

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

Date: Tuesday, December 6, 2022
Chair: P. Thompson
Location: In-Person at CIBC Square, 81 Bay St., Room 809 (8th Floor), Toronto; Virtual Via [Virtual MSTEams Meeting](#)

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

1. Welcome, Call to Order, and Meeting Confirmation	3:00 p.m.	Presenter	Action	Document
a. Welcome to New CAFII Director: Valerie Gillis, TD Insurance		P. Thompson		✓
b. Approval of Agenda		P. Thompson	Approval	✓

2. Consent Items	3:04 p.m.			
a. Draft Board Meeting Minutes, October 11, 2022				✓
b. Summary of Board and EOC Action Items				✓
c. October 2022 Regulatory Update				✓
d. Consultations/Submissions Timetable				✓
e. Regulator and Policy-Maker Visit Plan Recap				✓
f. Committee Reports Addressing CAFII Priorities				✓
g. Board-Approved CAFII 2023 Schedule of Meetings and Events				✓

3. Financial Management Matters	3:07 p.m.	Presenter	Action	Document
a. CAFII Financial Statements as at October 31/22		D. Hinnecke	Approval	✓
b. Forecast for CAFII 2022 Fiscal Year as at October 31/22		D. Hinnecke	Update	✓
c. Proposed CAFII 2023 Operating Budget (<i>may be assigned to In Camera Session, following initial discussion, if desired by Board</i>)		D. Hinnecke	Update/ Discussion/ Approval	✓

4. Strategic and Regulatory Matters	3:30 p.m.	Presenter	Action	Document
a. Insights Gained and Next Steps Arising from November 4/22 One-on-One Virtual Meeting Between CAFII Board Chair Peter Thompson and AMF Superintendent Eric Jacob Re Finding A Solution To Issue Around RADM's Applicability to Credit Card-Embedded Insurance Benefits 3:30 p.m.		P. Thompson	Update/ Discussion	✓
b. EOC Decision To Wind Down 'Working Group on Compliance with AMF's Expectations Around RADM's Applicability to Credit Card-Embedded Insurance Benefits'; and Replace It with A Full Status 'CAFII Committee on Quebec/AMF Issues' 3:40 p.m.		K. Martin	Update/ Discussion	Briefing Note Only
c. Insights Gained from November 22/22 AMF Rendez-Vous Mini-Conference 3:47 p.m.		K. Martin	Update/ Discussion	Briefing Note Only
d. Insights Gained from November 4/22 CAFII Virtual Stakeholder Feedback Session with CCIR on Its Draft 2023-2026 Strategic Plan; and Reflecting Them in CAFII Written Feedback Submission (November 30/22 Deadline) 4:00 p.m.		K. Martin/ B. Wycks	Update	✓
e. Insights Gained from October 19/22 CAFII 25 th Anniversary Celebration 4:10 p.m.		B. Wycks/ K. Martin	Update	✓
f. Planned Timing of and Approach to CAFII Western Canada Insurance Regulators and Policy-Makers Visits Tour in Spring 2023; and CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour in Fall 2023 4:18 p.m.		B. Wycks	Update	Briefing Note Only
g. Insights Gained from December 1/22 CAFII Webinar 'A Fireside Chat with Blair Morrison, CEO of BCFSa' 4:23 p.m.		K. Martin/ B. Wycks	Update	✓

5. Governance Matters	4:30 p.m.	Presenter	Action	Document
a. Plans for December 6/22, 5:30 to 7:30 p.m. CAFII Year-End/Holiday Season Reception, Immediately Following This Board Meeting		B. Wycks	Update	✓

6. Read Only Items	4:35 p.m.		Read Only	Document
a. November 11/22 CAFII Response Submission to FSRA on 'Proposed 2023-24 Statement of Priorities and Budget'				✓
b. November 15/22 CAFII Response Submission to BCFSa on Two Follow-up Questions for CAFII Re Inconsistencies Between Principles in Its Draft Insurer Code of Market Conduct and CCIR/CISRO's "Guidance: Conduct of Insurance Business and Fair Treatment of Customers"				✓
c. Execution of CAFII 2022 Tracking Study Research on Consumers' Satisfaction with Credit Protection Insurance				Briefing Note Only
d. Insights Gained from Recent CAFII/CLHIA/THIA Biweekly Meetings on Regulatory and Industry Issues of Mutual Interest				Briefing Note Only
e. Insights Gained from November 17/22 KPMG 'Insurance Issues Conference'				Briefing Note Only
f. Insights Gained from CAFII Co-Executive Directors' Participation as Judges in "2022 Insurance Business Canada Awards" and Attendance at November 17/22 Awards Gala Dinner				Briefing Note Only

7. In Camera Session	4:35 p.m.	Presenter	Action	Document
a. 2022 Implementation of CAFII Policy Re Co-Executive Directors' Performance Review Process		R. Dobbins/K. Kasperski		✓
b. Proposed CAFII 2023 Operating Budget		D. Hinnecke/R. Dobbins/K. Kasperski		✓ (see item 3(c))
c. Other Business				

Access to CIBC Square, 81 Bay St., Toronto (directly south of the east side of Union Station; and directly across the street from the east side of Scotiabank Arena): Access to CIBC Square will be provided by way of a digital QR code which will be sent via email from Guest@cibcsquare.com (based on a list of expected in-person attendees which will be provided to CIBC by Jake Becker). The QR code provided will grant each guest access to the 8th floor through the security turnstiles on the ground level of CIBC Square. An elevator will be assigned to the 8th floor where the CAFII Board meeting is being hosted. When guests arrive on the 8th floor, the concierge will direct them to the meeting room. For a seamless experience, guests should flag the email or take a screenshot to ensure the QR code is at their fingertips upon arrival.

Next Board Meeting: Tuesday, April 4, 2023, 3:00 to 5:00 p.m. EDT, followed by 5:30 to 7:30 p.m. Reception (In-Person/Virtual Hybrid Meeting, Hosted by Canadian Tire Bank at Private Venue in downtown Toronto)

Briefing Note

CAFII Board Meeting, 6 December, 2022—Agenda Item 1(a)

Welcome, Call to Order, and Meeting Confirmation—Welcome to New CAFII Director: Valerie Gillis, TD Insurance

Purpose of this Agenda Item – Update

Welcome to a new Director.

Background Information

CAFII Chair Peter Thompson will welcome a new Director from TD Insurance, Valerie Gillis, and invite her to provide a brief self-introduction. Ms. Gillis will have been appointed to the Board in advance of this meeting, via the “Electronic Vote of the Board, Outside of a Board Meeting” provision in the CAFII Bylaw.

Recommendation / Direction Sought -- Update

Update only.

Attachments Included with this Agenda Item

1 attachment.



Valerie Gillis, FCPA, FCA, CFA

SVP, Head of Life, Health and Credit Protection – TD Insurance

Valerie Gillis, FCPA, FCA, CFA
SVP, Head of Life, Health and
Credit Protection - [TD Insurance](#)

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Valerie Gillis, SVP, leads TD Insurance's (TDI) Life, Health and Credit Protection business working with the team to set the strategic direction and growth opportunities for the business, deliver profitable financial results within risk appetite and ensure client service excellence. Her business helps safeguard customers' financial well-being through providing credit protection plans, offers direct life and health insurance as well as travel insurance. TDI's reinsurance business also reports into Valerie.

Previously, Valerie has held both Risk and Finance TD senior leadership roles, first as the bank's Controller & Chief Accountant for 5+ years and most recently as Chief Risk Officer for TD Insurance and Wealth Management. As CRO, Valerie provided strategic advice and credible independent challenge to these businesses to enable them to sustainably grow within TD's risk appetite. The corporate actuarial and Wealth Market and Credit Risk management teams also reported into her. While in Finance, she led Finance through many complex transformational and regulatory initiatives, most notably, Finance transformation and IFRS 9. Prior to joining TD in 2015, she was a partner at KPMG, LLP, nationally leading its Risk Consulting practice for Financial Risk Management with predominant financial services clients in Life Insurance, Banking and Large Public Pension Plans.

Throughout her career, Valerie has distinguished herself through her business acumen and strategic thinking. Valerie is well known for her expertise in asset liability management, financial instruments and derivatives. While at KPMG, Valerie led many projects with LifeCos and banks structuring derivative hedging strategies to manage interest, FX and inflationary risks, global risk governance projects and oversaw financial instrument valuation and life actuarial modelling teams. Further, at TD, the IFRS 9 project required oversight of changes to accounting, technology and credit risk modelling for provisions of credit losses. She participates/ed as a key senior executive on various transformative projects including: IFRS 17 Insurance Contracts, Client Focused Reforms (CFR), and TDAM Global Expansion amongst other strategic initiatives.

Valerie embraces TD's shared commitments and works to inspire her teams to take an ownership mindset, provide legendary customer experience, embrace innovation and execute with speed and impact. Advancing inclusion and diversity is an area that Valerie is particularly passionate about. She plays an active role in mentoring and sponsoring diverse talent into increasingly senior roles and is committed to building diverse teams. Valerie lives in Toronto with her husband her two children and they enjoy a variety of sports together.

Briefing Note

CAFII Board Meeting, 6 December, 2022—Agenda Item 1(b)

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

Purpose of this Agenda

Approval.

Background Information

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

Recommendation / Direction Sought -- *Approval*

Approval is sought.

Attachments Included with this Agenda Item

1 attachment.

Briefing Note

CAFII Board Meeting 6 December, 2022—Agenda Item 2(a-g) Consent Items

Purpose of this Agenda Item –Information only

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

Background Information

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

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

Recommendation / Direction Sought – Approval; or Receipt for the Record

Via one omnibus motion, the Board will be asked to approve item 2(a) Draft Board Meeting Minutes, October 11, 2022; and to receive items 2(b) through 2(g) for the record.

Attachments Included with this Agenda Item

Seven (7) attachments.

BOARD MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
In-Person/Hybrid Meeting at Complexe Desjardins in Montréal, Quebec
Tuesday, October 11, 2022
2:20 to 4:00 p.m. EDT
Minutes

Board Members	Peter Thompson	National Bank Insurance and Chair
Present:	Louie Georgakis	The Canada Life Assurance Company
In-Person:	Chris Lobbezoo	RBC Insurance
	Peter McCarthy	BMO Insurance
	Kelly Tryon	CUMIS/The Co-operators
	Simon Lacroix-Hubert	Desjardins Insurance
Virtually:	Wayne Hewitt	ScotiaLife Financial
	Nicole Benson	Valeyo
	Adam Vespi	Canadian Tire Financial Services
	Rob Robinson	Canadian Premier Life Insurance Company
	Ian Oncea	CIBC Insurance
	Wally Thompson	Manulife Financial
Regrets:	Sophie Ouellet	Sun Life
	Paul Cosgrove	Assurant
Also Present:	Brendan Wycks, Co-Executive Director	
	Keith Martin, Co-Executive Director	
	Rob Dobbins, Secretary	
	Karyn Kasperski, Vice-Secretary	
	Donald Hinnecke, Treasurer	
	Jake Becker, Association Coordinator	

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

CAFII Board Chair Peter Thompson welcomed all to this meeting of the CAFII Board of Directors, which was held at the downtown offices of Desjardins in Montreal, Quebec, as well as virtually on the Microsoft Teams platform, and called the meeting to order at 2:20 p.m. Jake Becker acted as Recording Secretary.

Item 1(a): Declaration of Meeting Properly Called and Constituted

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

Peter Thompson 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.

Item 1(b): Approval of Agenda

On a motion duly made, seconded and unanimously carried **IT WAS RESOLVED** that the meeting Agenda be approved as circulated.

Item 2: Consent Items

On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the Consent Agenda items were approved or received for the record, as indicated in the Action column in the Consent section of the agenda, as follows:

- a. Draft Board Meeting Minutes, June 7, 2022
- b. Summary of Board and EOC Action Items
- c. June 2022 Regulatory Update
- d. September 2022 Regulatory Update
- e. May 31/22 CAFII Submission to FSRA on “Guidance on Use of Retained Revenues under Regulation ‘Money Retained Outside the Consolidated Revenue Fund’” Consultation
- f. September 9/22 CAFII Response Submission to BCFSa on “Draft Insurer Code of Market Conduct and Supplemental Guideline”
- g. October 3/22 CAFII Response Submission to BC Ministry of Finance on “Consultation Regarding Restricted Insurance Licences”
- h. Consultations/Submissions Timetable
- i. Regulator and Policy-Maker Visit Plan
- j. Board-Approved Schedule of CAFII 2022 Meetings and Events

And further, it was **RESOLVED** that the minutes of the meeting of the CAFII Board of Directors held June 7, 2022 be and are adopted in the form presented, and that copies of those minutes be signed and placed in the minute book of the Corporation.

Item 3: Governance Matters

Item 3(a): Welcome to and Self-Introduction by New CAFII Director Wayne Hewitt, Scotia Insurance

Peter Thompson welcomed a new CAFII Director for Scotia Insurance, Mr. Wayne Hewitt. Mr. Hewitt introduced himself to his fellow CAFII Board members, and said he was looking forward to participating in the Board’s deliberations and the Association’s initiatives.

Item 3(b): CAFII Board Vice-Chair Position

Peter Thompson noted that in recent years typically a Board Vice-Chair is nominated, with the person in that role expected to be the next in line to become Chair. A person had been approached but this did not work out, and there have been many new members of the Board recently. For those reasons, it is recommended that the Vice-Chair role not be filled at this time, but that a nominee be advanced for the June 2023 Board meeting.

On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the CAFII Board supports the recommendation from the Board Chair and CAFII management that the Board Vice-Chair position **not** be filled for the Association’s 2022-23 governance year; **but** that a Board Vice-Chair candidate be identified for appointment at the June 2023 first meeting of the 2023-24 Board of Directors, which occurs immediately following the 2023 Annual Meeting of Members.

[Action Item: Identify a CAFII Board Vice-Chair candidate for appointment at the June 2023 First Meeting of 2023-24 Board of Directors; P. Thompson, K. Martin, B. Wycks, May 15/23.]

Item 3(c): EOC-Endorsed Recommendations for Revisions to CAFII Alerts Weekly Digest

Peter Thompson invited EOC Chair Rob Dobbins to provide a recommendation around revisions to the CAFII Alerts Weekly Digest. Mr. Dobbins explained that a Member of the Association had raised concern around an article that had been included in the June 7/22 edition of the Weekly Digest, because it was an opinion piece that provided editorial comments that the Member did not feel were appropriate. Other Members felt that the Digest was typically too lengthy. Arising from a survey of and ensuing discussion with EOC members, a recommendation was now being made that the Weekly Digest be limited to a maximum of five articles in each of two discreet sections, along with upcoming CAFII Member-relevant webinars and events, with no editorial or opinion pieces included.

On a motion duly made, seconded, and unanimously carried IT WAS RESOLVED that the CAFII Board hereby approves the EOC-endorsed Recommendations for Revisions to the CAFII Alerts Weekly Digest, as set out in the document that was part of the materials package for this Board meeting.

[Action Item: Implement immediately Board-approved revisions to CAFII Alerts Weekly Digest; B. Wycks, J. Becker, A. Nguyen, October 14/22.]

Item 3(d): Recommended CAFII 2023 Schedule of Meetings and Events, Including Feedback Question Re Optimal Timing of 2023 Annual Members and Associates Luncheon

Peter Thompson invited CAFII Co-Executive Director Brendan Wycks to provide an overview of the 2023 proposed schedule of meetings and events, including a recommendation on moving the timing of the Annual Members and Associates Luncheon to the spring of 2023.

On a motion duly made, seconded, and unanimously carried IT WAS RESOLVED that the CAFII Board hereby approves the Recommended CAFII 2023 Schedule of Meetings and Events.

Item 3(e): Plans for CAFII 25th Anniversary Celebration Event on October 19/22

Brendan Wycks provided an overview of the upcoming 19 October, 2022 CAFII 25th Anniversary Celebration Event, to be hosted by BMO Insurance in the bank's Corporate Event Venue on the 68th floor of First Canadian Place in Toronto. Mr. Wycks noted that a very strong contingent of insurance regulators and policy-makers was expected at the event.

Item 4: Financial Management Matters

Item 4(a): CAFII Financial Statements as at August 31/22

CAFII Treasurer Donald Hinnecke provided an overview of the Association's financial statements as at August 30, 2022, noting that CAFII was in a strong financial position, and would have a significant 2022 year-end surplus mostly due to the fact that some budgeted expenses, such as legal fees, travel, and event costs, would not be incurred. Mr. Hinnecke noted that due to higher interest rates and the significant operating surplus, \$300,000 had been moved into a savings account to generate interest revenue for the Association.

On a motion duly made, seconded, and unanimously carried IT WAS RESOLVED that the Board hereby approves CAFII Financial Statements as at August 31, 2022.

Item 4(b): Forecast for CAFII 2022 Fiscal Year as at August 31/22

CAFII Treasurer Donald Hinnecke provided an update on the forecast for CAFII's 2022 fiscal year-end, noting that a significant surplus was expected.

Item 4(c): EOC-Endorsed Recommendation, Supported by CAFII Treasurer, That CAFII Member Dues Be Consolidated Into One Invoice/Payment Starting In 2023

CAFII Co-Executive Director Keith Martin provided an overview of a recommendation, supported by the CAFII Treasurer and endorsed by the EOC, that member dues be consolidated into one annual invoice instead of two semi-annual instalment invoices, to minimize the administrative burden of collecting the Member dues.

On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the Board hereby approves the EOC-endorsed Recommendation that CAFII Member Dues be consolidated into a one single Member dues invoice and payment process, starting with the Association's 2023 fiscal year.

[Action Item: Change CAFII Member dues invoicing process to one annual invoice beginning in 2023; K. Martin, B. Wycks, R. Nason, February 28/23.]

Item 4(d): Critical Path For Development of 2023 CAFII Operating Budget; and Budget Development Considerations Under Current Economic and CAFII Financial Position Circumstances

Brendan Wycks provided an update on the critical path for the development of CAFII's 2023 CAFII Operating Budget, along with current economic and CAFII financial position circumstances that would impact upon that budget. It was noted that high inflation would be impacting on the Association's expenses in 2023.

Item 5: Strategy Setting and Implementation; and Regulatory Matters

Item 5(a): Debrief Discussion on Just-Completed 'Industry Issues Dialogue' with AMF Staff Executives, Particularly Re Issue of RADM's Applicability to Credit Card-Embedded Insurance Benefits

The Board had a robust discussion about the just-completed Industry Issues Dialogue with AMF staff executives. There was some disappointment expressed about the reaction of the AMF executives to the points made by CAFII on the RADM's applicability to credit card-embedded insurance benefits, and in particular with some of the oppositional comments made. However, Peter Thompson noted that Eric Jacob, the AMF's Superintendent of Client Services and Distribution, had approached him and suggested that the two of them should meet privately one-one-one in the very near future, and that meeting could provide an opportunity to move this file forward.

[Action Item: Schedule and hold a private, one-on-one meeting with AMF's Eric Jacob and share its outcomes with K. Martin and B. Wycks, so that CAFII Members can, in turn, be informed; P. Thompson, K. Martin, B. Wycks, November 15/22.]

Item 5(b): Insights Gained from CAFII Participation in September 19/22 Alberta Insurance Council Stakeholder Feedback Interview With Independent Agency Berlin Communications

Keith Martin reported that CAFII had recently met with a public affairs agency to provide stakeholder feedback on the Alberta Insurance Council, at the Council's request; and out of that, CAFII learned that the Government of Alberta was considering moving the Insurance Council away from its current status as a quasi-independent organization, and folding it into the government itself.

Item 5(c): Plans for November 4/22 CAFII Virtual Stakeholder Session with CCIR on Its Draft 2023-2026 Strategic Plan

An update was provided on the plans for CAFII to present its views to CCIR on its draft 2023-2026 strategic plan.

Item 5(d): EOC-Endorsed Proposal Re CAFII's Return to Insurance Regulator and Policy-Maker Visits Tours in 2023

CAFII's Co-Executive Directors recommended that CAFII return to in-person insurance regulator and policy-maker visits tours in 2023. While the last such tour was in Western Canada in the fall of 2019, and therefore the next tour should be to Atlantic Canada, it was noted that due to the pandemic, no tours had occurred for nearly three years, and that given the larger population and impact of the Western Canada provinces, the next tour should again be the to West; and that tours to both the West and Atlantic Canada should occur in 2023, given the long delay since the last tour to either region.

*On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the CAFII Board approves the EOC-endorsed proposal that CAFII return to engaging in in-person Insurance Regulator and Policy-Maker Visits Tours in 2023; and that the first such tour should be to the Western Canada provinces, followed by a subsequent tour to the Atlantic Canada provinces.*

Item 5(e): Recent Operatic Agency Deliverables Re CAFII Website Videos; and Enhancements to FAQs on CAFII Website

Keith Martin provided an overview of the enhancements being made in 2022 to the CAFII website, noting that there was much substantive new content that had been added to the site of late.

Item 5(f): Execution of EOC-Approved CAFII 2022 Tracking Study Research on Consumers' Satisfaction with CPI, with Pollara Strategic Insights

Keith Martin provided an update on CAFII's 2022 research initiative with Pollara Strategic Insights, noting that while the research would be completed in 2022, the recommendation was not to publish the findings until 2023 so as to give the research a longer shelf-life. It was noted that a question would be added to the survey on the impact of inflation on the purchase of insurance products, and it was suggested by Chris Lobbezoo that a question on interest rates and the purchase of insurance could also be of value.

Item 5(g): Insights Gained from September 13/22 CAFII 2022 Annual Members and Associates Luncheon, with Mark White, CEO of FSRA, as Guest Presenter

Keith Martin reported that the September 13/22 CAFII Annual Members and Associates Luncheon, including the fireside chat with FSRA CEO Mark White, had received much positive feedback from those in attendance.

Item 5(h): Insights Gained from CAFII/CLHIA/THIA Biweekly Meetings Re Impact of COVID-19 on Travel and the Travel Insurance Industry

Brendan Wycks provided an overview of the insights gained from recent meetings of CAFII, CLHIA, and THIA on travel and travel insurance issues, noting that the range and intensity of issues discussed was lessening as Canada emerges from the pandemic.

Item 6: Meeting Termination

On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the meeting be terminated.

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status Nov. 18, 2022
		Association Strategy, Governance and Financial Management			
1	EOC and Board: October 2019	Launch CAFII EOC Working Group to Explore a New Lower Dues Category of CAFII Membership, via a first meeting and a draft Terms of Reference for this Working Group.	B. Wycks/ K. Martin	31-Dec-22	In Progress/ See #2
2	BOD: June 9, 2020	Revisit the launch of the CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership once the economic environment stabilizes, via a first meeting and a draft Terms of Reference for this Working Group.	K. Martin	31-Dec-22	In Progress
3	EOC May 29, 2018	Develop a summary job description for the CAFII EOC Chair role and circulate it to EOC Members.	B. Wycks/ K. Martin	31-Dec-22	In Progress
4	EOC February 27, 2018	Document in writing the process for reviewing, approving, and admitting applicants for CAFII Members and Associate status	B. Wycks	31-Dec-22	In Progress
5	BOD April 12, 2022	Work with CAFII's Treasurer and assigned Controller to wind down the Restricted Fund and transfer its residual monies into the Association's General Fund during the Association's 2022 fiscal year	B. Wycks/ K. Martin	31-Dec-22	In Progress
6	BOD October 11, 2022	Identify a CAFII Board Vice-Chair candidate for appointment at the June 2023 First Meeting of 2023-24 Board of Directors	P. Thompson/ K. Martin/ B. Wycks	15-May-23	In Progress
7	BOD October 11, 2022	Change CAFII Member dues invoicing process to one annual invoice beginning in 2023	K. Martin/ B. Wycks/ R. Nason	28-Feb-23	In Progress
8	EOC October 25, 2022	Develop advanced draft of Proposed CAFII 2023 Operating Budget for presentation at November 24/22 EOC Meeting, for endorsement, and subsequent presentation to Board at its December 6/22 meeting for approval	K. Martin/ B. Wycks/ R. Nason/ D. Hinnecke	21-Nov-22	In Progress
9	EOC October 25, 2022	Prior to December 6/22 Board Meeting, organize appointment of V. Gillis as TD Insurance's new Director on the CAFII Board, using the Electronic Voting Of The Board, Outside Of A Board Meeting provision in the CAFII By-Law	B. Wycks	2-Dec-22	In Progress
		Regulatory Initiatives			
10	EOC October 26, 2021	Organize a meeting of the Market Conduct and Licensing Committee to review CCIR's 2021 document on the industry's adoption of the FTC guidance	K. Martin/ B. Wycks	31-Jul-22	In Progress
11	BOD October 11, 2022	Schedule and hold a private, one-on-one meeting with AMF's Eric Jacob and share outcomes with K. Martin and B. Wycks, so that CAFII Members can in-turn be informed	P. Thompson/ K. Martin/ B. Wycks	15-Nov-22	Completed
12	EOC October 25, 2022	Following P. Thompson's private, one-on-one meeting with AMF's Eric Jacob on November 4/22, secure a debrief session with P. Thompson and then share outcomes of the November 4/22 meeting with CAFII Members	B. Wycks/ K. Martin	15-Nov-22	Completed
		Association Operations			
13	EOC May 17, 2022	Regularly scan website videos to ensure that they are up-to-date and don't include broken links	K. Martin/ B. Wycks	31-May-22	Ongoing
14	BOD October 11, 2022	Implement immediately Board-approved revisions to CAIFI Alerts Weekly Digest	B. Wycks/ J. Becker/ A. Nguyen	14-Oct-22	Completed

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Regulatory Update – CAFII Executive Operations Committee, 25 October, 2022

Prepared by Keith Martin, CAFII Co-Executive Director

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Federal/National

Canadian Council of Insurance Regulators (CCIR)

CCIR Begins Consultation on its 2023-2026 Strategic Plan

In an October 11, 2022 email to CAFII, Peter Burston, Director, CCIR Secretariat invited CAFII to participate in a 4 November, 2022 virtual feedback session on the plan, and to provide written comments by 30 November, 2022. CAFII will distribute the embargoed draft plan to interested CAFII members, and will engage in this important consultation.

The email to CAFII was as follows:

Dear Brendan, Keith,

As a key stakeholder of the Canadian Council of Insurance Regulators (CCIR) you are being provided the attached draft CCIR Strategic Plan for 2023-2026 ("draft Strategic Plan"). The draft Strategic Plan should be considered embargoed until the publication of the CCIR Strategic Plan in April 2023. The draft Strategic Plan may only be shared with key representatives of your organization for the purpose of supporting a response to this CCIR stakeholder consultation.

The draft Strategic Plan sets out:

- *CCIR's national regulatory coordination framework;*
- *proposed strategic priorities;*
- *CCIR standing committees;*
- *key issues and emerging trends; and*
- *CCIR's proposed operational plan for 2023-2024.*

*Stakeholders are invited to provide feedback to CCIR concerning all aspects of the draft Strategic Plan, **no later than November 30th**. Submissions should be directed to the CCIR Secretariat at ccir-ccrra@fsrao.ca*

*We also look forward to the opportunity to receive your preliminary feedback during our virtual consultation on **November 4th**.*

Thanks and Best Regards,

Peter

Peter Burston

Director, CCIR Secretariat

CCIR Releases Submissions on the Consultation on Incentive Management Guidance

On September 22, 2022 CCIR posted on its website the submissions to CCIR on its consultation on the Incentive Management Guidance. The CCIR conducted a public consultation on the Incentive Management Guidance for a 45 day period from February to April 2022. Recurring industry themes were the importance of a principles-based approach, a balanced approach, flexibility, and harmonization.

The submissions, including CAFII's, can be found on the CCIR website:

<https://www.ccir-ccra.org/Documents/View/3730>.

Travel Health Insurance Association of Canada

THIA Holds its Annual Innovation Summit In Person for the First Time in Three Years

CAFII's Co-Executive Directors attended the THIA Innovation Summit, held on 19 October, 2022.

The keynote speaker was Erin Bury, an entrepreneur who is CEO of Willful, an online innovator that provides Canadians with online wills. She emphasized the unrelenting nature of technology trends, and the importance of not restricting oneself to technologies that one is comfortable with. New social media trends are constantly developing, and even relatively young people can miss out on important developments if they do not embrace new ways of doing things.

Neal Jardine spoke about the cyber-security threat landscape and the emergence of ever-more sophisticated threat actors. Threat actors are interested in making money, not in your data; the data they seek is merely a means to an end. There has been a 60% increase in cyber incidents, and this will continue because this is a very profitable area for threat actors. A common threat is to encrypt a company's online assets, and then demand a ransom for unencrypting the data.

For the company, there is a cost-benefit equation to consider—what is the cheapest way to avoid disastrous customer outcomes and expensive rebuilding of its databases? In many cases, paying the ransom is the cheaper outcome—but even better would be investing in a secure system to avoid the threats at all. Something as simple as multi-factor authentication can greatly reduce the risk of being hacked.

Daniel Zhan, Senior Policy and Technical Lead at FSRA, spoke about FSRA's test and learn environment. He said that this was a multi-year journey and that FSRA's role was not to develop innovation, but rather to provide an environment for industry to be able to provide innovation while ensuring consumers are still protected. The analogy he used is that FSRA is part of an orchestra that promotes innovation, with the musicians being industry.

Financial Consumer Agency of Canada (FCAC)

FCAC Releases an Update to the Reporting Guide for Insurance Companies

In a 23 September, 2022 email Frank Lofranco shared that there was an updated version of the regulatory reporting guide for trust and loan companies, insurance companies and retail associations available for federally regulated financial institutions (FRFIs). This includes new reporting requirements around complaints.

The updated guide can be found here:

[Regulatory reporting guide for trust and loan companies, insurance companies and retail associations - Canada.ca](#)

Canadian Association of Financial Institutions in Insurance (CAFII)

CAFII Held a 25th Anniversary Celebration at Which There Was Excellent Regulator and Policy-Maker Attendance.

CAFII held a very successful 25th Anniversary Celebration on 19 October, 2022 hosted by BMO Insurance at the bank's 68th floor Corporate Event Venue in First Canadian Place. Over 85 people were in attendance, including over a dozen regulators and policy-makers who were in Toronto as part of "regulators week" (the date of the celebration was chosen to be in the middle of that week, to facilitate regulatory and policy-maker attendance). In well-received comments, CAFII Board Chair Peter Thompson said

When I pause to reflect on what has transpired in our world during the 25 years that CAFII has been in existence, I can confidently say that among the most cataclysmic events that we've seen in the financial services milieu was the global financial crisis of 2007 and 2008, and the fallout it caused for businesses around the world.

Comparing Canada's performance in the aftermath of that financial crisis to that of the United States – and we should make that comparison, with pride -- I believe we can identify some important differences.

Our Association represents the insurance arms of Canadian financial institutions and I am proud of our record of prudent and responsible financial practices— practices often quite different from those of our counterpart FIs in our neighbour to the south.

And I recognize as well that our regulatory framework here in Canada --- more stringent, more effective, more competent – made a real difference in the aftermath of the global financial crisis as compared to what unfolded in the U.S.

Together, those two realities of industry practices and the regulatory environment produced entirely different outcomes in Canada as compared to what occurred in the U.S. — and we should be proud of those differences, and celebrate and recognize the achievements of our different model and the benefits it produced for the Canadian economy and our citizens.

With that as context, I think it's important to commend our regulators and policy-makers in Canada for responding forcefully but yet not over-reacting to the financial crisis; for staying the course; and finding a reasonable balance between rules-based, prescriptive regulation and principles-based regulation in our financial services and insurance industries.

The Canadian regulatory framework has served our society well during times of stability and during times of crisis.

We commend our Canadian regulators and policy-makers for their willingness engage with CAFII and other industry Associations, to listen to different perspectives, and to seek alternative options and solutions.

Towards the end of his speech, in which he spoke to the importance of relationships, Mr. Thompson added the following comments:

And certainly a key relationship that can't be overlooked – because it is at the very heart and raison d'être of our Association – is the relationship that CAFII has built with the insurance regulator and policy-maker community.

Thank you, regulators and policy-makers who are with us this evening, for your open communication, consultation, and responsiveness, throughout the interactions you've had with CAFII over the years.

Ours is an important reciprocal relationship, so let's keep making it a priority; and let's make it of even stronger mutual benefit as we go forward.

Ladies and gentlemen, we have very many representatives of the insurance regulator and policy-maker community from across Canada with us this evening.

We have more than 20 of those VIP guests in attendance from CCIR, CISRO, and OSFI as national organizations; from nearly all provincial and territorial insurance regulators; and, as well, we have policy-maker representatives present from many of the jurisdictions across the country.

Please join me in a round of applause to welcome our guests from the regulator and policy-maker community; and to thank them for their co-operation, collaboration, and communication.

There was strong interest in the event from the regulator and policy-maker community, and the list of registrants (including those who attended and those who did not) is below.

Regulatory and Policy-Maker Attendees: Registered and Attended

Eric Jacob, Superintendent, Autorité des marchés financiers;
Nathalie Sirois, Autorité des marchés financiers;
Harry James, BCFSA;
Forrest Joy, BCFSA;
Tony Toy, CCIR/FSA Ontario;
David Weir, FCNB;
Erica Hiemstra, FSRA;
Fern Karsh, FSRA;
April Stadnek, Executive Director, Insurance Councils of Saskatchewan;
Ron Fullan, Insurance Councils of Saskatchewan (retired);
Scott Moore, Manitoba FIRB;
Robert Bradley, PEI Superintendent of Insurance and CCIR Chair;
Jennifer Calder, Nova Scotia Deputy Superintendent of Insurance;
Michael Weisman, Ontario Ministry of Finance.

Regulatory and Policy-Maker Attendees: Registered and Did Not Attend

Laurie Balfour, Alberta Automobile Insurance Rate Board
Brent Rathgeber, Alberta Insurance Council
Raseema Alam, FSRA/CCIR;
Allan Amos, FSRA;
Hussein Lalani, FSRA;
Peter Burston, FSRA
Stuart Wilkinson, FSRA
Marina Makhnach, BCFSA;
Darrell Leadbetter, OSFI.

CAFII Holds a Webinar with Pollara Senior Vice President Lesli Martin on Consumer Preferences and Product Development Trends

CAFII held a 5 October, 2022 webinar with Lesli Martin on *Consumer Preferences and Product Development Insights--Emerging From Recent Research In Financial Services and Relevant Comparator Industries*. Ms. Martin, a Senior Vice President at Pollster Pollara Strategic Insights, presented a deck on “Consumers in the Post-Pandemic World.” Her presentation noted that out of the pandemic, there were heightened mental health struggles for many Canadians, including higher than usual levels of anxiety and depression. The worries that people struggle with ran the gamut from health concerns, economic worries, and learning how to do things differently. Ontario has the highest level of mental health issues in Canada; Quebec has the lowest, but it is higher than usual everywhere in the Canadian.

Canadians are also learning new ways of doing things, including increased digital sales, with Canadians conducting more e-commerce sales than ever before. Work had changed as well, with many Canadians working from home. As the pandemic appears to recede, new issues are now confronting Canadians, including high inflation, high interest rates, and international instability. Two-thirds of Canadians expect inflation to rise in the coming months, and remain high for at least one year. Canadians also do not believe that their wages will keep up with inflation.

Pollara has also started a “rage index” which measures Canadians anger around six issues: the federal government, the provincial government, the Canadian economy, their own personal financial situation, the types of changes happening in Canada, and the latest stories in the news. An average of 49% of Canadians are annoyed or angry about these six topics, and 14% are very angry about the six topics. On the other hand, while 25% of Canadians feel exhausted and burnt out, almost two-thirds are hopeful about the future.

Pollara has also noticed that Canadians are changing their behaviours due to inflation, with 73% buying cheaper brands of groceries, 68% spending less money on vacations this year, 72% eating out less at restaurants, and 67% delaying major purchases. These trends are being observed in all parts of the country, and the impact is the same in urban and rural Canada. But the impact is being felt most by lower income Canadians.

One of the impacts that Pollara has tracked is that both credit protection insurance and travel insurance are more likely now to be purchased online as opposed to before the pandemic. However, consumers still want the ability to talk to someone, even if making an online transaction. In general, the pandemic caused Canadians to be more comfortable with online banking than ever before.

Post-pandemic, many Canadians want to continue to be able to work from home at least part-time, especially women. Almost half of women say they are likely to quit their jobs if asked to return to the office full-time. Most Canadians say that they will return to pre-COVID patterns of in person arrangements for loans and buying insurance. Getting the interaction right with customers around financial transactions is important, as over half of Canadians report feeling stress when interacting with the financial services sector.

A poll of participants asked: “Have you cut back on important purchases due to inflation?” Of respondents, 20% said they had significantly cut down due to inflation, and 44% said they had cut back moderately; 37% said that they had not cut back at all. Ms. Martin said that this was very aligned Pollara’s own research.

Another poll of participants asked: “Tell us where you are in terms of a return to working from the office: just like before the pandemic?; still only working from home?; or hybrid, working from the office sometimes, but not every day.” From respondents, 95% said they are only working from home or working in a hybrid model.

There was excellent regulator and policy-making participation in the webinar, with the following organizations registered:

- the Financial and Consumer Services Commission of New Brunswick, or FCNB;
- the Nova Scotia Department of Finance;
- Quebec’s Autorité des marchés financiers, or the AMF;
- the Financial Services Regulatory Authority of Ontario, or FSRA;
- the Ontario Ministry of Finance;
- the Government of Alberta; and
- the British Columbia Financial Services Authority, or BCFSa.

A recording of the webinar, and a copy of the presentation, can be found on the CAFII website at the following link:

[Research | CAFII](#)

British Columbia

BC Financial Services Authority (BCFSA)

BCFSA Requests Clarification on Some Issues related to CAFII's Submission to its Consultation on the Insurer Code of Conduct ("BCFSA Code")

On 14 October, 2022 CAFII received the following email communication from Marina Makhnach, Director, Market Conduct Financial Institutions, BC Financial Services Authority:

Dear Keith

Thank you for taking the time to provide a response to the BCFSA consultation on the Insurer Code of Conduct ("BCFSA Code").

When developing the BCFSA Code, our intention for the Code was for it to be principles-based. This is why we distilled the outcomes and expectations from the CCIR/CISRO's FTC guidance into a set of principles that insurers will be required to adhere to.

During the consultation on the BCFSA Code and supplemental guideline, industry advised BCFSA to adopt the CCIR/CISRO's FTC guidance as its Code citing concerns over harmonization and different approaches to FTC.

Currently we are trying to better understand the inconsistencies between principles included in the BCFSA Code and the CCIR/CISRO FTC Guidance. We would be grateful if CAFII could help us with this by answering the following two questions:

- 1. Please provide specific examples of differences between the principles in BCFSA Code and CCIR/CISRO's FTC guidance that create potential compliance challenges for you.*
- 2. BCFSA and CCIR periodically release guidance to insurers on discreet FTC issues that build on the CCIR/CISRO's FTC principles. Please explain if insurers embed the expectations from additional guidance released by regulators into their compliance regimes? If so, how (process, frequency etc.)?*

To facilitate a response to the first questions, I included a cross reference document that maps out the BCFSa Code to the CCIR/CISRO FTC Guidance. For reference, I also included the BCFSa Code that we were consulting on with the industry.

If you are willing to participate and provide a response, I am hoping to receive a feedback to the two questions by November 15, 2022, if possible.

As always, we are happy to connect and provide clarification or answer any questions you might have.

CAFII has responded to Ms. Makhnach to let her know that CAFII will be responding to her questions by the deadline requested.

BCFSa Publishes Information Security Guideline for Provincially Regulated Financial Institutions

On 27 September, 2022 BCFSa released its Guideline on Information Security, which it had consulted on in Q4 2021 and Q1 2022. CAFII met with BCFSa executives on the proposed Guideline and made a substantive written submission, which questioned the need to develop a new Rule, and which asked BCFSa to avoid developing a unique form and instead consider adopting the form already used for information security breaches by OSFI. BCFSa made the following comments in relation to its report:

With increased adoption of digital technology in the financial services sector, both residents and the economy in B.C. are increasingly exposed to the risk of information security incidents that could compromise critical services or sensitive information.

In October 2021, B.C. Financial Services Authority ("BCFSa") published an Information Security ("IS") Guideline that included expectations for provincially regulated financial institutions ("PRFIs") to report material information security incidents. BCFSa subsequently published a discussion document in January 2022 proposing the establishment of a rule that would require all financial institutions authorized to conduct business in B.C. to report material IS incidents to the regulator. By proposing to require reporting through a rule, BCFSa was signalling to all authorized financial institutions the importance of reporting material incidents in a timely manner.

During the public engagement, BCFSA heard from financial institutions that a rule is not needed to ensure material incidents would be reported in a timely manner and that financial institutions should be allowed time to implement the IS Guideline, which comes into force on September 30, 2022. In addition, industry indicated its desire to see BCFSA align its reporting expectations and definitions with other regulators that have or intend to publish guidance on incident reporting, including the Office of the Superintendent of Financial Institutions and the Autorité des Marchés Financiers.

Based on the feedback received during the consultation period, BCFSA has amended its approach as follows:

*BCFSA will update and clarify its existing IS Guideline applicable to PRFIs.
BCFSA will publish and consult on a separate IS Incident Reporting Guideline for extraprovincially or federally regulated financial institutions that are authorized to conduct business in B.C.
BCFSA will align its expectations to the extent possible with other Canadian regulators.*

A summary of the consultation process and the responses that BCFSA received can be found here:

[BCFSA Consultation Report](#)

Insurance Council of British Columbia

Insurance Council of British Columbia Releases its Annual Report

On 29 September, 2022 the Insurance Council of British Columbia released its Annual Report, which covers the period from June 1, 2021 to May 31, 2022. In her message, CEO Janet Sinclair says that

Another significant initiative that is underway is the development of a restricted licence regime. When these licences are eventually issued, they will authorize licensed businesses to sell insurance incidental to the sale of their primary noninsurance product or service. Determining the types of products and businesses, and the regulatory processes for this new licence type is a complex and challenging undertaking.

The report provides an update on the progress of the Council in the implementation of its three year strategic plan, which includes “modernizing our regulatory framework,” “aligning regulatory practices to international standards,” “engaging stakeholders to improve practice and services,” and “cybersecurity.” The report also notes that the Council oversees nearly 50,000 licensees.

The full report can be found here:

[2021-2022-Insurance-Council-Annual-Report.pdf \(insurancecouncilofbc.com\)](https://insurancecouncilofbc.com/2021-2022-Insurance-Council-Annual-Report.pdf)

Alberta

Alberta Insurance Council

CAFII Meets on 19 September, 2022 with Berlin Communications to Provide Confidential and Anonymous Feedback on the Alberta Insurance Council

CAFII met on 19 September, 2022 with an agency (Berlin Communications) that was seeking feedback from stakeholders on the Alberta Insurance Council. From this session CAFII learned that the Government of Alberta is once again examining the possibility of bringing the Alberta Insurance Council into government, as opposed to it remaining a quasi-independent, arms length insurance licensure regulator.

Saskatchewan

Insurance Councils of Saskatchewan

The Restricted Insurance Agents Advisory Council (RIACC) of the Insurance Councils of Saskatchewan Meets in-person in Toronto on 19 October, 2022

CAFII and CLHIA attended an in-person meeting in Toronto of the Saskatchewan RIACC (Restricted Insurance Agent Advisory Committee) on 19 October, 2022, which was chaired by Moira Gill with April Stadnek, Executive Director of the Insurance Councils of Saskatchewan, in attendance. CAFII's Co-Executive Directors were at the meeting in-person, as was CAFII EOC member and RIACC Vice-Chair Charles MacLean.

Ontario

Financial Services Regulatory Authority of Ontario (FSRA)

FSRA Releases Report on a Joint Cooperative Review of Three Life and Health MGAs

The Financial Services Regulatory Authority of Ontario (FSRA) released a report on three life and health MGAs on 28 September, 2022.

Huston Loke, Executive Vice President, Market Conduct, stated in an email to members of the FSRA Sectoral Advisory Committee (SAC) on Life and Health Insurance that “The review was led by FSRA for the Canadian Council of Insurance Regulators (CCIR) and was the first review of its kind to identify potential market conduct and consumer risks, which we highlighted to you in our most recent meeting.”

The *CCIR Cooperative MGA-Focused Thematic Review—Consolidated Observations Report* states that:

The Canadian Council of Insurance Regulators (CCIR) continues to work on behalf of all stakeholders, including consumers, to ensure financial safety, fairness, and choice for everyone. Between December 2021 and June 2022, the Financial Services Regulatory Authority of Ontario (FSRA) led and coordinated the joint CCIR cooperative review of individual Life and Health (L&H) insurance business of three Managing General Agencies (MGAs) that appeared to have a similar business model.

These MGAs use a tiered-recruitment business model (may also be referred to as a multi-level-marketing, network-marketing, recruitment-focused, or tiered-level model). They focus on recruitment and actively encourage their agents to recruit new individuals. The agents are paid not only for their own insurance sales, but also for those made by people that agents recruit, and so on. This results in MGAs paying multiple layers of agents for one insurance sale.

This tiered-recruitment business model does not appear to be standard practice in L&H MGAs. Generally, agents are paid based on their own insurance sales. Under this model, “upline agents” may be paid without having a direct connection to the consumer.

The 2021-2022 MGA-Focused Thematic Review (the review) was to determine whether mechanisms were put in place by these MGAs to ensure consumers are treated fairly. Through the review of these MGAs, involvement of insurers and potential practices of their contracted agents were also considered. The review identified potential market conduct and consumer risks.

In a press release about the report, FSRA said that it would take the following actions in relation to the findings in the report:

- *conduct a thematic review of life insurance agents licensed in Ontario and contracted with the three reviewed MGAs, which is expected to be completed by end of 2022*

- *develop an expanded supervisory plan and initiate a review of selected insurers contracted with these reviewed MGAs in the fall of 2022*
- *release draft interpretation Guidance for public consultation in the fall of 2022*
- *draft a proposed Rule to enhance the MGA regulatory framework, planned for public consultation in 2023*
- *consider appropriate regulatory action*

Further information can be found at the following links:

[CCIR cooperative MGA-focused thematic review - Consolidated observations report | Financial Services Regulatory Authority of Ontario \(fsrao.ca\)](#)

[FSRA Takes Action to Ensure Those in the Life and Health Insurance Sector Treat Customers Fairly \(newswire.ca\)](#)

[Strengthening consumer protection around managing general agencies | Financial Services Regulatory Authority of Ontario \(fsrao.ca\)](#)

FSRA Holds Session with Sectoral Advisory Committee (SAC) on Life and Health Insurance on 3 October, 2022

On 3 October, 2022 FSRA held a virtual meeting with the members of the Sectoral Advisory Committee (SAC) on Life and Health Insurance, which CAFII Co-Executive-Director Keith Martin sits on as CAFII's representative. It was noted that FSRA is about to launch its consultation on its 2023-2024 Priorities and Budget. The key strategic priority for the life & health insurance pillar is to "enhance market conduct oversight to protect consumers." FSRA reported that in terms of its environmental scan,

- *Inflation and affordability loom large over all of FSRA's regulated sectors.*
- *The Ontario economy has entered a period of prolonged economic uncertainty.*
- *The pandemic has altered how technology is used in Ontario's financial services and pensions sectors.*
- *Consumer use of digital services is increasing, either out of choice or necessity.*
- *Regulated entities and individuals use technological developments to increase efficiency, reduce costs and minimize consumer harm.*
- *Ontario's most vulnerable consumers are increasingly facing more pressures. The current economic climate may result in more affordability and suitability issues, which can lead to issues relating to fraud and misconduct.*
- *Consumers need advice in connection with increasingly complex financial services products.*

- *Climate change and cyber/technology risks continue to be closely monitored by FSRA.*

FSRA has a 2023-2024 proposed fiscal year budget of \$119.2million, of which \$14.4million is for the life and health insurance pillar. While a fee increase for individual agents is being proposed, the overall fees for life & health insurance companies will not be changed, and direct written premiums will continue to be the driver for the assessment. FSRA's overall priorities for the 2023-2024 period are intended to be the following:

1. Strengthen the consumer focus.
2. Modernize systems and processes.
3. Enable innovation.
4. Enhance FSRA's talent management framework and strategy.

Among the FSRA staff executives who participated in this meeting were:

- Mark White, CEO;
- Huston Loke, Executive Vice President, Market Conduct;
- Robert Prior, Senior Manager, Market Conduct – Life & Health Insurance Agents;
- Tim Mifflin, Senior Manager, Policy;
- Erica Hiemstra, Head Market Conduct;
- Swati Agrawal, Director, Market Conduct - Life & Health Insurance.

FSRA Launches Consultation on Its 2023-24 Statement of Priorities and Budget, with a Deadline for Submissions of 11 November, 2022

On 13 September, 2022 FSRA announced that it was launching a public consultation on its 2023-24 Statement of Priorities and budget. FSRA's announcement states that:

FSRA's proposed priorities continue to focus on fostering principles-based regulation, while delivering on outcomes that ensure consumer protection, support innovation and effectively address emerging risks and supervision in the sectors it regulates.

The Statement of Priorities and budget will form the core of FSRA's Annual Business Plan. FSRA will then submit to the Minister of Finance for approval.

Consultation is an essential part of FSRA's commitment to transparency and accountability. This ensures that FSRA's plans for the upcoming fiscal year reflects stakeholder feedback.

The consultation will close on 11 November, 2022. CAFII will be making a submission on this consultation. Further information on the statement of priorities can be found here:

[Consultation on FSRA's proposed 2023-2024 statement of priorities](#)

FSRA Issues a Call for New Members to Join its Consumer Advisory Panel

On October 14, 2022 FSRA issued a call for new members to join its Consumer Advisory Panel for a two-year term. FSRA noted that

The Consumer Advisory Panel (the "Panel") is made up of a diverse group of consumers and consumer representatives with experience in regulated sectors. The Panel members offer consumer, member and beneficiary perspectives and voices to help inform FSRA's direction and decisions. As part of FSRA's stakeholder engagement process, the Panel serves as an advisory body through FSRA's Consumer Office, which manages and provides Secretariat services and support to the Panel.

Those interested in applying should submit the following two documents to ConsumerOffice@fsrao.ca by **Friday, November 18, 2022**.

- A current resume
- A cover letter that addresses the following:
 - Why the applicant is interested in serving on the Panel;
 - How the applicant's skills and experiences match the purpose, mandate, and responsibilities of the Panel; and
 - The types of insights that the applicant would bring to the Panel (e.g., consumer advocacy experience, technical expertise in a particular sector, general policy expertise, etc.).

Further information about the Consumer Advisory Panel can be found here:

[Consumer Advisory Panel | Financial Services Regulatory Authority of Ontario \(fsrao.ca\)](#)

CAFII Holds Fireside Chat with Mark White, CEO of FSRA, at its Annual Members and Associates Luncheon

On 13 September, 2022 CAFII held its Annual Members and Associates Luncheon, at which CAFII Co-Executive-Director Keith Martin had a fireside chat with Mark White. The 40 minute discussion, which included audience questions, covered a wide range of topics including regulatory trends, FSRA priorities, the MGA channel, international developments, and harmonization in insurance.

Mr. White was very cordial and said he appreciated the engagement with CAFII. A half-dozen FSRA executives were in the audience, including Erica Hiemstra, Head, Market Conduct; and Swati Agrawal, Director, Market Conduct—Life & Health Insurance.

Quebec

Autorité des marchés financiers (AMF)

CAFII and AMF Hold Annual Liaison Lunch and Industry Issues Dialogue on 11 October, 2022 in Montreal, Quebec

CAFII and the AMF held its annual liaison lunch and industry issues dialogue in Montreal on 11 October, 2022. This is the first time in three years that the meeting has been held in-person. At the meeting from the AMF were:

Éric Jacob, Superintendent, Client Services and Distribution Oversight (in-person);
 Louise Gauthier, Senior Director of Distribution Framework Policies (in-person);
 Christian Beaulieu, Senior Director, Operations and Distribution (in-person);
 Mario Beaudoin, Director of Alternative Distribution Practices in Insurance (in-person);
 Patrick Déry, Superintendent, Solvency (virtual attendance);
 Nathalie Sirois, Senior Director of Insurer Supervision (virtual attendance);
 Julien Reid, Senior Director, Supervision of Financial Institutions and Deposit Insurance (virtual attendance);
 Christine Vachon, Director, Legal Affairs (virtual attendance).

CAFII had 22 member representatives attend in-person, and another 13 attend virtually, including the following Board members and Officers of the Association who were at the session in-person:

Peter Thompson, National Bank Insurance and CAFII Board Chair;
 Chris Lobbezoo, Royal Bank Insurance and Board member;
 Peter McCarthy, BMO Insurance and Board member;
 Louie Georgakis, Canada Life Insurance and Board member;
 Kelly Tryon, CUMIS and Board member;
 Simon Lacroix-Hubert; Desjardins Insurance and Board member;
 Rob Dobbins, Assurant, and EOC Chair and Board Secretary;
 Karyn Kasperski, Royal Bank Insurance and EOC Vice-Chair and Vice-Board Secretary.

The session was held at the offices of Desjardins Insurance at the Complexe Desjardins in downtown Montreal. Mario Beaudoin made the presentation on behalf of the AMF, and presented slides on the analysis of data by the AMF around CAFII member statistics and industry statistics around claim denial rates, and rates of the return of premiums to customers.

Mr. Beaudoin said that where products had numbers that were below industry averages, members would be asked to comment on why and to provide an action plan on what they planned to do to address this situation.

Keith Martin presented the CAFII deck which began by thanking the AMF for its burden reduction effort where members no longer need to send a list of all distribution locations, including all branches, for new products in the Distribution Without a Representative regime, but instead will now only need to send the head office location.

The chronology of meetings and discussions around the Fact Sheet and Notice of Rescission with respect to credit card-embedded insurance benefits was shared with the AMF. It was noted that AMF Superintendent Eric Jacob told CAFII on September 10, 2021 that its members did not need to distribute the Fact Sheet and Notice of Rescission for credit card-embedded insurance benefits, to give CAFII and the AMF an opportunity to try and resolve this issue. CAFII submitted its proposed wording modifications with respect to these documents on 17 January, 2022 and did not hear back from the AMF until a meeting was held on 15 September, 2022, at which the AMF did not comment on CAFII's proposed wording, but instead suggested saying in the Fact Sheet that customers could cancel the embedded insurance.

CAFII then spent the remainder of the presentation explaining some of the features of credit cards including their embedded insurance benefits, and why cancelling such insurance was not possible. There was also a section of the presentation on why a reasonable amount of time is required for industry to implement new regulatory requirements.

As he was departing from the meeting, Superintendent Eric Jacob asked Board Chair Peter Thompson to meet with him privately, one-on-one, in the near future to discuss further the issue of the applicability of the Fact Sheet and Notice of Rescission to credit card-embedded insurance benefits; and to try to resolve it.

International Developments, Research, and Thought Leadership

Canadian Underwriter

Canadian Lawyers Question Value of OSFI Initiative around Canadian Insurance Culture and Governance

An October 4, 2022 article in Canadian Underwriter shares comments from leading Canadian lawyers on OSFI's proposed guidance on culture and guidance, including on six prudential outcomes it wants businesses to achieve around leadership, compensation, accountability, risk mindsets, group dynamics and resilience.

The article states that lawyers are calling this initiative a “solution in search of a problem,” as Canada’s solvency regulator is seeking input from the Canadian property and casualty insurance industry on how to regulate business culture.

“I feel like this culture conversation in Canada is a bit of a solution in search of a problem,” Stuart Carruthers, a partner at Stikeman Elliott LLP, observed at a recent NIC Conference panel discussion on emerging issues and regulatory hot topics facing Canada’s P&C insurance industry.

“I think, generally Canadian FIs [financial institutions] get it right compared to institutions in other countries,” he explained. “In other countries, usually Canadian FIs are viewed as having the best culture and governance in the world. So, I don’t [see culture] as a pressing problem, but we’ll see what the Australian guideline looks like.”

OSFI’s move is in step with regulatory activity in Australia, where a Royal Commission into Misconduct in the Banking, Superannuation and Financial Services sectors issued recommendations in February 2019 to improve oversight of the business culture at FIs.

That commission “directed that financial services entities are to take proper steps to assess the entities’ culture and governance, identify any problems, deal with those problems and thereafter determine whether the changes made have been effective.”

OSFI is currently in a consultation phase on the topic, before formulating its guidance. Insurance Bureau of Canada has made submissions to OSFI on the matter, said Carruthers, “and are quite opposed to more culture regulation; see it as redundant, unnecessary, and hard to measure. A lot of the OSFI guidance is very vague.

“The thing is, how do you measure culture? What’s good in a culture? What’s bad in a culture? Is risk-taking better? Or is being more risk-averse better? It’s very, very hard to measure.

“I jokingly say I think it’s like trying to ask if classical music is better than jazz music, or is it better than folk music?”

Jill McCutcheon, partner at Torys, didn’t think OSFI’s desire to provide guidance on business culture was completely “off the mark,” although she agreed it seemed like a solution looking for a problem. She saw its utility in ensuring organizations are taking diversity seriously.

OSFI’s concern is about growth and change at federally regulated financial institutions, as McCutcheon said.

“If you only have the same people, the network of people is the same – everybody stays the same if you don’t shake up your board, you don’t shake up your management,” she commented. “We know that if boards and senior management are more diverse, probably the risk of groupthink gets lower. So, I don’t think the whole thing is off the mark.

“But I certainly agree with the submissions that...this is just something that we are aware of in the industry, and work on a daily basis. I’m not sure that we need this guidance.”

Koker Christensen, a partner at Fasken, said OSFI’s regulatory initiative around culture is part of a broader effort by global financial regulators to recognize more intangible influences on an organization’s financial results.

“This is a train that’s going down the tracks, right?” Christensen said. “The focus on non-financial risks is kind of a mega-trend in insurance regulation. I mean, it’s in Canada...but it’s starting at the global level. The Financial Stability Board [which monitors the global financial system] and other organizations write about this, and it trickles down.”

That said, Christensen agreed, culture is a large, diffuse entity, and may not be a perfect candidate for prescriptive regulations.

“I don’t think it’s easy to sort of design a set of principles or processes that are going to lead to a good culture. I think it’s really challenging how to implement this correctly,” he said.

CAFIL Consultations/Submissions Timetable, 2022-23

Regulatory Issue	Deliverable	Deadline	Accountable
Financial Consumer Agency of Canada (FCAC)	<ul style="list-style-type: none"> • CAFIL submission on “Proposed Guideline on Appropriate Products and Services For Banks and Authorized Foreign Banks” • CAFIL meets virtually with FCAC staff executives to present highlights of submission on “Proposed Guideline on Appropriate Products and Services For Banks and Authorized Foreign Banks” • FCAC virtual meeting with K. Martin and B. Wycks to present its decisions on elements in CAFIL’s submission on “Proposed Guideline” • FCAC releases final version of “Guideline on Appropriate Products and Services For Banks and Authorized Foreign Banks” 	<ul style="list-style-type: none"> • January 6/22 • January 15/22 • February 17/22 • February 24/22 	<ul style="list-style-type: none"> • Mkt Conduct & Licensing Committee; Co-EDs to monitor
BC Ministry of Finance 10-Year Review of FIA (Public Consultation Paper issued June/15)	<ul style="list-style-type: none"> • Revised Financial Institutions Act (FIA) tabled in the legislature • Ministry releases consultation paper on introducing a Restricted Insurance Agent licensing regime in BC (October 3/22 submission deadline) • CAFIL submission on BC RIA licensing regime consultation paper 	<ul style="list-style-type: none"> • October 21/19 • June 30/22 • October 3/22 	<ul style="list-style-type: none"> • Mkt Conduct & Licensing Committee; Co-EDs to monitor
British Columbia Financial Services Authority (BCFSA)	<ul style="list-style-type: none"> • CAFIL meeting with BCFSa re “Discussion Paper: Information Security Incident Reporting” • CAFIL written submission on BCFSA’s Information Security Incident Discussion Paper (overhauled based on insights from February 24/22 meeting) • CAFIL submission on BCFSA’s “Draft Insurer Code of Conduct” • CAFIL submission on Two Follow-up Questions from BCFSA on Its Draft Insurer Code 	<ul style="list-style-type: none"> • February 24/22 • March 1/22 • September 9/22 • November 11/22 	<ul style="list-style-type: none"> • Mkt Conduct & Licensing Committee; Co-EDs to monitor
Quebec Bill 141 and Related Regulations (including Regulation Respecting Alternative Distribution Methods, RADM)	<ul style="list-style-type: none"> • CAFIL submission on Draft Regulation Respecting Complaint Processing • CAFIL makes submission to AMF on wording modifications needed to Fact Sheet and Notice of Rescission to make them fit credit card-embedded insurance benefits • CAFIL submission on AMF draft Incentive Management Guideline 	<ul style="list-style-type: none"> • December 8/21 • January 17/22 • February 18/22 	<ul style="list-style-type: none"> • Mkt Conduct & Licensing Committee; Co-Eds to monitor
CCIR/CISRO	<ul style="list-style-type: none"> • <i>CCIR/CISRO FTC Working Group accepts proposal in CAFIL’s July 2/20 letter</i> • CAFIL submission on CCIR/CISRO Draft “Incentives Management Guidance” • CAFIL submission on CCIR/CISRO proposed “Incentives Management Guidance” • <u>CAFIL written submission on CCIR’s Draft 2023-2026 Strategic Plan (following preliminary feedback provided via Virtual Stakeholder Session on November 4/22)</u> 	<ul style="list-style-type: none"> • August 31/20 • September 17/21 • April 4/22 • <u>November 30/22</u> 	<ul style="list-style-type: none"> • Mkt Conduct & Licensing Cttee; Co-Eds to monitor
FCNB Insurance Act Rewrite and Introduction of RIA Regime	<ul style="list-style-type: none"> • FCNB Releases “Proposed Rule INS-001: Insurance Intermediaries Licensing and Obligations” for consultation, with February 7/22 submission deadline • CAFIL submission on FCNB’s “Insurance Act Rewrite: Questions For Industry, Dec. ‘21” • CAFIL submission on Proposed Rule INS-001: Insurance Intermediaries Licensing and Obligations • CAFIL submission on Proposed Rule INS-002: Insurance Fees • CAFIL submission on FCNB legislative change proposals re Life Insurance and Accident & Sickness Insurance sections of Insurance Act (informal sounding board consultation) • FCNB releases final versions of Rule INS-001 and Rule INS-002 (“in force” date TBA, pending Ministerial approval) 	<ul style="list-style-type: none"> • November 2021 • January 31/22 • February 7/22 • February 18/22 • May 20/22 • July 4/22 	<ul style="list-style-type: none"> • Mkt Conduct & Licensing Cttee; Co-Eds to monitor
Financial Services Regulatory Authority of Ontario (FSRA) Regulatory Consultations	<ul style="list-style-type: none"> • CAFIL responds to FSRA “Information Guidance on Complaints Resolution” consultation • CAFIL submission on FSRA’s “Principles-Based Regulation” consultation document • CAFIL submission on FSRA’s “Principles of Conduct for Insurance Intermediaries” • CAFIL submission on FSRA’s “Use of Retained Revenues Guidance” • FSRA provides feedback on CAFIL’s submission on “Use of Retained Revenues Guidance” • CAFIL submission on FSRA’s Proposed 2023-24 Statement of Priorities and Budget 	<ul style="list-style-type: none"> • February 15/22 • April 29/22 • May 3/22 • May 31/22 • Sept 9/22 • November 15/22 	<ul style="list-style-type: none"> • Mkt Conduct & Licensing Cttee; Co-EDs to monitor

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

Agenda Item 2(e)
December 6/22 Board Meeting

CAFII Insurance Regulator and Policy-Maker Meetings/Interactions
From October 22/22 To November 21/22

<u>Date</u>	<u>Event/Occasion/Issue</u>	<u>Who</u>
November 4/22	CAFII Board Chair Peter Thompson's private, one-on-one meeting with Eric Jacob, AMF Superintendent, Client Services and Distribution Oversight, with a view to identifying a solution to the CAFII/AMF impasse issue re the Regulation respecting Alternative Distribution Methods' applicability to credit card-embedded insurance benefits.	Peter Thompson met privately with Eric Jacob for a half hour virtual meeting. See Appendix A for a summary of the meeting and its outcomes.
November 4/22	CAFII Virtual Stakeholder Feedback Session with Canadian Council of Insurance Regulators (CCIR) on its Draft 2023-2026 Strategic Plan.	In a 40 minutes virtual-only meeting, Peter Thompson, CAFII Board Chair, provided introductory "thank you for the opportunity" remarks, followed by Keith Martin and Brendan Wycks who delivered CAFII preliminary feedback to CCIR on its Draft 2023-2026 Strategic Plan, which had been shared with CAFII on an embargoed basis. More than 15 CAFII representatives attending this meeting.

		Approximately 10 CCIR representatives attended the meeting, including CCIR Chair Robert Bradley, PEI Superintendent of Insurance; and Laurie Balfour, of Alberta Treasury Board and Finance, Chair of the CCIR Strategic Planning Committee, who had speaking roles; and Nathalie Sirois, AMF Director, and Scott Moore, Manitoba Superintendent of Insurance, who participated in the brief Q&A Session at the end.
November 17/22	KPMG Annual 'Insurance Issues Conference' held at Metro Convention Centre in Toronto	Keith Martin attended this day-long conference, thanks to a complimentary registration invitation from Hudson Lopez, partner-in-charge of CAFII's annual financial statements audit with KPMG. Darrell Leadbetter, Senior Director, Insurance & Pensions, at federal regulator the Office of the Superintendent of Financial Institutions (OSFI) was a speaker at that conference at which CAFII had a presence.

Appendix A

Summary of November 4/22 One-on-One Virtual Meeting between Peter Thompson, CAFII Board

Chair;

and

Eric Jacob, AMF Superintendent, Client Services and Distribution Oversight,

On Finding A Solution To Impasse Issue Re

Applicability Of the Regulation respecting Alternative Distribution Methods (RADM)

to Credit Card-Embedded Insurance Benefits

At the 11 October, 2022 CAFII/AMF 'Industry Issues Dialogue' in Montreal, CAFII made a presentation to a group of eight (8) AMF staff executives titled "How Can We Work Together To Remove Or Reduce Barriers To Doing DWR Insurance Business In Quebec?" The intent of that presentation was to convey to the AMF why CAFII felt that no headway had been made over the past two years on resolving the impasse issue around the Regulation respecting Alternative Distribution Methods' applicability to credit card-embedded insurance benefits -- given that CAFII members are reluctant to provide the prescribed Fact Sheet and Notice of Rescission to credit card holders, since provisions in those documents are inaccurate and misleading with respect to credit card-embedded insurance benefits.

The AMF staff executives reacted somewhat defensively to CAFII's presentation points, but as the meeting was concluding and they were taking their leave, Eric Jacob, the AMF's Superintendent, Client Services and Distribution Oversight, approached CAFII Board Chair Peter Thompson and suggested that the two of them meet privately, one-on-one, in the near future to try to map out a path to a solution on this impasse issue.

That meeting took place virtually on Friday, 4 November, 2022 for approximately one hour.

The outcomes of that meeting are as follows:

- Mr. Jacob committed to take the credit card-embedded insurance benefits impasse issue under his own wing, to investigate it, and to get back to Mr. Thompson before the December 2022 Holiday season hiatus, with a view to discussing one or more solution option(s) and the next steps required to resolve the issue;
- for the immediate/urgent credit card-embedded benefits impasse issue which requires a swift resolution, and for other issues which may arise over time where there is a difference of opinion between the AMF and CAFII, it was agreed that Eric Jacob and Peter Thompson would each identify a smaller group of relevant team members (CAFII's Co-Executive Directors and a small group of Member representatives on the CAFII side; along with key AMF staff executives) who would then work together to resolve the issue, rather than discussing such issues in a large group forum such as the annual 'Industry Issues Dialogue';

- Eric Jacob proposed that on a go-forward basis, contentious issues such as the credit card-embedded insurance benefits issue should not be discussed at the annual 'Industry Issues Dialogue' but rather only in a small working group forum. The 'Industry Issues Dialogue' should be reserved for mutual information-sharing around non-contentious issues. Peter Thompson agreed with Mr. Jacob's proposal, but explained that CAFII felt that it had not made any headway over two years on the credit card-embedded insurance benefits issue with Mario Beaudoin, and was unsure as to whether AMF staff executives other than he and his direct reports were aware that the matter had reached an impasse;
- Mr. Thompson also took the opportunity to express concern about some of the credit protection insurance and travel insurance 'claims denial' and 'return-of-premium-to-consumers' statistics that were shared by the AMF at the same meeting -- during Mr. Beaudoin's AMF's presentation, which preceded CAFII's presentation -- noting that those numbers needed to be interpreted very carefully and that CAFII member companies may not have fully understood the AMF's related data request. For example, for National Bank Insurance, a "denied credit card claim" might have happened because the card actually had a zero balance at the time of claim. Would that scenario be included among what the AMF is interpreting to be a "denied claim," however? Mr. Jacob found Mr. Thompson's feedback to be very valuable and opined that this was another issue where a joint AMF/CAFII small group forum might need to do some dedicated additional work; and
- for the foreseeable future, Eric Jacob and Peter Thompson committed to meet quarterly to discuss issues of mutual interest/relevance that require dedicated leadership attention at the AMF and at CAFII, respectively.

Agenda Item 2(f)
December 6/22 Board Meeting

Committee Reports Addressing CAFII Priorities

Market Conduct & Licensing Committee: Chair Brad Kuiper, Scotia Insurance;
Vice-Chair Fay Coleman, TD Insurance

- This continues to be a very busy Committee with an intense level of regulatory submissions;
- The Committee met to provide input for and then reviewed the November 11/22 CAFII response submission to FSRA on “Proposed 2023-24 Statement of Priorities and Budget”;
- The Committee met to provide input for and then reviewed the November 15/22 CAFII response submission to BCFSa on two follow-up questions for CAFII Re inconsistencies between principles in its draft Insurer Code of Market Conduct and CCIR/CISRO’s “Guidance: Conduct of Insurance Business and Fair Treatment of Customers”; and
- The Committee met to provide input for and then reviewed the comments planned for the November 4/22 CAFII Virtual Stakeholder Feedback Session with CCIR on its Draft 2023-2026 Strategic Plan; and provided feedback on the CAFII written feedback submission (November 30/22).

Networking & Events Committee: Chair Carmelina Manno, Manulife;
Vice-Chair Marco DeiCont, Valeyo

- The Committee meets regularly to review possible topics and speakers for receptions and webinars;
- CAFII held a very successful webinar with 4 travel and travel insurance experts on November 3, 2022 on travel and travel insurance developments. THIA invited its members and over 95 people in total attended the webinar, including representatives from the following regulatory authorities:
 - *The British Columbia Financial Services Authority (BCFSa);*
 - *Alberta Treasury Board and Finance;*
 - *The Alberta Insurance Council;*
 - *Insurance Council of Manitoba;*
 - *the Financial Services Regulatory Authority of Ontario;*
 - *Quebec’s Autorité des marchés financiers, or AMF;*
 - *The New Brunswick Financial and Consumer Services Commission, or FCNB;*
 - *The Office of the Superintendent of Insurance, Government of Nova Scotia; and*
 - *The Office of the Superintendent of Financial Institutions, or OSFI.*
- CAFII held a very successful webinar on 5 October, 2022 with Lesli Martin of Pollara, who shared insights on consumer preferences in financial services and related industries. Her presentation, which is posted to the CAFII website in the research section along with a recording of the webinar, included a “rage index” which demonstrated the stress and anger that many people feel today. There was excellent attendance at the webinar from insurance regulators and policy-makers, with 22 registrants from the following authorities:
 - *The Financial and Consumer Services Commission of New Brunswick, or FCNB;*
 - *The Office of the Superintendent of Insurance, Government of Nova Scotia;*
 - *Quebec’s Autorité des marchés financiers, or the AMF;*
 - *The Financial Services Regulatory Authority of Ontario, or FSRA;*

- *The Ontario Ministry of Finance;*
- *Alberta Treasury Board and Finance (ATBF); and*
- *The British Columbia Financial Services Authority, or BCFSa.*
- There will also be a 1 December, 2022 CAFII webinar featuring Blair Morrison, CEO of BCFSa.

Research & Education Committee: Chair Andrea Stuska, TD Insurance;

Vice-Chair Michelle Costello, CUMIS

- The Committee held a series of meetings over the course of the year to finalize the 2022 Pollara survey questionnaire on consumers' attitudes towards CPI;
- The questionnaire has been sent to field; the survey response period is now complete; and Pollara is now completing the data analysis and its results report;
- Questions have been included in the questionnaire on the impact of interest rates/inflation on consumers generally, as well as with respect to impacting their purchase of CPI, with the intention of possibly garnering media interest with the results of those questions;
- Pollara is also validating with CAFII insurer members the claims payout percentage rates for mortgage life CPI; and
- When the study is complete, arrangements will be made for the Board to be presented the key findings; and the Board will be asked for approval to release an executive summary of the report publicly.

Media Advocacy Committee: Chair Jacqlyn Marcus, Valeyo

- This Committee has seen renewed energy and activity under the leadership of new Chair Jacqlyn Marcus;
- Two new members have joined the Committee: Barb Nelson from CUMIS/Cooperators and Shivani Patel from Manulife;
- An in-person meeting on 15 November, 2022 led to stimulating planning discussions, and the decision that the Committee's focus for 2023 will be on executing a new corporate LinkedIn strategy for CAFII (which has been approved by the EOC); supporting oversight of Operatic Agency initiatives per approved budget and plans; and providing guidance and advice on research and media matters including developing CAFII's corporate LinkedIn presence; and
- The Committee has also overseen website developments by Operatic Agency including new videos and new FAQs on the CAFII website.

Agenda Item 2(g)

December 6/22 Board Meeting

Board-Approved Schedule of CAFII 2023 Meetings and Events

(Approved At October 11/22 CAFII Board Meeting)

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

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

Board Meetings:

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

2023 Annual Members and Associates Luncheon:

- *Tentative Date: Tuesday, May 9, 2023 from 11:45 a.m. EST to 2:15 p.m. EST at a TBD location*

2023 EOC Annual Appreciation Dinner:

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

Webinars:

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

2022 Board meetings Hosted by:

TD Insurance, Desjardins Insurance, CIBC Insurance

2021 Board meetings Hosted by:

None, due to COVID-19 pandemic situation

2020 Board meetings Hosted by:

None, due to COVID-19 pandemic situation

2019 Board meetings Hosted by:

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

2018 Board Meetings Hosted by:

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

2017 Board Meetings Hosted by:

TD Insurance; CAFII; Desjardins Insurance; CIBC Insurance

Recent Years' Annual Members and Associates Luncheons

2022 Annual Members and Associates Luncheon

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

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

Speaker: Mark White, CEO, FSRA

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

2021 Annual Members and Associates Virtual Luncheon Webinar

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

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

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

Venue: Virtual-Only Webinar

2020 Annual Members and Associates Virtual Luncheon Webinar

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

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

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

Venue: Virtual-Only Webinar

2019 Annual Members and Associates Luncheon

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

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

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

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

Briefing Note

CAFII Board Meeting 6 December, 2022—Agenda Item 3(a)

Financial Management Matters -- CAFII Financial Statements as at October 31/22

Purpose of this Agenda Item – Approval

To update the Board on the Association's financial statements as at October 31, 2022.

Background Information

CAFII Treasurer Donald Hinnecke will provide an update on the CAFII Financial Statements as at 31 October, 2022, which the Board will then be asked to approve.

Recommendation / Direction Sought

Approval.

Attachments Included with this Agenda Item

One (1) attachment.

CAFII

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Statement of Operations As at October 31th, 2022

	Current Month	Budget Oct-22	Variance to Monthly Budget	Current YTD	Budget '22 YTD	Variance Budget to YTD	Budget 2022
Revenue							
Membership Dues	\$82,638	\$83,038	(\$400)	\$826,377	\$830,376	(\$3,999)	\$996,452
Interest Revenue	\$529	\$21	\$509	\$1,367	\$208	\$1,159	\$250
Miscellaneous Revenue	\$0	\$0	\$0	\$360	\$0	\$360	\$0
TOTAL REVENUE	\$83,167	\$83,058	\$ 109	\$828,104	\$830,585	(\$2,480)	\$996,702
Expenses							
Management Fees	\$43,428	\$42,241	(\$1,187)	\$426,641	\$422,407	(\$4,234)	\$506,888
Legal and consulting costs	\$0	\$7,533	\$7,533	\$0	\$75,333	\$75,333	\$90,400
Audit Fees	\$1,305	\$1,246	(\$59)	\$12,577	\$12,458	(\$119)	\$14,950
Insurance	\$526	\$539	\$13	\$5,224	\$5,388	\$165	\$6,466
Website Ongoing Maintenance	\$591	\$626	\$35	\$6,858	\$6,261	(\$597)	\$7,513
Telephone/Fax/Internet	\$1,252	\$501	(\$751)	\$4,514	\$5,013	\$500	\$6,016
Postage/Courier	\$0	\$13	\$13	\$60	\$132	\$72	\$158
Office Expenses	\$958	\$437	(\$520)	\$7,739	\$4,375	(\$3,364)	\$5,250
Bank Charges	\$25	\$60	\$35	\$498	\$601	\$103	\$721
Miscellaneous Expense	\$0	\$44	\$44	\$283	\$437	\$154	\$524
Depreciation Computer/Office Equipment	\$60	\$0	(\$60)	\$597	\$0	(\$597)	\$0
Budget for Co-Executive Directors' New Office Equipment	\$0	\$753	\$753	\$0	\$7,533	\$7,533	\$9,040
Board/EOC/AGM							
Annual Members Luncheon	\$497	\$1,255	\$759	\$13,147	\$12,554	(\$593)	\$15,065
Board Hosting (External)	\$0	\$1,875	\$1,875	\$0	\$18,750	\$18,750	\$22,500
Board/EOC Meeting Expenses	\$2,381	\$2,421	\$41	\$3,383	\$24,212	\$20,830	\$29,055
Industry Events	\$0	\$283	\$283	\$281	\$2,825	\$2,544	\$3,390
EOC Annual Appreciation Dinner	\$0	\$442	\$442	\$2,501	\$4,421	\$1,920	\$5,305
Speaker fees & travel	\$0	\$283	\$283	\$0	\$2,825	\$2,825	\$3,390
Gifts	\$534	\$100	(\$434)	\$534	\$1,000	\$466	\$1,200
Networking Events & Reception Events	\$0	\$424	\$424	\$295	\$4,238	\$3,942	\$5,085
CAFII 25th Anniversary Celebration	\$4,448	\$3,296	(\$1,152)	\$9,251	\$32,958	\$23,708	\$39,550
Total Board/EOC/AGM	\$7,859	\$10,378	\$2,519	\$29,392	\$103,783	\$74,392	\$124,540
Provincial Regulatory Visits and Relationship-Building	\$0	\$1,695	\$1,695	\$629	\$16,950	\$16,321	\$20,340
Federal Regulatory Visits and Relationship-Building	\$0	\$471	\$471	\$0	\$4,708	\$4,708	\$5,650
Research/Studies	\$0	\$5,650	\$5,650	\$43,929	\$56,500	\$12,571	\$67,800
Website SEO and Enhancements	\$33,900	\$3,767	(\$30,133)	\$33,900	\$37,667	\$3,767	\$45,200
Regulatory Model(s)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Financial Reform	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CAFII Benchmarking Study/RSM Canada	\$16,950	\$5,650	(\$11,300)	\$50,850	\$56,500	\$5,650	\$67,800
FCAC Presentation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Media Outreach	\$401	\$612	\$211	\$2,565	\$6,121	\$3,556	\$7,345
Media Consultant Retainer	\$2,543	\$2,543	\$0	\$32,246	\$25,425	(\$6,821)	\$30,510
Marketing Collateral	\$325	\$141	(\$184)	\$1,689	\$1,413	(\$277)	\$1,695
Contingency For Possible Resumption Of In-Person Meetings/I	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Printing and Copying	\$17	\$0	(\$17)	\$17	\$0	(\$17)	\$0
TOTAL EXPENSE	\$110,139	\$84,901	(\$25,238)	\$660,206	\$849,006	\$188,800	\$1,018,807
NET INCOME	(\$26,971)	(\$1,842)	- 25,129	\$167,898	(\$18,421)	\$ 186,320	(\$22,105)
proof	-	-	-	-	-	-	0

Explanatory Notes:

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

CAFII

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

Balance Sheet As at October 31th, 2022

	CAFII Operations			CCBPI Project			Combined		
	31-Oct 2022	30-Sep 2022	31-Dec 2021	31-Oct 2022	30-Sep 2022	31-Dec 2021	31-Oct 2022	30-Sep 2022	31-Dec 2021
ASSETS									
Current Assets									
Bank Balance	\$434,020	\$466,716	\$480,291	\$0	\$0	\$0	\$434,020	\$466,716	\$480,291
Savings Account	\$403,882	\$403,352	\$102,514	\$12,151	\$12,151	\$12,151	\$416,033	\$415,503	\$114,665
Accounts Receivable	\$38,555	\$77,470	\$0	\$0	\$0	\$0	\$38,555	\$77,470	\$0
Prepaid Expenses	\$6,999	\$30,437	\$5,513	\$0	\$0	\$0	\$6,999	\$30,437	\$5,513
Computer/Office Equipment	\$10,878	\$10,878	\$10,878	\$0	\$0	\$0	\$10,878	\$10,878	\$10,878
Accumulated Depreciation -Comp/Equip	(\$8,610)	(\$8,551)	(\$8,014)	\$0	\$0	\$0	(\$8,610)	(\$8,551)	(\$8,014)
Total Current Assets	\$885,724	\$980,303	\$591,182	\$12,151	\$12,151	\$12,151	\$897,875	\$992,454	\$603,333
TOTAL ASSETS	\$885,724	\$980,303	\$591,182	\$12,151	\$12,151	\$12,151	\$897,875	\$992,454	\$603,333
LIABILITIES									
Current Liabilities									
Accrued Liabilities	\$11,153	\$9,848	\$58,732	\$0	\$0	\$0	\$11,153	\$9,848	\$58,732
Credit Card	\$327	\$899	\$1,224	\$0	\$0	\$0	\$327	\$899	\$1,224
Account Payable	\$35,170	\$20,872	\$25,327	\$0	\$0	\$0	\$35,170	\$20,872	\$25,327
Deferred Revenue	\$165,276	\$247,914	\$0	\$12,151	\$12,151	\$12,151	\$177,427	\$260,065	\$12,151
Total Current liabilities	\$211,925	\$279,533	\$85,282	\$12,151	\$12,151	\$12,151	\$224,076	\$291,684	\$97,433
TOTAL LIABILITIES	\$211,925	\$279,533	\$85,282	\$12,151	\$12,151	\$12,151	\$224,076	\$291,684	\$97,433
UNRESTRICTED NET ASSETS									
Unrestricted Net Assets, beginning of year	\$505,900	\$505,900	\$383,859	\$0	\$0	\$0	\$505,900	\$505,900	\$383,859
Excess of revenue over expenses	\$167,898	\$194,870	\$122,041	\$0	\$0	\$0	\$167,898	\$194,870	\$122,041
Total Unrestricted Net Assets	\$673,799	\$700,770	\$505,900	\$0	\$0	\$0	\$673,799	\$700,770	\$505,900
Total Unrestricted Net Assets	\$673,799	\$700,770	\$505,900	\$0	\$0	\$0	\$673,799	\$700,770	\$505,900
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$885,724	\$980,303	\$591,182	\$12,151	\$12,151	\$12,151	\$897,875	\$992,454	\$603,333
	- 0	0		0			-		
Financial Reserves Targets as per 2022 Budget:									
Minimum 3 months (25%) of Annual Operating Expenses=			\$ 254,702	0.06					
Maximum 6 months (50%) of Annual Operating Expenses=			\$ 509,403	0.12					
Current Level of Financial Reserves (total unrestricted net assets):			\$673,799						
Current Level of Financials Reserve (%) :			66%	-	0.00				

CAFII

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

Membership Fees

		<u>Feb-22</u>		<u>Jul-22</u>	
		<u>Billed</u>	<u>Received</u>	<u>Billed</u>	<u>Received</u>
BMO Bank of Montreal	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	\$ 38,555
CIBC Insurance	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	(Paid on Nov 8th 2022)
RBC Insurance	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	\$ 38,555
ScotiaLife Financial	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	\$ 38,555
TD Insurance	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	\$ 38,555
Desjardins Financial Security Life Assurance Company	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	\$ 38,555
National Bank Life Insurance Company	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	\$ 38,555
Manulife Financial	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	\$ 38,555
The Canada Life Assurance Company	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	\$ 38,555
Sun Life Financial	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	\$ 38,555
Assurant Solutions	2022 Lower Tier Member	\$ 19,278	\$ 19,278	\$ 19,277	\$ 19,277
Canadian Premier Life Insurance Company	2022 Lower Tier Member	\$ 19,278	\$ 19,278	\$ 19,277	\$ 19,277
Cumis Group Ltd/Co-operators Life Insurance Co.	2022 Lower Tier Member	\$ 19,278	\$ 19,278	\$ 19,277	\$ 19,277
Valeyo	2022 Lower Tier Member	\$ 19,278	\$ 19,278	\$ 19,277	\$ 19,277
Canadian Tire Bank	2022 Initiation Members (Lower Tier)	\$ 23,133	\$ 23,133		
Norton Rose Fulbright Canada	Associate	\$ 4,800	\$ 4,800		
RSM Canada	Associate	\$ 4,800	\$ 4,800		
Willis Towers Watson	Associate	\$ 4,800	\$ 4,800		
KPMG MSLP	Associate	\$ 4,800	\$ 4,800		
Optima Communications	Associate	\$ 4,800	\$ 4,800		
RGA Life Reinsurance Company of Canada	Associate	\$ 4,800	\$ 4,800		
Torys LLP	Associate	\$ 4,800	\$ 4,800		
Dog and Pony Studios	Associate	\$ -	\$ -		
Stikeman Elliott LLP	Associate	\$ 4,800	\$ 4,800		
RSA	Associate	\$ 4,800	\$ 4,800		
Feb Invoices		\$528,995	\$528,995	\$462,658	\$424,103
July Invoices		\$462,658			
Total Membership Fees		\$991,653			
Total amount to realocate monthly Jan-Dec. 2022		\$82,637.75			

Briefing Note

CAFII Board Meeting, 6 December, 2022—Agenda Item 3(b) Financial Management Matters — Forecast For CAFII 2022 Fiscal Year as at October 31/2022

Purpose of this Agenda Item – Update

To update the Board on the financial forecast for the Association's 2022 fiscal year as at October 31/22.

Background Information

CAFII Treasurer Donald Hinnecke will provide an update on the forecast for CAFII's 2022 fiscal year as at October 31/22.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

One (1) attachment.

2022 CAFII Budget
In \$ Cdn

	2019 Actuals	2020 Actuals	2021 Actuals	YTD Oct 2022	2022 Budget	2022 Forecast
Revenue						
Membership Dues	734,664	884,721	955,970	826,377	996,452	991,652
Interest	982	399	236	1,367	250	2,167
Misc (Adhoc event revenue)	195	-	-	360	-	360
TOTAL REVENUE	735,841	885,120	956,206	828,104	996,702	994,179
EXPENSE						
Office Costs						
Management Fees (CAFII staff and Managing Matters)	465,134	476,844	486,711	424,720	510,518	507,734
Managing Matters Webinar Fees				1,921		3,842
Audit Fees	14,799	16,743	13,224	12,577	14,950	15,187
Insurance	5,338	5,385	5,877	5,224	6,466	6,275
Member Communication and Technology Tools	10,022	5,765	6,958	6,858	7,513	8,158
Telephone/Fax/Internet	6,494	5,808	6,799	4,514	6,016	5,514
Postage/Courier	159	53	-	60	158	82
Office Expenses	2,025	2,158	2,694	7,756	5,250	10,239
Bank Charges	112	236	663	498	721	598
New Office Equipment					9,040	-
Depreciation Computer/Office Equipment	1,136	1,136	1,136	597	524	716
Miscellaneous Expense	-	-	-	283	-	649
Total Office related expenses	505,219	514,128	524,061	465,006	561,156	558,994
Legal and consulting costs associated with regulatory submissions and initiatives	-	28,975	74,221	-	90,400	-
Board/EOC/AGM						
Annual Members and Associates Luncheon	12,052	-	-	13,147	15,065	13,147
Board Hosting (External)	14,001	-	-	-	22,500	15,000
Board/EOC Meeting Expenses	35,419	4,676	1,822	3,383	29,055	4,383
Industry Conferences and Events	-	-	-	281	3,390	750
EOC Annual Appreciation Dinner	2,193	4,244	-	6,949	5,305	6,949
Speaker fees & travel	1,189	-	-	-	3,390	500
Gifts	200	-	-	534	1,200	800
Networking Events	-	-	-	295	5,085	1,000
CAFII 25th Anniversary Celebration	-	-	-	4,803	39,550	39,550
Total Board/EOC/AGM	65,053	8,920	1,822	29,392	124,540	82,078
Regulatory and Industry						
Provincial Regulatory Visits and Relationship-Building	16,833	983	-	629	20,340	1,500
Federal Regulatory Visits and Relationship-Building	442	540	-	-	5,650	1,200
Research/Studies	5,368	28,646	75,473	43,929	67,800	73,930
Website SEO and Enhancements	40,914	31,144	50,737	33,900	45,200	45,200
CAFII Benchmarking Study/RSM Canada	-	68,365	67,800	50,850	67,800	67,800
Media Outreach	5,683	350	9,542	2,565	7,345	3,150
Media Consultant Retainer	27,120	27,685	29,792	32,246	30,510	37,500
Marketing Collateral	1,629	845	717	1,689	1,695	7,000
Total Regulatory and Industry	105,543	179,462	254,966	165,808	246,340	237,280
TOTAL EXPENSE	675,816	731,485	855,070	660,206	1,022,436	878,352
Excess of Revenue over Expenses	60,025	153,636	101,136	167,898	(25,734)	115,827
Unrestricted Net Assets (beginning of year)	170,198	230,223	230,223	505,900	505,900	505,900
Unrestricted Net Assets (end of year)	230,223	383,859	331,359	673,798	480,166	621,727

Explanatory Notes:
(1) Assumes Two Co-Executive Directors, one @ 5 days per week; one @ 4.5 days per week; plus Managing Matters Admin support
(2) Amortization of office equipment based on 4 year straight line depreciation

Actual/Forecasted Financial Reserves	2019 Actuals	2020 Actuals	2021 Actuals	YTD Oct 2022	2022 Plan	2022 Forecast
Minimum 3 months (25%) of Annual Operating Expenses =	\$168,954	\$182,871	\$213,767	\$165,051	\$255,609	\$219,588
Maximum 6 months (50%) of Annual Operating Expenses =	\$337,908	\$365,742	\$427,535	\$330,103	\$511,218	\$439,176
Actual/Forecasted Level of Financial Reserves:	\$230,223	\$383,859	\$331,359	\$673,798	\$480,166	\$621,727
Actual/Forecasted Level of Financial Reserves %:	34%	52%	39%	85%	47%	71%

Briefing Note

CAFII Board Meeting, 6 December, 2022—Agenda Item 3(c) Financial Management Matters— Proposed CAFII 2023 Operating Budget (*may be assigned to In Camera Session, following initial discussion, if desired by Board*)

Purpose of this Agenda Item – Update

To present the Proposed CAFII 2023 Operating Budget to the Board, and seek the Board's approval of it.

Background Information

The Proposed 2023 Operating Budget is recommended by CAFII management (two Co-Executive Directors), Treasurer Donald Hinnecke, EOC Chair Rob Dobbins, and EOC Vice-Chair Karyn Kasperski.

By way of background context to the Proposed Budget (**Column K in Excel file**),

- This **No Member Dues Increase and No Associate Dues Increase Budget** calls for CAFII's level of Financial Reserves to be drawn down from approximately 71% of annual operating expenses at the end of 2022 (cell J69) to 33% of annual operating expenses at the end of 2023 (cell K69), which would still be within the Association's target range of 25% to 50% of annual operating expenses for Financial Reserves;
- while the Proposed Budget calls for an overall 34% increase in Expenses (over the 2022 Fiscal Year Forecast as at October 31/22), that increase is largely a good news story for CAFII, for the following reasons:

-given that Brendan Wycks has announced his plan to retire at the end of 2023, the Proposed Budget provides for the hiring of a successor and for that person's training/orientation by Brendan and Keith over the course of a six month overlap period while Brendan is still with CAFII (so that the same level of service and benefits can be delivered for members during the succession/transition period). The dollar amount budgeted for this one time-only need does **not** include provision for an Executive Search firm (as we believe that, as per Brendan's hiring in 2012 and Keith's hiring in 2016, a well-qualified successor can be recruited via LinkedIn) and that Budget provision is a **maximum estimate/ceiling placeholder amount only** (an average of six months of Keith's and Brendan's current compensation amounts). The amount that actually ends up being spent on this succession/transition in 2023 could well be lower than the placeholder estimate because (i) a full six months of overlap for training/orientation may not be possible or necessary; and (ii) the current staffing model of having two Co-Executive Directors may not be desirable or sustainable following Brendan's departure, i.e. the new staff person may be hired at a level which reports to Keith;

-because the COVID-19 pandemic has prevented CAFII from going on any relationship-building/sustaining Insurance Regulator and Policy-Maker Visits Tour since October 2019 (Western

Canada), the Board has approved using 2023 as a catch-up year for this Strategic Plan priority. The Proposed Budget therefore includes two Insurance Regulator and Policy-Maker Visits Tour in 2023: Western Canada (Spring) and Atlantic Canada (Fall); and it includes provision for the successor hire to be part of the Atlantic Canada Tour in the Fall; and

-for the first time since 2019, the Budget contemplates a full return to CAFII in-person events, including Receptions following three of the four Board meetings during the year: April, June, and December (only one such Reception is being held in 2022: December 6/22).

Recommendation / Direction Sought

Approval.

Attachments Included with this Agenda Item

One (1) attachment.

Briefing Note

CAFII Board Meeting, 6 December, 2022—Agenda Item 4(a)

Strategic and Regulatory Matters— Insights Gained and Next Steps Arising from November 4/22 One-on-One Virtual Meeting Between CAFII Board Chair Peter Thompson and AMF Superintendent Eric Jacob Re Finding A Solution To Issue Around RADM's Applicability to Credit Card-Embedded Insurance Benefits

Purpose of this Agenda Item – Update/Discussion

CAFII Chair Peter Thompson met one-on-one virtually with AMF Superintendent Eric Jacob on 4 November, 2022. This is an opportunity to discuss next steps coming out of that meeting.

Background Information

CAFII Chair Peter Thompson met virtually with AMF Superintendent Eric Jacob on 4 November, 2022 to discuss ways to resolve the impasse between CAFII members and the AMF around the Regulation respecting Alternative Distribution Methods (RADM)'s applicability to credit card-embedded insurance benefits. The attachment for this item in the Consolidated Package of meeting materials provides a summary of that meeting.

Recommendation / Direction Sought – Update/Discussion

This is an update to the Board, followed by a discussion.

Attachments Included with this Agenda Item

One (1) attachment.

***Agenda Item 4(a)
December 6/22 Board Meeting***

**Summary of November 4/22 One-on-One Virtual Meeting between Peter Thompson, CAFII Board Chair;
and
Eric Jacob, AMF Superintendent, Client Services and Distribution Oversight,
On Finding A Solution To Impasse Issue Re
Applicability Of the Regulation respecting Alternative Distribution Methods (RADM)
to Credit Card-Embedded Insurance Benefits**

At the 11 October, 2022 CAFII/AMF 'Industry Issues Dialogue' in Montreal, CAFII made a presentation to a group of eight (8) AMF staff executives titled "How Can We Work Together To Remove Or Reduce Barriers To Doing DWR Insurance Business In Quebec?" The intent of that presentation was to convey to the AMF why CAFII felt that no headway had been made over the past two years on resolving the impasse issue around the Regulation respecting Alternative Distribution Methods' applicability to credit card-embedded insurance benefits -- given that CAFII members are reluctant to provide the prescribed Fact Sheet and Notice of Rescission to credit card holders, since provisions in those documents are inaccurate and misleading with respect to credit card-embedded insurance benefits.

The AMF staff executives reacted somewhat defensively to CAFII's presentation points, but as the meeting was concluding and they were taking their leave, Eric Jacob, the AMF's Superintendent, Client Services and Distribution Oversight, approached CAFII Board Chair Peter Thompson and suggested that the two of them meet privately, one-on-one, in the near future to try to map out a path to a solution on this impasse issue.

That meeting took place virtually on Friday, 4 November, 2022 for approximately one hour.

The outcomes of that meeting are as follows:

- Mr. Jacob committed to take the credit card-embedded insurance benefits impasse issue under his own wing, to investigate it, and to get back to Mr. Thompson before the December 2022 Holiday season hiatus, with a view to discussing one or more solution option(s) and the next steps required to resolve the issue;
- for the immediate/urgent credit card-embedded benefits impasse issue which requires a swift resolution, and for other issues which may arise over time where there is a difference of opinion between the AMF and CAFII, it was agreed that Eric Jacob and Peter Thompson would each identify a smaller group of relevant team members (CAFII's Co-Executive Directors and a small group of Member representatives on the CAFII side; along with key AMF staff executives) who would then work together to resolve the issue, rather than discussing such issues in a large group forum such as the annual 'Industry Issues Dialogue';

- Eric Jacob proposed that on a go-forward basis, contentious issues such as the credit card-embedded insurance benefits issue should not be discussed at the annual 'Industry Issues Dialogue' but rather only in a small working group forum. The 'Industry Issues Dialogue' should be reserved for mutual information-sharing around non-contentious issues. Peter Thompson agreed with Mr. Jacob's proposal, but explained that CAFII felt that it had not made any headway over two years on the credit card-embedded insurance benefits issue with Mario Beaudoin, and was unsure as to whether AMF staff executives other than he and his direct reports were aware that the matter had reached an impasse;
- Mr. Thompson also took the opportunity to express concern about some of the credit protection insurance and travel insurance 'claims denial' and 'return-of-premium-to-consumers' statistics that were shared by the AMF at the same meeting -- during Mr. Beaudoin's AMF's presentation, which preceded CAFII's presentation -- noting that those numbers needed to be interpreted very carefully and that CAFII member companies may not have fully understood the AMF's related data request. For example, for National Bank Insurance, a "denied credit card claim" might have happened because the card actually had a zero balance at the time of claim. Would that scenario be included among what the AMF is interpreting to be a "denied claim," however? Mr. Jacob found Mr. Thompson's feedback to be very valuable and opined that this was another issue where a joint AMF/CAFII small group forum might need to do some dedicated additional work; and
- for the foreseeable future, Eric Jacob and Peter Thompson committed to meet quarterly to discuss issues of mutual interest/relevance that require dedicated leadership attention at the AMF and at CAFII, respectively.

Briefing Note

CAFII Board Meeting, 6 December, 2022—Agenda Item 4(b)

Strategic and Regulatory Matters— EOC Decision To Wind Down ‘Working Group on Compliance with AMF’s Expectations Around RADM’s Applicability to Credit Card-Embedded Insurance Benefits’; and Replace It with A Full Status ‘CAFII Committee on Quebec/AMF Issues’

Purpose of this Agenda Item – Update/Discussion

CAFII’s Working Group on Compliance with AMF’s Expectations Around RADM’s Applicability to Credit Card-Embedded Insurance Benefits” has recommended that it be disbanded; and that it be succeeded by a more full-status CAFII Committee on Quebec/AMF Issues, a proposal which was endorsed by the EOC at its November 24/22 meeting.

Background Information

The AMF “Working Group on Compliance with AMF’s Expectations Around RADM’s Applicability to Credit Card-Embedded Insurance Benefits” has been meeting for over two years, with the last year focusing on implementation of the Action Plans around complying with the RADM for insurance embedded in credit cards.

A series of other issues are also becoming important to follow in Quebec, including Bill 96, The Charter of the French-language; Bill 48, Quebec’s new privacy legislation; new AMF regulatory expectations; and the AMF initiative around claims denial rates and ‘return of premium’ to customers.

On 23 November, 2022 the Working Group considered four options:

- a. Option 1: Keep the Working Group as is, add these as issues to discuss;
- b. Option 2: Add New Members of the Working Group to help discuss these issues;
- c. Option 3: Create a Separate, New Working Group on these New Issues, keep This Working Group for Credit Card-Embedded Insurance Benefits and RADM File
- d. Option 4: Same as Option 3 but This Working Group would cease to meet, having Completed its Mandate

After discussion, the Working Group opted for a variation on Option 3, where a Standing Committee on Quebec Issues would consider all Quebec-related issues. As the Working Group it will replace had a credit card focus, all EOC members will be invited again to consider whether they, or a colleague in their company, would like to join the Committee. As a Committee is an ongoing structure reporting into the EOC, while a Working Group is an issue-specific group with a limited time mandate, new members will be needed. Jennifer Russell of Assurant has offered to continue as Chair of the new Committee, and a Vice Chair will be recruited as well.

This recommendation was made to the EOC at its 24 November, 2022 meeting, and the EOC approved the recommendation. The next step will be to develop a new Terms of Reference for the Committee.

After that proposed Terms of Reference has been circulated and approved, invitations to join the new CAFII Quebec Committee will be issued.

Recommendation / Direction Sought – *Update/Discussion*

This is an update to the Board followed by a discussion.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting, 6 December, 2022—Agenda Item 4(c) Strategic and Regulatory Matters— Insights Gained from November 22/22 AMF Rendez-Vous Mini-Conference

Purpose of this Agenda Item – Update/Discussion

An update on a 20 minutes private conversation between Keith Martin and AMF Director Mario Beaudoin, which occurred on November 22/22 at the AMF's Rendez-Vous Mini-Conference in Montreal.

Background Information

On 22 November, 2022, Keith Martin attended the AMF's annual Rendez-Vous, which was being held in-person in Montreal for the first time in three years. At the session, he had a 20 minutes private conversation with AMF Director Mario Beaudoin, who spoke to him about travel insurance issues; the AMF initiative around asking members for their responses and Action Plans around statistics which the AMF had gathered on claims denial rates and return of premium to customers; and on Quebec's new Bill 96, Charter of the French Language.

This will be an update to the Board on CAFII-relevant insights gained from that one-one-one conversation, followed by the opportunity for discussion.

Recommendation / Direction Sought – Update/Discussion

This is an update to the Board followed by a discussion.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII Board Meeting, 6 December, 2022—Agenda Item 4(d)
Strategic and Regulatory Matters---- Insights Gained from November 4/22 CAFII Virtual Stakeholder
Feedback Session with CCIR on Its Draft 2023-2026 Strategic Plan; and Reflecting Them in CAFII
Written Feedback Submission (November 30/22 Deadline)**

Purpose of this Agenda Item – Update

To update the Board on a virtual meeting held on 4 November, 2022 with the CCIR on its Draft Strategic Plan, 2023-2026.

Background Information

CCIR has distributed its draft 2023-2026 Strategic Plan on an embargoed basis and asked CAFII to offer its verbal feedback at a virtual session held on 4 November, 2022, and to subsequently offer a written submission on its views. This is an opportunity to provide an update on the session held on 4 November, 2022, including some comments made by CCIR Chair Robert Bradley, the Superintendent of Insurance for PEI.

Recommendation / Direction Sought – Update

This is an update to the Board, followed an opportunity for discussion.

Attachments Included with this Agenda Item

One (1) attachment.

Agenda Item 4(d)
December 6/22 Board Meeting

CCIR Stakeholder Meeting – CAFII

Date: November 4, 2022 | 1:00 – 1:40 pm

AGENDA

Location: Zoom Join Zoom Meeting
<https://us06web.zoom.us/j/87183587129>

Meeting ID: 871 8358 7129
Passcode: 158574

	Item	Lead	Time
Stakeholder Meeting – CAFII Attendees: Brendan Wycks and Keith Martin			
1.	Welcome and Introductions	Robert Bradley, Chair CCIR and Laurie Balfour, Chair of the Strategic Planning Committee	1: 00 – 1:05
2.	Presentation from CAFII Questions	CAFII	1:05 – 1:35
3.	Next Steps and Thanks	Laurie Balfour and Robert Bradley	1:35 - 1:40

CAFII Preliminary Feedback Comments on CCIR Draft 2023-2026 Strategic Plan
For Delivery In Virtual Stakeholder Session On Friday, November 4/22, 1:00 to 2:00 p.m. EDT

Peter Thompson, Chair, CAFII

- My name is Peter Thompson and I'm Chair of the CAFII Board of Directors. In my day job, I'm *President of National Bank Insurance*.
- On behalf of our 15 Member companies, our Board, our Executive Operations Committee, and our Co-Executive Directors Keith Martin and Brendan Wycks, I want to extend our thanks and appreciation to CCIR for recognizing our CAFII as an important and responsive industry stakeholder; and thereby including us among the select group of stakeholders whom you've invited to provide early, verbal feedback on your Draft 2023 to 2026 Strategic Plan, via a virtual session with the Council today. Our Association will also be making a formal written submission by your 30 November, 2022 deadline.
- At CAFII, we strongly believe that regular, transparent, and candid communication between insurance regulators and policy-makers—including vitally important national co-ordinating bodies such as the CCIR—and industry stakeholders such as CAFII leads to better regulatory and Fair Treatment of Customers outcomes. That's why we value so greatly a communication forum such as this meeting. Ours is an important reciprocal relationship, so let's keep making it a priority; and let's make it of even stronger mutual benefit as we go forward.
- So thank you for the opportunity to offer some of CAFII's preliminary thoughts on your Draft 2023-2026 Strategic Plan today. I will now turn it over to Keith and Brendan to share with you our particular feedback points.

Keith Martin, Co-Executive Director, CAFII

- Thank you for the opportunity to offer comments today. I will focus on some broad themes, and Brendan will offer some specific comments.
- CAFII commends CCIR for embarking on this process of consulting on your strategic plan, but also on developing such a plan, as you have done in the past. By defining broad strategic objectives, you are laying a foundation for success and giving yourselves milestones and targets to measure yourself against.
- We are largely supportive of the approach you have taken and of your priorities. However, there are issues of emphasis that we would like to share with you for your consideration.
- For industry, one of the most important objectives of a national coordination body like CCIR is harmonization. We would encourage CCIR to more explicitly identify harmonization as a key objective. One or two examples—FSRA using CCIR FTC Guidance –BC Security Reporting definitions based on CCIR.

- More specifically, we note that some provincial jurisdictions have adopted the CCIR fair treatment of customers Guideline as their own, while others build upon the CCIR Guideline but add their own wording. Also different schedules for guidelines to be released. Too much local priorities. We are very concerned that this latter approach undermines the effectiveness of these regulatory objectives by focusing attention on “exception management” as opposed to seeing energy focused on meeting the FTC objectives we all share. Harmonization includes common language, schedules, and approach across all the businesses. Harmonization is about customer centricity and is fundamental to the best client experience.
- Similarly, some jurisdictions want to expand the existing CCIR FTC Guideline, but intend to do so by adding sections to their own guidance. We encourage CCIR to work with provincial regulators to develop such enhancements principally through the CCIR. Avoiding a patchwork of different guidance documents is ultimately in the interest of what regulators throughout the provinces are seeking to achieve.
- We also encourage CCIR to develop its resources so as to allow it to enhance its coordination capabilities. By way of example, as regulators return to priorities they may have had to pause temporarily due to the pandemic, we have seen an unprecedented level of regulatory activity and consultations in the past fifteen months. If possible, coordination among provincial and Territorial regulators would allow for an approach that allows consultations to be spread out; or at minimum, if regulators are aware of each others’ activities, they may be in a better position to determine the best timeline for consultations.
- Finally, we wanted to suggest for your consideration that much was learned during the pandemic, including how industry and government were able to move to an at-home work environment and rapidly provide stakeholders and consumers with digital means of communication. We would consider it valuable for the CCIR to have a working group with industry to review the pandemic learnings—including what went well, what could have been done better, and what we can do together to prepare for the next unforeseen event such that it can build on our learnings of the past few years so as to ensure the best, least disruptive impact on consumers and consumer protections. Great idea.
- Should also focus on future of digital—possibly via a joint CCIR/industry working group.
- Leverage ASMC more fully to address CCIR members’ information needs as opposed to individual asks.
- Burden reduction.

Brendan Wycks, CAFII Co-Executive Director

- We support CCIR's priorities. In particular, alignment with international standards developed by the International Association of Insurance Supervisors (IAIS) is an important objective and one we support entirely. However, in the process of ensuring alignment with the IAIS' Insurance Core Principles (ICPs), we implore CCIR to always ensure that you interpret and apply those ICPs in a manner that is suitable for the Canadian insurance marketplace and business environment; and not just pursue a wholesale, "as is" adoption of the Principles.
- CAFII extends a kudo and commendation to CCIR for the Council's stated intention on page 4 of the new Strategic Plan to "establish an annual Operational Plan to communicate planned initiatives and activities while also providing the capacity to respond to emerging risks and member/stakeholder priorities and feedback during the Strategic Plan period." We see that as a critically important new development and commitment within the Strategic Plan; and our Association looks forward to being a part of the planned communications arising from annual Operational Plans.
- CAFII acknowledges that CCIR's work, with CISRO, on Segregated Funds is an important and beneficial priority. However, Segregated funds are out-of-scope for our Association, because they are not among the discrete, particular set of insurance products that bring our Members together in common cause within CAFII – so we do not deal with matters related to segregated funds.
- We also support the priority around Demonstrate Regulatory Efficiency and Effectiveness Through Cooperative Supervision. However, we note that this is a priority that we believe could benefit from greater emphasis on harmonization and coordination across the Council's members.
- We wholeheartedly agree with the priority around Strengthening Regulatory Outcomes Through Collaboration and Stakeholder Engagement, but we encourage CCIR to explicitly call out the importance of working not only with other financial services sector regulatory bodies, but also the industry Associations that represent regulated entities in the various sub-sectors such as CAFII, CLHIA, and THIA, as we part of the stakeholder universe with which CCIR engages.
- Climate change and natural catastrophes—CAFII would be pleased to co-operate and participate assist in the life and health insurance aspects of this important CCIR consumer communication and awareness initiative.
- On the issue of your standing committees, we feel you have a solid group of such committees on key issues, but would encourage language that clarifies that over the course of the three year strategic plan, new Committees may be created to respond to emerging issues. As we have all learned again, the future is unpredictable, three years is a long time, and there may need to be issues addressed over that time span that are not on anyone's radar right now.

- OSFI—encourage you to get FCAC at the table as well.
- Please clarify whether OSFI is a signatory to the MOU. Emphasize more transparency around what they are working on and what their priorities are.
- Innovation is an appropriate Committee for CCIR, but we think that a related but separate topic for your consideration is more broadly the role of technology in enhancing regulators' capabilities. We note RegTech developments, as well as the relentless push for digital capabilities. These issues will challenge all organizations and we think it may be worthwhile for this to be a formal area of Committee work for CCIR. This is in line with your own astute recognition of these issues under "key issues and emerging trends" where your document speaks to "technological advancement and innovation."
- Technology as a risk—is this really a sales issue? Ask them why they see this as a risk. Don't propose word changes.
- The Conduct and Culture priority might benefit from a specific reference to incorporating fair treatment of customers into business culture, and discussions with industry on how to measure fair treatment of customers. FTC is one of the major areas of discussion between industry and regulators, including CCIR, and we observe that the new Strategic Plan, in our view, does not reflect fully the importance it plays and will continue to play in our discussions. Culture is critical and we would like CCIR to emphasize what culture it wants and what it seeks.
- A critically important role for regulators is to promote consumer confidence in the regulated industries and sectors, so we encourage CCIR to turn its mind to reporting good news coming out of its data gathering and supervision initiatives, not just bad news. The vast majority of the insurance products being offered in Canada's life and health insurance marketplace are working well and significant benefits and protection to consumers.

Briefing Note

CAFII Board Meeting, 6 December, 2022—Agenda Item 4(e)

Governance Matters-- Insights Gained from October 19/22 CAFII 25th Anniversary Celebration

Purpose of this Agenda Item – Update

To update the Board on the very successful CAFII 25th Anniversary Celebration held on 19 October, 2022.

Background Information

CAFII held a very successful 25th Anniversary Celebration on 19 October, 2022 hosted by BMO Insurance at the bank's 68th Floor executive offices in First Canadian Place. Over 85 people were in attendance, including over a dozen regulators and policy-makers who were in Toronto as part of "regulator week" (the date of the celebration was chosen to be in the middle of that week, to facilitate regulatory and policy-maker attendance). Please see the attached document for remarks delivered by CAFII Board Chair Thompson which were very well-received by all attendees, including the 14 insurance regulator and policy-maker guests.

There was strong interest in the event from the regulatory and policy-maker community, and the list of registrants (including those who attended and those who did not) is provided below.

Regulatory and Policy-Maker Attendees: Registered and Attended

Eric Jacob, Superintendent, Client Services and Distribution Oversight, Autorité des marchés financiers

Nathalie Sirois, Senior Director, Autorité des marchés financiers

Harry James, BCFSa

Forrest Joy, BCFSa

Tony Toy, CCIR/FSRA Ontario

David Weir, FCNB

Erica Hiemstra, FSRA Ontario

Fern Karsh, FSRA Ontario

April Stadnek, Executive Director, Insurance Councils of Saskatchewan

Ron Fullan, Insurance Councils of Saskatchewan (retired)

Scott Moore, Manitoba Superintendent of Insurance (CCIR Vice-Chair)

Robert Bradley, PEI Superintendent of Insurance (CCIR Chair)

Jennifer Calder, Nova Scotia Deputy Superintendent of Insurance;

Michael Weisman, Ontario Ministry of Finance.

Regulatory and Policy-Maker Registrants Who Did Not Attend

Laurie Balfour, Alberta Automobile Insurance Rate Board

Brent Rathgeber, Alberta Insurance Council

Raseema Alam, FSRA Ontario/CCIR Secretariat;

Allan Amos, FSRA Ontario;

Hussein Lalani, FSRA Ontario;

Peter Burston, FSRA Ontario;

Hussein Lalani, FSRA Ontario;

Stuart Wilkinson, FSRA Ontario;

Marina Makhnach, BCFSa;

Darrell Leadbetter, OSFI.

Recommendation / Direction Sought – Update

This is an update to the Board.

Attachments Included with this Agenda Item

One (1) attachment.

**CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
25TH ANNIVERSARY CELEBRATION**

**BMO Corporate Event Venue
York Room, 68th Floor
First Canadian Place
100 King St. West, Toronto, ON M5X 1A3
Wednesday, October 19, 2022**

Order of Proceedings

- | | |
|----------------|--|
| 5:25 – 5:34 pm | <p>Peter Thompson, CAFII Board Chair</p> <ul style="list-style-type: none">• Offers brief Welcome and Opening Remarks;• Proposes “A Toast To CAFII”; and• Calls upon Brendan Wycks To Share <i>25th Anniversary Messages Of Reminisces and Congratulations from Past CAFII Board Chairs</i> |
| 5:34 – 5:39 pm | <p>Brendan Wycks, CAFII Co-Executive Director</p> <ul style="list-style-type: none">• Shares <i>25th Anniversary Messages of Reminisces and Congratulations from Past CAFII Board Chairs</i>; and• Calls upon Martin Boyle to Offer <i>CAFII Member Host Remarks</i> |
| 5:39 – 5:45 pm | <p>Martin Boyle, Past CAFII EOC Chair and Representative of BMO Insurance</p> <ul style="list-style-type: none">• Offers <i>CAFII Member Host Remarks</i>; and• Concludes Remarks By Thanking Everyone For Coming and Encouraging Them To Enjoy Remainder of the Anniversary Celebration Until 7:30 p.m. |

**CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
25TH ANNIVERSARY CELEBRATION
BMO Corporate Event Venue
York Room, 68th Floor
First Canadian Place
100 King St. West, Toronto, ON M5X 1A3
Wednesday, October 19, 2022**

Welcome and Anniversary Perspective Remarks
By CAFII Board Chair Peter Thompson

Good evening, ladies and gentlemen. My name is Peter Thompson and I'm Chair of the Board of Directors of the Canadian Association of Financial Institutions in Insurance, which we all know as CAFII and l'ACIFA en Français. In my day job, I'm *President of National Bank Insurance and of National Bank Insurance Firm Inc.*

On behalf of the CAFII Board of Directors and our Executive Operations Committee, I have the pleasure of welcoming you to this celebration of the 25th Anniversary of the establishment of our Association; and to offer some brief comments to mark the occasion.

At the conclusion of my remarks, I'm going to propose a toast to CAFII, so please be prepared in a few minutes time by having a glass of your chosen beverage handy or by simply raising your hand to join in on the celebratory toast.

Bonsoir, mesdames et messieurs. Je m'appelle Peter Thompson et je suis président du conseil d'administration de l'Association canadienne des institutions financières en assurance, que nous connaissons tous en tant que l'ACIFA. Dans mon travail de jour, je suis *Président Banque Nationale Assurances et Cabinet d'assurance Banque Nationale Inc.*

Au nom du conseil d'administration de l'ACIFA et de notre comité des opérations exécutives, j'ai le plaisir de vous accueillir à cette célébration du vingt cinquième anniversaire de la création de notre Association; et d'offrir quelques brefs commentaires pour marquer l'occasion.

À la fin de mes remarques, je vais proposer un toast à CAFII, alors préparez-vous dans quelques minutes en ayant un verre de votre boisson choisie à portée de main ou en levant simplement la main pour participer au toast de célébration.

(momentary pause)

I extend to all present a very warm welcome indeed; and I want to take a few minutes to provide some background context for this occasion, CAFII's 25th Anniversary.

Ladies and gentlemen, CAFII represents companies that are at the intersection of the financial institutions and insurance industries. This is an area of insurance which, 25 years ago, did not have a voice for its unique concerns in the marketplace. That is why a small group of concerned individuals from Canada's banks with insurance operations got together and created CAFII to focus on *bancassurance* issues.

Now, 25 years later, our Association can look back and claim much success at achieving its foundational goals. We've made significant inroads into changing the way insurance is made available to Canadians, giving consumers greater choice. We are using technology and electronic communications to make insurance simple, readily accessible, and affordable for consumers.

Reflect for a moment on some of the changes we've seen in the world and in our business over the past 25 years.

Just to put things in perspective, Dolly the sheep, the first cloned mammal, made her appearance in 1997, the year of CAFII's inception. Since then, we've experienced

- the Quebec ice storm of 1998;
- the introduction of the Euro in '99;
- the Y2K paranoia at the turn of the century;
- then 9/11 in 2001;
- the ensuing wars in Iraq and Afghanistan and vigilance against terrorism and its financing around the world;
- the global financial crisis of 2007 and 2008; and
- most recently, the first global pandemic in over a century and a new war in Ukraine.

More to the point, in terms of impact on our pocketbooks, oil was at \$11 U.S. per barrel in 1998 and gasoline cost 51 cents per litre at the pumps in Canada. The world really has changed a lot in 25 years, and we are certainly experiencing the challenges of change during these current times of high inflation.

From an insurance industry perspective, the changes have also been significant.

In CAFII's relatively short history, we have steered our industry through new insurance legislation in almost every province and through two federal Bank Act reviews.

Federally as well, we have adapted to the implementation of

- privacy legislation;
- new telemarketing rules;

- the establishment of a national do-not-call list;
- anti-spam legislation; and
- most recently, a new financial consumer protection framework.

Our Association has been involved in the development and refinement of Codes of Conduct with the Canadian Life and Health Insurance Association, the Canadian Bankers Association, and the Joint Forum of Financial Market Regulators.

We've participated in regulatory reviews by Red Tape Commissions in BC and Ontario.

We've had input into

- a proposed Ontario Securities Commission and Financial Services Commission of Ontario merger which did not happen;
- a regulatory combination in Quebec - the AMF - which did go through;
- a review of the mandates of FSCO, the Deposit Insurance Corporation of Ontario, and the Financial Services Tribunal which gave rise to a new, integrated financial services regulator in this province, namely the Financial Services Regulatory Authority of Ontario; and
- the launch of a new integrated financial services regulator in British Columbia, one with rule-making authority, the BC Financial Services Authority.

(momentary pause)

At the time of CAFII's establishment, e-commerce was relatively new and "recognition of electronic signatures" was an issue up for debate.

Now, electronic channels are well-recognized and expected by consumers across many industries. If consumers can buy books, airline tickets, groceries, and even big ticket hard goods online through a multitude of suppliers, they expect to be able to access insurance with the same electronic convenience.

CAFII has long been a strong proponent of such *Making Insurance Simple and Accessible For Canadians* advances; and the COVID-19 pandemic has just accelerated the digitization trend.

(momentary pause)

When I pause to reflect on what has transpired in our world during the 25 years that CAFII has been in existence, I can confidently say that among the most cataclysmic events that we've seen in the financial services milieu was the global financial crisis of 2007 and 2008, and the fallout it caused for businesses around the world.

Comparing Canada's performance in the aftermath of that financial crisis to that of the United States – and we should make that comparison, with pride -- I believe we can identify some important differences.

Our Association represents the insurance arms of Canadian financial institutions and I am proud of our record of prudent and responsible financial practices—practices often quite different from those of our counterpart FIs in our neighbour to the south.

And I recognize as well that our regulatory framework here in Canada --- more stringent, more effective, more competent – made a real difference in the aftermath of the global financial crisis as compared to what unfolded in the U.S.

Together, those two realities of industry practices and the regulatory environment produced entirely different outcomes in Canada as compared to what occurred in the U.S. — and we should be proud of those differences, and celebrate and recognize the achievements of our different model and the benefits it produced for the Canadian economy and our citizens.

With that as context, I think it's important to commend our regulators and policy-makers in Canada for responding forcefully but yet not over-reacting to the financial crisis; for staying the course; and finding a reasonable balance between rules-based, prescriptive regulation and principles-based regulation in our financial services and insurance industries.

The Canadian regulatory framework has served our society well during times of stability and during times of crisis.

We commend our Canadian regulators and policy-makers for their willingness engage with CAFII and other industry Associations, to listen to different perspectives, and to seek alternative options and solutions.

(momentary pause)

Ladies and gentlemen, CAFII has been an important and credible communicator and advocate for our industry in scores insurance policy and regulatory change consultations. We've made approximately 150 written regulatory submissions over the past 25 years and had in-person and virtual meetings with insurance regulators and policy-makers that surpass that number.

And one of the very notable contributions that our Association has made to the consultative relationship and ongoing dialogue that we have enjoyed with the regulators and policy-makers has been in the area of research.

By that, I mean commissioning and then sharing the results of independent, third party research conducted with consumers and on a number of important insurance-related topics.

And, in a similar vein, five years ago we transformed our CAFII website into a consumer-facing and user-friendly source of “insurance financial literacy” information.

(momentary pause)

Ladies and gentlemen, CAFII wouldn't have thrived and lasted to see this milestone Anniversary, were it not for its relationships. And by that, I mean our Association's ability to build and sustain meaningful, mutually beneficial relationships with a number of key stakeholders.

First and foremost is the relationship that has been formed among the Members of our Association which, thanks to the addition of five new Members over the past eight years, now total 15.

For 25 years, our Members have been coming together in common cause for the betterment and advancement of the industry, and with a commitment to high standards of business practice and consumer protection.

That collective vision and will among competitors has been vital to CAFII's success and to the success of our Members' businesses over 25 years.

It's not always easy to establish a common view on the issues that we deal with around the CAFII Board table – in fact, as in many industry Associations of competitors, it can sometimes be tough sloggng – but we work at it, we value the importance of the fundamental relationship that our Association is built upon, we accommodate, and we achieve consensus.

Another important relationship, which it's important to foster, is with our 9 CAFII Associates who are key suppliers to the Association and to our Members' businesses. Many representatives from those organizations are with us this tonight.

Thank you for working with us and providing the vital support you do, and thank you for being with us to celebrate this Anniversary.

And certainly a key relationship that can't be overlooked – because it is at the very heart and *raison d'être* of our Association – is the relationship that CAFII has built with the insurance regulator and policy-maker community.

Thank you, regulators and policy-makers who are with us this evening, for your open communication, consultation, and responsiveness, throughout the interactions you've had with CAFII over the years.

Ours is an important reciprocal relationship, so let's keep making it a priority; and let's make it of even stronger mutual benefit as we go forward.

Ladies and gentlemen, we have very many representatives of the insurance regulator and policy-maker community from across Canada with us this evening.

We have more than 20 of those VIP guests in attendance from CCIR, CISRO, and OSFI as national organizations; from nearly all provincial and territorial insurance regulators; and, as well, we have policy-maker representatives present from many of the jurisdictions across the country.

Please join me in a round of applause to welcome our guests from the regulator and policy-maker community; and to thank them for their co-operation, collaboration, and communication.

Ladies and gentlemen, it's now time for that toast that I mentioned at the outset.

So please raise your glass and join me as I propose a toast:

To CAFII!, may this Association's longevity and success always be rooted in the power and respect of its relationships: relationships among Members; relationships with Associates and supporters; and win-win relationships with the industry's regulators and policy-makers with whom we share common Fair Treatment of Customers goals.

To CAFII/L'ACIFA!

Thank you everyone for coming tonight and joining us at this CAFII 25th Anniversary Celebration.

I now call upon Brendan Wycks, CAFII Co-Executive Director, to add a flavour of historical, "lived-through-the-experience" perspective to tonight's event by sharing with us some *25th Anniversary Reminiscences and Messages of Congratulations from Past CAFII Board Chairs*.

Briefing Note

CAFII Board Meeting, 6 December 2022—Agenda Item 4(f)

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

Purpose of this Agenda Item – Update

This is an update on plans for in-person tours to regulators and policy-makers.

Background Information

CAFII's strategic plan mandates that CAFII and its members will visit regulators and policy-makers no less than once every 18 months in their own jurisdictions. This is an opportunity to be proactive, to share CAFII's key messages and priorities, to hear about regulators and policy-makers' priorities, and to build relationships. However, because of pandemic restrictions, CAFII has not engaged in these in-person tours for three years. This will be an opportunity for the Board to provide feedback on CAFII's plans to resuscitate these tours, including to western Canada in the spring of 2023; and to Atlantic Canada in the fall of 2023.

This is an update to the Board only at this time. The EOC did not have the chance to review this recommendation at its 24 November, 2022 meeting. We will bring this back to the EOC at its 17 January, 2023 meeting, and after that meeting the Board will be given a further update. The expenses for these tours are provided for in the Proposed CAFII 2023 Operating Budget, which the Board will have discussed earlier in the in this 6 December, 2022 Board meeting (Agenda Item 3(c)).

Recommendation / Direction Sought – Update/Discussion

This is an update to the Board.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII Board Meeting, 6 December, 2022—Agenda Item 4(g)
Strategic and Regulatory Matters-- Insights Gained from December 1/22 CAFII Webinar 'A Fireside
Chat with Blair Morrison, CEO of BCFSa'**

Purpose of this Agenda Item – Update

This is an update on a 1 December, 2022 CAFII webinar.

Background Information

This is an update on a 1 December, 2022 CAFII webinar featuring a fireside chat with Blair Morrison, CEO of BCFSa.

Recommendation / Direction Sought – Update/Discussion

This is an update to the Board.

Attachments Included with this Agenda Item

One (1) attachment.

Agenda Item 4(g)
December 6/22 Board Meeting



Dear Brendan,

We are pleased to invite you to attend our upcoming 2022 CAFII Webinar on

***A CAFII Fireside Chat with
Blair Morrison,
CEO of the British Columbia Financial Services Authority (BCFSA)***

Thursday, December 1, 2022
from 1:00pm - 2:00pm EST (10:00am - 11:00am PST)
via Zoom Webinar



Blair Morrison
Chief Executive Officer
British Columbia Financial Services Authority (BCFSA)

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

***In this webinar, the philosophy, near-term priorities and longer term objectives of
British Columbia's regulator of the financial services sector will be discussed,
including:***

- BCFSAs' key insurance priorities for the next 12-18 months;
- Regulatory initiatives in the pipeline for the next two to three years;
- BCFSAs' views on how the regulated sectors in BC are emerging from the pandemic, including opportunities and challenges;
- the CEO's take on prescriptive versus principles-based regulation;
- how BCFSAs view their rule-making authority and when a Rule should be used versus issuing guidance; and
- the importance of BCFSAs' collegial relationships with the province's Ministry of Finance, the Insurance Council of BC, and other stakeholders (including the real estate sector) to insurance and financial services regulation success in the province.

[Click Here to Register](#)

For further information or assistance, please email events@cafii.com or call 416-494-9224 ext. 3.

We look forward to welcoming you to this 2022 CAFII webinar .

Sincerely,

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Briefing Note

CAFII Board Meeting, 6 December, 2022—Agenda Item 5(a)
Governance Matters--Plans for December 6/22, 5:30 to 7:30 p.m. CAFII Year-End/Holiday Season
Reception, Immediately Following This Board Meeting

Purpose of this Agenda Item – Update

This is an update on plans for the Reception which will immediately follow this 6 December, 2022 Board meeting.

Background Information

CIBC Insurance will be the host of a Reception to take place immediately following the 6 December, 2022 Board meeting, at St. Andrew's Lounge in Vantage Venues, 27th floor, 150 King St. West (at University Avenue) in Toronto.

Recommendation / Direction Sought – Update

This is an update to the Board.

Attachments Included with this Agenda Item

One (1) attachment.

Agenda Item 5(a)
December 6/22 Board Meeting



Please join us at CAFII's Holiday Season Reception!

You are cordially invited to attend CAFII's Holiday Season Reception on Tuesday, December 6.

This networking and appetizers-and-beverages event will take place in the St Andrew's Lounge at Vantage Venues in downtown Toronto.



When: Tuesday, December 6, 2022 from 5:30 to 7:30 p.m.

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

Holiday Season Reception: Event Overview

5:30 to 6:15 Cocktails and Conversation

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

6:15 to 6:30 Brief Formal Remarks

6:30 to 7:30 Reception Continues

Further networking and socializing continues

Registration is required to attend. Please RSVP to this invitation using the Register Here link below by 4:00 p.m. on Friday December 2, 2022.

If you have any questions, please contact Meighan Pears at events@cafii.com

[Register Here](#)

Sincerely,

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Briefing Note

**CAFII Board Meeting, 6 December, 2022—Agenda Item 6(a)
Governance Matters-- November 11/22 CAFII Response Submission to FSRA on 'Proposed 2023-24
Statement of Priorities and Budget'**

Purpose of this Agenda Item – Read Only Item

CAFII submitted its written response to FSRA on a regulatory submission.

Background Information

On November 11, 2022 CAFII provided FSRA with a written submission on its “Proposed 2023-24 Statement of Priorities and Budget” consultation document.

Recommendation / Direction Sought – Read Only Item

This is an information update to the Board.

Attachments Included with this Agenda Item

One (1) attachment.

November 11, 2022

Mr. Mark White, CEO; and
Financial Services Regulatory Authority of Ontario
25 Sheppard Avenue West, Suite 100
Toronto, Ontario M2N 6S6
mark.white@fsrao.ca; and
<https://www.fsrao.ca/engagement-and-consultations/consultation-proposed-2023-24-statement-priorities-and-budget>

Re: CAFII Feedback on Proposed FY2023-2024 Statement of Priorities

Dear Mr. White:

The Canadian Association of Financial Institutions in Insurance (CAFII) thanks the Financial Services Regulatory Authority (FSRA) of Ontario for the opportunity to provide comments on FSRA's *Proposed FY2023-2024 Statement of Priorities*.

In this submission, we have focused our comments largely on those sections of the consultation document which are of direct relevance to our Association's members, i.e. the Environmental Scan, FSRA-Wide Priorities, Life and Health Insurance Sector-specific Priorities, and FSRA's Proposed Fiscal Year 2023-24 Budget.

CAFII largely agrees with FSRA's observations in its Environmental Scan and, in particular, its views on the ongoing impact of the COVID-19 pandemic:

The COVID-19 pandemic continues to have a profound impact on the global economy and social interaction, and FSRA remains committed to managing its impact on regulated sectors and the people on which they rely. Rather than a return to business-as-usual, Ontario's financial services and pension plan sectors have transitioned to a "new normal." Fully remote or hybrid workplaces and increased reliance on digital technologies have greatly impacted the sectors that FSRA regulates, including consumer interactions.

We believe that there is considerable uncertainty in the economy, which is creating challenges for the industry. Those challenges include inflation; rapidly rising interest rates; talent acquisition and retention; changing employee expectations around working remotely versus in the office; heightened health issues among the workforce and consumers, including mental health issues; elevated consumer expectations to be able to conduct all insurance and financial services transactions digitally; climate change; and supply chain and other international challenges that significantly impact both global and local economies. CAFII held a webinar with Pollara Strategic Insights Vice-President Lesli Martin on October 5, 2022 which provided corroboration of heightened stakeholder concerns around many of these issues, including a remarkable research finding that 45% of women would quit their jobs if forced to return to full-time work in the office¹.

In light of these unprecedented pressures in the economy and society, CAFII applauds FSRA's commitment to burden reduction and to focused, appropriate, meaningful regulation of the industry.

¹ The presentation deck and recording from the October 5/22 webinar can be found on our website at www.cafii.com/research.

Our Association is currently monitoring the role of inflation, wage pressures, housing costs and general economic uncertainty on the propensity of people to purchase life and other insurance to protect themselves and their families in the event of death, disability, critical illness, or involuntary loss of employment.

By way of further CAFII-specific background, the Authorized Insurance/credit protection insurance (CPI) products offered by CAFII members enable Ontarians to avail themselves of optional group insurance related to a specific borrowing need such as a mortgage or line of credit, and to secure protection against financial loss related to death, disability, critical illness, or involuntary loss of employment. The consumer target market for CPI is principally unserved and under-served Canadians – people who typically do not have access to a licensed insurance advisor due to their modest financial assets and net worth – who appreciate CPI's affordability, convenience/accessibility, and simplicity. The availability of CPI in the marketplace helps to address the societal issue that a significant proportion of Canadians are under-insured or even totally uninsured with respect to life and health insurance. In 2019, according to LIMRA, half of Canadian adults did not own any life insurance coverage.

We currently have a consumer research survey in the field that asks consumers if they are cutting back on insurance purchases due to higher inflation and interest rates; and we plan to publish the results of that research in early 2023. Reduced purchasing of insurance puts consumers at risk and can have catastrophic consequences for families in the event of the death, disability, or critical illness of an income earner who is not insured.

CAFII takes note of FSRA's comments on suitability-related issues, and we agree with the importance of consumers being offered the right products. We wish to emphasize, however, that CPI -- which CAFII members offer under the federal Bank Act and related Regulations, but which is also provincially regulated -- cannot be offered by licensed individuals and product recommendations cannot be offered to consumers considering these optional products. As such, CAFII members are not able to assess "suitability" for customers interested in the protection provided by CPI, but rather can assess "eligibility."

We concur with FSRA's observation that consumers have heightened expectations about being able to engage with insurance providers digitally. We commissioned research with Deloitte Canada, released in 2022, on how CAFII member companies can offer the best digital CPI experience to consumers, and we held a webinar on June 29, 2022 which shared the findings with insurance regulators and policy-makers².

With respect to the concerns which FSRA cites around third-party outsourcing, we note that there are multiple regulatory expectations which industry must live up to around outsourcing, including CCIR/CISRO's *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*. CAFII members have extensive controls and systems in place to ensure that outsourcing does not impact the fair treatment of customers.

² A recording of this webinar can be found on our website at: <https://www.cafii.com/research/?video=4389>; an executive summary of the Deloitte Canada research findings can also be found on our website at <https://www.cafii.com/best-practices-in-the-digitization-of-credit-protection-insurance-presented-by-deloitte/>.

CAFII agrees with FSRA's views stated in the section on Environmental, Social and Governance (ESG) that the issues under that banner will continue to grow in importance for the industry. We have made the point that climate change undoubtedly has an impact on the life and health insurance industry, and we held June 2020 and September 2021 webinars with expert panelists on that important topic³.

CAFII supports FSRA's strategic framework and we believe that the four related pillars specified are appropriate. With respect to the strategic priorities itemized under the four pillars, we support FSRA's stated commitment to strengthen its consumer focus.

We particularly encourage FSRA to continue to engage in independent, third-party consumer research and data analysis so that the Authority will be well-briefed and prepared to respond to the trends that will impact consumers, given that consumer preferences are evolving rapidly in response to societal and technological change.

In that connection, CAFII would be willing to offer its services as a 'research sounding board and advisor' to FSRA, should the Authority wish to avail itself of our offer, given that our Association has significant experience in conducting independent, third-party consumer research via our research partner Pollara Strategic Insights, a firm which we believe is also FSRA's professional services provider in this area; and given, as well, that CAFII member companies have significant depth and breadth of experience in conducting consumer research that delivers actionable insights.

CAFII has also previously communicated to FSRA our support for the following initiative: *"Implement existing FSRA guidance by building processes to use revenues retained outside of the Consolidated Revenue Fund under the Financial Services Regulatory Authority of Ontario Act, 2016 for educational, research and knowledge or information-enhancement initiatives"* (page 12).

CAFII supports FSRA's commitment to "modernize systems and processes," and, in that connection, we particularly appreciate the following commitment: *"...FSRA will also work with regulated sectors to improve data collection, reduce reporting and administration by sector participants. Better data will improve FSRA's ability to efficiently provide regulatory oversight"* (page 14). We encourage FSRA to try to address known industry data needs through CCIR's Annual Statement on Market Conduct (ASMC), to avoid duplicative data collection initiatives. Finally, we believe that this section would benefit from an explicit reference to FSRA's possible direct use of technology to enhance regulatory monitoring and supervision initiatives, including the use of RegTech.

With respect to the "Enable Innovation" priority, CAFII strongly supports FSRA's ongoing efforts in this area. The digitization expectations of consumers and industry players are constantly increasing and shifting, thereby challenging the regulatory system to adapt faster than current mechanisms can keep up. The deliverables and outcomes specified by FSRA under this priority are appropriate in our view, and we continue to believe in the benefits of "regulatory sandboxes" that provide a safe, monitored space within which to test innovative products and services while ensuring consumer protection.

³ The recording and presentation deck from the June 9/20 webinar and the presentation deck from the September 29/21 webinar can be found on our website at: <https://www.cafii.com/research/>

Our Association fully supports FSRA's commitment to enhance its own talent management framework, as we believe that FSRA is already facing or will soon face the same challenges which the industry is facing -- arising from heightened retirements, a shrinking talent pool, and new employee expectations including enhanced flexible work arrangements such as working remotely versus from the office. We are encouraged by the high calibre of the FSRA management team and we believe that the Authority has, since inception, recruited a talented employee team which has been, and will continue to be, critical to enabling the Authority to fulfill its mission and mandate.

With respect to the life and health insurance sector-specific priority "Enhance Market Conduct Oversight to Protect Consumers," we support the initiatives outlined therein. In that connection, we want to highlight that CAFII members have made, and will continue to make, investments in systems, processes, oversight, monitoring, employee training, and controls to ensure that FTC expectations are achieved.

CAFII was pleased to learn that FSRA has become a member of the International Association of Insurance Supervisors (IAIS). Stemming from that very positive development, we took note of the many references in the *Proposed FY2023-2024 Statement of Priorities* to FSRA's learning from and, as appropriate, aligning with the practices of international bodies (such as the IAIS), and we fully support that thrust.

That said, we encourage FSRA to ensure that Ontario's particular circumstances are fully considered when applying internationally-developed standards to the province's marketplace. Canadian business culture is different from that found in many other countries partly because of its alignment with regulatory expectations. Correlated with that, FSRA and the other provincial insurance regulator members of CCIR have created and operate a professional, proactive, effective, and properly funded regulatory framework.

CAFII also encourages FSRA to play a leadership role in IAIS' deliberations. In that connection, we were delighted to learn that in October 2022, you, Mark, had been appointed Chair of the IAIS' Market Conduct Working Group.

CAFII has, in the past, extended kudos to FSRA for adopting CCIR/CISRO's *Guidance: Conduct of Insurance and Fair Treatment of Customers* as the document which outlines the Authority's expectations of industry with respect to FTC, without the need for a separate FSRA Guideline in this area. By doing that, FSRA set an important example, to be emulated, of supporting national co-ordination and harmonization. In that connection, we support FSRA's many references to FTC in the *Proposed FY2023-2024 Statement of Priorities*; and we encourage the Authority to continue to emphasize the fact that such references are consistent with the CCIR/CISRO *Guidance*, making it clear that a harmonized approach continues to be prioritized.

With respect to FSRA's proposed 2023-2024 Budget, we note that while the industry-funded revenue it calls for will increase by 2.8% over the 2022-2023 budget; and while the proposed fee assessments overall will be 3.6% higher than the prior year, the life and health insurance market conduct variable revenue line will be up by 9.6% over 2022-2023. The COVID 19-dominated 2022 year has been another very challenging one for the life and health insurance sector, and the industry has made considerable efforts to respond to shifting and heightened consumer needs and expectations in these difficult times. The industry continues to face considerable challenges. We encourage FSRA to keep those factors in mind when it is finalizing its 2023-2024 Budget.

In closing, CAFII again expresses its appreciation for FSRA's continued commitment to open and transparent communication and consultation. We look forward to offering further CAFII commentary on FSRA's *Proposed FY2023-2024 Statement of Priorities* and its related *2023-2024 Budget* through the Life and Health Insurance Sectoral Advisory Committee's meetings, in which our Association actively participates.

Sincerely,



Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

Briefing Note

CAFII Board Meeting, 6 December, 2022—Agenda Item 6(b)

Governance Matters-- November 15/22 CAFII Response Submission to BCFSa on Two Follow-up Questions for CAFII Re Inconsistencies Between Principles in Its Draft Insurer Code of Market Conduct and CCIR/CISRO's "Guidance: Conduct of Insurance Business and Fair Treatment of Customers"

Purpose of this Agenda Item – Read Only Item

CAFII submitted its written response to BCFSa on two follow-up questions it had posted to our Association.

Background Information

On November 15, 2022, CAFII responded to BCFSa on two follow-up questions it had asked the Association regarding its Draft Insurer Code of Market Conduct. CAFII collaborated with the Insurance Bureau of Canada, and the CLHIA, on co-ordinating and aligning our respective response submissions.

Recommendation / Direction Sought – Read Only Item

This is an information update to the Board.

Attachments Included with this Agenda Item

One (1) attachment.

November 15, 2022

Marina Makhnach
Director, Market Conduct Financial Institutions
BC Financial Services Authority 600-750 West Pender Street
Vancouver, B.C. V6C 2T8

Dear Ms. Makhnach:

CAFII thanks BCFSa for the opportunity to respond to the Authority's two follow-up questions on its draft *Insurer Code of Market Conduct and Supplemental Guideline*.

Our Association supports the important fair treatment of customers (FTC) objectives which BCFSa is seeking to achieve with this initiative.

However, it is our view that BCFSa appears to be committed to a path that does not support the efficient and effective implementation of FTC initiatives by regulated entities. We cannot envision any incremental consumer protection benefits that will be achieved by BCFSa's promulgating its own *Insurer Code of Market Conduct* for the province, when a nearly identical, nationally recognized such Code already exists in the form of CCIR/CISRO's *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*.

In that same vein, however, CAFII thanks BCFSa for listening and being responsive to industry stakeholder feedback, as reflected in your September 27/22 *BCFSa's Response to Consultation on Information Security (IS) Incident Reporting*. We extend a kudo to the Authority for its decision to amend its approach and not introduce a Rule on IS Incident Reporting; and instead to publish and consult on a separate Guideline on this matter and to align expectations to the extent possible with other Canadian regulators.

With respect to your first follow-up question on the draft *Insurer Code of Market Conduct*, around "compliance challenges" due to differences between it and the CCIR/CISRO *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*, CAFII emphasizes this important clarification: the challenges arise not in relation to our members' willingness and ability to comply, but rather due to the resources and effort which a separate, slightly different BC Code will cause to have to be re-allocated to 'exception management' as opposed to having those resources remain squarely focused on activities and initiatives that support FTC.

In our view, the comparison spreadsheet which you have provided illustrates well the compliance challenges for regulated entities that naturally arise whenever new, unharmonized regulatory Guidance is introduced, necessitating an allocation of resources to exception management.

When the draft BC *Insurer Code of Market Conduct* is compared to the CCIR/CISRO *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*, there are dozens of instances where the same objectives are being expressed and framed using slightly different wording. Regulated entities will therefore need to dedicate significant staff attention to assessing these different wordings, and dedicate similar attention to the resulting compliance implications for BC which has its own slightly different *Insurer Code of Market Conduct*, as distinct from the many jurisdictions across the country that have adopted the CCIR/CISRO FTC Guidance.

With respect to your second follow-up question, related to compliance with additional Guidance that may be issued supplementally (for example, additional expectations beyond those set out in the current CCIR/CISRO *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*), CAFII's answer is unequivocal: our members focus on complying with all regulatory expectations and Guidance. The issue again is not that CAFII members could not or would not comply, but rather their desire for an efficient and effective regulatory framework which allows resources to be focused not on understanding and adapting to subtle differences between jurisdictions, but rather on achieving the FTC objectives which regulators and the industry collectively support and strive to attain.

It is our view that in order to be most efficient and effective, Supplemental Guidance -- on issues such as incentives management, for example -- should be introduced via the CCIR/CISRO joint national co-ordinating body table. Whenever a provincial regulator issues its own Guidance on a matter such as incentives management -- a matter slated to be addressed in a near-future update to the CCIR/CISRO FTC Guidance -- the industry faces further challenges which arise from a jurisdictional patchwork and a national system that is not harmonized.

Our understanding is that BCFSa wants to ensure that its *Insurer Code of Market Conduct* is well-aligned with the CCIR/CISRO *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*, but that you feel constrained by the fact that the Authority does not regulate intermediaries, while the CCIR/CISRO *Guidance: Conduct of Insurance Business and Fair Treatment of Customers* captures intermediaries and makes significant reference to them. We understand that that has been a stumbling block which has caused the Authority to be of the view that it cannot adopt the CCIR/CISRO FTC Guidance.

In that connection, CAFII is pleased to offer some recommendations for your consideration which would allow national harmonization to be maintained, while also enabling BCFSa to meet its legislative requirement to "establish" an *Insurer Code of Market Conduct* in the province.

CAFII encourages BCFSa to emulate an approach that has been utilized successfully by Alberta in these very same matters, by engaging with the Insurance Council of BC and issuing a joint Statement/Bulletin which announces the joint adoption of the CCIR/CISRO *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*.

In our view, that approach would satisfy BCFSa's legislative requirement to "establish" an *Insurer Code of Market Conduct*; and, given that it would be a joint approach with the Insurance Council, the newly established BC Code (i.e. the nationally harmonized CCIR/CISRO FTC Guidance) would capture intermediaries operating in the province.

Furthermore, we strongly recommend that BCFSa look to the CCIR/CISRO joint national co-ordinating body table for a harmonized approach to the three additional principles which the Authority would like to see introduced in supplemental Guidance. The work of a joint CCIR/CISRO working group on incentives management issues has been underway for some time already, which creates an ideal opportunity for BCFSa to 'jump aboard' that consensus-building and harmonization opportunity, and to play a leadership role in the finalization of supplemental national Guidance in this area.

As a contingency alternative, CAFII recommends that should BCFSa still decide that it must issue its own *Insurer Code of Market Conduct*, the Authority should give insurers operating in the province the option to adhere instead to the CCIR/CISRO *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*; and to state in a BCFSa Bulletin that the two alternatives are equally permissible and satisfactory. A precedent for this approach existed in Ontario, temporarily, during the early months of FSRA's existence as that province's non-securities financial services regulator. During that period, regulated entities were given the option of adhering to either the national CCIR/CISRO *Guidance: Conduct of Insurance Business and Fair Treatment of Customers* or the *Treating Financial Consumers Fairly Guideline* which had been promulgated by FSCO, predecessor to FSRA, in the final phase of its existence.

CAFII also strongly recommends that should BCFSa decide that it must issue its own *Insurer Code of Market Conduct* to meet the legislative requirement to "establish" such a Code, it should release the Code document only. BCFSa should not issue its own Supplemental Guideline, but rather should pursue the matters covered therein through the CCIR/CISRO national co-ordinating body table.

Conclusion

As a key industry stakeholder Association, CAFII very much appreciates the opportunity to review and provide responses to BCFSa's two follow-up questions for our Association arising from our submission on the Authority's draft *Insurer Code of Market Conduct and Supplemental Guideline*. Fair treatment of customers is a critically important, foundational, culture-based principle for CAFII members, and we thank the Authority, in advance, for giving our Association's carefully-considered feedback your thorough and unhurried consideration.

Should you require further information from CAFII or wish to meet with representatives from our Association on this or any other matter at any time, please contact Keith Martin, CAFII Co-Executive Director, at keith.martin@cafii.com or 647.460.7725.

Sincerely,



Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

Briefing Note

CAFII Board Meeting, 6 December, 2022—Agenda Item 6(c)

Governance Matters-- Execution of CAFII 2022 Tracking Study Research on Consumers' Satisfaction with Credit Protection Insurance

Purpose of this Agenda Item – Read Only Item

This is a read only update to the Board.

Background Information

CAFII's 2022 research study on consumers' satisfaction with CPI is largely complete. Pollara has completed the field research, and is finalizing its results report. It is also completing a related validation exercise with CAFII insurer members, on claims payout rates for mortgage life CPI. When the report is ready, a meeting will be set up for the Board to receive the results, and consider whether it wishes to publicly release an executive summary of the report.

Recommendation / Direction Sought – Read Only Item

This is an information update to the Board.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting, 6 December, 2022—Agenda Item 6(d) Governance Matters-- Insights Gained from Recent CAFII/CLHIA/THIA Biweekly Meetings on Regulatory and Industry Issues of Mutual Interest

Purpose of this Agenda Item – Read Only Item

This is a read only update to the Board.

Background Information

CAFII meets every second week with CLHIA and THIA to discuss issues of interest around travel and travel insurance. Recent topics have included potential changes to super-visa holders, including the possibility of their holding foreign insurance; travel disruptions and its impact on travel insurance; resolving the issue of travel claims for pandemic-related cancelled travel leading to vouchers being issued by carriers; and AMF concerns around travel insurance and how the industry should respond.

Recommendation / Direction Sought – Read Only Item

This is an information update to the Board.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting, 6 December, 2022—Agenda Item 6(e)

Read Only Items--Insights Gained from November 17/22 KPMG “2022 Insurance Issues Conference”

Purpose of this Agenda Item – *Read Only*

To update the Board on a conference which CAFII Co-Executive Director attended on a complimentary registration invitation from KPMG, CAFII’s auditor.

Background Information

Keith Martin was provided with a complementary registration pass to the 2022 edition of KPMG’s annual insurance issues conference which was held on November 17/22 at the Metro Toronto Convention Centre. There was a full house and this was the first such KPMG annual conference held in-person in three years. CAFII EOC members in attendance included former CAFII Treasurer Tony Pergola (Scotia Insurance); and current CAFII Treasurer Donald Hinnecke (RBC Insurance). The agenda for the conference is below.

Time	Session
8:00 - 10:00 AM	Networking breakfast & registration
8:30 - 9:30 AM	Board session: Top considerations for high performing insurance boards Speakers: <ul style="list-style-type: none"> • Laura Hay, Global Head of Insurance, KPMG International • Mary Lou Maher, Independent Director, CIBC • Wendy Watson, Chair, Audit and Compliance Committee, Human Capital and Governance Committee, Foresters Financial • Robert McFarlane, ICD.D, Corporate Director, Definity Financial
9:30 - 9:45 AM	Registration & networking break

9:45 - 10:00 AM

Conference kickoff: Opening remarks

Speaker:

- Chris Cornell, Partner & National Sector Leader, Insurance, KPMG in Canada

10:00 - 10:45 AM

Plenary 1: ESG: From value preservation to value creation

Speakers:

- Katie Dunphy, Partner, ESG, KPMG in Canada
- Alanna Boyd, Senior Vice-President and Chief Sustainability Officer, Sun Life

10:45 - 10:55 AM

Break

10:55 - 11:40 AM

Morning breakout sessions

A: Kickstarting your ESG program

Speakers:

- Dana Chaput, Partner, Insurance Accounting and Regulatory Change Lead, KPMG in Canada
- Houston Cheng, Partner, KPMG in Canada
- Alison Rose, Partner, Life & Pensions, Actuarial Practice, KPMG in Canada

- Anthony Buonaiuto, Director, Finance Transformation, KPMG in Canada

B: Opportunities and risks in cyber

Speakers:

- Jonathan Weir, Partner, Financial Services Operations, KPMG in Canada
- Hoda Nasseri, Senior Manager, Cyber Defense, KPMG in Canada
- Jack Bottomley, Senior Consultant, KPMG in Canada

C: Bringing IFRS 17 tax considerations to the forefront

Speakers:

- Stephen Wong, Executive Director, Tax, KPMG in Canada
- Christine Fast, Vice-President Taxation, The Co-operators Group Limited
- Erdem Erinc, Group Chief Tax Officer, Intact
- Matt MacInnis, Head of Tax, Manulife
- Nunzio Tedesco, Partner, KPMG in Canada

11:40 - 1:10 PM

Lunch & keynote: Shift happens: Be the disruptor, not the disrupted

Speaker:

- Armughan Ahmad, President & Managing Partner, Digital, KPMG in Canada

1:10 - 1:20 PM

Break

1:20 - 2:05 PM

Afternoon breakouts

A: Insuring digital assets

Speaker:

- George Djuric, Senior Consultant, Blockchain & Cryptoassets, KPMG in Canada

B: The fight against insurance fraud and crime in Canada

Speakers:

- Sue Ling Yip, Partner, Risk Consulting & Financial Crimes Practice, KPMG in Canada
- Kas Rehman, Partner, KPMG in Canada
- Bryan Gast, Vice President of Investigative Services Division, Équité Association

C: Better ways of working: How to deliver sustainable operational transformation

Speakers:

- Jonathan Weir, Partner, Financial Services Operations, KPMG in Canada
- Paul Jones, Senior Manager, KPMG in Canada
- Matthew Smith, Partner, Strategy and Transformation Lead and Global Claims Lead, KPMG in the UK

2:05 - 2:50 PM

Plenary 2: IFRS 17: What's next?

Speakers:

- Cathy Yuan, Senior Manager, KPMG in Canada
- Bryan Lillycrop, Vice President, Financial Reporting, Definity
- Maximilian Boermann, Senior Manager, KPMG in Canada

2:50 - 3:05 PM

Networking break

3:05 - 3:50 PM

Plenary 3: Emerging technologies, risks and platform maximization

Speakers:

- Gavin Lubbe, Partner and National Leader, Management Consulting – Operations; GTA Lead, Data & Analytics, KPMG in Canada
- Seamus Blackmore, Partner, Product Lead, GTA Lighthouse, KPMG in Canada
- Sylvia Kingsmill, Global Cyber Privacy Leader, Partner, Risk Consulting, KPMG in Canada

3:50 - 4:35 PM

Plenary 4: Regulatory fireside chat

Speaker:

- Amit Chalam, Partner, KPMG in Canada
 - Darrell Leadbetter, Senior Director, Insurance & Pension, OSFI
-

4:35 onwards

Closing remarks and networking
reception

Recommendation / Direction Sought – *Read Only*

This is a Read Only update for the Board.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting, 6 December, 2022—Agenda Item 6(f)

Read Only Items-- Insights Gained from CAFII Co-Executive Directors' Participation as Judges in "2022 Insurance Business Canada Awards" and Attendance at November 17/22 Awards Gala Dinner

Purpose of this Agenda Item – Read Only

To update the Board on an annual insurance industry awards process, in which both of CAFII's Co-Executive Directors served as judges for in 2022.

Background Information

Brendan Wycks and Keith Martin were judges at the 2022 Insurance Business Canada Awards. There was a full house (over 600 people) at the resulting Awards Dinner which was held on November 17/22 at the Liberty Grand in Toronto.

Brendan Wycks presented the award for "CEO of the Year" and Keith Martin presented the award for "Excellence in Diversity, Equity & Inclusion." The winners of those categories are noted below.

Desjardins won the "Advocis Award for Life & Health Insurer of the Year." Don Forgeron, outgoing President & Chief Executive Officer of the Insurance Bureau of Canada, won the "First Insurance Funding of Canada Award for Lifetime Achievement in the Insurance Industry." His soon-to-be replacement as IBC President & CEO, Celyeste Power, won the "Steamatic Canada Award for Woman of Distinction."

At the Awards Dinner, Brendan Wycks and Keith Martin said hello to Greg Pollock, President & CEO of Advocis, who was quite friendly. He said that he had an excellent relationship with CLHIA CEO Stephen Frank, and he acknowledged that there "was room for everyone in the life and health insurance industry."

CEO of the Year Winner: Andy Taylor - Gore Mutual Insurance Company

Other Nominees:

Jeff McCann - APOLLO Insurance

Daphné de Vitton - APRIL Canada

Sukhdeep Kang - Armour Insurance Brokers Ltd.

Jason Storah - Aviva Canada

Troy Moreira - Forward Insurance Managers

Dave Partington - Gallagher

Tracy Archer - Knight Archer Insurance

David Crozier - Markel Canada

Rick Jaitley - My Insurance Broker

Gregory Markell - Ridge Canada Cyber Solutions

Saad Mered - Zurich Canada

Excellence in Diversity, Equity & Inclusion Winner: CNA Canada

Other Nominees:

Cansure

Desjardins Insurance

FiduSure Financial

PROLINK Insurance Inc.

TD Insurance

TruStar Underwriting Inc.

Recommendation / Direction Sought – Read Only

This is an Read Only Update for the Board.

Attachments Included with this Agenda Item

No attachments.

Agenda Item 7(a)

Approved by CAFII Board at December 1/20 Board Meeting

CAFII Policy On Association Executive Staff Annual Performance Review and Consideration For Compensation Adjustment

Date Prepared: November 30, 2020

Recommended By: Martin Boyle, Immediate Past-Board Secretary and EOC Chair

Date Presented To Board of Directors: December 1, 2020

Date Approved By Board of Directors:

Purpose of Policy

- to formally document CAFII's practices related to its process for the Executive Staff Annual Performance Review and Consideration for Compensation Adjustment; and
- to bring transparency, rigour, objectivity, and certainty to this process.

Executive Staff Annual Performance Review and Consideration For Compensation Adjustment

This policy shall apply to whomever the CAFII Board shall determine to be the Association's "Executive Staff."

The person in the CAFII Officer role of Board Secretary and Executive Operations Committee Chair (hereinafter referred to as "EOC Chair") shall be responsible for carrying out this policy, in consultation with the Board Chair and Board Vice-Chair.

In November/December each year, the EOC Chair shall gather appraisal input for an Executive Staff member's annual performance review from three sources:

- Board members' responses to a survey on the Executive Staff member's goals/objectives/Position Description-based performance within the period being evaluated. The EOC Chair shall develop the survey questions in consultation with the Executive Staff, and such questions will be subject to annual review and update;
- EOC members' responses to a survey on the Executive Staff member's goals/objectives/Position Description-based performance within the period being evaluated. The EOC Chair shall develop the survey questions in consultation with the Executive Staff, and such questions will be subject to annual review and update; and
- the Executive Staff member's self-evaluative goals/objectives/Position Description-based key performance accomplishments for the period being evaluated.

Taking those inputs into account, the EOC Chair shall prepare a written assessment of the Executive Staff member's performance in the period being evaluated, for use in a performance feedback discussion with the Executive Staff member and eventual placement into the individual's personnel file.

The EOC Chair shall also formulate a recommended compensation adjustment based on the Executive Staff member's performance, for discussion with the Board Chair and Board Vice-Chair.

Prior to conducting a performance feedback discussion with the Executive Staff member, the EOC Chair shall consult with the Board Chair and Board Vice-Chair on the written assessment of the Executive Staff member's performance in the period being evaluated; and on the EOC Chair's recommended compensation adjustment for that Executive Staff member. The EOC Chair shall take the views of the Board Chair and the Board Vice-Chair into account in finalizing the written assessment of the Executive Staff member's performance and any resulting compensation adjustment.

Following completion of the EOC Chair's consultation with the Board Chair and Board Vice-Chair, the EOC Chair shall schedule and conduct a performance feedback discussion with the Executive Staff member, in which the written assessment of Executive Staff member's performance in the period being evaluated and any resulting compensation adjustment shall be communicated and discussed.

Executive Staff Member's Right Of Appeal

In the event that an Executive Staff Member does not agree with the written assessment of his/her performance and/or the compensation adjustment offered, he or she has the right to appeal either or both of those performance evaluation components.

The Executive Staff member must file an appeal in writing – setting out grounds/rationale for the appeal -- to the Board Chair and Board Vice-Chair, for consideration. The Board Chair and Vice-Chair shall review the written appeal, in consultation with the EOC Chair, and make a decision on the appeal on its merits, which decision shall be final.

Timing Of Effect Of Any Compensation Adjustment Awarded

Any compensation adjustment awarded to a CAFII Executive Staff member shall take effect on January 1 of the year following the period for which performance has been evaluated. Adjustments may be made retroactive to this date if the performance review was not completed and finalized prior to the end of the calendar year.

Reporting/Accountability To Board of Directors

Following the completed execution of this *Executive Staff Annual Performance Review and Consideration For Compensation Adjustment Policy* each year, the EOC Chair – or in his/her absence, the Board Chair – shall report to the Board of Directors in an *in camera* session that this annual policy responsibility has been completed.