be reduced to offset the cost of the benchmarking study.
Media Outreach	\$27,408	\$44,023	\$38,522	\$32,803	\$36,100	\$4,520	\$36,100	New Line - FCAC Presentation estimated at \$20K plus HST - \$10K plus HST for Dog and Pony; \$10K plus HST for WTW Benchmarking Data.
Marketing Collateral	\$1,781	\$0	\$557	\$1,629	\$5,000	\$3,955	\$5,000	3% increase over 2019 Budget
Tactical Communications Strategy	\$446	\$379	\$0	\$0	\$0	\$0	\$0	Same as 2019 Budget
CAFII Reception Events	\$0	\$500	\$0	\$0	\$900	\$0	\$900	covered under Media Outreach
Media Relations	\$0	\$164	\$0	\$0	\$0	\$0	\$0	Incidental expenses related to hosting of three CAFII Receptions in Toronto
Speaker fees & travel	\$0	\$0	\$191	\$1,189	\$2,000	\$0	\$2,000	covered under Media Outreach
Gifts	\$221	\$452	\$0	\$200	\$500	\$0	\$500	Same as 2019 Budget
CAFII 25th Anniversary Celebration	\$0	\$26,495	\$0	\$0	\$0	\$0	\$0	Same as 2019 Budget
Networking Events	\$0	\$350	\$0	\$0	\$500	\$0	\$500	Deferred to 2022
TOTAL EXPENSE	\$ 414,214	\$ 675,862	\$ 705,793	\$ 675,816	\$ 883,845	\$ 104,859	\$ 892,883	Same as 2019 Budget
Excess of Revenue over Expenses	\$21,998	(\$200,185)	(\$10,248)	\$60,025	\$25,075	\$43,531	\$6,637	
Unrestricted Net Assets (beginning of year)	\$358,991	\$380,758	\$180,447	\$170,198	\$230,223	\$230,223	\$230,223	
Unrestricted Net Assets (end of year)	\$380,989	\$180,573	\$170,198	\$230,223	\$255,298	\$273,754	\$236,860	

Explanatory Notes:

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

Actual/Forecasted Financial Reserves	2016 Actual	2017 Actuals	2018 Actuals	2019 Actuals	2020 Budget	2020 Revised Forecast
Minimum 3 months (25%) of Annual Operating Expenses =	\$103,554	\$168,965	\$176,448	\$168,954	\$220,961	\$223,221
Maximum 6 months (50%) of Annual Operating Expenses =	\$207,107	\$337,931	\$352,897	\$337,908	\$441,923	\$446,442
Actual/Forecasted Level of Financial Reserves:	\$380,758	\$180,573	\$170,198	\$230,223	\$255,298	\$236,860
Actual/Forecasted Level of Financial Reserves %:	92%	27%	24%	34%	29%	27%

2019 Operational Budget - Member Dues Breakdown

2018 Member Dues Breakdown

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

2019 (Base) Member Dues Breakdown

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

2019 Operational Budget - Member Dues Breakdown - Revised

2019 Member Dues Breakdown

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

2020 Member Dues Breakdown

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

2020 Upper Tier Member

- 1 BMO Bank of Montreal
- 2 CIBC Insurance
- 3 RBC Insurance
- 4 ScotiaLife Financial
- 5 TD Insurance
- 6 Desjardins Financial Security Life Assurance Company
- 7 National Bank Life Insurance Company
- 8 Manulife Financial
- 9 The Canada Life Assurance Company

2020 Lower Tier Member

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

2020 Initiation Members (Upper Tier)

- 1 Sun Life Financial

2020 Associate

- 1 RSM Canada
- 2 Willis Towers Watson
- 3 KPMG MSLP
- 4 Munich Reinsurance Company Canada Branch (Life)
- 5 Optima Communications
- 6 RGA Life Reinsurance Company of Canada
- 7 Torys LLP
- 8 PWC
- 9 RankHigher.ca
- 10 *TBC
- 11 *TBC

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

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

2020 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	3	115,664.85
Initiation Members (Upper Tier)	46,266	1	46,265.94
Initiation Members (Lower Tier)	23,133	0	0.00
Associate	4,800	9	43,200.00
			899,119.89

2020 Upper Tier Member

- 1 BMO Bank of Montreal
- 2 CIBC Insurance
- 3 RBC Insurance
- 4 ScotiaLife Financial
- 5 TD Insurance
- 6 Desjardins Financial Security Life Assurance Company
- 7 National Bank Life Insurance Company
- 8 Manulife Financial
- 9 The Canada Life Assurance Company

2020 Lower Tier Member

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

2020 Initiation Members (Upper Tier)

- 1 Sun Life Financial

2020 Associate

- 1 RSM Canada
- 2 Willis Towers Watson
- 3 KPMG MSLP
- 4 Optima Communications
- 5 RGA Life Reinsurance Company of Canada
- 6 Torys LLP
- 7 RankHigher.ca
- 8 *TBC
- 9 *TBC

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

Did not renew in 2020

PWC
Munich Reinsurance Company Canada Branch (Life)

DRAFT #1
March 6, 2020

Financial Statements of

**CANADIAN ASSOCIATION OF
FINANCIAL INSTITUTIONS IN
INSURANCE**

And Independent Auditors' Report thereon

Year ended December 31, 2019

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2019
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

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

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

April 7, 2020

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019		2018	
	General Fund	Restricted Fund (note 6)	General Fund	Restricted Fund
Assets				
Current assets:				
Cash	\$ 353,428	\$ 12,151	\$ 193,381	\$ –
Prepaid expense	3,251	–	2,197	–
	356,679	12,151	195,578	–
Capital assets (note 4)	2,272	–	3,408	–
	\$ 358,951	\$ 12,151	\$ 198,986	\$ –

Liabilities and Fund Balances

Current liabilities:				
Accounts payable and accrued liabilities	\$ 128,728	\$ –	\$ 28,788	\$ –
Fund balances (note 2)	230,223	12,151	170,198	–
	\$ 358,951	\$ 12,151	\$ 198,986	\$ –

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

On behalf of the Board:

_____ Director

_____ Director

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Statement of Operations and Changes in Fund Balances

Year ended December 31, 2019, with comparative information for 2018

	2019		2018	
	General Fund	Restricted Fund	General Fund	Restricted Fund
Revenue:				
Membership dues	\$ 734,664	\$ —	\$ 695,545	\$ —
Luncheon	195	—	—	—
Interest	982	—	—	—
Special assessment	—	205,257	—	—
	735,841	205,257	695,545	—
Expenses:				
Association operating	647,125	—	518,694	—
Research and education committee	5,368	—	77,345	—
Market conduct committee	16,833	—	11,230	—
Networking and events committee	65,053	—	52,957	—
Licensing efficiency issues committee	7,997	—	6,490	—
Media and advocacy strategy committee	34,432	—	39,078	—
Legal	—	92,114	—	—
	776,808	92,114	705,794	—
Excess of expenses over revenue	(40,967)	113,143	(10,249)	—
Fund balances, beginning of year (note 2)	170,198	—	180,447	—
Transfer to General Fund	100,992	(100,992)	—	—
Fund balances, end of year	\$ 230,223	\$ 12,151	\$ 170,198	\$ —

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, 2019, with comparative information for 2018

	2019		2018	
	General Fund	Restricted Fund	General Fund	Restricted Fund
Cash provided by (used in):				
Operating activities:				
Excess of expenses over revenue	\$ (40,967)	\$ 113,143	\$ (10,249)	\$ –
Amortization of capital assets	1,136	–	1,136	–
Change in non-cash operating working capital	98,886	–	9,788	–
Cash provided by operating activities	59,055	113,143	675	–
Financing activities:				
Inter-fund transfers	100,992	(100,992)	–	–
Increase in cash	160,047	12,151	675	
Cash, beginning of year	193,381	–	192,706	
Cash, end of year	\$ 353,428	\$ 12,151	\$ 193,381	\$ –

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, 2019

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

1. Significant accounting policies:

(a) General:

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

(b) Revenue recognition:

CAFII derives its revenue primarily through membership dues. Dues are recognized as revenue in the membership period (January 1, 2019 to December 31, 2019) 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, 2019

1. Significant accounting policies (continued):

(d) Capital assets:

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

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

(e) Financial instruments:

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

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

(f) Use of estimates:

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

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Fund balances - General Fund:

The General Fund reports unrestricted resources. If resources are to be used for specified purposes, these would be reported in restricted funds.

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

3. Financial instruments:

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

4. Capital assets:

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

2018	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 8,013	\$ 4,605	\$ 3,408

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2019

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 2018.

(b) Credit risk:

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

6. Restricted Fund:

(a) Special assessment:

In a meeting held March 1, 2019, the CAFII Board of Directors authorized the collection of special purpose monies from the Association's members in accordance with a funding formula approved by the Board to fund a CAFII short-term special project which had not been contemplated or provided for within the Association's 2019 operating budget. This resulted in the collection of \$205,257 in special purpose funds, which has been presented as a Restricted Fund in the statement of operations.

(b) Transfer of funds:

In a meeting held December 3, 2019, the CAFII Board of Directors, based on a determination that the CAFII short-term special project would not be as comprehensive as originally envisioned, authorized the transfer of remaining special purpose funds from the Restricted Fund to the General Fund, at the discretion of CAFII's management and the Association's Treasurer, to fund general operating expenses. During the year, \$100,992 was transferred from the Restricted Fund to the General Fund and a balance of \$12,151 remains in the Restricted Fund.

Agenda Item 4(c)

March 24/20 EOC Teleconference Meeting

Timelines for KPMG Audit of CAFII 2019 Fiscal Year Financial Statements

- KPMG Engagement Letter signed by Co-Executive Directors on Feb 13/20.
- KPMG onsite at CAFII office starting Feb 19/20 to conduct 2019 fiscal year audit.
- Draft Audited Financial Statements ready for presentation to the EOC at its meeting on Tuesday, March 24/20 (to be posted to meeting site by March 17/20).
- Draft Audited Financial Statements (revised?) presented to the Board of Directors for approval at its meeting on Tuesday, April 7/20 (to be posted to meeting site by March 31/20).
- Final Audited Financial Statements presented to CAFII membership for approval at the Annual Meeting of Members on Tuesday, June 9/20 (to be finalized for circulation as part of the Annual Meeting materials package by April 28/20).

Agenda Item 5(a)(i)

April 7/20 CAFII Board Teleconference Meeting

Options Related To A CAFII Working Group On COVID-19 Industry-Level Initiatives

Background: In its 26 March, 2020 Special Purpose Teleconference Meeting on COVID-19 and possible industry-level initiatives, the CAFII Board of Directors determined that some form of *CAFII Working Group On COVID-19 Industry-Level Initiatives* could be beneficial.

CAFII management was asked to prepare an Options document related to a *CAFII Working Group On COVID-19 Industry-Level Initiatives*, to facilitate further discussion and a decision at the Board's next meeting on Tuesday, 7 April, 2020.

The options outlined below are not mutually exclusive; and two or all three of them may work well together as an integrated, multi-prong approach.

Option 1: Regular -- perhaps weekly or every second week -- teleconference meetings of the CAFII Board to allow Directors to share information and insights on the COVID-19-related issues that their companies are experiencing and how they are dealing with them. These meetings would be informal and *in camera* (unminuted) teleconferences of 30 minutes duration (recommended), but with a structured/focused agenda.

Benefits: Would facilitate COVID-19-related dialogue and information-sharing at a senior, strategic level within CAFII member companies.

Cons: CAFII Directors are extremely busy during the COVID-19 crisis and may not be able to free up the personal time to commit to this Board-level approach to a *CAFII Working Group On COVID-19 Industry-Level Initiatives*.

Output: Dialogue and information-sharing via informal (*in camera* and unminuted), but yet structured/agenda-driven teleconference meetings. High level, bullet point meeting notes can be prepared by CAFII Co-Executive Directors and circulated promptly after each meeting, for CAFII Directors to use internally as they see fit.

Participants: CAFII Board members and Co-Executive Directors.

Option 2: Weekly half hour to one hour teleconference meetings of interested/designated EOC members for the purpose of sharing information and insights on the COVID-19-related issues that their companies are experiencing and how they are dealing with them. As well, any recommendations made by the Option 3 *CAFII Operational Working Group On COVID-19 Industry-Level Initiatives*, if implemented, could be vetted by this *CAFII EOC Working Group On COVID-19 Industry-Level Initiatives*.

Benefits: Would facilitate COVID-19-related dialogue and information-sharing at an EOC-level within CAFII member companies; and further dissemination of the information within their organizations as EOC members see fit.

Cons: CAFII EOC members are very busy during the COVID-19 crisis and may not be able to free up the personal time to commit to this EOC-level approach to a *CAFII Working Group On COVID-19 Industry-Level Initiatives*.

Output: Dialogue and information-sharing via informal, unminuted, but yet structured/agenda-driven teleconference meetings. High level, bullet point meeting notes can be prepared by CAFII Co-Executive Directors and circulated promptly after each meeting, for EOC members to use internally as they see fit.

Participants: CAFII EOC members who volunteer to join a *CAFII EOC Working Group On COVID-19 Industry-Level Initiatives*; and CAFII's Co-Executive Directors.

Option 3: Establish a *CAFII Operational Working Group On COVID-19 Industry-Level Initiatives* which will meet weekly, via teleconference, to discuss *Credit Protection Insurance and Travel Health Insurance Industry Best Practices In Response To COVID-19 To Assist Consumers And Insureds*, with its terms of reference being to explore the development of a best practices guideline. Such a guideline, following EOC and Board review and approval, could be provided to CAFII member companies for (i) information and consideration; or (ii) as a recommendation for action.

Examples of possible best practice guideline areas that were shared by CAFII Board members during the 26 March, 2020 Special Purpose Board Teleconference Meeting on COVID-19 are:

- reminding CPI insureds of their coverage and encouraging them to make a claim if they are eligible;
- for job loss CPI, waiving the normal 30 day waiting period for paying a benefit on a claim; and waiving the usual requirement that the insured's employer complete a form confirming his/her involuntary loss of employment;
- for individuals who are not covered for a loss under the terms and conditions of a CPI policy, allow them to purchase a rider that would provide them with coverage;
- claims: making it easier to make a claim; simplifying claims adjudication; not requiring a doctor to fill out a form in support of a travel health insurance claim; paying out a claim at the time of submission and getting the supporting paperwork filed/completed thereafter.

Benefits: Would facilitate development and dissemination of industry best practices and help mitigate reputational risk for the industry.

Cons: It may be difficult to reach consensus on industry best practices guideline components which all members are comfortable with.

Output: Industry best practices guidelines, for review and approval by the CAFII EOC and, subsequently, the CAFII Board.

Participants: CAFII member operational employees involved in developing and implementing business policies and procedures, rules, exceptions around claims, etc. These would be more front-line business employees as opposed to compliance officers.

27 March, 2020

Mr. Frédéric Pérodeau, Superintendent, Client Services and Distribution Oversight
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1

c.c.

Mr. Patrick Déry, Superintendent, Solvency
Ms. Nathalie Sirois, Senior Director, Supervision of Insurers and Control of Right to Practise
Ms. Louise Gauthier, Senior Director, Distribution Policies
Mr. Mario Beaudoin, Director, Alternative Insurance Distribution Policy

Cher M. Pérodeau,

Re: Postponement/Deferral Request: Industry Compliance With Pending Bill 141 and RADM-Related Reporting, Disclosure and Other Implementation Requirements During COVID-19 Crisis

Je vous prie de m'excuser de ne pas vous avoir envoyé cette lettre en français, ce qui es dû à des contraintes de ressources et au désir de vous la faire parvenir dans les plus brefs délais. Une lettre officielle française suivra.

CAFII's members are responding to the COVID-19 pandemic crisis by having as many employees as possible work from home, and they are adapting – as is every person and organization throughout Canada -- to new and shifting realities around customer needs, financial and economic turbulence, and risk and crisis management. Our members are also adjusting to constantly changing requirements related to finding ways to support customers who are suddenly facing financial hardship. This unprecedented situation creates new challenges for our members and their operations on a daily and sometimes hourly basis, dictating significant adjustments in resourcing priorities.

The COVID-19 crisis in no way changes the central importance of the fair treatment of customers in our members' businesses, nor does it change the central role that insurance regulators and policy-makers play in monitoring, oversight, and enforcement to ensure that regulated entities adhere to and comply with legislation and regulations which protect consumers.

CAFII and its members remain fully committed to the fair treatment of customers and to compliance with all applicable legislation and regulations.

That said, however, there are imminent reporting, disclosure, and other implementation requirements arising from emerging insurance legislation and/or regulations that are raising concerns and anxiety among our members under the current pandemic crisis situation.

Regulatory reporting, disclosure, and other implementation requirements are particularly challenging during the current national and global pandemic. CAFII members have all employees who can working from home, which gives rise to significant challenges in their ability to access their companies' back-end systems, access which is absolutely necessary for regulatory reporting and disclosure requirements. IT resources, which are required for reporting especially around emergent requirements, are already stretched to the limit. Training of front-line staff, deploying new processes, and engaging in implementations are all very challenging in the current environment. More generally, our members' staffs are under considerable strain as they respond to new customer service policies, procedures, and processes dictated by the COVID-19 crisis.

In Table One, we have listed imminent but not yet implemented regulatory, compliance, and reporting requirements issued by the AMF, and the current deadline dates for those requirements. **Under the current pandemic crisis circumstances, we request a six-month moratorium on the AMF requirements listed in Table One**, with CAFII's intention being to reach out to the AMF again, as the termination date of the moratorium is approaching, for a re-evaluation of the situation.

We are of the view that this six-month moratorium request is in line with the forbearance that other regulatory authorities have already granted, to allow regulated entities to focus on meeting the urgent needs of customers¹.

Table One
Imminent but Not Yet Implemented AMF-Mandated Regulatory Compliance and Reporting Requirements

Regulatory or Reporting Requirements	Current Deadline Date
Bill 141: New Product Summaries for Offers of Insurance, to Replace the former Distribution Guides as consumer disclosures; and the AMF-prescribed Fact Sheet to be provided to Customers	13 June 2020
Regulation respecting Alternative Distribution Methods (RADM): Distribution Without a Representative Annual Disclosure	1 May 2020
CAFII "Creative Solutions" regarding Credit Card-Embedded Insurance Coverages	15 May 2020

Our Association is writing to all provincial and territorial insurance regulators across Canada at this time to request that the in-force date and regulatory expectations associated with any legislative and/or regulatory requirements, which are imminent and at all discretionary, be postponed and deferred until such time as the crisis has abated and a semblance of normalcy has returned to the daily lives of Canadians and to our country's economy and business operations.

¹ For example, in response to the COVID-19 pandemic, securities regulatory authorities in each of Canada's provinces and territories have temporarily extended certain deadlines for specified "regulated entities" including exchanges, commodity future exchanges and clearing agencies to file certain types of documents or other information required to be filed by such regulated entities. As well, *"In view of the current developments, OSFI is suspending all of its consultations and policy development on new or revised guidance until conditions stabilize."*

To the extent that imminent but not yet implemented reporting, disclosure, and other implementation requirements (such as discretionary audits) can be postponed or deferred, that would greatly help our members to cope and deal with the many pressures and challenges which they, and all of society, are facing at this time.

As well, we will be requesting of the CCIR a six-month moratorium on the May 1, 2020 filing date for the 2020 Annual Survey on Market Conduct.

We greatly appreciate your consideration of these exceptional requests during this difficult time, which we ask that you respond to at your earliest possible convenience. For any clarification required on CAFII's request made in this letter or to discuss the matter, please contact CAFII Co-Executive Director Keith Martin at keith.martin@cafii.com or 647-460-7725.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Boyle', with a stylized flourish at the end.

Martin Boyle
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

CAFII is currently the only Canadian Association with members involved in all major lines of personal insurance. Our members are the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players Assurant, Canadian Premier Life Insurance Company, CUMIS Services Incorporated, Manulife (The Manufacturers Life Insurance Company), Sun Life Financial, and The Canada Life Assurance Company.

27 March, 2020

Judith Robertson, Commissioner, FCAC
427 Laurier Avenue West
Ottawa, Ontario
K1R 1B9

c.c. Teresa Frick, Acting Managing Director: Supervision & Promotion Branch

Dear Ms. Robertson,

Re: Postponement/Deferral Request: Industry Compliance With Emerging Dates for Regulator Reporting, Disclosure and Other Implementation Requirements During COVID-19 Crisis

CAFII's members are responding to the COVID-19 pandemic crisis by having as many employees as possible work from home, and they are adapting – as is every person and organization throughout Canada -- to new and shifting realities around customer needs, financial and economic turbulence, and risk and crisis management. Our members are also adjusting to constantly changing requirements related to finding ways to support customers who are suddenly facing financial hardship. This unprecedented situation creates new challenges for our members and their operations on a daily and sometimes hourly basis, dictating significant adjustments in resourcing priorities.

The COVID-19 crisis in no way changes the central importance of the fair treatment of customers in our members' businesses, nor does it change the central role that insurance regulators and policy-makers play in monitoring, oversight, and enforcement to ensure that regulated entities adhere to and comply with legislation and regulations which protect consumers.

CAFII and its members remain fully committed to the fair treatment of customers and to compliance with all applicable legislation and regulations.

Our Association is writing to you at this time to request that legislative or regulatory expectations associated with any emerging FCAC market conduct examinations or audits, which are imminent and at all discretionary, be deferred for at least six months, and until such time as the crisis has abated and a semblance of normalcy has returned to the daily lives of Canadians and to our country's economy and business operations. It is CAFII's intention to reach out to the FCAC again, as the termination date of the moratorium is approaching, for a re-evaluation of the situation.

We would call out in that respect that the FCAC, to our understanding, has begun market conduct work emerging from the Agency's recent report on the complaints escalation procedures of banks.

We are of the view that this six-month moratorium request is in line with what other regulatory authorities have already granted, to allow regulated entities to focus on meeting the urgent needs of customers¹.

New regulatory reporting, disclosure, and other implementation requirements are particularly challenging during the current national and global pandemic. CAFII members have nearly all employees working from home, which gives rise to significant challenges in their ability to access their companies' back-end systems, access which is absolutely necessary for regulatory reporting and disclosure requirements. IT resources, which are required for reporting especially around emergent requirements, are already stretched to the limit. Training of front-line staff, deploying new processes, and engaging in implementations are all very challenging in the current environment. More generally, our members' staffs are under considerable strain as they respond to new customer service policies, procedures, and processes dictated by the COVID-19 crisis.

Thank you for your consideration of this request, which we ask that you respond to at the earliest possible time. For any clarification required on CAFII's request made in this letter or to discuss the matter, please contact CAFII Co-Executive Director Keith Martin at keith.martin@cafii.com or 647-460-7725.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Boyle', with a stylized flourish at the end.

Martin Boyle
Board Secretary and Chair, Executive Operations Committee

¹ For example, in response to the COVID-19 pandemic, securities regulatory authorities in each of Canada's provinces and territories have temporarily extended certain deadlines for specified "regulated entities" including exchanges, commodity future exchanges and clearing agencies to file certain types of documents or other information required to be filed by such regulated entities. As well, *"In view of the current developments, OSFI is suspending all of its consultations and policy development on new or revised guidance until conditions stabilize"*.

About CAFII

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

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

CAFII is currently the only Canadian Association with members involved in all major lines of personal insurance. Our members are the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players Assurant, Canadian Premier Life Insurance Company, CUMIS Services Incorporated, Manulife (The Manufacturers Life Insurance Company), Sun Life Financial, and The Canada Life Assurance Company.

27 March, 2020

Mr. Patrick Déry, Superintendent, Solvency and Chair, CCIR
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1

c.c.

Sherri Wilson, Superintendent of Insurance, Alberta Treasury Board and Finance
Frank Chong (Vice-Chair), Vice President and Deputy Superintendent, Regulation, BC Financial Services Authority
J. Scott Moore (Vice-Chair), Superintendent of Financial Institutions. Financial Institutions Regulation Branch, Manitoba
Paula Boyd, Superintendent of Insurance, Trust and Loan Companies, Credit Unions and Pensions, Department of Finance, Nova Scotia
Angela Mazerolle, Vice-President, Regulatory Operations and Superintendent of Insurance, Financial and Consumer Services Commission, New Brunswick
Renee Dyer, Superintendent of Insurance, Financial Services Regulation Division, Newfoundland and Labrador
Louise Lavoie, Superintendent of Insurance, Accounting Services Management, Government of North West Territories
Sean Clark, Superintendent of Insurance, Department of Finance, Government of Nunavut
Huston Loke (Vice-Chair), Executive Vice President, Financial Services Regulatory Authority of Ontario
Robert Bradley (Vice-Chair), Superintendent of Insurance, Department of Justice and Public Safety
Janette Seibel, Deputy Superintendent of Insurance, Financial and Consumer Affairs Authority of Saskatchewan
Bradley Rowett, Deputy Superintendent of Insurance, Department of Community Services
Penny Lee, Senior Director, Office of the Superintendent of Financial Institutions, Government of Canada
Tony Toy, CCIR Policy Manager

Dear Mr. Déry:

Re: Postponement/Deferral Request: Industry Filing Deadline Date For 2020 CCIR Annual Statement on Market Conduct (ASMC)

CAFII's members are responding to the COVID-19 pandemic crisis by having as many employees as possible work from home, and they are adapting – as is every person and organization throughout Canada -- to new and shifting realities around customer needs, financial and economic turbulence, and risk and crisis management. Our members are also adjusting to constantly changing requirements related to finding ways to support customers who are suddenly facing financial hardship. This unprecedented situation creates new challenges for our members and their operations on a daily and sometimes hourly basis, dictating significant adjustments in resourcing priorities.

The COVID-19 crisis in no way changes the central importance of the fair treatment of customers in our members' businesses, nor does it change the central role that insurance regulators and policy-makers play in monitoring, oversight, and enforcement to ensure that regulated entities adhere to and comply with legislation and regulations which protect consumers.

CAFII and its members remain fully committed to the fair treatment of customers and to compliance with all applicable legislation and regulations.

That said, however, there are imminent but not yet implemented regulatory filing and reporting deadlines that are raising concerns and anxiety among our members under the current pandemic crisis situation.

Our Association is therefore writing to you at this time to request of the CCIR **a six-month deferral of the 2020 CCIR Annual Statement on Market Conduct (ASMC) filing deadline of May 1, 2020**. It is CAFII's intention to reach out to the CCIR again, as the termination date of the moratorium is approaching, for a re-evaluation of the situation.

We are of the view that this six-month moratorium request is in line with the forbearance that other regulatory authorities have already granted, to allow industry to focus on meeting the urgent needs of customers¹.

Major regulatory filing and reporting requirements such as the ASMC are particularly challenging during the current national and global pandemic. CAFII members have nearly all employees working from home, which gives rise to significant challenges in their ability to access their companies' back-end systems, access which is absolutely necessary for regulatory reporting and disclosure requirements. IT resources, which are necessary for reporting especially around emergent requirements, are already stretched to the limit. Training of front-line staff, deploying new processes, and engaging in implementations are all very challenging given the current environment. More generally, our members' staffs are under considerable strain as they respond to new customer service policies, procedures, and processes dictated by the current crisis.

Our Association is also writing to all provincial and territorial insurance regulators across Canada at this time to request that the in-force date and regulatory expectations associated with any legislative and/or regulatory requirements, which are imminent and at all discretionary, be postponed and deferred until such time as the crisis has abated and a semblance of normalcy has returned to the daily lives of Canadians and to our country's economy and business operations.

To the extent that imminent reporting, disclosure, and new or emerging implementation requirements can be postponed or deferred, that would greatly help our members to cope and deal with the many pressures and challenges which they, and all of society, are facing at this time.

¹ For example, in response to the COVID-19 pandemic, securities regulatory authorities in each of Canada's provinces and territories have temporarily extended certain deadlines for specified "regulated entities" including exchanges, commodity future exchanges and clearing agencies to file certain types of documents or other information required to be filed by such regulated entities. As well, *"In view of the current developments, OSFI is suspending all of its consultations and policy development on new or revised guidance until conditions stabilize"*.

We greatly appreciate your consideration of this exceptional request during this difficult time, which we ask that you respond to at your earliest possible convenience. For any clarification required on CAFII's request made in this letter or to discuss the matter, please contact CAFII Co-Executive Director Keith Martin at keith.martin@cafii.com or 647-460-7725.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Boyle', with a stylized, cursive script.

Martin Boyle
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

CAFII is currently the only Canadian Association with members involved in all major lines of personal insurance. Our members are the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players Assurant, Canadian Premier Life Insurance Company, CUMIS Services Incorporated, Manulife (The Manufacturers Life Insurance Company), Sun Life Financial, and The Canada Life Assurance Company.

27 March, 2020

Ron Fullan, Executive Director, Insurance Councils of Saskatchewan, and CISRO Chair
2631 28 Avenue
Regina, Saskatchewan
S4S 3A5

C.C.

Joanne Abram, Chief Executive Officer, Alberta Insurance Council
Janet Sinclair, Executive Director, Insurance Council of British Columbia
Barbara Palace Churchill, Executive Director, Insurance Council of Manitoba
Jennifer Calder, Deputy Superintendent of Insurance, Department of Finance, Nova Scotia
Angela Mazerolle, Superintendent of Insurance, Financial and Consumer Services Commission, New Brunswick
Renee Dyer, Superintendent of Insurance, Financial Services Regulation Division, Newfoundland and Labrador
Louise Lavoie, Superintendent of Insurance, Department of Finance, Northwest Territories
Sean Clark, Superintendent of Insurance, Department of Finance, Nunavut
Wendy Horrobin, Director, Licensing Approvals, Financial Services Regulatory Authority of Ontario
Patrick Ballantyne, Chief Executive Officer, Registered Insurance Brokers of Ontario
Robert Bradley, Superintendent of Insurance, Department of Justice and Public Safety, Prince Edward Island
Frédéric Pérodeau, Superintendent, Client Services & Distribution Oversight, Autorité des marchés financiers
Anne-Marie Poitras, Chief Executive Officer, Chambre de l'assurance des dommages, Québec
Marie Elaine Farley, President and Chief Executive Officer, Chambre de la sécurité financière
Bradley Rowett, Regulatory Affairs Officer, Department of Community Services, Yukon
Adrienne Warner, Policy Manager, CISRO

Dear Mr. Fullan:

Re: Postponement/Deferral Request: Industry Compliance With Regulator Reporting, Disclosure and Other Implementation Requirements During COVID-19 Crisis

CAFII's members are responding to the COVID-19 pandemic crisis by having as many employees as possible work from home, and they are adapting – as is every person and organization throughout Canada -- to new and shifting realities around customer needs, financial and economic turbulence, and risk and crisis management. Our members are also adjusting to constantly changing requirements related to finding ways to support customers who are suddenly facing financial hardship. This unprecedented situation creates new challenges for our members and their operations on a daily and sometimes hourly basis, dictating significant adjustments in resourcing priorities.

The COVID-19 crisis in no way changes the central importance of fair treatment of customers in our members' businesses, nor does it change the central role that insurance regulators and policy-makers

play in monitoring, oversight, and enforcement to ensure that regulated entities adhere to and comply with legislation and regulations which protect consumers.

CAFII and its members remain fully committed to fair treatment of customers and to compliance with all applicable legislation and regulations.

That said, however, there are imminent but not yet implemented regulatory filing and reporting deadlines that are raising concerns and anxiety among our members under the current pandemic crisis situation.

Our Association is therefore writing to you at this time to request of CISRO **a temporary deferral of any new, discretionary initiatives, Working Groups, or activities that would require our members to dedicate resources.**

We propose an initial six-month delay, with CAFII's intention being to reach out to CISRO again, as the termination date of the moratorium is approaching, for a re-evaluation of the situation.

We are of the view that this six-month moratorium request is in line with the forbearance that other regulatory authorities have already granted, to allow industry to focus on meeting the urgent needs of customers¹.

CAFII members have nearly all employees working from home, which gives rise to significant challenges in their ability to access their companies' back-end systems, access which is absolutely necessary for regulatory reporting and disclosure requirements. IT resources, which are necessary for reporting especially around emergent requirements, are already stretched to the limit. Training of front-line staff, deploying new processes, and engaging in implementations are all very challenging given the current environment. More generally, our members' staffs are under considerable strain as they respond to new customer service policies, procedures, and processes dictated by the current crisis.

Our Association is also writing to all provincial and territorial insurance regulators across Canada at this time to request that the in-force date and regulatory expectations associated with any legislative and/or regulatory requirements, which are imminent and at all discretionary, be postponed and deferred until such time as the crisis has abated and a semblance of normalcy has returned to the daily lives of Canadians and to our country's economy and business operations.

To the extent that imminent reporting, disclosure, and new or emerging implementation requirements can be postponed or deferred, that would greatly help our members to cope and deal with the many pressures and challenges which they, and all of society, are facing at this time.

We greatly appreciate your consideration of this exceptional request during this difficult time, which we ask that you respond to at your earliest possible convenience. For any clarification required on CAFII's

¹ For example, in response to the COVID-19 pandemic, securities regulatory authorities in each of Canada's provinces and territories have temporarily extended certain deadlines for specified "regulated entities" including exchanges, commodity future exchanges and clearing agencies to file certain types of documents or other information required to be filed by such regulated entities. As well, *"In view of the current developments, OSFI is suspending all of its consultations and policy development on new or revised guidance until conditions stabilize"*.

request made in this letter or to discuss the matter, please contact CAFII Co-Executive Director Keith Martin at keith.martin@cafii.com or 647-460-7725.

Sincerely,

A handwritten signature in black ink, appearing to be 'M. Boyle', with a stylized, cursive script.

Martin Boyle
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

CAFII is currently the only Canadian Association with members involved in all major lines of personal insurance. Our members are the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players Assurant, Canadian Premier Life Insurance Company, CUMIS Services Incorporated, Manulife (The Manufacturers Life Insurance Company), Sun Life Financial, and The Canada Life Assurance Company.

27 March, 2020 Letters Written by CAFII to Regulatory Authorities Across Canada Regarding Postponement/Deferral Request: Industry Compliance With Emerging or Pending Regulatory Reporting, Disclosure and Other Implementation Requirements During COVID-19 Crisis

<u>Authority Letter Sent To</u>	<u>Executive Letter Addressed To</u>	<u>Executives Letter Copied To</u>
Autorité des marchés financiers	Frédéric Pérodeau, Superintendent, Client Services and Distribution Oversight	Patrick Déry, Superintendent, Solvency Nathalie Sirois, Senior Director, Supervision of Insurers and Control of Right to Practise Louise Gauthier, Senior Director, Distribution Policies Mario Beaudoin, Director, Alternative Insurance Distribution Policy
Financial Consumer Agency of Canada (FCAC)	Judith Robertson, Commissioner	Teresa Frick, Acting Managing Director: Supervision & Promotion Branch
Canadian Council of Insurance Regulators (CCIR)	Patrick Déry, Superintendent, Solvency and Chair, CCIR	Sherri Wilson, Superintendent of Insurance, Alberta Treasury Board and Finance Frank Chong (Vice-Chair), Vice President and Deputy Superintendent, Regulation, BC Financial Services Authority J. Scott Moore (Vice-Chair), Superintendent of Financial Institutions. Financial Institutions Regulation Branch, Manitoba Paula Boyd, Superintendent of Insurance, Trust and Loan Companies, Credit Unions and Pensions, Department of Finance, Nova Scotia Angela Mazerolle, Vice-President, Regulatory Operations and Superintendent of Insurance, Financial and Consumer Services Commission, New Brunswick Renee Dyer, Superintendent of Insurance, Financial Services Regulation Division, Newfoundland and Labrador

<u>Authority Letter Sent To</u>	<u>Executive Letter Addressed To</u>	<u>Executives Letter Copied To</u>
		<p>Louise Lavoie, Superintendent of Insurance, Accounting Services Management, Government of North West Territories</p> <p>Sean Clark, Superintendent of Insurance, Department of Finance, Government of Nunavut</p> <p>Huston Loke (Vice-Chair), Executive Vice President, Financial Services Regulatory Authority of Ontario</p> <p>Robert Bradley (Vice-Chair), Superintendent of Insurance, Department of Justice and Public Safety</p> <p>Janette Seibel, Deputy Superintendent of Insurance, Financial and Consumer Affairs Authority of Saskatchewan</p> <p>Bradley Rowett, Deputy Superintendent of Insurance, Department of Community Services</p> <p>Penny Lee, Senior Director, Office of the Superintendent of Financial Institutions, Government of Canada</p> <p>Tony Toy, CCIR Policy Manager</p>
Canadian Insurance Services Regulatory Organizations (CISRO)	Ron Fullan, Executive Director, Insurance Councils of Saskatchewan, and CISRO Chair	<p>Joanne Abram, Chief Executive Officer, Alberta Insurance Council</p> <p>Janet Sinclair, Executive Director, Insurance Council of British Columbia</p> <p>Barbara Palace Churchill, Executive Director, Insurance Council of Manitoba</p> <p>Jennifer Calder, Deputy Superintendent of Insurance, Department of Finance, Nova Scotia</p> <p>Angela Mazerolle, Superintendent of Insurance, Financial and Consumer Services Commission, New Brunswick</p>

<u>Authority Letter Sent To</u>	<u>Executive Letter Addressed To</u>	<u>Executives Letter Copied To</u>
		<p>Renee Dyer, Superintendent of Insurance, Financial Services Regulation Division, Newfoundland and Labrador</p> <p>Louise Lavoie, Superintendent of Insurance, Department of Finance, Northwest Territories</p> <p>Sean Clark, Superintendent of Insurance, Department of Finance, Nunavut</p> <p>Wendy Horrobin, Director, Licensing Approvals, Financial Services Regulatory Authority of Ontario</p> <p>Patrick Ballantyne, Chief Executive Officer, Registered Insurance Brokers of Ontario</p> <p>Robert Bradley, Superintendent of Insurance, Department of Justice and Public Safety, Prince Edward Island</p> <p>Frédéric Pérodeau, Superintendent, Client Services & Distribution Oversight, Autorité des marchés financiers</p> <p>Anne-Marie Poitras, Chief Executive Officer, Chambre de l'assurance des dommages, Québec</p> <p>Marie Elaine Farley, President and Chief Executive Officer, Chambre de la sécurité financière</p> <p>Bradley Rowett, Regulatory Affairs Officer, Department of Community Services, Yukon</p> <p>Adrienne Warner, Policy Manager, CISRO</p>
Financial Services Regulatory Authority of Ontario (FSRA)	Mark White, CEO	Huston Loke, Executive Vice-President, Market Conduct

<u>Authority Letter Sent To</u>	<u>Executive Letter Addressed To</u>	<u>Executives Letter Copied To</u>
		Glen Padassery, Executive Vice-President, Policy & Chief Consumer Officer Anthonet Maramieri, Head, Insurance
Financial and Consumer Services Commission of New Brunswick (FCNB)	Angela Mazerolle, Vice-President, Regulatory Operations and Superintendent of Insurance	Jennifer Sutherland Green, Director & Senior Legal Counsel, Pensions and Insurance Division David Weir, Senior Technical Analyst, Pensions and Insurance Division
BC Financial Services Authority	Blair Morrison, CEO	Frank Chong, Vice-President and Deputy Superintendent, Regulation
Insurance Council of British Columbia	Janet Sinclair, Executive Director	Brett Thibault, Director, Governance and Stakeholder Engagement
British Columbia Ministry of Finance	Kari Toovey Director, Financial Institutions, Financial and Corporate Sector Policy Branch Policy and Legislation Division	
Alberta Insurance Council	Joanne Abram, CEO	
Alberta Treasury Board and Finance	Sherri Wilson Superintendent of Insurance	David Sorensen, Deputy Superintendent of Insurance Wayne Maday, Director of Insurance Policy
Saskatchewan Financial and Consumer Affairs Authority	Roger Sobotkiewicz, CEO and Superintendent of Insurance	Jan Seibel, Director, Insurance and Real Estate Division
Insurance Councils of Saskatchewan	Ron Fullan, Executive Director	April Stadnek, Director, Strategic Initiatives
Insurance Council of Manitoba	Barbara Palace Churchill, Executive Director	
Manitoba Financial Institutions Regulation Branch	J. Scott Moore, Superintendent of Financial Institutions and Insurance	
Nova Scotia Department of Finance	Paula Boyd Superintendent of Insurance, Trust and Loan Companies, Credit Unions and Pensions	

<u>Authority Letter Sent To</u>	<u>Executive Letter Addressed To</u>	<u>Executives Letter Copied To</u>
Financial Services Regulation Division, Service Newfoundland	Renee Dyer, Superintendent of Insurance	
Prince Edward Island Department of Justice and Public Safety	Robert Bradley, Superintendent of Insurance	
Department of Community Services, Yukon	Nancy Meagher, Superintendent of Insurance	
Department of Finance, Government of Nunavut	Sean Clark, Superintendent of Insurance	
Government of Northwest Territories	Louise Lavoie, Superintendent of Insurance Accounting Services Management	

27 March, 2020

Mr. Blair Morrison, CEO
BC Financial Services Authority
#2800 – 555 West Hastings St.
Vancouver, BC
V6B 4N6
c.c. Frank Chong, Vice-President and Deputy Superintendent, Regulation

Dear Mr. Morrison:

Re: Postponement/Deferral Request: Industry Compliance With Emerging or Pending Regulatory Reporting, Disclosure and Other Implementation Requirements During COVID-19 Crisis

CAFII's members are responding to the COVID-19 pandemic crisis by having as many employees as possible work from home, and they are adapting – as is every person and organization throughout Canada -- to new and shifting realities around customer needs, financial and economic turbulence, and risk and crisis management. Our members are also adjusting to constantly changing requirements related to finding ways to support customers who are suddenly facing financial hardship. This unprecedented situation creates new challenges for our members and their operations on a daily and sometimes hourly basis, dictating significant adjustments in' resourcing priorities.

The COVID-19 crisis in no way changes the central importance of fair treatment of consumers in our members' businesses, nor does it change the central role that insurance regulators and policy-makers play in monitoring, oversight, and enforcement to ensure that regulated entities adhere to and comply with legislation and regulations which protect consumers.

CAFII and its members remain fully committed to fair treatment of consumers and to compliance with all applicable legislation and regulations.

That said, however, there are pending/imminent reporting, disclosure, and other implementation requirements arising from emerging insurance legislation and/or regulations that are raising concerns and anxiety among our members under the current pandemic crisis situation.

Therefore, our Association is writing to you at this time to request that the in-force date and compliance expectations associated with any new BCFSa regulatory requirements, which are imminent and at all discretionary, be postponed and deferred until such time as the crisis has abated and a semblance of normalcy has returned to the daily lives of Canadians and to our country's economy and business operations.

Emerging regulatory reporting, disclosure, and other implementation requirements are particularly challenging during the current national and global pandemic. CAFII members have nearly all employees working from home, which gives rise to significant challenges in their ability to access their companies' back-end systems, access which is absolutely necessary for regulatory reporting and disclosure requirements. IT resources, which are required for reporting especially around emergent requirements, are already stretched to the limit. Training of front-line staff, deploying new processes, and engaging in implementations are all very challenging in the current environment. More generally, our members' staffs are under considerable strain as they respond to new customer service policies, procedures, and processes dictated by the COVID-19 crisis.

To the extent that pending/imminent reporting, disclosure, and other implementation requirements (such as discretionary audits) can be postponed or deferred, that would greatly help our members to cope and deal with the many pressures and challenges which they, and all of society, are facing at this time.

In the current circumstances, we are specifically requesting a six-month moratorium on such activities, with CAFII's intention being to reach out to BCFSa again, as the termination date of the moratorium is approaching, for a re-evaluation of the situation.

We are of the view that this six month moratorium request is in line with the forbearance that other regulatory authorities have already granted, to allow regulated entities to focus on meeting the urgent needs of customers¹.

Thank you for your consideration of this request, which we ask that you respond to at the earliest possible time. For any clarification required on CAFII's request made in this letter or to discuss the matter, please contact CAFII Co-Executive Director Keith Martin at keith.martin@cafii.com or 647-460-7725.

Sincerely,



Martin Boyle
Board Secretary and Chair, Executive Operations Committee

¹ For example, in response to the COVID-19 pandemic, securities regulatory authorities in each of Canada's provinces and territories have temporarily extended certain deadlines for specified "Regulated Entities" including exchanges, commodity future exchanges and clearing agencies to file certain types of documents or other information required to be filed by such Regulated Entities. As well, *"In view of the current developments, OSFI is suspending all of its consultations and policy development on new or revised guidance until conditions stabilize"*.

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Agenda Item 5(a)(ii)(7)
April 7/20 Board Teleconference Meeting

CAFII Forbearance Request Letters To Insurance Regulators and Policy-Makers Across Canada:
Response Received From Judith Robertson, Commissioner, Financial Consumer Agency of Canada (FCAC)

From: Keith Martin

Sent: March 31, 2020 10:07 AM

Subject: Summary of CAFII Phone Call with Judith Robertson, FCAC Commissioner -- Market Conduct Letters to Banks on Complaint Escalation Procedures on Hold

Dear CAFII Board Members (copy EOC Members, Committee Members, and Board Surrogates):

This morning, FCAC Commissioner Judith Robertson called me to discuss the letter which CAFII had sent her and the FCAC on 27 March, 2020 asking for a temporary moratorium on new regulatory and filing initiatives.

Ms. Robertson said she appreciated receiving the letter and would send me a response by email, but wanted to clarify one item in it, where we mentioned that there were new market conduct initiatives underway at the FCAC around the complaints escalation procedures of banks. She asked me to elaborate on that point in the letter.

I explained that at the 9 March, 2020 meeting with CAFII and the FCAC, one CAFII member asked about the next steps on the two reports issued by the FCAC around complaints escalations processes at banks, and that Teresa Frick from the FCAC said in response that the next step was to send market conduct letters to specific member banks on their processes. Ms. Robertson said that my explanation helped clarify this issue for her. She said that the FCAC website already had an update on its approach to the COVID-19 situation, and another update was forthcoming. She then added that while the market conduct letters were being prepared in early March by the FCAC, with the intention to send them to bank members, "what was true yesterday is not true today," and that the letters were never sent and will **not** be sent at this time, until the situation normalizes. She then said that she wanted me to know that she was "sympathetic, understanding, and fully aware of the tremendous operational challenges your members face currently." She said she would write me an email in response to the letter assuring CAFII members that no new regulatory initiatives would be placed on FIs at this time by the FCAC.

Ms. Robertson also said that in reviewing the language on the website about the Agency's response to the COVID-19 crisis, it was important to keep in mind that a fine line had to be drawn by the FCAC between indicating that the Agency would be supportive of the operational challenges banks faced, while also continuing to reassure customers that the Agency was still monitoring market conduct issues and providing protection for consumers. I said that I fully understood that point and appreciated the importance of that fine line.

When the email from FCAC Commissioner Judith Robertson is received I will forward it to those on this distribution list.

Brendan and I also want to report that we have begun to receive responses from provincial/territorial regulatory authorities, the tone of which has been positive, supportive, and accommodating. To avoid multiple emails, we will be sending a general update in a few days, after more responses are received.

To date, we have not received a response from the AMF or the CCIR.

Thank you,

--Keith

Keith Martin

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

L'association canadienne des institutions financières en assurance

keith.martin@cafii.com

T: 647.460.7725

www.cafii.com



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Agenda Item 5(a)(ii)(8)
April 7/20 Board Teleconference Meeting

CAFII Forbearance Request Letters To Insurance Regulators and Policy-Makers Across Canada:
Responses Received From Insurance Councils of Saskatchewan; BC Financial Services Authority; BC
Ministry of Finance; Financial Services Regulatory Authority of Ontario (FSRA); Alberta Treasury Board and
Finance; Saskatchewan Financial and Consumer Affairs Authority (FCAA); BC Ministry of Finance; and
Yukon Superintendent of Insurance.

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

Sent: March-28-20 10:15 AM

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

Cc: Stadnek, April (ICS) <April.Stadnek@skcouncil.sk.ca>; Keith Martin <Keith.Martin@cafii.com>

Subject: RE: CAFII Forbearance Request Letter To Insurance Councils of Saskatchewan Arising From
COVID-19 Crisis

Hi Brendan

Thank you for your note below.

In order to move quickly on this one, can we arrange a short call to discuss – perhaps you, Keith and
Martin and April and I? Looking at Monday/Tuesday, my schedule is open as follows:

Monday	anytime other than Noon-12:30PM or 4-4:30PM EDT
Tuesday	anytime before 1:30PM or after 3PM your time

April can let you know her schedule separately so you can pick a time. If Monday/Tuesday don't work at
your end, I can let you know what the rest of my week looks like.

To help arrive at a solution, it would be good to know the specific requirements that you are seeking
relief from, other than audits which you have identified in the letter.

Look forward to speaking early next week.



RON FULLAN
Executive Director

310-2631 28th Avenue, Regina SK S4S 6X3
P: 306.347.0862, ext. 227
F: 306.347.0525
skcouncil.sk.ca

From: Chong, Frank FSA:EX <Frank.Chong@bcfsa.ca>
Sent: March-29-20 4:57 PM
To: Brendan Wycks <brendan.wycks@cafii.com>
Cc: James, Harry FSA:EX <Harry.James@bcfsa.ca>; Keith Martin <Keith.Martin@cafii.com>; O'Brien, Rob FSA:EX <Rob.O'Brien@bcfsa.ca>
Subject: RE: CAFII Forbearance Request Letter To BC Financial Services Authority Arising From COVID-19 Crisis

Hi Brendan:

This is to confirm receipt of CAFII's March 27th letter to BCFSa. We'll be back with a response later this week.

 Best regards,
Frank

Frank Chong
VP and Deputy Superintendent, Regulation

BC Financial Services Authority
M (604) 653-7495 **F** (604) 660-3365
2800 - 555 West Hastings Street, Vancouver, BC | V6B 4N6
www.bcfsa.ca

March 30, 2020

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

Dear Mr. Boyle:

Thank you for your letter of March 27, 2020, regarding your request for regulatory forbearance with respect to reporting requirements and a delay in imposing any new requirements.

I understand that these are challenging times for all and that businesses are having to find new ways to work. The Financial Institutions Amendment Act, 2019 received Royal Assent in November of last year, however, most of the amendments to the Financial Institutions Act need to be brought into force by regulation. Some of the provisions were brought into force in January 2020 but those largely related to modernizing the investigative powers for the BC Financial Services Authority (BCFSA).

Further consideration is being given to bringing into force the provisions that provide the BCFSa with rulemaking authority, as that may assist the BCFSa in being able to respond more quickly during this time of market volatility.

Given the challenges facing industry, it is likely that more significant changes set out in the Financial Institutions Amendment Act, 2019 will be delayed until such time as the crisis has abated.

I understand that the BCFSa will soon be providing direction to industry on the types of operational relief they plan to provide to industry during this time.

I would like to thank you again for taking the time to write.

Sincerely,

Kari Toovey Director, Financial Institutions

BC Ministry of Finance, Financial and Corporate Sector Policy Branch

From: Mark White <Mark.White@fsrao.ca>

Sent: March-29-20 6:18 PM

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

Cc: Huston Loke <Huston.Loke@fsrao.ca>; Glen Padassery <Glen.Padassery@fsrao.ca>; Anthonet Maramieri <Anthonet.Maramieri@fsrao.ca>; Keith Martin <Keith.Martin@cafii.com>; Joel Gorlick <Joel.Gorlick@fsrao.ca>

Subject: RE: CAFII Forbearance Request Letter To Financial Services Regulatory Authority of Ontario Arising From COVID-19 Crisis

Brendan, thanks for your note.

We will respond to you more formally, but I did want to acknowledge that these are indeed extraordinary times and we recognize the disruption to your members as they work to provide important services under difficult circumstances.

One question as you did not mention any particular new regulatory requirements that you wanted delayed: are your members asking us to defer burden reduction measures they had requested such as acknowledging that they need only follow the CCIR guidance on fair treatment of consumers (which they are following for compliance in other provinces) and need not follow the FSCO guidance on the same topic?

I hope that you and everyone at CAFII and its members are keeping safe and well in these uncertain times

Mark

From: David Sorensen <David.Sorensen@gov.ab.ca>
Sent: March-30-20 12:20 PM
To: Brendan Wycks <brendan.wycks@cafii.com>
Cc: Wayne Maday <wayne.maday@gov.ab.ca>; Laurie Balfour <laurie.balfour@gov.ab.ca>; Keith Martin <Keith.Martin@cafii.com>; David Mulyk <David.Mulyk@gov.ab.ca>; Daphne Matthews <Daphne.Matthews@gov.ab.ca>
Subject: RE: CAFII Forbearance Request Letter To Alberta Treasury Board and Finance Arising From COVID-19 Crisis

Dear Brendan,

Thank you for your letter. Please note that Sherri Wilson has been temporarily seconded back to Health, and in the interim, David Mulyk is acting in her stead. He is copied on this email.

I appreciate CAFII's request for forbearance in this pandemic situation, and we are committed to leniency and postponement in cases where it is discretionary. Based on my review, we have one open investigation with one of your members, and we have paused that investigation for the time being; however, if there are situations where your members continue to be concerned about any in-force date and compliance expectations associated with this office, please have your members contact me directly.

Thank you, and stay well!

David Sorensen, BA Hons, FCIP

Deputy Superintendent of
Insurance Regulation and Market
Conduct
Treasury Board and Finance
Government of Alberta

402 Terrace Building
9515 – 107 Street,
Edmonton, AB T5K 2C3

Tel 780-427-8896
Fax 780-420-0752
David.Sorensen@gov.ab.ca



From: Seibel, Janette FCAA <Janette.Seibel@gov.sk.ca>
Sent: March-30-20 5:36 PM
To: Brendan Wycks <brendan.wycks@cafii.com>; Sobotkiewicz, Roger FCAA <Roger.Sobotkiewicz@gov.sk.ca>
Cc: McMillan, Shannon FCAA <shannon.mcmillan@gov.sk.ca>; Keith Martin <Keith.Martin@cafii.com>
Subject: RE: CAFII Forbearance Request Letter To Saskatchewan Financial and Consumer Affairs Authority (FCAA) Arising From COVID-19 Crisis

Hi Brendan and Keith,

Thank you for your email regarding CAFII's request for a moratorium on reporting, and other implementation requirements. We are interested in assisting with deferrals and postponements where we are able to assist and it is reasonable for us to do so. In order to obtain clarity with regard to the scope of this request, we ask that you provide us with a list of provisions that are of concern and any details of those concerns that you are able to share. We would be happy to set up a call to discuss those concerns and ways in which they can be managed.

Like many, I am working from home right now. If you would like to chat about the above or have any questions, I can be reached at 306-787-2953 or on my cell at 306-535-9731. I appreciate your reaching out at this time.

Thank you,

Jan

Janette Seibel | Director | Insurance and Real Estate Division | Financial and Consumer Affairs Authority of Saskatchewan
601-1919 Saskatchewan Drive | Regina, SK S4P 4H2 | office: 306.787.2953 | fax: 306.787.9006 | janette.seibel@gov.sk.ca

From: Bradley.Rowett@gov.yk.ca <Bradley.Rowett@gov.yk.ca>

Sent: March-31-20 4:43 PM

To: Brendan Wycks <brendan.wycks@cafii.com>; Nancy.Meagher@gov.yk.ca

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

Subject: RE: CAFII Forbearance Request Letter To Yukon Superintendent of Insurance Arising From COVID-19 Crisis

Hello Brendan,

Thank you for updating our office regarding the issues insurers are facing in light of COVID 19. Yukon would be accepting of the requests outlined in the letter provided. Please let me know if you require anything further.

Kind regards,



Bradley Rowett

Deputy Superintendent of Insurance

Community Services | Professional Licensing and Regulatory Affairs

T 867-667-5360 | F 867-667-3609 | Yukon.ca



Sat 2020-03-28 2:12 PM

Keith Martin

Update from CAFII on Letter-Writing Campaign to Regulatory Authorities Across Canada Requesting Regulatory Relief due to COVID-19

To 'Lyne Duhaime'; 'Michele Helie'; Brent Mizzen; Luke O'Connor; Joan Weir

Cc Brendan Wycks

You forwarded this message on 2020-03-28 2:14 PM.

CAFII Letter to AMF on Regulatory Matters during COVID-19 Crisis FINAL.pdf 277 KB	CAFII Letter to FCAC on Regulatory Matters during COVID-19 FINAL.pdf 250 KB
CAFII Letter to Patrick Dery CCIR Chair on Regulatory Matters during COVID-19 Crisis FINAL.pdf 271 KB	CAFII Letter to Ron Fullan CISRO Chair on Regulatory Matters during COVID-19 Crisis FINAL.pdf 274 KB
CAFII Letters Requesting COVID-19 Related Regulatory Relief--27 March 2020--List of Regulatory Authorities and Executives Letters Sent To.pdf	CAFIIForbearanceRequestLetterBCFSAMarch272020.pdf

Dear Lyn, Michele, Luke, Brent, and Joan,

CAFII has sent a series of letters to regulatory authorities in all provinces and territories, as well as the FCAC, CCIR, and CISRO, requesting regulatory relief due to COVID-19.

These are mostly proactive requests to avoid new, discretionary regulatory initiatives at this time, specifically by asking for a six-month moratorium on such new initiatives or discretionary audits.

However, with the AMF, a slightly different letters calls out emerging, imminent deadlines with the AMF and asks for a delay in their date of implementation.

With the CCIR, we have asked for a six-month delay in the 1 May, 2020 filing deadline for the Annual Statement on Market Conduct (ASMC).

I am sharing 4 of the more customized letters—AMF, FCAC, CCIR, and CISRO—and one example of the provincial / territorial letters, as these are quite repetitive—BC FSA. I am also attaching, however, a full list of all the regulatory authorities to whom these letters have been sent.

If you have any questions, please don't hesitate to contact me or Brendan.

Warm personal regards,

--Keith

Keith Martin

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

L'association canadienne des institutions financières en assurance

keith.martin@cafii.com

T: 647.460.7725

www.cafii.com



Agenda Item 5(a)(v)
April 7/20 Board Teleconference Meeting

Postponement of Launch of CAFII Quarterly CPI Benchmarking Study With RSM Canada

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

Sent: March-25-20 1:06 PM

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Subject: Temporary Delay in Development and Release of the CAFII Quarterly Credit Protection Insurance Benchmarking Study

Hello, CAFII Members:

I am writing to you in your capacity as your organization's designate for the CAFII Quarterly Credit Protection Insurance Benchmarking Study.

At yesterday's 24 March, 2020 EOC meeting, it was agreed that this study would be temporarily postponed as CAFII members deal with the implications for their organizations of the COVID-19 pandemic.

I appreciate the work you have done on this study and want to assure you it was not for naught. CAFII remains very committed to this study, and this is a temporary postponement only. It is hard for me to say when we will be in a position to restart this effort, but I will reach out to this group when that time arrives.

I would like to call out on behalf of CAFII our appreciation to RSM Canada for their understanding of this decision by CAFII, and their support. We very much look forward to re-engaging with RSM Canada on the study as soon as possible.

Any questions or concerns, please let me or Brendan Wycks know.

Thank you,
Keith Martin

Co-Executive Director / Co-Directeur general
Canadian Association of Financial Institutions in Insurance

Agenda Item 5(a)(vi)
April 7/20 Board Teleconference Meeting

**Deferral Of 2020 CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits; and Proposed
Approach To Same (Based On Member Feedback Arising From Fall 2019 CAFII
Western Canada Insurance Regulators and Policy-Makers Visits Tour)**

Option A

New Brunswick and Prince Edward Island (in that order)

- two consecutive days in the Wednesday, September 23/20 to Friday, September 25/20 timeframe

Nova Scotia and Newfoundland and Labrador (in that order)

- two consecutive days in the Wednesday, October 7/20 to Friday, October 9/20 timeframe

Option B

New Brunswick and Prince Edward Island (in that order)

- two consecutive days in the Wednesday, October 7/20 to Friday, October 9/20 timeframe

Nova Scotia and Newfoundland and Labrador (in that order)

- two consecutive days in the Wednesday, October 21/20 to Friday, October 23/20 timeframe

Option C

New Brunswick and Prince Edward Island (in that order)

- two consecutive days in the Wednesday, October 21/20 to Friday, October 23/20 timeframe

Nova Scotia and Newfoundland and Labrador (in that order)

- two consecutive days in the Monday, October 26/20 to Friday, October 30/20 timeframe

Option D

New Brunswick and Prince Edward Island (in that order)

- two consecutive days in the Wednesday, September 23/20 to Friday, September 25/20 timeframe

Nova Scotia and Newfoundland and Labrador (in that order)

- two consecutive days in the Wednesday, October 21/20 to Friday, October 23/20 timeframe

Option E

New Brunswick and Prince Edward Island (in that order)

- two consecutive days in the Wednesday, October 7/20 to Friday, October 9/20 timeframe

Nova Scotia and Newfoundland and Labrador (in that order)

- two consecutive days in the Monday, October 26/20 to Friday, October 30/20 timeframe

Agenda Item 5 (b) (1)
April 7/20 Board Meeting

Summary Report, Analysis, and Insights Gained From February 11/20 CAFII Meeting With The AMF

On Applicability Of The Regulation respecting Alternative Distribution Methods

To Credit Card-Embedded Insurance Benefits

Background

CAFII met with AMF officials in Quebec City on 11 February, 2020 to discuss the apparent AMF position that the Regulation respecting Alternative Distribution Methods (RADM) applies to credit card-embedded insurance benefits.

Participants

From the AMF

Mario Beaudoin, Directeur des pratiques de distribution alternatives en assurance (Director of Alternative Distribution Practices in Insurance)—*reports to Louise Gauthier – who reports to Frédéric Pérodeau*

Isabelle Berthiaume, Directrice de la surveillance prudentielle des assureurs (Director of Prudential Supervision of Insurers) – *reports to Nathalie Sirois – who reports to Patrick Déry*
Sharon Boucher, Analyst on Mario Beaudoin's team—took notes at the meeting

From CAFII

Isabelle Choquette, Desjardins Financial Security
Alain Camirand, TD Insurance
Karyn Kasperski, RBC Insurance
Rob Dobbins, Assurant
Martin Boyle, BMO Insurance (on the phone)
Brendan Wycks, CAFII
Keith Martin, CAFII

Key Takeaways

- The AMF's view is that any and all forms of insurance offered or otherwise provided to Quebec consumers have to be regulated. Insurance must either be offered through licensed agents, or be subject to the Regulation respecting Alternative Distribution Methods (RADM). **As a result, it is the view of the AMF that credit card-embedded insurance benefits are subject to the provisions of the RADM.**
- The AMF is aware that there are "challenges" in terms of credit card-embedded coverages and "how to make it fit" into the RADM, and the AMF wants to be "flexible" in how the RADM applies to this product. However, all the provisions of the RADM must apply.

- The AMF did say that the long-term solution is to look at possible modifications to the Regulation, but such changes take a long time and Mr. Beaudoin did not think that was something that would happen in the near future.
- When asked if the AMF could indicate that it would not enforce the RADM for this product, Mario Beaudoin said the AMF could not do that.
- When asked if a delay could be provided in the application of the RADM for this product, Mario Beaudoin said the AMF could not do that.
- The AMF said that the RADM unfortunately does not include “carve out” or waiver provisions which would allow the AMF to make exceptions to or interpretations with respect to the applicability of the Regulation, which removes any possibility of the AMF providing an exception to the application of the Regulation in this case.
- The AMF was asked to issue an official statement to the industry to communicate its position that the RADM does indeed apply to credit card-embedded insurance benefits. Mario Beaudoin said that the AMF was in a period of “open discussion on this emerging issue” with the industry on this issue and therefore would not provide such a written statement until those discussions have produced results.
- Mario Beaudoin asked CAFII/the industry to provide its views on how the RADM’s application to credit card-embedded insurance benefits can be implemented, stressing that “creative solutions” are always possible. He asked CAFII to respond fairly quickly to this request for compliance action suggestions and related timelines, perhaps within a month (subsequently altered to “six to eight weeks” when CAFII representatives did not respond favourably to his initial suggestion). Without agreeing to anything, CAFII responded that a one-month timeline would definitely not be possible, but we could provide, within a reasonably prompt timeframe, our timelines for responding to this AMF request.

Detailed Summary

After Keith Martin delivered a CAFII Opening Statement on why our Association believes that the RADM is not applicable to credit card-embedded insurance benefits, Mario Beaudoin said that the AMF was aware of this issue, knew that it had caused considerable “background noise,” and added that it had been the subject of considerable internal discussion at the AMF. However, at the end of the day, Mr. Beaudoin asserted all forms and types of insurance which are offered or otherwise provided to Quebec consumers must be regulated, either by being offered by a licensed agent, or by being subject to the Regulation respecting Alternative Distribution Methods. **For credit card-embedded insurance benefits, the AMF’s view is that the RADM fully applies.**

But Mr. Beaudoin then added that while he “could not make promises,” the AMF realized that there were some real challenges in applying some of the provisions of the RADM to credit card-embedded insurance benefits. The AMF was open, he said, to the industry’s making some interpretation proposals as to how the Regulation applies to credit card-embedded insurance benefits, to its offering creative solutions, and to its recommending some adjustments to the application of the RADM to this product line.

It is important to emphasize, in the interests of avoiding repetition, that this was a consistent theme from Mr. Beaudoin throughout the meeting: “we realize that the RADM is challenging to apply to credit card-embedded insurance benefits, but apply it does. We invite you to suggest to us some creative ways to comply with the Regulation for these products.” He said “I am not making an ultimatum,” but he also said that the AMF would not agree to not enforce the RADM for credit card-embedded insurance benefits.

But while the theme of “flexibility” was a consistent one in Mr. Beaudoin’s comments, he also reiterated a number of times that the Regulation does not have a “carve out” or waiver that would allow the AMF to provide an exception or exemption from the RADM; that the Regulation in its entirety applies in the case of credit card-embedded insurance benefits; and that the Fact Sheet and a Product Summary must be provided to consumers at point of sale (i.e. when the consumer is applying for/securing a credit card). Mr. Beaudoin did say that these disclosure documents could be provided on a website, so long as the customer was asked if he/she agreed to not have them provided at the time that he/she is applying for or considering a particular credit card. However, the customer must be informed of these disclosure documents before they are approved for or granted a credit card with embedded insurance benefits. Customers, he said, need to know what they are buying before the sale is made.

Mr. Beaudoin said that he believes that customers have the right to cancel insurance. Given his statement as well about how there are no exceptions or carve out provisions in the Regulation, this implies that he believes customers should be able to cancel credit card-embedded insurance coverages, even though we repeated that they could not.

Mr. Beaudoin also say the potential for other segments to manipulate the system if the regulations did not apply to embedded insurance, for example other financial services could be embedded with other products to avoid regulatory burden and oversight.

Mr. Beaudoin said that the Product Summary was a disclosure document which industry players would be producing themselves, and in this document there could perhaps be content which explains how a customer should interpret the Fact Sheet in the case of credit card-embedded insurance benefits. For example, where the Fact Sheet indicates that if a consumer cancels the insurance, his/her premium will be refunded, the Product Summary could state that the premium refund would be zero because the customer did not pay any premium for their credit card-embedded insurance benefits.

The AMF did say that the long-term solution is to look at possible modifications to the Regulation, but such changes take a long time and Mr. Beaudoin did not think that was something that would happen in the near future. Mr. Beaudoin laughed that ten years ago he was told that the new regime on alternative distribution would be introduced, and every year after that its implementation was expected to be imminent; regulatory and legislative changes do not occur quickly and so alternative solutions need to be found in the meantime.

Mr. Beaudoin said that the “good news” was that in the case of Authorized Insurance Products (which include travel insurance and the other types of insurance typically offered as a credit card-embedded benefit), federal legislation (federal Bank Act; and the Insurance Business (Banks and Bank Holding Companies) Regulations) provides for exceptions to the provincial prohibition on selling insurance without a license. And based on audits it has done, the AMF feels that CAFII members and the bancassurance industry meet these exceptions appropriately; and, as such, credit card-embedded insurance benefits are being offered legally in Quebec. He specifically said that recent AMF research has revealed that across Canada, there are about 300 different credit cards being offered with some form of embedded insurance benefit. The AMF has done a review of those 300 different credit cards to ensure their compliance with existing statutes, and that it was satisfied with the results.

Mr. Beaudoin made a reference to a personal situation which he said had alerted him to the importance of full disclosure and ensuring that customers understand what they are obtaining. The reference was to a relative who had died, and his surviving spouse then had to cancel her late husband’s credit card and obtain a new one for herself. That new credit card included travel insurance, but she was over 75 years of age and therefore not eligible for that embedded insurance benefit. Mr. Beaudoin asserted that it is critical for a credit card applicant to be aware of such exclusions and limitations, otherwise he/she may travel, get sick, and only then find out they are not eligible and not covered, leading to an undesirable situation all around, and precisely the sort of consumer outcome that the AMF wishes to avoid.

Keith Martin responded by saying that CAFII members make every effort to ensure that individuals are aware of what is and what is not covered under all forms of insurance that they provide to consumers, including explicit disclosures. CAFII member financial institutions, he said, are built on trust, and reputation is central and foundational to them. Mr. Martin added that disclosure, which is a key reason for which the AMF appears to feel that the RADM should apply to all insurance, including credit card-embedded insurance benefits, should not be an issue because all CAFII members who provide insurance have full disclosure on their websites of what the insurance covers, and its exclusions and limitations.

Mario Beaudoin countered this argument by saying that he recognized that such disclosure occurred, and therefore the existing disclosure by financial institutions was not far off from what the AMF expects with respect to the RADM’s applicability to credit card-embedded insurance benefits; it should not be so difficult therefore for CAFII members to comply with the AMF’s RADM-based expectations for this product line.

Keith Martin asked if the AMF could -- given that it seems clear that credit card-embedded insurance benefits were not contemplated and factored into the RADM’s design and provisions -- issue a Guidance stipulating that it would not enforce the RADM for this type of insurance. Mr. Beaudoin said that the AMF was not prepared to do that. Mario Beaudoin said that the AMF was in a period of “open discussion on this emerging issue” with the industry on this issue and therefore would not provide such a written statement until those discussions have produced results. The use of the term “emerging issue” is interesting and may suggest that the AMF missed this issue in the development of the Regulation, and is looking for the industry to backfill compliance.

Keith Martin then asked if the AMF could issue a Guidance stipulating that it would delay the RADM's application to credit card-embedded insurance benefits until a review/consultation with the industry around the RADM's application to this product line could be conducted. On this as well, Mr. Beaudoin said the AMF would not consider such a measure, for the same reasons.

Karyn Kasperski, RBC Insurance, intervened at this point, and made an impactful statement about an actual face-to-face, in-person scenario, at a financial institution branch, in which a consumer is seeking "to obtain credit" in the form of a credit card. In such a common scenario, she said, the request for and granting of credit is the primary focus of the discussion between the financial institution and the customer, but if that credit card comes with embedded insurance benefits, the AMF's insistence that the RADM applies would force the conversation to have to pivot to one about insurance, which would be confusing and not consumer-friendly because insurance is not at all what is motivating the customer to have the discussion with the financial institution in the first place.

Mr. Beaudoin said that the Regulation was in place and it was no easy matter to change it. He acknowledged that there were issues in its application to credit card-embedded insurance benefits. In an interesting statement, he said "it is hard to be flexible when you are holding a two-by-four." This could be interpreted as a threat, but it could equally be interpreted to mean that the Regulation is set in stone and difficult to modify.

As the discussion continued, Martin Boyle, who monitored and participated in the meeting via teleconference, said on two occasions that he felt it was important not to focus too much of the conversation on examples within the Regulation that may cause difficulties, but instead to focus on the central issue, which was that the RADM does not apply to credit card-embedded insurance benefits. Mr. Boyle further reiterated that it was important to address whether or not regulation –by limiting its scope to "offers"—actually captures embedded insurance. In both instances, Mr. Beaudoin simply said he believed it did and redirected the conversation to solutioning for examples of issues within the Product Summary and Fact Sheet. Mario Beaudoin repeatedly restated that the AMF's position is that the RADM does apply, and he focused conversation on the AMF's desire to have the industry come back with practical and creative solutions on how it can put the RADM's provisions and expectations into effect in the case of credit card-embedded insurance benefits.

At one point, Mr. Beaudoin said that if credit card-embedded insurance benefits were not covered by the Regulation, then it could be suggested that the customer was being obligated to take the embedded insurance benefits in order to get the credit card, and this could be viewed as "tied selling" which was illegal. He did not pursue this argument any further, however, and did not elaborate on it.

Brendan Wycks asked Mr. Beaudoin what would be the AMF's view if some industry players determined that complying with the RADM's provisions in the case of credit card-embedded insurance benefits would be too onerous; and they therefore decided that they would no longer include insurance benefits in the credit cards which they offer to Quebecers, which would create a situation in which Quebecers receive a lesser value proposition from their credit cards, for the exact same annual fee and other terms, as compared to consumer in other provinces and territories. Mr. Beaudoin replied that credit card issuers and their insurer partners could proceed as they wish; and that if that scenario does become an outcome due to the fact that the RADM must apply to all forms and types of insurance, so be it.

It was clear from statements made during the meeting that Mr. Beaudoin does not believe that the fact that the premium for credit card-embedded insurance benefits is paid by the financial institution to the insurer is a relevant consideration in terms of whether or not the RADM applies. In that connection, Rob Dobbins referred back to CAFII's Opening Statement about why the RADM should not apply to card-embedded insurance benefits, emphasizing that the premium is not paid by the cardholder; rather, it is paid by the credit card issuer/distributor to the insurer. This was important to reiterate because Mr. Beaudoin said at several points during the meeting that the cardholder must indirectly be paying for the premium, which is relevant to his position that the RADM applies. We strongly refuted this notion that cardholders were indirectly paying the premium. Separately, we also emphasized again that the wording of the AMF's Fact Sheet would be misleading and confusing for consumers with respect to credit card-embedded insurance benefits. Mr. Beaudoin did not comment on either point.

Alain Camirand said that even if creative solutions could be found around explaining the wording of the Fact Sheet with respect to credit card-embedded insurance benefits, at the end of the day that would not be a good outcome for consumers, who would be confused by the wording of the Fact Sheet and some of its statements, for example around cancellation, which simply did not apply in this case. While much of the discussion was around operational issues, and these were real, Mr. Camirand said that the bigger issue was that this direction would lead "to a bad customer experience." Mr. Beaudoin did not comment on that point.

Brendan Wycks asked if it would be possible for the AMF to issue an Addendum to the Fact Sheet which would clarify that some of its provisions were not relevant/applicable to credit card-embedded insurance benefits. In response, Mario Beaudoin expressed skepticism about the AMF's ability/willingness to alter the Fact Sheet, even via a clarifying Addendum, as it was mandated in the Regulation, but yet he invited CAFII/the industry to propose practical solutions for the AMF's consideration.

Mr. Beaudoin said at one point that by meeting with CAFII, whose members included the big banks and Desjardins, the AMF was covering the entire universe of the industry players impacted by this situation, and we explained that that was not the case, as there were other players—such as retailers with credit cards, Laurentian Bank of Canada, and American Express—which would be impacted by this file, and who were not currently CAFII members.

Body Language and Tone

The meeting was cordial, professional, and generated good dialogue and exchange of viewpoints. Mario Beaudoin was very much the lead discussant for the AMF, as the other two participants said virtually nothing. Mr. Beaudoin was clearly well-prepared, and familiar with the positions that CAFII was advancing. He was, as is his nature, very talkative, and very articulate. He was also very gracious and interactive, but unbending. It was clear that the key messages which the AMF intended to deliver to CAFII in the meeting had been pre-discussed and well-rehearsed.

Analysis

The AMF consulted on the development of the RADM for years; and in that time, CAFII has no recollection of the regulator ever indicating that the RADM would apply to credit card-embedded insurance benefits. The industry generally was always of the view that the RADM did not apply to this product line, but avoided drawing attention to the issue out of concern that doing so would lead to undesirable outcomes from the AMF.

The RADM is structured in a way that is problematic in terms of applying it to credit card-embedded insurance benefits. If the AMF had originally considered that the Regulation applied to these product lines, it would have developed the Regulation in a way that made its application to embedded insurance coverages practical. Therefore, it seems plausible that if the AMF had developed the RADM with the expectation that it would apply to credit card-embedded insurance benefits, it would have created a second, appropriately worded Fact Sheet, and made other customizing provisions.

So it is reasonable to interpret the current situation as something the AMF itself now views as problematic, and the regulator is now asking the industry to engage in helping solve the problem. An alternative interpretation is that the AMF may have wished to avoid raising the issue during the original consultations, therefore deferring it, and is now dealing with the consequences.

However, what cannot be disputed is that there was absolutely no consultation with the industry on this issue; and, setting aside for a moment the view that the RADM does not apply to this product line, the provisions of the RADM do not work in a practical way, and the AMF appears to now be asking the industry to find solutions to a seemingly intractable problem. Another explanation for the approach they are taking is that the AMF has been criticized for not having consulted the industry before they issued an enforcement letter on the recent “spousal issue.” They may be reaching out to industry for its views prior to engaging in enforcement, based on learnings from the “spousal issue” and their desire to proceed differently this time.

It is also important to keep in mind that the AMF has, at this time, refused to issue an official communiqué/declaration on its position that the RADM applies to credit card-embedded insurance benefits, its formal reasoning for this position, and its related expectations of the industry. There is no written Guidance for industry, and the Regulation itself does not explicitly reference credit card-embedded insurance benefits, nor is it structured in a way that provides for compliance in the case of this product line.

(A CAFII member who was at the meeting has offered a different interpretation on this matter, which is that if the AMF issued a formal guidance saying that the actual regulation applies to credit card-embedded insurance benefits, that would mean that compliance with such regulation is expected immediately. Since the AMF said it wants to work with industry to try to find creative solutions to the challenges in complying with the RADM for credit card-embedded insurance benefits, and in the interim the AMF has indicated that it is ready to wait before formally requiring industry to comply, the AMF position may be that it is preferable for the Industry to not have such "formal guidance" at this time.)

Whatever next step the CAFII Board decides to mandate on this issue, it is clear that the AMF recognizes that it has not structured the Regulation in a way that makes compliance for credit card-embedded benefits easy. While the AMF is being adamant about the applicability of the RADM to credit card-embedded insurance benefits, its position on the issue and the rationale for it are currently entirely verbal-only and not documented in any official manner. While it may be preferable to not have a "documented and official" position if we want to try and find a middle-ground, creative solution with the AMF, the lack of such documentation also produces its own difficulties for the industry, in particular if the view is that industry should challenge the AMF's current position on this matter.

CAFII Options for Next Steps

1. Do nothing and let the AMF take enforcement action on this issue, which CAFII/the industry will then challenge.
2. Submit a written request to the AMF that it issue an official written statement to the industry on its position on the RADM's applicability to credit card-embedded insurance benefits and the related rationale; and, in that submission, make the case as to why CAFII does not agree that the RADM applies and is exploring all options; and that we do not view it as appropriate to propose solutions to the AMF on how to make the RADM apply to this product.
3. Engage Norton Rose Fulbright to review our existing "CAFII Views/Arguments on Why The RADM Should Not Apply To Credit Card-Embedded Insurance Benefits" document and formally submit the refined finished product as a legal brief/ opinion to the AMF.
4. Engage Norton Rose Fulbright to review our existing "CAFII Views/Arguments on Why The RADM Should Not Apply To Credit Card-Embedded Insurance Benefits" document and produce a legal brief on why the RADM does not apply, but rather than submit that brief to the AMF in writing, request a follow-up meeting with very senior AMF officials at which our legal counsel will verbally present the legal brief.
5. Provide the AMF with our timelines to respond to its request that CAFII propose solutions as to how our members/the industry can comply with the RADM in the case of credit card-embedded insurance benefits; and, flowing from that timeline, the develop solutions which we feel will comply with the RADM while avoiding some of the seemingly built-in problems with its applicability to this product line. This is the approach that the AMF has requested and desires.

Appendix A

CAFII Opening Statement To The AMF

At 11 February, 2020 Meeting On RADM's Applicability To Credit Card-Embedded Insurance Benefits

Comments were made by Keith Martin in English, approximately 5 minutes duration

FIRST TWO PARAGRAPHS (IN ITALICS) WERE READ IN FRENCH

I would to thank you for agreeing to hold the meeting in English, it is much appreciated.

On behalf of my Co-Executive Director Brendan Wycks, and the members of CAFII, I would like to thank you for the opportunity to speak to you about credit card-embedded insurance benefits and our view that the provisions of the Regulation on Alternative Distribution Methods (RADM) do not apply.

CAFII and its members have been strongly supportive of the direction and general provisions of the new Regulation, and we believe that it achieves a good balance among the goals of upholding consumer protection, providing consumer choice, and fostering industry efficiency and effectiveness. Some provisions, such as the replacement of the Distribution Guide by a Product Summary produced by businesses in the industry, we believe will lead to much better consumer experiences and outcomes.

But we never envisioned that the insurance coverages which are often included with credit cards – coverages which are not sold, but rather included as an add-on benefit -- would be subject to the RADM.

We would like to start by offering some background on how credit card-embedded insurance benefits work.

A consumer has a multitude of choices around choosing a credit card. They can choose a no-fee card with embedded benefits or a fee-card with both a rewards offering and a variety of different embedded benefits. The fee and the rewards i.e. travel rewards, cash-back, points programs tend to be the most important factors affecting a consumer's decision as to which credit card to apply for, but in this highly competitive market, additional features and benefits are included in many credit cards to improve the value proposition for the consumer.

If the embedded benefits in any particular credit card are not attractive to the consumer, he or she has a multitude of other credit cards to choose from with other benefits and features, and he or she simply applies to secure a different card. But the consumer cannot pick and choose from among the embedded benefits in a particular credit card—those embedded benefits are part-and-parcel of the credit card, and the consumer can either accept them or choose not to accept that particular credit card. The benefits and features of any particular credit card cannot be modified in a piecemeal, cafeteria-style fashion.

The provision of embedded benefits to the consumer via a credit card, is not an offer of insurance. Applying for and securing a credit card is not contemplated by the RADM. The credit card is being applied for and selected by the consumer, with or without insurance and other embedded benefits. The insurance contract is between the credit card distributor, for example a bank, and the underwriter, an insurance company. The cardholder pays no premium for the embedded insurance benefits which he or she receives as part of the credit card's value proposition. The insurance premium is paid by the bank to the insurance company, and the bank absorbs that cost as an expense associated with what it wants to offer the cardholder in exchange for whatever revenue it expects to generate from the credit card.

Does the AMF have any questions about our comments on how credit card embedded benefits work?

At this point, we would like to ask the AMF if you view this product as being subject to the RADM.

Appendix B

Analysis of Meeting by Martin Boyle, BMO Insurance and EOC Chair

While Mario tried to position himself as open to consultation and offering flexibility to the industry, there are aspects of his approach that I am quite concerned with. The impression that I got was that he seemed to be looking for industry to make commitments and then the industry would be held to those commitments. I think the reason for this is that the regulatory framework does not in fact apply (or at least his position that it does is very weak). The reason for this is that he is unwilling to make any public/industry statements regarding AMF position (i.e., that regs apply to this type of distribution) until he has received input and ideas on making it compliant (i.e., industry commitments on making distribution compliant with the framework). Also, he was unwilling to make any public/industry statements on transition period, which was done in May 2019 for other aspects regulation. It really looks like he wants the industry to back itself into the regulatory framework because he does not have the authority.

I think we should definitely continue to push back on the applicability of the regulation. We should not begin making concessions and commitments until it is clear that regulatory framework actually applies. There is a difference between products that are provided and products that are offered. To me, the regulation is clear that it applies to offers.

Martin Boyle

Director, Governance & BUCO

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martin.boyle@bmo.com

Date: Mon 2020-03-09 7:26 AM

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

Subject: Update to CAFII Board of Directors on Two-Prong Strategy in Response to AMF's Position That RADM Applies To Credit Card-Embedded Insurance Benefits

Dear CAFII Board (copy to EOC and CAFII Surrogates):

For your convenience, I have forwarded below the summary of the two-prong strategy that CAFII has been directed by the Board to move forward with.

Both prongs are well-advanced.

Prong One—Legal Opinion from Norton Rose Fulbright (NRF)

Prong One is a legal opinion from Norton Rose Fulbright. The legal proposal in response to our discussions with Norton Rose Fulbright, is attached (word document). You may wish to share the document with your internal legal counsel for their views. A memo on the content of the proposal from Brendan and me is also attached.

In summary, however, Marc Duquette of Norton Rose Fulbright has well-understood our preoccupations and has offered a credible plan. If we do not receive an extension for our response to the AMF past the current 27 March, 2020 deadline, he proposes to write to the AMF indicating that CAFII has every reason to be granted an extension to seek a legal opinion.

You will note that the proposal includes options and costs around a legal challenge if the AMF rejected our legal arguments. We asked NRF to provide that information so that it would be available to the Board, but this is not being contemplated at this time and is simply provided for informational purposes.

NRF estimates that the legal opinion effort would cost up to \$50K. There are some components of the proposal that we recommend asking them not to contemplate.

Specifically, Brendan and I recommend that we instruct NRF to narrow the scope of its proposed legal opinion for CAFII (fourth paragraph on p. 2) to just (i), and **not (ii)**. This is because we do not feel that we need NRF to do any work on *“(ii) assuming that it does (i.e. that the RADM does legally apply), how can its provisions practically apply to credit card-embedded insurance benefits”* because our CAFII Working Group is already tackling that contingency component.

Also, in the bullets laid out further down on p. 2 re what NRF specifically proposes to examine as part of its legal opinion for CAFII, given that we should instruct them to narrow their focus and not address (ii), then it probably also makes sense to instruct them **not to examine the following two proposed issues**:

- *preliminary analysis of the situation in the other Canadian provinces (the AMF really doesn't care about that and would likely dismiss arguments in this area out-of-hand, as the AMF is very much a Quebec-focused regulator which only pays lip service to pan-Canadian harmonization); and*

- *practical issues flowing from a potential application of the RADM to credit card-embedded insurance benefits and creative ways that may ease the AMF's concerns regarding the protection of Quebec consumers (already being tackled by CAFII's internal Working Group).*

At this time, we will ask NRF to hold off on any further work until a Board meeting can be held to discuss the options. Marc Duquette is not in the office the week of 9 March, so this will not really delay us.

Prong Two—Options around Attempting to Comply with RADM

Prong two is to see whether and how CAFII members could comply with the Regulation respecting Alternative Distribution Methods (RADM) for embedded credit card insurance benefits. The members of the Working Group examining this issue are listed below. A one-hour meeting has been held at which much progress was made, and another two-hour meeting will take place on Friday, 13 March, after which we will be in a better position to determine when the Working Group will be read to present its findings to the Board.

Working Group Members Embedded Credit Card Coverages

Scott Kirby, Chair
 Martin Boyle, BMO Insurance
 Isabelle Choquette, Desjardins
 Charles André Roy, Desjardins
 Mandy Rutten, CIBC
 Michelle Butler, Scotiabank
 Karyn Kasperski, RBC Insurance
 Pete Thorn, TD Insurance
 Monika Spudas, Manulife
 Greg Shirley, Manulife
 Tracey Torkopoulos, Assurant
 Keith Martin, CAFII
 Brendan Wycks, CAFII

Next Steps

After Prong Two's work is more advanced, a one-hour Special Purpose Board Meeting will be called to review the Two Prongs, discuss the options, and provide direction on next steps. As well, by then we should have received a response from the AMF on our request for an extension of the deadline.

If the deadline is not extended, we will have to call a Board Meeting for the week of 16 March. If the deadline is extended, we may wait a little longer to further develop the options before holding the Board meeting.

Any questions or concerns, please let Brendan and me know.

Keith Martin

Co-Executive Director / Co-Directeur général
 Canadian Association of Financial Institutions in Insurance
 L'association canadienne des institutions financières en assurance

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From: Keith Martin

Sent: February 26, 2020 3:06 PM

To: 'Nicole Benson' <nicole.benson@valeyo.com>; 'Chris Lobbezoo' <chris.lobbezoo@rbc.com>; 'Paul Cosgrove' <paul.cosgrove@assurant.com>; 'Andre Langlois' <andre.langlois@dsf.ca>; 'Louie Georgakis' <louie.Georgakis@canadalife.com>; 'Janice Farrell-Jones' <janice.farrelljones@td.com>; 'Zack Fuerstenberg' <zack.fuerstenberg@scotiabank.com>; 'Peter McCarthy' <peter.mccarthy@bmo.com>; 'sandra Rondzik' <sandra.rondzik@cibc.com>; 'Peter Thompson' <Peter.Thompson@bnc.ca>; 'Wallace Thompson' <wallace_thompson@manulife.com>; 'kelly Tryon' <kelly.tryon@cumis.com>; 'Sophie Ouellet' <sophie.ouellet@sunlife.com>

Cc: 'Sarah Johnson' <sarah.johnson@valeyo.com>; 'Kathie Beattie-Sycko' <Kathie.beattie-sycko@rbc.com>; 'Marisa Mastroianni' <marisa.mastroianni@bmo.com>; 'Coco Li' <coco.li@cibc.com>; 'Cecillia Goncalves' <cecilia.goncalves@bnc.ca>; 'Ana Baic' <ana.baic@cumis.com>; 'Marie Faria' <marie.faria@valeyo.com>; 'Cecillia Xiao' <cecillia.xiao@assurant.com>; 'Louella Machado' <louella.machado@td.com>; 'Martin Boyle' <martin.boyle@bmo.com>; 'Tony Pergola' <tony.pergola@scotiabank.com>; 'Sharon Apt' <Sharon.apt@gwl.ca>; 'Charles Blaquiere' <charles.blaquiere@valeyo.com>; 'Isabelle Choquette' <isabelle.choquette@dsf.ca>; 'Rob Dobbins' <rob.dobbins@assurant.com>; 'Nina Desai' <nina_desai@manulife.com>; 'Dana Easthope' <dana.easthope@canadianpremier.ca>; 'Dallas Ewen' <dallas.ewen@gwl.ca>; 'Moirra Gill' <moira.gill@td.com>; 'Dominique Julien' <dominique.julien@cibc.com>; 'Karyn Kasperski' <karyn.kasperski@rbc.com>; 'Scott Kirby' <scott.kirby@td.com>; 'Bradley Kuiper' <bradley.kuiper@scotiabank.com>; 'Michele Jenneau' <Michele.Jenneau@bnc.ca>; 'John Lewsen' <john.lewsen@bmo.com>; 'Charles Maclean' <charles.maclean@rbc.com>; 'Caroline Cardinal' <Caroline.Cardinal@bnc.ca>; 'Anita Mukherjee' <anita.mukherjee@rbc.com>; 'Diane Quigley' <diane.quigley@cumis.com>; 'Andrea Stuska' <andrea.stuska@td.com>; 'Vivek Sahni' <vivek.sahni@rbc.com>; 'Nathalie Baron' <nbaron@dsf.ca>; 'Monika Spudas' <Monika_Spudas@manulife.com>; 'Shawna Sykes' <shawna_sykes@cooperators.ca>; 'Joanna Onia' <joanna.onia@cibc.com>; 'Mindy Tarantelli' <mindy.tarantelli@scotiabank.com>; 'Peter Thorn' <peter.thorn@td.com>; 'Afzal Baig' <afzal.baig@td.com>; 'Aneta Murphy' <aneta.murphy@scotiabank.com>; 'Kamana Tripathi' <Kamana.Tripathi@td.com>; 'Michelle Costello' <michelle.costello@cumis.com>; 'vikram.malik@sunlife.com' <vikram.malik@sunlife.com>; 'Anaar.Jessa@sunlife.com' <Anaar.Jessa@sunlife.com>; 'Emily Borwn' <emily.brown@sunlife.com>; 'Gillian Noble' <Gillian.Noble@bmo.com>; 'Elizabeth Gandolfi' <elizabeth.gandolfi@scotiabank.com>;

'Louise Nash' <louise.nash@cibc.com>; 'Colin Chisholm' <colin.chisholm@scotiabank.com>; 'Jennifer Goodstadt' <jennifer_goodstadt@cooperators.ca>; 'Mica Sweet' <mica.sweet@cibc.com>; 'Andrea Yau' <andrea.yau@cibc.com>; Brendan Wycks <brendan.wycks@cafii.com>; Natalie Hill <Natalie.Hill@cafii.com>; Natalie Hill (info) <info@cafii.com>

Subject: Update: Recommendation to CAFII Board of Directors on Next Steps In Response To AMF's Position That RADM Applies To Credit Card-Embedded Insurance Benefits

Update: Recommendation to CAFII Board of Directors on Next Steps In Response To AMF's Position That RADM Applies To Credit Card-Embedded Insurance Benefits

CAFII Board of Directors (c.c. EOC Members and Surrogates):

You are being asked, through this communiqué, to approve a recommended course of action for CAFII, developed by the Executive Operations Committee via an extensive discussion yesterday, with respect to the AMF's position that its Regulation respecting Alternative Distribution Methods (RADM) applies to credit card-embedded insurance benefits.

Background

On 11 February, 2020 CAFII met with Mario Beaudoin and two other AMF staff executives at the Autorité's office in Quebec City. A detailed report on that meeting, at which we received verbal confirmation that the AMF's view is that credit card-embedded insurance benefits are indeed subject to the RADM, was previously circulated to Board and EOC members (attached again here for convenient reference).

CAFII also subsequently received a follow-up letter from Mr. Beaudoin, on Friday, 21 February, 2020 (also attached here), in which he states the AMF's position, officially in writing for the first time, that "...these products are subject to the distribution without a representative regime. This position will not be debated." In the letter, Mr. Beaudoin also acknowledges that the industry has expressed concerns about the AMF's position that the RADM is applicable to credit card-embedded insurance benefits. He then says that "the AMF also wishes to hear the proposed solutions to these concerns" and asks CAFII to propose such solutions in writing by **27 March, 2020**.

EOC Recommendation to CAFII Board on Next Steps In Response To AMF's Position That RADM Applies To Credit Card-Embedded Insurance Benefits

The EOC held its regular monthly meeting (via teleconference this month) yesterday, 25 February, 2020, at which a sizeable chunk of time was spent discussing this file and what should be our Association's next steps.

It was agreed that it is premature to arrange a CAFII Board Special Purpose Teleconference Meeting on this matter just yet, as some important preliminary work needs to be done first to develop more concrete options, which can then be presented to the Board once they are more fully fleshed out.

The EOC has determined that CAFII should take a two-pronged approach to next steps on this AMF issue.

Prong #1: CAFII should engage with Marc Duquette at Norton Rose Fulbright immediately and have him review and provide legal commentary and advice on CAFII's "*Views and Arguments With Respect To The AMF's Position That The RADM Applies To Credit Card-Embedded Insurance Benefits*" document. (At the

11 February, 2020 meeting with the AMF, we indicated that credit card-embedded insurance benefits were not an offer of insurance, and that the premium was not paid by the credit card holder; and, as such, credit card-embedded benefits were not subject to the RADM—but we did not present detailed legal arguments to support our position, as the direction from the Board was that the 11 February, 2020 meeting should be treated as exploratory only, with its principal purpose being to gather information from the AMF.)

The EOC believes that CAFII is now in a position where we should ask Marc Duquette at Norton Rose Fulbright to review all the background context material on this issue, including Mr. Beaudoin's 21 February, 2020 letter, our report on the 11 February, 2020 meeting, and our *"Views and Arguments With Respect To The AMF's Position That The RADM Applies To Credit Card-Embedded Insurance Benefits"* document; and ask for his advice and counsel on the legal grounding for CAFII's position on this file, along with our legal options.

We will ask Mr. Duquette whether we should seek a meeting with the AMF to advance our legal views, as we did on the spousal coverage issue in December 2019, or whether a written legal submission is more advisable (noting that we have heard a concern from internal members' legal departments that written submissions may be discoverable.) We will also ask Mr. Duquette what are our options for a legal challenge or appeal if our position on this issue is rejected by the AMF.

Prong #2: Second, there is a view among EOC members that we should also take steps to explore how we can accommodate the AMF's request that we find solutions with respect to how credit card-embedded insurance benefits can be brought into compliance with the RADM's expectations and provisions. As a result, we are also proposing to immediately launch a special task-specific CAFII Working Group, which will include both EOC and non-EOC members (as some credit card experts from parent company financial institutions will likely join the group), which will be mandated with identifying and fleshing out (i) different options and approaches for how we could respond to the AMF on each of the specific requirements of the RADM regime and the expectation that credit card-embedded insurance benefits must be made to "fit" within it; and (ii) possible options around having credit card-embedded insurance benefits come into conformity with the RADM. When the options are fully fleshed out, this Working Group will also develop a plan and strategy for the Board's consideration.

When these two prongs of action have produced new information and options of substance, we will then arrange a CAFII Board Special Purpose Teleconference Meeting to allow the Board to review the options and provide strategic direction for our Association going forward.

Furthermore, the EOC is of the view that CAFII should ask the AMF for an extension to the 27 March deadline date set out in Mario Beaudoin's 21 February, 2020 letter for CAFII's response —Brendan and I are recommending **15 May, 2020**—to give our Association adequate time to formulate our position and responses on both prongs of action outlined above. As well, we recommend that we send the request for an extension to Mr. Beaudoin, but copy others at the AMF (Nathalie Sirois, Louise Gauthier, Patrick Dery, and Frédéric Pérodeau), as we do not want to be restricted to dealing with Mario Beaudoin alone on this issue.

Other than the proposed request to the AMF for a deadline extension, it is proposed that our Association have no material further contact with the AMF on this issue until after the CAFII Board has been consulted on strategy and process going forward, via the future Special Purpose Board Teleconference Meeting noted above.

Approval Requested

CAFII Directors: please respond to Keith Martin and Brendan Wycks to advise as to whether you are in agreement with the *EOC's Recommendation to CAFII Board on Next Steps In Response To AMF's Position That RADM Applies To Credit Card-Embedded Insurance Benefits* as set out above, or if you have any concerns, by end of day on Thursday, 27 February, 2020. If there is Board support for the EOC's recommended plan of attack, we will initiate moving forward on both prongs of this plan on Friday, 28 February, 2020.

Thank you,

--Keith

Keith Martin

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

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From: Beaudoin Mario <Mario.Beaudoin@lautorite.qc.ca>
Sent: March-12-20 2:27 PM
To: Brendan Wycks <brendan.wycks@cafii.com>
Cc: Boucher Charlene <Charlene.Boucher@lautorite.qc.ca>; Berthiaume Isabelle <isabelle.berthiaume@lautorite.qc.ca>; Pérodeau Frédéric <Frederic.Perodeau@lautorite.qc.ca>; Déry Patrick <Patrick.Dery@lautorite.qc.ca>; Sirois Nathalie <nathalie.sirois@lautorite.qc.ca>; Gauthier Louise <Louise.Gauthier@lautorite.qc.ca>; Keith Martin <Keith.Martin@cafii.com>
Subject: RE: CAFII Reply to AMF Letter of February 21/20 and to AMF Request of CAFII Re RADM's Applicability to Credit Card-Embedded Insurance Benefits

Bonjour Brendan,

Thanks for following up. The AMF understand CAFII's challenges but considers this request as a generous extension of the initial deadline.

Please note that the AMF will not change its position with regards to the fact that the products discussed are subject to the regulation applicable to the Distribution Without a Representative.

We agree to extend the deadline to May 15 in order to hear your comments, concerns and proposed solutions but we will not extend this deadline or change our position with regards to the application of the DWR regime.

Best regards,

Mario Beaudoin
Directeur des pratiques de distribution alternatives en assurance
Autorité des marchés financiers
2640, boul. Laurier, 4^e étage
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De : Brendan Wycks <brendan.wycks@cafii.com>
Envoyé : 12 mars 2020 12:06
À : Beaudoin Mario <Mario.Beaudoin@lautorite.qc.ca>

Cc : Boucher Charlène <Charlene.Boucher@lautorite.qc.ca>; Berthiaume Isabelle <isabelle.berthiaume@lautorite.qc.ca>; Pérodeau Frédéric <Frederic.Perodeau@lautorite.qc.ca>; Déry Patrick <Patrick.Dery@lautorite.qc.ca>; Sirois Nathalie <nathalie.sirois@lautorite.qc.ca>; Gauthier Louise <Louise.Gauthier@lautorite.qc.ca>; Keith Martin <Keith.Martin@cafii.com>

Objet : RE: CAFII Reply to AMF Letter of February 21/20 and to AMF Request of CAFII Re RADM's Applicability to Credit Card-Embedded Insurance Benefits

Bonjour, Mario.

CAFII recognizes that you have likely been swamped with high priority matters since your return from vacation this week, so we are resending now my CAFII letter to you of March 2, 2020 (below) so that it will be near the top of your inbox.

We await a response at your earliest convenience.

Best regards,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

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From: Brendan Wycks

Sent: March-02-20 8:37 PM

To: 'Beaudoin Mario' <Mario.Beaudoin@lautorite.qc.ca>

Cc: charlene.boucher@lautorite.qc.ca; 'Berthiaume Isabelle' <isabelle.berthiaume@lautorite.qc.ca>; 'Pérodeau Frédéric' <Frederic.Perodeau@lautorite.qc.ca>; Déry Patrick <Patrick.Dery@lautorite.qc.ca>; 'Sirois Nathalie' <nathalie.sirois@lautorite.qc.ca>; 'Gauthier Louise' <Louise.Gauthier@lautorite.qc.ca>; Keith Martin <Keith.Martin@cafii.com>

Subject: CAFII Reply to AMF Letter of February 21/20 and to AMF Request of CAFII Re RADM's Applicability to Credit Card-Embedded Insurance Benefits

March 2, 2020

Mr. Mario Beaudoin

Director, Alternative Distribution Practices
Autorité des marchés financiers

Dear M. Beaudoin:

CAFII extends sincere thanks to you, Isabelle Berthiaume, and Charlene Boucher for your productive exchange of views with a delegation from our Association in our February 11/20 meeting at the AMF's Québec offices on the issue of the Autorité's possible position on the *Regulation respecting Alternative Distribution Methods (RADM)*'s applicability to credit card-embedded insurance benefits.

In addition, we acknowledge receipt of your follow-up letter of February 21/20. We were pleased to receive that letter and thank you for addressing therein a request we made in the February 11/20 meeting -- by communicating officially, and in writing, the AMF's position that credit card-embedded insurance benefits are subject to Quebec's new distribution without a representative regime, and hence subject to the RADM and all of its provisions.

With respect to the request of CAFII which you formalized in your February 21/20 letter -- i.e. that CAFII provide the AMF **by March 27/20** with a list of our Association's concerns regarding the applicability of the RADM-prescribed Product Summary, the right of rescission, and the AMF's Fact Sheet to credit card-embedded insurance benefits; and that we also provide the AMF with proposed creative solutions to our concerns -- CAFII must respectfully counter-propose an alternate deadline date later than what you have proposed. It will not be possible for our Association to meet a March 27/20 deadline.

As you may appreciate, within an industry Association such as CAFII -- the members of which are vigorous competitors in the marketplace, but yet who come together in common cause within an Association in the interests of raising industry standards, better protecting and serving consumers, and advancing the industry generally -- a generous amount of time needs to be allotted in order to allow our member representatives to work through, formulate, and build consensus around responses to regulatory consultation opportunities and special regulatory requests such as yours. That is especially the case when a special regulatory request deals with an issue that is entirely new and unanticipated, which the Autorité's position that the RADM applies to credit card-embedded insurance benefits certainly is to our Association.

Given the task at hand, a creative and iterative group work and consensus-building process needs to take place within our Association; and that will require much more time than your proposed deadline allows.

Therefore, CAFII counter-proposes a response deadline of **May 15/20**, to allow our Association sufficient time to complete and respond to the AMF's request in a meaningful and professional manner. We require an additional seven (7) weeks -- the period of time between March 27/20 and May 15/20 -- to be able to provide the AMF with proposals of substance.

Please respond at your earliest convenience to this counter-proposal aimed at identifying a mutually agreeable deadline for CAFII's completion of the special request which the AMF has made of our Association.

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

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Memorandum

From	Marc Duquette Dominic Dupoy Pier-Olivier Poisson	Date	March 6, 2020
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To	Keith Martin	Your ref	
Copy	Brendan Wycks	Your ref	

Dear Mr. Martin:

Application of RADM to Credit Card-Embedded Insurance Benefits

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

We understand that meetings and discussions have been held between representatives of CAFII and the AMF in order to discuss the above issue and that the AMF has asked CAFII to submit practical solutions by March 27, 2020. We also understand that CAFII has asked for that delay to be extended, but that it has not yet received any response in that regard.

1. OPINION BY NRF

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In our view, CAFII should delay the sending of the draft letter it prepared. Although this letter articulates CAFII's position in a very convincing manner, it appears legitimate for CAFII to seek legal advice from external counsel before expressing its position in such a formal way.

Ideally, CAFII would let the AMF know of its intention to consult with Norton Rose Fulbright (**NRF**) in order to evaluate its legal options as soon as possible. The need to obtain NRF's view may also serve as a justification for the extension of the March 27 delay.

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

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

Assuming that the AMF will allow CAFII to obtain the view of NRF, we propose to examine the following two issues: (i) whether the RADM applies to credit card-embedded insurance benefits, and (ii) assuming that it does, how can its provisions practically apply to credit card-embedded insurance benefits.

Subject to your comments and instructions, we propose to examine the following issues in our opinion :

- Review of the RADM and of its preceding regulatory regime;
- Review of the doctrine and case law dealing with the application of the RADM and its preceding regulatory regime;
- Review of the various documents issued by the AMF and interested stakeholders during the consultation process led by the AMF before the adoption of the RADM;
- Review of the applicable statutory interpretation principles;
- Preliminary analysis of the legislative framework governing other benefits generally offered with credit cards e.g. reward programs, fraud protection, etc.;
- Preliminary analysis of the situation in the other Canadian provinces;
- Practical issues flowing from a potential application of the RADM to credit card-embedded insurance benefits and creative ways that may ease the AMF's concerns regarding the protection of Quebec consumers;
- Analysis of certain provincial and federal statutory provisions relating to the distribution of insurance products.

We should be in a position to deliver an opinion in April or May 2020. We estimate that the preparation of the opinion should not amount to more than 50,000 \$ CDN.

Should CAFII wish to share the final opinion with the AMF, we would recommend sending it not only to Mario Beaudoin, but also to his superiors Ms. Louise Gauthier (Directrice principale des politiques d'encadrement

de la distribution) and Frédéric Pérodeau (Surintendant de l'assistance aux clientèles et de l'encadrement), and to Mtre Philippe Lebel (Secrétaire et directeur général des affaires juridiques). In our view, it would be important at that stage to bring members of the AMF's legal department such a Mr. Lebel into the discussion to help the AMF have a better understanding of the issues discussed in the opinion and of their consequences.

2. CHALLENGE BEFORE THE COURT

To the extent that our opinion concludes that it is possible for CAFII members to substantially comply with the RADM and that the AMF is in agreement with the practical solutions proposed, it might not be necessary to challenge the interpretation of the AMF before the Court.

However, if our opinion concludes that it is simply not possible to logically comply with the RADM and that CAFII would have strong arguments to challenge its application to credit card-embedded insurance benefits, the matter might end up before the courts.

From a procedural standpoint, the position of the AMF may be challenged before the Court in at least two ways.

Firstly, we may wait for the AMF to issue a statement of offence and challenge it before the Court of Quebec. In our view, this approach is, however, not optimal. For one, the statement of offence will not be issued to CAFII but to one of more of its members. It is unclear whether CAFII will then be allowed to intervene before the Court in such penal matter. Furthermore, the issuance of the statement of offence may draw unwanted negative publicity.

In our view, the second approach is more appropriate in the circumstances. This second approach would consist in the filing by CAFII of a motion to obtain a declaratory judgement before the Quebec Superior Court.

The relevant case law provides for numerous examples of a motion to obtain a declaratory judgement being filed to obtain a judgment deciding whether a specific regulatory regime applies to certain persons.

At that stage, we assume that CAFII would have the proper standing to bring such a motion before the Court. In the worst case scenario, a joint motion may be brought by CAFII members.

Although we did not conduct any specific research in that regard, we are confident that the dispute between CAFII and the AMF would be considered as a "genuine problem" within the meaning of article 142 of the *Code of civil procedure* :

142. Even in the absence of a dispute, a judicial application may be instituted to seek, in order to resolve a genuine problem, a declaratory judgment determining the status of the plaintiff, or a right, power or obligation conferred on the plaintiff by a juridical act.

The declaratory judgement approach would allow CAFII to be "in the driver's seat". Obviously, we will be in a better position to assess the chances of success of such a motion once the opinion contemplated above is completed.

It is difficult to evaluate the costs of presenting a motion for a declaratory judgement with great precision. The costs will indeed depend on the approach taken by the AMF. If the AMF does not collaborate and decides to present various preliminary motions (issuance of a statement of offence and challenge of the jurisdiction of the Superior Court, challenge of CAFII's standing, motion to dismiss, motion for examination on discovery, objections to questions and request for communication of documents, appeal from decisions rendered on such preliminary motions, etc.), the costs will obviously increase.

The costs will also be a function of the evidence that CAFII may decide to present before the Court. For example, the costs will increase if an expert report is filed or if multiple witnesses are to testify before the Court regarding the credit card business and the practical impact of an application of the RADM to credit card-embedded insurance benefits.



In light of the above, we may estimate that the costs relating to the filing of a motion for a declaratory judgement will vary between 75,000 and 100,000 \$ (before taxes and excluding any appeal).


Working Group on AMF Embedded Credit Card Insurance Coverages—Options around Applying the RADM

<http://legisquebec.gouv.qc.ca/en/ShowDoc/cr/D-9.2,%20r.%2016.1>


[March 6 2020 Notes in Red](#)

[March 13 2020 Notes in Blue](#)

<u>RADM</u> <u>#</u>	<u>Wording</u>	<u>Option</u>
19	<p>CHAPTER III OFFER OF INSURANCE PRODUCTS THROUGH A DISTRIBUTOR M.O. 2019-05, c. III.</p> <p>DIVISION I GENERAL PROVISIONS M.O. 2019-05, Div. I.</p> <p> 19. This chapter applies to an insurer that offers insurance products through a distributor in accordance with Title VIII of the Act respecting the distribution of financial products and services (chapter D-9.2). M.O. 2019-05, s. 19.</p> <p>DIVISION II INFORMATION TO BE PROVIDED TO THE AUTHORITY M.O. 2019-05, Div. II.</p>	N/A
20	<p> 20. Before offering an insurance product through a distributor, the insurer must, in addition to the information required under section 66 of the Insurers Act (chapter A-32.1), disclose the following information to the Authority:</p> <p>(1) the name and contact information of the third party to which the insurer has entrusted the performance of the obligations of an insurer with respect to the distribution of a product through a distributor, if applicable;</p> <p>(2) the hyperlink or any other means to access the distributor's offer through the Internet, if applicable;</p> <p>(3) the contact information of the insurer's assistance service referred to in section 27.</p>	<p>Straightforward</p> <p>Insurers can change periodically</p> <p>Would not be hard to do</p>


	<p>The insurer must notify the Authority of any change to the above information within 30 days of such change.</p> <p>An insurer that removes a distributor from its list of distributors must indicate to the Authority the reasons for such removal.</p> <p>M.O. 2019-05, s. 20.</p>	
21	<p>21. The insurer must disclose annually to the Authority the following information for each product offered through a distributor:</p> <p>(1) the number of insurance policies and certificates issued and the amount of premiums written;</p> <p>(2) the number of claims and the amount of indemnities paid;</p> <p>(3) the number of rescissions and cancellations;</p> <p>(4) the remuneration paid to all distributors and third parties referred to in subparagraph 1 of the first paragraph of section 20.</p> <p>M.O. 2019-05, s. 21.</p>	<p>Some of this information is not relevant</p> <p>Distributor pays insurer so does not make sense to report on item 4</p> <p>Explanation that there would have to be distinctions due to different nature of business</p> <p>Certificates are in bulk</p> <p>How is cancellation defined? Is it cancellation of credit card?</p> <p>No remuneration paid to distributors</p> <p>Reporting on cancellation is not useful insurance information to the AMF</p> <p>How deal with a card that has never been used?</p> <p>Align Annual Statement on Market Conduct with this reporting; much of this is in the Annual Report</p> <p>Support for this approach</p> <p>Should NOT report on premiums because it is not end customer premium it is distributor to insurer—need to see if it is covered in Annual Statement</p> <p>Loss ratio is not sensible measure when premium is not paid by customer</p>
22	<p>DIVISION III</p> <p>DOCUMENTS AND INFORMATION TO BE PROVIDED TO THE CLIENT</p> <p>M.O. 2019-05, Div. III.</p> <p></p> <p>22. Before offering a product through a distributor, the insurer prepares the product summary in accordance with sections 28 and 29. The insurer mandates the distributor to deliver the summary to the client at the time it offers the product to him, together with a fact sheet in the form set out in Schedule 2.</p> <p>M.O. 2019-05, s. 22.</p>	<p><u>PLAN A</u></p> <p>Could ask the AMF is could just post it on the website and tell the customers they can go look for it there</p> <p>There is a disclosure box where the link to the website could be seen – need to show APR and core fees</p> <p>PUT ON WEBSITE—DIRECT CARD APPLICANTS TO SITE</p> <p>ALTERNATIVELY:</p> <p><u>PLAN B</u></p>



		<p>When is the right time and what is the right method to offer it to the client?</p> <p>Can get consent to send it afterwards?</p> <p>(BPI – currently TD asks for consent to share it with the fulfillment package currently)</p> <p>ADD LINK TO DISCLOSURE</p> <p>ALTERNATIVELY: <u>PLAN C</u> Will provide documentation in mail after enrollment the Product Summary and Fact Sheet</p> <p>Not offered at time of sale</p> <p>But this would increase the size of the package</p> <p>MAIL OUT IN FULFULMMMENT PIECE</p>
23	<p>23. Where the means of communication used to offer the product does not enable the distributor to deliver the summary and the fact sheet at the time the product is offered, the insurer must include in the mandate it entrusts to the distributor the obligation to inform the client of such inability. The insurer must also ensure that the distributor is required to obtain at that time the client's consent to receive those documents no later than when the policy or insurance certificate is delivered and to mention the information contained in those documents to the client.</p> <p>M.O. 2019-05, s. 23.</p>	Dealt with already
24	<p>24. The insurer must be able to provide, at the client's or the Authority's request, all information and documents presented to the client at the time the insurance product was offered to him, particularly the summary and the fact sheet.</p> <p>M.O. 2019-05, s. 24.</p>	<p>Can not do this easily</p> <p>Can offer to send the product summary and fact sheet if the customer asks for it</p> <p>Could if customer asks for this information then a link can be provided to customer where they can find it</p>
25	<p>25. Where personal information of a medical or lifestyle-related nature is collected from the client, the notice of specific consent provided for in section 93 of the Act respecting the distribution of financial products and services (chapter D-9.2), applicable under section 437 of that Act, must be delivered to the client if the distributor wishes to allow its clerks to use the</p>	<p>None of the information collected from a customer has any bearing on their insurance benefits in embedded credit card insurance</p> <p>"No personal information is collected for the insurance benefits" —N/A</p> <p>ALTERNATIVELY:</p>


	<p>information it holds on the client for purposes other than those for which it was collected and be in the form set out in Schedule 3. M.O. 2019-05, s. 25.</p>	<p>Insurance company does not see anything about customer until a claim -- explain this to AMF</p> <p>Any information collected must be compliant with PIPEDA</p>
26	<p>26. Where the distributor offers the client financing that requires him to subscribe for insurance to secure the repayment of the financing, the notice of free choice provided for in section 443 of the Act respecting the distribution of financial products and services (chapter D-9.2) must be delivered to the client and be in the form set out in Schedule 4. M.O. 2019-05, s. 26.</p>	N/A
27	<p>27. The insurer must have an assistance service to answer questions from the distributor regarding each product offered. M.O. 2019-05, s. 27.</p> <p>DIVISION IV SUMMARY M.O. 2019-05, Div. IV.</p>	Not a problem to comply
28	<p>28. The summary may pertain only to the product and must satisfy all the following conditions: (1) it must be concise; (2) it must explain the product; (3) it must be written in language that is clear, readable, specific and not misleading so as to highlight the essential elements for informed decision-making and not cause confusion or misunderstanding; (4) it must present accurate information; (5) it must not contain any advertising or promotional offer; (6) it must not be the insurance policy or certificate. Where necessary, the insurer may refer the client to the relevant sections of the insurance policy to obtain additional information not found in the summary. M.O. 2019-05, s. 28.</p>	<p>Provision is probably fine</p> <p>It is what is in the summary that is the concern</p>
29	<p> 29. The summary must present the following information: (1) the insurer's name and contact information; (2) the client number of the insurer registered in the Authority's register of insurers and the Authority's website address; (3) the name and type of product offered; (4) the eligibility criteria; (5) the name and contact information of the distributor that offers the product; (6) the product coverage, exclusions and limitations;</p>	<p>General thoughts on product summary: credit cards have different amounts of insurance coverage.</p> <p>One summary for each insurance product? Some in industry would prefer not to have a summary for each coverage.</p>

	<p>(7) any other specific clauses that may affect the insurance coverage;</p> <p>(8) warnings about the consequences of misrepresentations and concealment;</p> <p>(9) the client's right of cancellation, its duration and the procedures for exercising it;</p> <p>(10) the rules applicable to the temporary insurance, if applicable;</p> <p>(11) the information that the client must be made aware of in accordance with section 434 of the Act respecting the distribution of financial products and services (chapter D-9.2);</p> <p>(12) the premiums and other fees and expenses, including the applicable taxes, or, if an exact amount cannot be indicated, the criteria used to determine it;</p> <p>(13) an indication that the premium is fixed or likely to vary over time;</p> <p>(14) the insurer's website address providing access to the information on where the client can file a complaint with the insurer and a summary of the complaint processing policy provided for in the second paragraph of section 52 of the Insurers Act (chapter A-32.1);</p> <p>(15) the manner in which the specimen of the policy or the insurance certificate can be accessed on the insurer's website.</p> <p>Where the policy provides for a formula to calculate the portion of the refundable premium in the event of cancellation, the insurer must indicate as such in the summary and include an example of its application.</p> <p>M.O. 2019-05, s. 29.</p>	<p>Some card issuers have certificates that are combined, some have them separate.</p> <p>Operationally, could have different sections in summary. Better perhaps to combine the information. AMF wants the Summary to be concise.</p> <p>AMF has indicated that one Summary for multiple coverages is acceptable.</p> <p>But could be difficult where different insurers for different components of the credit card insurance benefits.</p> <p>Very difficult to operationalize the sharing of summaries.</p> <p>NEED to avoid providing this Summary at time of offer in branch. Provision #22 looks at that. Can be part of the package sent to customers.</p> <p>#1 OK #2 OK #3 PRODUCT NOT OFFERED #4 OK</p> <p>Scott Kirby feels problem elements are: #8,9,10 #8 has to not be at time of enrollment but is at time of claim #9 need to tell customer they can cancel by cancelling the card This is the recommended approach which had support from the group.</p>
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		<p>Alternatively, could try to ask for it to not be included at all.</p> <p>Perhaps provide an example—for example, you cannot cancel an element of a group policy and then pay less for the benefits. Same concept with credit cards.</p> <p>PLAN A: try to explain why customers cannot opt out, so this does not apply—confusing, not relevant</p> <p>PLAN B: say can cancel credit card if you don't want coverage</p> <p>Direct it back to Bank policies</p> <p>#10 N/A but don't need to worry about it</p> <p>#12 How solution this? There is no premium paid by the customer; it is paid by the bank. However, could use high-level phrasing to educate customer "How much am I paying for the insurance coverage" "This insurance coverage is an additional coverage at no additional price to you. Bank X pays the premium to provide coverage for all customers with the card."</p> <p>Definitely do not want to get into the numbers.</p> <p>ALTERNATIVELY could simply say there are not fees for you the consumer."</p> <p>PLAN A: "coverage is provided under benefits and no premium is charged to the card-holder"</p> <p>#13—can tie this into the same point "premium are not charged to card-holder"</p> <p>#12 and #13 can be addressed together</p> <p>#14 are there any concerns about providing the insurer's website?</p> <p>Should replicate the approach we take with other products</p> <p>#15 Response: "Not applicable"</p> <p>There is no premium so not capability for a refund</p> <p>#9 is also applicable to #15</p>
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30	<p>30. The insurer must, as soon as the client has subscribed for or enrolled in the insurance contract, provide the client with the following documents:</p> <p>(1) a summary of the information collected from the client;</p> <p>(2) the policy, the insurance certificate or the temporary insurance.</p> <p>M.O. 2019-05, s. 30.</p>	<p>#1 Similar to provisions discussed earlier</p> <p>Information collected from client is not collected in relation to insurance it is in relation to the credit card application</p> <p>The information is relevant when the card is issued in relation to the insurance</p> <p>But would not know who is insured until there is a claim</p> <p>We can achieve this outcome without “conforming to regulation”</p> <p>“No information collected about client so not relevant”</p> <p>#2 providing certificate is not a problem (part of credit card package); temporary insurance is not applicable</p>
31	<p>31. The notice of rescission provided for in section 440 of the Act respecting the distribution of financial products and services (chapter D-9.2), which must be delivered to the client by the distributor, must be in the form set out in Schedule 5.</p> <p>M.O. 2019-05, s. 31.</p>	<p>This is a challenge</p> <p>There are no cancellation rights</p> <p>Embedded in credit card</p>
32	<p>32. The insurer must make the product summary and a specimen of the policy or the insurance certificate accessible on its website for each product offered by a distributor, as well as any available endorsement, if applicable.</p> <p>M.O. 2019-05, s. 32.</p> <p>NOTE This section will come into force on 13 June 2020 excluding the product summary which has been in force since 13 June 2019.</p>	<p>Probably most customers would look at distributors’ websites</p> <p>But probably already doing this so is fine</p>
33	<p><i>n force: 2020-06-13</i></p> <p>DIVISION V</p> <p>SUPERVISION OF DISTRIBUTORS</p> <p>M.O. 2019-05, Div. V.</p> <p><i>In force: 2020-06-13</i></p> <p></p> <p>33. The insurer must monitor and supervise the offering of insurance products by its distributors.</p> <p>To that end, it must adopt and implement procedures that enable the supervision and training of its distributors and the natural persons to whom they entrust the task of dealing with clients</p>	<p>#33 and #34 go together</p> <p>Cannot supervise because there is no offering; can do training on what is included in benefit</p> <p>Supervision of offering does not apply</p> <p>Distribution of credit card—can indicate what is the coverage, and that is the extent of it; if there are questions about exclusions, how it works, provide them with number of provider and they can speak to them</p>

	<p>in order to ensure compliance with the requirements under the Act respecting the distribution of financial products and services (chapter D-9.2) and this Regulation. M.O. 2019-05, s. 33.</p>	<p>Risk inviting conversations that cannot be held with non-licensed individuals Training could be coverages and details can be sent to provider (insurer) #34 I) is asking for quite specific details “This is not possible for embedded coverages, training is just to indicate the coverages” Training needs to be less prescriptive than in regs Training for embedded coverages would be different PROVIDING INFORMATION TO THE DISTRIBUTION CHANNEL ABOUT THE PRODUCT—not classrooms etc. “What is training?” perhaps need to show samples</p>
34	<p><i>n force: 2020-06-13</i></p> <p> 34. The training provided by the insurer must cover the following:</p> <ul style="list-style-type: none"> (1) the insurance product, particularly the coverage offered, the eligibility criteria and the applicable exclusions and limitations; (2) the distributor’s legal obligations; (3) the insurer’s complaint processing policy; (4) the practices promoting the fair treatment of clients; (5) the filing of a claim. <p>M.O. 2019-05, s. 34.</p>	<p>See #33</p>
35	<p>DIVISION VI PROHIBITIONS M.O. 2019-05, Div. VI.</p> <p> 35. For insurance products referred to in paragraph 5 of section 424 and paragraph 1 of section 426 of the Act respecting the distribution of financial products and services (chapter D-9.2), no insurer may:</p> <ul style="list-style-type: none"> (1) enable the distributor to keep its remuneration within a time period not commensurate with the term of the product, which time period may not, however, be less than 180 days; (2) pay to the distributor a bonus or a share in the profits based on contract experience; (3) set different commission rates applicable to a distributor for products with similar insurance coverage. 	<p>#1) Distributor is not being compensated so this is entirely not applicable</p> <p>Works the opposite way</p> <p>#2) Not applicable</p> <p>Not really about profits</p>

	M.O. 2019-05, s. 35.	#3) Not applicable
36	CHAPTER IV TRANSITIONAL AND FINAL PROVISIONS M.O. 2019-05, c. IV.  36. This Regulation replaces the Regulation respecting distribution without a representative (chapter D-9.2, r. 8). M.O. 2019-05, s. 36.	Transitional
37	37. For the period from 13 June 2019 to 12 June 2020, any delivery to the client of a distribution guide forwarded to the Authority before 13 June 2019 in accordance with section 414 of the Act respecting the distribution of financial products and services (chapter D-9.2), including, if applicable, delivery to the client of the fact sheet in accordance with the Notice regarding the offering of insurance products by automobile and recreational and leisure vehicle dealers, is equivalent to the delivery of a summary and a fact sheet in accordance with section 22 of this Regulation. Similarly, access to such a distribution guide on the insurer's website during that period is equivalent to access to the summary in accordance with section 32 of this Regulation. M.O. 2019-05, s. 37.	Transitional

FACT SHEET

Just address the problems with the Fact Sheet

Do not provide solutions

Can forward any issues to the AMF

Address however all the problems with the Fact Sheet

"It's your choice" wrong

Etc.

First section is misleading

Remuneration – just wrong

Wrong information

Right to Cancel – just not correct

Does not apply

Perhaps have our own version of a Fact Sheet that is more accurate?

Approach to the AMF

Written submission?

Themes of issues

Product Summary and Fact Sheet / Disclosures

Training

Trying to explain what we addressed and why we addressed items in a specific way

Better informing customers is critical

Here is how we would distribute these documents

Have our plan B and C

“These pieces are not relevant”

Annual Statement on Market Conduct

Written submission

Try to address their concerns in a way that is much better

FACT SHEET

The purpose of this fact sheet is to inform you of your rights. It does not relieve the insurer or the distributor of their obligations to you.

LET'S TALK INSURANCE!

Name of distributor: _____

Name of insurer: _____

Name of insurance product: _____



IT'S YOUR CHOICE

You are never required to purchase insurance:

- that is offered by your distributor;
- from a person who is assigned to you; or
- to obtain a better interest rate or any other benefit.

Even if you are required to be insured, **you do not have to** purchase the insurance that is being offered. **You can choose** your insurance product and your insurer.



HOW TO CHOOSE

To choose the insurance product that's right for you, we recommend that you read the summary that describes the insurance product and that must be provided to you.



DISTRIBUTOR REMUNERATION

A portion of the amount you pay for the insurance will be paid to the distributor as remuneration.

The distributor **must** tell you when the remuneration exceeds 30% of that amount.



RIGHT TO CANCEL

The Act allows you to rescind an insurance contract, **at no cost**, within 10 days after the purchase of your insurance. However, the insurer may grant you a longer period of time. After that time, fees may apply if you cancel the insurance. **Ask** your distributor about the period of time granted to cancel it **at no cost**.

If the cost of the insurance is added to the financing amount and you cancel the insurance, your monthly financing payments might not change. Instead, the refund could be used **to shorten the financing period**. **Ask your distributor for details**.

The *Autorité des marchés financiers* can provide you with unbiased, objective information.

Visit www.lautorite.qc.ca or call the AMF at 1-877-525-0337.

Reserved for use by the insurer

This fact sheet cannot be modified

Participants, 6 March 2020 Meeting

Scott Kirby, Chair

Keith Martin

Karyn Kasperski, RBC Insurance

Isabelle Choquette, Desjardins

Charles Andre Roy, Desjardins

Brendan Wycks, CAFII

Michelle Butler, Scotiabank

Peter Thorn TD

Greg Shirley Manulife

Monika Spudas Manulife

Participants, 13 march 2020 Meeting

Isabelle Choquette, Desjardins

Scott Kirby, TD Insurance

Peter Thorn, TD Insurance

Martin Boyle, BMO

Monika Spudas, Manulife

Greg Shirley, Manulife

Tracey Torkopolous, Assurant

Michelle Butler, Scotiabank

Keith Martin, CAFII

General Comment—trying to meet the outcomes expected from AMF, but not trying to comment
If comply, implies that regulation applies and is an offer

Working Group Members Embedded Credit Card Coverages

Scott Kirby, Chair

Martin Boyle, BMO Insurance

Isabelle Choquette, Desjardins (to be assisted by two people)

Mandy Rutten, CIBC

Michelle Butler, Scotiabank

Karyn Kasperski, RBC Insurance

Pete Thorn, TD Insurance

Monika Spudas, Manulife

Greg Shirley, Manulife

Tracey Torkopoulos, Assurant

Brendan Wycks, CAFII

Keith Martin, CAFII

Agenda Item 5 (b) (6)
April 7/20 Board Meeting

From: Brendan Wycks

Sent: March-17-20 3:16 PM

To: CAFII Board Members

Subject: AMF Response To CAFII Deadline Extension Request; and Availability Poll For CAFII Board Special Purpose Teleconference Meeting On Credit Card-Embedded Insurance Benefits Issue: Please Respond Re Wednesday, March 25, Thursday, March 26, or Friday, Marc

Hi, _____.

In follow-up to the Availability Poll component of my message of March 12/20 below, I've received responses from three of our 13 Directors thus far (Chris Lobbezoo, Peter Thompson, Paul Cosgrove).

Based on those three responses, the following two date/time options appear to work well for the one hour CAFII Board Special Purpose Teleconference Meeting we're seeking to arrange, and I'd like to find out if they might also work for you also.

- Wednesday, March 25/20 from 11:00 a.m. to 12 Noon Eastern; or
- Thursday, March 26/20 from 1:00 to 2:00 p.m. Eastern.

In particular, the second option on March 26/20 is probably best/safest to proceed with, in terms of a securing a solid quorum of Board member participants, because up until late last week, most Directors would have had that time on that day reserved for our 2020 CAFII Annual Members' Luncheon.

Please let Keith, Natalie, and me know asap re your availability for a one hour CAFII Board Special Purpose Teleconference Meeting on the AMF Credit Card-Embedded Insurance Benefits Issue during the two date/time options highlighted above.

Thanks and regards,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

From: Brendan Wycks

Sent: March-12-20 4:13 PM

To: CAFII Board Members (c.c. EOC Members)

Subject: AMF Response To CAFII Deadline Extension Request; and Availability Poll For CAFII Board Special Purpose Teleconference Meeting On Credit Card-Embedded Insurance Benefits Issue: Please Respond Re Wednesday, March 25, Thursday, March 26, or Friday, March 27

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

FYI, see the just-received response below from Mario Beaudoin of the AMF.

Despite Mr. Beaudoin's use of strong, drawing-a-line-in-the-sand-type language to underscore the AMF's view that the RADM is indeed applicable to credit card-embedded insurance benefits, the fact that the AMF has granted our requested deadline extension to May 15/20 is a positive outcome.

With respect to furthering CAFII's two-pronged strategy on the AMF credit card-embedded insurance benefits issue, we would now like to schedule a one hour CAFII Board Special Purpose Teleconference Meeting to allow the Board to have a strategy discussion and resolve upon the way forward for our Association on this issue.

Keith Martin has shared Mr. Beaudoin's response with our Norton Rose legal advisors on this issue (Marc Duquette, Dominic Dupoy, Pier-Olivier Poisson) but instructed them not to take any further action on this file until after our Board's Special Purpose Teleconference Meeting has occurred and we then give them further instructions.

In that connection, CAFII Directors are asked to respond to the informal **CAFII Board Special Purpose Teleconference Meeting Date/Time Options Availability Poll** below by end of day on Friday, March 13/20:

_____ : CAFII Director's Name	
<input type="checkbox"/> Yes <input type="checkbox"/> No	11:00 a.m. to 12 Noon on Wednesday, March 25/20
<input type="checkbox"/> Yes <input type="checkbox"/> No	12 Noon to 1:00 p.m. on Wednesday, March 25/20
<input type="checkbox"/> Yes <input type="checkbox"/> No	1:00 to 2:00 p.m. on Wednesday, March 25/20
<input type="checkbox"/> Yes <input type="checkbox"/> No	11:00 a.m. to 12 Noon on Thursday, March 26/20
<input type="checkbox"/> Yes <input type="checkbox"/> No	12 Noon to 1:00 p.m. on Thursday, March 26/20
<input type="checkbox"/> Yes <input type="checkbox"/> No	1:00 to 2:00 p.m. on Thursday, March 26/20
<input type="checkbox"/> Yes <input type="checkbox"/> No	11:00 a.m. to 12 Noon on Friday, March 27/20
<input type="checkbox"/> Yes <input type="checkbox"/> No	12 Noon to 1:00 p.m. on Friday, March 27/20
<input type="checkbox"/> Yes <input type="checkbox"/> No	1:00 to 2:00 p.m. on Friday, March 27/20

If you have any questions about or feedback comments on this CAFII file, don't hesitate to contact Keith or me.

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

Agenda Item 5(c)

April 7/20 Board Teleconference Meeting

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

Sent: March-14-20 2:15 PM

To: Duquette, Marc <marc.duquette@nortonrosefulbright.com>; Dupoy, Dominic
<dominic.dupoy@nortonrosefulbright.com>

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

Subject: FW: AMF Non-Debtor Issue

Hi Marc, Dominic,

The AMF has responded to the insurers who submitted Action Plans based on a run-off or natural attrition, and said that they have until 2025 to eliminate all in-force policies that do not meet their expectations around the spousal issue. After that date, if there are still policies in place that do not meet their expectations, other measures need to be taken. Please see below.

Thanks,

Keith Martin

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

L'association canadienne des institutions financières en assurance

From: Keith Martin

Sent: March 11, 2020 3:13 PM

To: 'Emily Brown' <Emily.Brown@sunlife.com>; Brendan Wycks <brendan.wycks@cafii.com>

Cc: Vikram Malik <Vikram.Malik@sunlife.com>

Subject: RE: AMF Non-Debtor Issue

Hello Emily,

When we met with the AMF they said they would allow industry to become compliant with their expectations through a “run off” or natural attrition, but that this could not “take forever.” We now know that they view “forever” as five years.

The five-year time period is still a significant improvement over an immediate requirement to cancel in-force policies, and gives us the opportunity to continue to discuss this with them and attempt to further delay the expectation of any cancellations of in-force policies. A lot can happen in five years.

Assurant, Canadian Premier Life, and Desjardins have each received the letter as well, and been told that they need to develop a plan to eliminate all non-compliant policies after 2025. I suspect all insurers who submitted an Action Plan received a letter in response last Friday.

If you need further information from me, please let me know.

Thanks,

Keith Martin

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

L'association canadienne des institutions financières en assurance

From: Emily Brown <Emily.Brown@sunlife.com>

Sent: March 11, 2020 3:02 PM

To: Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>

Cc: Vikram Malik <Vikram.Malik@sunlife.com>

Subject: AMF Non-Debtor Issue

Hi Brendan/Keith,

Late last week we received a communication from the AMF as it relates to Section 76 – protection offered to persons other than debtors. They were writing related to our prior letters to them dating back to May of last year (as per their required submissions on this topic), “as well as the various exchanges with the industry, including CLHIA, concerning the offering of non-debtor group life, health and employment insurance”.

What was of particular note is their wording under the subhead “Existing certificates”:

“Furthermore, as a result of discussions with certain industry members, we have agreed to allow a maximum time period, until January 1, 2025 for bringing all existing certificates into compliance”.

We wanted to bring this communication to your attention and would appreciate any thoughts you had on it, including whether other CAFII members had received a similar update from the AMF, and if so, that the compliance date of January 1, 2025, is consistent with what they received.

Look forward to your thoughts.

Emily Brown | Program Manager, Risk and Compliance, Sponsored Markets

T: 416-408-6638 E: emily.brown@sunlife.com

Agenda Item 5(d)

April 7/20 CAFII Board Teleconference Meeting

Background

CAFII meets regularly, and in principle quarterly, with the CCIR/CISRO Fair Treatment of Consumers Working Group (FTCWG) to discuss industry progress in implementing CCIR/CISRO's "Guidance: Conduct of Insurance Business and Fair Treatment of Customers" (issued September 2018)

Participants

From CCIR/CISRO: In-Person

Louise Gauthier, Senior Director, Distribution Policies, Autorité des Marchés Financiers and Co-Chair of the FTCWG

Isabelle Berthiaume, Director, Prudential Insurance Supervision, Autorité des Marchés Financiers

Antoinette Maramieri, Head, Insurance, Financial Services Regulatory Authority of Ontario¹

Swati Agarwal, Senior Manager, Life Insurance Market Conduct, Financial Services Regulatory Authority of Ontario

Chris (Christine) Caldarelli, Senior Policy and Technical Lead at Financial Services Regulatory Authority (FSRA)²

Tim Mifflin, Insurance Market Conduct Division, Financial Services Regulatory Authority of Ontario (FSRA)³

April Stadnek, Director, Strategic Initiatives at Insurance Councils of Saskatchewan

Jennifer Calder, Deputy Superintendent of Insurance, Nova Scotia Finance and Treasury Board

Tony Toy, CCIR Policy Manager

From CCIR/CISRO: By Teleconference

Ron Fullan, Executive Director, Insurance Councils of Saskatchewan and Co-Chair of the FTCWG

Harry James, Senior Regulatory Advisor, BC Financial Services Authority

Veronique Martin, AMF

Robert Picard, Compliance Officer, Pensions and Insurance Division, FCNB

From CAFII: In-Person

Huma Pubani, TD Insurance

Brendan Wycks, CAFII

Keith Martin, CAFII

From CAFII: By Teleconference

Martin Boyle, BMO Insurance and EOC Chair

John Lewsen, BMO Insurance

¹ Anthonet Maramieri was previously the COO of the Alberta Insurance Council.

² Chris (Christine) Caldarelli advised that she had previously worked in Senior Counsel roles at TD Bank, Forester's, and Manulife Financial, during which time she had significant exposure to credit protection insurance products.

³ Tim Mifflin advised that he had previously worked at the Financial Services Authority (FSA), predecessor national regulator to the current Financial Conduct Authority (FCA) in the UK, and at Royal & Sun Alliance in the UK.

Greg Cairns, BMO Insurance
Dana Easthope, Canadian Premier Life Insurance
Shawna Sykes, Co-operators/CUMIS Services Inc.
Michelle Costello, CUMIS Services Inc.
Diane Quigley, CUMIS Services Inc.
Cassandra Litniansky, CUMIS Services Inc.
Isabelle Choquette, Desjardins Financial Security
Marie Nadeau, National Bank Insurance
Andrea Stuska, TD Insurance
Fay Coleman, TD Insurance
Vikram Malik, Sun Life Financial
Emily Brown, Sun Life Financial

Meeting Summary

In preparation for the 5 March, 2020 meeting with CAFII, Tony Toy, CCIR Policy Manager, had written CAFII to make the following request:

As initially discussed at the November 5, 2019 Stakeholder Dialogue and clarified by a subsequent email of December 10, 2019, the FTCWG is expecting to discuss the written CAFII submission re: incentives and compensation models currently used in the market.

Brendan Wycks subsequently discussed the matter of such a CAFII submission with several EOC members, who expressed concerns about it, including with respect to the granularity of the information requested, and the fact that the information requested was competitively sensitive and CAFII's compliance with the submission request could cause the Association to engage in activity that would be in violation of the Competition Act.

As a result, CAFII sought legal advice from Stikeman Elliott on the CCIR/CISRO FTCWG's submission request of CAFII, and then communicated the key elements of the law firm's legal advisory memo to Tony Toy, CCIR Secretariat. That response can be found in "Appendix A" to this Summary Note; but, in essence, Stikeman Elliot agreed that this was potentially not appropriate information for competitors to share, but that it might be possible to do so in an aggregated, anonymized fashion through a third party firm.

The FTCWG raised this issue at the beginning of the meeting, with Louise Gauthier emphasizing that the regulators were largely interested in understanding how incentives work in the industry. Ms. Gauthier said that these meetings were intended to be an exchange of ideas, to be a "safe place" to discuss issues, and were focused on policy, not supervisory matters.

Brendan Wycks gave some additional context about the concerns of CAFII members around the original ask for a submission on incentives, and the Working Group seemed receptive to the concerns of CAFII members, in particular around revealing information that could be commercially sensitive.

However, Ms. Gauthier said that the solution which would involve CAFII arranging for the requested information to be assembled in an aggregated, anonymized information through a third party firm would be perfectly fine.

She also advised that another Association, the Insurance Bureau of Canada (IBC), had surveyed its members to gather the requested information, and that the results of its efforts had provided very helpful information for the FTCWG. The purpose of undertaking such a survey would be to enable the FTCWG to better understand how the industry works, what its incentive programs are, and how conflicts of interest with respect to incentives are being managed and/or mitigated, Ms. Gauthier concluded.

CAFII responded that this modified understanding of the FTCWG's request was helpful, and we agreed to explore developing a survey of CAFII members which would allow our Association to provide the FTCWG with the desired information in a way that would avoid any concerns related to the Competition Act.

Discussion then turned to implementation of the CCIR/CISRO Fair Treatment of Customers (FTC) Guidance.

Huma Pabani of TD Insurance provided some information on how her company was implementing the Guidance, including revising policies and procedures documentation so that it was consistent with the Guidance, and incorporating FTC into all employee training.

Keith Martin noted that an ongoing challenge for CAFII members is that while they adhere to and are supportive of FTC principles, implementation of the Guidance is essentially about business culture, and that is something that is difficult to measure.

Ms. Gauthier noted that this was something that the Working Group was aware of, and that some thought had already been given to measures or Key Performance Indicators (KPIs) that could demonstrate adherence to FTC. Such proposed measures, once completed by the FTCWG, would be shared with the industry, and they should be regularly reported to companies' Board of Directors, Ms. Gauthier advised.

Ms. Gauthier said that a consultation document related to updating the AMF's Sound Commercial Practices Guideline of 2013 would soon be released; and that while the AMF would not simply be adopting the CCIR/CISRO Guidance document as the standard for the province of Quebec, the updated Sound Commercial Practices Guideline would be consistent with the CCIR/CISRO Guidance.

At Ms. Gauthier's request, Tim Mifflin of FSRA gave a presentation on the categories of industry sales incentives that the FTCWG is reviewing, in which he identified four categories that given rise to conflict of interest concerns:

1. *Incentives which create an obvious conflict by their very nature* – incentive programs such as awarding travel/trips for top-selling intermediaries.
2. *Incentives which potentially place the intermediary's interest ahead of the customer's interest* – incentive programs such as volume bonuses and sales campaigns.
3. *Incentives which restrict access to markets* – insurers set sales quotas for intermediaries to access or maintain contracts, which in smaller markets may mean that intermediaries have access to a limited number of markets.
4. *Incentives which impede servicing the customer* – original seller compensation only, no compensation provided for a new "agent of record" servicing an orphan policy.

Tim Mifflin then elaborated on category #1: regulators' concern about high-value travel/hospitality rewards which, by their very nature, create a conflict of interest, such as travel to a vacation resort.

Keith Martin noted that while there are some travel rewards incentives used in the CPI industry, they are more modest than what Mr. Mifflin described and tend to be associated with other activities such as team-building or training.

Tim Mifflin replied that that made sense to him; that it was not his view that CAFII members were engaged in the sort of travel incentives that the Working Group was concerned about; and that his impression was that such high value travel rewards incentives were becoming much less common in the industry generally. Nevertheless, Mr. Mifflin's verbal presentation included the comment that

As part of this review, the FTC Working Group is considering whether insurance regulators should establish a formal position on travel incentives which is similar to the standards that the securities industry has already announced.

The meeting concluded with the FTCWG noting that its next round of quarterly meetings with industry stakeholder groups would be held in June 2020. FTCWG members expressed the hope that based on the clarifications they had provided in this meeting as to their expectations, CAFII would be able to provide a written submission on the results of a third party survey of CAFII members, on their incentives and compensation models currently in the market, in advance of the next meeting in June.

(After the meeting's conclusion, there was informal discussion and dialogue, during which April Stadnek, Director, Strategic Initiatives at the Insurance Councils of Saskatchewan (ICS), advised Brendan Wycks and Keith Martin that while in Toronto that week, she had met two days prior with Luke O'Connor of CLHIA and with Moira Gill of TD Insurance, as a CAFII representative, on the issue of implementing/launching a Restricted Insurance Agent Advisory Committee in Saskatchewan, which had recently been formalized via publication of the ICS' new Bylaws on its website. Ms. Stadnek indicated that she would be reaching out to the CLHIA and CAFII soon with further information.)

Appendix A

27 February, 2020 Email from Brendan Wycks to Tony Toy on Request for Information on CAFII Members' Incentive Models

Hi, Tony.

This message is in follow-up to our phone conversation on Tuesday, February 25/20.

As I mentioned in our call, several CAFII members had significant reservations about the CCIR/CISRO FTC Working Group (FTCWG)'s request that CAFII put together an Association-level written submission/deck on "incentives and compensation models currently in market" (as per your email messages of December 10/19 and February 15/20 below) because they viewed that request as something that would potentially necessitate anti-competitive activity (in violation of *The Competition Act* federal law) within our Association.

Individually, in conversation with me, several of our members also informed me that they regard their own company's incentives and compensation model as definitely "competitively sensitive" and as a source of competitive differentiation.

Some CAFII members were particularly concerned about the following passage in your February 15/20 email -- *As some regulators have and are beginning to implement the principles of the Guidance, the FTCWG would like to receive specific examples of practices identified by insurers and distributors that were determined to be possibly misaligning with the Guidance and solutions that addressed those situations* (underlining is mine, for emphasis) – as they took that to mean that the FTCWG was expecting that CAFII members should be prepared to provide in writing, for inclusion in our Association's requested written submission, and also prepared to stand up in front of their competitors (albeit fellow members of CAFII, an industry Association) and to share/speak to the incentives and compensation model they deploy in the marketplace, during our Association's upcoming March 5/20 stakeholder meeting with the FTCWG.

Those CAFII members had a common view that the FTCWG's request that CAFII prepare and provide a written submission/presentation deck in advance of the March 5 meeting, as well as the expected focus/tenor of the discussion at that meeting, could potentially cause our Association to engage in activity that would be anti-competitive as well as self-incriminating for participating CAFII member companies.

While our members had those concerns, CAFII remains committed to being an active partner in CCIR/CISRO's efforts related to fair treatment of customers.

Therefore, we decided to seek legal advice on the issues related to the FTCWG's request of CAFII, from a competition law expert at Stikeman Elliott, to determine whether or not we could satisfy the request, as well as to determine the type of information we could share without creating a risk of breaching competition laws.

Here are salient excerpts from the legal advisory memo that our Association received from Stikeman Elliott on this matter (in blue):

This memo summarizes our competition law assessment of the request made of CAFII to provide a written submission/presentation deck on industry incentives and compensation models to the CCIR/CISRO Fair Treatment of Consumers Working Group. We understand that the Working Group has asked CAFII to provide an association-level written submission in relation to incentives and compensation models currently in the market. We understand that the Working Group is looking into how incentives and compensation models may create conflicts of interest when marketing insurance products.

Specifically, CAFII has asked us to analyze the risk associated with complying with the Working Group's request via an association-level submission under the Competition Act. In sum, we view complying with this request as presenting meaningful competition law risk if it would involve the sharing of competitively sensitive information as between CAFII members. This is because competition laws significantly limit the degree to which such information may be shared between competitors, with such sharing giving rise to potential competition law liability. We therefore do not recommend that CAFII proceed with an association-level submission, subject to the following three mitigating considerations:

1. If certain over-arching, high-level information about incentives and compensation models is common knowledge within the industry to the point of essentially being public or "quasi-public" information then it may be possible to prepare a high-level submission that does not involve the sharing of competitively sensitive information or any specific member data.

2. Any individual CAFII member is of course free on an individual and unilateral basis to provide information and/or a submission directly to the Working Group, as this would not involve the sharing of competitively sensitive information between CAFII members.

3. If CAFII wanted to pursue an association-level submission, then it could explore retaining a third-party (e.g., a law, accounting, or actuarial firm) to receive competitively sensitive information from individual members, with the third-party then being responsible for aggregating/anonymizing information and ensuring that competitively sensitive information regarding one member is not provided to other members, and with the third-party therefore playing a central role in the preparation of the submission to the Working Group. This may be not practical or desirable given time constraints and other considerations.

Exchanging competitively sensitive information with competitors may contravene section 45 or section 90.1 of the Competition Act, which severely restrict and regulate the sharing of information between and collaboration among competitors. The first step in assessing risk under the Competition Act is to consider whether the information to be shared as between CAFII members is competitively sensitive.

Such information is unlikely to be competitively sensitive if:

- The information is public or widely known across the insurance industry.*
- The information is already known among CAFII members because members use the same incentive programs, given overall uniformity within the industry.*

Such information is likely competitively sensitive if:

- There is not common, public, industry-wide knowledge about incentive and compensation models.*

- *Incentive programs and practices vary (or may vary) among CAFII members and across the insurance industry.*
- *Having information about a competitor's incentive program would provide a competitive advantage or potentially cause a member to alter its own conduct.*

Based on the criteria above, if the information requested by the Working Group could be considered competitively sensitive, then we recommend not sharing this information as between CAFII members and therefore not making a submission to the Working Group.

CAFII and its members are strongly of the view that information on the incentives and compensation models which members currently use in the marketplace is indeed competitively sensitive information because

- company-specific models are not public information or widely known across the industry;
- our members do not all use the same incentive programs and there is no overall uniformity of incentive/compensation models across the industry; rather, incentive programs and practices vary among CAFII members and across the industry; and
- having information about a competitor's incentives program and compensation models would indeed provide a competitive advantage and potentially cause a member to alter its own conduct.

Therefore, as I mentioned in our phone call, CAFII is of the view that our upcoming March 5/20 Quarterly Stakeholder Meeting could/should be re-oriented to a discussion about what are the reasonable expectations/asks of the industry that the FTCWG should have going forward, as it seeks to ensure compliance with the *CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers*, particularly in the area of incentives and compensation models.

In that connection, if the FTCWG concurs with our proposal, perhaps the meeting can be shortened from 90 minutes to one hour. And if the FTCWG is agreeable to our meeting-shortening proposal, we request that our Quarterly Stakeholder Meeting be rescheduled to 9:30 to 10:30 a.m. on Thursday, March 5/20. **Please get back to me at your earliest convenience as to whether this slight rescheduling proposal is acceptable to the FTCWG.**

P.S. In response to your related request, earlier this afternoon I sent you via a separate email a list of expected CAFII in-person participants at our upcoming meeting with the FTC Working Group on the morning of Thursday, March 5/20.

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

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Agenda Item 5(e)(1)

April 7/20 Board Teleconference Meeting

Background

CAFII met with Financial Consumer Agency of Canada (FCAC) officials on 9 March, 2020 in Ottawa, to share information about the sales practices of CAFII members and the fair treatment of customers.

Participants

From the FCAC

Teresa Frick, Acting Managing Director: Supervision & Promotion Branch

Stephen Wild, Senior Research & Policy Officer

Laury Johnson, Senior Supervisor

Vincent Gadbois, Supervision Officer

Ruth Stephen, Director: Research, Policy & Education

Véronique Milot, Manager: Consumer Education

Dave Hayes, Research & Policy Officer

Thierry Plante, Senior Consumer Education Officer

From CAFII

Chris Lobbezoo, Vice-President, Creditor Product & Sales Distribution, RBC Insurance (CAFII Board Vice-Chair)

Martin Boyle, Manager, Compliance and Operational Risk, BMO Insurance (CAFII Board Secretary and Chair, Executive Operations Committee)

Dana Easthope, Chief Legal Officer, Chief Compliance Officer, and Corporate Secretary, Canadian Premier Life Insurance Company (Member, CAFII Executive Operations Committee)

Rob Dobbins, Senior Director, Compliance, Assurant (Member, CAFII Executive Operations Committee)

Brendan Wycks, CAFII Co-Executive Director

Keith Martin, CAFII Co-Executive Director

Summary of Meeting

After participants at the meeting introduced themselves, Keith Martin delivered a Powerpoint presentation of approximately 35 slides – developed for CAFII by Dog and Pony Studios -- on CAFII members' credit protection insurance (CPI) sales practices and related fair treatment of consumers considerations.

The presentation identified the major consumer debt obligations in association with which CPI is offered as optional protection, namely mortgages, lines of credit (secured or unsecured), credit cards, and loans. The different types of risk which CPI protects against were highlighted -- namely death, disability, critical illness, and job loss -- along with the fact that a benefit under this group insurance can result in total payout of the insured's debt, periodic payments against the debt for a specified period of time, or postponement of payments, depending upon the terms of the particular policy.

The next section of the presentation noted the high levels of satisfaction reported by consumers with credit protection insurance and reported CPI's high claims payout ratio, based on recent CAFII-commissioned research carried out by Pollara Strategic Insights. Background on the 13 members of CAFII was also provided.

The presentation then provided statistical information to demonstrate that Canadians, especially those in middle and lower income brackets, are vastly uninsured or underinsured, at precisely a point in time when Canadians' are carrying very high levels of debt obligations.

The presentation then focused on the importance of letting Canadians know about the option of credit protection insurance, and the risks to Canadians of not having insurance. It was also noted that this conversation is not always easy, as these are not topics most people want to think about.

The next section of the presentation focused on the optional nature of the coverage, the sales practices of CAFII members including the importance of providing consumers with accurate information and consumer-friendly documentation, fair sales practices, oversight and monitoring of sales practices, and straight-forward, accessible complaints procedures.

The presentation concluded with a review of the regulatory environment, including CLHIA Guidelines and the CBA Code of Conduct for Authorized Insurance Activities, provincial regulation, and federal oversight.

During Mr. Martin's presentation of CAFII's Powerpoint deck, there was a modest amount of interactive dialogue, with FCAC attendees asking a number of questions and CAFII representatives adding clarifying comments, elaboration, and illustrative examples in support of Mr. Martin's remarks, both of which led to valuable sidebar discussion and education opportunities.

Following the conclusion of Mr. Martin's presentation of the CAFII deck, an open Q&A session ensued for about 45 minutes which was marked by highly engaged and interactive dialogue. The tone of the FCAC representatives was inquisitive and respectful, and they seemed genuinely interested in the points CAFII was making.

The FCAC representatives seemed to have some pre-conceived notions about how the CPI industry works, but they also seemed very open and receptive to our arguments and explanations intended to correct their misconceptions.

Teresa Frick, the FCAC's Acting Managing Director: Supervision & Promotion Branch, began by indicating that given the nature of how the Agency works, it will often hear about complaints from consumers but not about the positive issues, but that that did not mean there was not an appreciation for the industry's positive features.

In that connection, she said that complaints about credit card balance protection insurance (CCBPI) were the type of CPI-related complaint that most often come to the attention of the FCAC.

She also noted that the industry, in her view, had taken very seriously the concerns expressed by the FCAC coming out of its Domestic Banks' Sales Practices Review, and that it had made important and positive reforms.

For example, Ms. Frick asserted that the FCAC was aware that in some banks, CCBPI is now being offered only by a dedicated team of individuals with a very high degree of expertise in the product, which she stated was viewed by the FCAC as a very positive development.

Ruth Stephen, the FCAC's Director: Research, Policy & Education, was interested in more information about the demographics of those who hold CPI, such as the average age, educational levels of customers, percentage of female versus male customers, etc. CAFII offered to follow-up and provide Ms. Stephen with those statistics from the Pollara Consumer Research project. She also referenced the value proposition project that CAFII mentioned on the cost of CPI versus term life, and said she would be interested in that information. We offered to also send her that information after the meeting.

Ms. Frick then launched a discussion topic on "who is this insurance meant for?," raising a concern that the insurance should only be sold to those who are eligible to make a claim. In that connection, she referenced, as an example, selling job loss insurance to a student who is not working full-time, and who is therefore not eligible to make a job loss claim.

This led to a discussion on these issues, with CAFII representatives emphasizing that eligibility for CPI coverage is an important element of the sales process; and that if a consumer who would not be eligible to make a claim is enrolled in CPI coverage, that would be a problem at the front end of the sales process. Controls and monitoring mechanisms are in place and continue to evolve to identify and rectify such a situation.

Ms. Frick agreed that problems with claims being denied are most often a by-product of inappropriate sales in the front end, and that this is where that situation could best be managed. She said that the sales practices of the banks in her view had improved significantly since the FCAC's publication of its Domestic Banks' Sales Practices Review Report, but that their sales processes will continue to be an area of focus for the FCAC and further progress will need to be part of the future.

The FCAC also asked about post-claims underwriting. Keith Martin responded that while CAFII members practise simplified underwriting, that was still underwriting that occurred at the time of product offer. To verify, at the time of a claim, the accuracy of the information originally provided by the insured, he emphasized, was claims adjudication, which was a completely legitimate procedure practised by the by the claims departments of all types of life and health insurance.

It was additionally noted that CPI has a high claims payout rate – for CPI life insurance, it's the same 95% of claims paid as is the industry norm for term life claims.

Chris Lobbezoo indicated that the business processes of CAFII member financial institutions are geared toward only accepting CPI applications that would result in a payout if a claim were made.

Rob Dobbins highlighted the typical life cycle of an insured consumer's experience with CPI insurance products and the rigorous, ongoing monitoring which CPI insurers have in place, over the full extent of the product life cycle, to ensure that appropriate sales behaviour has occurred, which is evidenced by their strong focus on the "three cs: cancellations, claims, and complaints."

Martin Boyle emphasized that if a situation came to light where a consumer was enrolled in CPI that he/she was not eligible to make a claim on, that would not be an example of post-claims underwriting but rather a case of a defect in the original sales process. There could be two causes, he noted, one of which was an inappropriate sales process, and the other incorrect information provided at the time of sale by the customer. In either case, the situation is best addressed at the point of sale.

A follow-up FCAC question was how could it be that post-claims underwriting was not occurring if a customer could obtain insurance without being asked any health-related questions at the time of application. Chris Lobbezoo explained that if a customer was accepted into the CPI group policy without questions being asked, then there was acceptance on the part of the insurer/underwriter and the distributor that some of the customers may have pre-existing medical conditions, and that would lead to any resulting claims from such insureds being paid despite their having a pre-existing medical condition.

Chris Lobbezoo also advised that CPI is a simple insurance product which is geared to younger, middle class consumers. And over time, as a person accumulates assets and increases his/her net worth, he or she may “outgrow” the main utility/value proposition of CPI and graduate to other insurance products. Ms. Frick said that that explanation made sense to her and she appreciated the clarification.

There was discussion about the importance of communicating with consumers in simple and plain language, and about the balance and fine line between that and the need to have legal language that protects both insurers and customers.

Dana Easthope emphasized that CAFII members are not allowed to provide consumers with advice in offering them optional CPI insurance coverage as an Authorized Insurance Product, and the point was made several times that a “suitability” test is not deployed with respect to CPI, but rather an “eligibility” test is.

In that connection, Ms. Frick shared the insight that imminent new legislation which will empower the FCAC will use the concept of “appropriateness” of products, and related nomenclature, rather than the “suitability” of products; and she added that CAFII members would need to be able to demonstrate that they were complying with expectations related to “appropriateness.”

Brendan Wycks noted that FCAC Commissioner Judith Robertson’s Communications/Events Officer, with whom he had recently been dealing, had indicated that the Commissioner’s upcoming 26 March, 2019 speech at the CAFII Annual Members’ Luncheon would include comments on suitability. Ms. Frick jokingly replied that “the Commissioner can talk about whatever she wants to talk about,” but the legislation in question would reference “appropriateness” of banking products and not suitability.

Brendan Wycks also noted that CAFII had undertaken a new strategic priority in recent years of responding to “urban myths” and false arguments about CPI – such as post-claims underwriting, or the claim CPI is only for the benefit of the bank, etc. -- which had long been propagated by the broker and advice-based distribution channel; and CAFII’s initiatives in this area included independent consumer research, media releases, and information on the Association’s website.

Ruth Stephen advised that the mandate letter for Canada’s new Minister of Innovation, Science and Industry included a new role around serving as a Consumer Advocate. The details of that new Consumer Advocate role were still being worked out, including what role the FCAC would play in this, at least with respect to financial institutions.

CAFII representatives asked the FCAC what was next in terms of the Agency's near-term priorities. Teresa Frick replied that further, follow-up work arising from the FCAC's recently issued report on banks' complaints processes, complaint escalations, and related third party ombudservices was an immediate priority; and that individualized supervisory letters would be sent shortly to each CAFII member FI and other FRFIs arising from that review and report.

Brendan Wycks asked Ruth Stephen what research projects the FCAC was planning in the foreseeable future. Ms. Stephen replied that the Agency would be focusing on consumer financial literacy-related research, and research related to educating consumers. Digitization in the financial services sector and implications for consumers' digital financial literacy were also of research interest to the FCAC.

Overall, the Q&A session dialogue was marked by a high degree of engagement and the FCAC participants seemed genuinely interested in the information and insights being conveyed and discussed.

In concluding the meeting, Brendan Wycks asked whether the FCAC would be interested in having such information-sharing and dialogue meetings with CAFII on a periodic but regular basis, at least annually and perhaps semi-annually.

Ruth Stephen replied on behalf of the FCAC (Teresa Frick apologetically had to depart from the meeting five minutes early) that she saw much value in what CAFII was proposing, and she agreed that we should definitely plan to have such meetings on a periodic, regular basis.



The Canadian Association of
Financial Institutions in Insurance

L'association canadienne des
institutions financières en assurance

Credit Protection Insurance Offered by CAFII Members

Making insurance simple and accessible for Canadians
Rendre l'assurance simple et accessible pour les Canadiens



Credit Protection Insurance Overview

Credit Protection Insurance (CPI)

Optional insurance for specific debts, including:



Mortgages



Line of credit
(secured/unsecured)



Credit cards



Loans

Credit Protection Insurance (CPI)

Protects consumers' debt obligations against a variety of risks

In the case of:

Death

Disability

Critical illness

Job loss

CPI can help to:

Pay off debt

Make payments

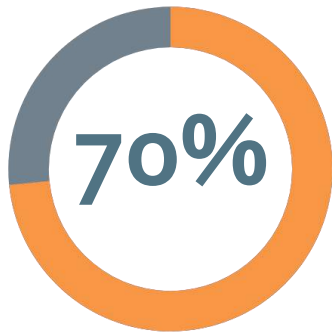
Postpone payments

Simple, accessible and affordable

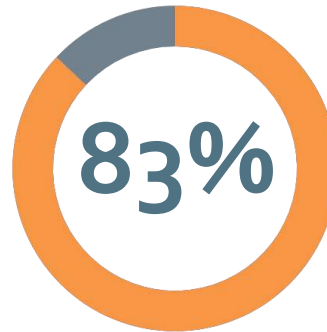


87%

87% of Canadians with CPI on their mortgages and Home Equity Lines of Credit (HELOCs) say it is a convenient way to protect themselves and/or their families.*



70% of Canadians with CPI say CPI is an affordable insurance option*

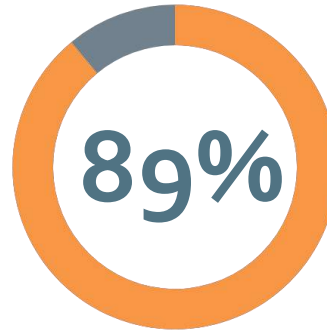


83% of Canadians with CPI coverage say it is an effective way to protect themselves and their families.*

*Source: CAFII commissioned national online survey of 1,003 adult Canadians who have Credit Protection Insurance on a mortgage and/or home equity line of credit. The survey was conducted from October 3 to 16, 2018 by Pollara Strategic Insights.

Paid claims and peace of mind

An independent Pollara study found that 92% of Canadians who had purchased Creditor Protection Insurance said that the coverage gave them “peace of mind” that their family would be protected in the event of a death or disability.



89% of survivors/next-of-kin who made a CPI life insurance claim reported that it was paid*



80% of Canadians with CPI report satisfaction with their claims experience*

*Source: CAFII commissioned national online survey of 1,003 adult Canadians who have Credit Protection Insurance on a mortgage and/or home equity line of credit. The survey was conducted from October 3 to 16, 2018 by Pollara Strategic Insights.

Coast-to-coast access

Financial institutions



Insurers





Sobering statistics

Inadequate coverage

Half of the Canadian population is neither prepared nor protected



50%

In 2019, half of Canadians
did not own life insurance coverage*

*Source: LIMRA Canadian Life Insurance Ownership Study — 2019 Person-Level Report.

Inadequate coverage

Coverage gaps disproportionately affect lower and middle-income families



49%

Just less than half of husbands earning less than \$35,000 own any life insurance*

.....

45%

Even fewer wives earning less than \$35,000 own any life insurance*

.....

*Source: LIMRA Canadian Life Insurance Ownership Study — 2019 Person-Level Report.

Rising debt levels

At the same time, Canadians are more indebted than ever

In 2019 average consumer had over **\$70,000** in debt¹

In 2016 the median mortgage debt was **\$180,000**⁴

Last year **375** Canadians **per day** went insolvent²

Average non-mortgage debt is over **\$31,000**⁵

48% say they're within **\$200** of not being able to cover their monthly bills³

Canadians have over **\$100bn** in outstanding credit card balances⁵

Sources:

¹Equifax Report <https://www.consumer.equifax.ca/about-equifax/press-releases/-/blogs/canadian-consumers-piled-on-their-winter-cred-2/>

²Financial Post <https://business.financialpost.com/personal-finance/debt/375-canadians-a-day-went-insolvent-last-year-the-most-since-the-financial-crisis>

³Ipsos Survey <https://www.ipsos.com/en-ca/news-polls/half-48-canadians-are-less-200-away-monthly-being-financially-insolvent>

⁴Statistics Canada <https://www150.statcan.gc.ca/n1/daily-quotidien/190808/dq190808a-eng.htm>

⁵TransUnion Industry Insights Report <https://www.transunion.ca/lp/lir>

Unforeseen life events happen

Critical illness, disability or job loss a reality many Canadians will face

1 in 2 Canadians will develop cancer in their lifetime¹

Strokes **leading cause of adult disability** in Canada²

<50,000 strokes in Canada every year or 1 stroke every **10** minutes²

Every year, Canadians spend a total of **3 million days** in hospital because of strokes²

In November 2019 alone, the Canadian economy lost over **70,000** jobs³

Canadian unemployment rates are projected to steadily rise over the next 5 years, reaching **6.5%** in 2024⁴

Sources:

¹Canadian Cancer Society <https://www.cancer.ca/en/cancer-information/cancer-101/cancer-statistics-at-a-glance/?region=on>

²Ontario Stroke Network http://www.ontariostrokenetwork.ca/wp-content/uploads/2013/07/Final_Fact_Sheet_Stroke_Stats_3.pdf

³Statistics Canada Labour Force Survey <https://www150.statcan.gc.ca/n1/daily-quotidien/191206/dq191206a-eng.htm?HPA=1>

⁴Statista <https://www.statista.com/statistics/263696/unemployment-rate-in-canada/>



Closing the gap

Having the “what if?” conversation

If it isn't offered, most people won't seek it out



90%

90% of Canadians have never been offered critical illness insurance*

Having the insurance conversation opens a difficult but critical dialogue to help people understand their risks – and what's available to them

*Source: Insurance and Investment Journal, Life insurance: Canadians rarely solicited but consider the product important – Munich Re commissioned IPSOS survey March 2016

Meet Marie

37 years old,
married

2 kids, one in
daycare, one
in school

Primary
income
earner



~\$300,000
remaining on a
\$500,000
mortgage

20-year
amortization

Owns life
insurance through
her employer's
group benefits plan

Debts have a way of piling up

Takes out \$50,000
HELOC for home
renovations

Takes out an
unsecured loan for
private school



Puts new furnace
on credit card

What if something happens?

Cannot afford
daycare, affecting
employability

Misses
credit card
payments

Family's lifestyle
dramatically
altered

Loses family
home



No coverage for
job loss, disability
or critical illness

Credit rating
plummets

Experiences
depression

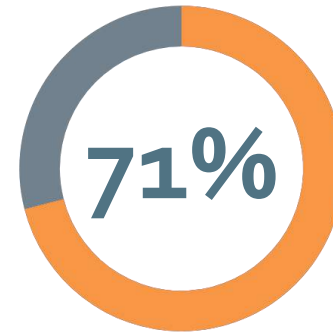
Group benefits life
insurance insufficient to
cover mortgage

What if she had the conversation?

Opening a dialogue at the point of sale



Marie's not alone



71% said that without CPI, they do not know how they and/or their family would be able to cope, should an unexpected life occurrence negatively impact them financially.

*Source: CAFII commissioned national online survey of 1,003 adult Canadians who have Credit Protection Insurance on a mortgage and/or home equity line of credit. The survey was conducted from October 3 to 16, 2018 by Pollara Strategic Insights.



Sales practices built on fair
treatment of customers

Coverage is optional

Multiple accountabilities and product features reinforce optional nature of coverage

Bank client service representatives are **trained to communicate that CPI is optional**, in keeping with CBA Code of Conduct for Authorized Insurance Activities

Coverage can be **cancelled at any time**

Customers have an initial **period of 10 to 30 days**, within which they may cancel coverage and receive a full premium refund

Tied selling is strictly prohibited in legislation for banks



Accurate information

Comprehensive and recurring training to ensure consumers receive accurate and reliable information

Staff adheres to carefully developed scripts and protocols during the customer conversation to:

- ✓ Ensure that customers are provided full disclosure
- ✓ Ensure that the financial institution obtains express consent (verbal or written) from the customer

CAFII member FIs educate those offering CPI through:

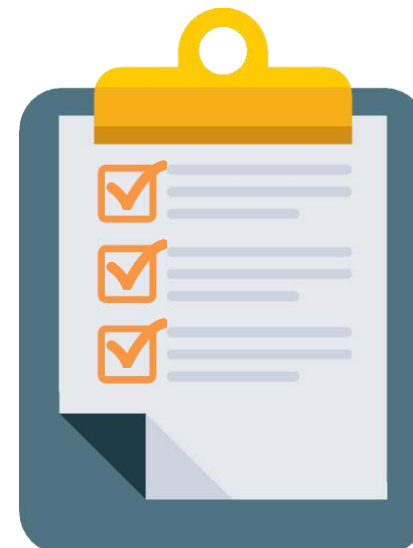
- ✓ Individual coaching
- ✓ Formal CPI training programs
- ✓ Team huddles

Prioritizing consumer protection

Oversight doesn't end once the consumer has enrolled in CPI coverage

Post sale practices are designed to ensure the fair treatment of customers:

- ✓ Calls are routinely recorded and monitored
- ✓ Post-sale reviews ensure customers understood and gave express consent
- ✓ Everything is passed through legal & compliance by both banks and insurance companies to ensure full compliance with legislation and regulation
- ✓ CPI insurers monitor spikes of cancellations at 30, 60, 90 days



Consumer-friendly documentation

Disclosure prioritizes informed purchase decisions

Certificates of insurance

- ✓ Eligibility conditions
- ✓ Features and benefits
- ✓ Limitations
- ✓ Exclusions

Transparency

- ✓ Cost outlined in “plain language”
- ✓ Optionality reinforced

Clear & simple processes for making a claim

- ✓ How to submit a claim
- ✓ Insurer’s name and contact information
- ✓ Premium charges
- ✓ Statement that the coverage is optional and voluntary
- ✓ Review period within which coverage may be cancelled for a full premium refund

Straightforward complaint handling

Significant back-end work to ensure fair front-end sales practices

Robust internal complaint handling process

- ✓ Complaints are handled with an emphasis on the **fair treatment of customers**
- ✓ CPI insurers track and report complaints to the new national database rooted in the **CCIR Annual Statement on Market Conduct**

We take Complaint Handling seriously and look forward to assessing in detail the February 2020 FCAC report on Complaint Handling to provide further guidance for industry improvements.

Consumer satisfaction a priority

Making sure consumers understand their coverage

At the time of signing up
for their CPI coverage:

90%

90% of insureds said they understood "very well" or understood somewhat their credit protection insurance terms.

74%

74% of insureds said they were satisfied with the information provided to them to make an informed purchase decision.

77%

77% of insureds reported satisfaction with the product explanations provided to them

*Source: CAFII commissioned national online survey of 1,003 adult Canadians who have Credit Protection Insurance on a mortgage and/or home equity line of credit. The survey was conducted from October 3 to 16, 2018 by Pollara Strategic Insights.



Strict industry self-regulation and
robust provincial/federal regulation

Industry self-regulation

Mandatory participation in and compliance with industry guidelines and code of conduct



Insurance companies are **required to adhere to CLHIA Industry Guidelines** for CPI product design and distribution, in particular, *G7 Creditor's Group Insurance* and *G9, Direct Marketing*.

CBA Code of Conduct for Authorized Insurance Activities outlines obligations and best practice standards expected of bank representatives who offer Authorized Insurance Products

Robust provincial regulation network

Established conduit for communication among member jurisdictions



Provincially regulated

Fair treatment of customers integral to provincial regulators



CCIR / CISRO Fair Treatment
of Customers Guidance a top priority



Federal oversight

Robust legislative/regulatory framework, monitoring & oversight to ensure fair treatment and protection of consumers

Financial Consumer Agency of Canada (FCAC)

Monitors and enforces compliance with federal consumer protection measures

Federal legislation and regulations

The Bank Act and the related Insurance Business (Banks and Bank Holding Companies) Regulations control key market conduct issues such as tied selling and privacy





Looking forward

Questions

Keeping the conversation and dialogue going



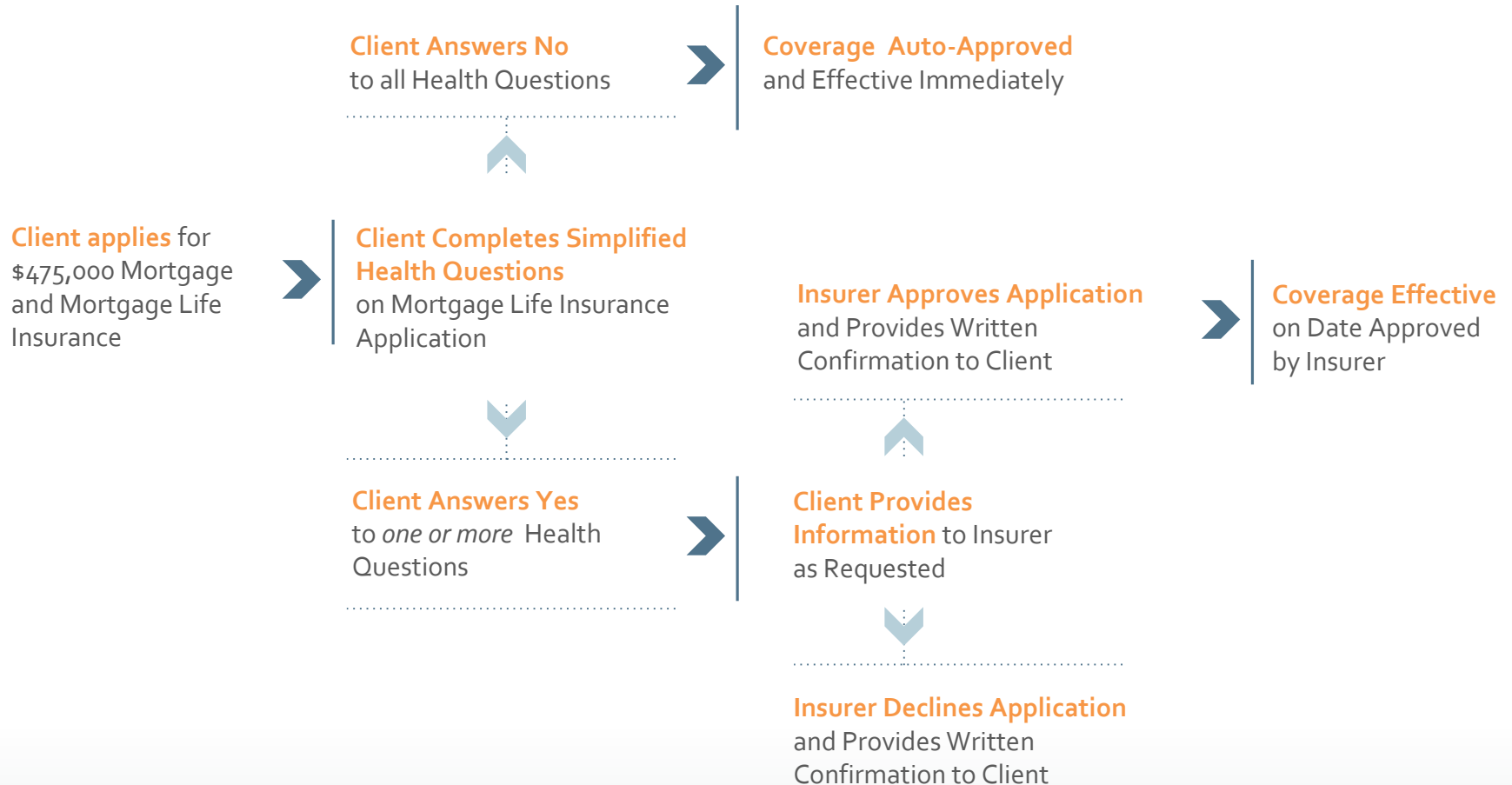
cafii acifa

The Canadian Association of
Financial Institutions in Insurance

L'association canadienne des
institutions financières en assurance

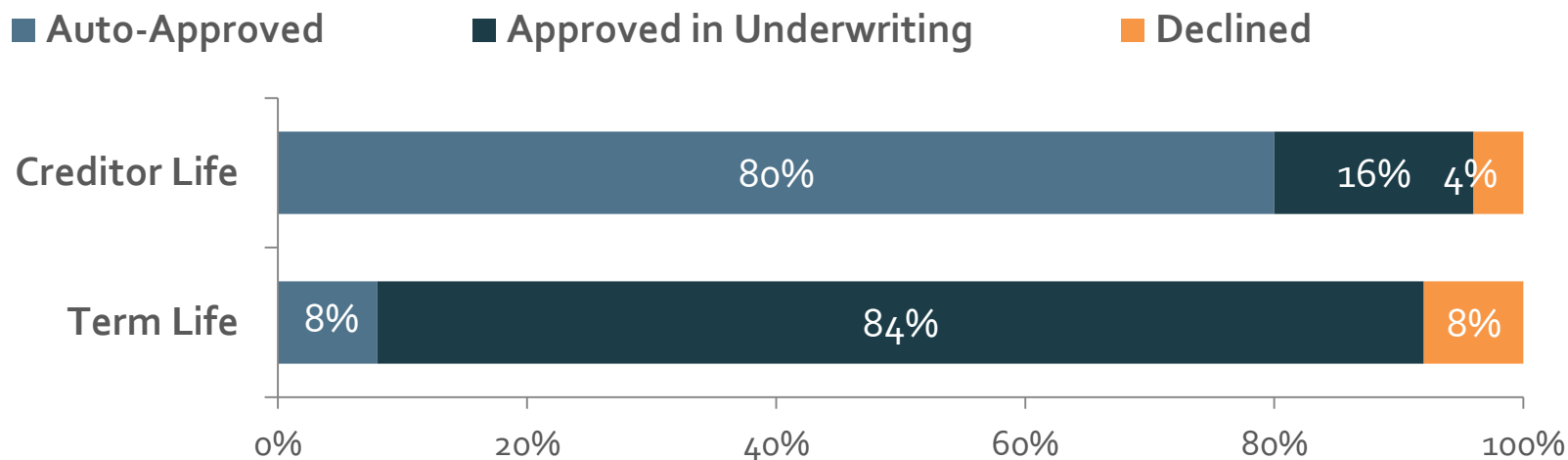
Appendix

Simple application process



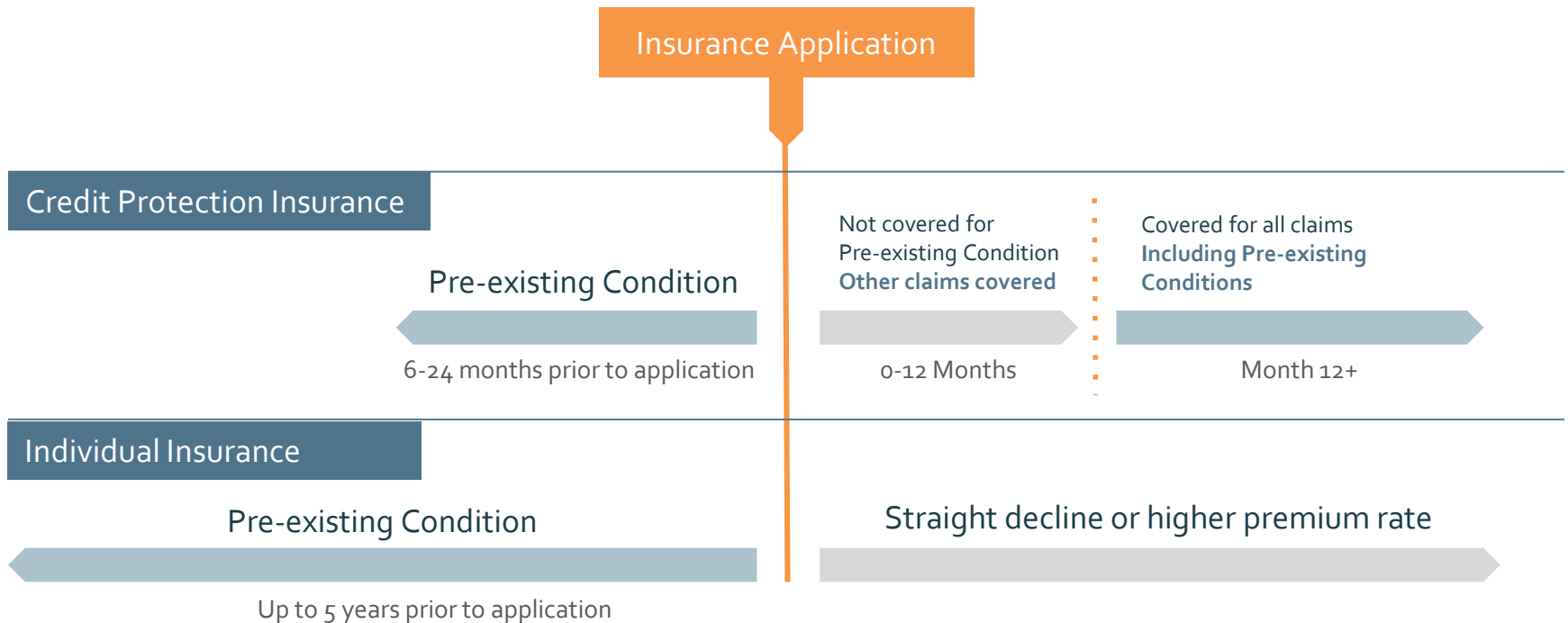
Easy approval process

Industry Application Approval Rates for Mortgage Life and Term Life Insurance*



*Source: Towers Watson September 2015 Report: Comparison of the Customer Value Proposition of Creditor's Group Insurance on Mortgages with Individual Insurance (using 2013 data)

Accessible to more people



Flexible underwriting

Small amounts

Guaranteed issue with a pre-existing condition provision

Specific medical conditions

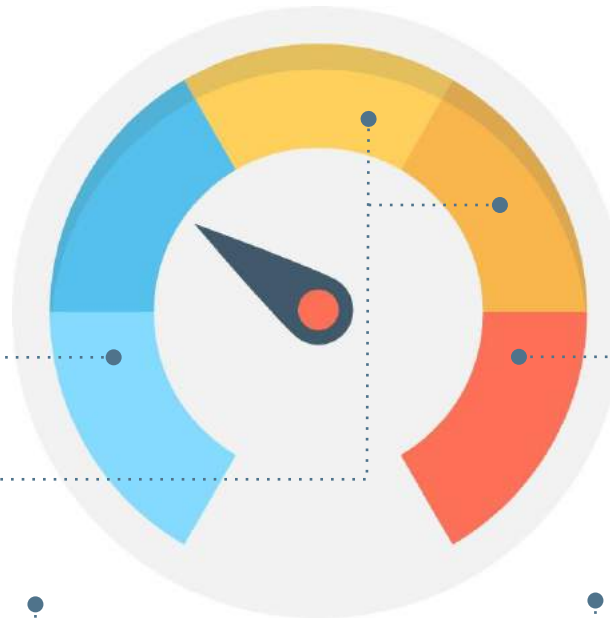
Tele-underwriting or longer questionnaire

Medical testing

Coverage approved or declined

Higher amounts

Simplified health questions



Broad ranges of risk

Accepted at standard rates

Extent of underwriting required is generally based on amount of coverage sought

Affordable option

Can be less costly than other forms of insurance*

Individual Disability Insurance

Credit protection disability insurance is less expensive than Class 2A (i.e. clerical employees) individual disability insurance for all ages, amounts and genders.*

Individual Critical Illness Insurance**

Credit protection critical illness insurance is less expensive than individual critical illness insurance for all ages, amounts and genders.*

Credit Protection Life Insurance

Our research indicates that credit protection life insurance is price-competitive with term 20 life insurance for more than half (55%) of the customer profiles covered in the study.*

*Source: *Towers Watson September 2015 Report: Comparison of the Customer Value Proposition of Creditor's Group Insurance with Individual Insurance (using 2013 data)

** While critical illness credit protection covers the three most common type of illnesses for which benefits are paid (cancer, heart attack and stroke), its total coverage is not as broad as individual coverage. According to the Munich Re Individual Life Insurance Survey based on individual policy claims in Canada until the end of 2009, cancer, heart attack and stroke are the most common types of illnesses for which benefits are paid for Individual Critical Illness policies. These three illnesses account for 86% of paid claims.

Appropriate adjudication

Post-claims underwriting (PCU) **not practiced**



Insurers have **statutory right to deny a claim** due to material misrepresentation within a two-year contestability period, which is not unique to CPI products.

As do their counterpart underwriters of other types of insurance, insurers of CAFII member-distributed CGI adjudicate all claims **in accordance with the contract provisions set out in the certificate of insurance given to the consumer**, e.g. benefits will not be paid for death due to suicide within the first two years of coverage.

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Agenda Item 6(a)(2)
March 24/20 EOC Meeting

CAFII Speaker's Notes

Slide 1: Credit Protection Insurance Offered by CAFII Members

Welcome and introduce presentation

Slide 2: Credit Protection Insurance Overview

Credit protection insurance is a lot like a seatbelt – you hope you never have to use it, but it's there if you do. It's also, like a seatbelt, a simple way to protect yourself against the uncertainty that life may bring.

Slide 3: Credit Protection Insurance (CPI)

Explain that it is insurance you buy on specific debt vehicles

Slide 4: Protects consumers' debt obligations against a variety of risks

Credit Protection Insurance, also known as Creditor's Insurance or Creditor's Group Insurance, is used to pay out a mortgage or loan balance (up to the maximum specified in the certificate of insurance) or to make/postpone debt payments on the customer's behalf in the event of death, disability, job loss or critical illness. It can be obtained for a variety of debt obligations, including mortgages, consumer loans, lines of credit, and credit cards. It is sold by banks and credit unions across Canada, including by CAFII member financial institutions.

Slide 5: Simple, accessible and affordable

Our goal is to simplify the insurance process and make it easier for customers to get protection. An overwhelming number of surveyed Canadians who own CPI believe that CPI is not only convenient and affordable, but also important for protecting their families.

Slide 6: Paid claims and peace of mind

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The 89% level of CPI life insurance claims payouts reported by the survivors/next-of-kin of CPI insureds in the survey is close to the level found in aggregated self-reported data from CAFII members, which shows that 94% of CPI life insurance claims were paid in the 2018 fiscal year.

Slide 7: Coast-to-coast access

CPI is offered by banks and credit unions and provides Canadians with coast-to-coast access to simple, optional insurance solutions at their convenience, on a 24/7 basis, through branches, contact centres, and the internet.

Virtually every financial institution offers credit protection and specifically CAFII members are mentioned in this slide

Creating that national network for convenient access to credit insurance. We represent the vast majority of providers for this insurance although not everyone.

Slide 8: Sobering statistics

The harsh reality is far too many Canadians are underinsured, uninformed, and lack proper guidance on how to protect their families should a tragedy occur.

Slide 9: Inadequate coverage

50% of Canadians don't own life insurance coverage. This isn't a small gap in coverage, this is half the population who isn't protected and could leave their families in financial ruin if something were to happen.

Slide 10: Inadequate coverage (2)

Families are being affected the most by the lack of coverage, especially lower and middle-income families where fewer than half of all married individuals own any life insurance whatsoever.

Slide 11: Rising debt levels

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With debt levels rising, it's more important than ever to have a set plan in the event someone is unable to continue working. Many Canadians are barely even getting by paying off their monthly bills and an unexpected loss of income could prove to be crippling.

Slide 12: Unforeseen life events happen

What's more, there are few options that protect people in the case of critical illness, job loss or disability – which will be a difficult reality for many Canadians.

Slide 13: Closing the gap

Our goal is to give Canadians a simple, accessible and affordable option to protect themselves.

Slide 14: Having the “what if?” conversation

We believe that having the “what if” conversation helps clients recognize scenarios and flaws in their coverage they may have never considered otherwise. 90% of Canadians have never even been offered insurance against critical illness, so how could they even begin to protect themselves without someone there to have the conversation and explain what could happen and how they could mitigate that risk. By not having the “What if” conversation, we rely on Canadians to be proactive and research this information on their own.

Slide 15: Meet Marie

We've talked about the statistics -- now let's bring that home and take a look at a real-life scenario. Who's Marie? She's like a lot of us: has a family, is the primary income earner, and has taken out a \$500,000 mortgage with a 20-year amortization period to buy a home.

Slide 16: Debts have a way of piling up

As any of us know, debts have a way of quickly piling up. Lines of credit, loans, outstanding balances on credit cards and mortgage payments. Before long, a large chunk of a family's income can be getting put towards

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paying off these debts. Managing this debt is often predicated on being able to maintain or grow your income.

Slide 17: What if something happens?

But what if something were to happen for Marie here where she could no longer make those payments? If she had to stop working because of an illness, disability, or job loss she could see the life she knew completely crumble around her. She thought the life insurance coverage she had through her employer was enough, but plenty of gaps still existed in her coverage that exposed her and her family to risk.

Slide 18: What if she had the conversation?

Marie was put at risk because she never had the conversation. When she got her mortgage and HELOC she went to a broker and no one ever took the time to explain to Marie what risks were in place and how she could protect her family from having their lifestyle altered should the worst happen. By not being offered optional insurance from her bank she was never even given the chance to make this important decision.

Slide 19: Marie's not alone

Marie is not the only one at risk. Many Canadians have never had the "What if" conversation and as a result, don't have a plan in place to protect themselves and their family.

Slide 20: Sales practices built on fair treatment of customers

Slide 21: Coverage is optional

All coverage being offered is entirely optional with multiple layers of accountability to ensure the customer can properly consent and understands it can be waived or cancelled at any time.

Slide 22: Accurate information

Staff are trained not only to give accurate information regarding insurance coverage and benefits, but also to adhere to best practices for proper disclosure and consumer protection.

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Slide 23: Prioritizing consumer protection

Oversight continues long after the sale is complete. Post-sale reviews and monitoring spikes in sales are just some of the many ways we ensure the consumer is protected.

Slide 24: Consumer-friendly documentation

Clients are given clear documentation that easily outlines all the conditions, benefits, limitations, and exclusions of insurance. Every process from clarifying that coverage is optional and comes with a review period to submitting a claim is clearly explained and outlines for easy review.

Slide 25: Straightforward complaint handling

Escalated customer complaints -- complaints that are not resolved internally -- are tracked and resolved through the independent Ombudsman for Banking Services and Investment (OBSI); ADR Chambers Banking Ombuds Office, or the Ombuds Service for Life and Health Insurance (OLHI); and the AMF, as appropriate.

Slide 26: Consumer satisfaction is a priority

Our top priority is consumer satisfaction. With that, we're proud to boast such high numbers of understanding and satisfaction from those who have had the conversation and signed up for CPI coverage.

Slide 27: Strict industry self-regulation and robust provincial/federal regulation

Slide 28: Industry self-regulation

We're an industry with multiple layers of accountability – starting with our own accountability to our customers.

Slide 29: Robust provincial regulation network

About: The Canadian Insurance Services Regulatory Organizations (CISRO), is a forum of Canadian insurance licensing/regulatory authorities

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who are dedicated to consistent qualifications and conduct of business standards for insurance intermediaries.

Mission: To collaborate on initiatives that support a consistent approach to consumer protection through the regulation of insurance intermediaries.

History: CISRO was created in the mid 1990s as a conduit for communication among the member jurisdictions. For the most part, that mandate has continued throughout CISRO's existence. CISRO has completed significant co-operative national projects:

- Development of the original Life Licence Qualification Program (LLQP), culminating with the program launch in 2003
- In conjunction with the Canadian Council of Insurance Regulators (CCIR), development of the Canadian Insurance Regulators Disciplinary Actions (CIRDA) database, which launched on December 1, 2013 and centralized licensee disciplinary decision documents on a national level
- Implementation of a modernized LLQP in January 2016, which updated and harmonized the pre-licensing life education program across the country.

Slide 30: Provincially regulated

The **Canadian Council of Insurance Regulators (CCIR)** is an inter-jurisdictional association of insurance regulators. The mandate of the CCIR is to facilitate and promote an efficient and effective insurance regulatory system in Canada to serve the public interest. We work together to develop solutions to common regulatory issues.

Slide 31: Federal oversight

A number of federal legislations and regulations are all followed to protect customers through multiple layers of oversight.

Slide 32: Looking forward

CAFII and its Members are always seeking to innovate and achieve better consumer experiences and satisfaction levels, and even higher levels of fair of treatment of consumers performance with CPI offerings.

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Slide 33: Questions

Our goal is to keep an open dialogue -- we welcome feedback

Slide 34: End

Appendix

Slide 38: Accessible to more people

Minimal underwriting, simple questions, no medical, blood or urine samples

Slide 41: Appropriate adjudication

- Insurance companies have the right to validate that the information they were provided was correct
- If you lie, you can be denied. That's not PCU.
- Every insurance company adjudicates all life claims
- Allegation of Post-Claims Underwriting (PCU) has been leveled in situations where consumer seriously misrepresented health at the time of application, e.g. responded "no" to a health question knowing he/she was being treated for a serious health condition
- But the fact is that insurers of CAFII member FI-distributed CGI do not practice PCU

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Creditor Insurance Landscape in Canada

The following illustrates the scope of creditor insurance offerings in Canada across the Canadian banks that are members of CAFII.

Some consumer offerings include available ‘bundles’ of insurance (e.g. life + CI bundled as part of a combined offering). This varies by bank and underlying financial instrument (i.e. Mortgages, Personal Lines of Credit, Personal Loans).

For each type of underlying financial instrument, we have detailed:

- The types of creditor protection available (Life, Critical Illness (CI), Disability and Job Loss (or Loss of Employment Insurance))
- The underwriters supporting such offerings

	Mortgage				Personal Line of Credit				Personal Loan			
	Life	CI	Disability	Job Loss	Life	CI	Disability	Job Loss	Life	CI	Disability	Job Loss
Bank of Montreal	SL	SL	SL	SL	SL	SL	SL	SL	SL	-	SL	-
CIBC	CL	CL	CL	CL	CL	-	CL	-	CL	-	CL	CL
National Bank	AVBN	AVBN	AVBN	-	AVBN	AVBN	AVBN	-	AVBN	AVBN	AVBN	-
Royal Bank	CL	CL	CL	-	CL	CL	CL	-	CL	CL	CL	-
Scotiabank	CL	CL	SL	-	CL	CL	SL	-	CL	CL (auto loans only)	CL	CL (auto loans only)
TD	CL	CL	-	-	CL	CL	-	-	CL	-	CL	-

Underwriter Acronyms: AVBN-Assurance Vie Banque Nationale; CL-Canada Life; SL-Sun Life

Mortgage Insurance

Key features of Mortgage Creditor Insurance in Canada:

- ✓ Mortgage Creditor Life insurance is available through all banks
- ✓ Critical Illness coverage is offered by all banks and typically bundled with Life coverage. Only one bank offers this on a standalone basis.
- ✓ Job Loss and Disability coverage deemed optional 'add-ons' where both coverage types may not necessarily be offered by a particular bank
- ✓ All banks offer a 30-day 'trial period' (i.e. premium refunded if customer cancels within the first 30 days)
- ✓ **Age Eligibility:** Assessed at the product level (Life, CI, Disability, Job Loss), but generally 18 – 64 with a maximum termination age of 70. Some banks restrict age eligibility for CI and Job Loss products to a maximum of age 54 or 55.

Life Insurance

- **Benefit Payable:** Outstanding balance on death, up to an **overall maximum** (ranges from \$500,000 to \$1,000,000; median of \$750,000)
- **Medical pre-existing condition exclusions approach differs by bank.** Amongst CAFII participants:
 - Two banks do not apply a pre-existing condition exclusion;
 - Two banks apply an exclusion only when mortgages are refinanced (whole amount or additional amount);
 - One bank applies exclusion only if the insured person was not required to answer any health questions on application;
 - One bank applies a pre-existing condition to all participants.

Critical Illness Insurance

- **Benefit Payable:** Outstanding mortgage balance at the date of diagnosis of a covered critical illness, up to an **overall maximum** (generally \$125,000 to \$500,000; median of \$475,000; one bank is an outlier with a maximum of \$1 M.
- **Covered Illnesses:** The illnesses typically covered are cancer, heart attack and stroke.

Disability Insurance

- **Positioning of offerings:** With the exception of one participant, all offer Disability insurance on mortgages. Two approaches: (i) Two banks bundle the offering with life insurance; (ii) Three banks offer it as a standalone product.
- **Benefit Payable:** Monthly mortgage payment, generally for up to 24 months. Total dollar maximum payment of \$2,000 to \$3,500; median \$3,000
- **Waiting Period:** Benefits payable after a waiting period which typically is 60 consecutive days; One bank has a 30-day waiting period

Loss of Employment / Job Loss Insurance

- **Positioning of Offerings:** Only two banks offer this protection, on a bundled basis with Disability protection
- **Benefit Payable:** Monthly mortgage payment for up to 6 months, up to a maximum dollar amount of \$3,000
- **Waiting Period:** Benefits payable after a waiting period of 60 days

Personal Line of Credit Insurance

Key features of Personal Line of Credit Insurance in Canada:

- ✓ Life insurance is included in scope of all product offerings
- ✓ Critical Illness is offered by all but one CAFII participant bank, and is always bundled with life insurance.
- ✓ Disability insurance is offered by all but one CAFII participant bank. Banks are split between bundling this with life insurance, or offered on a standalone basis.
- ✓ Only one bank offers Job Loss insurance.
- ✓ All banks offer a 30-day 'trial period' (i.e. premium refunded if cancelled within 30 days)
- ✓ **Age Eligibility:** Assessed at the product level (Life, CI, Disability, Job Loss), but generally 18 – 64 with a maximum termination age of 70. Some banks restrict age eligibility for CI and Job Loss products to a maximum of age 54 or 55.

Life Insurance

- **Benefit Payable:** Outstanding balance on death, up to an **overall maximum** (typically ranging from \$300,000 to \$1,000,000; median \$600,000).
- **Medical Pre-existing Exclusion:** All banks have some **type of Pre-existing condition exclusion**
- **Non-evidence Maximum:** For all banks, approval for coverage is automatic up to a prescribed threshold (no health questions required) that ranges from \$50,000 to \$150,000

Critical Illness Insurance

- **Benefits Payable:** Outstanding balance at date of diagnosis of a critical illness, up to a **maximum** of \$300,000 to \$1,000,000; median \$450,000).
- **Covered Illnesses:** The illnesses typically covered are cancer, heart attack and stroke.

Disability Insurance

- **Benefits Payable:** Monthly payment, generally up to 24 months and a dollar maximum of \$1,500 to \$5,000 (median of \$3,000)
- **Waiting Period:** Benefits payable after a waiting period which typically is 60 consecutive days; one bank with a 30-day waiting period

Loss of Employment / Job Loss Insurance

- **Benefits Payable:** **Monthly** payment for up to 6 months, to maximum of \$1,500 (revolving LOC) or \$3,000 (instalment LOC)
- **Waiting Period:** Monthly benefits are payable after a waiting period of 60 days

Personal Loan Insurance

Key features of Personal Loan Insurance in Canada:

- ✓ Life insurance is included in scope of all product offerings
- ✓ Critical Illness is offered by three CAFII participant banks, and is always bundled with life insurance.
- ✓ Disability insurance is offered by all CAFII participant banks. Banks are split between bundling this with life insurance, or offered on a standalone basis.
- ✓ Two banks offer Job Loss insurance.
- ✓ All banks offer a 30-day 'trial period' (i.e. premium refunded if cancelled within 30 days)
- ✓ **Age Eligibility:** Assessed at the product level (Life, CI, Disability, Job Loss), but generally 18 – 64 with a maximum termination age of 70. Some banks restrict age eligibility for CI and Job Loss products to a maximum of age 54 or 55.

Life Insurance

- **Benefit Payable:** Outstanding balance on death, up to an **overall maximum** (typically ranging from \$150,000 to \$500,000; median \$250,000).
- **Medical Pre-existing Exclusion:** All banks have some **type of Pre-existing condition exclusion**
- **Non-evidence Maximum:** Amongst CAFII participants:
 - Three banks do not require a health questionnaire (automatic approval regardless of amount);
 - One bank provides automatic approval on amounts \$100,000 or less;
 - One bank provides automatic approval on amounts \$300,000 or less;
 - One bank provides automatic approval on amounts \$50,000 or less and under age 55;

Critical Illness Insurance

- **Benefits Payable:** two banks pay the outstanding balance at date of diagnosis of a critical illness, up to a **maximum** of \$150,000 or \$500,000; whereas one bank pays a monthly benefit payment of up to a maximum of \$3,500.
- **Covered Illnesses:** The illnesses typically covered are cancer, heart attack and stroke.

Disability Insurance

- **Benefits Payable:** typically pays the monthly payment, generally up to 24 months and a dollar maximum of \$1,500 to \$3,000 (median of \$2,000), however two banks do not have a maximum monthly limit, but rather an overall maximum limit of \$150,000 or \$200,000.
- **Waiting Period:** Benefits payable after a waiting period which typically is 30 or 60 consecutive days (market is split)

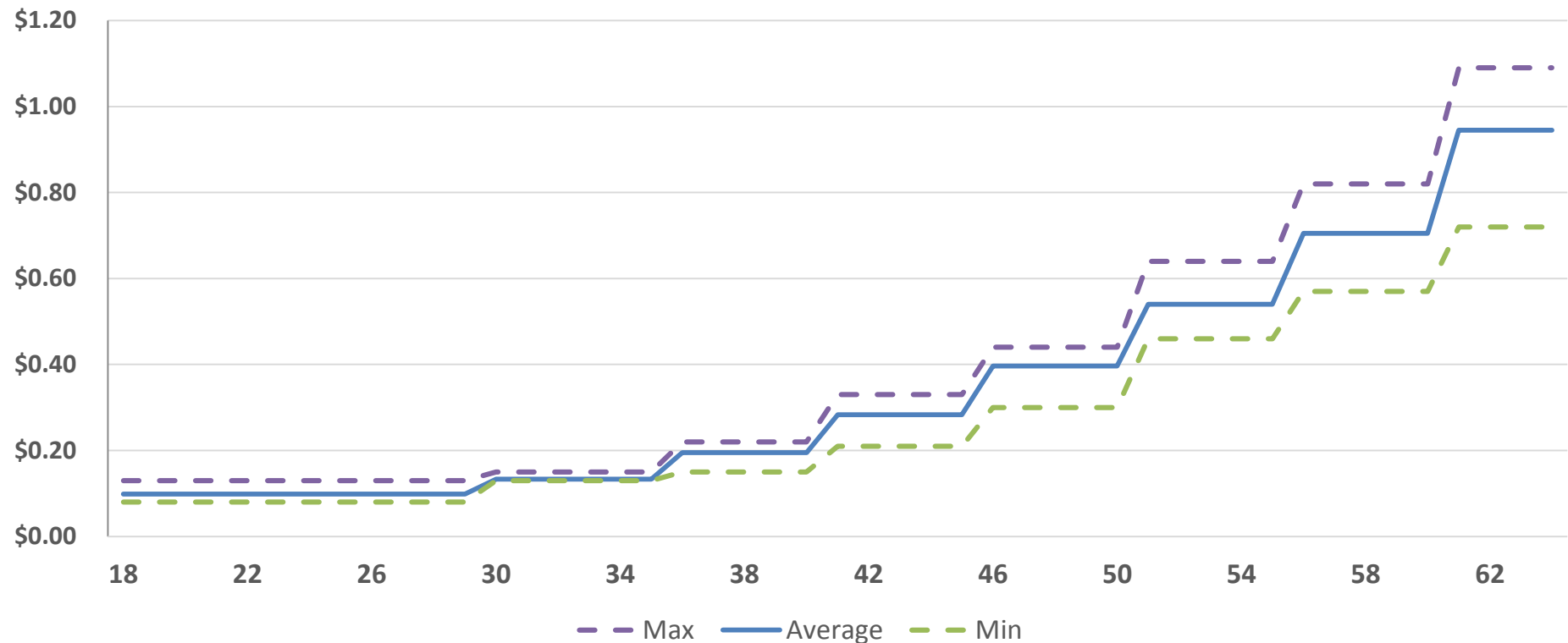
Loss of Employment / Job Loss Insurance

- **Benefits Payable:** One bank pays the interest payable on the loan until the person is no longer eligible for job loss benefits up to a maximum of 6 months; one bank pays the monthly payment for up to 6 months, to maximum of \$3,500.
- **Waiting Period:** Benefits are payable after a waiting period of 30 or 60 days

Premium Rates – Mortgage Life Insurance (per \$1,000 of initial balance)

The cost of creditor insurance is generally pennies for each dollar of coverage. The following provides an illustration of the distribution of creditor insurance premium charges for Mortgage Life insurance per \$1,000 of initial mortgage balance, based on six CAFII bank participants:

Premium Rate per \$1,000 of Initial Balance by Age of Insured





The Canadian Association of
Financial Institutions in Insurance

L'association canadienne des
institutions financières en assurance

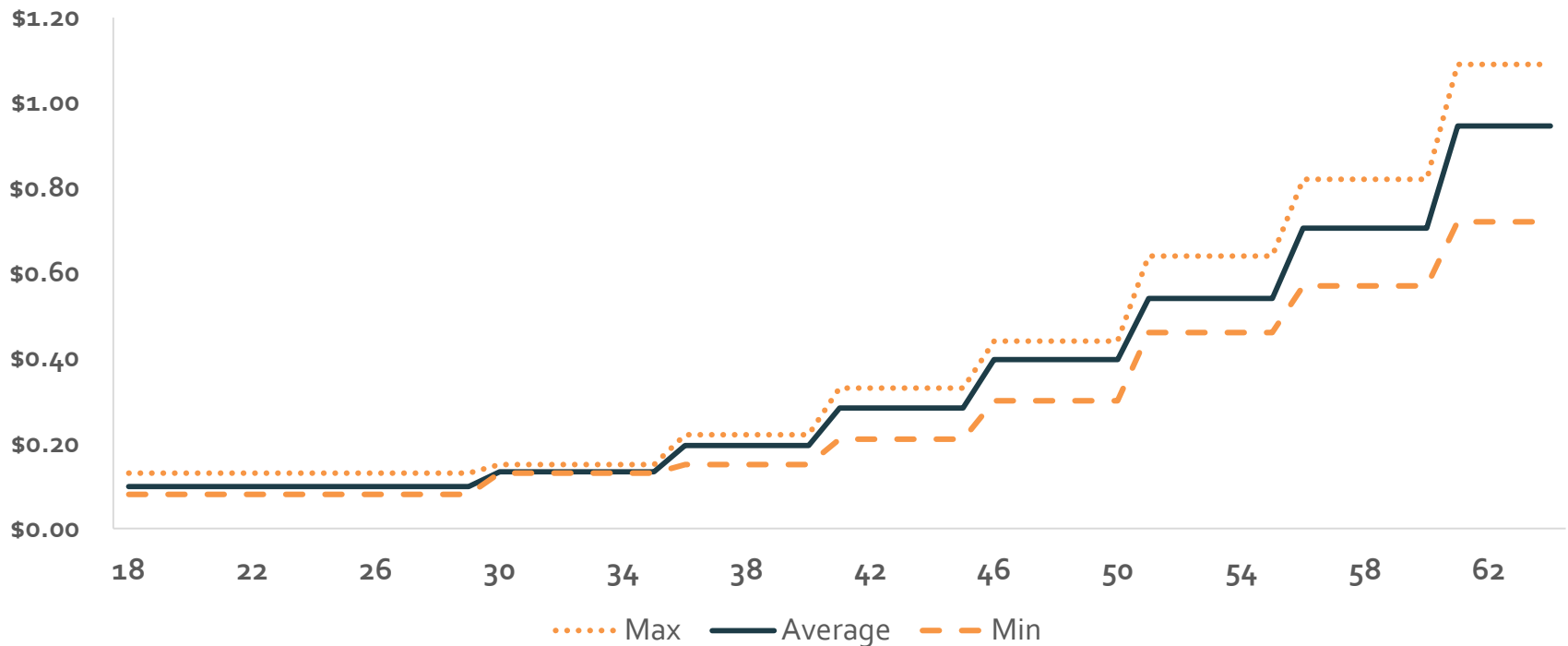
Credit Protection Insurance Offered by CAFII Members

Making insurance simple and accessible for Canadians
Rendre l'assurance simple et accessible pour les Canadiens

Premium rates: mortgage life insurance

Life insurance per \$1,000 of initial mortgage balance,
based on six CAFII bank participants

Premium Rate per \$1,000 of Initial Balance by Age of Insured



Source: Willis Towers Watson Creditor Insurance Survey 2019

Creditor insurance landscape in Canada

Type of protection available & supporting underwriters

	Mortgage				Personal Line of Credit				Personal Loan			
	Life	Critical illness	Disability	Job loss	Life	Critical illness	Disability	Job loss	Life	Critical illness	Disability	Job loss
Bank of Montreal	SL	SL	SL	SL	SL	SL	SL	SL	SL	-	SL	-
CIBC	CL	CL	CL	CL	CL		CL	-	CL	-	CL	CL
National Bank	AVBN	AVBN	AVBN	-	AVBN	AVBN	AVBN	-	AVBN	AVBN	AVBN	-
Royal Bank	CL	CL	CL	-	CL	CL	CL	-	CL	CL	CL	-
Scotiabank	CL	CL	SL	-	CL	CL	SL	-	CL	CL (auto loans only)	CL	CL (auto loans only)
TD	CL	CL	-	-	CL	CL	-	-	CL	-	CL	-

AVBN

 Assurance Vie Banque Nationale

CL

 Canada Life

SL

 Sun Life

Source: Willis Towers Watson Creditor Insurance Survey 2019



cafi acifa

The Canadian Association of
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Appendix

*The information on slides 38-54 is sourced from Willis Towers Watson Credit Insurance Survey (2019)



Creditor insurance by type

Mortgage creditor insurance in Canada

Mortgage creditor insurance in Canada

Key features

- ✓ Mortgage Creditor Life insurance is available through all banks
- ✓ All banks offer a 30-day 'trial period' (i.e. premium refunded if customer cancels within the first 30 days)
- ✓ Critical Illness coverage is offered by all banks and typically bundled with Life coverage. Only one bank offers this on a standalone basis.
- ✓ Job Loss and Disability coverage deemed optional 'add-ons' where both coverage types may not necessarily be offered by a particular bank
- ✓ **Age Eligibility:** Assessed at the product level (Life, CI, Disability, Job Loss), but generally 18 – 64 with a maximum termination age of 70. Some banks restrict age eligibility for CI and Job Loss products to a maximum of age 54 or 55.

Mortgage creditor insurance in Canada

Life insurance



Benefits payable



Outstanding balance on death, up to an overall maximum (ranges from \$500,000 - \$1,000,000; median of \$750,000)

Among CAFII participants



Two banks **do not** apply a pre-existing condition exclusion

- Two banks apply an exclusion **only when mortgages are refinanced** (whole amount or additional amount)
- One bank applies exclusion **only if the insured person was not required to answer any health questions on application**
- One bank applies a pre-existing condition **to all participants**

.....
*Medical pre-existing condition exclusions approach differs by bank.

Mortgage creditor insurance in Canada

Critical illness insurance



Benefits payable



Outstanding mortgage balance at the date of diagnosis of a covered critical illness, up to an **overall maximum**. Generally \$125,000 - \$500,000; median of \$475,000; one bank is an outlier with a maximum of \$1 M.

Covered illness



The illnesses typically covered are cancer, heart attack and stroke.

Mortgage creditor insurance in Canada

Loss of employment / job loss insurance



Positioning of offerings



Only two banks offer this protection, on a bundled basis with Disability protection

Benefits payable



Monthly mortgage payment for up to 6 months, up to a maximum dollar amount of \$3,000

Waiting period



Benefits payable after a waiting period of 60 days



Creditor insurance by type

Personal line of credit insurance in Canada

Personal line of credit insurance in Canada

Key features

- ✓ Life insurance is included in scope of all product offerings
- ✓ Critical Illness is offered by all but one CAFII participant bank and is always bundled with life insurance.
- ✓ **Age Eligibility:** Assessed at the product level (Life, CI, Disability, Job Loss), but generally 18 – 64 with a maximum termination age of 70. Some banks restrict age eligibility for CI and Job Loss products to a maximum of age 54 or 55.
- ✓ All banks offer a 30-day 'trial period' (i.e. premium refunded if cancelled within 30 days)
- ✓ Disability insurance is offered by all but one CAFII participant bank. Banks are split between bundling this with life insurance or offered on a standalone basis.
- ✓ Only one bank offers Job loss insurance.

Personal line of credit insurance in Canada

Life insurance



Benefits payable



Outstanding balance on death, up to an **overall maximum** (typically ranging from \$300,000 to \$1,000,000; median \$600,000)

Medical pre-existing exclusion



All banks have some **type of Pre-existing condition exclusion**

Non-evidence maximum



For all banks, approval for coverage is automatic up to a prescribed threshold (no health questions required) that ranges from \$50,000 to \$150,000

Personal line of credit insurance in Canada

Critical illness insurance



Benefits payable



Outstanding balance at date of diagnosis of a critical illness, up to a **maximum** of \$300,000 to \$1,000,000; median \$450,000)

Covered illness



The illnesses typically covered are cancer, heart attack and stroke

Personal line of credit insurance in Canada

Disability insurance



Benefits payable



Monthly payment, generally up to 24 months and a dollar maximum of \$1,500 to \$5,000 (median of \$3,000)

Waiting period



Benefits payable after a waiting period which typically is 60 consecutive days; one bank with a 30-day waiting period

Personal line of credit insurance in Canada

Loss of employment / job loss insurance



Benefits payable



Monthly payment for up to 6 months, to maximum of \$1,500 (revolving LOC) or \$3,000 (instalment LOC)

Waiting period



Monthly benefits are payable after a waiting period of 60 days



Creditor insurance by type

Personal loan insurance in Canada

Personal loan insurance in Canada

Key features



Life insurance is included in scope of all product offerings



All banks offer a 30-day 'trial period' (i.e. premium refunded if cancelled within 30 days)



Critical Illness is offered by three CAFII participant banks and is always bundled with life insurance.



Disability insurance is offered by all CAFII participant banks. Banks are split between bundling this with life insurance or offered on a standalone basis.



Age Eligibility: Assessed at the product level (Life, CI, Disability, Job Loss), but generally 18 – 64 with a maximum termination age of 70. Some banks restrict age eligibility for CI and Job Loss products to a maximum of age 54 or 55.



Two banks offer Job Loss insurance.

Personal loan insurance in Canada

Life insurance



Benefits payable



Outstanding balance on death, up to an **overall maximum** (typically ranging from \$150,000 to \$500,000; median \$250,000)

Medical pre-existing exclusion



All banks have some type of **Pre-existing** condition exclusion

Non-evidence maximum



Amongst CAFII participants:

- Three banks do not require a health questionnaire (automatic approval regardless of amount);
- One bank provides automatic approval on amounts **\$100,000 or less**;
- One bank provides automatic approval on amounts **\$300,000 or less**;
- One bank provides automatic approval on amounts **\$50,000 or less and under age 55**;

Personal loan insurance in Canada

Critical illness insurance



Benefits payable



Two banks pay the outstanding balance at date of diagnosis of a critical illness, up to a maximum of \$150,000 or \$500,000; whereas one bank pays a monthly benefit payment of up to a **maximum** of \$3,500

Covered illnesses



The illnesses typically covered are cancer, heart attack and stroke

Personal loan insurance in Canada

Disability insurance



Benefits payable



Typically pays the monthly payment, generally up to 24 months and a dollar maximum of \$1,500 to \$3,000 (median of \$2,000), however two banks do not have a maximum monthly limit, but rather an overall maximum limit of \$150,000 or \$200,000

Waiting period



Benefits payable after a waiting period which typically is 30 or 60 consecutive days (market is split)

Personal loan insurance in Canada

Loss of employment / job loss insurance



Benefits payable



One bank pays the interest payable on the loan until the person is no longer eligible for job loss benefits up to a maximum of 6 months; one bank pays the monthly payment for up to 6 months, to maximum of \$3,500

Waiting period



Benefits are payable after a waiting period of 30 or 60 days

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Workstream B (1)

Sales Practices

Workstream B (1) Members

Name	Member Company
Martin Boyle, Lead	BMO Insurance

Recommended Approach

- Identify a leader for this Workstream B(1)—will reach out to this person and ask if they agree
- Get buy in to the Workplan
- Ask members of the Best Practices Working Group to volunteer for this Workstream

Features of Workstream B(1)

- Focus on sales practices
- Will overlap with the other Workstream B groups as this touches on all aspects of Workstream B

Workplan

- When members of the Workstream are finalized, **two** one-hour meetings to be called to make progress on this sub-group.
- After all Workstream B sub-groups have had their meetings, a meeting will be called of all members of Workstream B. Each Workstream B sub-group will present at this meeting on its progress, with the objective of developing a consolidated plan.

Recommended Leader

- **Martin Boyle**

Workstream B (1)**Sales Practices****Background Content****MARTIN BOYLE NOTES FROM 28 FEBRUARY 2020 MEETING****Best Practices Workstream B1 Meeting Notes (Feb 28)**

3 – FCAC “...The lack of transparency about sales targets and commissions makes it difficult for consumers to determine in whose interest bank employees are acting when one product is recommended over another.”

- “Recommendations” are prohibited
- Agreement that quote is more an indication of FCAC needing better understanding of industry rather than identifying a need drastic changes or commitments
- Speaks to a branch employee discussing targets for sales – employees very different from licensed advisors discussing incentives; incentives primarily built around the lending product rather than the insurance (Demonstrates some degree of confusion on FCAC’s part)

Discussion and considerations re how CAFII Standards document could address “Recommendations”

- Outline the purpose of the product (*need to determine if another working group is addressing this*)
 - Need generated by loan
- Methods of sale and information provided to customers
 - Online, in branch, over phone...
 - Types of information provided
 - Purpose of the information (i.e., informed decision and informed consent)
- Inability to provide recommendations or advice (licensed activity)
- *Optional nature of the product*
 - *Sales processes, scripts and information built around optional enrollment* (ties to 36) below)

Discussion and considerations re how CAFII Standards document could address “Sales targets transparency”

- Difficult to identify other industries or sales services where corporate or individual sales targets are discussed with the customer at the point of sale – not an insurance issue
- Difficult to determine if incentives for creditor are sufficient to motivate sales behavior
- Quebec and Alberta must disclose that compensation is received (not sales target)
 - Could consider extending this type of disclosure across all provinces
- Could develop statement that CAFII members on an ongoing basis commit to monitoring and revising (when necessary) compensation and incentive practices to prevent compensation practices from incenting sale practices and conduct issues

33&37 – FCAC: “However, it is important to highlight that banks are not required to ask consumers to reconfirm their consent for acquisition of the product after the initial 30-day period (free look period).”

“Bank employees may try to persuade consumers to purchase creditor insurance by failing to provide clear information about the 30-day first-look feature. For example, when consumers ask questions about coverage exclusions, bank employees may encourage them to purchase the product on a trial basis in order to obtain an information package, even though the information is available without purchase. During the review, the FCAC found that some consumers forget to cancel the product and incur premium payments.”

- “free look” (it should be “review period”)
- How problematic is it to note there is a 30-day review period during

Discussion and considerations re how CAFII Standards document could address “Review Period”

- Note materials provided to customers after enrollment
 - Welcoming package
 - Consider developing minimum standards for welcoming package (i.e., letter clearly confirms enrollment in optional product, contact info for questions and contact info for cancellation)
- Outline purpose of the review period
 - Part of decision-making process
 - Offers time to review materials provided regarding the product
 - Emphasize importance and value since its unlicensed activity
 - Emphasize that it is not a sales tool (commitment to something industry will prevent)
 - Commitment from CAFII members to review sales to ensure 30-day period not being used to entice customers into a sale
 - Provides time for applicant whose focus was likely on the lending product during the sale rather than insurance
 - Consider CAFII commitment related to monitoring cancellation rates within 30-days as method to assist identifying potential market conduct and sales practice issues

Discussion and considerations re how CAFII Standards document could address “Reconfirming Consent”

- Could consider that initially billing where premiums are first charged, including a statement reminder that premiums are being charged
- In a digital world, could consider an advance warning of the 30-day period coming to a close
- Consider location of disclosure of 30-day review period on the insurance application; may be benefits if its close to the signature

Meeting 28 February 2020

Martin Boyle—Emily Brown—Michelle Costello—Brendan Wycks—Keith Martin

Will develop principles or commitments

Many FCAC misconceptions

Products are not well-understood

Provide an overview or explanation of how the sales practices work

May have standards that we adhere to as well

Education versus revamping the industry

<p>Develop a summary of the sales practices used by CAFII members, for the Working Group's review re possible inclusion in a best practices document.</p>	<p><i>Findings; Sales culture, from the FCAC Domestic Bank Retails Sales Practices Review, Page 6: "...The lack of transparency about sales targets and commissions makes it difficult for consumers to determine in whose interest bank employees are acting when one product is recommended over another."</i></p>	<p>3</p> <p>Focus on "recommend one product over another"</p> <p>Are not "recommending" products, need established by loan</p> <p>No advice built into these products</p> <p>Don't focus on sales targets; have there been other things built into the sales process?</p> <p>Cancellation of sales can be a signal that sales process was not right</p> <p>Everyone has compliance metrics for their reps</p> <p>Challenge idea that commissions and targets mean there is a problem</p> <p>What did the banks say to the FCAC on this point?</p> <p>SEND SALES PRACTICES TO KEITH</p> <p>Marie Nadeau to send to Keith</p> <p>Misunderstanding here</p> <p>Are not allowed to advise</p> <p>Education here</p> <p>Do not recommend</p> <p>We cannot comment on suitability, just eligibility</p> <p>Compensation etc. is generally more for the loan product not the CPI product</p> <p>What is the purpose of the product?</p> <p>Need for insurance is generated by the need for the loan</p> <p>Purpose of information provided—it is to let the customer know their</p>
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		<p>options, not around recommendations</p> <p>Elements related to optional nature of the product</p> <p>Will try to develop an outline of what we are trying to do; will be circulated to team members after this meeting</p> <p>Disclose compensation in Quebec and Alberta—should we offer to do this in all jurisdictions?</p> <p>“CAFII members will continue to review incentive programs to ensure that they do not produce inappropriate sales conduct”</p>
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<p>Remind regulators that the “free look” period is shared in the welcome package they receive after enrolling for coverage. In the Action Item section on using better terminology, change “fee look period” to “review period.” Commit to a regular communication with customers of what they had signed up for, what it covered them for, and what they were paying for the coverage. Commit that industry will not use the review period as a selling tool and that scripts and sales training will continue to emphasize that.</p>	<p><i>Creditor Insurance; Reconfirmation of Purchase/Enrolment after “free look” period, from Financial Consumer Agency of Canada (FCAC)’s Domestic Bank Retail Sales Practices Review, p. 14: “However, it is important to highlight that banks are not required to ask consumers to reconfirm their consent for acquisition of the product after the initial 30-day period (free look period).”</i></p>	<p>#33</p> <p>NEW MEETING 17 OCT 2019 ROB DOBBINS; SCOTT KIRBY; KEITH MARTIN; MARIE NADEAU; SHARON APT</p> <p>This is not something we do. It is covered by the commitment made around regular communication.</p> <p>Should use “review period”</p> <p>This and #37 are linked</p> <p>Monitoring 30-day drop-off as a indicator of potential inappropriate behaviour</p> <p>Consider initial billing and first charge – reminder that now premiums are being charged</p>
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<p>The industry commits to not enrolling customers who are not eligible for the coverage. The industry should look at additional disclosures and filters to avoid signing up customers for coverage for which they are not eligible. The industry could look at sharing with regulators industry's eligibility criteria. There should be an effort to come up with a common definition of "resident of Canada."</p>	<p><i>Creditor Insurance; Consumer risks associated with creditor insurance, from Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales Practices Review, p. 14: "... Bank employees may sell creditor insurance to post-secondary students to go along with a personal line of credit but neglect to inform them that they need to work a minimum number of hours for the coverage to be in force."</i></p> <p><i>Improved Sales Practices, from Australian Securities & Investments Commission's "Consumer credit insurance" report, Report 622, July 2019, pp. 4, 13-16: "Lenders should use 'hard filters' for key eligibility criteria for online sales and 'knock out' questions in scripts for phone and branch sales to prevent the sale of CPI to consumers who are ineligible to claim primary cover."</i></p>	<p>#34 and #35</p> <p>Life cycle issue, coverage could change as life circumstances change. Working Group members will be asked to offer examples of filters, like age, that remove people who are not eligible for coverage.</p>
<p>Set out clearly for the regulators the current industry practices, including the where, when and how of current communication. Challenge this statement, noting that all training and scripts emphasize the optional nature of balance protection insurance and this statement does not reflect how CAFII members' sell this product. Where a sales person deviates from these expectations, it is taken very seriously, viewed as rogue behaviour, and is dealt with immediately. Set out how industry discloses clearly and consistently the optional nature of this coverage.</p>	<p><i>Creditor Insurance; Consumer risks associated with creditor insurance, from Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales Practices Review, p. 14: "... Front-line employees may sell creditor insurance by advising consumers that "the credit card comes with balance protection," which may give consumers the impression that creditor insurance is a card feature, as opposed to what it really is: a separate and optional product."</i></p>	<p>#36</p> <p>Provide examples of our practices. Look at ways to present this and what to avoid in terms of language. Do not believe this is a systemic issue.</p>

<p>See Item #36. Look at whether there are terminology changes in this section that industry should consider.</p>	<p><i>Creditor Insurance; Consumer risks associated with creditor insurance, from Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales Practices Review, p. 14: "Bank employees may try to persuade consumers to purchase creditor insurance by failing to provide clear information about the 30-day first-look feature. For example, when consumers ask questions about coverage exclusions, bank employees may encourage them to purchase the product on a trial basis in order to obtain an information package, even though the information is available without purchase. During the review, the FCAC found that some consumers forget to cancel the product and incur premium payments."</i></p>	<p>#37</p> <p>This represents a biased view. Industry is operating appropriately. It is not necessary to continuously repeat that the customer can cancel.</p> <p>"Free look" term is problematic. Need to take on new terms, perhaps with other members from other workstreams. Ask the rest of the group if anyone would like to take this on.</p> <p>Should we speak of a "30 day return period" or "30 day cancellation period"? Or 30 day review period?</p> <p>Could describe materials provided after sale Materials in welcome package Outline purpose of review period Gives customer time to consider product NOT a sales tool</p>
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Workstream B (2)

Sales Communication

Workstream B (2) Members

Name	Member Company
TO BE CONFIRMED	

Recommended Approach

- Identify a leader for this Workstream B(2)—will reach out to this person and ask if they agree
- Get buy in to the Workplan
- Ask members of the Best Practices Working Group to volunteer for this Workstream

Features of Workstream B(1)

- Focus on sales communication-how do we communicate with our customers?
- A key issue is how prescriptive we wish to be—do we say “communicate regularly” or “communicate no less than once a year with clear information on how to cancel a policy if you no longer wish to keep it”?

Workplan

- When members of the Workstream are finalized, **one** one-hour meeting to be called to make progress on this sub-group.
- After all Workstream B sub-groups have had their meetings, a meeting will be called of all members of Workstream B. Each Workstream B sub-group will present at this meeting on its progress, with the objective of developing a consolidated plan.

Recommended Leader

- **TO BE CONFIRMED**

Workstream B (2)
Sales Communication
Background Content

Sales Communication

Develop a regular communication to customers and include this in that effort.	<i>Improved Post-Sales Conduct, from Australian Securities & Investments Commission's "Consumer credit insurance" report, Report 622, July 2019, pp. 4, 13-16: "Lenders and insurers should give consumers appropriate annual communication about the price, limits and exclusions of the policy and remind them to lodge a claim if they had a claimable event in the past 12 months."</i>	<p>21</p> <p>Do something every two years?</p> <p>What should be in the communication?</p> <p>What is format/channel?</p> <p>"Leave the method and timeliness flexible for firms"</p> <p>LET'S SAY ONE YEAR MAKES SENSE</p> <p>Don't prescribe the communication method</p> <p>Perhaps say "clear, with opportunity to cancel easily"</p>
Develop a regular communication to customers and include this in that effort, but do not ask customers if they want to cancel their policy.	<i>Improved Post-Sales Conduct, from Australian Securities & Investments Commission's "Consumer credit insurance" report, Report 622, July 2019, pp. 4, 13-16: "Lenders and insurers should, every two years, contact consumer with CPI on a credit card (or other revolving lines of credit) about whether they want to keep their policy or cancel their coverage."</i>	<p>22</p> <p>SEE 21</p>

Workstream B (3)

Post Sales Conduct

Workstream B (3) Members

Name	Member Company
Rob Dobbins, Lead	Assurant

Recommended Approach

- Identify a leader for this Workstream B(3)—will reach out to this person and ask if they agree
- Get buy in to the Workplan
- Ask members of the Best Practices Working Group to volunteer for this Workstream

Features of Workstream B(3)

- Focus on post sales conduct
- Will overlap with the other Workstream B groups but need to emphasize the process after the sale is complete—what are the special features around post-sales conduct, including claims?

Workplan

- When members of the Workstream are finalized, **two** one-hour meetings to be called to make progress on this sub-group.
- After all Workstream B sub-groups have had their meetings, a meeting will be called of all members of Workstream B. Each Workstream B sub-group will present at this meeting on its progress, with the objective of developing a consolidated plan.

Recommended Leader

- **Rob Dobbins**

Workstream B (3)
Post Sales Conduct
Background Content

Post Sales Conduct

Develop wording for a best practices guideline along the lines of: "If a distributor becomes aware of a customer with a possible insurable event they should suggest that they contact their insurer."	<i>Improved Post-Sales Conduct, from Australian Securities & Investments Commission's "Consumer credit insurance" report, Report 622, July 2019, pp. 4, 13-16: "Lenders should notify a consumer with a CPI policy who applies for changes to their loan contract due to financial hardship that they have a CPI policy and provide or transfer their claim details to the insurer for assessment."</i>	23 Getting something in the annual communication reminding people of claimable events Make this part of the annual communication Marie will see how this works in NBI
The industry supports and will comply with the requirement to accurately and reliably record claims denied including the number of such claims and the reasons why.	<i>Improved Post-Sales Conduct, from Australian Securities & Investments Commission's "Consumer credit insurance" report, Report 622, July 2019, pp. 4, 13-16: "Insurers should accurately and reliably record the number of (and reasons for) withdrawn claims and claims that did not proceed."</i>	24 What does withdrawn mean? Voiding policy issue Reasons for denial
Explore ways in which to ensure customers who sign up for a product are eligible to make a claim on it, and identify what the industry could commit to – in terms of a high-level principle or best practice -- that would improve regulators' comfort that customers are not being enrolled in products for which they are not able to make a claim.	<i>Improved Sales Practices, from Australian Securities & Investments Commission's "Consumer credit insurance" report, Report 622, July 2019, pp. 4, 13-16: "Lenders should take into account information they have about the consumer to ensure consumers are not being sold a CPI policy where they are ineligible to claim (this does not have to mean that personal advice is being provided)."</i>	#48 Working group See sections 23, 34 and 35

Workstream B (4)

Sales Practices Controls and Training Including in Different Channels

Workstream B (4) Members

Name	Member Company
Karyn Kasperski	RBC Insurance

Recommended Approach

- Identify a leader for this Workstream B(4)—will reach out to this person and ask if they agree
- Get buy in to the Workplan
- Ask members of the Best Practices Working Group to volunteer for this Workstream

Features of Workstream B(4)

- Focus on controls and training
- Emphasis on process and procedures

Workplan

- When members of the Workstream are finalized, **two** one-hour meetings to be called to make progress on this sub-group.
- After all Workstream B sub-groups have had their meetings, a meeting will be called of all members of Workstream B. Each Workstream B sub-group will present at this meeting on its progress, with the objective of developing a consolidated plan.

Recommended Leader

- **Karyn Kasperski**

Workstream B (4)**Sales Practices Controls and Training Including in Different Channels****Background Content****Sales Practices Controls and Training Including in Different Channels**

Document the procedures and controls used by insurers and intermediaries, including front end controls, competency development, training and education, scripting, and monitoring and controls. Note that where improper behaviour is identified, it is dealt with immediately. Listening to small numbers of calls can identify broader issues that can be dealt with immediately. The industry could also update and enhance training based on expanded regulatory expectations. We should also tie remediation to the fair treatment of customers.	<i>Creditor Insurance; Controls for creditor insurance sales practices; Scripts and cues, from Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales Practices Review, p. 15: "... Banks do not have adequate controls in place to ensure employees follow scripts, clearly explain terms and conditions, and avoid using undue sales pressure. Oversight is greater in call centres where calls are recorded, but only a very small number are reviewed for compliance with the bank's code of conduct and market conduct obligations. In the branch environment, banks largely rely on branch managers, assistants and supervisors to prevent mis-selling."</i>	<p>#38 Working group</p> <p>Follow cancellation rates in order to reinforce training in branches where cancellation rates are higher.</p> <p>Robust training programs and-Certification of training</p> <p>(face to face selling harder to monitor than sales through call centers in the absence of recording)</p> <p>MYSTERY SHOPPING? WHO WOULD DO IT?</p>
Develop best practices guidelines to address each of these specific expectations.	<i>Controls for sales practices; Telephone channel, from Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales Practices Review, pp. 20-21: "... FCAC found that in bank call centres where employees take 1,400 calls per month, generally up to 4 calls are reviewed for quality assurance purposes. ... Banks should review a higher number and larger proportion of calls for quality assurance. Implementing voice analytic technology could reduce the costs associated with reviewing more calls. In addition, call selection should be risk-based instead of random. When sales practices issues are identified during call reviews, banks should perform significantly more root-cause analyses."</i>	<p>#39 Working group</p> <p>Call selection should be risk based instead of random</p> <p>Quality of sampling should be prioritized to quantity for monitoring.</p> <p>Smaller samples could be reviewed more regularly</p> <p>Oversight should focus on risk items.</p> <p>QUALITY NOT QUANTITY IS WHAT IS IMPORTANT</p>

<p>The industry should commit to ongoing competency development. It was felt that instead of certification, there could be a commitment to industry standards around member courses. Industry could commit to ongoing training and to knowledge retention testing. Industry could commit to strengthened training.</p>	<p><i>Creditor insurance; controls for creditor insurance sales practices; Training, from Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales Practices Review, p. 15: "The review revealed that bank employees are not always adequately informed or knowledgeable about creditor insurance products. . . . During FCAC branch visits, employees provided inaccurate and incomplete information about the benefits, coverage and exclusions associated with creditor insurance when answering questions about how they sell the product. FCAC is of the view that there is room to strengthen the training of front-line staff.</i></p>	<p>#40 Working group</p> <p>Group agrees that appropriate training should be strengthened</p>
<p>Create a high-level principle around the assertion that all employees must be trained and monitored around sales practices, and only acceptable and appropriate sales practices will be practiced.</p>	<p><i>Cross-Selling, from Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales Practices Review, pp. 11-12: "Banks' heightened focus on cross-selling may increase the risk that they will fail to obtain consumers' express consent. . . . increases the risk that bank employees will feel rushed and not communicate in a manner that is clear, simple and not misleading when obtaining a consumer's consent."</i></p>	<p>#43 Working group</p> <p>See section 38.</p>
<p>Identify and detail a list of actions which organizations can take to ensure express consent is obtained, across all applicable channels, for possible inclusion in a high-level principle or best practice.</p>	<p><i>Controls for Cross-Selling Risk/Consent, from Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales Practices Review, p. 12: "The controls in place to ensure banks obtain consumers' consent through communication that is clear, simple and not misleading are typically weaker in the branch channel when compared to call centre operations. . . . In branches, managers and customer service supervisors are responsible for ensuring that employees read the scripts and cues. However, FCAC found that branch managers and supervisors are not well-positioned to ensure that express consent is always obtained in the prescribed manner."</i></p>	<p>#44 Working group</p> <p>See section 38.</p> <p>Follow cancellation rates and reinforce training if required in branches where rates are higher Monitoring could be accomplished by mystery client tool. Monitoring could be accomplished by Internal audit or other sector of branch/insurer.</p>

Relegate this item to the “Not Applicable” section, as while the industry is in agreement that quality express consent is required, pre-consent to even broach making an offer of credit protection insurance to a consumer is not applicable to the Canadian market/industry context.	<i>Improved Sales Practices/Consent, from Australian Securities & Investments Commission’s “Consumer credit insurance” report, Report 622, July 2019, pp. 4, 13-16: “Lenders should obtain and record positive, clear and informed consent before discussing the sale of CPI with a consumer.”</i>	#45 Working group Will not comment.
Research best practices around call calibration including level of sample size, and explore committing industry to those best practices. Examine whether there are cases where certain products are not appropriate for certain customers, and whether that is something we would feel able to commit to including in our sales practices.	<i>Controls for Cross-Selling Risk, from Financial Consumer Agency of Canada (FCAC)’s Domestic Bank Retail Sales Practices Review, pp. 12-13: “Banks record most conversations between consumers and call centre employees, which allows them to review transactions to verify whether employees are following the scripts and properly obtaining the consent of consumers. However, the review revealed that banks examine only a relatively small number of calls – too few, in fact, to provide a high-level of confidence that individual call centre employees are in compliance with policies and procedures related to obtaining consent.”</i>	#46 Working group This section is similar to sections 38 and 39. Risk based approach to selection of calls should be prioritized (the fact that an employee knows he/she might be listened to will ensure better service). Depending on concerns, scripts can be enhanced or employee retrained.

Workstream B (5)

Sales Practices -- Cancellations of Policies / Conflicts of Interest (From Workstream C)

Workstream B (5) Members

Name	Member Company
TO BE CONFIRMED	
Sharon Apt, volunteer	Canada Life

Recommended Approach

- Identify a leader for this Workstream B(5)—will reach out to this person and ask if they agree
- Get buy in to the Workplan
- Ask members of the Best Practices Working Group to volunteer for this Workstream

Features of Workstream B(5)

- Focus on cancelling policies and managing conflicts of interest

Workplan

- When members of the Workstream are finalized, **one** one-hour meetings to be called to make progress on this sub-group.
- After all Workstream B sub-groups have had their meetings, a meeting will be called of all members of Workstream B. Each Workstream B sub-group will present at this meeting on its progress, with the objective of developing a consolidated plan.

Recommended Leader

- **TO BE CONFIRMED**

Participants

Sharon Apt

Workstream B (5)**Sales Practices -- Cancellations of Policies / Conflicts of Interest (From Workstream C)****Background Content****Sales Practices -- Cancellations of Policies / Conflicts of Interest (From Workstream C)**

Explore applying a form of Quebec's RADM S35 as an industry practice, or alternatively explore clawbacks of commissions when certain cancellation thresholds are met.	<i>Creditor Insurance; Controls for creditor insurance sales practices; Claw backs from Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales Practices Review, p. 15: "Banks gather some data on cancellation rates, but they may not necessarily reflect instances of mis-selling as consumers may cancel the insurance for other reasons. Further analysis of cancellations by banks would enable the data to be used to monitor, identify and address sales practices risk."</i>	#41 Working group Group agrees that data analysis is already done by branches/insurer and might not need to be increased. Nevertheless, group suggests increasing the use of data cancellation to identify and address sales practices risks.
Develop a checklist of what to avoid in the area of conflicts of interest, and how to avoid those issues, for the Working Group's review re possible inclusion in a best practices document.	<i>Conflicts of Interest, from the CCIR/CISRO FTC Guidance, pp. 14-15: "CCIR and CISRO expect that any potential or actual conflicts of interest be avoided or properly managed and not affect the fair treatment of Customers."</i>	5
Review possible non-financial incentives that could be used to motivate sales forces, for possible inclusion in a high-level principle or industry best practice.	<i>Performance management; Non-financial incentives and Sales targets; Scorecards, from Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales Practices Review, pp. 8-10: "When properly designed, non-financial incentives can promote good sales practices and behaviours. The review identified opportunities for banks to significantly enhance the design, monitoring and oversight of non-financial rewards programs.</i> <i>. . . a number of banks have introduced, or are testing, activity-based targets to complement sales targets. This can mitigate the risk of mis-selling, as</i>	#49

	<p><i>employees are recognized for sales-related activities even in circumstances where consumers choose not to purchase any products or services.</i></p> <p><i>. . . Some banks have taken steps to integrate more team-based sales targets, which may mitigate the risk of mis-selling by reducing the pressure on individual employees to sell products and services.</i></p> <p><i>. . . Product-neutral sales targets could greatly mitigate the risk of mis-selling financial products and services to consumers.</i></p> <p><i>. . . Banks point to balanced scorecards as a key control to mitigate the risk of mis-selling and breaching market conduct obligations. In practice, however, the metrics used to assess an employee's sales results tend to be significantly more robust than those used to assess other areas of performance."</i></p>	
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Workstream C

Workstream #3 Incentives, Conflicts of Interest; and #4 Outsourcing

Items #5, 49; and #7, 42

UPDATE 17 October 17, 2019

Discussed merging work stream C (incentives and conflict of interest) with work stream B (move outsourcing to another work stream)

- Some overlap
- Issues like measures, complaints, cancellation & controls can be linked

Discuss non-financial incentives *

- Come up with a list of non-financial incentives (e.g. training, bonus)
- Reward performance review for good behavior
- Consider the use of surveys

*consider soliciting the group for a list of non-financial incentives.

Discussed providing commentary on the consequences of bad behavior

Arrive at standard metrics to monitor (KRI's)

Discussed whether similar measures should be applied to the branches vs. call centres

Look at competences

What does success look like?

Code of conduct or issue a consumer document on proper behavior / expectations of the consumer (role of seller & buyer)

Outsourcing

Applies to all outsourcing arrangements including insurers

- Criteria
- Reporting
- Selection
- KRIs
- SLA
- Identify what is quality service
- Follow compliance and regulation
- Ownership of data

Next steps

Ask for an insurer to join the group on outsourcing, merge incentives and conflict of interest with Workstream 2

7 November 2019—

B and Incentives will be merged

Outsourcing will be branched off and we need to get an insurer and SME

ASKING FOR 2 INSURERS

Sharon Apt will do it or find someone

Monika Spudas will get back to us

SHARON AND MONIKA WILL WORK ON OUTSOURCING FOR THE WORKPLAN

NEXT STEP IS TO DEVELOP THE OUTSOURCING WORKPLAN

SEE #7

After workplan is developed need to ask for volunteers again

Workstream C Members

Name	Member Company
Greg Caers	BMO Insurance
Marie Nadeau	National Bank Insurance
Monika Spudas	Manulife
Sharon Apt	Canada Life
Keith Martin	CAFII

<u>Action Item</u>	<u>Wording Excerpt Reference From 3 October, 2019 Thought Starter</u>	<u>Number Reference, 3 October Thought Starter</u>
Develop a checklist of what to avoid in the area of conflicts of interest, and how to avoid those issues, for the Working Group's review re possible inclusion in a best practices document.	<i>Conflicts of Interest, from the CCIR/CISRO FTC Guidance, pp. 14-15: "CCIR and CISRO expect that any potential or actual conflicts of interest be avoided or properly managed and not affect the fair treatment of Customers."</i>	5
Review possible non-financial incentives that could be used to motivate sales forces, for possible inclusion in a high-level principle or industry best practice.	<i>Performance management; Non-financial incentives and Sales targets; Scorecards, from Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales Practices Review, pp. 8-10: "When properly designed, non-financial incentives can promote good sales practices and behaviours. The review identified opportunities for banks to significantly enhance the design, monitoring and oversight of non-financial rewards programs.</i> <i>... a number of banks have introduced, or are testing, activity-based targets to complement sales targets. This can mitigate the risk of mis-selling, as</i>	#49

	<p><i>employees are recognized for sales-related activities even in circumstances where consumers choose not to purchase any products or services.</i></p> <p><i>. . . Some banks have taken steps to integrate more team-based sales targets, which may mitigate the risk of mis-selling by reducing the pressure on individual employees to sell products and services.</i></p> <p><i>. . . Product-neutral sales targets could greatly mitigate the risk of mis-selling financial products and services to consumers.</i></p> <p><i>. . . Banks point to balanced scorecards as a key control to mitigate the risk of mis-selling and breaching market conduct obligations. In practice, however, the metrics used to assess an employee's sales results tend to be significantly more robust than those used to assess other areas of performance."</i></p>	
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<u>Action Item</u>	<u>Wording Excerpt Reference From 3 October, 2019 Thought Starter</u>	<u>Number Reference, 3 October Thought Starter</u>
Develop a best practices statement on outsourcing, which is precise but not overly prescriptive, for the Working Group's review re possible inclusion in a best practices document.	<i>Outsourcing, from CCIR / CISRO FTC Guidance, pp. 16-17: "CCIR and CISRO expect that functions related to conduct of insurance business outsourced to service providers do not hinder the quality of services or jeopardize the Insurer's or the Intermediary's ability to achieve fair treatment of Customers."</i>	7 CBA has an authorized insurance products code of conduct
Create a high-level principle around the assertion that the industry must have the same oversight over third-party sellers as it does over internal sales forces. In principle, the oversight should/must not be weaker	<i>Creditor Insurance; Controls for creditor insurance sales practices; Third-party sellers, from Financial Consumer Agency of Canada (FCAC)'s Domestic Bank Retail Sales Practices Review, pp. 15-16: "General, re litany of FCAC concerns re "Consumer risks associated with third-party sellers"; in particular "bank</i>	42

externally than it is internally.	<i>oversight of third-party sellers remains underdeveloped and weaker than the oversight exercised over their own sales operations. Considering the elevated risk posed by third-party sellers, banks would benefit from buttressing their oversight of third-party sellers."</i>	
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Workstream D

Workstream #5 Product Design

Items #8, 10, 13

Workstream D Members

Name	Member Company
Joanna Onia	CIBC Insurance
Parminder Rai	CIBC Insurance
Luce Doyon	National Bank Insurance
Michelle Costello	CUMIS/The Co-Operators
Martin Boyle	BMO Insurance
Brendan Wycks	CAFII

Spokesperson Joanna Onia

UPDATE FROM JOANNA NOV 1 2019

Hi Keith- Thank you for your email, its timely as Parm and I had a chance to share our working groups draft with senior stakeholders internally for their feedback.

What came out quite strong was as part of our product design analysis can we include direct recommendations for product design (perhaps this could flow after the value section),

Some examples that came up in discussion were things like: ‘Should there be a guiding principles created around what as an industry we should do (i.e. creditor protection products being unbundled) vs. product design principles that we should not undertake/touch because they are not broken (benefits offered as an example)

It would be great to get a sense from the working group if we think we can push our thinking and create principles specific to the intrinsic product design. If we can get on a call next week that would be great. I am away on the 7th and 8th so unfortunately will not be able to provide an update, however can provide an email update that perhaps Brendan could share in my absence.

Also I wanted to inform the working group that Parm is on paternity leave effective today, and will be away for the next couple of months, we are down a resource but I am looking at securing a replacement from our team to assist as a product advisor.

Thank you

Joanna

7 November 2019

Andrea, Martin, Monika all were concerned about suggesting that bundling is a problem

Should push back on that

Need to respond to what the consumer wants

“let’s not paint members into a corner”

Keith noted that regulators are raising bundling more so we may want to think about how we want to respond to any such concerns

<u>Action Item</u>	<u>Wording Excerpt Reference From 3 October, 2019 Thought Starter</u>	<u>Number Reference, 3 October Thought Starter</u>
Develop high-level wording around what a creditor insurance product is intended to do, with an explanation of how products are designed, for the Working Group's review re possible inclusion in a best practices document.	<i>Product Design, from CCIR/CISRO FTC Guidance, pp. 18-19: "CCIR and CISRO expect that the design of a new insurance product or significant adaptations made to an existing product take into account the interests of the target Consumers' group."</i>	8
Develop a glossary of terms that the industry uses that could be better positioned, with suggested alternatives, for the Working Group's review re possible inclusion in a best practices document.	<i>Improved Product Design and Value (unbundling), from Australian Securities & Investments Commission's "Consumer credit insurance" report, Report 622, July 2019, pp. 4, 10-12: "CPI products should be unbundled so that consumers can select coverage they are eligible to use and that meets their needs."</i>	10
Develop wording around the value of credit protection insurance products for consumers, for the Working Group's review re possible inclusion in a best practices document.	<i>Improved Product Design and Value, from Australian Securities & Investments Commission's "Consumer credit insurance" report, Report 622, July 2019, pp. 4, 10-12: "Benefits should reflect the needs of consumers (e.g. payments for periods of unemployment rather than arbitrary limits)."</i>	13

Workstream E

Workstream #1 Governance and Culture; #6 Distribution Strategies and Consent; and #7 Disclosures and Consent; and #8 Product Promotion and Advertising

Items #14; and #15, 18; and #18, 19

Workstream E Members

Name	Member Company
Brad Kuiper	ScotiaLife Financial
Rebecca Saburi	BMO Insurance
Karyn Kasperski	RBC Insurance
Monika Spudas	Manulife Financial
Jeremy Flanagan	TD Insurance
Brendan Wycks	CAFII

Karyn Kasperski Spokesperson

UPDATE BY KARYN KASPERSKY—9 January 2020

CAFII Workstream E – Draft Guiding Principles

1. Reference item #15 – “CCIR/CISRO expect that a Customer is given appropriate information to make an informed decision before entering into a contract”
 - a. Agreement on draft Guiding Principle to be brought forward to Working Group – As a best practice, all members will provide a summary (associated with the product the consumer is considering) of the coverage, exclusions and any limitations in clear, simple language such that an informed decision before entering into a contract.
 - b. Action item – Brendan to obtain permission and then provide a copy to this working group of one of members’ product summary under development
2. Reference item #14 – Support the concept of “quality consent” that is equally met in each channel, with the following criteria: Question posed to a client for a product or service provided with the ability to decline; Use language and be presented in a way that the offer is clear to the client(s), with an affirmative response received from the client.
 - a. Agreement on draft Guiding Principle – As a best practice, all members will, prior to a consumer entering into a contract, articulate a clear request for consent prior to enrollment. The question should be presented in a way that is clear to the client with a clear affirmative response received. Suggestions for clear questions (discussion with Working Group – should these be part of the guiding principle)?
 - i. Bradley Kuiper (Scotiabank) provided the question his organization is working with “Do you understand and agree that you are applying for optional (Product/Product Name) and consent to have the product set up for you?”
 - ii. Suggestion #2 - Do you agree and consent to enroll based on terms and conditions I have provided you?”
 - b. Suggestions for clear affirmative response received (**discussion with Working Group** – should these be part of the guiding principle)? “yes”, ~~“yeah”~~, “OK”, “I agree”

- c. **Discussion with Working Group** - if the clear affirmative response is not provided, clarification must be obtained from the client with the affirmative response – Example “In order to proceed, I require an affirmative response of either “yes”, “OK” or “I agree”
3. Reference item #18, #19 – “CCIR and CISRO expect that product promotional material is accurate, clear, not misleading and consistent with the result reasonably expected to be achieved by the Customer of the product”
 - a. Agreement on draft Guiding Principle - “All members as a best practice are expected to develop and maintain policies, procedures and controls around promotional messages developed and ensured they are reviewed and adhere to applicable laws and regulations regarding fair representation of products”.

The policies, procedures and controls would include a 2nd line review and approval by Legal and/or Compliance to ensure accuracy and clarity of the product being promoted.

4. Reference item #1 – “CCIR and CISRO expect fair treatment of Customers to be a core component of the governance and business culture of insurers and intermediaries”
 - a. Agreement on draft guiding principle – comments are welcome here. “All members as a best practice are expected to develop and maintain policies, procedures and controls around fair treatment of customers. This will include but not be limited to proactively seeking feedback from customers on their purchase experience, making clients aware of how to make and escalate concerns within a financial institution if they feel they have been treated unfairly in any dealings with staff or are concerned about the product they have received.”

7 June 2019

AMF Product Summary—should we offer this to consumer throughout the country?

Bundling versus unbundling issue

How deal with a student in a bundled product that includes job loss? May not qualify for some components. Should the offer even be made if they cannot qualify for certain benefits based on their circumstances?

Item #14 is next to be discussed

May need to discuss Certificate of Insurance

Martin—instead of AMF Summary, why not look at certificate?

Action Item	Wording Excerpt Reference From 3 October, 2019 Thought Starter	Number Reference, 3 October Thought Starter
Develop some options around possible high-level wording related to business culture, for the Working Group’s review re possible inclusion in a best practices document.	<i>Governance and Business Culture, from the CCIR/CISRO FTC Guidance, Page 13: “CCIR and CISRO expect fair treatment of Customers to be a core component of the governance and business culture of insurers and intermediaries.”</i>	1
Support the concept of “quality consent” that is equally met in each channel, with the following	<i>Distribution Strategies, from CCIR / CISRO FTC Guidance, p. 21: “CCIR and CISRO expect that distribution</i>	14

criteria: Question posed to a client for a product or service provided with the ability to decline; Use language and be presented in a way that the offer is clear to the client(s), with; An affirmative response received from the client(s).	<i>strategies are tailored to the product, consider the interests of the targeted Consumer groups and result in consistent Consumer protections independently of the distribution model chosen."</i>	
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Action Item	Wording Excerpt Reference From 3 October, 2019 Thought Starter	Number Reference, 3 October Thought Starter
Action Item for #18 applies to this item as well. <u>CROSS REFERENCE TO #18</u>	<i>Distribution Strategies, from CCIR / CISRO FTC Guidance, p. 21: "CCIR and CISRO expect that a Customer is given appropriate information to make an informed decision before entering into a contract."</i>	15
Industry agrees fully with these principles and will adhere to them. <u>CROSS REFERENCE TO #15</u> <u>ITEM #18 ALSO IN WORKSTREAM #7 PRODUCT PROMOTION AND ADVERTISING</u>	<i>Product Promotion, from CCIR/CISRO FTC Guidance, p. 22: "CCIR and CISRO expect that product promotional material is accurate, clear, not misleading and consistent with the result reasonably expected to be achieved by the Customer of the product."</i> <i>Product Advertising, from AMF Sound Commercial Practices Guideline, p. 16: "The AMF expects that product advertising is accurate, clear and not misleading."</i>	18 19

Action Item	Wording Excerpt Reference From 3 October, 2019 Thought Starter	Number Reference, 3 October Thought Starter
Industry agrees fully with these principles and will adhere to them. <u>CROSS REFERENCE TO #15</u>	<i>Product Promotion, from CCIR/CISRO FTC Guidance, p. 22: "CCIR and CISRO expect that product promotional material is accurate, clear, not misleading and consistent with the result reasonably expected to be achieved by the Customer of the product."</i>	18 19

	<i>Product Advertising, from AMF Sound Commercial Practices Guideline, p. 16: “The AMF expects that product advertising is accurate, clear and not misleading.”</i>	
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Workstream F

Workstream #10 Claims; and #11 Complaints Handling

Items #25, 26; and #27, 28, 29

Workstream F Members—Karyn and Rob to Co-Chair; Rob to be Spokesperson

Name	Member Company
Rob Dobbins	Assurant
Karyn Kasperski	RBC Insurance
Keith Martin	CAFII
Jamie Paradis	BMO Insurance
Isabelle West	BMO Insurance

NEED AN SME TO JOIN GROUP

8 January 2020

Let's try to get some SLAs

Could try to get a high level principle and then get the details ... simplicity, diligence, process, accessible etc.

One component of diligence is timing

"roll the sleeves up working group session"

Two components: 100% within 5 business days

Definition of action—claim set up

This relates to diligence part

Need to look at different components

"Fairly settled"

"What is accessible?"

"How communicated"

Could move in this direction if we don't have data from members on what they are doing

Need to make sure people close to claims are in agreement with the approach we are taking, some are closer to this than we are; and that they are in agreement with the proposals

"Need an outline of what we are looking for in the principles" – can have an outline of a principle, then can get into the details later

Need to show Board some progress

Need to show at least an outline of what the principles are

FOR EXAMPLE:

Claims – principles will address immediate, fairness, claims procedure

Experience—timing for action, timing for settlement

Fairness—need to figure that out

Procedure—has to be developed by insurer, has to be made public (what does that mean?), etc.

Simplicity—language principles etc.

Rob will take a crack at doing this initial outline for this Thursday, 9 January 2020 meeting

Should probably have a meeting with SMEs on complaints and claims to review the recommendations thus far by this Workstream

First need to develop an outline

FCAC definition of complaint is too broad

Probably need to be cautious about using their definition

Want to eliminate complaints that should not be captured like branch lineup is too long

EMAIL FROM MARTIN BOYLE, 8 January 2020

This email is a follow up to our conversation this afternoon. There was consensus that this workstream has been hampered by a lack of input/information from other CAFII members as well as a lack of participation from claims and complaints SMEs. We discussed (for now) focusing on aspects of the work that weren't dependent on the information and details from other members. This would include building out an outline of principles for claims and complaints and the expectations in terms of what we would like to see addressed (rather than the specific details for the high-level principles). Based upon what we have heard from the regulators and what the workstream has put together so far, I suggested that the following outlines for the high-level principles could be used as a basis to move forward:

Claims Ps will address the following areas

- a) Expedience
 - SLA related to timing of actioning of claim
 - SLA related to timing of settlement
 - Other commitments...
- b) Fairness (content TBD)
- c) Procedure
 - Commitment re development of claims policy
 - Commitment re making public and available (methods its communicated and made available to customers/public)
 - Commitment re language and “readability”
 - Other commitments...

Complaints Ps will address the following areas

- a) Definition of complaint (or the regulatory framework that applies to group insurance complaints)
- b) Expedience
 - SLAs related to timing
 - Other commitments...
- c) Fairness (content TBD)
- d) Procedure
 - Commitment re development of complaint handling policy
 - Commitment re making public and available (methods its communicated and made available to customers/public)
 - Commitment re language and “readability”
 - Other commitments...

Hope that this helps.

Martin

7 November 2019

Asked for Claims and Complaints SME

CUMIS will try to find a claims SME

Still need a SME from complaints

Request to send information to Keith on parameters / analytics around claims handling

Floating industry SLA as an idea, need to hear from individual members on this

Martin will look at complaints SME

Jamie Paradis BMO Insurance

Isabelle West BMO Insurance

<u>Action Item</u>	<u>Wording Excerpt Reference From 3 October, 2019 Thought Starter</u>	<u>Number Reference, 3 October Thought Starter</u>
The industry commits to have a written policy around the claims process, with SLAs that will be communicated to policyholders, including that claims will typically be settled in 30 days or less.	<i>Claims Handling and Settlement, from CCIR / CISRO FTC Guidance, p. 26: "CCIR and CISRO expect claims to be examined diligently and fairly settled, using a simple and accessible procedure."</i>	25 <u>9 October 2019</u> This is tablestakes already. SLAs are already communicated to clients May not be consistent SLA of 30 days Acknowledge claims form Within 60 days identify anything missing Can firms let us know what their parameters are right now? <u>October 17</u> Need a claims SME or two to provide expert opinion. Most claims SLAs are around initiation and action so could look at something like "x % of claims will be actioned within y days"
See Item #25.	<i>Claims examination and settlement, from AMF Sound Commercial Practices Guideline, p. 17: "The AMF expects that claims are examined diligently and settled fairly, using a procedure that is simple and accessible to claimants."</i>	26

<u>Action Item</u>	<u>Wording Excerpt Reference From 3 October, 2019 Thought Starter</u>	<u>Number Reference, 3 October Thought Starter</u>
<p>The industry commits to a simple and accessible complaints procedure that includes SLAs and escalation points, and a definition of what a complaint is. The industry commits to applying applicable complaints expectations set out in Quebec Regulation 141 nationally.</p>	<p><i>Complaints Handling and Dispute Resolution, from CCIR / CISRO FTC Guidance, p. 27: “CCIR and CISRO expect complaints to be examined diligently and fairly, using a simple and accessible procedure.”</i></p> <p><i>Complaint Examination and Dispute Resolution, from AMF Sound Commercial Practices Guideline, p. 18: “The AMF expects that complaints are examined diligently and fairly, using a procedure that is simple and accessible to consumers.”</i></p>	<p>#27 and #28</p>
<p>Industry should define specifically what is a complaint, and develop written SLAs to respond to them (see Items #27 and #28).</p>	<p><i>Controls for sales practices; Consumer complaints. From Financial Consumer Agency of Canada (FCAC)’s Domestic Bank Retail Sales Practices Review, p. 21: “Currently, banks resolve approximately 90 to 95 percent of consumer complaints at the first point of contact as part of providing good customer service. However, complaints resolved at this level are generally not logged into a central database because of technological constraints or inadequate policies and procedures.”</i></p>	<p>#29</p> <p>What do we want to track? Want to track issues associated with consent; claim denial 17 OCTOBER 2019</p> <p>Definition of a complaint— from RBC: Any dissatisfaction whether justified or not with respect to a product or service or the manner in which the product or service is offered, sold or provided.</p> <p>THIS DEFINITION ABOVE COMES FROM C-86</p> <p>NEED AN SME OR TWO ON COMPLAINTS AND SLAs TO JOIN GROUP AND PROVIDE EXPERT INPUT</p>

Workstream G

Workstream #12 Protection of Personal Information; and #13 Relationships with Regulatory Authorities

Items #30, 31, 32

Workstream G Members

Name	Member Company
Martin Boyle	BMO Insurance
Andrea Stuska	TD Insurance
Brad Kuiper	ScotiaLife Financial
Brendan Wycks	CAFII

Spokesperson: Andrea Stuska

October meeting—Spokesperson: Brendan for Andrea Stuska

7 June 2019

Have held two meetings

Good practices are already in place

Point to the things already being done / that industry adheres to (FCT, AMF Sound Commercial Practices, PIPEDA, IAIA Core Principles)

Demonstrate how report and monitor

How maintain relationship with regulators—provide those examples

<u>Action Item</u>	<u>Wording Excerpt Reference From 3 October, 2019 Thought Starter</u>	<u>Number Reference, 3 October Thought Starter</u>
Indicate that the industry will adhere to all legislation and regulation around privacy. Speak to internal members' privacy experts to see what are the international best practices, and what the future of privacy expectations are likely to be, and explore committing to requirements that go beyond existing legislative and regulatory requirements.	<p><i>Protection of Personal Information, from CCIR/CISRO FTC Guidance, p. 28: "CCIR and CISRO expect protection of confidentiality of personal information policies and procedures adopted by Insurers or intermediaries to ensure compliance with legislation relating to privacy protection and to reflect best practices in this area."</i></p> <p><i>Protection of Personal Information, from AMF Sound Commercial Practices Guideline, p. 19: "The AMF expects that the protection of confidentiality of personal information policy adopted by a financial institution ensures compliance with the provisions of An Act respecting the protection of personal information in the private sector and reflects best practices in this area."</i></p>	#30 and #31

Industry can commit to “promptly advise regulatory authorities if they are likely to sustain serious harm due to a major operational incident that could jeopardize the interests or rights of customers and the insurer’s or the intermediary’s reputation.” Will review OSFI’s cyber-security breaches reporting expectations and see if some of those expectations can be applied here.	<i>Relationships with Regulatory Authorities, from CCIR/CISRO FTC Guidance, p. 12: “With regard to regulatory authorities, insurers and intermediaries are expected to -make available their strategies, policies, and procedures dealing with the fair treatment of customers; -promptly advise regulatory authorities if they are likely to sustain serious harm due to a major operational incident that could jeopardize the interests or rights of customers and the insurer’s or the intermediary’s reputation.”</i>	#32
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Members of the Working Group on Credit Protection Insurance Industry Best Practices

BMO Insurance

Martin Boyle, EOC Chair, BMO Insurance, Co-Chair of the Working Group
Greg Caers
Rebecca Saburi

RBC Insurance

Karyn Kasperski, Co-Chair of the Working Group

Assurant

Rob Dobbins

Canada Life Assurance

Sharon Apt

Canadian Premier Life/Valeyo

Dana Easthope
Asma Desai, Canadian Premier Life

CUMIS/The Co-operators

Michelle Costello

CIBC Insurance

Joanna Onia
Parminder Rai

Desjardins Financial Security

Isabelle Choquette
Nathalie Baron

Manulife Financial

Monika Spudas

National Bank Insurance

Michele Jeanneau
Luce Doyon
Marie Nadeau
Caroline Cardinal
Audrey Delage

ScotiaLife Financial

Brad Kuiper
Denzyl Monteiro

TD Insurance

Jeremy Flanagan
Andrea Stuska
Scott Kirby
Kathy Hawkins
Hassan Khawaja

Staff

Brendan Wycks, CAFII Co-Executive Director
Keith Martin, CAFII Co-Executive Director

MEETINGS OF THE WORKING GROUP

Participants 17 October, 2019 1-2pm

Greg Caers BMO
Marie Nadeau National Bank
Rebecca Saburi BMO
Karyn Kasperski RBC and Chair
Monica Spudas Manulife
Brad Kuiper Scotiabank
Scott Kirby TD
Sharon Apt Canada Life
Jeremy Flanagan TD Insurance
Rob Dobbins Assurant
Joanna Onia CIBC
Parm Rai CIBC

Participants 7 November 2019

Martin Boyle, Co-Chair
Karyn Kasperski, Co-Chair
Greg Caers, BMO Insurance
Monika Spudas, Manulife Financial
Michelle Costello, CUMIS Services Inc.
Marie Nadeau, National Bank Insurance
Andrea Stuska, TD Insurance
Rob Dobbins, Assurant
Kathy Hawkins, TD Insurance
Rebecca Sapuri, BMO Insurance
Brendan Wycks, CAFII
Keith Martin, CAFII

NEXT STEPS ACTIONS GENERAL 7 NOVEMBER 2019

1. Workstream B to meet to divide up this Workstream
2. Workstream B to look at where sales incentives would fit in Workstream B
3. Workstream C Outsourcing section to meet to develop Workplan
4. Call a meeting on Workstream D
5. Workstream E another meeting needed
6. Workstream F need claims and complaints SME

Agenda Item 5(g)(i)

April 7/20 Board Teleconference Meeting

Research & Education Committee

2020 Research Options—Recommendation

Since the time that the Research & Education Committee recommendation below was made to the EOC, there have been further developments around COVID-19 that make it improbable that we would be able to ask CAFII members to provide the data, at this time, for the CLHIA-type “fact pack” study. Therefore, we are asking the Board to support the recommendations around 2020 research in principle, but we are recommending that we “flip” the order of the two recommended components under the current circumstances, and proceed with the White Paper with Melissa Carruthers first, since that would not require a commitment of time for data compilation and submission by CAFII members.

Background

The CAFII Board of Directors has approved a 2020 operating budget that includes \$60K for original research. The Research & Education Committee met in-person on 10 March, 2020 to discuss research options. Background documentation on options was reviewed and there was a thorough discussion on what CAFII should focus on in 2020. A priority is research that can be publicly released, including to media.

Recommendation

The Research & Education Committee felt that while there are many viable options, the most impactful area to focus on right now is a CLHIA-type “fact pack” study on the size and impact of Credit Protection Insurance, nationally and provincially. This could be published and shared broadly, including via our CAFII website, could be the subject of a media release, and could be included in our presentations to insurance regulators and policy-makers. Examples of what could be included in the study are:

- A. Total certificates in-force
- B. Total claims paid out
- C. Total dollar value of claims paid out
- D. Number of Canadians protected by CPI
- E. Number of employees who work in CPI for CAFII Member companies
- F. Number of CAFII Member company employees focused on CPI compliance, monitoring, controls, training
- G. Total value of CPI insurance in Canada (millions of dollars of protection offered) broken down by type and product (mortgage, line of credit, credit card, loans; life, disability, critical illness, job loss)

The R&E Committee felt that such a study might not cost the full \$60K available for CAFII original research in 2020, and was hopeful that some budget would remain after producing such a study.

If that is the case, the Committee was intrigued by the interest of Melissa Carruthers of Monitor Deloitte Canada in producing a white paper on “The Future of Credit Protection Insurance.” It is our understanding that a key focus on this white paper would be about the digital path that credit protection insurance is heading in. Such a paper would constitute a thought leadership piece that would have value and could be released publicly. If there is budget left over after a Fact Pack-type research study, it is recommended that a meeting be set up between the R&E Committee and Melissa Carruthers to explore the possibility of CAFII funding her white paper on the future of CPI.

Next Steps

If the EOC supports these recommendations, the next step will be to issue an RFP to three actuarial firms: RSM Canada, Willis Towers Watson (acquisition by Aon recently announced), and Eckler Ltd. with respect to the CLHIA-type “fact pack” study. The R&E Committee will review the RFP bid responses received and select a winning firm to conduct the research, and will then work with the firm in the development of the study.

If the winning firm’s bid leaves CAFII with remaining funds for additional research, a meeting will be set up between the R&E Committee and Melissa Carruthers to explore the possibility of our Association funding her white paper on the future of CPI.

Appendix A

Members of the Research & Education Committee

Andrea Stuska, Chair	TD Insurance
Cecilia Xiao	Assurant
Craig McKendrick	CIBC Insurance
Sandy Zeidenberg	Manulife Financial
Aneta Murphy	ScotiaLife Financial
Rob Dobbins	Assurant
Dallas Ewen	Canada Life Assurance
Elaine Parr	TD Insurance
Keith Martin	CAFII
Brendan Wycks	CAFII

AGENDA

- 01** 2019 Program Summary
- 02** 2019 Website Performance
- 03** 2019 Business Listing Performance
- 04** Next Steps
- 05** Glossary of Key Terms



Making Insurance Simple, Accessible,
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institutions financières en assurance

2019 Program Summary



CAFII Releases New Pollara Travel
Medical Insurance Research

LEARN MORE 

2019 Program Summary

Project Status

Element	Item	Status
Video Production	Mortgage Life Insurance Video	Complete
	Pollara Research Video #1	Complete
	Pollara Research Video #2	Complete
Consumer Examples	11 English + 11 French Insurance Vignettes	Complete
	11 Images Sourced	Complete
Page Optimization	Travel Insurance, Job Loss Insurance, Mortgage Disability Insurance & Critical Illness Insurance, Disability Insurance for Loans, Mortgage Disability Insurance	Complete
Google / Wikipedia Entry	Google Knowledge Panel Verification	Complete



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2019 Website Performance

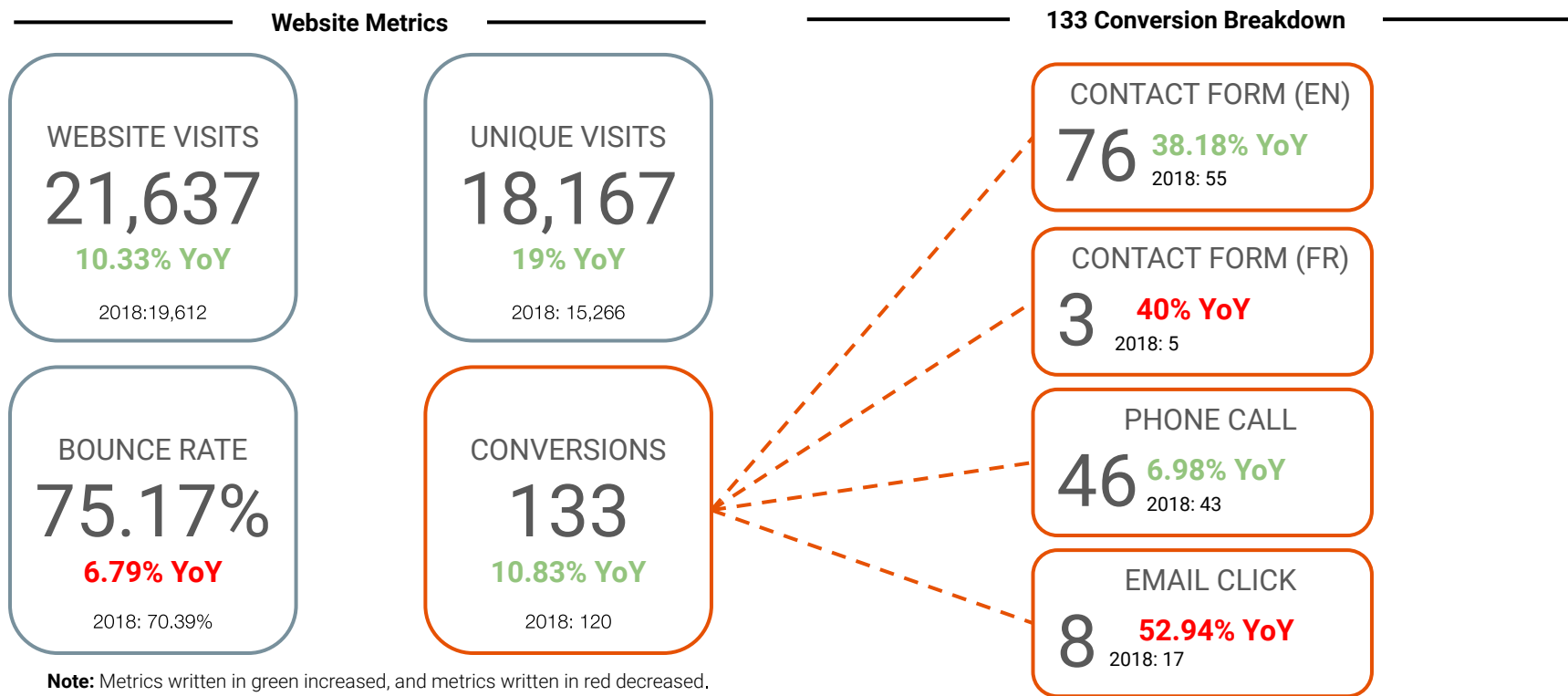


CAFII Releases New Pollara Travel
Medical Insurance Research

LEARN MORE 

2019 Website Performance

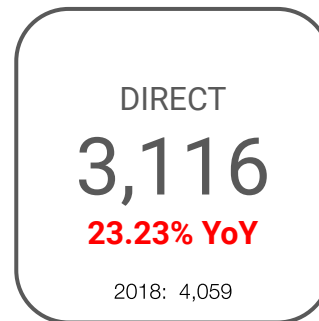
Overview



2019 Website Performance

Traffic Overview

Sources



*Not the responsibility of RankHigher

Total Traffic

21,570

Note: Metrics written in green increased, and metrics written in red decreased.

2019 Website Performance

Where Your Traffic Is Coming From By City & Device

Your Top Cities

City	Visits	Bounce Rate	Avg. Session Duration	Goals
Toronto	3,387	49.51%	4:00	17
Montreal	717	67.64%	1:17	3
Calgary	538	79.55%	1:01	9
Ashburn	340	96.47%	0:09	1
New York	307	76.22%	1:01	4
Edmonton	279	79.57%	0:51	3
Vancouver	243	76.95%	1:16	2
Baden	222	24.32%	6:10	0
Ottawa	217	71.43%	1:23	1
Chicago	205	67.80%	1:40	4

Device Usage

Device	Visits	Bounce Rate	Goals
Desktop	12,490 (58%)	69.14%	54
Mobile (Up 14% YoY)	8,313 (38%)	84.53%	78
Tablet	834 (4%)	72.06%	1



Top Mobile Device
Apple iPhone
(44% of Visitors)



Top Tablet Device
Apple iPad
(4.8% of Visitors)

2019 Website Performance

How you're ranking for the keywords/phrases people are using...

**Keywords in
1st Position**

53

430%
10 (2018)

**Keywords on
Page 1**

105

303%
(26) 2018

**Keywords with
Improved Rankings**

24

4%
(23) 2018

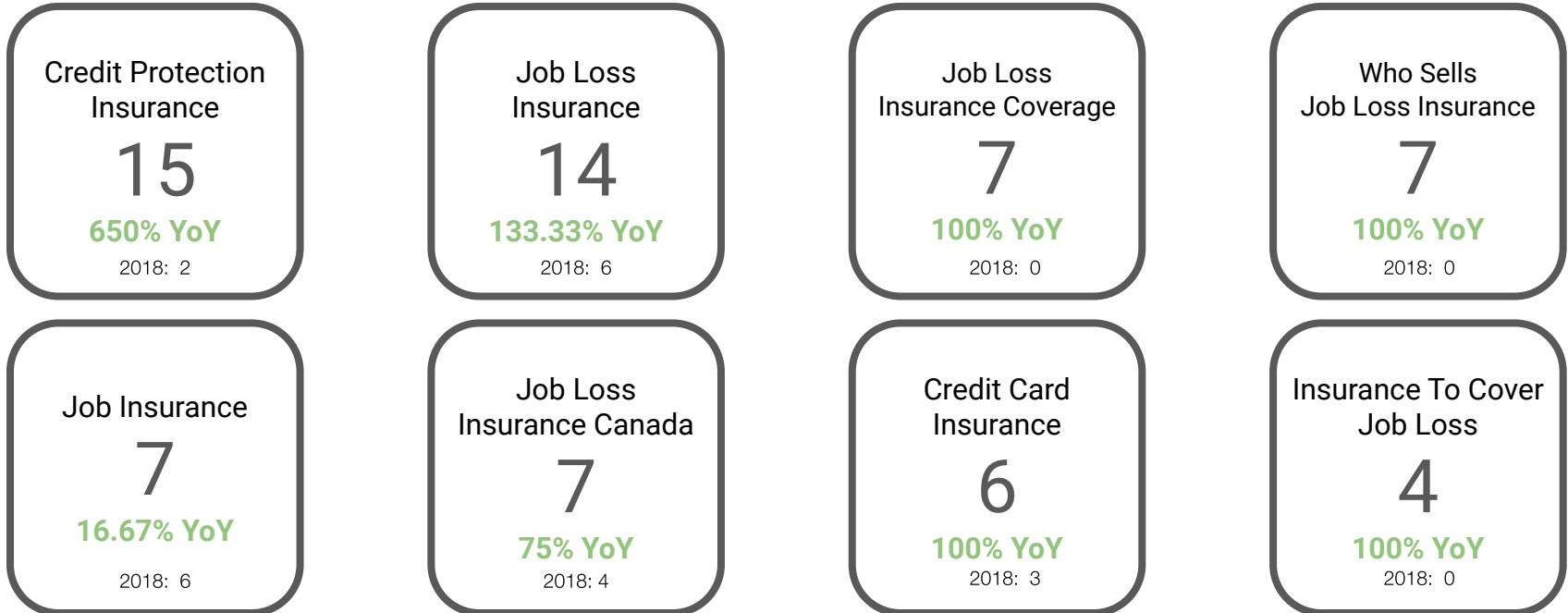
Includes: Google Desktop, Google Mobile, Bing Desktop, Bing Mobile

Note: Metrics written in green increased.

2019 Website Performance

Examples of how people are searching / finding your website...

Keyword Search



Note: Metrics written in green increased.

2019 Website Performance

Keyword/Phrase Rankings - Top Increases

Keyword	Ranking Change	Current Position	Position in 2018
Mortgage loan life insurance	72	8	80
Mortgage life insurance vs. life insurance	60	23	83
Trip interruption insurance	55	5	60
Car loan life insurance	43	10	53
What is mortgage life insurance	41	3	44
Loan life insurance	36	5	41
Home loan insurance	35	49	84
What is critical illness insurance	32	60	92
How does mortgage life insurance work	31	5	36
What is trip interruption insurance	31	5	36

Includes: Google Desktop, Google Mobile, Bing Desktop, Bing Mobile

Note: Metrics written in green increased.

2019 Website Performance

The pages on your website that people find / go to the most often...

#1 Landing / Entry Page **Job Loss Insurance**

- 6,895 Page Views
- Time on page is 1:52
- 84% visitors leave after viewing this page
- 268 visitors went to "contact" page next
- 101 visitors went to "about" page next
- 87 visitors went to "insurance" page next
- 51 visitors went to "faq" page next

67 conversions

#2 Landing / Entry Page **Credit Protection Insurance**

- 3,806 Page Views
- Time on page: 2:51
- 89% visitors leave after viewing this page
- 96 visitors went to "faq" page next
- 37 visitors went to "home" page next
- 33 visitors went to "contact" page next
- 32 visitors went to "news" page next

5 conversions

2019 Website Performance

The pages on your website that are driving the most action...

Job Loss Insurance

67

Conversions

5,235

Sessions

Payment Protection Insurance for Loans

18

Conversions

685

Sessions

Life Insurance For Personal Loans

7

Conversions

1,317

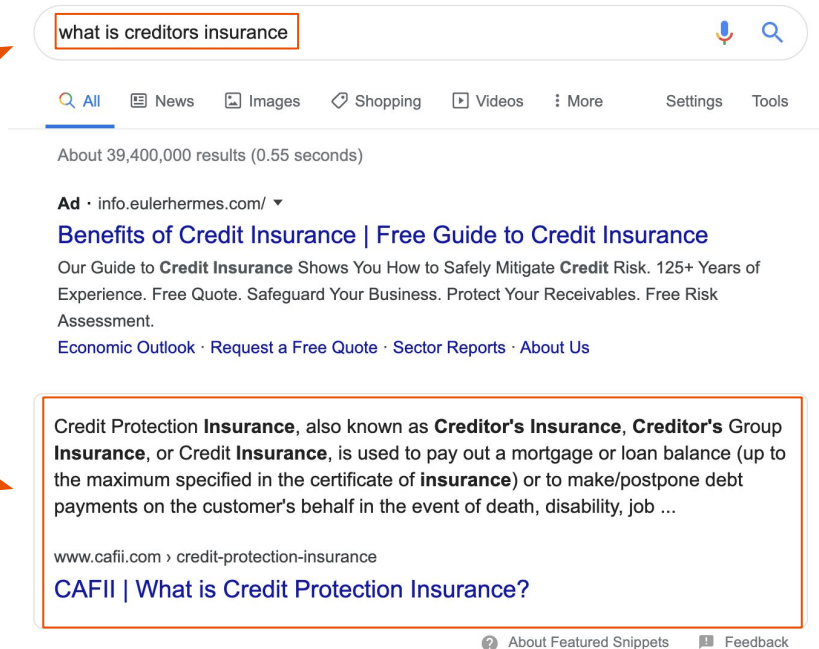
Sessions

2019 Website Performance

Featured Snippets

When someone **searches** for 'what is creditors insurance', this is the result.

This is an example of a **featured snippet**.



The image is a screenshot of a Google search interface. At the top, the search bar contains the text "what is creditors insurance". Below the search bar, there are tabs for "All", "News", "Images", "Shopping", "Videos", "More", "Settings", and "Tools". The search results show "About 39,400,000 results (0.55 seconds)". The first result is an advertisement from "info.eulerhermes.com/" titled "Benefits of Credit Insurance | Free Guide to Credit Insurance". Below the ad, there is a featured snippet box with an orange border. The snippet text reads: "Credit Protection **Insurance**, also known as **Creditor's Insurance**, **Creditor's Group Insurance**, or **Credit Insurance**, is used to pay out a mortgage or loan balance (up to the maximum specified in the certificate of **insurance**) or to make/postpone debt payments on the customer's behalf in the event of death, disability, job ...". Below the snippet, the URL "www.cafii.com > credit-protection-insurance" is shown, followed by the link "CAFII | What is Credit Protection Insurance?". At the bottom right of the snippet box, there are links for "About Featured Snippets" and "Feedback".

what is creditors insurance

All News Images Shopping Videos More Settings Tools

About 39,400,000 results (0.55 seconds)

Ad · info.eulerhermes.com/ ▼

Benefits of Credit Insurance | Free Guide to Credit Insurance

Our Guide to **Credit Insurance** Shows You How to Safely Mitigate **Credit Risk**. 125+ Years of Experience. Free Quote. Safeguard Your Business. Protect Your Receivables. Free Risk Assessment.

[Economic Outlook](#) · [Request a Free Quote](#) · [Sector Reports](#) · [About Us](#)

Credit Protection **Insurance**, also known as **Creditor's Insurance**, **Creditor's Group Insurance**, or **Credit Insurance**, is used to pay out a mortgage or loan balance (up to the maximum specified in the certificate of **insurance**) or to make/postpone debt payments on the customer's behalf in the event of death, disability, job ...

www.cafii.com > credit-protection-insurance

[CAFII | What is Credit Protection Insurance?](#)

About Featured Snippets Feedback

2019 Website Performance

Featured Snippets

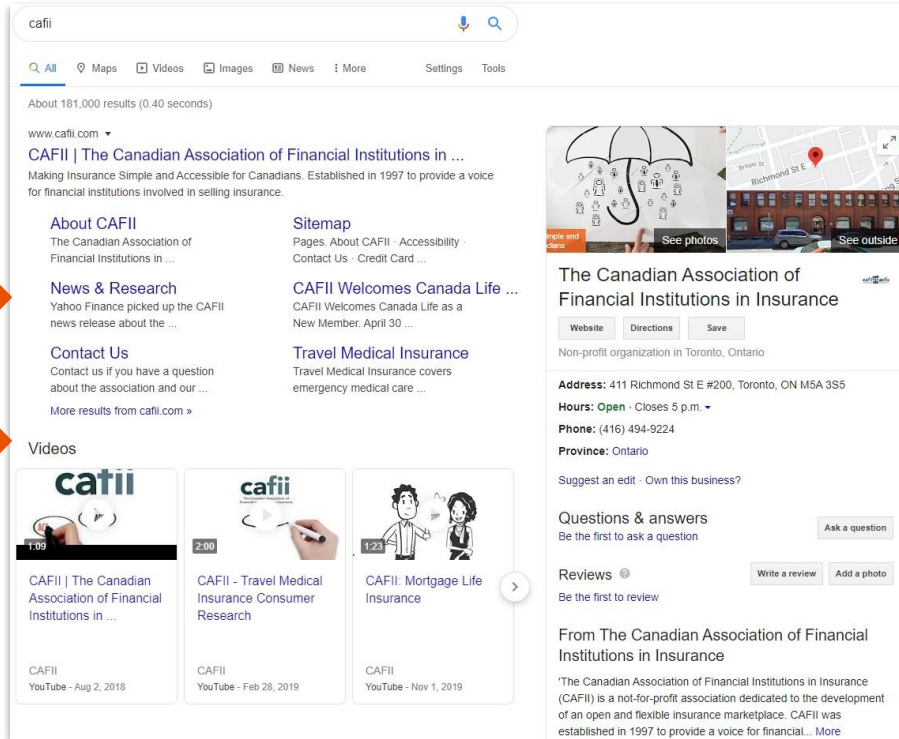
Because we've optimized your website, your website content is pulled into the featured snippet, for each of these important **15** keyword searches.

This means you are now being seen as the authority in your space by Google, and therefore by the target audience searching for this information.

Keywords In Google Featured Snippet
What is creditor's insurance
Mortgage disability insurance
Disability mortgage insurance
Job loss insurance for a mortgage
Credit card insurance benefits
How does credit card insurance work
What is credit card insurance
What is a credit insurance premium
What is creditor's insurance
Disability mortgage insurance
Mortgage job loss insurance
Credit card insurance benefits
How does credit card insurance work
What is credit card insurance
What is a credit card insurance premium

2019 Website Performance

When someone searches for your association directly they see...



Legend

1. We optimized 6 site links underneath home page.
2. We optimized 3 CAFII YouTube videos.
3. We optimized the CAFII knowledge panel.

cafii acifa

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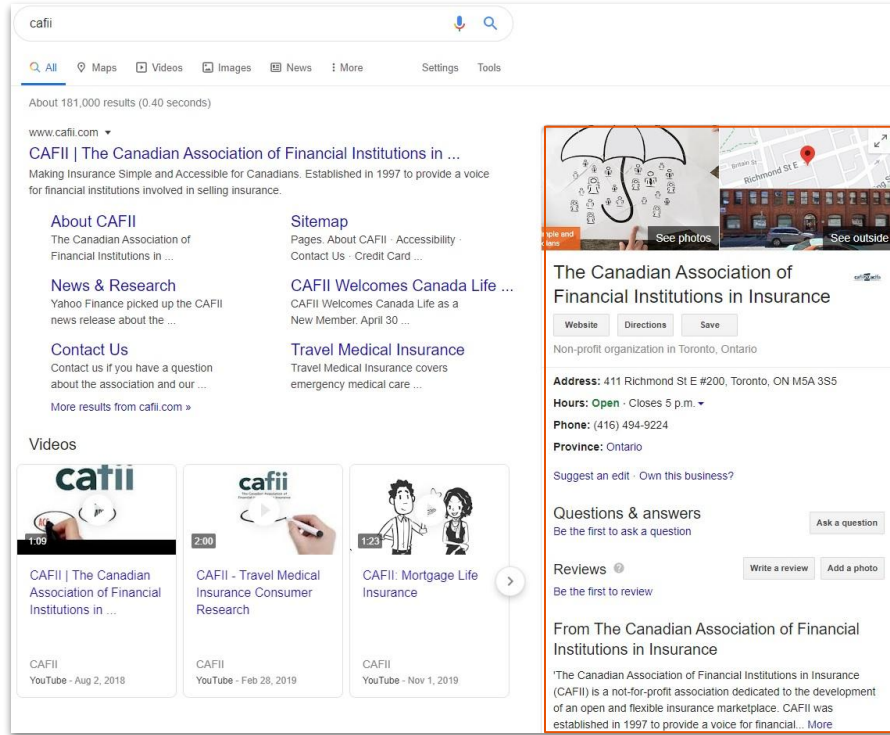
Business Listing Performance



Making Insurance Simple, Accessible,
and Affordable for Canadians

Business Listing Performance

What is Google My Business



This is an example of a **business listing**.

Business Listing Performance

2019 vs. 2018

Since 2018, your business listing has **improved** in searches, views and actions. That means more people have:

- Searched for CAFII branded terms, as well as non-branded terms.
- Searched (branded or non-branded) within 'maps' and your business listing appeared.
- Clicked on your listing to go to the website, to get driving directions, and to place a phone call.

So what?

This means more than **11,000** users have interacted with your associations business listing compared to last year!

Note: Metrics written in green increased.

Element	2019 Performance	Compared to 2018 Performance
Searches		
Branded Searches (CAFII)	1,798	1,223 YoY
Non-Branded Searches	5,125	4,139 YoY
Total	6,923	5,362 YoY
Views		
Total	1,398	1,129 YoY
Actions		
Clicks To Website	153	118 YoY
Clicks For Driving Directions	12	10 YoY
Clicks To Place Phone Call	3	2 YoY
Total	168	130 YoY

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Next Steps



Making Insurance Simple, Accessible,
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Next Steps

Our Recommendations

Let's improve the bounce rate of your website!

We've already planned more videos for 2020 which will assist with your bounce rate.

In addition, we're working in the background to improve elements of your site affected by the most recent Google Algorithm updates (October and January).

Let's improve the experience on your business listing!

Now that many 11,000 more people are going to your Google My Business, we should be incorporating some enhanced experience elements such as:

- **Videos.** We can upload all the videos we have done (and the new ones) for \$1,000.
- **Images.** We should take professional photos at your events, edit and upload them.
 - Let us know and we will scope this out for your next event (~\$750)

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Glossary of Key Terms



Making Insurance Simple, Accessible,
and Affordable for Canadians

Glossary

Website - Key Terms

Website Visits

The overall number of visits to your website within a given period.
A single person can visit a website multiple times.

Unique Visits

The number of unique people who visited your website within a given period (ie: last quarter).

Bounce Rate

The percentage of individuals that instantly leave a website without taking any action.

Conversions

The completion of a specific action on a website deemed to be important to a business' success. (ie: Visitor fills out a contact form, clicks to make a phone call or clicks to write an email).

Contact Form (submission)

A website visitor who fills out a form on your website.

Phone Call

A website visitor who places a phone call from your website.

Email Click

A website visitor who clicks to email from your website.

Direct Website Visits

The visits that came to your website from someone typing in your website URL into a browser, or through browser bookmarks.

Organic Website Visits

The number of visits that came to a website through a search engine (not including paid advertisements).

Referral Website Visits

The visits that came to a website by clicking on a link placed on a different website.

Glossary

Google My Business - Key Terms

Branded Searches

Visitors who find your listing searching for your business name or address.

Non-Branded Searches

Visitors who find your listing searching for a category, product or service without using your brand in their search query.

Map Views

Users who view your listing on Google Maps.

Search Views

Users who view your listing on a Google Search Engine Results Page.

Clicks To Website

When a visitor finds you on Google My Business and clicks through to your website.

Clicks For Driving Directions

When a visitor finds you on Google My Business and clicks to find driving directions.

Clicks To Place Phone Call

When a visitor finds you on Google My Business and clicks to place a phone call.



**The Canadian Association of
Financial Institutions in Insurance**

In 2019 We...

Produced 3 Videos To Enhance Products on Website
Appeared In 2 Google Featured Snippets
Optimized Products to Increase Consumer Engagement
Expanded Consumer Examples for Search Visibility

In 2020, We Will...

Develop New Video Content

Continue Answering Top Consumer FAQs

Continue To Improve Your Website Engagement

Continue To Maintain And Enhance Your Website

Provide Clear & Insightful Reports On Wins and Growth Opportunities

New Video Content

Building On Last Year's Success

This year, we will be producing additional (EN,FR) videos for CAFII. Topics have been selected based on the impact creating a video will have on your rankings and engagement. Our recommendations are the following:

- Credit Card Protection Insurance
- Payment Protection Insurance & Loans
- Trip Cancellation & Interruption Insurance

We can produce all three of these videos in a whiteboard format (as per your other videos), or can produce two of the three in motion graphic format.

An example, as well as Pros and Cons of each can be found on the following slide.

Video Process

Script:

1. Outline of Key Messages (CAFII)
2. Draft
3. Revision
4. Final Approval
5. French Script

Video Creation:

1. English Storyboard
2. Draft 1
3. Revision 1
4. Draft 2
5. Revision 2
6. English Final Approval
7. French Creation
8. Revision 3
9. French Final Approval

Video Examples

Motion Graphic vs. Whiteboard

Motion Graphic



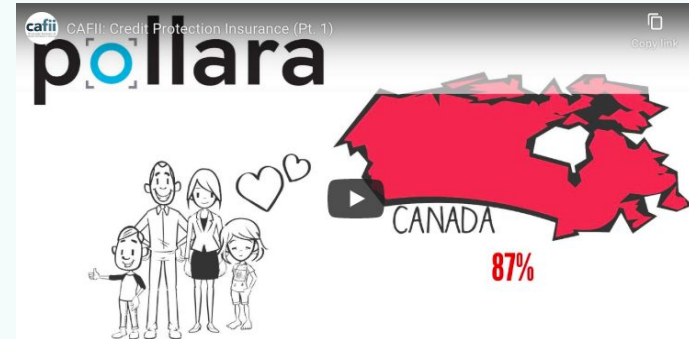
Pros

- More customized
- Branded
- Higher production value

Cons

- Higher Investment
- Inconsistent with previous videos delivered

Whiteboard



Pros

- Cost effective
- Consistent with previous videos delivered

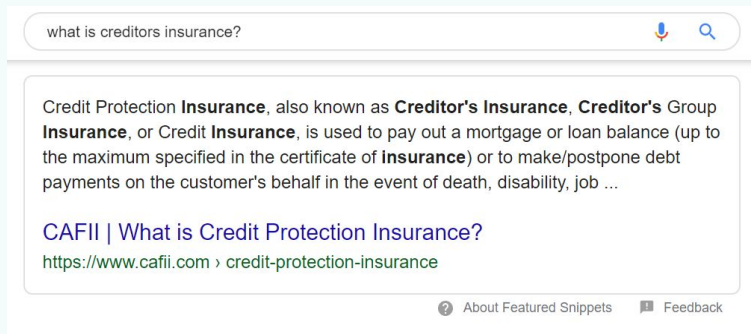
Cons

- Less ability to customize video elements
- Style of video is becoming out-of-date

Providing More Answers

New FAQ Content

Last year, Google began to recognize CAFII as the MOST AUTHORITATIVE resource for some of your consumers most frequently asked questions. As a result, answers from our website were pulled into the knowledge panel as featured snippets, as shown below.



This year, we're going to continue forward with the strategy that produced such fantastic results in 2018 and 2019. We'll be focusing on two topics which we believe you have an opportunity to become the online authority on and will be developing 3 new FAQs in total.

Mortgage Life Insurance:

Q: Who can apply for mortgage life insurance?

Q: I have other life insurance, why do I need this protection for my mortgage?

Travel Insurance:

Q: What is travel insurance?

Website Engagement

Creating Additional Vignettes

Last year, as part of a website engagement program, the team went to work adding interactive vignettes to the website in an effort to help consumers better understand the information we were providing. In short, it worked. We saw record highs in the number of pages that were viewed per session as well as the amount of time consumers spent browsing the website!



Anne-Sophie and Mathieu, who have two children, have been approved for a \$250,000 mortgage to purchase a home. Anne-Sophie is the primary income earner, and the family's ability to make their mortgage payments is largely dependent on her income.

Peace of mind and predictability of expenses are important for Anne-Sophie and Mathieu, so they purchase Mortgage Life Insurance for Anne-Sophie, which will pay out the balance of their mortgage (up to the maximum specified in the certificate of insurance) in the event of her death. They like the fact that their premiums will not change over the life of their mortgage, which means that they are not exposed to higher costs for this coverage as Anne-Sophie ages or possibly develops health issues.

They also like the fact that the proceeds of her mortgage life insurance will go directly to pay out the mortgage balance rather than possibly being used to pay other debts. It's important to Anne-Sophie that her family will be able to continue living in their family home, without financial duress.

[See FAQ section for more information](#)

This year, in addition to creating vignettes for each of the new FAQs we will be developing, we will also be creating an additional 3 for pre-existing pages.

New FAQ Vignettes (3):

Q: Who can apply for mortgage life insurance?

Q: I have other life insurance, why do I need this protection for my mortgage?

Q: What is travel insurance?

Vignettes for 3 existing FAQs:

Q: Is there a maximum amount of mortgage balance I can insure?

Q: If I purchase Mortgage Life Insurance, why doesn't my premium decrease as my mortgage balance decreases?

Q: Does Credit Protection Insurance provide good value?

Website Development Retainer

Why It's Important & What to Expect

Support your program needs.

You require a small retainer to support the initiatives proposed in your 2020 program.

Suggested Retainer	Monthly Investment
2 hours per month	\$300



Benefits:

- Team consistency and efficiency
- Discounted rate

Details:

- 2 website development hours per month
- Web projects falling outside retainer to be quoted at hourly rate of \$150/hour

This retainer will cover:

- FAQ Page Development
- Embedding Videos
- Vignette Deployment on Website
- Maintenance & Updates
- Website hosting for 2020

2020 Program Summary

What's In-scope?

Program Inclusion	Details
Video Production	6 Whiteboard (3 Eng. + 3 French) OR 4 Motion Graphic (2 Eng. + 2 French) Videos
FAQs & Vignettes	Development of 3 New FAQ Pages Development of 6 Vignettes (3 for Existing Pages, 3 To Go Along With New Pages)
Website Retainer & Hosting	12 Months of Hosting Up to 2 Hours/Month of Web Support (Includes the Development of New FAQ Pages, Embedding Videos, And Adding Vignettes)
Reporting & Communication	2 Performance Reports (June, December) 2 Executive Presentations For BoD 2021 Strategy
\$32,000 + HST	