

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

Date: Tuesday, June 6, 2023

Chair: P. Thompson

Location: In-Person at Manulife, 12th Floor,
200 Bloor St. East, Toronto;
Virtual Via [Via MS Teams Meeting](#)

Time: 2:50 to 5:00 p.m. EDT

Dial-in: 437-703-4263

Phone Conference ID: 231 449 095#

| 1. Welcome, Call to Order, Meeting Confirmation, and New Board Constitution Matters | 2:55 p.m. | Presenter | Action | Document |
|--|-----------|-------------|----------|----------|
| a. Declaration of Meeting Properly Called and Constituted | | P. Thompson | | |
| b. Welcome to New CAFII Directors: Heather McLachlin, CUMIS/The Co-operators; and Julie Gaudry, RBC Insurance | | P. Thompson | | ✓ (2) |
| c. Approval of Agenda | | P. Thompson | Approval | ✓ |
| d. Review and Acceptance of CAFII Competition Law Policy | | P. Thompson | Approval | ✓ (2) |
| e. Deliberations of 2023 CAFII Nominating Committee, Taking Into Account Board-Approved Principles-Based Guideline on Appointment of CAFII Board Members Into Leadership Roles of Board Chair and Board Vice-Chair | | P. Thompson | Update | ✓ |
| f. Appointment of 2023-2024 CAFII Officers | | P. Thompson | Approval | |

| 2. Consent Items | 3:07 p.m. | | | |
|--|-----------|--|--|---|
| a. Draft Board Meeting Minutes, April 4, 2023 | | | | ✓ |
| b. Summary of Board and EOC Action Items | | | | ✓ |
| c. April 2023 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 | 3:10 p.m. | Presenter | Action | Document |
|--|-----------|-------------|---------------------|----------|
| a. CAFII Financial Statements as at April 30/23 | 3:10 p.m. | D. Hinnecke | Update/ Approval | ✓ |
| b. Forecast for CAFII 2023 Fiscal Year as at April 30/23 | 3:14 p.m. | D. Hinnecke | Update | ✓ |

| 4. Strategic and Regulatory Matters | 3:18 p.m. | Presenter | Action | Document |
|--|-----------|--------------------|-----------------------|----------|
| a. Insights Gained from May 11/23 CAFII Special Purpose Virtual Meeting with AMF on Its Definition of Complaints and Related Complaints Handling Regime; and Next Steps Arising | 3:18 p.m. | K. Martin | Update | |
| b. Plans for June 8/23 CAFII/AMF Special Purpose Virtual Meeting on AMF Gathering of Industry Statistics on Claims Denials, and Utilization Intentions | 3:24 p.m. | K. Martin | Update | |
| c. Responses Received from FCNB Re Restricted Insurance Representative (RIR) Licensure Deadline Extension Request and Related Rule INS-001 Compliance Issues | 3:29 p.m. | B. Wycks/K. Martin | Update | ✓ (3) |
| d. Insights Gained from May 8/23 CAFII Preliminary Consultation Meeting with Insurance Council of BC Re Contemplated 'Competency Model' Component of Restricted Insurance Agency Licensing Regime To Be Launched In BC | 3:35 p.m. | B. Wycks/K. Martin | Update/ Discussion | ✓ (2) |
| e. Insights Gained from May 8/23 BCFSA Virtual Update Meeting With CAFII Re BCFSA's Plans For Proceeding With A BC Insurer Code of Market Conduct | 3:43 p.m. | K. Martin/B. Wycks | Update | |
| f. Insights Gained from CAFII -May 31/23 Liaison Meeting With Jan Seibel, Director, Insurance and Real Estate Division, Saskatchewan Financial and Consumer Affairs Authority (FCAA); -June 1/23 Joint Liaison Meeting With Scott Moore, Manitoba Superintendent of Insurance; and Stacey Aubrey, Executive Director, Insurance Council of Manitoba; and -Approved Utilization of Results of 2022 Tracking Study on 'Consumers' Satisfaction with Credit Protection Insurance' In Presentation Deck for Regulator and Policy-Maker Liaison Meetings | 3:48 p.m. | B. Wycks/K. Martin | Update | ✓ (2) |

| | | | | |
|----|---|--------------------|--------|-------|
| g. | Plans for Upcoming CAFII Liaison Meetings with BC and Alberta Insurance Regulators and Policy-Makers, June 13-15/23 4:01 p.m. | B. Wycks/K. Martin | Update | ✓ |
| h. | Insights Gained from Recent Meetings of FSRA's Stakeholder Advisory Committee (SAC) for Life and Health Insurance 4:06 p.m. | K. Martin | Update | ✓ (2) |

| 5. | Governance Matters | 4:11 p.m. | Presenter | Action | Document |
|----|--|------------------|-----------|-----------------------|----------|
| a. | Implementation of Board-Approved "New CAFII Management Structure (Post-2023)" | 4:11 p.m. | K. Martin | Update/ Discussion | ✓ |
| b. | Outcomes of First Meeting of CAFII DEI Working Group | 4:20 p.m. | K. Martin | Update | ✓ |
| c. | CAFII-Requested Proposal from Operatic Agency for Development of New Back-End to CAFII Website 4:26 p.m. | | K. Martin | Update | ✓ |
| d. | Plans for Immediately Ensuing June 6/23 CAFII Reception Event | 4:32 p.m. | B. Wycks | Update | ✓ |

| 6. | Read Only Items | 4:35 p.m. | | Read Only | Document |
|----|---|-----------|--|-----------|-----------------------|
| a. | BCFSA Advisory Re 2023-24 Regulatory Roadmap, Released April 4/23 | | | | ✓ (2) |
| b. | CCIR/CISRO Incentives Management Guidance Questions & Answers Document (Released April 17/23) | | | | ✓ |
| c. | April 21/23 CAFII Response Submission to CISRO Consultation on "Draft 2023-2026 Strategic Plan" | | | | ✓ (2) |
| d. | Insights Gained from March 23/23 AMF Virtual Presentation, in French Only, on Plans to Review the Consultation Process for the Prudential and Regulatory Framework Applicable to Financial Institutions (Optimizing the Compliance Burden) (See April 2023 Regulatory Update) | | | | |
| e. | Insights Gained from March 30/23 CAFII Webinar on "Mental Health Issues In The Workplace" (See April 2023 Regulatory Update) | | | | |
| f. | Insights Gained from April 4/23 CAFII Reception Event with Kartik Sakthivel, Guest Speaker (See April 2023 Regulatory Update) | | | | |
| g. | Final Version of OSFI's Guideline B-10: Third Party Risk Management Guideline (Released April 24/23) | | | | ✓ |
| h. | CAFII and FCNB Exchange Around Deferral Of Contemplated Virtual Liaison Meeting in May 2023 In Favour of September 2023 In-Person/Hybrid Meeting As Part of CAFII's Atlantic Canada Regulators Visit Tour | | | | ✓ (2) |
| i. | FSRA's Life and Health Insurance Agent Supervision Report, 2021-22 (Released May 2/23) | | | | ✓ (2) |
| j. | FSRA 2023-2026 Annual Business Plan (Released February 15/23) | | | | Briefing Note Only |
| k. | AMF Annual Statement of Priorities, 2023-2024 (Released April 27/23) | | | | ✓ |
| l. | Insights Gained from CAFII Liaison Meetings with Insurance Regulators During CLHIA Conference in Montreal, May 3-5/23 | | | | ✓ |
| m. | K. Martin Presentation of Research Results from CAFII 2022 Tracking Study on 'Consumers' Satisfaction with Credit Protection Insurance' to Internal Meetings at Member Companies CUMIS/The Co-operators and The Canada Life Assurance Company | | | | Briefing Note Only |
| n. | May 31/23 CAFII Response Submission to FSRA Consultation on "Proposed Guidance: Administrative Monetary Penalties" | | | | ✓ |
| o. | Revised Schedule for CAFII Fall 2023 Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour | | | | ✓ |

| 7. | In Camera Session | 4:35 p.m. | Presenter | Action | Document |
|----|-------------------|-----------|-----------|--------|----------|
| a. | | | | | |

Next Board Meeting: Tuesday, October 10, 2023, 2:20 to 4:00 p.m. EST (In-Person/Hybrid Meeting immediately following Informal Liaison Lunch and Industry Issues Dialogue session with AMF staff executives), to be hosted by RBC Insurance in Montreal.

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 1(a)

Welcome, Call to Order, and Meeting Confirmation, and New Board Constitution Matters—Declaration of Meeting Properly Called and Constituted

Purpose of this Agenda Item – *Start of Meeting*

Formal start of meeting.

Background Information

CAFII Chair Peter Thompson will call the meeting to order.

Recommendation / Direction Sought – *Start of Meeting*

Start of meeting.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 1(b)

Welcome, Call to Order, and Meeting Confirmation— Welcome to New CAFII Directors: Heather McLachlin, CUMIS/The Co-operators; and Julie Gaudry, RBC Insurance

Purpose of this Agenda Item – Update

Welcome to two new CAFII Directors.

Background Information

CAFII Chair Peter Thompson will welcome two new Directors: Heather McLachlin, CUMIS/The Co-operators; and Julie Gaudry, RBC Insurance, and will invite each of them to briefly introduce themselves.

Recommendation / Direction Sought -- Update

Update only.

Attachments Included with this Agenda Item

2 attachments.



Heather McLachlin ICD.D

Ms. McLachlin has been an senior executive within the insurance and financial services industry for more than 25 years. She is currently Vice President of Strategic Partnership at Co-operators. The strategic partnerships role was developed to leverage Co-operators unique culture and brand to generate strategic growth for creditor insurance within new vertical markets. From September 2010 to May 2021, she lead Cowan Insurance Group Ltd. as President. Accountable for the strategy and operations of one of Canada's largest independent and privately held insurance brokerages and consulting operations. Heather is a collaborative leader with a results-driven reputation based on building strong teams through a client-centric approach. During her decade at Cowan she helped the organization double in size, earning several awards for ambitious results and strong employee engagement. She has expertise in leading strategic transformational change, focused on the areas of strategy, mergers & acquisitions, governance and culture as a competitive advantage.

Prior to re-joining Cooperators in 2021, Ms. McLachlin held a series of progressively senior executive leadership roles in Business Development, Corporate Marketing and Human Resources at both Cooperators and The CUMIS Group. She has extensive private company leadership experience and believes in a collaborative approach between business, government and academia. Under Heather's leadership, Cowan Insurance Group earned and maintained its achievement as one of Canada's Best Managed Companies and one of Canada's Most Admired Corporate Cultures. Heather was personally recognized by Insurance Business Canada as a Women of Influence, and her recent speaking engagements have included 50 Best Managed Companies, International Women's Day, and Most Admired Corporate Culture symposiums. Her conviction that culture is a competitive advantage was featured in the Spring 2019 issue of CAPITAL Magazine and profiled in the National Post in March 2019.

Ms. McLachlin has completed the Directors Education program from the Institute of Corporate Directors and the Rotman School of Management at the University of Toronto, leading to the professional designation of ICD.D. She has completed her LLQP certification and maintains her Property & Casualty license.

Heather is Vice Chair of the Board of Directors at Conestoga College a provincial Crown Corporation. She serves as Chair of the Finance and Audit Committee and Vice Chair of the Executive committee. She is a former member of the Board of Directors of the Council of Insurance Agents and Brokers (CIAB) in Washington D.C. CIAB is a high touch member based trade association for 200 of the World's top commercial and employee benefits brokerages. Heather served on the Oversight committee to oversee the budget and fiscal performance including audits and investments.

Heather holds an Economics Degree from Wilfrid Laurier University and has completed executive management programs at both the Queens School of Business and the Disney Institute.

Agenda Item 1(b)(2)
June 6/23 Board Meeting

Julie Gaudry
Vice President, Creditor Insurance, RBC Insurance

Julie's role is to work collaboratively with all parts of the organization to develop and execute the Creditor Insurance business strategy and champion innovative ideas and solutions. She is responsible for identifying opportunities to enhance existing creditor insurance products and launch new products in conjunction with third-party partners.

Julie joined RBC Insurance in 2014, as Director, Group Strategy and she was promoted in 2017 to Senior Director, Group Insurance, where she led a team with P&L accountability and had responsibility for the overall strategic direction for RBC Insurance's Group Benefits. Under Julie's leadership, the Group Benefits business has experienced significant growth in profitability and above-industry average revenue growth.

Before joining RBC in 2006, Julie practised as a Doctor of Chiropractic. She holds a Bachelor of Kinesiology from McMaster University and a Doctor of Chiropractic from the Canadian Memorial Chiropractic College.

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 1(c)

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

Purpose of this Agenda Item – Approval

Approval of the agenda.

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 June, 2023—Agenda Item 1(d)

Welcome, Call to Order, and Meeting Confirmation— Review and Acceptance of CAFII Competition Law Policy

Purpose of this Agenda Item – Approval

Approval is sought.

Background Information

Once a year, at the first Board meeting in a new governance year following the Annual Meeting of Members, CAFII Board members are asked to confirm that they have reviewed and approve of the commitment each Board member must make around complying with competition law requirements of CAFII Board members. As there are many new Board members this year, Peter Thompson will also spend a few minutes reviewing the policy, the obligations it places on Board members, and why this is an important requirement.

Recommendation / Direction Sought -- Approval

The Board will be asked for approval.

Attachments Included with this Agenda Item

2 attachments.

| | |
|--------------------------------|--------------------------------------|
| Document Owner: | CAFII Executive Operations Committee |
| Practice Applies to: | CAFII Members |
| Process Responsibility: | CAFII Secretary |
| Final Accountability: | CAFII Board of Directors |

DEFINITION:

"Competition Act" means the *Competition Act*, R.S.C. 1985, c. C-34, as amended;

COMPETITION LAW POLICY

1. Competition Law Policy Statement

It is the Corporation's policy that it, and all of its members, fully comply with the Competition Act in respect of any activity undertaken for or on behalf of the Corporation. Responsibility for such compliance rests with the Board and with each member.

2. Guidelines for Competition Act Compliance

At each Annual and Special Meeting of members of the Corporation, members shall be furnished with the Corporation's Guidelines for Competition Act Compliance ("Competition Law Policy") and a summary of the policy shall be read into the record at the beginning of the meeting as a reminder of members' undertakings with respect to Competition Act compliance. At meetings of the Board of Directors of the Corporation and of its Executive Operations Committee, this policy shall be referenced and acknowledged at the beginning of each meeting.

3. Consequences for Failure to Comply with Policy and Guidelines

Failure by a member to comply with this policy or the Guidelines is grounds for removal of that member from the register of the Corporation in accordance with section 9.06.

4. Annual Review of Guidelines

The Guidelines shall be reviewed annually by the Corporation and shall be amended from time to time, as necessary or considered desirable by the Board of Directors.

Any changes to the Competition Law Policy may not be ratified by electronic means.

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

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

GUIDELINES FOR *COMPETITION ACT* COMPLIANCE

Trade association meetings present a risk of interactions among competitors that in and of themselves may contravene, or may lead to a contravention of, Canada's competition laws. Depending on the circumstances, an inference may be drawn by the Competition Bureau of an improper agreement among competitors resulting from such interactions. In addition to rules of general application to all industries, there are also specific provisions in the *Competition Act* (the "**Act**") dealing with agreements or arrangements between federal financial institutions.¹

Consequently, the Canadian Association of Financial Institutions in Insurance ("**CAFII**"), and its members, should be cognizant of the importance of compliance with the Act and committed to such compliance. In fulfilling the mandate of CAFII, and working towards the achievement of its objectives, members of CAFII are expected to adhere to the guidelines that follow and CAFII's competition law policy to promote and respect the spirit and the letter of the law.

1. Prohibited Activities²

(a) **Anti-Competitive Agreements or Understandings**

Neither CAFII nor any committee or activity of CAFII shall be used for the purpose of bringing about or attempting to bring about any agreement, written or oral, formal or informal, express or implied, among competitors regarding:

- (i) the amount or kind of prices, premiums, service charges, interest rates, or other terms or conditions of any products or services to be offered for sale by insurance companies;
- (ii) the amount or kinds of products or services to be offered to customers or classes of customers;
- (iii) the customers or classes of customers to whom any insurance company product or service may be sold or withheld; or
- (iv) the territories in which an insurance company product or service may be sold.

(b) **Sharing Information Posing Anti-Competitive Risk**

No CAFII activity, including any activity undertaken by a CAFII committee or group, shall involve discussion, exchange, collection or dissemination among competitors, for any purpose or in any fashion, information on those matters identified in subparagraphs (i) to (iv) in paragraph (a) above.

¹ For the purposes of the relevant provisions of the Act, "federal financial institution" means a bank or authorized foreign bank within the meaning of section 2 of the *Bank Act*, a company to which the *Trust and Loan Companies Act* applies or a company or society to which the *Insurance Companies Act* applies.

² The activities captured by these guidelines include any activities undertaken for or on behalf of CAFII, including but not limited to, CAFII meetings, formal or informal CAFII-sponsored events, and advocacy and lobbying initiatives.

Where projects involve the collection of individual firm statistical data, such collection shall involve only aggregate data from past transactions and shall include effective steps to protect against disclosure of individual product-pricing or interest-payment information.

(c) Exchange of Cost Information – Anti-Competitive Purposes

No CAFII activity shall include any discussion of costs or any exchange of cost information for the purpose or with the probable effect of:

- (i) increasing, maintaining, or stabilizing prices, premiums, service charges, interest rates, or other terms or conditions of insurance company products or services;
- (ii) reducing competition with respect to the range or quality of products or services offered by insurance companies; or
- (iii) promoting agreement among insurance companies with respect to their selection of products or services for purchase, their choice of suppliers, or the prices they will pay for such products or services, including commissions for the services of commissioned agents.

(d) Published Papers

Papers published by or on behalf of CAFII or presented in connection with CAFII programs should not discuss or refer to the amount or kind of prices, premiums, service charges, interest rates, or other financial terms or conditions of insurance products or services offered for sale by insurance companies. Additionally, reference to costs in such papers should not be accompanied by any suggestion, express or implied, that prices, premiums, interest rates, service charges or other terms or conditions of insurance company products or services should be raised, adjusted, or maintained in order to reflect such costs. To ensure compliance, authors of conference papers shall be informed of CAFII's Guidelines for Competition Act Compliance and CAFII's competition law policy and the need to comply with these rules in the preparation and presentation of their papers.

(e) No Attempt at Product Standardization

Neither CAFII nor any CAFII committee or group shall make any effort to bring about the standardization of any insurance product or service for the purpose or with the effect of preventing the development or sale of any product or service not conforming to a specified standard.

(f) Independent Dealings with Suppliers

No CAFII activity or communication shall include any agreement, or any discussion which might be construed as an agreement, to collectively refrain from purchasing any products or services from any supplier.

(g) No Exclusion from CAFII Activities

No person shall be arbitrarily or unreasonably excluded from participation in any CAFII committee or activity where such exclusion may impair such person's ability, or the ability of his or her employer, to compete effectively in the insurance industry or as a supplier to the insurance industry.

2. Permissible Activities

The Act expressly permits certain activities among competitors and, as a result, within trade associations. These permitted activities include:

- the exchange of statistics;
- the defining of service or product standards;
- the exchange of credit information;
- the definition of industry terminology;
- co-operation in research and development; and
- agreements on environmental protection measures.

However, the usefulness of these exemptions is **very limited**. These activities become illegal if the result is that competition is unduly decreased, or if entry into an industry or expansion of a business within that industry is unduly restricted. For example, although “the exchange of statistics” is permitted, that does not mean that any and all forms and kinds of statistics and numbers, such as price lists or market-share data, may be exchanged among trade association members. Likewise, the defining of service or product standards may become criminal conduct if there is an agreement that CAFII members will restrict the range of services or products they offer to certain specified customers, or they agree to standards in terms of quality, range or quantity of products or services they offer with the aim of eliminating low price competitors.

3. Efforts to Influence Governmental Action

In general, one has a right to meet and to make joint presentations with respect to governmental activities of common interest. However, this right should not be used jointly by competitors for an anti-competitive purpose such as, for example, the lobbying for a legislative or regulatory change having the objective of impeding entry of new competitors, increasing insurance premiums, or restricting insurance services to certain classes of customers or geographic regions. Caution should be exercised where a particular lobbying initiative pertains to subject-matter that has competitive overtones or may be perceived as a concerted effort to lessen or prevent competition. In such cases, legal advice should be sought before proceeding with the initiative.

PRIVILEGED & CONFIDENTIAL

Toronto Memorandum

To: Canadian Association of Financial Institutions in Insurance
From: Michael Kilby / (416) 869-5282
Victoria Hale / (416) 869-5553
Re: CAFII Competition Policies
Date: May 29, 2019

We have carried out a review of CAFII's policies and practices in relation to competition law matters, most notably its Competition Law Policy (the "**Policy**"), its by-laws, and sample meeting agendas and minutes.

By way of background, the Competition Act contains important prohibitions which prevent competitors from agreeing to fix prices, control output, or allocate markets. The Competition Bureau has published *Competitor Collaboration Guidelines* setting out its approach to enforcing these aspects of the Competition Act. Additionally, while the Competition Bureau has not published a formal and final policy for trade associations, in 2008 it published a draft bulletin and in 2015 a list of do's and don'ts, which represent its most up-to-date public statements on best practices for trade associations. The Competition Bureau's basic position is that while trade associations are not inherently problematic under competition law, meetings that facilitate relationships between competitors create the forum, opportunity and temptation to engage in anti-competitive behaviour, and therefore it is appropriate for a trade association to put in place policies and practices to ensure this does not occur.

In short, our view is that CAFII's policies and practices are consistent in all material respects with the Competition Act and with applicable Competition Bureau guidance for trade associations.

With this said, we do note the following the recommendations/suggestions which are intended to further confirm and strengthen CAFII's compliance with the Competition Bureau's guidance for trade associations. These are based also on our experience working with trade associations across various industries. We acknowledge that many of these policies are already practised by CAFII, but we recommend that CAFII consider formally codifying them in the Policy:

- Agendas – An agenda for all meetings among CAFII members (including committee meetings) must be circulated in advance of the meeting, and members must be given an opportunity to defer or "protest" any agenda items that they believe may give rise to competition law concerns. Meetings must be conducted in a manner consistent with the agenda.
- Meeting minutes – Reasonably detailed meeting minutes, including a note of all participants, arrivals and departures, shall be kept at all meetings among CAFII members. Meeting attendees will be given an opportunity to correct meeting minutes once they are prepared.
- Competition guidance – If a CAFII member expresses concern about an agenda item from a competition law perspective, that member is entitled to seek guidance from its own counsel before the discussion proceeds and members may raise any such concerns with CAFII's competition counsel.

- Collection of information – All information collected to facilitate research conducted by CAFII must be collected on a voluntary basis and no unreasonable disciplinary measures may be used to coerce members to exchange information. If the information required for research is at all competitively sensitive, it should be collected by a third party and should only be shared with CAFII members in an aggregated form, or otherwise be appropriately redacted or anonymized, with input from legal counsel.
- Misleading statements – CAFII, and members on behalf of CAFII, must avoid making misleading statements to the public, as the Competition Act also contains provisions relating to such matters. If research results or policy positions are communicated to the public, they must be communicated in a fair and balanced way.
- Membership and meetings – CAFII membership shall not be unreasonably withheld, and eligibility for membership is based on clear criteria that are aligned with the legitimate objectives of CAFII. No member shall be unreasonably excluded from a CAFII meeting.
- Prioritization of members – None of CAFII's activities will be used to advantage the competitive position of certain members, classes of members, or potential market entrants. All CAFII members, regardless of membership class, will have the same access to all outputs of all CAFII projects (including research, papers, etc.), unless the member was given the opportunity to participate in the project and opted out.
- Discipline of members – No CAFII member shall have their membership terminated for anti-competitive reasons (e.g. for competing vigorously on price or coming up with a product that is disruptive to traditional markets). We note that this provision may be better suited for inclusion in the by-laws.
- Section 2 of the Policy related to permissible activities should be revised. This section is based upon a section of the *Competition Act* which was amended several years ago, and the language should be updated to reflect the current s.45 of the *Competition Act*.

In addition to the procedures suggested above, we also recommend including CAFII's statement of objectives (a summary of Schedule A to the Certificate of Continuance would suffice) and the location of dispute resolution mechanisms in the preamble to the Policy.

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 1(e)

Welcome, Call to Order, and Meeting Confirmation— Deliberations of 2023 CAFII Nominating Committee, Taking Into Account Board-Approved Principles-Based Guideline on Appointment of CAFII Board Members Into Leadership Roles of Board Chair and Board Vice-Chair

Purpose of this Agenda Item – Update

This is an update item.

Background Information

The Board will be provided with an update on the recent deliberations of the CAFII Nominating Committee.

Recommendation / Direction Sought -- Update

The Board will be provided with an update.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 1(e)
June 6/23 Board Meeting

CAFII Board-Approved Principles-Based Guideline on
Appointment of CAFII Board Members Into Leadership Roles of Board Chair and Board Vice-Chair
(Approved April 4, 2023)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 1(f)

Welcome, Call to Order, and Meeting Confirmation— Appointment of 2023-2024 CAFII Officers

Purpose of this Agenda Item – Approval

Approval is sought.

Background Information

Following the Annual Meeting of Members, the Board will be provided with the proposed slate of 2023-2024 CAFII Officers, for approval.

Recommendation / Direction Sought -- Approval

The Board will be asked for approval.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting 6 June, 2023—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, April 4, 2023;
- b. Summary of Board and EOC Action Items;
- c. April 2023 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.

Recommendation / Direction Sought – Information Only

No action required.

Attachments Included with this Agenda Item

7 attachments.

BOARD MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

In-Person/Hybrid Meeting at Vantage Venues in Toronto, Ontario

Tuesday, April 4, 2023

3:00 to 5:00 p.m. EDT

Minutes

| | | |
|---------------------------|-----------------|---|
| Board Members | Peter Thompson | National Bank Insurance and Board Chair |
| Present in Person: | Nigel Branker | Securian Canada |
| | Paul Cosgrove | Assurant |
| | Louie Georgakis | The Canada Life Assurance Company |
| | Chris Lobbezoo | RBC Insurance |
| | Rahul Kakar | Chubb Life Insurance Company of Canada |
| | Wally Thompson | Manulife |
| | Kelly Tryon | CUMIS/The Co-operators |
| | Nicole Benson | Valeyo |

| | | |
|---------------------------|----------------------|----------------------|
| Present Virtually: | Wayne Hewitt | ScotiaLife Financial |
| | Ian Oncea | CIBC Insurance |
| | Simon Lacroix-Hubert | Desjardins |
| | Rohit Thomas | BMO Insurance |
| | Adam Vespi | Canadian Tire Bank |

| | | |
|-----------------|----------------|--------------|
| Regrets: | Valerie Gillis | TD Insurance |
|-----------------|----------------|--------------|

| | |
|----------------------|--|
| Also Present: | Brendan Wycks, Co-Executive Director (<i>present virtually</i>) |
| | Keith Martin, Co-Executive Director |
| | Rob Dobbins, Board Secretary |
| | Karyn Kasperski, Board Vice-Secretary |
| | Jake Becker, Association Coordinator |
| | Hudson Lopez, KPMG, Guest (<i>present in-person for part</i>) |
| | Stuart Carruthers, Stikeman Elliott, Guest (<i>present in-person for part</i>) |
| | Sinziana Hennig, Stikeman Elliott, Guest (<i>present in-person for part</i>) |
| | Michael Kilby, Stikeman Elliott, Guest (<i>present in-person for part</i>) |

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

CAFI Board Chair Peter Thompson welcomed all to this meeting of the CAFI Board of Directors -- which was held at Vantage Venues, Toronto, Ontario -- as well as virtually on the Microsoft Teams platform, and called the meeting to order at 3.05 p.m. Jake Becker acted as Recording Secretary.

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

Board Secretary Rob Dobbins confirmed that there was Board quorum for the meeting and that the meeting was properly called and constituted.

Item 1(b): Welcome to New CAFII Directors: Rahul Kakar, Chubb Life Insurance Company of Canada; Nigel Branker, Securian Canada; and Rohit Thomas, BMO Insurance; and Welcome To Imminent CAFII Director Heather McLachlin, CUMIS/The Co-operators

Peter Thompson welcomed new CAFII Directors Rahul Kakar, Chubb Life Insurance Company of Canada; Nigel Branker, Securian Canada; and Rohit Thomas, BMO Insurance to their first regularly scheduled, in-person CAFII Board meetings, all of whom provided a brief self-introduction for their Board colleagues.

Mr. Thompson also called upon CAFII Director Kelly Tryon to introduce a CUMIS/The Co-operators colleague who had joined her in attending this Board meeting in-person, as a guest observer. Ms. Tryon advised that she would be retiring from CUMIS/The Co-operators on May 11, 2023; and that the company would – after today's meeting – be appointing Heather McLachlin, Vice-President of Strategic Partnerships at CUMIS/The Co-operators, as her successor Director on the CAFII Board. Ms. McLachlin provided a brief self-introduction for her Board colleagues and advised that she was very much looking forward to joining the CAFII Board and participating in its deliberations, beginning with the next meeting in June 2023.

Item 1(c): Approval of Agenda

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

Item 2: Consent Items

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

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

And further, it is **RESOLVED** that the minutes of the meeting of the CAFII Board of Directors held December 6, 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: Financial Management Matters

Item 3(a): Draft CAFII 2022 Audited Financial Statements and Independent Auditor's Report Thereon

Peter Thompson advised that the CAFII 2022 Audited Financial Statements and Independent Auditor's Report Thereon must be approved by the Board prior to being presented to the membership for approval at the 2023 Annual Meeting of Members which is coming up on Tuesday, June 6, 2023.

Hudson Lopez, partner-in-charge of CAFII's audit at KPMG, presented an overview of the audit findings, noting that a clean audit was delivered and that the Association's finances are very sound. He indicated that the audit process had been smooth and that KPMG had received full co-operation from CAFII management.

On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the Board hereby approves the Draft 2022 CAFII Audited Financial Statements and Independent Auditor's Report Thereon, in the form presented, for presentation to the Membership for approval at the CAFII 2023 Annual Meeting of Members on June 6, 2023.

Item 3(b): Timelines for Membership Approval of CAFII 2022 Audited Financial Statements

Brendan Wycks reported that the 2022 CAFII Audited Financial Statements and Independent Auditor's Report Thereon would now be included in the materials package distributed to Directors in conjunction with the Annual Meeting of Members on 6 June, 2023 where they will be presented for formal approval.

Item 3(c): CAFII Financial Statements as at February 28/23

CAFII Treasurer Donald Hinnecke provided an overview of CAFII's financial position as at February 28, 2023, noting that the Association was in a very strong financial position at the present time.

Item 3(d): Forecast for CAFII 2023 Fiscal Year as at February 28/23

CAFII Treasurer Donald Hinnecke reported that the Association was on target in its 2023 fiscal year forecast in relation to the Board-approved budget.

Item 3(e): Receipt of 2023 CAFII Member Dues Payments; and 2023 Associate Dues Payments

Brendan Wycks reported that Member and Associates dues invoices for the entire 2023 year had been distributed in early February. CAFII was still following up around the collection of some Members' dues, and he encouraged Member companies to confirm that their organizations were in the process of settling the dues.

Item 4: Strategic and Regulatory Matters

Item 4(a): Insights Gained and Next Steps Arising from February 24/23 CAFII Virtual Meeting with FCNB Staff Executives Re Questions and Clarification Issues Around Compliance with Rule INS-001 (Stikeman Elliott Visitors: Stuart Carruthers, Mike Kilby, Sinziana Hennig)

CAFII Co-Executive Director Keith Martin provided an overview of the introduction of a new Restricted Insurance Representative (RIR) regime by the Financial and Consumer Services Commission of New Brunswick (FCNB), noting that very few of the CAFII-recommended amendments to an earlier draft of the underlying FCNB Rule INS—001 had been incorporated into the final version of the Rule. Mr. Martin noted that CAFII was particularly concerned about the Rule's Section 46, which mandated that when credit protection insurance is offered to a customer, the customer must be told they may wish to consult with a licensed agent. However, Mr. Martin also noted that as a concession, the FCNB had recently volunteered to CAFII and other industry stakeholders that this disclosure could be included in the written fulfillment materials distributed to the customer, so long as that was done during the period during which the customer could cancel the insurance without penalty. CAFII was considering writing a letter to the New Brunswick Minister of Finance asking for Section 46 to be removed from Rule INS-001.

Legal advisors from Stikeman Elliott then made a presentation at this meeting, in which they said that legally, there was no basis for challenging Section 46.

CAFII Board members were not supportive of writing a letter to the Minister of Finance, and instead encouraged the Association to continue to demonstrate to FCNB the benefits of credit protection insurance. As well, it was recommended that CAFII suggest, at an appropriate moment, to FCNB that it consider adjusting the language of Section 46 such that it would state that to satisfy the mandated disclosure, the RIR representative could suggest to the customer that they may wish to consult the insurer which underwrites the protection being offered, a financial advisor, or an individually licensed insurance agent.

[Action Item: At an appropriate time, suggest to the FCNB that they broaden the language of Section 46 to include advising the customer that they may wish to consult the insurer which underwrites the protection being offered, a financial advisor, or an individually licensed insurance agent; B. Wycks, K. Martin, 2023.]

Item 4(b): Outcomes of March 7/23 CAFII Virtual Meeting with Éric Jacob and Mario Beaudoin, AMF, To Reaffirm ‘Unwritten Understanding’ Resolution to Credit Card-Embedded Insurance Benefits Impasse Issue

Peter Thompson provided an overview of a 7 March, 2023 virtual meeting which CAFII held with Éric Jacob, the AMF’s Superintendent, Client Services and Distribution Oversight, at which Mario Beaudoin from the AMF and Keith Martin from CAFII were also present, and at which Mr. Jacob reconfirmed the “unwritten understanding” that the AMF understood and accepted that some CAFII members would not be distributing the Fact Sheet and Notice of Rescission for credit card-embedded insurance benefits.

Item 4(c): Insights Gained and Next Steps Arising from March 22/23 One-on-One Virtual Meeting Between CAFII Board Chair Peter Thompson and AMF’s Éric Jacob

Peter Thompson provided an overview of a 22 March, 2023 one-on-one virtual meeting he had with Éric Jacob of the AMF, at which it was agreed that two follow-up special purpose meetings would be held with appropriate additional individuals from the AMF and CAFII attending: one such meeting focused on the AMF regulation on complaints handling and dispute resolution; and the other meeting focused on how the AMF intends to use the statistics it has gathered on claims denial rates, and the “return of premium” to customers.

[Action Item: Keith Martin to set up two follow up meetings with the AMF, one on the regulation on complaints handling and dispute resolution, the other on how the AMF intends to use the statistics it has gathered on claims denial rates, and the “return of premium to customers”; K. Martin, April-May 2023.]

Item 4(d): Insights Gained from March 23/23 AMF Virtual Presentation, in French Only, on Plans to Review the Consultation Process for the Prudential and Regulatory Framework Applicable to Financial Institutions (Optimizing The Compliance Burden)

Keith Martin reported that this French-only meeting, which he attended, was very high level and saw the AMF commit to more transparency around consultations with industry on emerging regulations and guidelines. However, there was no reference at the meeting to specific burden reduction recommendations which had been made by CAFII and other industry stakeholders to the AMF over a year ago.

Item 4(e): ‘Deeper Dive Research’ to Inform Possible Utilization of Results of CAFII 2022 Tracking Study Research with Pollara Strategic Insights on ‘Consumers’ Satisfaction with Credit Protection Insurance’

Keith Martin provided an overview of the results of the recently completed CAFII research with Pollara Strategic Insights on consumers’ satisfaction with credit protection insurance. In general, the research results were positive and consistent with findings from the previous 2018 edition of this tracking study.

However, there was one result around whether CPI customers thought that the insurance was mandatory that required further investigation, and as a result CAFII commissioned Pollara to do a follow-up “deeper dive” on this aspect of the research, which demonstrated that, in fact, there was no greater percentage of customers who did not think that the insurance was optional than in 2018. It was also noted that there was an increase in the percentage of customers who complained about the claims process; and a lower percentage of customers who were satisfied with how those complaints had been handled.

On 17 April, 2023, Pollara will present the findings of the research to CAFII members in a virtual presentation, following which the EOC will be asked to make a recommendation to the Board on whether to publicly release the research results, Mr. Martin concluded.

[Action Item: Work with and through the EOC to secure a recommendation to the Board on the public release of the Pollara CPI research results; K. Martin, B. Wycks, April-May 2023.]

Item 4(f): Plans for May 9/23 2023 CAFII Annual Members and Associates Luncheon

Brendan Wycks provided an overview of the upcoming May 9, 2023 CAFII Annual Members and Associates Luncheon, at which two leading insurance lawyers, Jill McCutcheon of Torys LLP, and Stuart Carruthers of Stikeman Elliott, would engage in a fireside chat with Keith Martin on domestic and international trends in insurance regulation.

Item 4 (g): Planned Timing of CAFII Western Canada Insurance Regulators and Policy-Makers Visits Tour in Spring 2023; and CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour in Fall 2023; and Related Attendance/Representation Opportunities

Brendan Wycks provided an overview of plans for a CAFII 2023 Western Canada and Atlantic Canada Insurance Regulators and Policy-Makers Visits Tours. CAFII member representatives will be invited to participate in the meetings that are arranged as part of those two tours, Mr. Wycks concluded.

Item 5: Governance Matters

Item 5(a): Draft Principles-Based Guideline on Appointment of CAFII Board Members Into Leadership Roles of Board Chair and Board Vice-Chair

Rob Dobbins provided an overview of a draft principles-based *Guideline On the Appointment of CAFII Board Members Into the Leadership Roles of Board Chair and Board Vice-Chair*. In general, it was proposed that, on a go-forward basis, CAFII Board Chairs would typically come from the financial institution distributor members of the Association, while Board Vice-Chairs would typically come from the insurer members of the Association, and that the Chair could be appointed without having previously served as Vice-Chair. The Board was supportive of adopting the proposed Guideline.

On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the Board hereby approves the proposed *Guideline On the Appointment of CAFII Board Members Into the Leadership Roles of Board Chair and Board Vice-Chair*, as presented in the materials package for this meeting.

Item 5(b): Implementation of Board-Approved “New CAFII Management Structure (Post-2023)”

Keith Martin provided an overview on the status of the new CAFII management structure initiative, noting that progress was being made in the process of hiring of two new CAFII staff members, to succeed Brendan Wycks who will be retiring as Co-Executive Director at the end of 2023.

Item 5(c): Plans For Immediately Ensuing April 4/23 CAFII Reception Event with Kartik Sakthivel, LIMRA As Guest Speaker

Brendan Wycks provided an overview of the immediately ensuing CAFII Reception event at Vantage Venues, from 5:30 to 7:30 p.m., which would feature Kartik Sakthivel of LIMRA as the guest speaker.

| Summary of CAFII Board and EOC Action Items | | | | | |
|---|-----------------------------|---|--|-----------|------------------------|
| | Source | Action Item | Responsible | Deadline | Status May 12, 2023 |
| | | 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 October 11, 2022 | Identify a CAFII Board Vice-Chair candidate for appointment at the June 2023 First Meeting of 2023-24 Board of Directors | P. Thompson/ K. Martin/ B. Wycks | 15-May-23 | In Progress |
| 6 | BOD April 4, 2023 | Keith Martin to follow up on the EOC recommendation to the Board on the public release of the Pollara CPI research | K. Martin/ B. Wycks | April-May | In Progress |
| | | Regulatory Initiatives | | | |
| 7 | EOC October 26, 2021 | Organize a meeting of the Market Conduct and Licensing Committee to review CCIR's 2021 document on the industry's adoption of the FTC guidance | K. Martin/ B. Wycks | 31-Jul-22 | In Progress |
| 8 | BOD December 6, 2022 | Maintain ongoing dialogue with AMF Superintendent Eric Jacob and keep CAFII management and EOC Chair and Vice-Chair informed of any developments re resolving impasse issue re RADM's applicability to credit card-embedded insurance benefits and any other CAFII Member-relevant issues | P. Thompson | Ongoing | Ongoing |
| 9 | BOD April 4, 2023 | At an appropriate time, suggest to the FCNB that they broaden the language of Clause 46 to include consulting a representative of a financial advisor or a representative of the insurance company | B. Wycks/ K. Martin | Ongoing | In Progress |
| 10 | BOD April 4, 2023 | Keith Martin to set up two follow up meetings with the AMF, one on the regulation on complaints and dispute resolution, the other on how the AMF intended to use the statistics they had gathered on claims denial, and the return of premium to customers | K. Martin | April-May | In Progress |
| | | Association Operations | | | |
| 11 | 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 |

Agenda Item 2(c)
June 6/23 CAFII Board Meeting

CONFIDENTIAL TO CAFII MEMBERS AND ASSOCIATES; NOT FOR WIDER DISTRIBUTION

Regulatory Update – CAFII Executive Operations Committee, 25 April, 2023

Prepared by Keith Martin, CAFII Co-Executive Director

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Federal/National

Canadian Association of Financial Institutions in Insurance (CAFII)

CAFII Holds a Webinar with Paula Allen, TELUS Health, and Nigel Branker, Securian Canada, on Mental Health Issues in the Workplace

CAFII held a webinar on mental health issues in the workplace on 30 March, 2023 with Paula Allen, Global Leader, Research & Total Wellbeing, TELUS Health; and Nigel Branker, Chief Executive Officer of Securian Canada, and a CAFII Board member. This is the second webinar on this issue that CAFII has held.

Paula Allen started the webinar off by citing research that indicates that there was a massive negative mental health impact in the beginning of 2020 due to the pandemic, which produced conditions that the human mind does not like; and that since those increases in high risk were noted in 2020, there has not been an improvement. In 2019, 19% of workers were categorized as “high risk”; that number jumped to 35% in February of 2023.

Nigel Branker noted that he was a former colleague of Paula Allen’s at Morneau Sobeco/LifeWorks (predecessor to TELUS Health) and was very pleased to be on a panel with her. He noted that mental health issues were a primary driver of lost hours in the workplace, and that the workplace is a critical space to help people with mental health issues. Paula Allen noted that productivity improvements require attention to mental health issues in the workplace.

Nigel Branker said that organizations need to look at root causes of mental health issues, as opposed to just having programs to help people who have fallen through the cracks. Workloads have to be looked at, as well as workplace flexibility including working from home. Commutes are long in Toronto and elsewhere in Canada, and that has an impact on people’s quality of life. Some people are also not comfortable with returning to the office because of inclusivity issues.

Progress has been made, Mr. Branker said, in removing the stigma around mental health issues, but much more needs to be done, and many employees do not take advantage of existing programs out of a concern it could impact on their career prospects. Paula Allen said that stigmatizing people is harmful, and prevents people from seeking help. Also concerning is that young people have more concerns around mental health issues damaging their careers than older workers. As well, senior leaders disproportionately feel that revealing mental health issues would impact their careers, and that the values of the company around supporting employees do not apply to their level of seniority.

Nigel Branker said that someone in the organization who is a high performer but not aligned with the organization's values can do a lot of damage, and that an organization should not tolerate behaviours that harm other employees. He added that there are a lot of systemic issues in the workplace that can be addressed. Paula Allen said that managers need to be trained in these issues so that they can be better prepared to handle them when they arise. Nigel Branker added that executives give very tangible sales and other targets to employees, and that a similar discipline is required around supporting employees' mental health in the workplace.

Paula Allen noted that women are more likely to want to work from home, and that the commute for younger people and new Canadians may be longer, as they may live further from where the business is located. This could result in a less diverse group being in the office physically; and that, in turn, could have impacts on networking and career prospects for those who work from home.

Paula Allen and Nigel Branker said that financial uncertainty in the economy at this time is also leading to additional stress and mental health issues. Nigel Branker agreed that financial stress is one of a large number of contributors to mental health issues today. Both panelists concluded with a call to action by employers to continue to commit to doing better around addressing mental health issues in the workplace.

There were attendees at the webinar from allied industry associations CLHIA and THIA, and from regulator and policy-maker organizations including:

- The Financial and Consumer Services Commission of New Brunswick, or FCNB;
- The Canadian Council of Insurance Regulators, or CCIR;
- the Insurance Councils of Saskatchewan, or ICS;
- the Alberta Insurance Council, or AIC;
- the Government of Alberta;
- Alberta Treasury Board and Finance, or ATBF; and
- the British Columbia Financial Services Authority, or BCFS.

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

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

<https://www.youtube.com/watch?v=nHk8simgtPY&t=4s>

CAFII Hosts Guest Speaker Kartik Sakthivel, Global Chief Information Officer, LIMRA and LOMA, at a Reception on 4 April, 2023

At a reception following CAFII's 4 April, 2023 Board meeting, held in-person in Toronto, Kartik Sakthivel, Global Chief Information Officer, LIMRA and LOMA, made a well-received presentation on broad technology trends. He emphasized looking not at what technology can do, but the customer experience and what customers want. He repeatedly emphasized that output from data is worthless if the underlying data are not accurate and correct. He also noted that younger generations have a great facility with technology and there is a need for businesses to recalibrate their approach to these customers, and to realize that they will face social media backlash if they do not perform up to expectations.

Kartik Sakthivel also emphasized that IT and data are not just technology department priorities, they are business-wide priorities. The amount of data available to analyze is massive, and new developments in artificial intelligence have the capacity to disrupt businesses. ChatGPT is the fastest growing consumer application in human history, and reached one million users in 5 days, and 100 million active monthly users in January 2023, just two months after its launch. He noted the dangers to this new technology, however, and cited the example of two AI programs that mutually invented a new language that only they could understand. The creators of those programs literally had to unplug them in order to contain the potential threats this development posed.

But returning to a constant theme, Kartik said that a great AI platform with bad data will lead to an awful AI experience. Business leaders need to enhance their skills at what he described as "data literacy." He identified five steps to data literacy:

1. *Make data an enterprise priority;*
2. *Communicate from the CEO on down;*
3. *Think global, act local;*
4. *Train and educate employees;*
5. *Engage and empower employees.*

The presentation has been posted on the CAFII website and can be found here:

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

Canadian Council of Insurance Regulators (CCIR) and Canadian Insurance Services Regulatory Organisations (CISRO)

CCIR and CISRO Release a Question and Answer Document on their Incentives Management Guidance

On 17 April, 2023, Tony Toy, from the CCIR Secretariat, wrote the following email to CAFII:

Hi Brendan and Keith,

Thank you again for attending the CCIR in-person/hybrid meeting in Toronto (Feb 28/Mar 1) regarding the Incentives Management Guidance (IMG).

CCIR and CISRO welcome interaction with our regulated entities to ensure that there is a better understanding of regulator expectations and for regulators to appreciate perspectives from industry. The sessions with our key stakeholders was helpful and many questions were raised and answered verbally.

To further assist our stakeholders, CCIR and CISRO has complied a Q&A of various questions from the meetings and attached it to this email. CCIR anticipates posting this document on our website in the near future. In the meantime, we expect that you will circulate the document to your members.

The document answers 15 questions, and some important themes are that the guidance is principles-based, that it covers intermediaries but the ultimate responsibility for adhering to the guidance is borne by the insurer, and that provincial jurisdictions may have their own emphasis or interpretations around the guidance.

You can review the document here:

[CCIR and CISRO Questions and Answers on Incentives Management Guidance](#)

Provincial/Territorial

British Columbia

British Columbia Financial Services Authority (BCFSA)

[BCFSA Releases on 4 April, 2023 its 2023/24 Regulatory Roadmap](#)

BCFSA released on 4 April, 2023 its 2023/24 Regulatory Roadmap. The release also noted that

BCFSA's regulatory priorities for provincially regulated insurance companies are categorized into three main areas:

1. *Fair Treatment of Customers;*
2. *Natural Catastrophe & Climate Risk; and*
3. *Digitalization Risk.*

The section on insurance is found on pages 24-27. On the Insurer Code of Market Conduct, which is the BC version of the CCIR/CISRO 'Guidance: Conduct of Insurance Business and Fair Treatment of Customers,' CAFII has pressed BCFSA to align with the CCIR/CISRO Guidance and not have its own unique version. On this matter the roadmap document says:

Changes to the Financial Institutions Act require insurance companies to adopt a code of market conduct (the "Code") as established by BCFSA. In the 2022/23 fiscal year, BCFSA engaged in a public consultation on a proposed Insurer Code of Market Conduct, leveraging the principles included in CCIR/CISRO's Guidance on the "Conduct of Insurance Business and Fair Treatment of Customers." BCFSA is reviewing feedback received as part of the consultation and will issue a go forward plan in the first half of fiscal year 2023/24.

The BCFSA roadmap can be found here:

[BCFSA 2023/24 Regulatory Roadmap](#)

Ontario

Financial Services Regulatory Authority of Ontario (FSRA)

MGA and Segregated Fund Issues Dominate 5 April, 2023 FSRA Sectoral Advisory Committee (SAC) for Life and Health Insurance Meeting

Keith Martin represents CAFII on the FSRA Stakeholder Advisory Committee (SAC) for Life and Health Insurance. The SAC held a virtual meeting on 5 April, 2023, which focused heavily on issues with some MGA firms, and segregated funds. There was also an opportunity at the meeting for some discussion on key issues that Committee members are focused on in the life and health insurance space.

FSRA's priorities in 2023 will focus on continuing to prevent consumer harm from MGA activities which have a marketing approach that allows for inappropriate sales. FSRA emphasized that it does not view the whole industry the same way, and that it is going to focus on those organizations that are not meeting the level of standards that it expects. FSRA will also continue to focus attention on segregated funds, and seek to end some of the commission sales practices that exist in this sector.

The 2023 membership of the SAC for Life and Health Insurance is as follows:

| Name | Organization |
|------------------|--|
| Cathy N. Hiscott | PPI |
| Eric Wachtel | Canadian Association of Independent Life Brokerage Agencies (CAILBA) |
| Chris Donnelly | Manulife |
| Keith Martin | Canadian Association of Financial Institutions in Insurance (CAFII) |
| Neil Paton | Third Party Administrators Association of Canada |
| Jim Mavroidis | Cigna Life Insurance Company of Canada |
| Lyne Duhaime | CLHIA |
| James Ryu | Advocis |
| James Greenfield | HUB Financial Inc. |
| Susan Allemang | Independent Financial Brokers of Canada |
| Ali Salam | Sun Life Financial |
| Yasmin Visram | iA Financial Group |
| Ali Ghiassi | Canada Life |
| Moirra Gill | TD Insurance |
| Dennis Craig | RBC Insurance |
| Rosie Orlando | Primerica |

FSRA Releases 2022 Annual Report for its Consumer Advisory Panel

In April 2023, FSRA released the Annual Report for its Consumer Advisory Panel for the year ending December 31, 2022. The panel:

- *acts as an advisory body to provide advice from a consumer perspective on policy and regulatory matters and changes;*
- *provides external input and personal perspective/experience regarding policy and regulatory matters and changes;*
- *identifies topics relevant to FSRA's mandate that could benefit from potential consumer policy, outreach and/or education, for the Consumer Office to consider;*
- *informs and assists the Consumer Office in amplifying the voice of the consumer at FSRA in regards to rule-making, policy and regulatory initiatives, business planning, and consumer protection.*

Among the priorities that the panel reviewed in 2022 were strategic planning and priorities, vulnerable customers, outreach and partnerships, and a consumer education framework.

CAFII is planning a webinar on the FSRA Consumer Office for 26 September, 2023 with Stuart Wilkinson, Chief Consumer Officer, FSRA as the main speaker, along with some introductory remarks by his boss, Glen Padassery, Executive Vice President, Policy & Chief Consumer Officer, FSRA.

The 2022 Annual Report for FSRA's Consumer Advisory Panel can be found here:

[FSRA Consumer Advisory Panel Annual Report for the Year Ended December 31, 2022 \(fsrao.ca\)](https://fsrao.ca/2022-Annual-Report-for-its-Consumer-Advisory-Panel)

Quebec

Autorité des marchés financiers (AMF)

AMF Holds Virtual Meeting, In French Only, on 23 March, 2023 on Burden Reduction

The AMF held a French-only virtual webinar on 23 March, 2023 which CAFII Co-Executive Director Keith Martin attended. The presenters were Julien Reid, Senior Director, Policy and Resolution, and Hélène Samson, Senior Director, Policy and Resolution (Ms. Samson reports to Mr. Reid, and Mr. Reid reports to Patrick Déry, Superintendent, Financial Institutions).

Mr. Reid focused on new regulatory approaches to prudential regulation for deposit-taking institutions.

The topic of greater interest to CAFII was the presentation by Ms. Samson on efforts to improve the consultation process by the AMF, and reduce regulatory burden. However, while all the right themes were touched upon by Ms. Samson, the presentation was notable for its lack of details and specifics.

Ms. Samson said that the AMF would have a more open, collaborative, and engaged approach to consultations, and would seek to have more dialogue with industry. She said that on specific issues that were still in development, the AMF would consider developing papers that explored the issues under consideration, and she gave the example of operational resiliency which the AMF is considering focusing more attention on. But she also said that at this particular meeting itself, there would be no discussion of any specific burden reduction initiatives requested by industry.

The AMF's Incentives Management Guideline Is Now In Effect, as of 14 March, 2023

The Insurance Portal reported on 17 April, 2023 that after conducting a consultation until February 18, 2023, the Autorité des marchés financiers published its "*Guideline on the Management of Incentives*" in its weekly bulletin of March 16, 2023.

Similar rules have been published by all insurance regulators in Canada. A national directive on the *Management of Incentives* was released on November 30, 2022 jointly by the Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organisations (CISRO).

The AMF's new Incentives Management Guideline complements its *Sound Commercial Practices Guideline*.

"Financial institutions should design incentive mechanisms that allow them to treat customers fairly. They should also put in place risk management procedures and control mechanisms to meet their obligations in this regard," reads the introduction.

In the first section on governance, the principle is as follows: "The AMF expects the financial institution's authorities to place the fair treatment of customers at the centre of decisions relating to the management of incentive arrangements."

On this element, which is the theme of the second section, "the AMF expects that the incentive mechanisms put in place will be managed in such a way as to enable the financial institution to meet its obligation to treat customers fairly."

With regard to the identification and assessment of the risks of practices that may affect the fair treatment of customers (third section), "the AMF expects the financial institution to identify and regularly assess the risks of practices that may affect the fair treatment of customers that may result from incentive mechanisms."

With regard to control mechanisms, "the AMF expects the financial institution to have control mechanisms in place to detect inappropriate customer practices that may result from incentive mechanisms."

The document provides examples of information and indicators, characteristics of incentive mechanisms, and targets and performance criteria.

The AMF also published a summary of the comments received during the consultation period. In particular, it refers to the theme of the shared responsibilities between financial institutions and intermediaries.

In particular, insurers have imposed "unrealistic expectations" on their financial institution partners. "It is the responsibility of the firms to monitor sales and representatives," the insurers said.

According to them, it is "necessary to qualify the expectations regarding the enhancement of financial institutions' obligations towards intermediaries in accordance with the nature of their partnership, the principle of shared responsibility and that of non-interference in the affairs of others."

The AMF states that the concept of shared responsibility between financial institutions and intermediaries has been clarified in sections 3 and 4 of its *Sound Commercial Practices*

Guideline. As a result, the content of the *Guideline on the Management of Incentives* has been revised to reflect the expectations set out in Sections 3 and 4 of the *Sound Commercial Practices Guideline*.

As for the examples presented in the appendices, the AMF clarified that they were intended to identify elements that increase the risk of practices that could undermine the fair treatment of customers resulting from incentive mechanisms, which allows risk-based controls to be established. The AMF added that these examples are not exhaustive and do not necessarily apply to all types of products and services offered.

The final version of the AMF's Incentives Management Guideline can be found here:

[AMF Incentives Management Guideline](#)

[AMF Ligne Directrice Sur La Gestion Des Incitatifs](#)

New Brunswick

Financial and Consumer Services Commission of New Brunswick (FCNB)

FCNB Extends Deadline for Online Filing of Initial Restricted Insurance Representative (RIR) Licence Applications by 60 Days, and Adjusts Rule INS-001 Compliance Expectations

CAFII has been requesting some modifications to the FCNB's RIR Regime Rule INS-001, including around trust accounts for deposit-taking institutions, and has also requested an extension for the online filing of initial Restricted Insurance Representative (RIR) licence applications via the FCNB Portal, beyond the stated 1 May, 2023 deadline.

On 14 April, 2023, FCNB announced that it had made some significant modifications to the Rule INS-001 compliance requirements, and had also extended the deadline for completed filing of initial RIR licence applications via the FCNB Portal by 60 days to 30 June, 2023.

For further details, please consult the following FCNB notices:

[Insurance Notice - Restricted Insurance Representative Licensing Period Extended | New Brunswick Financial and Consumer Services Commission \(FCNB\)](#)

[Insurance Bulletin 2023-01 - Deposit-Taking Institutions and Trust Accounts | New Brunswick Financial and Consumer Services Commission \(FCNB\)](#)

International Developments, Research, and Thought Leadership

McKinsey & Company

McKinsey Report on Generative AI

A December 2022 McKinsey report “Generative AI is here: How tools like ChatGPT could change your business” that is focused on generative Artificial Intelligence says that it has many potential business activities but is not quite yet ready for prime time. The article notes that it chose to start the report by asking ChatGPT to “Write the opening paragraph for an article about how transformative generative AI will be for business, in the style of McKinsey & Company” and the program produced the following response:

The rise of generative AI has the potential to be a major game-changer for businesses. This technology, which allows for the creation of original content by learning from existing data, has the power to revolutionize industries and transform the way companies operate. By enabling the automation of many tasks that were previously done by humans, generative AI has the potential to increase efficiency and productivity, reduce costs, and open up new opportunities for growth. As such, businesses that are able to effectively leverage the technology are likely to gain a significant competitive advantage.

The authors of the report called this response “Not perfect but overwhelmingly impressive.” They note that no technology has ever seen such rapid adoption, with ChatGPT obtaining more than one million users within five days of its release. They also say that

With generative AI, computers can now arguably exhibit creativity. They can produce original content in response to queries, drawing from data they’ve ingested and interactions with users. They can develop blogs, sketch package designs, write computer code, or even theorize on the reason for a production error.

But using this tool presents many ethical and practical challenges. The authors feel that the initial uses in business will be in marketing and sales; operations; IT/engineering/risk and legal; and research & development. They state that it is especially useful in areas where there are massive amounts of data for the programs to decipher and summarize.

However, there are many practical and ethical issues, including that generative AI can be wrong (produce answers that are erroneous); can generate inappropriate content; can reflect systemic biases; will not reflect company norms and values; and raise intellectual-property questions.

ChatGPT

CAFII Asks ChatGPT about Credit Protection Insurance

Keith Martin has an account with ChatGPT and asked it “What are the key provincial regulatory issues for credit protection insurance in life and health insurance?”

Here is the response generated:

As an AI language model, I do not have access to real-time updates and cannot provide legal advice. However, I can provide some general information about the regulatory issues related to credit protection insurance in life and health insurance.

In general, credit protection insurance is a type of insurance that pays off the borrower's debt in the event of death, disability, or unemployment. In the case of life and health insurance, credit protection insurance provides coverage to pay off a borrower's outstanding debt if they become unable to make payments due to illness, injury, or death.

Provincial regulations related to credit protection insurance in life and health insurance may vary by jurisdiction, but some key issues that may be regulated include:

1. Licensing requirements: Insurers offering credit protection insurance in life and health insurance must typically hold a valid license to operate in the province.
2. Disclosure requirements: Insurers must provide clear and accurate information about the terms and conditions of the policy to borrowers, including the premiums, benefits, and exclusions.
3. Marketing and sales practices: Insurers may be subject to rules regarding advertising, marketing, and sales practices for credit protection insurance. These rules may be designed to ensure that borrowers are not misled or coerced into purchasing coverage they do not need or cannot afford.
4. Consumer protection: Provincial regulators may have rules to protect consumers from unfair practices, including requirements for insurers to respond to complaints and disputes in a timely and fair manner.
5. Pricing and underwriting: Insurers may be subject to regulation of the pricing and underwriting of credit protection insurance in life and health insurance. Regulators may ensure that premiums are reasonable and affordable and that underwriting practices do not discriminate unfairly against certain groups of borrowers.

It's important to note that regulations related to credit protection insurance in life and health insurance can vary widely by jurisdiction. If you are a borrower seeking credit protection

insurance, you should consult with a licensed insurance professional or seek advice from the regulator in your province.

To see how ChatGPT would respond to a slightly differently worded question, Keith Martin asked it “Credit Protection Insurance is provincially regulated. What are the key issues the provincial regulators are focused on with respect to and insurance?” The answer generated was:

As an AI language model, I do not have access to current news or updates beyond my knowledge cutoff date. However, I can provide a general overview of the key issues that provincial regulators may focus on with respect to health and life insurance.

The key issues that provincial regulators may focus on with respect to health and life insurance include:

1. **Consumer protection:** Provincial regulators may focus on ensuring that consumers are protected from unfair or deceptive practices by insurers. This could include regulating the types of policies that can be sold, setting standards for the disclosure of information to consumers, and enforcing rules around claims handling.
2. **Access to coverage:** Provincial regulators may also be concerned with ensuring that consumers have access to adequate health and life insurance coverage. This could involve setting standards for the types of policies that must be offered, ensuring that premiums are affordable, and addressing issues around discrimination based on health status or other factors.
3. **Solvency and stability:** Provincial regulators may also be focused on ensuring that insurers are financially stable and able to pay claims. This could include setting capital requirements, monitoring financial performance, and intervening in cases where an insurer is at risk of insolvency.
4. **Innovation and competition:** Provincial regulators may also be interested in promoting innovation and competition in the insurance market. This could include encouraging the development of new products and services, promoting the use of technology to improve efficiency and customer service, and ensuring that consumers have access to a range of options from different insurers.

Overall, the focus of provincial regulators may vary depending on the specific jurisdiction and the priorities of the government and the regulator. However, consumer protection, access to coverage, solvency and stability, and innovation and competition are likely to be key issues that regulators will be concerned with when it comes to health and life insurance.

Keith Martin then asked: “What are the priorities of the FCAC with respect to credit protection insurance?” The answer was:

The Financial Consumer Agency of Canada (FCAC) is responsible for regulating and supervising federally regulated financial institutions (FRFIs) to ensure that they comply with federal consumer protection laws, regulations, and voluntary codes of conduct. With respect to credit protection insurance, the FCAC has several priorities:

1. **Consumer awareness and education:** The FCAC is focused on increasing consumer awareness and understanding of credit protection insurance, including the costs, benefits, and limitations of these products. The agency provides information and resources to help consumers make informed decisions about whether or not to purchase credit protection insurance.
2. **Disclosure and transparency:** The FCAC is also focused on ensuring that FRFIs provide clear and transparent information about credit protection insurance to consumers. This includes requiring FRFIs to disclose the cost of credit protection insurance and any exclusions or limitations in coverage, and to obtain the consumer's express consent before adding this type of insurance to their account.
3. **Fair treatment of consumers:** The FCAC is committed to ensuring that consumers are treated fairly by FRFIs when it comes to credit protection insurance. This includes prohibiting FRFIs from using high-pressure sales tactics or misleading consumers about the benefits or necessity of these products.
4. **Monitoring and enforcement:** The FCAC monitors FRFIs to ensure that they comply with federal consumer protection laws and regulations related to credit protection insurance. The agency has the power to investigate complaints and take enforcement action against FRFIs that violate the rules.

Overall, the FCAC's priorities with respect to credit protection insurance are to protect consumers from unfair or deceptive practices, promote transparency and consumer awareness, and ensure that FRFIs comply with federal consumer protection laws and regulations.

CAFII Consultations/Submissions Timetable, 2023

| Regulatory Issue | Deliverable | Deadline | Accountable |
|--|--|--|--|
| Financial Consumer Agency of Canada (FCAC) | <ul style="list-style-type: none"> CAFII submission on “Proposed Guideline on Appropriate Products and Services For Banks and Authorized Foreign Banks” CAFII 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 CAFII’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); and Resulting Restricted Insurance Agent (RIA) Licensing Regime | <ul style="list-style-type: none"> Ministry releases consultation paper on introducing a Restricted Insurance Agent licensing regime in BC (October 3/22 submission deadline) CAFII submission on BC RIA licensing regime consultation paper Ministry advises that Rule to empower RIA Regime and ensuing Insurance Council implementation work to be developed by Spring 2023 <i>Insurance Council of BC arranges early consultation meeting with CAFII re RIA regime</i> <u>CAFII response submission on Insurance Council of BC Rule(s) developed to create framework for and implement Restricted Insurance Agency regime in BC (following Ministry of Finance Summer 2023 release of Council-empowering Regulation)</u> <i>CAFII meetings with Insurance Council of BC around Rules for RIA regime</i> | <ul style="list-style-type: none"> June 30/22 October 3/22 January 13/23 May 8/23 <u>Q4 2023 and Q1 2024 (expected)</u> <i><u>Q4 2023 thru Q2 2024 (expected)</u></i> | <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"> CAFII submission on BCFSA’s “Draft Insurer Code of Market Conduct” CAFII submission on Two Follow-up Questions from BCFSA on Its Draft Insurer Code BCFSA releases update promising update report on ‘Insurer Code of Market Conduct’ in 2023 BCFSA releases Advisory re its 2023-24 ‘Regulatory Roadmap’ <u>BCFSA holds short virtual meeting with CAFII to advise re how it intends to proceed with a BC Insurer Code of Market Conduct</u> <u>BCFSA to release final version of its principles-based BC Insurer Code of Market Conduct (derived from CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers)</u> <u>BCFSA’s BC Insurer Code of Market Conduct comes into force</u> | <ul style="list-style-type: none"> September 9/22 November 11/22 December 15/22 April 4/23 May 8/23 June/July 23 April 1/23 | <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"> CAFII makes submission to AMF on wording modifications needed to Fact Sheet and Notice of Rescission to make them fit credit card-embedded insurance benefits CAFII submission on AMF draft ‘Incentive Management Guidance’ AMF announces consultation on Draft 2 of ‘Regulation Respecting Complaint Processing’ CAFII submission on Draft 2 of ‘Regulation Respecting Complaint Processing’ CAFII and AMF resolve impasse issue re Regulation respecting Alternative Distribution Methods (RADM)’s applicability to credit card-embedded insurance benefits via an “unwritten understanding” that Fact Sheet and Notice of Rescission do not have to be distributed to card holders <u>CAFII and AMF hold special purpose virtual meeting on AMF’s ‘Regulation Respecting Complaint Processing’ (as outgrowth from quarterly one-on-one meetings of CAFII Board Chair and AMF Superintendent, Client Services and Distribution Oversight)</u> <u>CAFII and AMF book special purpose virtual meeting on purpose behind AMF’s gathering of CAFII member company statistics on claims denial rates and “return of premium” to customers (as outgrowth from quarterly one-on-one meetings of CAFII Board Chair and AMF Superintendent, Client Services and Distribution Oversight)</u> | <ul style="list-style-type: none"> January 17/22 February 18/22 December 2022 February 15/23 February/March 2022 May 11/23 June 8/23 | <ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-Eds to monitor |

May 12, 2023

| Regulatory Issue | Deliverable | Deadline | Accountable |
|--|--|---|---|
| CCIR/CISRO | <ul style="list-style-type: none"> CCIR/CISRO FTC Working Group accepts proposal in CAFII's July 2/20 letter CAFII submission on CCIR/CISRO Draft "Incentives Management Guidance" CAFII submission on CCIR/CISRO proposed "Incentives Management Guidance" CAFII written submission on CCIR's Draft 2023-2026 Strategic Plan (following preliminary feedback provided via Virtual Stakeholder Session on November 4/22) CCIR releases "2021 Annual Statement on Market Conduct Public Report" CCIR launches 'Annual Statement on Market Conduct: Life and Health Form (2023 data)' consultation; CAFII passes on formal written submission, in favour of informal verbal feedback to Laurie Balfour, Chair of CCIR CSOC, during regulator visits tour in May 2023 CAFII in-person/hybrid stakeholder meeting with CCIR/CISRO Incentives Management Committee re questions/clarifications around final "Incentives Management Guidance" published in November 2022 CAFII makes submission (in both official languages) on CISRO's embargoed Consultation Draft of 2023-2026 Strategic Plan | <ul style="list-style-type: none"> August 31/20 September 17/21 April 4/22 November 30/22 December 15/22 January 12/23 February 28/23 April 21/23 | <ul style="list-style-type: none"> Mkt Conduct & Licensing Ctte; 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 CAFII submission on FCNB's "Insurance Act Rewrite: Questions For Industry, Dec.'21" CAFII submission on Proposed Rule INS-001: Insurance Intermediaries Licensing and Obligations CAFII submission on Proposed Rule INS-002: Insurance Fees CAFII submission on FCNB legislative change proposals re Life Insurance and Accident & Sickness Insurance sections of Insurance Act (informal sounding board consultation) FCNB releases 'Notices to Industry' on coming into force of final versions of Rule INS-001 and Rule INS-002 (having received Ministerial approval) on February 1/23 FCNB Rules INS-001 and INS-002 come into force. CAFII meets with FCNB to discuss implementation questions/clarifications re Rule INS-001 At CAFII's behest, FCNB removes RIR licence applicant requirements to submit Disclosure Forms and Criminal Record Checks for Board Directors FCNB grants CAFII request for deadline extension (60 days to June 30/23) for filing initial RIR licence application on FCNB Portal; exempts OSFI- and FCNB-regulated RIR licensees from having to maintain trust accounts; and clarifies RIR licence application issues | <ul style="list-style-type: none"> November 2021 January 31/22 February 7/22 February 18/22 May 20/22 December 13-14/22 February 1/23 February 24/23 March 9/23 April 14/23 | <ul style="list-style-type: none"> Mkt Conduct & Licensing Ctte; Co-Eds to monitor |
| Financial Services Regulatory Authority of Ontario (FSRA) Regulatory Consultations | <ul style="list-style-type: none"> CAFII responds to FSRA "Information Guidance on Complaints Resolution" consultation CAFII submission on FSRA's "Principles-Based Regulation" consultation document CAFII submission on FSRA's "Principles of Conduct for Insurance Intermediaries" CAFII submission on FSRA's "Use of Retained Revenues Guidance" FSRA provides feedback on CAFII's submission on "Use of Retained Revenues Guidance" CAFII submission on FSRA's Proposed 2023-24 Statement of Priorities and Budget CAFII submission on FSRA's "Proposed Rule 2022-001: Assessments and Fees" CAFII decides not to make a submission on FSRA's "Proposed Guidance on IT Risk Management", determining it to be largely "out of scope" FSRA launches consultation on "Proposed Guidance: Administrative Monetary Penalties" with May 31/23 submission deadline CAFII written submission on FSRA's "Proposed Guidance: Administrative Monetary Penalties" | <ul style="list-style-type: none"> February 15/22 April 29/22 May 3/22 May 31/22 Sept 9/22 November 15/22 February 27/23 March 31/23 March 27/23 May 31/23 | <ul style="list-style-type: none"> Mkt Conduct & Licensing Ctte; Co-EDs to monitor |

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

Agenda Item 2(e)
June 6/23 Board Meeting

CAFII Insurance Regulator and Policy-Maker Meetings/Interactions
From April 25/23 To May 12/23

| <u>Date</u> | <u>Event/Occasion/Issue</u> | <u>Who</u> |
|--------------------|--|--|
| April 26/23 | Brief Prep Meeting in advance of a scheduled May 8, 2023 CAFII Preliminary Feedback Meeting with Insurance Council of BC officials around their proposal to introduce a ``Performance Requirements Framework`` for individual representatives offering insurance under a corporate Restricted Insurance Agency licence to be issued under the still-to-be-developed BC RIA regime. | Keith Martin and Brendan Wycks met for 30 minutes virtually with Brett Thibault, Director of Governance and Stakeholder Engagement, and Galen Aker, Stakeholder Engagement Specialist, of the Insurance Council of BC staff team. |
| April 27/23 | CAFII Webinar on international developments in insurance regulation with Nicholas Herbert-Young, a staff executive at the UK's Financial Conduct Authority and a volunteer leader at the International Association of Insurance Supervisors (IAIS). | Keith Martin moderated this Fireside Chat Webinar with Nicholas Herbert-Young, who had been referred to CAFII by Mark White, CEO of the Financial Services Regulatory Authority of Ontario (FSRA), who himself is now involved in the IAIS and Chair its Market Conduct Working Group. |

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| April 27 through May 3/23 | Arrangement/securing of liaison meetings with insurance regulators who would be attending the 2023 CLHIA Compliance and Consumer Complaints Conference, May 3 to 5/23, in Montreal | Brendan Wycks sent out email invitations to Angela Mazerolle, New Brunswick Superintendent of Insurance, FCNB; Joanne Abram, CEO, Alberta Insurance Council; Kandace Hopkins, Director, Practice and Quality Assurance, Insurance Council of BC; and April Stadnek, Executive Director, Insurance Councils of Saskatchewan for liaison meetings on the sidelines of the CLHIA Conference in Montreal. Joanne Abram and April Stadnek graciously accepted CAFII's invitation, whereas Angela Mazerolle and Kandace Hopkins sent polite declines. |
| May 3 -5/23 | Informal chats with regulators during breaks at the 2023 CLHIA Compliance and Consumer Complaints Conference, May 3 to 5/23, in Montreal | Keith Martin and/or Brendan Wycks chatted informally with the following regulators during breaks at the CLHIA Conference in Montreal: Huston Loke, Executive Vice-President, Market Conduct, Financial Services Regulatory Authority of Ontario; Erica Hiemstra, Head, Insurance Conduct, Financial Services Regulatory Authority of Ontario; Swati Agrawal Nevatia, Director, Market Conduct – Life and Health Insurance Companies & National Supervision, Financial Services Regulatory Authority of Ontario; Louise Gauthier, Senior Director of Distribution Regulation Policies, AMF (Quebec); Angela Mazerolle, Superintendent of Insurance, New Brunswick (FCNB); Joanne Abram, CEO, Alberta Insurance Council; Kandace Hopkins, Director, Practice and Quality Assurance, Insurance Council of BC; and April Stadnek, Executive Director, Insurance Councils of Saskatchewan. |

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|----------|--|--|
| May 4/23 | CAFII liaison meeting with Joanne Abram, CEO, Alberta Insurance Council; and Joseph Fernandez, newly hired Director of Licensing, Alberta Insurance Council. | Approximately 15 CAFII representatives attended this in-person pre-dinner snacks and beverages liaison meeting with two key Alberta Insurance Council staff executives on the sidelines of the CLHIA Conference in Montreal (at the Conference hotel restaurant/bar), including 13 member company representatives and Co-Executive Directors Keith Martin and Brendan Wycks. |
| May 8/23 | CAFII One Hour Preliminary Feedback Meeting with Insurance Council of BC officials around their proposal to introduce a ``Performance Requirements Framework`` for individual representatives offering insurance under a corporate Restricted Insurance Agency licence to be issued under the still-to-be-developed BC RIA regime. | Approximately 13 CAFII representatives – 11 member company representatives plus the two Co-Executive Directors -- attended this meeting with the following Insurance Council of BC staff executives: -Brett Thibault, Director, Governance and Stakeholder Engagement; -Ugie Ifesi, Director, Licensing; -Galen Aker, Stakeholder Engagement Specialist; and -Mark Kittson, Manager, Agency Licensing. |

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| May 8/23 | Brief CAFII Virtual Update Meeting (30 minutes) with BC Financial Services Authority staff executives, at BCFSAs request, to hear how the Authority has decided to move ahead with its legislatively mandated BC ``Insurer Code of Market Conduct``, but under a markedly different approach than what was originally proposed. | CAFII Co-Executive Directors Keith Martin and Brendan Wycks attended this meeting with the following BCFSAs staff executives: -Saskia Tolsma, Vice President, Policy and Stakeholder Engagement; -Harry James; Director, Regulation Advisory Services (currently representing BCFSAs at the CCIR table); -Marina Makhnach; Director, Market Conduct, Financial Institutions; -Rob O'Brien; Manager, Financial Institutions Policy; and -Lucas Neufeld, Senior Policy Analyst, BCFSAs. |
| May 11/23 | CAFII special purpose meeting with relevant AMF staff executives on the Autorite's regulatory initiative around complaints and dispute resolution. | The prime AMF spokesperson in this meeting was Louise Gauthier, Senior Director of Distribution Regulation Policies. She was joined by Mélissa Perreault, Director of Distribution Practices and Self-Regulatory Organizations, and Cindy Côté, Analyst. The participants from CAFII were Peter Thompson, Board Chair; Rob Dobbins, EOC Chair; Karyn Kasperski, EOC Vice-Chair; and Keith Martin, CAFII Co-Executive Director. It was agreed that it would be beneficial to have a further discussion on these issues, including what is captured and not captured by the new AMF definition of complaints. |

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|-----------|--|---|
| May 11/23 | CAFII sends out formal meeting requests, via email, to senior staff executives at the Saskatchewan Financial and Consumer Affairs Authority (FCAA); the Insurance Councils of Saskatchewan; the Manitoba Superintendent of Insurance/Financial Institutions Regulation Branch (FIRB); and the Insurance Council of Manitoba. | Co-Executive Director Brendan Wycks sent out these invitations on behalf of CAFII; and received prompt/immediate responses from April Stadnek, Executive Director, Insurance Councils of Saskatchewan; and Jan Seibel, Director, Insurance and Real Estate Division, Saskatchewan FCAA. Responses are still to come from the Manitoba Superintendent of Insurance/Financial Institutions Regulation Branch (FIRB); and the Insurance Council of Manitoba, before the full meeting schedule/itinerary for the CAFII tour visits to those two provinces can be firmed up. |
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Agenda Item 2(f)
June 6/23 Board Meeting

Committee Reports Addressing CAFII Priorities

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

The Market Conduct Committee has been active over the past two months, with meetings to provide input for the development response submissions to the following consultations:

- CISRO's Consultation on its *Draft 2023-2026 Strategic Plan*; and
- FSRA's Consultation on its *Proposed Guidance: Administrative Monetary Penalties*.

Media Advocacy Committee (Chair: Jacqlyn Marcus)

The following updates for the CAFII Board will provide a view as to Media Advocacy Committee's intended initiatives over the coming two quarters.

1. Operatic Agency Statement of Work:
 - a. Following review by the committee earlier in the year, the SOW was signed and is being executed. Operatic Agency is currently working on content for our Google my Business profile page.
 - b. A significant budget item is the development of an educational video for the website. The committee will brainstorm and discuss options over the summer.
 - c. Operatic Agency is also looking to optimize website news & events page to make searching and easier, and to support direct links from social site to individual events or webinars.
2. Update on Issues with Website Backend
 - a. The current back-end hosts member-only information, such as content and notes from EOC and Board meetings. The platform used today requires regular updates, which are both time-consuming and cost prohibitive. Operatic Agency is to provide an alternate content management system which can be easily updated and maintained by CAFII staff. Budget is not assigned, and prior approval of the Board will be sought once a proposal is finalized.
3. LinkedIn Page:
 - a. The CAFII LinkedIn page is performing well, with an increase in followers from ~30 to ~155 followers this year. The page brings important awareness to CAFII's efforts for consumers and members, and the committee believes we can and should do more to increase presence and penetration. The committee will discuss further efforts at an upcoming meeting. **Please follow, like and share the CAFII LinkedIn page and its content with others in your network.**
 - b. Edits to the Association's profile were made to make the page more searchable.

The committee will continue to meet quarterly, with *ad-hoc* meetings scheduled throughout the year to address immediate business or initiatives.

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

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

- a webinar on 27 April, 2023 with Nicholas Herbert-Young, from the UK's Financial Conduct Authority and a participant in the International Association of Insurance Supervisors (IAIS);
- a webinar on 18 May, 2023 on Quebec's Charter of the French Language (Bill 96);
- a 6 June, 2023 in-person CAFII Reception presentation by Anthony Ostler, President & CEO of the Canadian Bankers Association (CBA); and
- a webinar on 26 September, 2023 with Stuart Wilkinson, head of the FSRA's Consumer Office, which will also include an introduction by FSRA's Glen Padassery, Executive Vice-President Policy & Chief Consumer Officer; and

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

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

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

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

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

Pollara Strategic Insights delivered the results report from the 'deep dive' follow-up survey to the R&E committee in early April; and the R&E Committee then brought the 'deep dive' follow-up survey results forward to the EOC at its April 25, 2023 meeting.

The R&E Committee then arranged for a Special Purpose CAFII Board Meeting to share the 'deep dive' follow-up survey results with the Board; and since that time we have been working with Keith and Brendan to secure EOC and Board support for agreed-upon parameters for some public release/sharing of the 2022 Pollara research results, particularly to insurance regulators and policy-makers in a presentation deck to be used in the Spring 2023 Western Canada Insurance Regulators and Policy-Makers Visits Tour.

Travel Insurance Experts Committee (Chair: Katia Umutoniwase)

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

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

Agenda Item 2(g)

June 6/23 Board Meeting

Board-Approved Schedule of CAFII 2023 Meetings and Events

(Approved At October 11/22 CAFII Board Meeting)

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

- **Tuesday, January 17, 2023** (2:00–4:00 p.m. MS Teams virtual-only meeting)
- **Tuesday, February 14, 2023** (2:00–4:00 p.m. in-person/virtual-hybrid meeting)
(Family Day Stat Holiday in Ontario: Monday, February 20)
- **Tuesday, March 21, 2023** (2:00–3:30 p.m. MS Teams virtual-only meeting)
(Quebec Spring Break: March 6 – March 10. Ontario March Break: March 13 – March 17)
- **Tuesday, April 25, 2023** (2:00–4:00 p.m. in-person/virtual-hybrid meeting)
(Passover: Wednesday, April 5 – Thursday, April 13. Good Friday: Friday, April 7. Easter Monday: Monday, April 10)
- **Tuesday, May 16, 2023** (2:00–3:30 p.m. MS Teams virtual-only meeting)
(Victoria Day Stat Holiday: Monday, May 22)
- **Tuesday, June 27, 2023** (2:00–4:00 p.m. in-person/virtual-hybrid meeting)
- **Tuesday, July 18, 2023** tentative summer meeting (2:00–3:30 p.m. MS Teams virtual-only meeting)
- **Tuesday, August 15, 2023** tentative summer meeting (2:00–3:30 p.m. MS Teams virtual-only meeting)
(Civic Stat Holiday: Monday, August 7)
- **Tuesday, September 19, 2023** (3:00–5:00 p.m. in-person/virtual-hybrid meeting, followed by EOC Annual Appreciation Dinner)
(Labour Day: Monday, September 4. Rosh Hashanah: September 15 – 17. Yom Kippur: September 24 – 25. National Day for Truth and Reconciliation: Saturday, September 30)
- **Tuesday, October 24, 2023** (2:00–3:30 p.m. MS Teams virtual-only meeting)
(Thanksgiving Stat Holiday: Monday, October 9)
- **Tuesday, November 14, 2023** (2:00–4:00 p.m. in-person/virtual-hybrid meeting)
(Remembrance Day: Saturday, November 11. Diwali: Sunday, November 12)

Board Meetings:

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

2023 Annual Members and Associates Luncheon:

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

2023 EOC Annual Appreciation Dinner:

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

Webinars:

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

2022 Board meetings Hosted by:

TD Insurance, Desjardins Insurance, CIBC Insurance

2021 Board meetings Hosted by:

None, due to COVID-19 pandemic situation

2020 Board meetings Hosted by:

None, due to COVID-19 pandemic situation

2019 Board meetings Hosted by:

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

2018 Board Meetings Hosted by:

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

2017 Board Meetings Hosted by:

TD Insurance; CAFII; Desjardins Insurance; CIBC Insurance

Recent Years' Annual Members and Associates Luncheons

2022 Annual Members and Associates Luncheon

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

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

Speaker: Mark White, CEO, FSRA

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

2021 Annual Members and Associates Virtual Luncheon Webinar

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

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

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

Venue: Virtual-Only Webinar

2020 Annual Members and Associates Virtual Luncheon Webinar

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

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

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

Venue: Virtual-Only Webinar

2019 Annual Members and Associates Luncheon

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

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

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

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

Briefing Note

CAFII Board Meeting 6 June, 2023—Agenda Item 3(a) Financial Management Matters—CAFII Financial Statements as at April 30/23

Purpose of this Agenda Item – Update/Approval

To provide an update and seek approval.

Background Information

CAFII Treasurer Donald Hinnecke will provide an update on the Association's finances as at April 30, 2023.

Recommendation / Direction Sought – Update/Approval

This is an update item, with approval of the financial statements also sought.

Attachments Included with this Agenda Item

1 attachment.

CAFI I

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

Statement of Operations As at April 30th, 2023

| | Current Month | Budget Apr-23 | Variance to Monthly Budget | Current YTD | Budget '23 YTD | Variance Budget to YTD | Budget 2023 |
|---|------------------|-------------------|-------------------------------|------------------|-------------------|---------------------------|--------------------|
| Revenue | | | | | | | |
| Membership Dues | \$79,425 | \$77,497 | \$1,928 | \$317,699 | \$309,988 | \$7,711 | \$929,964 |
| Interest | \$870 | \$458 | \$412 | \$3,365 | \$1,832 | \$1,533 | \$5,500 |
| Misc (One time event fees) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL REVENUE | \$80,294 | \$77,955 | \$ 2,339 | \$321,064 | \$311,820 | \$9,244 | \$935,464 |
| Expenses | | | | | | | |
| Office Costs | | | | | | | |
| Management Fees (CAFI staff and Managing Matters) | \$45,818 | \$44,899 | (\$919) | \$182,693 | \$179,596 | (\$3,097) | \$538,784 |
| New hire for 6 months overlap | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$102,895 |
| Audit Fees | \$1,367 | \$1,367 | \$0 | \$4,966 | \$5,468 | \$502 | \$16,402 |
| Insurance | \$526 | \$575 | \$49 | \$2,102 | \$2,300 | \$198 | \$6,902 |
| Member Communication and Technology Tools | \$1,012 | \$734 | (\$278) | \$4,091 | \$2,936 | (\$1,155) | \$8,810 |
| Telephone/Fax/Internet | \$104 | \$482 | \$378 | \$416 | \$1,928 | \$1,512 | \$5,789 |
| Postage/Courier | \$7 | \$7 | (\$0) | \$7 | \$21 | \$14 | \$86 |
| Office Expenses | \$70 | \$896 | \$826 | \$223 | \$3,584 | \$3,362 | \$10,751 |
| Bank Charges | \$25 | \$52 | \$27 | \$111 | \$208 | \$98 | \$628 |
| New Office Equipment | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Depreciation Computer/Office Equipment | \$60 | \$235 | \$175 | \$239 | \$940 | \$701 | \$2,821 |
| Miscellaneous Expense | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$500 |
| Total Office related expenses | \$48,989 | \$49,247 | \$258 | \$194,847 | \$196,981 | \$2,134 | \$694,369 |
| Legal and consulting costs associated with regulatory submissions and initiatives | \$0 | \$8,040 | \$8,040 | \$0 | \$26,080 | \$26,080 | \$90,400 |
| Board/EOC/AGM | | | | | | | |
| Annual Members and Associates Luncheon | \$0 | \$9,000 | \$9,000 | \$0 | \$9,000 | \$9,000 | \$16,120 |
| Board Hosting (External) | \$0 | \$8,025 | \$8,025 | \$0 | \$8,025 | \$8,025 | \$24,075 |
| Board/EOC Meeting Expenses | \$5,761 | \$3,454 | (\$2,307) | \$6,123 | \$3,454 | (\$2,669) | \$31,089 |
| Industry Conferences and Events | \$0 | \$0 | \$0 | \$0 | \$300 | \$300 | \$3,627 |
| EOC Annual Appreciation Dinner | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$5,676 |
| Speaker fees & travel | \$0 | \$1,500 | \$1,500 | \$0 | \$1,500 | \$1,500 | \$1,500 |
| Gifts | \$0 | \$107 | \$107 | \$0 | \$428 | \$428 | \$1,284 |
| Networking Events | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$5,650 |
| CAFI 25th Anniversary Celebration | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Board/EOC/AGM | \$5,761 | \$22,086 | \$16,325 | \$6,123 | \$22,707 | \$16,584 | \$89,021 |
| Regulatory and Industry | | | | | | | |
| Provincial Regulatory Visits and Relationship-Building | \$45 | \$0 | (\$45) | \$179 | \$0 | (\$179) | \$41,000 |
| Federal Regulatory Visits and Relationship-Building | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$5,000 |
| Research/Studies | \$8,814 | \$0 | (\$8,814) | \$8,814 | \$0 | (\$8,814) | \$67,800 |
| Webinar Fees | \$1,921 | \$2,561 | \$640 | \$5,763 | \$7,683 | \$1,920 | \$15,368 |
| Website SEO and Enhancements | \$0 | \$11,300 | \$11,300 | \$11,300 | \$11,300 | \$0 | \$45,200 |
| CAFI Benchmarking Study/RSM Canada | \$16,950 | \$17,798 | \$848 | \$16,950 | \$17,798 | \$848 | \$71,190 |
| Media Outreach | \$461 | \$0 | (\$461) | \$1,139 | \$2,260 | \$1,121 | \$9,040 |
| Media Consultant Retainer | \$2,543 | \$3,125 | \$583 | \$10,170 | \$12,500 | \$2,330 | \$37,500 |
| Marketing Collateral | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$7,000 |
| Total Regulatory and Industry | \$30,733 | \$34,784 | \$4,051 | \$54,315 | \$51,541 | (\$2,774) | \$299,098 |
| TOTAL EXPENSE | \$85,483 | \$114,157 | \$28,674 | \$255,285 | \$297,309 | \$42,024 | \$1,172,888 |
| NET INCOME | (\$5,189) | (\$36,202) | 31,013 | \$65,779 | \$14,511 | \$ 51,267 | (\$237,424) |
| proof | 0 | - | - | - | - | 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.

CAFI

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

Balance Sheet As at April 30th, 2023

| | CAFI Operations | | |
|---|--------------------|--------------------|------------------|
| | 30-Apr 2023 | 30-Mar 2023 | 31-Dec 2022 |
| ASSETS | | | |
| Current Assets | | | |
| Bank Balance | \$969,305 | \$881,372 | \$324,108 |
| Savings Account | \$420,609 | \$419,740 | \$417,244 |
| Accounts Receivable | \$0 | \$157,998 | \$0 |
| Prepaid Expenses | \$22,694 | \$16,264 | \$6,397 |
| Computer/Office Equipment | \$10,878 | \$10,878 | \$10,878 |
| Accumulated Depreciation -Comp/Equip | (\$8,968) | (\$8,909) | (\$8,730) |
| Total Current Assets | \$1,414,518 | \$1,477,343 | \$749,898 |
| TOTAL ASSETS | \$1,414,518 | \$1,477,343 | \$749,898 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accrued Liabilities | \$7,223 | \$5,836 | \$15,916 |
| Credit Card | \$1,344 | \$611 | \$566 |
| Account Payable | \$35,500 | \$15,830 | \$64,141 |
| Deferred Revenue | \$635,399 | \$714,824 | \$0 |
| Total Current Liabilities | \$679,465 | \$737,100 | \$80,623 |
| TOTAL LIABILITIES | \$679,465 | \$737,100 | \$80,623 |
| UNRESTRICTED NET ASSETS | | | |
| Unrestricted Net Assets, beginning of year | \$669,275 | \$669,275 | \$505,900 |
| Excess of revenue over expenses | \$65,779 | \$70,968 | \$163,374 |
| Total Unrestricted Net Assets | \$735,053 | \$740,242 | \$669,275 |
| Total Unrestricted Net Assets | \$735,053 | \$740,242 | \$669,275 |
| TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS | \$1,414,518 | \$1,477,343 | \$749,898 |
| Financial Reserves Targets as per 2023 Budget: | | | |
| Minimum 3 months (25%) of Annual Operating Expenses= | | \$ 293,222 | - 0.04 |
| Maximum 6 months (50%) of Annual Operating Expenses= | | \$ 586,444 | - 0.08 |
| Current Level of Financial Reserves (total unrestricted net assets): | | \$735,053 | |
| Current Level of Financials Reserve (%) : | | 63% | 0.00 |

CAFI

411 Richmond Street E, Suite 200

Toronto, ON M5A 3S5

Membership Fees

| | | Feb-23 | | <u>Method of Payment</u> | <u>Received Date</u> |
|--|--------------------------------------|--------------------|------------------|--------------------------|----------------------|
| | | <u>Billed</u> | <u>Received</u> | | |
| TD Insurance | 2023 Upper Tier Member | \$ 77,110 | \$ 77,110 | Cheque | 23-Feb-23 |
| BMO Bank of Montreal | 2023 Upper Tier Member | \$ 77,110 | \$ 77,110 | Direct Payment - EFT | 16-Mar-23 |
| CIBC Insurance | 2023 Upper Tier Member | \$ 77,110 | \$ 77,110 | Direct Payment - EFT | 27-Feb-23 |
| RBC Insurance | 2023 Upper Tier Member | \$ 77,110 | \$ 77,110 | Direct Payment - EFT | 2-Mar-23 |
| Scotia Insurance | 2023 Upper Tier Member | \$ 77,110 | \$ 77,110 | Direct Payment - EFT | 28-Feb-23 |
| Desjardins Financial Security Life Assura | 2023 Upper Tier Member | \$ 77,110 | \$ 77,110 | Cheque | 28-Feb-23 |
| National Bank Insurance | 2023 Upper Tier Member | \$ 77,110 | \$ 77,110 | Direct Payment - EFT | 16-Feb-23 |
| Manulife Financial | 2023 Upper Tier Member | \$ 77,110 | \$ 77,110 | Direct Payment - EFT | 13-Feb-23 |
| The Canada Life Assurance Company | 2023 Upper Tier Member | \$ 77,110 | \$ 77,110 | Direct Payment - EFT | 19-Apr-23 |
| Securian Canada | 2023 Lower Tier Member | \$ 38,555 | \$ 38,555 | Cheque | 23-Feb-23 |
| Assurant | 2023 Lower Tier Member | \$ 38,555 | \$ 38,555 | Direct Payment - EFT | 23-Mar-23 |
| Valeyo | 2023 Lower Tier Member | \$ 38,555 | \$ 38,555 | Direct Payment - EFT | 3-Mar-23 |
| CUMIS Group Ltd | 2023 Lower Tier Member | \$ 38,555 | \$ 38,555 | Cheque | 28-Mar-23 |
| Canadian Tire Bank | 2023 Lower Tier Member | \$ 38,555 | \$ 38,555 | Direct Payment - EFT | 20-Apr-23 |
| Chubb Life Insurance Company of Canada | 2023 Initiation Members (Lower Tier) | \$ 23,133 | \$ 23,133 | Cheque | 4-Apr-23 |
| RSM Canada | Associate | \$ 4,800 | \$ 4,800 | cheque | 11-Apr-23 |
| Willis Towers Watson | Associate | \$ 4,800 | \$ 4,800 | Direct Payment - EFT | 13-Apr-23 |
| KPMG LLP | Associate | \$ 4,800 | \$ 4,800 | Cheque | 18-Apr-23 |
| Optima Communications | Associate | \$ 4,800 | \$ 4,800 | Direct Payment - EFT | 17-Feb-23 |
| RGA Life Reinsurance Company of Canada | Associate | \$ 4,800 | \$ 4,800 | Direct Payment - EFT | 31-Mar-23 |
| Torlys LLP | Associate | \$ 4,800 | \$ 4,800 | Direct Payment - EFT | 28-Feb-23 |
| Stikeman Elliott | Associate | \$ 4,800 | \$ 4,800 | Cheque | 21-Mar-23 |
| Norton Rose Fulbright Canada | Associate | \$ 4,800 | \$ 4,800 | Direct Payment - EFT | 4-Apr-23 |
| Royal & Sun Alliance Insurance Company | Associate | \$ 4,800 | \$ 4,800 | Cheque | 28-Mar-23 |
| Feb Invoices | | \$953,098 | \$953,098 | | |
| Total Membership Fees | | \$953,098 | | | |
| Total amount to reallocate monthly Jan-Dec. 2023 | | \$79,424.83 | | | |

Briefing Note

CAFII Board Meeting 6 June, 2023—Agenda Item 3(b) Financial Management Matters--Forecast for CAFII 2023 Fiscal Year as at April 30/23

Purpose of this Agenda Item – Update

This is an update only.

Background Information

CAFII Treasurer Donald Hinnecke will provide an update on the CAFII financial forecast for the 2023 fiscal year as at April 30, 2023.

Recommendation / Direction Sought –Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

2023 CAFII Budget
In \$ Cdn

| | 2019 Actuals | 2020 Actuals | 2021 Actuals | 2022 Actuals | CAFII 2023 Budget | 2023 YTD April 2023 | 2023 Forecast | Comment/Rationale |
|---|----------------|----------------|----------------|------------------|-------------------|---------------------|----------------|---------------------------------|
| Revenue | | | | | | | | |
| Membership Dues | 734,664 | 884,721 | 955,970 | 991,653 | 929,964 | 317,692 | 353,098 | Member Dues Revenue Tab in FS |
| Interest | 982 | 399 | 236 | 2,579 | 5,500 | 3,365 | 9,000 | Revised to tie to 2023 run rate |
| CCBPI Revenue + one time event fees | 195 | - | - | 12,511 | - | - | - | |
| TOTAL REVENUE | 735,841 | 885,120 | 956,206 | 1,006,743 | 935,464 | 321,064 | 962,098 | |
| EXPENSE | | | | | | | | |
| Office Costs | | | | | | | | |
| Management Fees (CAFII staff and Managing Matters) | 465,134 | 476,844 | 486,711 | 507,904 | 538,784 | 182,693 | 538,784 | Same as budget |
| New hire for 6 months overlap | | | | | 102,895 | - | 129,529 | budget+26634 Recruiting fees |
| Audit Fees | 14,799 | 16,743 | 13,224 | 15,187 | 16,402 | 4,966 | 16,402 | Same as budget |
| Insurance | 5,338 | 5,385 | 5,877 | 6,275 | 6,902 | \$2,102 | 6,902 | Same as budget |
| Member Communication and Technology Tools | 10,022 | 5,765 | 6,958 | 7,990 | 8,810 | 4,091 | 8,810 | Same as budget |
| Telephone/Fax/Internet | 6,494 | 5,808 | 6,799 | 5,935 | 5,789 | 416 | 5,789 | Same as budget |
| Postage/Courier | 159 | 53 | - | 60 | 86 | 7 | 86 | Same as budget |
| Office Expenses | 2,025 | 2,158 | 2,694 | 7,898 | 10,751 | 223 | 10,751 | Same as budget |
| Bank Charges | 112 | 236 | 663 | 548 | 628 | 111 | 628 | Same as budget |
| New Office Equipment | | | | - | - | - | - | Same as budget |
| Depreciation Computer/Office Equipment | 1,136 | 1,136 | 1,136 | 716 | 2,821 | 239 | 2,821 | |
| Miscellaneous Expense | - | - | - | 283 | 500 | - | 500 | Same as budget |
| Total Office related expenses | 505,219 | 514,128 | 524,061 | 552,796 | 694,369 | 194,847 | 721,003 | |
| Legal and consulting costs associated with regulatory submissions and initiatives | - | 28,975 | 74,221 | - | 90,400 | - | 90,400 | Same as budget |
| Board/EOC/AGM | | | | | | | | |
| Annual Members and Associates Luncheon | 12,052 | - | - | 13,147 | 16,120 | - | 16,120 | Same as budget |
| Board Hosting (External) | 14,001 | - | - | 203 | 24,075 | - | 24,075 | Same as budget |
| Board/EOC Meeting Expenses | 35,419 | 4,676 | 1,822 | 11,361 | 31,089 | 6,123 | 31,089 | Same as budget |
| Industry Conferences and Events | - | - | - | 615 | 3,627 | \$0 | 3,627 | Same as budget |
| EOC Annual Appreciation Dinner | 2,193 | 4,244 | - | 2,501 | 5,676 | - | 5,676 | Same as budget |
| Speaker fees & travel | 1,189 | - | - | - | 1,500 | - | 1,500 | Same as budget |
| Gifts | 200 | - | - | 765 | 1,284 | - | 1,284 | Same as budget |
| Networking Events | - | - | - | 1,854 | 5,650 | - | 5,650 | Same as budget |
| CAFII 25th Anniversary Celebration | - | - | - | 15,315 | - | - | - | |
| Total Board/EOC/AGM | 65,053 | 8,920 | 1,822 | 45,761 | 89,021 | 6,123 | 89,021 | Same as budget |
| Regulatory and Industry | | | | | | | | |
| Provincial Regulatory Visits and Relationship-Building | 16,833 | 983 | - | 9,205 | 41,000 | 179 | 41,000 | Same as budget |
| Federal Regulatory Visits and Relationship-Building | 442 | 540 | - | - | 5,000 | \$0 | 5,000 | Same as budget |
| Research/Studies | 5,368 | 28,646 | 75,473 | 73,026 | 67,800 | 8,814 | 67,800 | Same as budget |
| Webinar Fees | | | | 7,684 | 15,368 | 5,763 | 15,368 | Same as budget |
| Website SEO and Enhancements | 40,914 | 31,144 | 50,737 | 45,200 | 45,200 | 11,300 | 45,200 | Same as budget |
| CAFII Benchmarking Study/RSM Canada | - | 68,365 | 67,800 | 67,800 | 71,190 | 16,950 | 71,190 | Same as budget |
| Media Outreach | 5,683 | 350 | 9,542 | 2,779 | 9,040 | \$1,139 | 9,040 | Same as budget |
| Media Consultant Retainer | 27,120 | 27,685 | 29,792 | 37,331 | 37,500 | 10,170 | 37,500 | Same as budget |

| | | | | | | | | |
|---|----------------|----------------|----------------|----------------|------------------|----------------|------------------|----------------|
| Marketing Collateral | 1,629 | 845 | 717 | 1,787 | 7,000 | - | 7,000 | Same as budget |
| Total Regulatory and Industry | 105,543 | 179,462 | 254,966 | 244,812 | 299,098 | 54,315 | 299,098 | Same as budget |
| TOTAL EXPENSE | 675,816 | 731,485 | 855,070 | 843,368 | 1,172,888 | 255,285 | 1,172,888 | |
| Excess of Revenue over Expenses | 60,025 | 153,636 | 101,136 | 163,375 | (237,424) | 65,779 | (237,424) | |
| Unrestricted Net Assets (beginning of year) | 170,198 | 230,223 | 230,223 | 505,900 | 621,727 | 669,275 | 669,275 | |
| Unrestricted Net Assets (end of period) | 230,223 | 383,859 | 331,359 | 669,275 | 384,303 | 735,053 | 431,851 | |

Explanatory Notes:

(1) Assumes Two Co-Executive Directors, one @ 5 days per week; one @ 4.5 days per week; plus Managing Matters Admin support

(2) Amortization of office equipment based on 4 year straight line depreciation

| Actual/Forecasted Financial Reserves | 2019 Actuals | 2020 Actuals | 2021 Actuals | 2022 Actuals | CAFII 2023 Budget | 2023 YTD March 2023 | 2023 Forecast |
|---|---------------------|---------------------|---------------------|---------------------|--------------------------|------------------------------------|----------------------|
| Minimum 3 months (25%) of Annual Operating Expenses = | \$168,954 | \$182,871 | \$213,767 | \$210,842 | \$293,222 | \$293,222 | \$293,222 |
| Maximum 6 months (50%) of Annual Operating Expenses = | \$337,908 | \$365,742 | \$427,535 | \$421,684 | \$586,444 | \$586,444 | \$586,444 |
| Actual/Forecasted Level of Financial Reserves: | \$230,223 | \$383,859 | \$331,359 | \$669,275 | \$384,303 | \$735,053 | \$431,851 |
| Actual/Forecasted Level of Financial Reserves %: | 34% | 52% | 39% | 79% | 33% | 63% | 37% |

Briefing Note

CAFII Board Meeting 6 June, 2023—Agenda Item 4(a)

Strategic and Regulatory Matters-- Insights Gained from May 11/23 CAFII Special Purpose Virtual Meeting with AMF on Its Definition of Complaints and Related Complaints Handling Regime; and Next Steps Arising

Purpose of this Agenda Item – Update

This is an update only.

Background Information

CAFII held a meeting on 11 May, 2023 with the AMF on its regulatory initiative around a new Regulation on complaints and dispute resolution. This is an update on that meeting.

At that meeting, the prime AMF spokesperson was Louise Gauthier. She was joined by Mélissa Perreault and Cindy Côté. The participants from CAFII were Peter Thompson, CAFII Board Chair; Rob Dobbins, EOC Chair; Karyn Kasperski, EOC Vice-Chair; and Keith Martin, CAFII Co-Executive Director.

Mélissa Perrault shared the following clarification of the definition of a complaint:

A complaint can be defined as an expression of dissatisfaction about the service or product provided by an Insurer or Intermediary. It may involve, but is differentiated from, a claim (unless relating to the administration of the claim process) and does not include a pure request for information.

It was agreed that it would be beneficial to have a further discussion on these issues, including what is captured and not captured by the new AMF definition of complaints. Louise Gauthier said she would follow up with CAFII about such a follow-up meeting. Options around CAFII's position on these matters will be discussed with CAFII's Quebec/AMF Issues Committee.

Recommendation / Direction Sought –Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII Board Meeting 6 June, 2023—Agenda Item 4(b)
Strategic and Regulatory Matters-- Plans for June 8/23 CAFII/AMF Special Purpose Virtual Meeting on
AMF Gathering of Industry Statistics on Claims Denials, and Utilization Intentions**

Purpose of this Agenda Item – Update

This is an update only.

Background Information

CAFII has a plan for an upcoming meeting on 8 June, 2023 with the AMF on its collection of industry statistics on claims denials, at which CAFII Board Chair Peter Thompson will be accompanied by EOC Chair Rob Dobbins, EOC Vice-Chair Karyn Kasperski, and Co-Executive Director Keith Martin. This Agenda item will provide an opportunity to update the Board on the proposed approach to that 8 June, 2023 meeting.

Recommendation / Direction Sought –Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII Board Meeting 6 June, 2023—Agenda Item 4(c)
Strategic and Regulatory Matters-- Responses Received from FCNB Re Restricted Insurance
Representative (RIR) Licensure Deadline Extension Request and Related Rule INS-001 Compliance
Issues**

Purpose of this Agenda Item – Update

This is an update only.

Background Information

CAFII has been communicating with FCNB on issues and concerns related to its Rule INS-001 which governs New Brunswick's recently launched Restricted Insurance Representative (RIR) licensing regime, and this will be an update on those discussions and the resulting concessions and adjustments granted by FCNB.

Recommendation / Direction Sought –Update

This is an update only.

Attachments Included with this Agenda Item

3 attachments.

March 30, 2023

Mr. Robert Picard, Director, Insurance (Acting);
Ms. Catherine Haines, Deputy Director – Licensing; and
Mr. David Weir, Senior Technical Advisor Insurance
Insurance (Division)
Financial and Consumer Services Commission of New Brunswick
Andal Building, 225 King Street
Fredericton, New Brunswick E3B 1E1

Re: CAFII Follow-up Letter Re FCNB Implementation Of Rule INS-001, Including Official Written Request For 90-Day Extension Beyond Existing May 1/23 Deadline For Obtaining Initial RIR Licence In New Brunswick

Dear Robert, Catherine, and David:

CAFII thanks FCNB for the licensing portal modification it recently granted to assist our member companies and other industry players, regarding the Director Disclosure section of the Restricted Insurance Representative (RIR) licence application – with respect to OSFI-regulated and FCNB-regulated entities not having to file criminal record checks for members of the Boards of Directors of parent banks/FIs – as communicated in Catherine's March 9/23 reply email to our Association, which was received with relief and gratitude by our members.

This follow-up letter has three purposes:

- to communicate an official CAFII written request for a 90-day extension beyond the existing May 1/23 deadline for relevant/affected insurance businesses to obtain their initial RIR licence in New Brunswick under Rule INS-001, via the FCNB licensing portal;
- to serve as a transmittal for our communication of a follow-up "Summary of Problem Issues/Difficulties Being Encountered By CAFII Member Companies In Applying For A Restricted Insurance Representative (RIR) Licence Via The FCNB Licensing Portal" (see Appendices A, B, and C below); and
- to alert you to a new issue of concern with respect to Rule INS-001 which our member companies have recently brought to our attention: one related to the Rule's trust account provisions (see Appendix D below).

Deadline Extension Request

With the May 1/23 deadline (90 days after Rule INS-001's in-force date of February 1/23) fast approaching for relevant/affected insurance businesses to secure their initial RIR licence, in order to be compliant with the Rule, CAFII member companies are still encountering problem issues and difficulties on the FCNB licensing portal, which are impeding and frustrating their efforts to do so.

See Appendices A through C below for a "Summary of Problem Issues/Difficulties Being Encountered By CAFII Member Companies In Applying For A Restricted Insurance Representative (RIR) Licence Via The FCNB Licensing Portal."

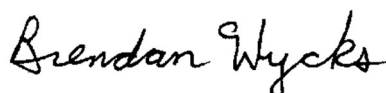
Because the problems and hurdles highlighted therein remain unresolved at this time, CAFII specifically requests that FCNB grant a 90-day extension – which request is made under the assumption that the identified licensing portal difficulties can be resolved to FCNB's and the industry's mutual satisfaction by May 1/23 – which would see July 31/23 become the new deadline for applying for and securing an initial RIR licence. We view a 90-day extension as being a reasonable and modest request under the current time-pressured circumstances; and we hope to hear back from you at your earliest convenience with an indication that the FCNB has seen fit to grant this request.

Thank you, in advance, for considering and responding to the deadline extension request and related Rule INS-001 concerns advanced in this letter; and for giving these matters the urgent attention warranted. CAFII and its members look forward to hearing back from you at your earliest convenience.

Sincerely,



Keith Martin
Co-Executive Director



Brendan Wycks
Co-Executive Director

About CAFII

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

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

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

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

Appendix A

Summary of Problem Issues/Difficulties Being Encountered By CAFII Member Companies In Applying For A Restricted Insurance Representative (RIR) Licence Via The FCNB Licensing Portal

| <u>Issue</u> | <u>Description</u> | <u>Proposed Solution (If Identified)</u> |
|---|--|---|
| "Open date" of bank/financial institution branches | Our bank has dozens of branches in New Brunswick, some relatively new, some which have moved multiple times, and some which may have been in place for decades. There simply is not an easy way of even estimating the open date of every branch. | We are requesting the ability to "grandparent" the branches in place now and give them all an "open" date of February 1, 2023, being the date on which Rule INS-001 came into effect. We will be able to add in accurate opening dates of branches opened or relocated in the future. |
| Page 16 – Designated Representative | Seems difficult to submit/upload a criminal record check, as a field/functionality for doing so does not seem to be provided. See Appendix B screen shot below. | |
| Pages 17 and 18 – Regulatory and Licensing Details | We are unsure as to what FCNB means/intends by " insurance licence " (does it include the RIA licences that we have in AB, SK, and MB)? What does home jurisdiction mean: the province in which our bank's head office is located? See Appendix C screen shots below. | |

Appendix B

46%

Designated Representative

Please provide the name and contact information for the designated representative for the Agency, Adjusting Firm, Managing General Agent or Restricted Insurance Representative.

Please review the Designated Representatives section (Part 10) of Rule INS-001 to confirm that the selected individual meets the requirements. The designated representative for an Agency, Adjusting Firm or Managing General Agent will require an appropriate New Brunswick Insurance licence. While the designated representative for a Restricted Insurance Representative does not require an Insurance licence, they must submit a disclosure form and criminal record check with the application.

Name *

Position within organization

Address *

Appendix C

53%

Regulatory and Licensing Details

Please provide the details of any insurance licence(s) that the firm currently holds or has held in any jurisdiction, including New Brunswick.

Please provide details of insurance licences held (current and past). If the firm has held a licence for several years, please only include the initial issue year and the current expiry date. E.g., the firm held an Insurance agency licence in British Columbia, first issued in January 2018 and expiring in January 2023.

- ☐ My home jurisdiction does not currently require an insurance licence for an Agency, Adjusting Firm, Managing General Agent, or Restricted Insurance Representative.
- ☐ The firm does not currently hold an insurance licence in any jurisdiction
- ☐ The firm has never held an insurance licence in any jurisdiction.

Please provide details of your insurance licensing in all jurisdictions*

Add

Jurisdiction ↑

Home jurisdiction

Licence Type

Issued In

Expires In

There are no records to display.

Has the firm ever been licensed or registered, in any jurisdiction to deal with the public in a capacity, other than insurance?

☒ No ☐ Yes

Has the firm ever had any type of registration or licensing to deal with the public refused, restricted, suspended, revoked or cancelled?

☒ No ☐ Yes

Has the firm ever been disciplined, or are you aware that the firm is currently the subject of an investigation by a regulatory body?

☒ No ☐ Yes

Regulatory and Licensing Details

Please provide the details of any insurance licence(s) that the firm currently holds or has held in any jurisdiction, including New Brunswick.

Please provide details of insurance licences held (current and past). If the firm has held a licence for several years, please only include the initial issue year and the current expiry date. E.g., the firm held an insurance agency licence in British Columbia, first issued in January 2018 and expiring in January 2023.

- ☐ My home jurisdiction does not currently require an insurance licence for an Agency, Adjusting Firm, Managing General Agent, or Restricted Insurance Representative.
- ☐ The firm does not currently hold an insurance licence in any jurisdiction
- ☐ The firm has never held an insurance licence in any jurisdiction.

Please provide details of your insurance licensing in all jurisdictions*

Add

Jurisdiction ↑ Home jurisdiction Licence Type Issued In Expires In

There are no records to display.

Has the firm ever been licensed or registered, in any jurisdiction to deal with the public in a capacity, other than insurance?

☒ No ☐ Yes

Has the firm ever had any type of registration or licensing to deal with the public refused, restricted, suspended, revoked or cancelled?

☒ No ☐ Yes

Has the firm ever been disciplined, or are you aware that the firm is currently the subject of an investigation by a regulatory body?

☒ No ☐ Yes

Appendix D

It is CAFII's understanding that CLHIA will be raising and discussing this issue around Rule INS-001's "trust account" provisions with FCNB in a meeting that has been arranged for April 11, 2023. While CAFII is content to have CLHIA be the industry emissary and discussant with FCNB on the industry's concerns about those provisions, our Association did want to summarize our members' viewpoints on the "trust account" provisions, in writing, via this letter.

The "trust account" provisions in FCNB's Rule INS-001 read as follows:

"trust money" means all monies or other consideration received or receivable by any licence holder in the course of carrying on insurance business: (a) from the public on behalf of insurers; or (b) from insurers on behalf of the public. (fonds en fiducie)

99. A licence holder that receives trust money shall, within two days, remit the trust money to the person entitled to the money or deposit the money into a trust account.

101. An agent, agency, restricted insurance representative, special insurance broker, or managing general agent is not required to have a trust account if all of the following are satisfied:

- (a) all trust money or other consideration received from the public is deposited directly into the insurance company's account within two days of receipt;*
- (b) the agent, agency, restricted insurance representative, special insurance broker, or managing general agent is not able to access the trust money after it has been deposited into the insurance company's account;*
- (c) the agent, agency, restricted insurance representative, special insurance broker, or managing general agent does not receive trust money from insurers on behalf of the public.*

If the definition of “trust money” is interpreted to include premiums collected by a restricted license holder (bank) from its customers with respect to a creditor's group insurance policy, this appears to indicate that the money must be paid to the insurer within two days or else it must be placed in a trust account. Similarly, if “trust money” includes benefits payments made by an insurer to a bank with respect to a creditor's group insurance policy, it must be paid to the account of the insured person within two days or else be deposited into the trust account.

While a “two day deposit” happens for the most part with regard to claims payments, the general process with premiums is that they are collected from various insureds throughout the month by the bank but only submitted to the insurer once per month. This might therefore be an issue and technically require the bank to establish a trust account for that premium money.

The plain words of sections 99 and 101 and the definition of “trust money” can be interpreted as including premiums collected by a bank restricted insurance representative (RIR) from its customers with respect to a creditor's group insurance policy, and that the money must be paid to the insurer within two days or else it must be placed in a trust account (same analysis for receipt of benefits/payment of claims).

However, there is an unresolved question as to whether banks can comply with these provisions because Section 412 of the *Bank Act* (Canada) prohibits banks from acting as a trustee of a trust (e.g. trustee of a trust account). Section 412 states:

Restriction on fiduciary activities

412 No bank shall act in Canada as

- (a) an executor, administrator or official guardian or a guardian, tutor, curator, judicial adviser or committee of a mentally incompetent person; or*
- (b) a trustee for a trust.*

Federal insurance companies are also subject to the same restrictions in Section 466 of the federal *Insurance Companies Act* (Canada).

FCNB could respond to this concern by saying that Section 101 allows banks to avoid holding premiums in trust by depositing the premiums into the insurer's bank account within two days.

However, that may not be operationally feasible, given how premiums are collected and processed from thousands of loans payments from clients (this is an operational question for each bank to decide).

In any event, it is important to point out that consumers whose premiums are collected by a bank RIR and deposited into the bank's general account are ultimately in the same position as consumers whose premiums are collected by a non-bank RIR and deposited into a trust account held at a bank (i.e. the non-bank RIR is the trustee of the account).

In both cases, the ultimate risk to the consumer is the same, being the credit-worthiness/solvency of the bank.

For that reason, it's possible that the FCNB did not have a bank RIR in mind when drafting these sections.

It's more likely that the FCNB had non-bank RIRs in mind because it makes sense to require a non-bank RIR to hold the premiums in a trust account at a bank (i.e. again, the non-bank RIR is the trustee of the account) to protect the funds from a trustee in bankruptcy in the event of the RIR's bankruptcy. In that scenario, the only risk to the funds held in the bankrupt non-bank RIR's trust account would be the ultimate credit-worthiness/solvency of the bank itself.

Therefore, by way of comparison, premiums collected by a bank RIR and deposited into the bank's general account are at no greater risk - the risk is the ultimate credit-worthiness/solvency of the bank itself.

Agenda Item 4(c)(2)
June 6/23 Board Meeting

From: Brendan Wycks

Sent: Wednesday, April 12, 2023 3:58 PM

To: EOC Members, Market Conduct & Licensing Committee Members, and Board Surrogates

Cc: Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>; 'Keith Martin' <kmartin@rogers.com>; MacLennan, Darren <Darren.MacLennan@CIBC.com>; 'denise.milan@cumis.com' <denise.milan@cumis.com>; 'Marisa Hocuklik' <marisa.hocuklik@cumis.com>; 'jason.beauchamp@gwl.ca' <jason.beauchamp@gwl.ca>

Subject: FCNB Grants 60 Day Extension -- To July 1, 2023 -- For Submission Of Completed Restricted Insurance Representative (RIR) Licence Applications; and Other Updates Re Complying With FCNB Rule INS-001

CAFII EOC Members, Market Conduct & Licensing Committee Members, and Board Surrogates:

This morning, Luke O'Connor and Brent Mizzen of CLHIA graciously shared with Keith Martin and me at CAFII a written summary of the key outcomes/highlights of a virtual meeting which they had with FCNB staff executives yesterday around industry compliance with Rule INS-001 and related Restricted Insurance Representative (RIR) licence application requirements.

In the meeting outcomes highlighted below, I have paraphrased and re-oriented CLHIA's summary in order to make the outcome updates more directly relevant to CAFII members:

1. 60 Day Extension Granted – To July 1, 2023 – For Restricted Insurance Representative Licence Applicants To Submit Their Completed Applications Via The FCNB Portal

While CLHIA had not requested an RIR application deadline extension on behalf of its members (Luke O'Connor had informed CAFII in late March that that was not something which CLHIA members had asked the Association to press for) and it was, in fact, CAFII which had requested a 90 day extension on behalf of its members (see attached CAFII letter to FCNB, to which FCNB has not yet responded, save and except for a brief acknowledgement of receipt from Robert Picard, Acting Director of Insurance), FCNB shared with CLHIA on April 11/23 that it will be granting and announcing a 60-day extension for Restricted Insurance Representative (RIR) licence applicants to get their applications submitted via the FCNB portal. Previously, the stated deadline was May 1, 2023. This means that RIR licence applicants will now have until July 1, 2023 to submit their completed applications. FCNB also re-confirmed that RIR licence applicants who have submitted their applications via the FCNB portal by July 1, 2023 can continue to distribute restricted insurance products after that date while they await a licensing determination from FCNB.

2. Deposit-Taking Institutions Will Not Have To Comply With Trust Account Sections (Sections 99 and 101); and Premiums Can be Remitted To Insurers Monthly

FCNB will not be requiring deposit-taking institutions to comply with sections 99 and 101, the trust account sections of *Rule INS-001*. They are currently preparing a Bulletin that will provide for this exemption and they expect it to be ready soon. FCNB stated that deposit-taking institutions should continue 'business as usual' until the Bulletin is ready. FCNB stated that there will be some conditions imposed upon this exemption, which will be spelled out in the Bulletin granting the exemption. For example, it will stipulate that insurance premiums collected by an RIR licensee must be remitted to the insurer within 15 days of receipt of the insurer's invoice; and refunds must be issued to customers by an RIR licensee within 90 days of receipt of the money from the insurer, or within 15 days of a customer demand for the refund.

3. Director Disclosure Forms and Criminal Record Checks Will Not Be Required of RIR Licence Applicants That Are Federally Regulated By OSFI Or Already Licensed With FCNB

As was previously communicated to CAFII by Catherine Haines, FCNB's Deputy Director, Licensing, on March 9/23, FCNB confirmed to CLHIA that it will not be requiring RIR licence applicants that are federally regulated by OSFI, and those already licensed with FCNB, to upload criminal record checks and Director Disclosure Forms when applying for a licence. FCNB indicated that it is currently updating the RIR application forms on its licensing portal so as to not require Director Disclosure Forms and related criminal record checks for those categories of applicants. FCNB expects that the updated RIR application forms will be complete by later this week or early next week. In the meantime, affected RIR licence applicants should continue uploading a blank page confirming they are either federally regulated by OSFI or already licensed with FCNB.

4. FCNB To Develop and Launch An *RIR and MGA Licensee Online Search Portal*

FCNB indicated to CLHIA that it will be developing and launching a *Restricted Insurance Representative and MGA Licensee Online Search Portal*, similar to what it already makes available with respect to individual life insurance licensees. FCNB expects to have this up and running towards the end of 2023, but they do not have a target launch date yet.

5. Co-operation Assistance Requested In Socializing The New RIR Licence Requirements With Distribution Partners

FCNB requested the industry's co-operation assistance in socializing the new Restricted Insurance Representative licence requirements with distribution partners. FCNB has noted that a number of affected business entities in New Brunswick are not yet aware of the new requirements. "Please kindly ensure that when you are meeting with your distribution partners in New Brunswick that you are making them aware of the new requirement to get licensed for restricted insurance sales."

Any further updates received from FCNB (or CLHIA) will be shared promptly, including FCNB's expected response to CAFII's "Summary of Problem Issues/Difficulties Being Encountered By CAFII Member Companies In Applying For A Restricted Insurance Representative (RIR) Licence Via The FCNB Licensing Portal" set out in Appendices A, B, and C of our attached letter.

Best regards,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

Brendan.wycks@cafii.com

T: 647.218.8243

Alternate T: 647.361.9465

www.cafii.com

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

From: Brendan Wycks

Sent: Friday, April 14, 2023 3:30 PM

To: EOC Members, Market Conduct & Licensing Committee Members, and Board Surrogates
Martin' <kmartin@rogers.com>; 'MacLennan, Darren' <Darren.MacLennan@CIBC.com>;
'denise.milan@cumis.com' <denise.milan@cumis.com>; 'Marisa Hocuklik' <marisa.hocuklik@cumis.com>;
'jason.beauchamp@gwl.ca' <jason.beauchamp@gwl.ca>

Subject: FCNB Official Response To CAFII Granting 60-Day Extension On Deadline For Applying For An RIR Licence; and Clarifying Other Rule INS-001 Licensure and Compliance Matters

CAFII EOC Members, Market Conduct & Licensing Committee Members, and Board Surrogates:

FYI, see FCNB's just-received official response -- from Catherine Haines, FCNB's Deputy Director, Licensing -- to CAFII's letter of March 30/23 (attached), which is provided in two parts: (i) via the email below, directly beneath my signature block; and (ii) via the attached response PDF.

Have a great weekend,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

Brendan.wycks@cafii.com

T: 647.218.8243

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

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

Sent: Friday, April 14, 2023 2:36 PM

To: Brendan Wycks brendan.wycks@cafii.com

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

Subject: RE: Please Respond Asap Re CAFII Follow-up Letter Re FCNB Implementation Of Rule INS-001, Including Official Written Request For 90-Day Extension Beyond Existing May 1/23 Deadline For Obtaining Initial RIR Licence In New Brunswick

Hi Brendan,

As Robert is out of the office, he asked me to follow up with you on the outstanding items. The official notice regarding the extension and bulletin regarding the exemption related to trust accounts will be coming out soon, but in the meantime you may advise your members of the following:

- The Superintendent of Insurance has granted a 60-day extension for Restricted Insurance Representatives to submit their licence application. Any Restricted Insurance Representative licence applications submitted via the [FCNB Portal](#) on or prior to June 30, 2023, will be considered compliant with insurance [Rule INS-001 Insurance Intermediaries Licensing and Obligations](#).
- The Superintendent of Insurance exempts any restricted insurance representatives who are from deposit-taking institutions (as defined in the [Rule INS-001 Insurance Intermediaries Licensing and Obligations](#)) and exempts those restricted insurance representatives who are subject to the *Insurance Companies Act*, SC 1991, c. 47, from the requirement to hold a trust account under section 364(a) of the *Insurance Act* and Part 14 of Rule INS-001.

The exemption is subject to the following terms and conditions:

- a. Premiums received from an insured for an insurance contract shall be paid to the insurer within 15 days of receiving a written demand from the insurer, less commission and any other deductions authorized in writing by the insurer.
- b. Any money or premium credit received from an insurer which represents return premium due to an insured, shall be paid along with any unearned commission or other refund to which the insured is entitled within 90 days of receipt or within 15 days after written demand from the insured, whichever is earliest.
- c. All books and records in connection with the business are to be kept current and readily distinguish:

- (i) All money received from or on behalf of and all money paid to or on behalf of each insurer and insured; and
- (ii) All money received and paid on the business's behalf.

I have also attached a document with answers to your other questions sent to our office on March 30, 2023.

Please let us know if you have any further questions.

Have a great weekend!

Catherine Haines
Deputy Director, Licensing
Tel / Tél : 506 444-4052
Catherine.haines@fcnb.ca

From: Brendan Wycks
Sent: Monday, April 17, 2023 3:58 PM
To: EOC Members, Market Conduct & Licensing Committee Members, and Board Surrogates
Cc: Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>; 'MacLennan, Darren' <Darren.MacLennan@CIBC.com>; 'denise.milan@cumis.com' <denise.milan@cumis.com>; 'Marisa Hoculik' <marisa.hoculik@cumis.com>; 'jason.beauchamp@gwl.ca' <jason.beauchamp@gwl.ca>
Subject: FCNB Issues Insurance Notice On "Restricted Insurance Representative Licensing Period Extended"; Along With "Insurance Bulletin 2023-01 - Deposit-Taking Institutions and Trust Accounts"

CAFII EOC Members, Market Conduct & Licensing Committee Members, and Board Surrogates:

FYI, see the CAFII Member-relevant FCNB Insurance Notice and the FCNB Insurance Bulletin at the links in the eblasts below, both of which were issued today.

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

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

From: New Brunswick Financial and Consumer Services Commission (FCNB) <info@fcnb.ca>
Sent: Monday, April 17, 2023 3:42 PM
To: Brendan Wycks <brendan.wycks@cafii.com>
Subject: New Brunswick Financial and Consumer Services Commission (FCNB) - Update



The following item was posted by the New Brunswick Financial and Consumer Services Commission (FCNB)

[Insurance Notice - Restricted Insurance Representative Licensing Period Extended](#)

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FCNB
85, rue Charlotte Street
Suite/bureau 300
Saint John, (N.-B.) E2L 2J2
Canada



From: New Brunswick Financial and Consumer Services Commission (FCNB) info@fncb.ca

Sent: Monday, April 17, 2023 3:40 PM

To: Brendan Wycks brendan.wycks@cafii.com

Subject: New Brunswick Financial and Consumer Services Commission (FCNB) - Update



The following item was posted by the New Brunswick Financial and Consumer Services Commission (FCNB)

[Insurance Bulletin 2023-01 - Deposit-Taking Institutions and Trust Accounts](#)

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YYou are receiving this email because you signed up to receive email updates from the FCNB.

C

CAFI – Questions from March 30, 2023

| Issue | Description | Proposed Solution (If Identified) | FCNB Response |
|--|---|---|---|
| "Open date" of bank/financial institution branches | Our bank has dozens of branches in New Brunswick, some relatively new, some which have moved multiple times, and some which may have been in place for decades. There simply is not an easy way of even estimating the open date of every branch. | We are requesting the ability to "grandparent" the branches in place now and give them all an "open" date of February 1, 2023, being the date on which Rule INS-001 came into effect. We will be able to add in accurate opening dates of branches opened or relocated in the future. | <p>Applicants may enter an approximate date the branch location opened. We will also accept your proposed solution of entering Feb 1, 2023.</p> <p>Applicants should note that the date entered for the "open" date of the branch is an approximate date or the Feb 1, 2023 date of the Rule coming into force.</p> <p>FCNB will contact applicants directly should we require additional information related to this item at some point in the future.</p> |
| Page 16 – Designated Representative | Seems difficult to submit/upload a criminal record check, as a field/functionality for doing so does not seem to be provided. See Appendix B screen shot below. | | Applicants may upload the Criminal Record Check in the "upload documents" section of the application form. The "additional documents" section may be used for this item. |
| Pages 17 and 18 – Regulatory and Licensing Details | We are unsure as to what FCNB means/intends by "insurance licence" (does it include the RIA licences that we have in AB, | | <p>FCNB would consider the home jurisdiction to be where the bank's head office is located.</p> <p>FCNB is requesting that the applicant provide details of any insurance licences held by the</p> |

| | | | |
|--|---|--|---|
| | SK, and MB)? What does home jurisdiction mean: the province in which our bank's head office is located? See Appendix C screen shots below. | | applicant (the company/deposit-taking institution). Yes, that would include a restricted insurance licence held in another jurisdictions like AB, SK, and MB. |
| | | | |

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 4(d)

Strategic and Regulatory Matters-- Insights Gained from May 8/23 CAFII Preliminary Consultation Meeting with Insurance Council of BC Re Contemplated 'Competency Model' Component of Restricted Insurance Agency Licensing Regime To Be Launched In BC

Purpose of this Agenda Item – Update/Discussion

This is an update item with an opportunity for discussion.

Background Information

CAFII held a virtual meeting with the Insurance Council of BC on 8 May, 2023, in which approximately 20 CAFII member representatives participated. The Insurance Council of BC provided an explanation of its initiative to introduce a Restricted Insurance Agency (RIA) licensing regime, which they are proposing would include a “competency model” which would outline specific requirements around knowledge and training for individual representatives offering insurance under a corporate licence to offer incidental types of insurance. The Insurance Council of BC also said that it would have training requirements for representatives which would be offered by third parties, but it was clarified that internal training within an organisation offering the insurance could meet that requirement. CAFII emphasized that rigorous and robust systems are in place within CAFII members offering Authorized Insurance Products, and that these can complement training and avoid requiring representatives to remember all the requirements, as they are embedded in actual processes and controls.

Participating in the meeting from the Insurance Council of BC were:

- Brett Thibault, Director, Governance and Stakeholder Engagement;
- Ugie Ifesi, Director, Licensing;
- Galen Aker, Stakeholder Engagement Specialist; and
- Mark Kittson, Manager, Agency Licensing.

Recommendation / Direction Sought – Update/Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

2 attachments.

| The Restricted Agency Performance Requirements Framework | |
|---|--|
| SECTION 1. KNOWLEDGE OF INSURANCE | |
| The Agency ensures that: | |
| 1.1 Knowledge of basic insurance concepts and terminology | |
| 1.1.1 | Representatives apply knowledge of basic insurance concepts and terminology applicable to available products. |
| 1.2 Insurance products and services | |
| 1.2.1 | Representatives maintain current knowledge of products and services available to clients. |
| SECTION 2. TECHNICAL ABILITIES | |
| The Agency ensures that: | |
| 2.1 Product sales, processing and servicing | |
| 2.1.1 | Representatives suggest insurance coverage that may meet client needs and expectations. |
| 2.1.2 | Representatives provide clients with an explanation of the benefits and limitations of the product(s) under consideration. |
| 2.1.3 | Representatives assist clients in making informed decisions. |
| 2.1.4 | Representatives assist clients in understanding the terms of coverage and conditions. |
| 2.1.5 | Representatives comply with specific requirements established by insurers or third parties (if applicable) |
| 2.1.6 | Representatives ensure completion of documentation to initiate and confirm coverage. |
| 2.1.7 | Representatives assist clients in claim reporting. |
| 2.2 Legal and regulatory requirements affecting sales and processing | |
| 2.2.1 | Representatives protect the privacy and confidentiality rights of clients. |
| 2.2.2 | Representatives comply with the requirements set by the Insurance Council of British Columbia applicable to the Restricted Agency. |
| 2.2.3 | Representatives comply with disclosure requirements as established by the Insurance Council of British Columbia and governing legislation. |
| SECTION 3. BUSINESS SKILLS | |
| The Agency ensures that: | |
| 3.1 Professional conduct and ethics | |
| 3.1.1 | Representatives comply with policies and directives as provided by the Insurance Council of British Columbia. |
| 3.1.2 | The Designated Representative ensures sufficient training, coaching, and evaluation of Representatives. |
| 3.2 Errors and omissions | |
| 3.2.1 | The Agency develops an awareness of situations where errors and omissions may occur. |
| 3.2.2 | The Agency recognizes and takes appropriate steps to address potential errors and omissions. |
| 3.3 Information management | |
| 3.3.1 | Representatives maintain complete, timely and accurate records of insurance transactions. |
| 3.3.2 | Representatives provide clients with records of insurance products purchased, and information on how to submit a claim. |

The following definitions apply in the profile:

Restricted Agency (the "Agency") (as defined in the legislation as a Restricted Insurance Agent): A licensed business that, through its representatives, is authorized to sell insurance where it is sold incidentally to the licensee's ordinary business.

Representatives (as defined in the legislation as Employees and Agents): Employees and 3rd party contractors of a Restricted Agency who are engaged in the sale of insurance.

Designated Representative: Individual who is the primary contact for the Restricted Agency for regulatory purposes, and is responsible for supervising all insurance activities undertaken by the Restricted Agency and its Representatives.

Agenda Item 4(d)(2)
June 6/23 Board Meeting

CAFII Member Representatives:

In a post-Prep CAFII Prep Meeting conversation which Keith and I just had EOC Chair Rob Dobbins this morning, May 8, we decided that it makes best sense for CAFII not to raise with the Insurance Council of BC staff executives in today's the meeting the question of whether their "The Restricted Agency Performance Requirements Framework" has been designed to be met/complied with via an **Attestation**. Remaining silent on that point will allow our Association to be/appear non-committal on the whole Framework at this stage, and give us more flexibility going forward.

Brendan Wycks

From: Galen Aker gaker@insurancecouncilofbc.com
Sent: Tuesday, May 2, 2023 11:43 AM
To: Brendan Wycks brendan.wycks@cafii.com; Keith Martin Keith.Martin@cafii.com; 'moira.gill@td.com' moira.gill@td.com
Cc: Brett Thibault bthibault@insurancecouncilofbc.com; Mark Kittson mkkittson@insurancecouncilofbc.com; Ugie Ifesi uifesi@insurancecouncilofbc.com
Subject: RE: Insurance Council of BC / CAFII Restricted Insurance Agency Licensing Regime Discussion

Good morning everyone,

In preparation for our meeting on Monday May 8 we would like to share some reference material that will assist with the discussion. Attached is a draft of the Restricted Insurance Agency Performance Requirements Framework, which at this stage is only meant for consultation and not widespread distribution. We will present each of the sections of this framework on Monday but are giving you the opportunity to review prior to our meeting.

If you have any questions or require clarification on any materials, please let me know.

Thank you,

Galen Aker (*he, him*) | Stakeholder Engagement Specialist | **Insurance Council of British Columbia**
1400-745 Thurlow Street, Vancouver, BC V6E 0C5
Direct Tel: 604-260-3447
Tel: 778-788-2537 Toll Free within Canada: 1-877-688-0321
gaker@insurancecouncilofbc.com | insurancecouncilofbc.com

CAFII EOC and Market Conduct & Licensing Committee Members:

You are invited to attend this one-hour, virtual-only *CAFII Preliminary Stakeholder Feedback Session with Insurance Council of BC Re Its Proposal to Include An Individual-Based "Competency Framework" Within Its Soon-To-Be-Developed Restricted Insurance Agency (RIA) Licensing Regime*, i.e. a full framework of individual person/level competencies within a corporate licensing regime.

To join this meeting at the appointed time, please use the MSTeams link above provided by the Insurance Council of BC.

Keith Martin and Brendan Wycks held a preparatory half-hour virtual meeting on this matter with Insurance Council of BC staff executives Brett Thibault and Galen Aker on April 27/23. A brief Keith Martin note summarizing the highlights of that meeting is provided below, along with a response comment on the Insurance Council's competency model proposal from insurance law expert Jill McCutcheon of Torys LLP; and, in addition, some further background is set out in the attached MSWord document from the April 25/23 CAFII EOC meeting.

Galen Aker, the Insurance Council's Stakeholder Engagement Specialist, has promised that a Powerpoint deck which sets out the Insurance Council's formulated thoughts/plans to date around a competency framework for its RIA regime will be shared with CAFII by Tuesday, May 2/23, well prior to this May 8 meeting, so that CAFII member representatives have adequate time to read it, consider and discuss it internally, and formulate their feedback thoughts about it prior to May 8. That document will be posted as an update to this Meeting Invitation as soon as it becomes available.

A Prep Meeting for CAFII representatives who will be participating in this May 8, 11:30 a.m. EST feedback session with Insurance Council of BC staff executives meeting will likely be arranged for earlier that same morning, from 9:00 to 10:00 a.m. EST; or 9:30 to 10:30 a.m. EST; or 10:00 to 11:00 a.m. EST.

Expected Insurance Council of BC staff executive attendees at this May 8 meeting with CAFII are

- Brett Thibault, Director of Governance and Stakeholder Engagement;
- Ugie Ifesi, Director, Licensing;
- Galen Aker, Stakeholder Engagement Specialist; and
- Mark Kittson, Manager, Agency Licensing (who will be presenter of the Insurance Council's Competency Framework Powerpoint deck during this May 8 meeting with CAFII).

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

-----Original Appointment-----

From: Galen Aker gaker@insurancecouncilofbc.com

Sent: Friday, April 21, 2023 11:14 AM

To: Galen Aker; Brett Thibault; Mark Kittson; Ugie Ifesi; Brendan Wycks; Keith Martin;
'moira.gill@td.com'

Subject: Insurance Council of BC / CAFII Restricted Insurance Agency Licensing Regime Discussion

When: May-08-23 8:30 AM-9:30 AM (UTC-08:00) Pacific Time (US & Canada).

Where: Microsoft Teams Meeting

Hello everyone,

Please accept this invitation from the Insurance Council of BC to discuss the Restricted Insurance Agency licensing regime that will be introduced in BC. This licensing regime would require specific agencies/organizations who engage in the incidental sale of insurance products to obtain a licence to sell those products. *(A link to more information about the restricted insurance agent licence is available on the Ministry of Finance's 2022 [consultation page](#).)*

We would welcome the opportunity to meet with your team to introduce the concept of the restricted insurance licensing framework, discuss the proposed competency requirements, and hear any comments, concerns, or feedback you may have.

Resource material with necessary background information will be distributed in advance of the meeting to prepare for the discussion.

If you have any comments, questions or concerns please do not hesitate to contact Galen Aker, Stakeholder Engagement Specialist with the Insurance Council of BC (gaker@insurancecouncilofbc.com).

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 4(e)

Strategic and Regulatory Matters-- Insights Gained from May 8/23 BCFSa Virtual Update Meeting With CAFII Re BCFSa's Plans For Proceeding With A BC Insurer Code of Market Conduct

Purpose of this Agenda Item – Update/Discussion

This is an update-only item.

Background Information

In a virtual meeting on 8 May 2023, BCFSa provided an update to CAFII's Co-Executive Directors on the outcomes of its consultations with industry on BCFSa's proposed development of an Insurer Code of Market Conduct. Participating in the meeting from BCFSa were:

- Saskia Tolsma, Vice President, Policy and Stakeholder Engagement;
- Harry James; Director, Regulation Advisory Services (currently representing BCFSa at the CCIR table);
- Lucas Neufeld, Senior Policy Analyst;
- Marina Makhnach; [Director, Market Conduct, Financial Institutions](#); and
- Rob O'Brien; Manager, Financial Institutions Policy.

CAFII had previously requested that BCFSa not create its own unique Insurer Code of Market Conduct, but rather use the CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers as its own code, and we made that point in meetings with the BCFSa as well as in our formal written submission on this matter. Furthermore, BCFSa was proposing to introduce two new Supplemental Guideline-type requirements above and beyond the contemplated Insurer Code of Market Conduct, and CAFII requested that these be dropped and instead pursued within CCIR/CISRO.

In the end, BCFSa explained that it had a statutory requirement to create its own Insurer Code of Market Conduct, but it did not create an entirely new document. Instead, it has excerpted the twelve fair treatment of customers expectations which are set out in the CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers and adjusted their wording very slightly (mainly to remove any reference to insurance intermediaries; and to introduce some 'enforcement language') and it will be introducing that one-page document as its new Insurer Code of Market Conduct. The BCFSa document is expected to be released in Summer 2023; and compliance with it will be required by 1 April, 2024.

At the 9 May, 2023 CAFII Annual Members and Associates Luncheon, Torys LLP insurance law expert Jill McCutcheon told Keith Martin that while this was a positive development, the creation of a BCFSa Insurer Code of Market Conduct was still an issue of concern. The CCIR/CISRO Guidance was not a

product of the law, and it has no enforcement status. The BCFSa Insurer Code of Market Conduct, on the other hand, is based in law and is a product of legislation, and it is enforceable. It brings the nebulous and somewhat vague fair treatment of customers expectations into an entirely different realm.

Recommendation / Direction Sought – Update

This is an update item with the opportunity for discussion.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 4(f)

Strategic and Regulatory Matters--Insights Gained from CAFII -May 31/23 Liaison Meeting With Jan Seibel, Director, Insurance and Real Estate Division, Saskatchewan Financial and Consumer Affairs Authority (FCAA); -June 1/23 Joint Liaison Meeting With Scott Moore, Manitoba Superintendent of Insurance; and Stacey Aubrey, Executive Director, Insurance Council of Manitoba; and -Approved Utilization of Results of 2022 Tracking Study on 'Consumers' Satisfaction with Credit Protection Insurance' In Presentation Deck for Regulator and Policy-Maker Liaison Meetings

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

CAFII is engaging in a May/June 2023 set of meetings with insurance regulators and policy-makers in Western Canada, at which a comprehensive presentation will be made on our organizational priorities, our commitment to the Fair Treatment of Customers, and at which we will highlight some of our recent research initiatives.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

2 attachments.

**Itinerary and Meetings Schedule For CAFII Spring 2023 Western Canada
Insurance Regulators and Policy-Makers Visits Tour – Phase 1: Saskatchewan and Manitoba**

Wednesday, May 31/23

1. 8:30 a.m. EST to 10:00 a.m. CST: CAFII delegation members catch Air Canada Rouge non-stop flight AC1921 from Toronto Pearson Airport (departs YYZ at 8:30 a.m.) to Regina Airport (arrives at YQR at 9:53 a.m.).
2. 10:15 a.m. to 1:00 p.m. CST: CAFII delegation members take cabs from Regina Airport to The Co-operators Group Office at 1900 Albert St., Regina, SK S4P 4K8; 306-347-6434 or 306-527-4493 (Shawna Sykes), where former CAFII EOC member Shawna Sykes from The Co-operators/CUMIS will host the CAFII delegation and provide a sizeable meeting room for use as a CAFII work, meeting preparation, luggage storage, and lunch space. Buffet lunch to be ordered by Shawna Sykes based on size of CAFII delegation (invoice payable/reimbursable by CAFII).
3. 1:00 to 1:25 p.m. CST: CAFII delegation members walk (distance of five city blocks) or takes cabs from The Co-operators Group Office at 1900 Albert St. to Financial and Consumer Affairs Authority (FCAA) of Saskatchewan office at 2365 Albert St., 4th Floor, Regina, SK S4P 4K1; (306) 787-5645; (306) 787-5899.
4. 1:30 to 3:00 p.m. CST: CAFII delegation liaison meeting with Jan Seibel, Executive Director, Insurance and Real Estate Division, Financial and Consumer Affairs Authority (FCAA) of Saskatchewan (Roger Sobotkiewicz, Superintendent of Insurance, is away from the office and not available to meet with CAFII on this day) at FCAA office, 2365 Albert St., 4th Floor, Regina, SK S4P 4K1; (306) 787-5645; (306) 787-5899.
5. 3:00 to 3:10 p.m. CAFII delegation members take cabs from the FCAA office to downtown Regina hotel for overnight stay (one mile, approximately 4 minute cab ride to recommended hotel: Delta Hotels Regina (by Marriott), 1919 Saskatchewan Drive, Regina, SK S4P 4H2; (306) 525-5255.
https://www.marriott.com/reservation/rateListMenu.mi?scid=b9e45c84-5019-4753-a0d0-5a9612c9a3cf&gclid=Cj0KCQjwmZeJBhC_ARIsAGhCqnepGXvLvjedkXbU69RtQ82De3GfOG8VVVs-TGxzuzt1-sOhdFWf1AHlaAru6EALw_wcB&dclid=CjkKEQjwmZeJBhC2teWQqdvv8NEBEiQAtG2WI7hdGwflyInhJC D9uyCOP6dTP7jMDfRS7ko37yZOxQ3w_wcB&defaultTab=standard
6. Evening: CAFII delegation members have dinner together in small groups or on their own, as they wish, at either Delta Hotels Regina or a nearby restaurant.

Thursday, June 1/23

7. 8:00 a.m. to 9:30 a.m. CST: CAFII delegation members have breakfast together in small groups or on their own, as they wish.
8. 9:35 a.m. to 10:00 a.m. CST: CAFII delegation members catch cabs from hotel to Regina Airport.
9. CAFII delegation members catch WestJet Encore non-stop flight** from Regina Airport (departs YQR at 11:05 a.m. CST) to Winnipeg Airport (arrives at YWG at 1:20 p.m. CST).
10. 1:30 to 2:00 p.m. CST: CAFII delegation members catch cabs from Winnipeg Airport to Bailey's Restaurant & Lounge at 185 Lombard Avenue in downtown Winnipeg (204-944-1180) for a late lunch.
11. 2:00 to 3:10 p.m. CST: CAFII delegation members have lunch at Bailey's Restaurant & Lounge at 185 Lombard Avenue in downtown Winnipeg (204-944-1180).
12. 3:10 to 3:20 p.m. CST: CAFII delegation members walk (with luggage roll-boards) from Bailey's Restaurant & Lounge to Insurance Council of Manitoba office at #466 – 167 Lombard Avenue, Winnipeg, MB R3B 0T6 (distance: 72 metres; 1 minute walk)
13. 3:30 to 5:00 p.m. CST: CAFII delegation liaison meeting Scott Moore, Superintendent of Insurance, Manitoba Financial Institutions Regulation Branch (FIRB) and Vice-Chair of CCIR, and any FIRB colleagues whom he would like to invite to attend; and Stacey Aubrey, Executive Director, Insurance Council of Manitoba, and any ICM staff members and/or Council members whom she would like to invite to attend:: from 3:30 to 5:00 p.m. at Insurance Council of Manitoba office at #466 – 167 Lombard Avenue, Winnipeg, MB R3B 0T6.
14. 5:00 to 5:30 p.m. CST: CAFII delegation members catch cabs from Insurance Council of Manitoba office to Winnipeg airport.
15. CAFII delegation members catch either an Air Canada or WestJet non-stop flight from Winnipeg back to Toronto or another destination city, with achievable Toronto-bound non-stop flights available at 6:35 p.m. (WestJet) and 8:20 p.m. (Air Canada).



The Canadian Association of
Financial Institutions in Insurance

CAFII June 2023 Update Dialogue With the British Columbia Financial Services Authority (BCFSA)

*Recent and Upcoming CAFII Initiatives; and New
CAFII Credit Protection Insurance Research
Results and Our Intended Responses*

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

ABOUT CAFII: Who We Are

Non-profit industry Association dedicated to development of an open and flexible insurance marketplace.

Established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels.

ABOUT CAFII: Who We Are

CAFII members offer credit protection insurance (CPI); travel insurance; other types of life and health insurance; and, in some cases, property & casualty insurance across Canada. Credit protection insurance and travel insurance are product lines of primary focus for CAFII as members' common ground.

CAFII members offer insurance through financial institution branches; client contact centres; the internet and other digital channels; direct mail; and, in some cases, agents and brokers (including travel agents for travel insurance).

CAFII's Membership is Comprised of 8 Financial Institution (Bank and Credit Union CPI Distributors) and 7 Insurers / Underwriters of Credit Protection Insurance

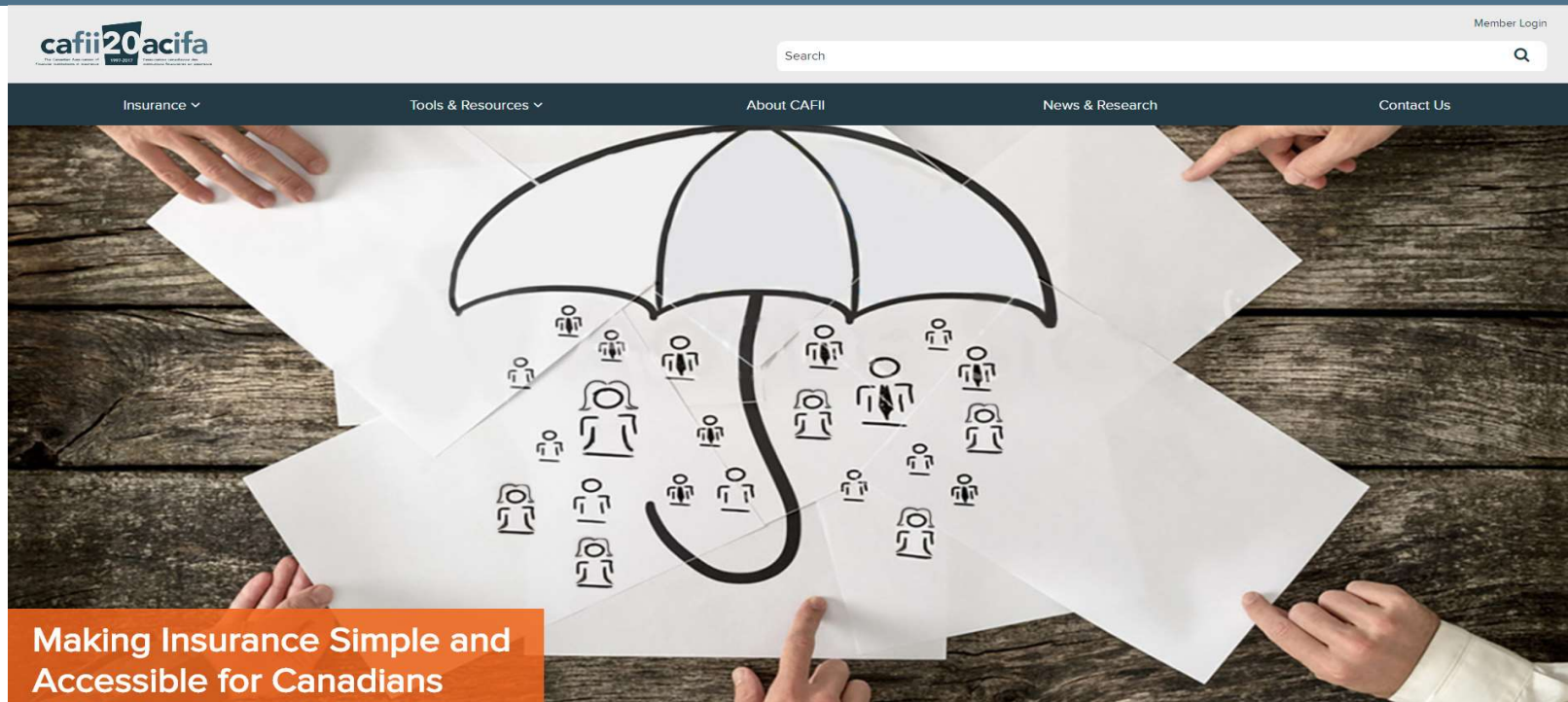
Financial Institutions



Insurers



CAFII Continues to Invest in a Consumer-Friendly Website, Including Videos



Making Insurance Simple and
Accessible for Canadians

CAFII Continues to Invest in a Consumer-Friendly Website, Including Vignettes



Anne-Sophie and Mathieu, who have two children, have been approved for a \$250,000 mortgage to purchase a home. Anne-Sophie is the primary income earner, and the family's ability to make their mortgage payments is largely dependent on her income.

Peace of mind and predictability of expenses are important for Anne-Sophie and Mathieu, so they purchase Mortgage Life Insurance for Anne-Sophie, which will pay out the balance of their mortgage (up to the maximum specified in the certificate of insurance) in the event of her death. They like the fact that their premiums will not change over the life of their mortgage, which means that they are not exposed to higher costs for this coverage as Anne-Sophie ages or possibly develops health issues.

They also like the fact that the proceeds of her mortgage life insurance will go directly to pay out the mortgage balance rather than possibly being used to pay other debts. It's important to Anne-Sophie that her family will be able to continue living in their family home, without financial duress.

[See FAQ section for more information](#)

The Website has a Revamped FAQs Section, Bucketing Common Issues, with an Emphasis on Financial Literacy

Frequently Asked Questions About Insurance

Answers to FAQs provide general guidance and customers should always refer to their certificate of insurance and the terms and conditions of their coverage.

All Questions

Credit Protection Insurance

Mortgage Life, Disability & Critical Illness Insurance Coverage

Travel Insurance

Q: What is Credit Protection Insurance?

+

Q: What are the benefits of Credit Protection Insurance?

+

Q: Does Credit Protection Insurance provide good value?

+

Q: What are the benefits of Credit Protection Insurance compared to traditional Term Life Insurance?

+

Q: If I make a claim one day, how can I ensure it will not be denied?













+

CAFII's Website Has Introduced Member-Specific Information on "How to Make a Claim"

How To Make An Insurance Claim

Making A Claim

The credit protection insurance and travel insurance products offered by our members protect you and your family under various circumstances described in your certificate of insurance. If you have questions about your coverage, or would like more information on how to make a claim, please click on the name of the financial institution from which you purchased your insurance, and it will take you

| | | | |
|--|---|---|--|
|  | https://cardbenefits.assurant.com/Creditor_Home <small>* American Bankers Life Assurance Company of Florida, and American Bankers Insurance Company of Florida carry on business in Canada under the name of Assurant *</small> | | |
|  | Mortgage Protection Insurance https://www.bmo.com/main/personal/mortgages/insuring-your-mortgage/ Loans and Lines of Credit Protection Insurance https://www.bmo.com/main/personal/creditor-insurance/line-of-credit-and-loans-insurance/ Credit Card Balance Protection Enhanced https://bmo.assurant.com/en/bmo_home Travel Insurance https://www.allianzassistanceclaims.ca/login |  | https://www.cibc.com/en/personal-banking/insurance/creditor.html#Optional_Travel_Insurance Optional Travel Insurance https://www.cibc.com/en/personal-banking/insurance/travel/claims Embedded Credit Card Travel Insurance https://cibccentre.rsagroup.ca/ |
| | |  | https://www.cooperators.ca/en/Claims.aspx |
| | |  | https://www.cumis.com/en/claims/Pages/credit-mortgage.aspx |
|  | https://www.canadalife.com/insurance/creditor-insurance.html |  | For getting the forms and documents needed and information on how to submit a claim claim.desjardinslifeinsurance.com/ Secure link to send most of the documents needed for the claim to be analysed www.desjardinslifeinsurance.com/send |
| | |  | https://manulife.acmtravel.ca/accounts/login/ |
| | |  | Claims on National Bank Life Insurance Company https://www.nbc-insurance.ca/claims.html Claims on National Bank of Canada https://www.nbc.ca/personal/insurance/claim.html |
| | |  | Travel Insurance https://www.rbcinsurance.com/personal-insurance/claims-service.html?view=travel#claims-travel-claim |
| | |  | https://www.sunlife.ca/en/explore-products/insurance/affinity-markets/creditor/ |
| | |  | Credit Protection and Travel Insurance claims https://www.tdinsurance.com/claims Balance Protection Insurance claims https://cardbenefits.assurant.com/Creditor_Home |

CAFII Is Becoming More Proactive In Media Relations and Publicly Sharing Our Perspective



Report outlines the challenges of keeping pace with Canadians' insurance needs

July 2, 2022

Deloitte Canada and the **Canadian Association of Financial Institutions in Insurance (CAFII)** have created a report focused on the evolving insurance needs of Canadians and their changing preferences, alongside an analysis of what it takes to offer best-in-class digital experiences to consumers.

Focused on credit protection insurance (CPI), the research found that collaboration between distributors, underwriters and regulators is needed to create the digital experiences that Canadian consumers have come to expect.



What will it take to offer best in class digital experiences to consumers of CPI?

June 30, 2022

Consumers are adapting well: Keith Martin, CAFII

"The pandemic has and will continue to change the way that people conduct financial transactions in Canada. We are pleased to see consumers are adapting well to their new reality. And our industry's customer satisfaction levels have been up to the challenge," says Keith Martin, Co-Executive Director of the Canadian Association of Financial Institutions in Insurance (CAFII).

The Canadian Association of Financial Institutions in Insurance is a not-for-profit industry Association. It is dedicated to the development of an open and flexible insurance marketplace. CAFII believes that consumers are best served when they have meaningful choice in the purchase of insurance products and services. CAFII's 14 members include the insurance arms of Canada's major financial institutions. These include BMO Insurance; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Life Insurance.

RBI editor Douglas Blakey speaks with Keith Martin, CAFII



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Regulatory Consultations, and Legislative and Regulatory Harmonization

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CAFII's Strategic Focus is on Regulatory and Policy-Making Relationship-Building

CAFII's predominant strategic focus and priority is relationship-building and communications with insurance regulators and policy-makers.



Harry James, BCFS

Saskia Tolmsa, Vice President,
Policy and Stakeholder
Engagement, BCFS

Blair Morrison, CEO,
BCFS

Marina Makhnach, Director,
BCFS



Janet Sinclair, CEO,
Insurance Council of BC

Galen Aker,
Insurance Council of BC

Brett Thibault,
Insurance Council of BC

Ugie Ifesi,
Insurance Council of BC



Kari Toovey, Kari Toovey, Director, Financial
Institutions, Financial and Corporate Sector
Policy Branch, BC Ministry of Finance

Recent CAFII Insurance Policy and Regulation-Related Submissions To BC Authorities

| Date | Regulator/Policy-Maker Audience | Subject/Focus of Submission |
|-------------------|---------------------------------|--|
| March 1, 2022 | BCFSA | “Discussion Paper: Information Security Incident Reporting” |
| June 1, 2022 | Insurance Council of BC | Consultation on “Insurance Council Rules” (which set the licence conditions and requirements for all BC insurance licensees) |
| September 9, 2022 | BCFSA | Draft Insurer Code of Market Conduct and Supplemental Guideline |
| October 3, 2022 | BC Ministry of Finance | Consultation on Proposed Restricted Insurance Agent (RIA) Licensing Regime in BC |
| November 15, 2022 | BCFSA | Two follow-up questions re alignment and divergences between BCFSA’s “Draft Insurer Code of Market Conduct” and CCIR/CISRO “Guidance: Conduct of Insurance Business and Fair Treatment of Customers” |

CAFII Has Responded To An Unprecedented Number of Regulatory Consultations in 2022 and 2023

| Regulatory Authority | Topic | Date |
|----------------------|---|-------------------|
| AMF | Second Consultation on Revised/Updated Draft 2 of “Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector” | February 20, 2023 |
| FSRA | FSRA Consultation on “Proposed Rule 2022-001: Assessments and Fees” | February 27, 2023 |
| CISRO | CISRO Consultation on “Draft 2023-2026 Strategic Plan” | April 21, 2023 |
| FSRA | FSRA Consultation on “Proposed Guidance: Administrative Monetary Penalties” | May 31, 2023 |
| | | |

CAFII Has Responded To An Unprecedented Number of Regulatory Consultations in 2022 and 2023

| Regulatory Authority | Topic | Date | Regulatory Authority | Topic | Date |
|----------------------|--|-------------------|----------------------|---|--|
| FCAC | Proposed Guideline on Appropriate Products and Services For Banks and Authorized Foreign Banks | January 6, 2022 | CCIR/CISRO | Proposed “Incentive Management Guidance” | April 4, 2022 |
| AMF | Revised/Updated Sound Commercial Practices Guideline | January 28, 2022 | FSRA | “Principles-Based Regulation” consultation document | April 29, 2022 |
| FCNB | “Proposed Rule INS-001: Insurance Intermediaries Licensing and Obligations” | February 7, 2022 | FSRA | Proposed “Principles of Conduct for Insurance Intermediaries” | May 3, 2022 |
| FSRA | “Information Guidance on complaints resolution” | February 15, 2022 | FCNB | Informal Consultation on Imminent Amendments to Life; and Accident & Sickness Insurance sections of New Brunswick Insurance Act | May 20, 2022 (Life Insurance section) and May 27, 2022 (Accident and Sickness Insurance section) |
| FCNB | Proposed Rule INS-002: Insurance Fees | February 18, 2022 | | | |
| AMF | Incentive Management Guideline | February 18, 2022 | FSRA | Consultation on “Guidance on Use of Retained Revenues under Regulation ‘Money Retained Outside the Consolidated Revenue Fund’ | May 31, 2022 |
| BCFSA | “Discussion Paper: Information Security Incident Reporting” | March 1, 2022 | | | |

CAFII Has Responded To An Unprecedented Number of Regulatory Consultations in 2022 and 2023

| Regulatory Authority | Topic | Date | Regulatory Authority | Topic | Date |
|-------------------------|--|--------------------|------------------------|--|-------------------|
| OSFI | Consultation on “Culture Risk Management” | May 31, 2022 | BC Ministry of Finance | Consultation on Proposed Restricted Insurance Agent (RIA) Licensing Regime in BC | October 3, 2022 |
| Insurance Council of BC | Consultation on “Insurance Council Rules” (which set the licence conditions and requirements for all BC insurance licensees) | June 1, 2022 | FSRA | Consultation on FSRA’s 2023-24 Priorities and Budget | November 11, 2022 |
| CISRO | Consultation on Improvements to Life Insurance Replacement Declaration (LIRD) Form | July 8, 2022 | BCFSA | Two follow-up questions re alignment and divergences between BCFSA’s “Draft Insurer Code of Market Conduct” and CCIR/CISRO “Guidance: Conduct of Insurance Business and Fair Treatment of Customers” | November 15/22 |
| BCFSA | Draft Insurer Code of Market Conduct and Supplemental Guideline | September 9, 2022 | | | |
| OSFI | Consultation on Updated Guideline B-10: Third Party Risk Management | September 30, 2022 | CCIR | CCIR Draft 2023-2026 Strategic Plan | November 30, 2022 |

CAFII's Key Insurance Policy and Regulation Areas of Focus Outside of Western Canada

CCIR / CISRO Guidance: *Conduct of Insurance Business and Fair Treatment of Customers*—A Top Priority for CAFII Members



A Relatively New and Active Regulator in Ontario—Financial Services Regulatory Authority of Ontario

Ongoing New Rules and Regulations in Quebec, Including Around Complaints and Dispute Resolution, and Privacy



In the Fall of 2023 CAFII Plans to Visit all Atlantic Canada Regulatory Authorities

Among topics to Discuss: New Restricted Insurance Representative (RIR) licensing regime launched in New Brunswick in February 2023 (first such regime outside of Western Canada)



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Legislative and Regulatory Harmonization is a Key Objective for CAFII



CAFII members have 31 regulators and authorities across the country



Alignment is not harmonization—slightly different regulatory regimes force company resources to have to be utilized on ‘exception management’ rather than on the consumer protection objectives sought



We believe that CCIR and CISRO – as national co-ordinating bodies – can play an enhanced, more aspirational role in promoting and achieving legislative and regulatory harmonization across Canada

CAFII's Regulators and Authorities We Deal With...



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CAFII's Submission On Draft 2023-26 Strategic Plan Encourages CISRO To Take On A More Aspirational Role Around Harmonization of Restricted Licensing Regimes

All four of those RIA/RIR regimes are aligned in terms of objectives, but they all differ in aspects that are typically of a minor nature; but in some instances the differences constitute more substantive, unique positioning. In an ideal world, CISRO would have been able to play a real-time and impactful harmonization role by facilitating a process through which each successive RIA/RIR regime would have been able to harmonize more fully with its predecessors. In CAFII's view, this is a role and goal which CISRO should strive for, as it would facilitate the exact same consumer protections that each successive RIA/RIR regime province has sought, while at the same time largely eliminating the melange of unique definitions, rules, and requirements among the provincial/territorial licensing authorities.

CISRO's pursuit of either of the two RIA/RIR 'harmonization approaches' recommended above would not compromise provincial/territorial autonomy, as each jurisdiction would still have its own licensing authority, its own governance model, and its own priorities and supervisory plans around audits, monitoring, communication, and enforcement. But each provincial/territorial authority would be operating under the same set of definitions, rules, and regulatory requirements, allowing industry players to focus on meeting the harmonized, common expectations rather than having to engage in the significant "exception management" exercise of allocating resources to understanding, and complying with, subtle differences among jurisdictions.

New Rule Making Authority has Taken Place in Many Regulatory Authorities



BCFSA, FSRA, and FCNB have acquired rule making authority in recent years; the AMF already had it



CAFII has supported regulatory authorities obtaining rule making authority, as it gives them more flexibility, more nimbleness, and provides them with the ability to respond to marketplace developments more quickly



However, the impact of rule making authority, and its potential for creating different rules in different jurisdictions, is still an evolving element



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CAFII Events, Association Developments, and Knowledge Sharing

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CAFII Is Resuming Hosting of In-Person Receptions and Events with Thought Leader Speakers



Kartik Sakthivel, Vice President and Chief Information Officer, LIMRA/LOMA, on “An Overarching Presentation on Important Transformations Occurring in the Life and Health Insurance Space,” April 4, 2023



Anthony Ostler, President & CEO of the Canadian Bankers Association, on “The Priorities of the Canadian Bankers Association,” June 6, 2023

CAFII Organizes Regular Webinars to Which Regulators and Policy-Makers From Across Canada are Invited



April 4, 2023

An Overarching Presentation on Important Transformations Occurring in the Life and Health Insurance Space, by Kartik Sakthivel



March 30, 2023

CAFII Webinar: Mental Health Issues in the Workplace with Paula Allen and Nigel Branker



January 26, 2023

CAFII Webinar: A Virtual Fireside Chat with Dallas Ewen and David Elder on 'Privacy'



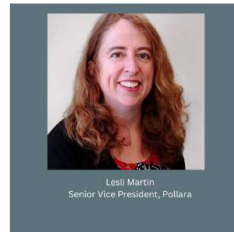
December 1, 2022

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



November 3, 2022

CAFII Webinar: Travel Trends and Travel Insurance Implications As Society Emerges From The Covid-19 Pandemic: A Virtual Fireside Chat with Elliott Draga, Sheila Burns, Katia Umutoziwe and David Moorcroft



October 5, 2022

CAFII Webinar: Consumer Preferences and Product Development Insights Emerging From Recent Research In Financial Services and Relevant Comparator Industries



June 29, 2022

CAFII Webinar: Best Practices In The Digitization Of Credit Protection Insurance – Presented By Deloitte



May 3, 2022

CAFII Webinar: Principles-Based Regulation (PBR): The Emergence of Rule-Making Authority, and How They Work Together: A Complementary, Harmonious Fit Or 'Dynamic Tension' For Canada's Insurance Regulators?

These Webinars are All Recorded and Posted on our Website



March 7, 2022

CAFII Webinar: A Fireside Chat about Mental Health Issues and Challenges in the Workplace, At Home, and in Society: Coping With The Persistent Pandemic's Impact



January 31, 2022

CAFII Webinar: The Ins and Outs of Life Insurers' Health and Wellness Incentivization Programs



November 29, 2021

CAFII Webinar: A Fireside Chat with Marlena Labieniec, Director of Innovation, Financial Services Regulatory Authority of Ontario (FSRA)



October 25, 2021

CAFII Webinar: Provincial Insurance Policy and Regulatory Priorities and Emerging Issues As Canada Emerges From COVID-19



June 4, 2021

CAFII Webinar: Fireside Chat with Joanne Abram, CEO, Alberta Insurance Council; April Stadnik, Director of Compliance & Enforcement, Insurance Councils of Saskatchewan; and Barbara Palace Churchill, Executive Director, Insurance Council of Manitoba, on Restricted Insurance Agent Licensing Regimes in Canada



April 28, 2021

CAFII Webinar: Fireside Chat with Glen Padassery, Executive Vice-President, Policy & Chief Consumer Officer, FSRA



September 29, 2020

CAFII Webinar: COVID 19's Impact On Insurance Regulation Now And Post Pandemic / AB & MB



August 25, 2020

CAFII Webinar: COVID 19's Impact On Insurance Regulation Now And Post Pandemic: Licensing Considerations

Looking Ahead

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Technology is Having a Profound Impact on the Insurance Industry

CAFII believes future of life and health insurance industry will be marked by continued innovation and an increase in consumer demand for electronic commerce and other alternate forms of distribution.

Consumers continue to demand greater access to purchasing through digital channels, which will play an increasingly important role in meeting needs of Canadians.



Insurance is “data-hungry” and highly analytical, and new technology tools could be transformative.

Consumer Expectations are Constantly Evolving and Escalating

Consumers' high expectations for technology-based services, convenience, transparency, speed, regular engagement, and a personalized experience that reflects their needs are defining how products and services are delivered.

Their preferences and expectations are a particular challenge and opportunity for the insurance industry.



CAFII Supports Regulations That Embrace Electronic Commerce

CAFII believes regulatory structures should foster a harmonized, flexible, and open marketplace where consumers are able to choose how and where to purchase coverage.

Regulation should embrace the role of all insurance channels in meeting consumers' insurance needs. **COVID-19 dramatically accelerated a trend towards digital means of interacting with customers.**



Canadians are Underinsured and Uninsured

Inadequate coverage

Half of the Canadian population is neither prepared nor protected



50%

In 2019, half of Canadians
did not own life insurance coverage*

*Source: LIMRA Canadian Life Insurance Ownership Study — 2019 Person-Level Report.

This Lack of Insurance Affects the Most Vulnerable Canadians Most

Inadequate coverage

Coverage gaps disproportionately affect lower and middle-income families



49%

Just less than half of husbands earning less than \$35,000 own any life insurance*

45%

Even fewer wives earning less than \$35,000 own any life insurance*

*Source: LIMRA Canadian Life Insurance Ownership Study — 2019 Person-Level Report.

CAFII Members Embrace and Prioritize Fair Treatment of Consumers



GUIDANCE: CONDUCT OF INSURANCE BUSINESS AND FAIR TREATMENT OF CUSTOMERS

CAFII shares regulators' objective of ensuring consumers are well-protected while also having the ability to purchase products through their channel of choice.

In an insurance industry context, it's important to note that part of the overall objective of FTC is to ensure insurers can provide support and meet consumers' expectations throughout the user experience.

CAFII Members Embed Proper Sales Practices in Processes



Training is important to ensure proper knowledge and competency



But to supplement training, CAFII members embed proper sales practices in processes—so that representatives are prompted to ensure proper disclosure, and scripted to ensure proper communications



This is reinforced with rigorous controls and monitoring of these controls

Promoting and Supporting Diversity, Equity and Inclusion (DEI) – in Member Companies' Representation and Participation in Our Association – Has Become A New Key Objective for CAFII



CAFII members all have DEI initiatives



CAFII wants to align with the priorities of its members and ensure DEI objectives are a key consideration



This includes ensuring that volunteer leadership pipelines at CAFII take into account DEI

CAFII has created a new DEI Working Group to develop recommendations to our Board of Directors

CAFII Will Have a New Management Structure Beginning in 2024



Brendan Wycks, after 11 years at CAFII, is retiring at the end of 2023





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New CAFII Credit Protection Insurance Research Results and Our Intended Responses

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CAFII's Value-Added Industry Research

CAFI adds value to consultative relationships and ongoing dialogue with regulators and policy-makers through research, including commissioning and sharing the results of independent, third-party research on important insurance-related topics.

CAFII commissioned two studies during the COVID-19 pandemic on digital interaction with customers.



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CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—Tracking Study



CAFII first commissioned a study on the views of holders of credit protection insurance products in the fall of 2018



We repeated the study in November, 2022



While some things changed in the four years, there was a remarkable consistency among most dimensions in the views of CPI consumers

CAFII-Pollara Research on Credit Protection Insurance, Mortgages and HELOCs—November 2022—Key Findings

Key Takeaways

A strong majority of Canadians who own credit protection insurance (CPI) believe that these products are an affordable, convenient and effective way of protecting themselves and their families in case of certain unexpected events

In addition, most CPI holders do not know what they would do without it should something happen to them and/or their family, further illustrating the importance of these products

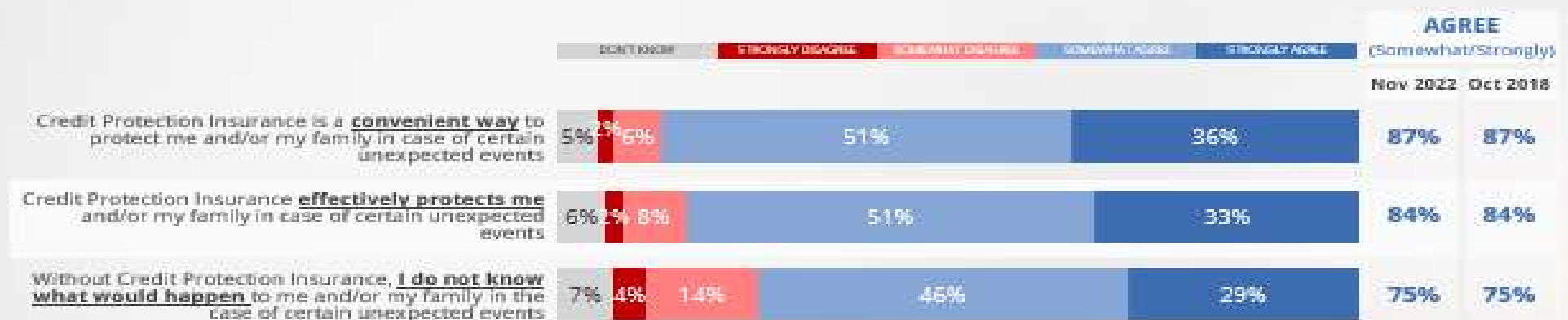
CPI holders are highly satisfied with the purchase process overall and are confident in their knowledge of these products (i.e. payout amounts and policy terms)

Consumers since the pandemic are using both in-person and online means to communicate with their financial institutions

CPI holders' expectations of claim payouts are being met by the industry

This indicates that the industry is effective at educating its consumers, open and transparent with consumers at the time of purchase, and consistently delivers on its promises

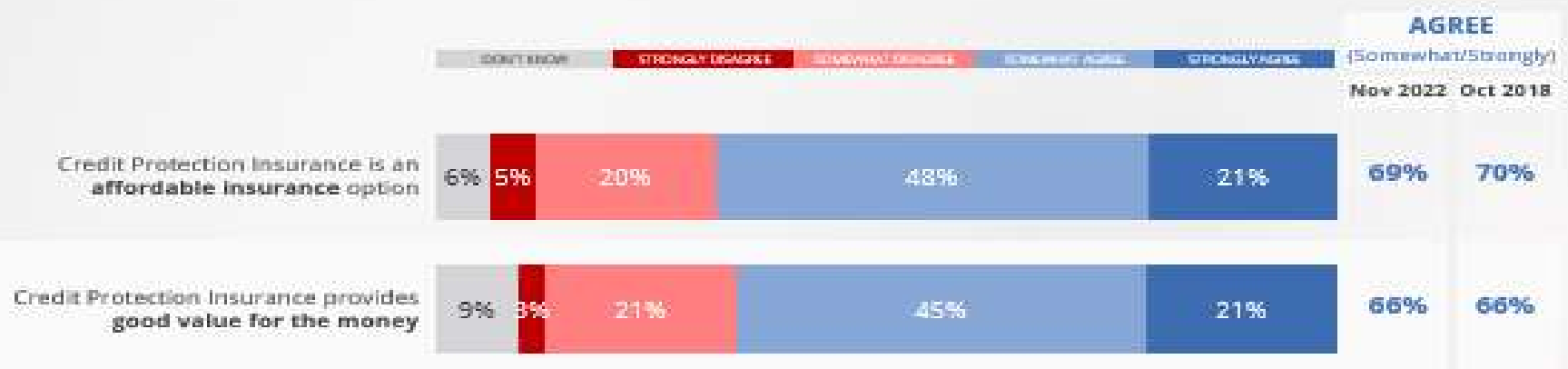
A Majority of CPI Holders Continue to Feel Credit Protection Insurance is a Convenient and Effective Way to Protect Against an Unforeseen Income-Compromising Occurrence



AB2: To what extent do you agree or disagree with each of the following statements about the Credit Protection Insurance for your mortgage/HÉLLOC?
 Base: Continued Mortgage / HÉLLOC CPI Holder (N=1001), Oct 2018 (N=1003)

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Pollara Reports That Consumers of All Products Always Feel They are Too Expensive—These Results are Consistent with Findings in Other Industries Including Regulated Industries



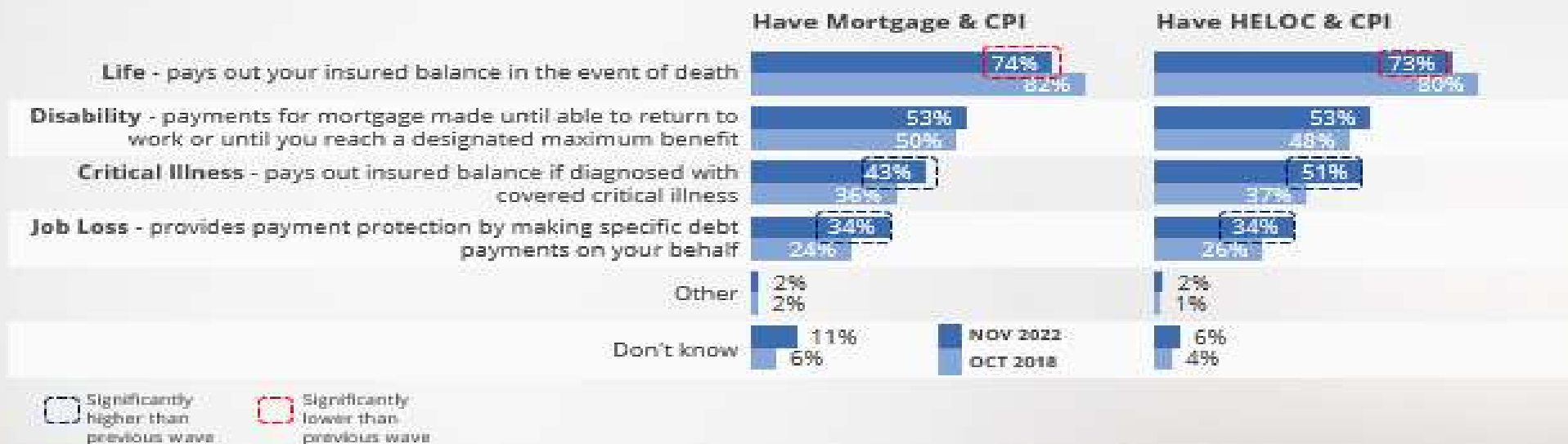
482: To what extent do you agree or disagree with each of the following statements about the Credit Protection Insurance for your mortgage/HELOC?
 Base: Combined Mortgage / HELOC CFI Holder (N=1001), Oct 2018 (N=1003)

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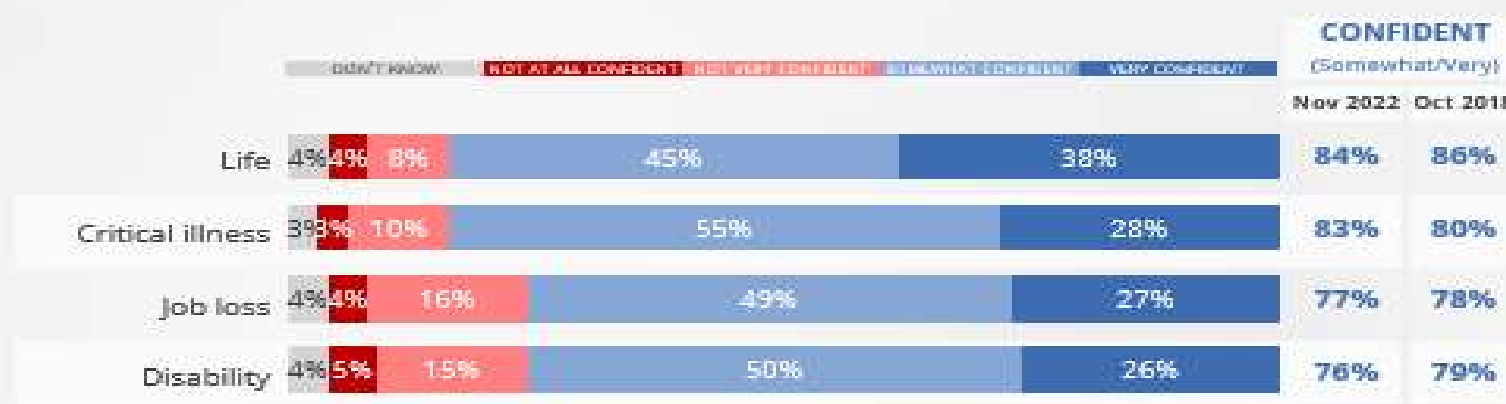
Life Insurance Is Still the Most Chosen CPI Coverage, But Interest in Other Types is Growing



Q3/Q6. And what does the Credit Protection Insurance cover you for? Base: Have Mortgage & CPI (N=783), Oct 2018 (N=775), Have HELOC & CPI (N=430), Oct 2018 (N=485)

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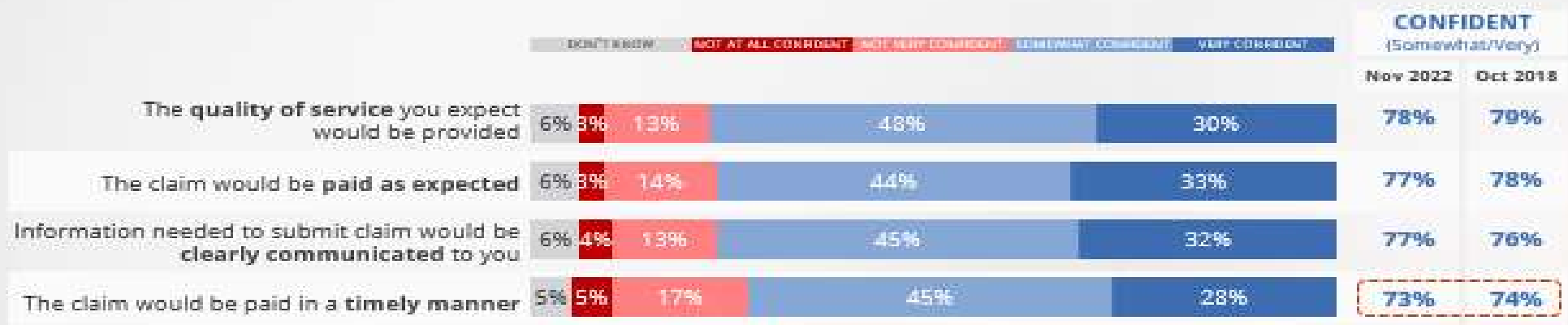
Overall, a Large Majority of CPI Holders are Confident that They Understand What Their Benefits Would Pay in the Event of a Claim



Q4/B7: How confident are you that you know how much of your mortgage/ HELOC will be paid with each of the types of coverage that you have? Please indicate your level of confidence for each.
 Base: Combined Mortgage / HELOC CPI Holder / CPI Covers You. Note: Life (N=738/828), Critical Illness (N=399/449), Job Loss (N=303/238), Disability (N=462/451)

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More Than Three-Quarters are Confident in CPI in the Event of a Claim



☐ Significantly higher than other statements

☐ Significantly lower than other statements



A/BT: For the next few questions, please consider the Credit Protection Insurance you have on your mortgage/ HELOC. Thinking of this insurance, in general, how confident are you that in the event of a claim...? Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

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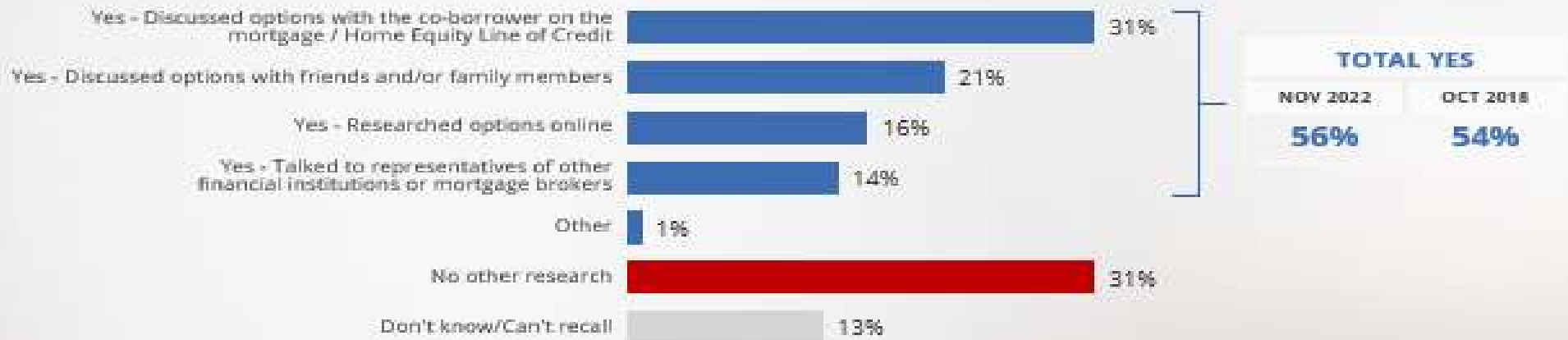
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More Than Half Sought Information About CPI From Sources Other Than Their Financial Institution

CPI Research or Discussions

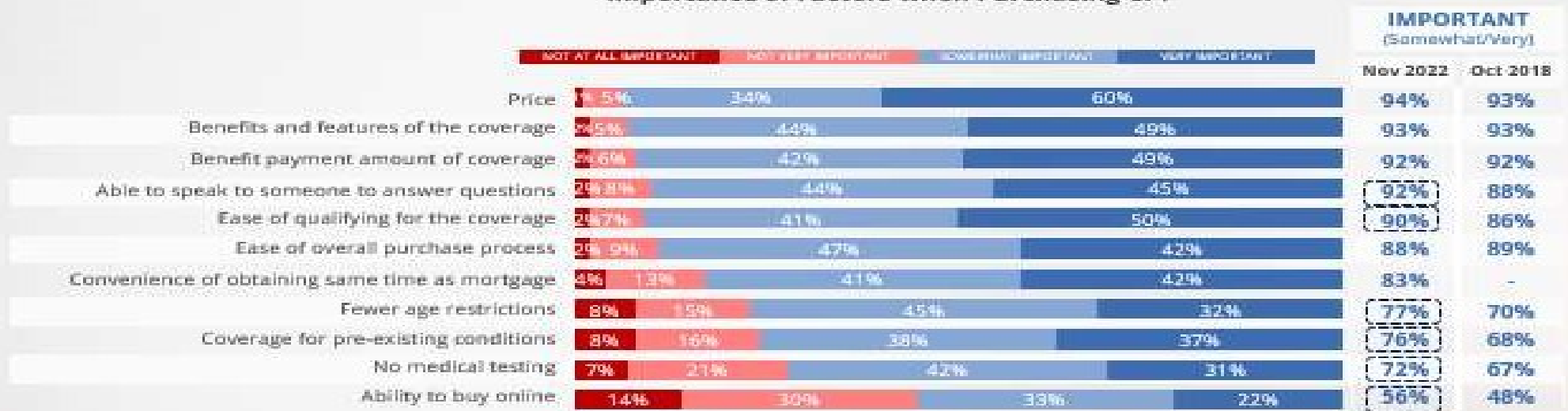


A/B5. Aside from talking to a representative of the financial institution, did you discuss or do additional research on the Credit Protection Insurance options that were available?
 Base: Combined Mortgage / HELOC CPI Holder (N= 1001), Oct 2018 (N= 1003)

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Other Factors Beyond Price, Benefits, and Coverage Are Gaining Importance

Importance of Factors when Purchasing CPI



AVB: When you researched and/or purchased Credit Protection Insurance for your mortgage/ HELOC, how important were the following factors?
 Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

In-Person CPI Purchases Have Returned to Pre-Pandemic Levels

CPI source of purchase



CPI purchase process



| | 2021 | 2018 |
|-----------|------|------|
| In-Person | 21% | 58% |
| Online | 10% | 4% |

BASE: Mortgage Credit Protection / HELOC Insurance Holders (N=1001)

Q8104: The following questions are in regard to your experience purchasing your Credit Protection Insurance for your mortgage / Home Equity Line of Credit.

Q8105: From whom did you purchase your credit protection insurance?

Q8106: How did you complete the purchase of your Credit Protection Insurance?

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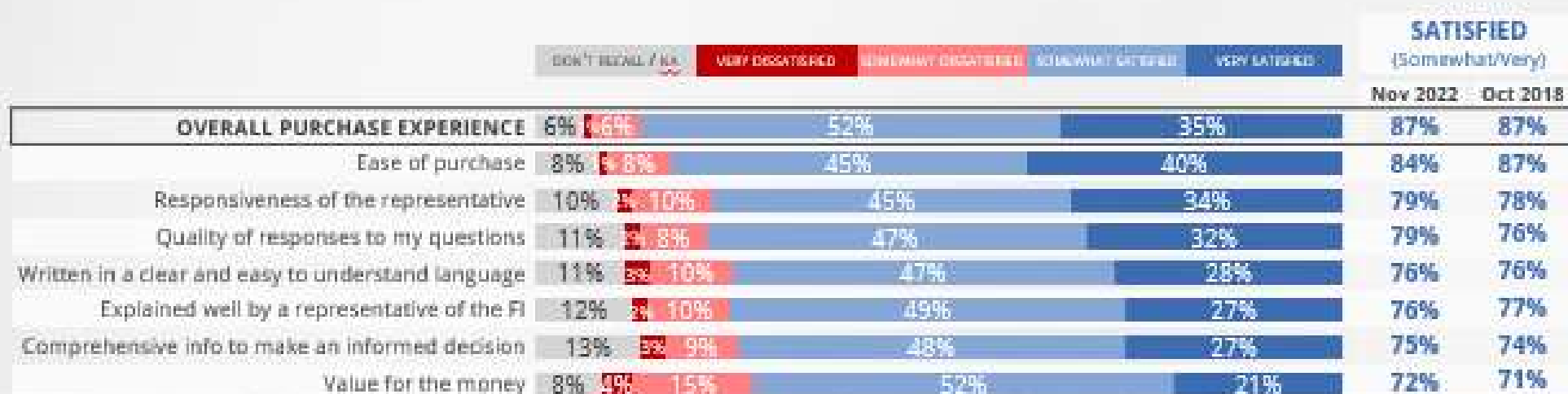
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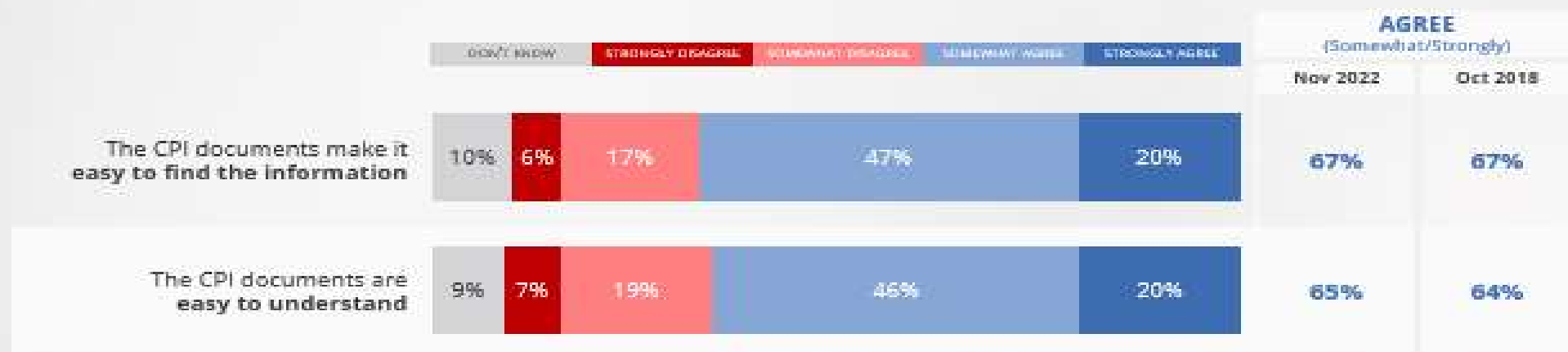
Purchase Experience Satisfaction Levels Remain High



A/B11: Overall, how would you rate your level of satisfaction with the purchase experience, when you purchased your Credit Protection Insurance for your mortgage? A/B12: More specifically, how satisfied were you with the following elements of the purchase process? Base: Combined Mortgage / HELDC CP Holder (N=1001) Oct 2018 (N=1023)

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Consumer Comprehension of CPI Documentation Remains Good but Not Great, and is an Area for Improvement



Q158. To what extent do you agree or disagree with each of the following statements about the documents which outline your Credit Protection Insurance for your mortgage/ HELDC.
 Base: Combined Mortgage / HELDC CPI Holder (N=1001), Oct 2018 (N=1003)

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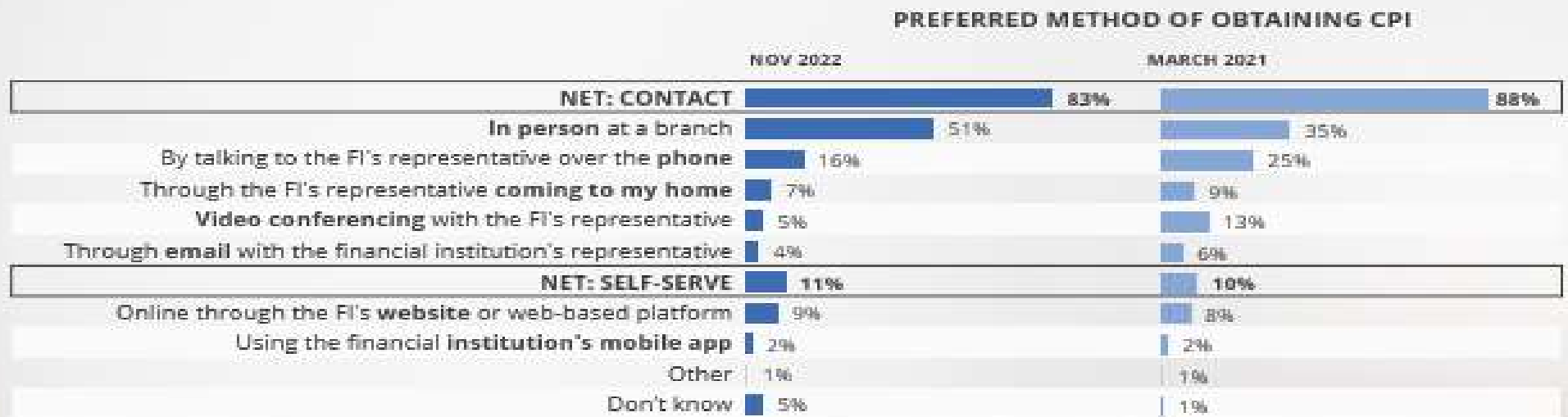
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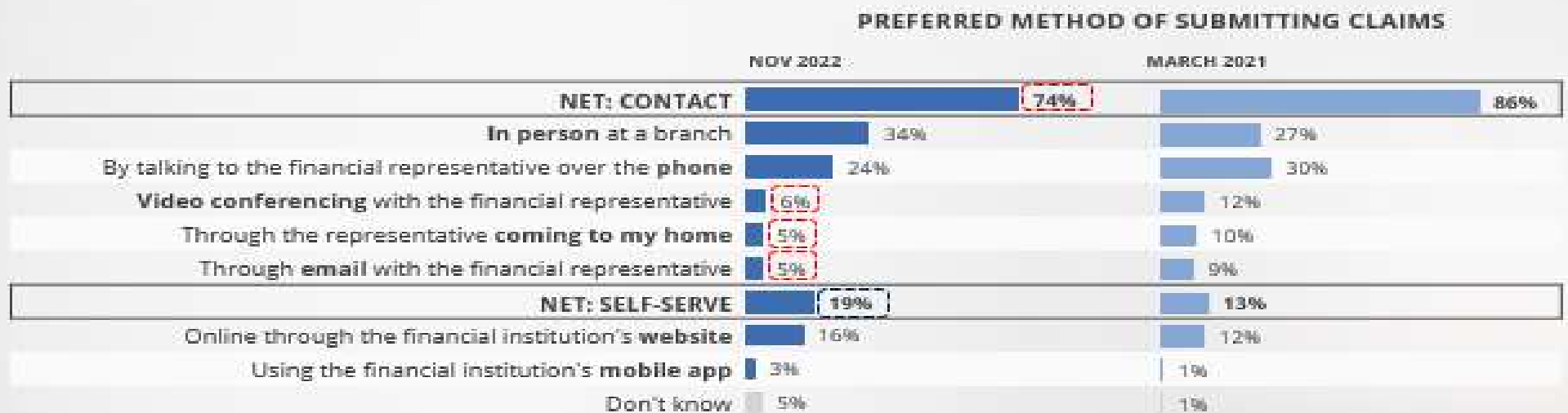
In-Person Purchases of CPI Gaining, but Other Channels Remain Important



AVB13: If you were obtaining credit protection insurance now, how would you like to apply for the insurance? Base: (N=1001), CPI holders Mar 2021 (N=757)

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Fewer CPI Holders Desire Contact (Versus Self-Serve) When Making a Claim

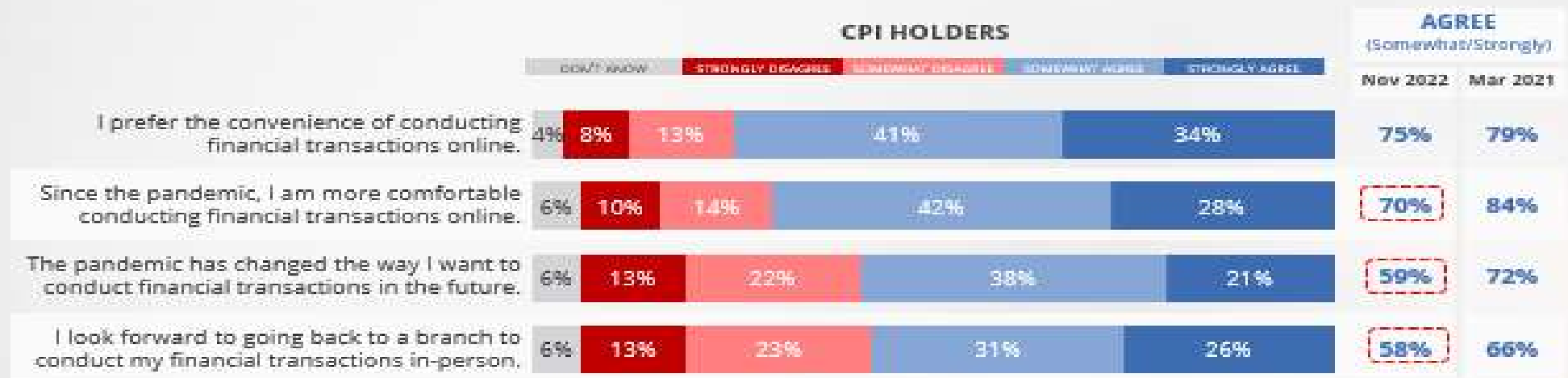


Significantly higher than previous wave
 Significantly lower than previous wave

A/914: If you needed to submit a claim on your credit protection insurance now, how would you prefer to do this? BASE: Mortgage Credit Protection / HELOC Insurance Holders (N=1007)
 Oct 2018: C10. Once the Covid-19 pandemic in Canada is over, how would you prefer to submit a claim on your credit protection insurance? Base: Those with CPI (N=157)

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While Digital Means Remain an Important Method of Communicating with FIs, Consumers Are Also Returning to In-Person Communication

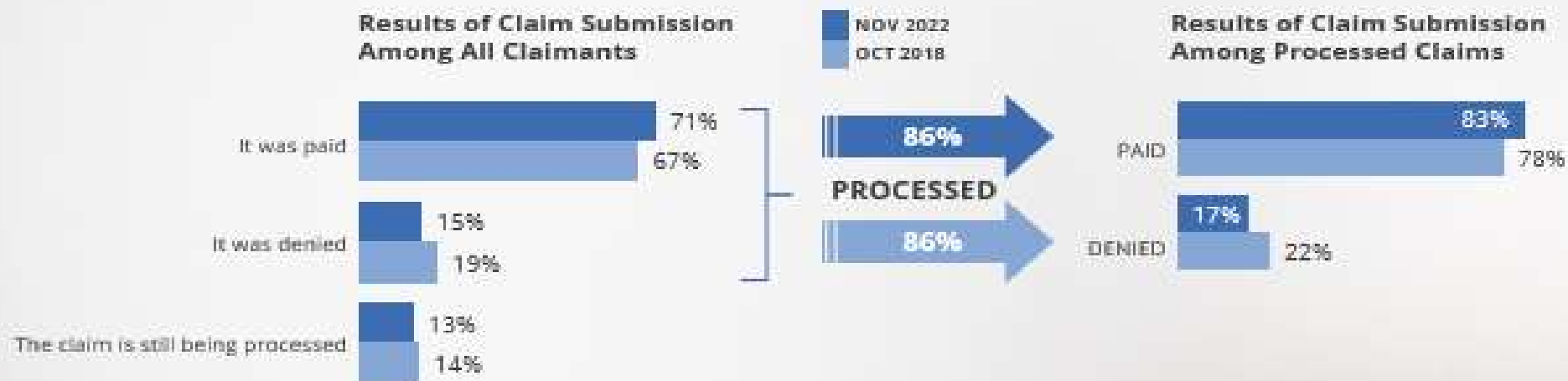


☐ Significantly higher than previous wave
☐ Significantly lower than previous wave

A1615. To what extent do you agree or disagree with the following statements about conducting financial transactions since the start of the COVID-19 pandemic?
 Base: Mortgage Credit Protection / HELIX Insurance Holders (N=1001), Oct 2018 CPI Holders (N=157)

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More Than 8 in 10 Processed Claims Were Paid



Q3: What was the result of your claim submission? Base: CPI Claim (n=375), Oct 2018 (N=286)
Base: CPI Claim Processed (N=244)

High Percentage of Claims Resulted in Benefit Payout, Regardless of Claim Type



CAFII members report 92% of CPI Life claims were paid in 2021, similar to this study's findings.

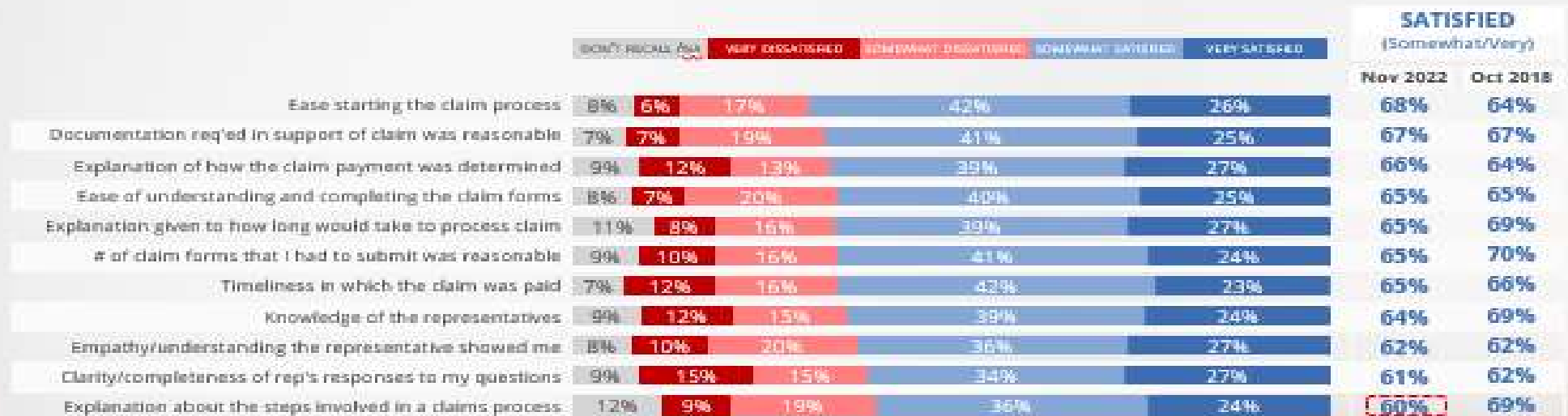
Eight in Ten Are Satisfied with Claims Experience



Q4. Thinking back about the entire claim experience, from the initial contact to the final outcome, how would you rate your satisfaction with the overall experience?
 Base: CP Claim/Claim Resolved (N=322)(N=244); Claim Paid (N=263)(N=154); Claim Denied (N=55)(N=50)

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Claimants Generally Understand the Various Components of the Claims Process



Q15. And how satisfied were you with each of the following factors involved in this claim? Base: CPI Claim/ Claim Resolved (N=222), Oct 2018 (N=244)

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Explanation Provided by the Insurer Was Good/Very Good for Almost all those Whose Claim Was Paid Out



Significantly higher than previous wave

Significantly lower than previous wave

D6. How would you rate the clarity of explanation your insurer gave you about your claim payment/ claim denial?
Base: CPI Claim/ Claim Resolved (N=322)/(N=244); Claim Paid (N=263)/(N=194); Claim Denied (N=59)/(N=50)



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Expectations were Met for Those Whose Claim Was Paid, but Not for Those Who Were Not Paid



D7: Would you say that the claim payment met, exceeded, or fell short of your expectations?

D8: Overall, would you say that the claim experience met, exceeded, or fell short of your expectations?

Base: CP: Claim/ Claim Resolved (N=322)(N=244); Claim Paid (N=263)(N=194); Claim Denied (N=53)(N=52)

Insights

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Complaints Made During Claims Process Up in 2022 Compared to 2018

How Complaint was Made



D9: Did you make a complaint about your claim at any point during or after the claim process? Base: CPI Claim/ Claim Resolved (N=379)/(N=244)
 D10: How did you make this complaint? Base: CPI Claim/ Made Complaint (N=103)/(N=52)

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Satisfaction with How the Complaint Was Handled Has Declined in 2022 from 2018



CAFII Conducts Such Research Studies to Understand CPI Customers' Views – And Where Members Should Invest to Make Improvements and Elevate Customer Satisfaction



The claims complaints results have been shared with all CAFII members



CAFII members all have internal groups working on understanding these results and responding to them



Continued monitoring of performance around complaints around claims will continue at CAFII

Context—Much Has Changed since the Original Tracking Study in 2018



There was an actual degradation after March 2020 for a period in customer service performance, as companies adapted to digital delivery and work-from-home requirements—which would have produced more complaints



The pandemic would have resulted in more ineligible claims, especially for job loss insurance—which would not be paid out, leading to more complaints



Pollara reports that complaints have increased across all sectors, including regulated industries, and the complaints are more emotional—people are more stressed than ever

Context—The Customer Complaint Environment has Changed



Enhancements to company claims processes, and regulatory requirements, have made it easier to complain



Customers rightly have increased service delivery expectations and compare their experience to Amazon

Bottom Line—CAFII and its Members are Committed to Understanding and Responding to these Findings

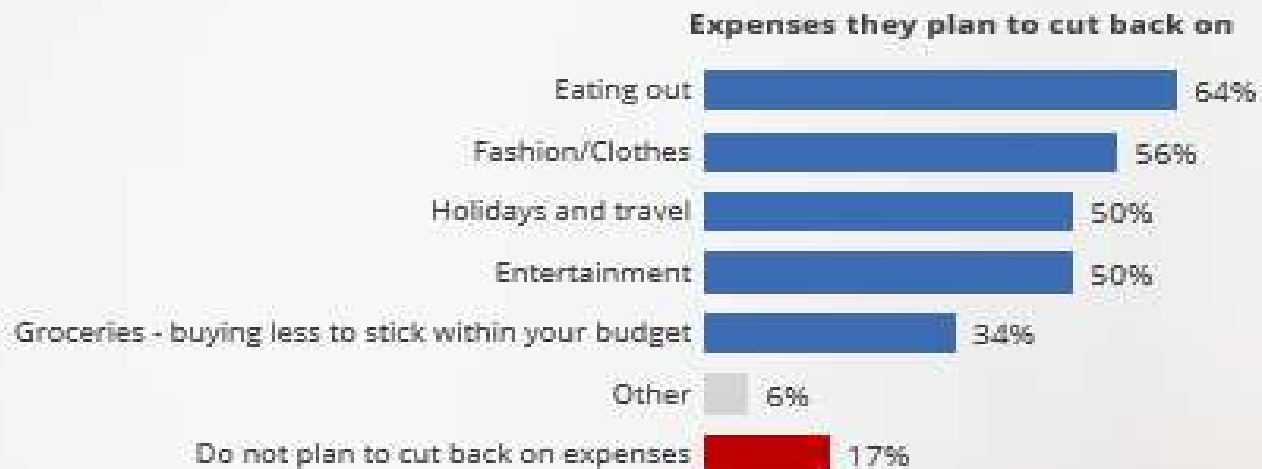


CAFII members' claims payouts have remained at the same very high level—it is complaints, not payouts, that have changed



Bottom line—CAFII and its members are committed to understanding and responding to these findings, and to always improving the customer experience

Economic Questions—Consumers are Cutting Back on Expenses



ET: With inflation and the current state of the economy, do you plan to cut back on any of the following expenses? Base: Total (N=1484)

Strategic Insights

pollara
strategic insights

cafii

The Canadian Association of
Financial Institutions in Insurance

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

64

Economic Questions—Consumers However want to Spend More on CPI Products

Impact of Economic Condition on Likelihood of Obtaining CPI



E2. With rising inflation, economic uncertainty and the possibility of a housing market correction, how do you feel about obtaining credit? Base: Total (N=1494)

Strategic Insights

pollara
strategic insights

Other Research

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

66

CAFII Commissioned a Study with Deloitte, Released in June 2022, on Best Practices in Digitization

Overall Takeaways

- 01** Digitizing CPI is a **strategic priority for Canadian financial institutions**
- 02** Relative to other insurance industries, **Canadian CPI has unique challenges with regards to its digitization**, accentuated by the multiple stakeholders involved
- 03** The **CPI digital experience** offered is **highly dependent upon the lending journey** (i.e., mortgages, lines of credit)
- 04** The **regulatory environment** surrounding CPI can be **perceived difficult to navigate digitally**, especially for national organizations offering CPI across provinces
- 05** Several CPI distributors and Underwriters have taken a **leadership position by relatively investing more in digital** over the past years
- 06** **Adoption** from representatives as well as clients in digital experiences continues to be an inhibitor to realizing the benefits of digital investments
- 07** **Successful digitization of CPI extends beyond client-facing experiences**, and includes back / mid-office operations
- 08** Digital experiences enabled by **automation across the value chain with partners** (e.g., underwriting, claims) were the most cited friction points
- 09** **Collaboration across Distributors, Underwriters and Regulators** will be key to delivering “Best-in-Class” experiences

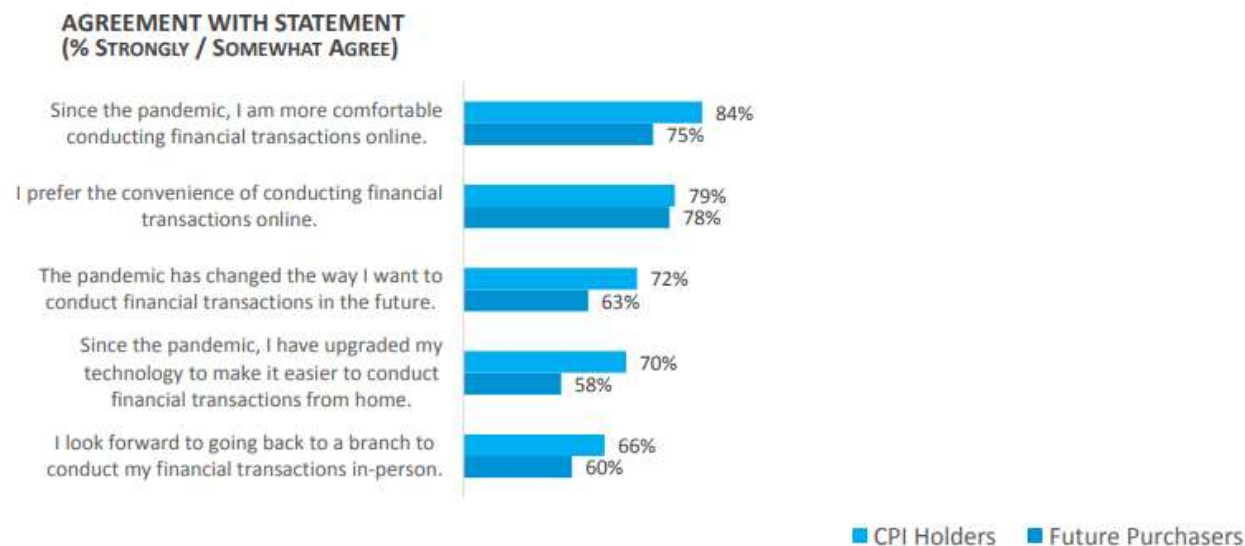
Survey Highlights

- 80%** Of Underwriters and Distributors indicated digitizing CPI as a strategic priority
- 100%** Of Underwriters and Distributors indicated digitizing CPI as a strategic priority
- 43%** Of members surveyed believe that up to 40% of applications will be fully digital by 2025
- 75%** Of CPI Underwriters and Distributors viewed alignment with lenders as a key opportunity to increase value delivered to customers
- 57%** Of Distributors ranked their current digital maturity as being ‘somewhat behind’
- 67%** Of respondents indicated that most back / mid-office processes remain manual despite investments
- 86%** Of Distributors have indicated that cross-channel integration is key for successful digital CPI experiences

Source: Deloitte Digitizing CPI Survey

Deloitte.

CAFII Commissioned a Study (June 2021), with Pollara on CPI Holders Views on Digitization—Consumers Developed More Comfort with Using Digital Means to Interact with FIs



Q. To what extent do you agree or disagree with the following statements?

Q. Since the Covid-19 pandemic in Canada, would you say that you are more or less likely to conduct financial transactions such as arranging for loans or buying insurance in each of the following ways?

Base: Credit protection insurance holders (N=197) / Base: Future Purchasers (N=805)

Q & A / Dialogue

- Any questions on what we have shared in this presentation?
- CAFII extends a standing offer to collaborate with you, as a key insurance regulator or policy-maker, on regulatory or legislative initiatives or other issues of mutual interest. Are there any matters on the near-term horizon on which you might wish to call upon us for participation/collaboration?

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 4(g)

**Read Only Items-- Plans for Upcoming CAFII Liaison Meetings with BC and Alberta Insurance
Regulators and Policy-Makers,**

June 13-15/23

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

This will be an update on CAFII's plans to meet with BC and Alberta insurance regulators and policy-makers from June 13 to 15 as part of CAFII's 2023 insurance regulators and policy-makers visits tour.

Recommendation / Direction Sought – Update

This is an update item.

Attachments Included with this Agenda Item

1 attachment.

Near-Final Itinerary and Meetings Schedule For CAFII Spring 2023 Western Canada Insurance Regulators and Policy-Makers Visits Tour: Phase 2 – British Columbia and Alberta

Tuesday, June 13/23

1. 6:00 a.m. EST to 9:30 a.m. PST: CAFII delegation members travel to Vancouver, catching an early morning flight from Toronto and arriving at YVR airport by no later than 9:30 a.m. PST.

Suitable flights from Toronto to Vancouver:

Air Canada

- AC181 (Non-Stop): Departs Toronto Pearson (YYZ) at 6:05 a.m. EST; arrives Vancouver (YVR) at 8:16 a.m. PST
- AC101 (Non-Stop): Departs Toronto Pearson (YYZ) at 6:45 a.m. EST; arrives Vancouver (YVR) at 8:35 a.m. PST

Flair Airlines

- F8601 (Non-Stop): Departs Toronto Pearson (YYZ) at 6:55 a.m. EST; arrives at Vancouver (YVR) at 9:05 a.m. PST
- F8843 (Non-Stop): Departs Kitchener-Waterloo (YKF) at 6:30 a.m. EST; arrives at Vancouver (YVR) at 8:40 a.m. PST

Or, alternatively, CAFII delegation members travel to Vancouver on Monday, June 12/23 and stay overnight in central Vancouver.

2. 9:30 a.m. PST to 10:20 a.m. PST: CAFII delegation members take SkyTrain from Vancouver Airport (or cabs), plus a short walk from a downtown Vancouver SkyTrain station to Tim Hortons at 750 West Pender St., Vancouver (right beside main entrance to building where BCFSa office is located) for a *Rendez-Vous and Final Prep Meeting* prior to CAFII liaison meeting with Kari Toovey, Director, Financial Institutions, Financial and Corporate Sector Policy Branch, BC Ministry of Finance (778-698-5262), at BCFSa office in the same building.
3. 11:00 a.m. to 12 Noon PST: CAFII delegation meets with Kari Toovey, Director, Financial Institutions, Financial and Corporate Sector Policy Branch, BC Ministry of Finance (778-698-5262) in Robson Room at British Columbia Financial Services Authority (BCFSa), Suite 600 – 750 West Pender St., Vancouver, BC V6C 2T8; (604) 660-3555; (866) 206-3030.
4. 12 Noon to 1:40 p.m. PST: CAFII delegation departs from BCFSa office – leaving luggage and laptop computers stored in Robson Room, and takes a short walk (700 metres: 10 minutes) to Italian Kitchen Restaurant, 1037 Alberni St., Vancouver, BC; (604) 687-2858 for lunch.

5. 1:40 to 1:55 p.m. PST: CAFII delegation walks back (700 metres: 10 minutes) from Italian Kitchen Restaurant, 1037 Alberni St., Vancouver, BC to BCFSa office at Suite 600 – 750 West Pender St., Vancouver, BC V6C 2T8.
6. 2:00 p.m. to 3:30 p.m. PST: CAFII delegation meets with Blair Morrison, CEO; Saskia Tolsma, Vice-President, Policy and Stakeholder Engagement; and other relevant BCFSa staff executives in Robson Room, BCFSa office, Suite 600 – 750 West Pender St., Vancouver, BC V6C 2T8; (604) 660-3555; (866) 206-3030.
7. CAFII delegation departs from BCFSa office and walks to a nearby central Vancouver hotel for an overnight stay. **Recommended hotel:** Kingston Hotel, 757 Richards St., Vancouver, BC V6B 3A6; (604) 684-9024. [Booking.com : Hotels in Vancouver . Book your hotel now!](https://www.booking.com/hotels-in-vancouver) (700 metres; 9 minutes walk from BCFSa office to Kingston Hotel.)
8. CAFII delegation members have dinner together *en masse*, in small groups, or on their own, as they wish.

Wednesday, June 14/23

9. 8:00 to 9:15 a.m. PST: CAFII delegation members have breakfast on their own or in small groups, as they wish.
10. 9:25 a.m. PST: CAFII delegation members gather in the lobby of the Kingston Hotel, 757 Richards St., Vancouver, BC V6B 3A6 in order to check their luggage with the Concierge and to walk together to a 10:00 a.m. liaison meeting at the Insurance Council of BC office.
11. 9:30 to 9:50 a.m. PST: CAFII delegation members walk from Kingston Hotel, 757 Richards St., Vancouver, BC to Insurance Council of BC office at Suite 1400, 745 Thurlow St., Vancouver, BC V6E 0C5; (604) 688-0321; (877) 688-0321 (900 metres; 12 minutes walk).
12. 10:30 a.m. to 12 Noon PST: CAFII delegation meets with Janet Sinclair, CEO; Brett Thibault, Director, Governance and Stakeholder Engagement; Galen Aker, Stakeholder Engagement Specialist; and other Insurance Council of BC staff executives at Insurance Council of BC office, Suite 1400, 745 Thurlow St., Vancouver, BC V6E 0C5; (604) 688-0321; (877) 688-0321.
13. 12 Noon to 12:20 p.m. PST: CAFII delegation members walk from Insurance Council of to Fable Diner & Bar, 755 Richards St. (right next door to Kingston Hotel), Vancouver, BC V6B 3A6; (604) 566-2253.

14. 12:30 to 2:00 p.m. PST: CAFII delegation members have group lunch at Fable Diner & Bar, 755 Richards St., Vancouver, BC.
15. 2:00 to 2:15 p.m. PST: CAFII delegation members return to Kingston Hotel (right next door to Fable Diner & Bar) and pick up their luggage from Concierge.
16. 2:15 to 3:00 p.m. PST: CAFII delegation members take SkyTrain or cabs from Kingston Hotel to Vancouver Airport (YVR).
17. 4:00 to 6:00 p.m. PST: CAFII delegation members catch non-stop flights from Vancouver (YVR) to Edmonton (YEG).

Achievable flights from Vancouver to Edmonton:

Air Canada

- AC 7776 (Non-Stop): Departs Vancouver (YVR) at 4:30 p.m. PST; arrives at Edmonton (YEG) at 6:58 p.m. MST.
- AC 246 (Non-Stop): Departs Vancouver (YVR) at 6:00 p.m. PST; arrives at Edmonton (YEG) at 8:33 p.m. MST.
- AC248 (Non-Stop): Departs Vancouver (YVR) at 7:10 p.m. PST; arrives Edmonton (YEG) at 9:43 p.m. MST.

WestJet

- WS174 (Non-Stop): Departs Vancouver (YVR) at 5:15 p.m. PST; arrives Edmonton (YEG) at 7:45 p.m. MST.

18. CAFII delegation members take cabs from Edmonton Airport to downtown Edmonton hotel for overnight stay. **Recommended hotel:** Coast Edmonton Plaza Hotel by APA, 10155 105th St., Edmonton, AB T5J 1E2; (780) 423-4811. https://www.coasthotels.com/coast-edmonton-plaza-hotel-by-apa?utm_medium=cpc&utm_source=google&utm_campaign=search_mdm_brand_ca&utm_content=cho&gad=1&gclid=Cj0KCQjwyLGjBhDKARIsAFRNqW-WNmFvF-HiVXh1kTne-NZdeokdb6Sf3WL54XN6xJxHKYUqwXhsWsaAIU4EALw_wcB
19. CAFII delegation members have dinner together *en masse*, in small groups, or on their own in downtown Edmonton, as they wish.

Thursday, June 15/23

20. 8:00 to 9:15 a.m. MST: CAFII delegation members have group breakfast and *Rendez-Vous and Final Prep Meeting* prior to morning meeting with Joanne Abram, CEO, and other Alberta Insurance Council staff executives, at Cora's Breakfast and Lunch (restaurant is on ground level of *Days Inn by Wyndham Edmonton Downtown* at 10041 106 St. NW, Edmonton, AB (780) 429-7903 (5 minutes walk, 400 metres from the Coast Edmonton Plaza Hotel by APA).
21. 9:15 to 9:30 a.m. MST: CAFII delegation members walk back from Cora's Breakfast and Lunch to Coast Edmonton Plaza Hotel by APA, 10155 105th St., Edmonton, AB (5 minutes walk, 400 metres); and prepare for departure for 10:00 a.m. liaison meeting with Alberta Insurance Council staff executives.
22. 9:30 to 9:40 a.m. MST: CAFII delegation members check their luggage with Concierge at Coast Edmonton Plaza Hotel by APA.
23. 9:40 a.m. to 9:55 a.m. MST: CAFII delegation members walk from Coast Edmonton Plaza Hotel by APA, 10155 105th St., Edmonton, AB to Alberta Insurance Council office, Suite 600, 10104 103 Avenue, Edmonton, AB; (800) 461-3367 (8 minutes walk; 600 metres).
24. 10:00 to 11:30 am. MST: CAFII delegation meets with Joanne Abram, CEO; Joseph Fernandez, newly appointed Director of Licensing; Brent Rathgeber, Chief Operating Officer and General Counsel, and other Alberta Insurance Council staff executives (from both Edmonton and Calgary offices) at Alberta Insurance Council office, Suite 600, 10104 103 Avenue, Edmonton, AB.
25. 11:30 to 11:40 a.m. MST: CAFII delegation members walk to Chop Steakhouse & Bar restaurant, 10235 101 St., Edmonton, AB, (780) 441-3075 for group lunch (2 minutes walk; 200 metres).
26. 11:45 a.m. to 1:15 p.m. MST: CAFII delegation members have group lunch and engage in *Final Prep Discussion* for afternoon meeting with Mark Brisson, Superintendent of Insurance, and Alberta Treasury Board and Finance staff executive colleagues.
27. 1:15 p.m. to 1:35 p.m.: CAFII delegation members walk back from Chop Steakhouse & Bar restaurant, 10235 101 St., Edmonton, AB to Coast Edmonton Plaza Hotel by APA; 10155 105 St., Edmonton, AB (9 minutes walk; 700 metres).and pick up their luggage from Concierge.

28. 1:40 to 1:50 p.m. MST: CAFII delegation members take cabs (5 minute cab ride; 1.5 kms.) from Coast Edmonton Plaza Hotel by APA to Alberta Treasury Board and Finance office at 9515 107 St., Edmonton, AB (Wildrose Boardroom in Terrace Building: Government of Alberta Building).
29. 2:00 to 3:30 p.m. MST: CAFII delegation meets with Mark Brisson, Assistant Deputy Minister and Superintendent of Insurance, Alberta Treasury Board and Finance; David Sorensen, Deputy Superintendent of Insurance; David Mulyk, Executive Director, Pension and Insurance Policy; and other ATBF staff executives.
30. 3:30 to 4:15 p.m. MST: CAFII delegation members catch cabs from Alberta Treasury Board and Finance office at 9515 107 St., Edmonton, AB to Edmonton Airport (YEG) for return flights to Toronto or other home city.

Achievable flights from Edmonton to Toronto:

Air Canada

- AC172 (Non-Stop): Departs Edmonton (YEG) at 5:50 p.m. MST; arrives Toronto (YYZ) at 11:33 p.m. EST

WestJet

- WS438 (Non-Stop): Departs Edmonton (YEG) at 5:30 p.m. MST; arrives at Toronto (YYZ) at 11:09 p.m. EST.

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 4(h)

Read Only Items-- Insights Gained from Recent Meetings of FSRA's Stakeholder Advisory Committee (SAC) for Life and Health Insurance

Purpose of this Agenda Item – Update

To update the EOC on recent meetings of the FSRA Sectoral Advisory Committee for Life and Health Insurance.

Background Information

There have been two recent meetings of the FSRA Sectoral Advisory Committee for Life and Health Insurance, on which Keith Martin represents CAFII. This will be an update on those meetings, which both have had the FSRA initiative around MGA supervision as a major topic of discussion.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

2 attachments.

***Agenda Item 4(h)(1)
June 6/23 Board Meeting***

From: Keith Martin

Sent: Monday, May 8, 2023 11:01 AM

To: CAFII EOC and Market Conduct & Licensing Committee Members

Subject: CAFII Participation in 9 May, 2023 FSRA Sectoral Advisory Committee (SAC) on Life and Health Insurance--Questions from FSRA

Dear CAFII EOC, and Market Conduct & Licensing Members,

Tomorrow, May 9, 2023 there is a meeting of the FSRA Sectoral Advisory Board for Life and Health Insurance, with the FSRA Board. Nearly the entire meeting is dedicated to three questions, which are listed below.

I am the CAFII representative at these meetings and among the themes I have made in the past are the importance of harmonization, that Canadians are vastly uninsured and underinsured, and the rigorous and robust systems and controls CAFII members have around the offering of credit protection insurance.

Among the issues others have also raised is the unprecedented level of regulatory submissions in the past year plus, which has put strains on internal resources of some organizations; and the pace and impact of technology change.

There may be other themes or issues you would like CAFII to communicate, and if so please do let me know and I will endeavour to share those points as well tomorrow. If you have any such issues you would like communicated, please send me an email (copy to Brendan).

Thank you,

--Keith

Financial Services Regulatory Authority of Ontario (FSRA)

**Life & Health Insurance Stakeholder Advisory Committee (SAC) Meeting
with FSRA Board**

May 9, 2023, 10:15 am – 11:45 am

AGENDA

| Time | Item | Topic | Presenter |
|-----------------|------|--|--|
| 10:15 - 10:25am | 1 | Panel Orientation a) Welcome Remarks b) Introduction | Joanne De Laurentiis Huston Loke |
| 10:25 - 11:40am | 2 | SAC Discussion and Presentation a) What factors or changes in the L&H Insurance sector are you actively monitoring? b) What are the top risks in L&H Insurance? (How are you assessing / mitigating?) c) What are the critical success factors in L&H Insurance? | Stakeholder Advisory Committee Members |
| 11:40 - 11:45am | 3 | Closing | Huston Loke |

The 2023 membership of the SAC for Life and Health Insurance is as follows:

| Name | Organization |
|------------------|--|
| Cathy N. Hiscott | PPI |
| Eric Wachtel | Canadian Association of Independent Life Brokerage Agencies (CAILBA) |
| Chris Donnelly | Manulife |
| Keith Martin | Canadian Association of Financial Institutions in Insurance (CAFII) |
| Neil Paton | Third Party Administrators Association of Canada |
| Jim Mavroidis | Cigna Life Insurance Company of Canada |
| Lyne Duhaime | CLHIA |
| James Ryu | Advocis |
| James Greenfield | HUB Financial Inc. |
| Susan Allemang | Independent Financial Brokers of Canada |
| Ali Salam | Sun Life Financial |

| | |
|---------------|--------------------|
| Yasmin Visram | iA Financial Group |
| Ali Ghiassi | Canada Life |
| Moirra Gill | TD Insurance |
| Dennis Craig | RBC Insurance |
| Rosie Orlando | Primerica |

Keith Martin

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

L'association canadienne des institutions financières en assurance

keith.martin@cafii.com

T: 647.460.7725

www.cafii.com

[Visit the CAFII LinkedIn Page](#)



Making Insurance Simple and Accessible for Canadians

Rendre l'assurance simple et accessible pour les Canadiens

Life and Health Insurance Stakeholder Advisory Committee

FSRA

Financial Services Regulatory
Authority of Ontario

Date: April 5, 2023

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Agenda

1. 2023-2024 L&H Insurance priorities
2. Updates on FSRA activities in L&H Insurance
 - i. MGAs
 - ii. Life Agent initiatives
 - iii. Segregated Funds
 - iv. IAIS
3. Roundtable Discussion
 - i. What factors or changes in the L&H Insurance sector are you actively monitoring?
 - ii. What are the top risks in L&H Insurance from your perspective and how are you assessing / mitigating?
 - iii. What are the critical success factors in L&H Insurance?



2023-24 L&H Insurance Priorities

Priority 7.1 Enhance Market Conduct oversight to protect consumers

Insurance Distribution - In the last two years, FSRA has published supervisory reports focusing on oversight in the end-to-end distribution of individual life and health insurance products and services. The findings identified consumer risks and gaps in market conduct compliance, particularly in independent distribution channels such as Managing General Agents (MGAs), where the delegation of oversight responsibilities may not be clearly defined and sufficiently monitored. In response, FSRA is:

- Developing an evidence-based regulatory framework to address potential risks and challenges posed by the MGA distribution channel.
- Continuing to build its capacity for proactive reviews of life insurance agents following the establishment of a dedicated life agent supervision team in 2020 and a supervisory framework in 2022.

Segregated Funds - FSRA continues to work with other regulators across Canada to enhance regulatory standards for segregated fund contracts, building on the recommendations in the 2017 CCIR Segregated Funds Working Group Position Paper. This work includes the planned implementation of FSRA Rules relating to deferred sales charges, which follows the February 2022 CCIR/CISRO announcement intended to stop deferred sales charges for new segregated fund contracts by June 1, 2023.



2023-24 L&H Insurance Priorities – Key Deliverables

- **Segregated Funds – DSCs**

- Implement a FSRA Rule that would ban deferred sales charges for new segregated fund contracts, prevent insurers from amending existing contracts to make such charges more onerous for customers, and require disclosure regarding further deferred sales charge deposits to existing contracts.

- **Working in partnership with other Canadian regulatory bodies, improve outcomes for segregated fund contract customers:**

- Finalize national guidance on total cost reporting disclosure requirements for segregated fund contracts.
- Consult on national guidance about the design, distribution, issuance, sale and administration of individual variable insurance contracts.
- Consult on national guidance relating to upfront compensation paid for the sale of segregated funds.

- **Enhancing insurance distribution outcomes:**

- Publish, for consultation, proposed changes to the framework for agencies with a contractual responsibility to screen, train, and/or monitor individuals under their supervision who sell life and health insurance products.



2023-24 L&H Insurance Priorities - Planned Outcomes

- **Stakeholders** have clarity and an increased understanding of FSRA's regulatory requirements with respect to the role of insurers and MGAs in the distribution channel for Life and Health products.
- **Segregated fund customers** are treated fairly and better informed, as:
 - The use of deferred sales charges in segregated fund sales will be banned
 - Industry has a clear understanding of regulatory requirements regarding the information consumers will receive about the total cost of their segregated fund contracts
 - Industry has a clear understanding of regulatory requirements with respect to the sale and administration of segregated fund contracts



Updates on FSRA Activities in L&H Insurance



Roundtable Discussion

FSRA's Board of Directors is looking to consult with the L&H Insurance SAC on forward looking items related to the future of L&H Insurance supervision and is asking the following questions, which were also posed to the SAC last year.

1. What factors or changes in the L&H Insurance sector are you actively monitoring?
2. What are the top risks in L&H Insurance from your perspective and how are you assessing / mitigating?
3. What are the critical success factors in L&H Insurance?



Thank you

Briefing Note

**CAFII Board Meeting 6 June, 2023—Agenda Item 5(a)
Governance Matters-- Implementation of Board-Approved “New CAFII Management Structure (Post-2023)”**

Purpose of this Agenda Item – Update/Discussion

This is an update item with the opportunity for discussion.

Background Information

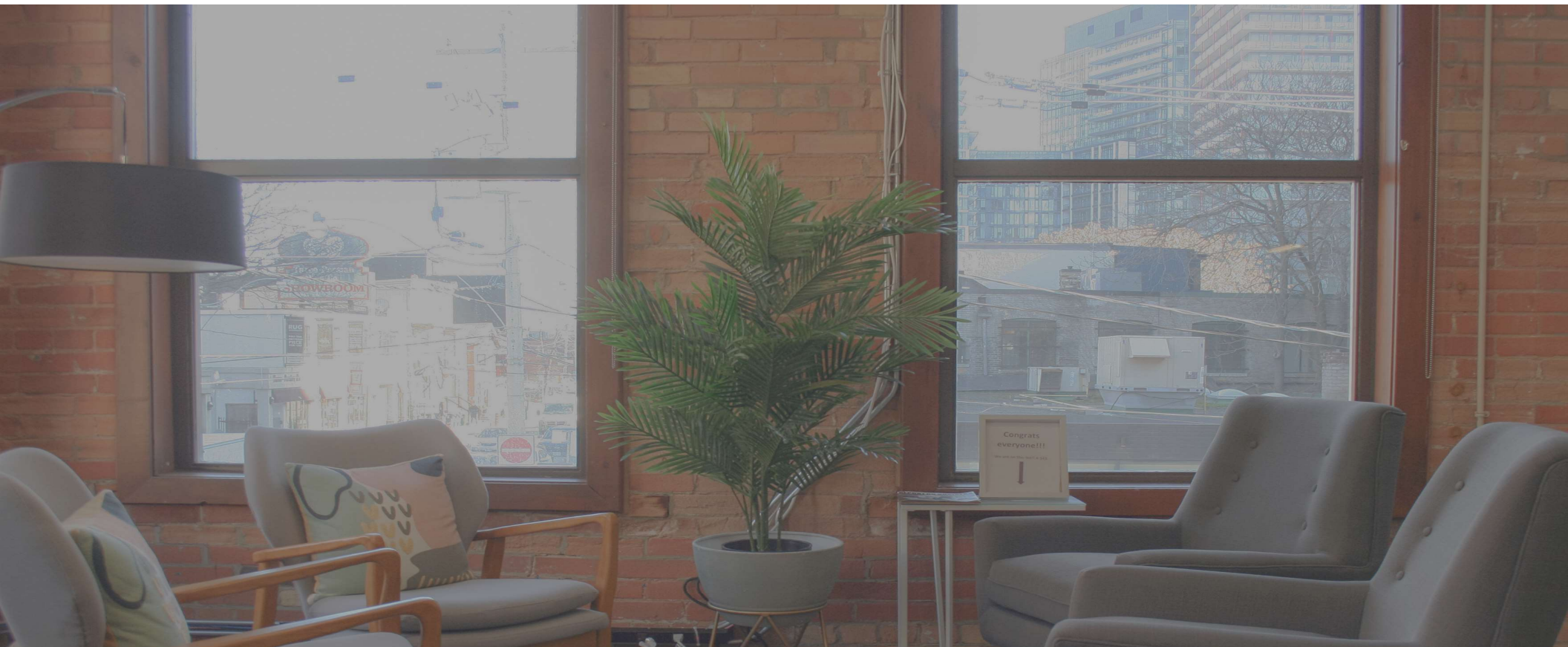
The Board has approved a proposal from Managing Matters to assist Keith Martin in the recruitment of two new hires reporting to him. This will be an update on progress in that recruitment process.

Recommendation / Direction Sought – Update/Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

1 attachment.



CAFI

Recruitment Support Strategy

managing
matters

Recruitment Services with Managing Matters

managing
matters

At Managing Matters we do more than just recruit and hire – we deliver talent management strategies to serve our clients who we see as our partners. We know CAFII well as a partner association, we know your membership and we know your leadership style and we are the best partner to help you with your hiring.

We are so please to have the opportunity to offer CAFII the following plan to develop a strong team for the association.

Managing Matters has been recognized by Great Places To Work for the last 5 years for culture, development, high level engagement and satisfaction, internal mobility and proper succession planning.

We have what it takes to support CAFII in the development and sustainability of their leadership team.

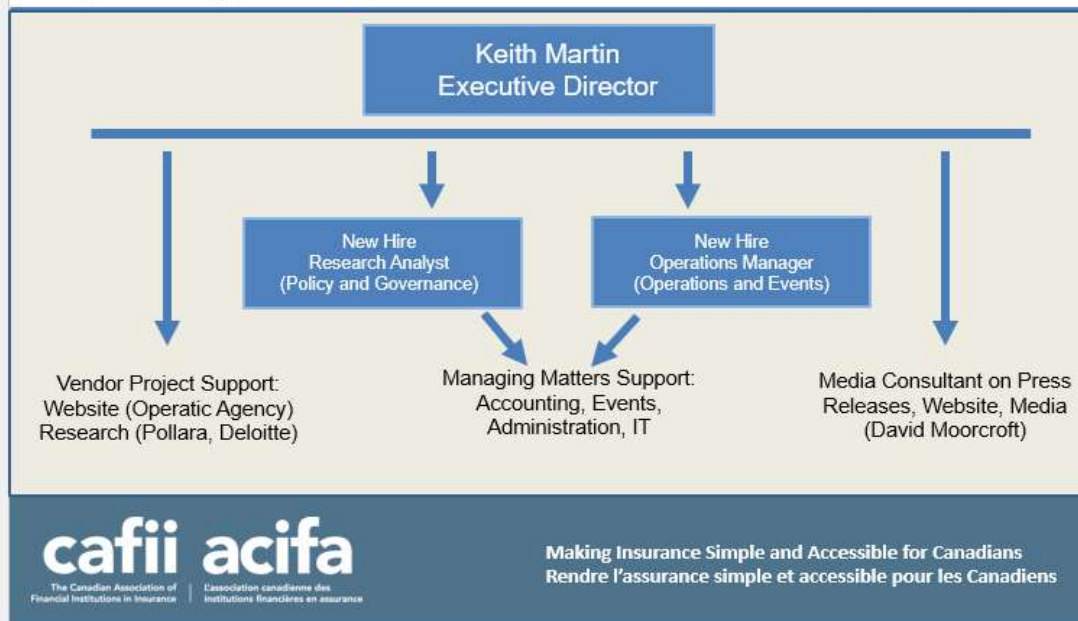


Approved Organizational Chart

managing
matters

Recommendation: Keith Martin as the Sole Executive Director, With Two New Hires Reporting to Keith Martin

5



Research Analyst (5-7 years experience preferred)

In the New Structure, Keith Martin Provides Direction, Strategy, and Leadership, with Support from Two New Hires

6

Research Analyst

Policy Support

- Input in Drafting of Regulatory Submissions; Preparing Presentations to Regulators
- Strategizing with Executive Director, EOC, and Committee members on Approach to Regulatory Issues
- Surveying Industry and Regulatory Trends, Content for Regulatory Updates, Policy Content for EOC and Board Meetings

Governance

- Email motions for New Board Members, Onboarding New EOC and Board members; Script for Chair for Board Meetings
- EOC Agendas, Board Agendas, Ensuring Abiding by Bylaws, Policies; Documentation for EOC, Board meetings; Annual AGM Materials
- Proper Documentation and Following of Processes for Meetings including EOC and Board Consolidated Packages

Operations Manager (7-10 years experience preferred)

In the New Structure, Keith Martin Provides Direction, Strategy, and Leadership, with Support from Two New Hires

7

Operations Manager

Operations

- Lead in Organizing EOC, Board Meetings ; Annual Meeting of Members
- Managing Budget Updates, Audit Process
- Process Enhancements; Project Management; Vendor Management

Events

- Board Receptions, Annual EOC Appreciation Dinner
- Organizing Regulatory Tours (Western Canada, Atlantic Canada)
- Annual Liaison Meeting with the AMF in Quebec; Organizing Meetings, Lunches with Regulators and Policy-Makers

Recruitment Project Plan Overview



1. Preparing
 - 1.1 What is Kolbe
2. Sourcing
3. Screening
 - 3.1 Resume Screening
 - 3.2 Phone Screening
 - 3.3 Candidate Kolbe Assessments
- 4.0 Selecting
 - 4.1 The Interview Process
 - 4.2 Reference Checks
 - 4.3 Background Checks
5. Hiring
 - 5.1 Decision
 - 5.2 Job offer
6. Onboarding

1. Preparing



- Defining the leadership relationship with the roles for Operations Manager and Research Analyst. Outlining the objectives, setting the stage to connect a new team to the Executive Director Keith Martin
 - Kolbe Assessment and coaching session for Keith Martin and Brendan Wycks (complimentary as an MM partner)
- Job Description development for Operations Manager and Research Analyst inclusive of additional requirements identified by the Board of Directors:
 - bilingual capabilities to the extent possible
 - strive to achieve greater diversity in the team
 - Succession planning for the Executive Director
- Salary and market review
- Job Posting review and approval



1.1 What is Kolbe?



- Kolbe™ is a program that makes finding the "right" person for the right job easier and less expensive. Statistically proven, it assists companies in screening and selecting the best job applicants by determining who has the necessary instincts. Kolbe ends the headache of guessing how well a prospective employee will perform, by providing information on how the applicant will take action according to job requirements.
- Using Kolbe provides great insight into the conative, or doing, dimension of the mind. It will be important to also incorporate the cognitive (thinking) and the affective (feeling) parts into the hiring process. Kolbe™ identifies the conative part, and resumes usually give indications of the cognitive skills and knowledge acquired. We will ask affective questions during the interview to determine if the candidate shares the same values and/or vision of the organization.
- Lyn Wallington is one of only 1000 globally trained and certified Kolbe Coach Facilitators to deliver this quality program as a part of the hiring success process.



2. Sourcing

managing
matters

Managing Matters recommends the use of 2 tools for sourcing:

1. LinkedIn – Job posting costs and up to \$1500 in clicks and interactive impressions for each of the roles of Operations Manager and Research Analyst. Additional costs may be applied upon approval for additional search requirements.



2. Indeed – Job posting costs and up to \$1500 in clicks and interactive impressions for each of the roles of Operations Manager and Research Analyst. Additional costs may be applied upon approval for additional search requirements.



3. Screening

managing
matters

3.1 Resume Screening

- Candidates may be pooled based on geographic location to ensure employment tax and HR consistency
Candidates are screened based on qualifications outlined by CAFII and additionally recognized comparable work related national and international experience
- Candidate names are removed to ensure focus remains On applicable skills and qualifications

3.2 Phone Screening

- Top 10 candidates for both positions are pre-screened via phone and presented by Managing Matters for review with CAFII
- CAFII to narrow candidate pool to 5 top candidates for each position

3.3 Candidate Kolbe Assessments

- Kolbe Assessments will be conducted and assessed for the 5 selected candidates in each role and results presented to CAFII with the intention to narrow the selection to the top 3 candidates in each role for interview



4. Selecting



4.1 The Interview Process

- Top 3 candidates that have completed the Kolbe assessment move to the in-person (video interview or face to face). Recommended is face to face.
- Finalization and approval of script and questions
- Finalize interview panel
- Approval and inclusion of assessment tool eg: 72 hour notice to prepare a 10 minute presentation on a predetermined relevant topic
- Final Q & A with select board panel, to provide time for any follow up questions and introduction prior to signing

4.2 Reference Checks – top three candidates to be selected and reference checks to be completed by Managing Matters

4.3 Background Checks using Sterling Backcheck, a secure, fast and reliable online background check (final candidate invitation to be sent for completion by Managing Matters)



5. Hiring

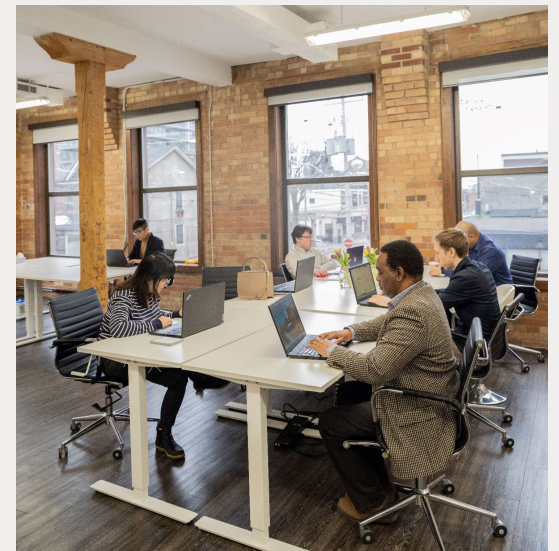


5.1 Decision

- Final decision by CAFII
- Candidate negotiations conducted by Managing Matters

5.2 Job offer

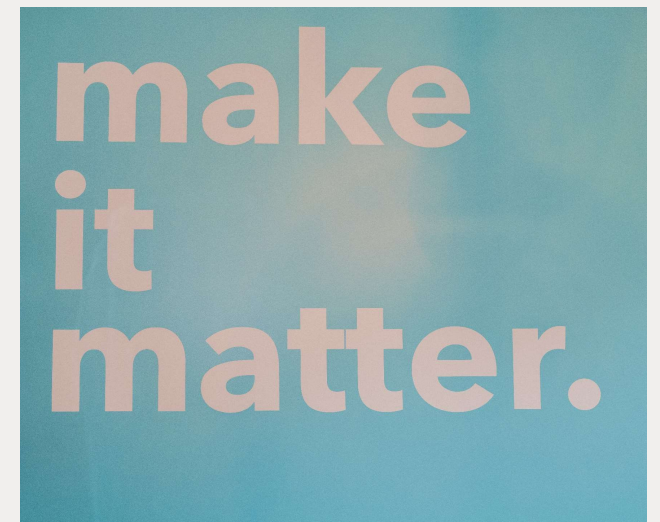
- Employment Contract to be provided by CAFII
- Managing Matters to arrange for electronic signatures and acceptance
- via DocuSign



Onboarding



- Delivery and purchase of equipment can be made under separate billing through Managing Matters
- Training and transition plan
- 90 Day experience survey for both roles



Replacement Guarantee



- If the candidate in either of the two roles; Research Analyst or Operations Manager leaves CAFII within the first 6 months from the first day of employments, Managing Matters will make every endeavor to find a suitable replacement at no additional cost.
- Exclusions:
 1. If the Job Description has changed or there is internal restructuring or redundancy resulting in a change to the position or replacement posting
 2. If the candidate resigns

Fee Structure

managing
matters

| Summary | Fees | Product Fees |
|----------------------|---------------------|---------------------|
| Preparing | \$ 1,500.00 | |
| Sourcing | \$ 1,300.00 | \$ 5,000.00 |
| Screening | \$ 9,100.00 | \$ 2,500.00 |
| Selection | \$ 2,700.00 | |
| Hiring | \$ 1,100.00 | \$ 200.00 |
| Onboarding | \$ 1,050.00 | |
| Total | \$ 16,750.00 | \$ 7,700.00 |
| Package Total | | \$ 24,450.00 |
| HST | | \$ 3,178.50 |
| Final | | \$ 27,628.50 |

Payment Schedule

Payment to be made in 3 equal installments based on the below milestones/phases and anticipated dates of delivery/completion for each phase.

managing
matters

| Installments By Milestone | Anticipated Timeline | Installment | HST | Final Installment |
|--|------------------------------|--------------------|--------------------|---------------------|
| 1st Installment Preparing & Sourcing | Friday, June 30, 2023 | \$ 8,150.00 | \$ 1,059.50 | \$ 9,209.50 |
| 2nd Installment Screening And Interviews Completed | Friday, July 14, 2023 | \$ 8,150.00 | \$ 1,059.50 | \$ 9,209.50 |
| 3rd Selection and Hiring Completed | Saturday, September 30, 2023 | \$ 8,150.00 | \$ 1,059.50 | \$ 9,209.50 |
| Total | | \$24,450.00 | \$ 3,178.50 | \$ 27,628.50 |

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 5(b)

Governance Matters-- Outcomes of First Meeting of CAFII DEI Working Group

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

CAFII has struck a new Diversity, Equity, and Inclusion Working Group, which held its first meeting on Monday, 15 May, 2023. At its first meeting, the Working Group proposed a new Chair, Tejal Harri-Morar (BMO Insurance) who was subsequently confirmed into that role by the EOC.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(b)
June 6/23 Board Meeting

First Meeting of CAFII Board Diversity Working Group

Background Information

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

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

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

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

Volunteer EOC Members Identified to Date:

| CAFII Board of Directors Diversity Working Group | | | | |
|--|-------------|--|--------------------|----------------------------|
| First | Last | Email | Company | BOD/EOC/Committee |
| Rob | Dobbins | (Rob Dobbins) rob.dobbins@assurant.com | Assurant Canada | Diversity Working Group |
| Jennifer | Russell | (Jennifer Russell) Jennifer.russell@assurant.com | Assurant Canada | Diversity Working Group |
| Tejal | Harri-Morar | (Tejal Harri-Morar) Tejal.HarriMorar@bmo.com | BMO Insurance | Diversity Working Group |
| David | Self | (David Self) David.Self@wi.cibc.com | CIBC Insurance | Diversity Working Group |
| Karyn | Kasperski | (Karyn Kasperski) karyn.kasperski@rbc.com | RBC Insurance | Diversity Working Group |
| Andrea | Stuska | (Andrea Stuska) andrea.stuska@td.com | TD Insurance | Diversity Working Group |

Inaugural Meeting

The first meeting will be held on Monday, 15 May, 2023, from 2-3pm (virtually).

Chair of this Working Group

Tejal Harri-Morar of BMO Insurance has agreed to serve as Chair of this Working Group.

Agenda for First Meeting of this Working Group

- Motion to Nominate Tejal Harri-Morar as Chair (Keith Martin, All)
- Welcome and Introductions (Tejal Harri-Morar, All)
- What is the objective of this Working Group? (All)
- Discussion of key issues for Working Group to consider (All)
- Frequency and duration of Working Group's meetings? (All)
- What sort of implementation mandate should the Working Group ask the EOC to obtain from the Board? (All)
- Any other issues and next steps (All)
- Termination of Meeting (Tejal Harri-Morar)

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 5(c)

Governance Matters-- CAFII-Requested Proposal from Operatic Agency for Development of New Back-End to CAFII Website

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

CAFII's backend website uses a software technology called "Drupal," which requires constant updates and which is not user-friendly. We have for some time recognized that a rebuilding of the backend, which is principally used to allow EOC and Board members to access meeting materials, would be a positive project, and this was something CAFII management intended to propose to the Board as part of the 2024 Operating Budget.

However, the backend has recently been at times inaccessible due to the technology challenges of Drupal, and it may be necessary to consider having the needed rebuild occur earlier, in 2023. At this time, we are attempting to keep this as a 2024 project, and this agenda item is solely intended to alert the Board to this issue -- in the event that it does become necessary to speed up this project. If this becomes a pressing matter this year, the Media Advocacy Committee and the EOC would be engaged and a recommendation would be brought to the Board.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Scope of Work May 5, 2023

Member Portal

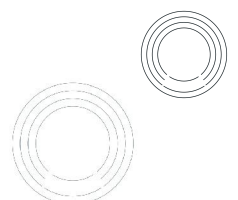
Prepared for CAFII

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Overview

At our core, Operatic is a creative digital agency that solves complex business challenges with data-inspired strategy. Our strengths include research, creative and digital strategy, performance marketing, web design including UX/CRO, and the development of websites/platforms/tools that better connect brands with their intended audience segments. We have a proven ability to produce deliverables that exceed our clients' expectations on time and on budget. To learn more about our approach and the value it drives for our clients, please [visit our website](#).



Objective

CAFI has identified a need to update their Member Portal. The current content management system (CMS), Drupal, is cumbersome for administrators and does not allow for easy, seamless updating. Additionally, there are brand inconsistencies that exist between CAFI's Member Portal and the consumer-facing website. Our objective in updating the Member Portal is to:

- Implement a user-friendly CMS platform, that is easier to manage and update
- Improve the user experience (look and feel)

To achieve this objective, Operatic recommends implementing WordPress as the new CMS platform and retiring Drupal.

Requirements

WordPress is not only the world's most popular CMS, but it is also user-friendly, easy to manage and update, and meets your criteria as outlined below:

- The ability to upload and post all the individual materials for each EOC and board meeting
- The ability to store historical documentation from each EOC and board meeting
- The ability to post and update 'Regulatory Updates'
- The ability to store and upload historical regulatory submissions (this will be implemented as a future project)
- The ability to navigate regulatory submissions and other documentation in an organized fashion such as:
 - chronologically (year, month, day)
 - by regulator and;
 - by topic (privacy, fair treatment of customers, IT reporting etc.)
- The ability to post and update the 'Weekly Digest'
- The ability to migrate all existing material (documents, etc) from the current Member Portal site into WordPress
- Create brand consistency and improve the member experience

Member Portal

Foundation

Our WordPress builds are future-friendly, leveraging advanced custom fields which allow you to easily edit existing pages and add new ones in the future.

There's truly no limit to what you can accomplish, and with peace of mind, because our WordPress builds use best-in-class security measures to keep your Member Portal safe and secure. We follow WordPress best practices including modifying table prefixes, changing the default login URL, limiting login attempts and enabling two-factor authentication.



Features You'll Enjoy

- Consistent look and feel from the front end of the site
- Fully mobile-compatible design captures & retains mobile users
- Lightning fast speed delivers outstanding user experience and search engine optimization advantages
- Includes best practices for on-page search engine optimization enhancements
- Optimized for conversions
- Secured with leading-edge encryption
- Built with a platform that allows us to utilize a large ecosystem of integrations and apps
- Includes the page layouts and initial pages that you need to get started
- You're able to add as many additional pages as you want
- Comprehensive analytics dashboard shows progress towards KPIs
- Hosted and supported by our dedicated, in-house support team who knows you and your brand

WireFrame

Taxonomy is a reference to the general structure of your Member Portal, and the individual web pages that will exist within that structure. Information Architecture (IA) is in reference to the information provided on each one of those pages. The sitemap/wireframe is the overall picture of those two elements. We will rebuild the Member Portal using the existing taxonomy and will improve the IA based on user experience best practices.

Features & Functionality

Your Member Portal has been estimated to include the following specific features and functionality:

- Page Templates – Up to 6
- Total Pages – Up to 90 (EN/FR)
- Gated Portal
- Image Sliders
- Video Embed
- Map Embeds
- Contact Form
- AODA/WCAG Launch Compliant
- Site Search
- FR/EN Versions
- Blog-Style Pages

Member Portal Strategy & Design Process

Our efforts here will focus on creating an exceptional user experience and solid foundation for growth and will include:

- A kickoff meeting to finalize the taxonomy (navigation/pages)
- Outline of the information architecture (what content needs to be on which pages) in the form of a wireframe for your review and approval
- Design of the member homepage, a main navigation page and a sub navigation page for your review and feedback
 - One round of feedback implementation (please ensure feedback is consolidated)
 - Client approval
- Design of remaining pages for your review
 - One round of feedback implementation (please ensure feedback is consolidated)
 - Client approval



Content Requests

Our team of content experts will outline the copy needs of each individual page on your Member Portal and create the necessary content request documents to be shared with David Moorecroft who will write the copy.

Stock Images

In addition to the assets we receive from you, if any additional stock imagery is required, we'll purchase necessary imagery through our licenses on your behalf.

Responsive Design & Visibility Compliance

We'll ensure an optimal experience on mobile devices and that your Member Portal will comply with launch-level, applicable accessibility standards in Ontario (AODA) and in Canada (WCAG).

Upon completion of our designs and after the input of content, you'll have your final opportunity to share feedback. Once you've provided a comprehensive list of your final touches, we'll apply your feedback through one round of revisions as part of this scope.

Development

Our development approach is focused on bringing back-end platforms to life and delivering a fast, responsive, secure and maintainable solutions. The following activities and deliverables comprise our development process:

- **Creation of functional layouts:** Consists of transforming the visual design produced in the design phase into functional HTML, CSS and Javascript-based templates.
- **Testing and quality assurance:** Includes cross-browser and cross-platform testing to ensure a high-quality experience across multiple browsers and devices.
- **Deployment to staging:** We'll deploy the finished product to staging for our final run through.
- **Deployment to production:** We'll ensure that the final and approved product will be successfully launched to your production environment.

Analytics & Tracking

Upon collaboratively defining the key performance indicators that you should measure on your Member Portal, we'll implement the following:

- Google Analytics (GA4 – newest version)
- Google Tag Manager
- 301 redirects of each of your old Member Portal pages to the appropriate pages on your new portal

Quick Reference Guide & Training:

Finally, we'll create a quick reference guide to assist you in understanding the CMS which your site uses, enabling you to make small tweaks quickly and easily, and we'll provide a up to 90 minute training session to get you acquainted with your Member Portal and guide.



Project Governance

What About Feedback?

Feedback is an important part of our process, so addressing it needs to be a part of our workflow. Throughout our program (we'll need you to be especially active out of the gate), you will be given the opportunity to review and provide feedback before deliverables are implemented. We have included one round of revisions for all deliverables in this proposal. Should additional feedback be given after approval is received or one round of revisions is already completed, a Change of Scope Order will be required.

We ask that you do your best to be timely with your feedback so that we may keep your deliverables on time. We understand that from time to time unanticipated challenges arise which delay feedback from you. If this does occur, we'll communicate the effect of the delay on your project timeline.

Scope & Scope Changes

We're partners and as such will deliver what we've scoped in this document, whether or not we're on a budget. That said, from time to time new information, needs or wishes arise from our partners and it's important to note that anything that does not fall within this document is out of scope. When this occurs, our team will be diligent in ensuring that you're aware of the options you have available to you, as well as the pros and cons of each option. In cases where changes are determined to be necessary, a change request will be processed as follows:

- Operatic will create a Change of Scope Order that documents the relevant information, including but not limited to:
 - Description of the change
 - Rationale
 - Impact assessment
 - Effort
 - Associated incremental investment to implement the change
- This Change of Scope Order will be submitted to you and reviewed for final approval before we proceed.

Timeline

Upon signing of this scope we'll create a detailed timeline and will share it with you. This exercise can take up to 5 business days as we brief the team and assign the appropriate resources to support this project. Additionally, this effort will require some of your time and attention for reviews and approvals, and timely cooperation from you is necessary for us to stay on track.

Investment

| Item | One-time |
|--|-----------------|
| Member Portal <ul style="list-style-type: none">• Strategy and Design• Stock Imagery• Content Requests• Development• Analytics and Tracking• Quick Reference Guide and Training | \$37,500 |
| TOTAL | \$37,500 |

Terms and Conditions

- Investment is shown in CAD and does not include applicable taxes.
- 1/3 of the investment due upon acceptance of this proposal
- 1/3 of the investment invoiced upon design sign-off
- 1/3 of the investment invoiced upon site launch
- All invoices are net thirty (30).
- Operatic reserves the right to charge a late interest fee of 2.75% per month on invoices past due thirty (30) days.
- Accepted payment methods include cheque, EFT, and credit card. A 2.75% processing fee will apply to all credit card transactions.



Christy Cusack , VP Consumer Engagement
May 03, 2023

Signature of authorized representative
Date:



Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 5(d) Governance Matters-- Plans for Immediately Ensuing June 6/23 CAFII Reception Event

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

An update will be provided on the CAFII Reception event that will occur immediately after this Board meeting, with guest speaker Anthony Ostler, President and CEO of the Canadian Bankers Association.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(d)
June 6/23 Board Meeting

Having trouble viewing this email? [Click Here](#)

Reminder: You are receiving this email because you have expressed an interest in the Canadian Association of Financial Institutions in Insurance.



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

You're Invited!

You are cordially invited to attend CAFII's Spring Reception event on Tuesday, June 6, 2023. This industry insights, thought leadership, and networking-focused gathering will provide an opportunity to socialize informally with industry counterparts, insurance regulator and policy-maker representatives, and key contacts from allied Associations.

When: Tuesday, June 6, 2023 from 5:30 to 7:30 p.m.

Location: Manulife Corporate Headquarters, 200 Bloor St E, Toronto, ON M4W 1E5

(Access by Side Entrance on St. Paul's Square)



This Reception will feature a presentation by Anthony G. Ostler, President and Chief Executive Officer, Canadian Bankers Association.



Anthony G. Ostler,

President and Chief Executive Officer

Canadian Bankers Association

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

In his address, Mr. Ostler will share his perspectives on a range of topics that hold considerable interest for the CAFII membership. He will touch on the CBA's recent and ongoing organizational transformation, and delve into some of the most pressing concerns that are currently shaping Canada's banking sector, including:

- The stability and resiliency of Canada's banks amid turmoil in the U.S. and European finance sector;
- The federal government's penchant for singling out financial institutions for special taxation and the associated impact on Canada's economic vitality and global competitiveness;
- How banks in Canada are addressing the climate challenge and supporting an orderly transition to net-zero;
- The need to future-proof the financial sector in response to the continuous advancements in financial services; and
- Banking sector support of diversity, equity and inclusion in the workplace.

Reception: Event Overview

5:30 to 6:00 pm Cocktails and Conversation

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

6:00 to 6:30 pm Presentation by Anthony G. Ostler, President and Chief Executive Officer, Canadian Bankers Association

6:30 to 7:30 pm Reception Continues

Further networking and socializing

Registration is required to attend. Please RSVP to this invitation using the "Register Here" link below by 5:00 p.m. on Monday, May 29, 2023.

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

[Click Here to Register](#)

For further information or assistance, please email Meighan Pears at events@cafii.com

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

Canadian Association of Financial Institutions in Insurance
Tel: 416-494-9224 | info@cafii.com | www.cafii.com

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 6(a)

Read Only Items--BCFSA Advisory Re 2023-24 Regulatory Roadmap, Released April 4/23

Purpose of this Agenda Item – *Read Only*

This is a Read Only item.

Background Information

BCFSA has released its 2023-24 Regulatory Roadmap, which provides information on the regulatory activity it plans for this year and next. It can be found in this meeting's consolidated package, as well as here:

<https://www.bcfsa.ca/media/3281/download>

Recommendation / Direction Sought – *Read Only*

This is a Read Only item.

Attachments Included with this Agenda Item

2 attachments.

Agenda Item 6(a)(1)
June 6/23 Board Meeting

Good afternoon,

Please see our advisory regarding BCFSAs release of its 2023/24 Regulatory Roadmap, distributed to all regulated entities and individuals today.



BCFSAs Releases 2023/24 Regulatory Roadmap

Date: April 4, 2023

Distribution: All Regulated Entities and Individuals

Advisory Number: 23-018

Purpose

BC Financial Services Authority ("BCFSAs") is releasing its [2023/24 Regulatory Roadmap](#) ("Roadmap"). As an integrated regulator with responsibility across B.C.'s financial services sector, BCFSAs's mission is to promote confidence in B.C.'s financial services sector and protect the public by providing risk-based and proportional regulation. The Roadmap sets out the planned regulatory priorities over the next three fiscal years to achieve this mandate.

The Roadmap will increase transparency and enable regulated entities to prepare for consultations and implementation of upcoming regulatory initiatives. It will help regulated entities (credit unions, insurers, pension plans, mortgage brokers, trusts and real estate licensees) and other stakeholders understand and plan for initiatives that may have a significant operational impact.

For the first time, the 2023/24 Roadmap includes a summary of regulatory initiatives and priorities undertaken by BCFSA over the past year.

Ongoing dialogue with regulated sector participants has helped to shape and develop the content of the Roadmap. BCFSA values this ongoing dialogue and further questions and comments can be submitted to policy@bcfsa.ca.

Regulatory Priorities

BCFSA plans our regulatory initiatives to respond to complex and dynamic risks. We closely monitor current and emerging risks that may have a material impact on both regulated entities and consumers.

Among BCFSA's key priorities in the Roadmap are:

- Regulatory Framework Modernization – enhancing the efficiency and effectiveness of the regulatory framework for the financial services sector; and
- Enhancing protection for consumers.

Additional Information

BCFSA continuously monitors risks to regulated entities and the broader financial system in the province. As risks evolve, BCFSA may change its approach or priorities to remain effective and efficient. BCFSA will also continue to evolve how it organizes its regulatory priorities through the Roadmap.

Items in the current fiscal year (April 2023 to March 2024) identify the fiscal quarter in which a consultation period is expected to take place, or when the regulatory guidance will be released. Items in subsequent fiscal years identify the year in which they will occur.

While the Roadmap identifies the guidance release date, the implementation date for regulatory guidance may differ. Once an implementation date has been determined, an Advisory will be published to communicate the date to regulated entities.

Visit the [Regulatory Roadmap](#) on BCFSa's website to find additional information and anticipated timing on planned initiatives for each segment.

##Real Estate## ##Mortgage Brokers## ##Pensions## ##Credit Unions## ##Insurance## ##Trust Companies##

BCFSa
BC Financial Services Authority
600-750 West Pender Street
Vancouver, BC Canada
V6C 2T8



APRIL 2023

2023/24 Regulatory Roadmap

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INTRODUCTION

The Regulatory Roadmap (the “Roadmap”) lays out BCFSAs anticipated regulatory priorities for the next three fiscal years. It is intended to increase transparency of BCFSAs regulatory priorities and enable regulated entities to prepare for consultations and implementation of upcoming regulatory initiatives. It should be read in the context of commitments outlined in [BCFSAs Service Plan](#).

BCFSAs mission is to promote confidence in British Columbias financial services sector by providing risk-based and proportional regulation and protecting the public.

BCFSA is dedicated to protecting the public and ensuring fair treatment for consumers of financial services in B.C. and remains focused on ensuring British Columbians receive the information and advice they need to make informed decisions.

BCFSA uses a risk-based prudential supervisory framework to identify imprudent or unsafe business practices and intervenes on a timely basis, as required. The rationale, principles, concepts, and core processes in BCFSAs supervisory framework apply to all BCFSAs regulated financial institutions.

Regulatory Priorities Tied to Areas of Risk

As B.C.s financial services regulator, BCFSAs continuously monitors risks to regulated entities and the broader financial system in the province. The regulatory priorities outlined in this Roadmap are in direct response to identified risks, which are complex and dynamic in their scope and impact. BCFSAs is currently tracking several key risks:

Macroeconomic Environment

Rising interest rates and a persistent inflationary environment are creating challenges and impacts across the economy and BCFSAs regulated segments. The potential for a recession and increased unemployment adds further uncertainty to the economic outlook in the province. Credit unions, mortgage services, and real estate services and development marketing have all been impacted by the considerable slow down in commercial and residential real estate markets. The rising interest rate environment and inflationary pressures have also created challenges for the insurance and reinsurance markets. Volatility in the stock, bond, and real estate markets are impacting pension returns. All these challenges have the potential to directly affect consumers in significant and varied ways. BCFSAs is actively monitoring the macroeconomic environment and impacts to consumers and liaising with government as a trusted partner and source of market intelligence.

Regulatory Framework Modernization

BCFSA continues to look for ways to modernize and enhance the efficiency and effectiveness of the regulatory framework for the financial services sector. BCFSA's Capital Modernization Framework project will ensure credit unions maintain capital levels commensurate with international standards and best practices established through the Basel regulatory framework. A revised supervisory framework for pension plans will enhance oversight of this important segment, further safeguarding the retirement savings of British Columbians. BCFSA's work on an Insurer Code of Market Conduct will strengthen requirements for how insurance companies conduct business in the province. As further referenced below, a new legislative framework for the regulation of mortgage brokers, administrators, and lenders as outlined in the *Mortgage Services Act* will modernize the oversight of mortgage services in the province. Enhancements to the administrative penalty framework for real estate services will ensure BCFSA's compliance and enforcement activities are more effective and efficient, particularly in dealing with unlicensed individuals. With respect to the important priority of combatting money laundering, BCFSA will continue to work closely with the Government of British Columbia and will continue to identify and implement initiatives to strengthen B.C.'s anti-money laundering regime, where and when appropriate.

Enhanced Professionalism to Support Consumer Protection

BCFSA will continue to focus on enhancing protections for real estate consumers while working with industry to enhance expertise. BCFSA will actively support the provincial government in implementing the new *Mortgage Services Act*, which replaces a regulatory framework that has been in place for the last 50 years. The new regulatory framework will clarify and enhance the duties of mortgage service providers to borrowers and investors while modernizing BCFSA's compliance and enforcement tools. Similarly, BCFSA will begin work with industry on reforms to the real estate services regulatory framework to enhance governance and internal oversight of real estate brokerages. Building on previous initiatives which involved reviewing the role and responsibilities of managing brokers, this work will borrow learnings from regulated financial institutions to ensure brokerage's have internal policies and procedures in place to ensure a clear focus on professionalism and compliance within the brokerage.

Natural Catastrophe and Climate Risk

The financial services sector in British Columbia faces increasing physical and transition risks as a result of climate change and increased damage from natural catastrophes. The extreme weather events of 2021 (heat dome, wildfires, and flooding) have demonstrated the impact that a changing climate can have on British Columbia. And while earthquakes are not a result of climate change, an earthquake could cause damages and disruption at a scale much larger than any weather-related climate events. In short, a changing climate poses a significant risk to British Columbians, businesses, and the economy. In 2023/24, BCFSA will start a dialogue with the broader financial services sector on a plan for addressing the risks posed

by natural catastrophes and climate change and how these risks can and should be managed by financial service providers to the benefit of British Columbians.

Crisis Preparedness

A financial stress event can emerge quickly and spread rapidly, impacting not only an individual financial institution and its consumers, but also the broader financial system and the economy within which it operates. While failure of an individual financial institution is possible, BCFSa seeks to ensure that the failure of a single institution does not threaten the stability of the system as a whole. Key to minimizing and preventing financial crises is proactively engaging in crisis preparedness planning and implementing a broad and comprehensive crisis preparedness framework covering BCFSa's regulated financial institutions. BCFSa will continue to work with regulated entities to enhance their operational resiliency and readiness should a financial stress event arise. At the same time, BCFSa will ensure it is prepared to deal with the potential for a financial stress event at a provincially regulated financial institution through strengthening of internal programs and controls designed to enhance BCFSa's readiness.

Digitalization Risk

Transformative technology and the increased digitalization of financial products and services have the potential to bring significant benefits to British Columbians through the development of new and efficient services but also come with great risks. These risks include the increasing threat of cyber attacks on participants in the financial services sector and disruption to traditional business and regulatory models. BCFSa is actively monitoring and working with regulatory partners and government to address a changing digital environment. From open banking and the regulation of digital currencies and crypto assets to payments modernization and artificial intelligence, BCFSa is actively working to understand how these technological innovations will impact consumers and what safeguards might be needed to ensure consumers are protected.

As an integrated regulator with responsibility across B.C.'s financial services sector, the Regulatory Roadmap that follows outlines planned initiatives for the next three fiscal years in the following segments regulated by BCFSa:

- Credit Unions
- Real Estate Services and Real Estate Development Marketing
- Mortgage Brokers
- Insurance Companies
- Pension Plans
- Trust Companies

As risks evolve, BCFSa may change its approach or priorities to remain effective and efficient. BCFSa will also continue to evolve in how it communicates its regulatory priorities through the Roadmap.

Year in Review

2022/23 Regulatory Roadmap Activities

BCFSA embarked on a wide range of initiatives during the 2022/23 fiscal year, pursuing the regulatory priorities outlined in the [2022/23 Regulatory Roadmap](#). Overall, it has been a productive year, with significant progress made towards achieving our mission to promote confidence in B.C.'s financial services sector through risk-based and proportional regulation and public protection.

BCSFA prioritized its planned regulatory initiatives during the fiscal year through a focus on key risk drivers in each regulated segment. For credit unions, these focus areas included Capital and Liquidity Modernization, Crisis Preparedness, and Emerging Risks. In the real estate services and development marketing segments, BCFSA focused on Enhanced Consumer Protection, Improved Real Estate Development Marketing Disclosures and Requirements, Effective Cross-Sector Education, and Emerging Risks. For mortgage brokers, BCFSA's priorities included Effective Cross-Sector Education and Emerging Risks. For insurance, trusts and pensions, BCFSA prioritized initiatives in the areas of Consumer Protection, Enhanced Oversight, and Emerging Risks.

Proactive engagement with our regulated entities and individuals, along with open and transparent communications, has been a hallmark of BCFSA's approach to planning and implementing its regulatory priorities. In 2022/23, we initiated 10 consultations, engaging with stakeholders in credit unions, insurance, trusts, pensions, and in the real estate and mortgage brokerage segments.

Over the course of the past year, BCFSa conducted 30 information sessions and webinars, providing information, answering questions, and listening to the perspectives and feedback of over 800 participants. BCFSa also worked with local real estate boards, and real estate and mortgage broker industry associations, to facilitate webinars on the Home Buyer Rescission Period, reaching thousands of real estate licensees and mortgage brokers.

BCFSa published and circulated for comment seven discussion papers, analyzing and considering the feedback from our stakeholders and implementing changes where appropriate. The [Consultations and Engagement webpage](#) provides details about all the consultations initiated by BCFSa, including how stakeholders were invited to participate.

Some initiatives identified for launch in the 2022/23 Regulatory Roadmap have been deferred due to re-prioritization or to allow sufficient time for BCFSa's regulated segments to prepare for anticipated impacts of regulatory changes. However, the majority of BCFSa's planned regulatory initiatives have been launched within two fiscal quarters of the anticipated timelines outlined in the Regulatory Roadmap.

In the past year, BCFSA has conducted consultations on the following regulatory initiatives and published the following regulatory instruments:

Credit Unions

- Launched a multi-year consultation process to develop a Capital Modernization Framework for B.C. credit unions. This included holding an information session followed by a public call for members to join a technical working group to provide feedback on the development of a public consultation document to be released in the first half of fiscal 2023/24.
- Implemented a Credit Union Code of Market Conduct (Q1 2022/23).
- Published a Recovery Plan Guideline on March 31, 2022.
- Brought an Information Security Guideline into force on September 30, 2022.
- Brought an Outsourcing Guideline into force on September 30, 2022.
- Completed the CUDIC Target Fund Size Review and published an advisory to inform credit unions of the CUDIC Fund Size Target Range on June 29, 2022.
- Conducted a 30-day consultation, including working group sessions, on the CUDIC Differential Premium System.
- Conducted a 30-day consultation on CUDIC Deposit Insurance Data Requirements, holding an information session and working group sessions.
- Launched a consultation on CUDIC's transfer of registered deposits, inviting feedback on a proposed approach for the transfer of insured deposits in registered plan accounts in the event of a B.C. credit union failure.
- Published a consultation summary report including proposed next steps for the development of an Information Security Reporting Incident Rule and analyzing feedback received on specific policy issues related to the reporting of information security incidents to the regulator.

Insurance, Trusts and Pensions

- Published and implemented a Recovery Plan Guideline.
- Brought an Outsourcing Guideline and an Information Security Guideline into force on September 30, 2022.
- Conducted a consultation on the proposed Insurer Code of Market Conduct, inviting feedback from insurers and stakeholders. BCFSa is reviewing the feedback received during the consultation and from follow-up discussions with industry stakeholders. A consultation summary report, including planned next steps for the proposed code, will be published in 2023/24.
- Published a Guideline following extensive consultation with industry, for developing and documenting the provision for adverse deviation for pension plans with target benefit provisions.
- Published disclosure requirements for pensions plans.
- Held a Pensions Stakeholder Engagement Forum, which was attended by over 120 trustees, administrators, and consultants.

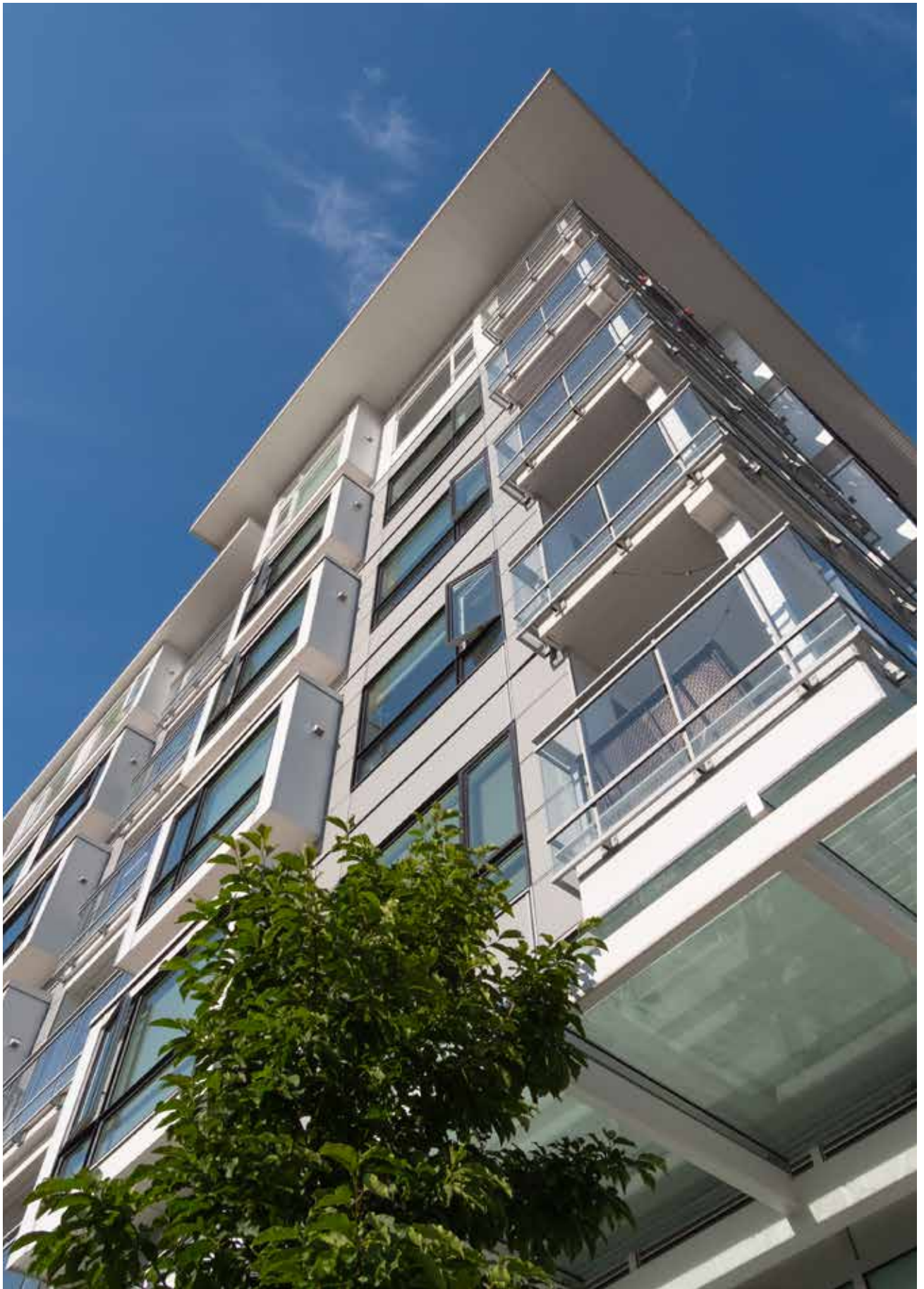
Real Estate

- On May 26, 2022, BCFSa delivered its report on the government's decision to implement a cooling-off period for buyers of residential real estate, *Enhancing Consumer Protection in B.C.'s Real Estate Market*, to the Government of British Columbia.
- Implemented the provincial government's Home Buyer Rescission Period, including providing extensive information and guidance to licensees in advance of the January 3, 2023 implementation date.
- Conducted a 60-day public consultation on proposed amendments to the Real Estate Services Rules. On October 1, 2022, BCFSa brought into force an amendment to the Rules that repeals the requirement to notify savings institutions of pooled trust accounts. On April 1, 2023, amended Rules for real estate teams came into force.
- Conducted two concurrent 30-day public consultations on proposed amendments to Real Estate Development Marketing Act Policy Statements 5 & 6 (Early Marketing Requirements) and Policy Statement 13 (Real Estate Securities Disclosure Requirements). These amended policy statements were published in March 2023.
- Initiated a multi-year consultation on the development of Applied Practice Courses for managing brokers, strata property managers, and rental property managers.

Mortgage Brokers

- Supported the provincial government in the development of the new *Mortgage Services Act*, the first major update to the regulatory framework for mortgage brokers in 50 years. Passed by the provincial legislature in Fall of 2022, this legislation will modernize the regulatory framework for the provision of mortgage services in the province. BCFSa will continue to support the provincial government as it seeks to implement the provisions of the new legislation through the development of accompanying Regulations and will work with industry to ensure an effective transition process to the new regulatory framework.
- Implemented enhanced continuing education, by developing and launching Legal Update for Mortgage Brokers, a new required course for registration renewal or reinstatement, effective April 1, 2023.

BCFSa thanks all those who participated in consultations over the past year by sharing perspectives and offering feedback on proposed regulatory measures. Your contributions have strengthened BCFSa's regulatory responses to key risk drivers in the financial services sector, helping us to continue to build a regulatory framework that protects British Columbians. We look forward to your participation in the regulatory initiatives before us in the year ahead.



Credit Unions

BCFSA's regulatory priorities for provincially regulated credit unions are categorized into four main areas: (1) Regulatory Framework Modernization, (2) Crisis Preparedness, (3) Natural Catastrophe & Climate Risk, and (4) Digitalization Risk. The graphic below outlines BCFSA's anticipated regulatory priorities over the next three fiscal years and identifies priorities from the previous year for which work is ongoing. Items in Year One identify the quarter in which a consultation, publication, or implementation is expected to occur. For Years Two and Three, the graphic notes that BCFSA anticipates doing work on the priority during the year with the specific quarter to be named later.

| Consultation | Publication | Implementation |
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| | YEAR ONE FY 2023/24 | | | | YEAR TWO FY 2024/25 | YEAR THREE FY 2025/26 |
|---|------------------------|---------------------|--------------------|--------------------|------------------------|--------------------------|
| Topic | | | | | | |
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| Recovery Plan Guideline | ◆ | ◆ | | | | |
| CUDIC Differential Premium System (DPS) | ◆ | ◆ | | | | |
| Deposit Insurance Data Requirements | | | | ◆ | | |
| Regulatory Framework Modernization | | | | | | |
| Capital Modernization Framework | | | | | ● | ◆ |
| Enhanced Loan Data Reporting Requirements | | | | | ● | |
| Commercial Lending Guideline | | | | ● | | |
| Revised Residential Mortgage Underwriting Guideline | | | | ● | | |
| Liquidity Modernization | | | | | | |
| Capital Management Guideline | | | | | | |
| Crisis Preparedness | | | | | | |
| Deposit Insurance Awareness Survey | | | | | ● | ◆ |
| Operational Risk and Resiliency Guideline | | | | | ● | |
| Resolution Plan Guideline | | | | | | |
| Natural Catastrophe & Climate Risk | | | | | | |
| Natural Catastrophe and Climate Risk Discussion Paper | ● | | | | | |
| Natural Catastrophe and Climate Risk Guideline | | | | | | ● |
| Digitalization Risk | | | | | | |
| Information Security Incident Reporting – Updated Guideline for PRFIs | | | | | ● | |

DETAILED SUMMARY OF REGULATORY PRIORITIES

Regulatory Framework Modernization

As part of its ongoing work, BCFSa looks to continually enhance and modernize all aspects of its regulatory framework, including its supervisory approach and guidance to regulated entities and regulatory requirements. In FY 2023/24, BCFSa will continue to work on modernization of B.C.'s capital framework as well as update regulatory guidance related to commercial lending and residential mortgage underwriting.

Additional details on BCFSa's modernization efforts are outlined below:

Capital Modernization Framework. The Capital Modernization Framework is a multi-year initiative to modernize B.C.'s capital framework. These updates will ensure that capital adequacy requirements continue to reflect underlying risks, clarify BCFSa's expectations, and reflect, as appropriate, developments in international standards and best practices. The ultimate outcome of this initiative is expected to be new Rules which will replace the existing Capital Requirements Regulation. During the 2022/23 fiscal year, BCFSa assembled a working group and initiated a consultation process, which will inform a public discussion paper to be published for consultation in the first half of fiscal year 2023/24. Credit union consultations will continue throughout the Capital Modernization Framework process.

Enhanced Loan Data Reporting Requirements. BCFSa plans to implement new loan data reporting requirements in fiscal year 2023/24 to enhance credit union regulatory reporting to allow for better monitoring and assessment of risk in credit union loan portfolios. Analysis of collected data is a crucial component of BCFSa's risk-based supervision. The proposed loan data reporting will allow for in-depth assessments of current or emerging risks, enhance credit union regulatory reporting, and provide valuable reports. BCFSa will engage in consultation with credit unions to finalize the requirements and determine the implementation timeline.

Commercial Lending Underwriting Guideline. This new Guideline will codify BCFSa's expectations for credit unions to manage associated risks, harmonize risk rating categories for commercial loans, and clarify expectations for participation in syndicated lending. In 2021/22 and 2022/23, BCFSa issued two information requests on commercial lending, which in part, support the development of this Guideline.

Residential Mortgage Underwriting Guideline. BCFSa will update its existing Guideline to reflect changes from capital modernization and the evolving macro-economic environment.

Liquidity Modernization. The Liquidity Modernization project, already underway, aims to align BC credit unions with Basel III liquidity standards through implementation of Liquidity Adequacy Requirements in line with global best practices. BCFSa published its [Liquidity Management Guideline](#) in 2020 and has subsequently updated its reporting templates to include modern liquidity ratios. Further engagement with industry is anticipated to begin in fiscal year 2024/25.

Capital Management Guideline (including revised ICAAP & ICT). BCFSa plans to develop a Guideline that includes updates to existing Internal Capital Adequacy Assessment Process (“ICAAP”) Guide & Internal Capital Target (“ICT”). Failure to update capital management policies may increase the risk of inadequate capital levels commensurate to a financial institutions’ risk profile. Consultation on the Capital Management Guideline will begin in fiscal year 2024/25.

Crisis Preparedness Framework Initiatives

Effective crisis preparedness can minimize the effects of events that threaten the ongoing viability of a financial institution. BCFSa issues Guidelines, such as the recently published Recovery Plan Guideline, to communicate its expectations for effective risk management and crisis preparedness, based on international and national standards. These expectations are meant to increase the resilience, relevance, and sustainability of credit unions in financial stress events. In the unlikely event of a credit union failure, BCFSa is responsible for ensuring a sustainable and effective deposit insurance program is in place. As part of maintaining the deposit insurance fund and guarantee, the Credit Union Deposit Insurance Corporation of British Columbia (“CUDIC”) proactively plans for unlikely credit union failures, which require depositors to be paid out from the deposit insurance fund. BCFSa and CUDIC are committed to working collaboratively with stakeholders to maintain preparedness and confidence in the credit union system in the face of changes such as consolidations and federal continuances, innovative technologies, natural catastrophe and climate impacts, and economic disruption.

Deposit Insurance Awareness Survey. Working with credit unions, CUDIC will conduct a deposit insurance awareness survey to assess members’ understanding of the deposit insurance guarantee. This survey is targeted for Q3 2023/24.

Operational Risk and Resiliency Guideline. BCFSa does not currently have a Guideline that codifies expectations for the management of operational risks. BCFSa will use the OSFI E-21 Guideline as a reference point. The OSFI E-21 Guideline is currently being updated to include operational resiliency which is seen as an outcome of effective operational risk management. This guideline is targeted for development in FY 2024/25.

Resolution Plan Guideline. Building on the work undertaken with credit unions on the Recovery Plan Guideline, BCFSa will develop and consult on resolution plans, which are implemented when a credit union is insolvent or approaching insolvency. Resolution plans are an important stabilizer for the entire credit union segment. The development of this Guideline is targeted for fiscal year 2024/25.

Natural Catastrophe & Climate Risk

BCFSA closely monitors current and emerging risks that have the potential for a material impact on financial institutions and its members or customers. Based on continuous risk monitoring, BCFSA considers how to respond to such risks. Natural catastrophes and climate change is a critical risk that BCFSA is actively monitoring across the financial services sector.

Natural Catastrophe and Climate Risk. Natural catastrophes, including earthquakes, floods, and wildfires, pose a significant risk to British Columbians and the financial services sector in B.C. In many cases, consumers lack information to make informed decisions to mitigate financial loss. BCFSA will outline its proposed approach to managing natural catastrophe and climate risk for the financial services sector in a discussion paper expected to be issued in Q1 2023/24, followed by consideration of necessary regulatory instruments. The discussion paper is intended to start a dialogue with industry about how best to address and mitigate the risks posed by natural catastrophes and a changing climate.

Digitalization Risk

Information Security Incident Reporting. Reporting of material information security incidents in a timely manner is of critical importance to BCFSA. As part of its consultation on an information security incident reporting rule, BCFSA received feedback that before proceeding to a rule, there should be sufficient time for all financial institutions to implement and demonstrate compliance with existing expectations contained in BCFSA's [Information Security Guideline](#). In recognition of this and other feedback, BCFSA plans to revisit its guidance and expectations for the reporting of information security incidents beginning in Q3 2023/24.



Real Estate Services and Real Estate Development Marketing

BCFSA's regulatory priorities for the real estate segment are categorized into three main areas: (1) Proactive Oversight of the Real Estate Industry; (2) An Efficient and Effective Regulatory Enforcement Program; and (3) Natural Catastrophe and Climate Risk. The graphic below outlines BCFSA's anticipated work on these priorities over the next three fiscal years. Items in Year One identify the quarter in which consultation, publication, or implementation is expected to occur. For Years Two and Three, the graphic notes that BCFSA anticipates doing work on the priority during the year with the specific quarter to be named later. BCFSA's regulatory priorities will continue to focus on ensuring consumers are informed and protected throughout the real estate transaction process, including monitoring areas of emerging risk (e.g., age demographics of managing brokers, labour force issues in the rental property and strata management areas).

| Consultation | Publication | Implementation |
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| | YEAR ONE FY 2023/24 | | | | YEAR TWO FY 2024/25 | YEAR THREE FY 2025/26 |
|---|------------------------|---------------------|--------------------|--------------------|------------------------|--------------------------|
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| Real Estate Services Rules – Teams | ◆ | | | | | |
| REDMA Policy Statements 5, 6, & 13 | ◆ | | | | | |
| Proactive Oversight of the Real Estate Industry | | | | | | |
| Real Estate Data Collection – Annual Data Call | ● | | | | ● | ● |
| Real Estate Data Collection – Information Sharing | | | | | ◆ | |
| REDMA Consumer Disclosure Enhancements | | | | | ◆ | |
| Brokerage Governance and Accountability Plans (GAPs) | | | | | ● | |
| Education Enhancements – Applied Practice Course (APC) for Managing Brokers | | | | | ◆ | |
| Education Enhancements – APC for Strata and Rental Property Management | | | | | ◆ | |
| An Efficient & Effective Regulatory Enforcement Program | | | | | | |
| Administrative Penalties Update – Rules | | | | | ● | |
| Natural Catastrophe & Climate Risk | | | | | | |
| Natural Catastrophe and Climate Risk Discussion Paper | ● | | | | | |

DETAILED SUMMARY OF REGULATORY PRIORITIES

Proactive Oversight of the Real Estate Industry

In the coming years, BCFSa will continue to take steps to strengthen consumer protection in the real estate market, working with government and industry.

Real Estate Data Collection – Annual Data Call. Building on the results of BCFSa's 2022 and 2023 brokerage data calls, BCFSa will conduct a data call in Q4 to continue to monitor how market conditions affect certain consumer risk factors (e.g., unconditional offers, multiple offers, above-asking offers). Additional data fields may be requested, depending on policy needs.

Real Estate Data Collection – Information Sharing. BCFSa will engage the British Columbia Real Estate Association ("BCREA") and local real estate boards to explore opportunities for more formal information sharing to support regulatory needs. Regulator access to real estate transaction information, among other data sources, will help enhance the evidence base for BCFSa's policy and market conduct work.

REDMA Consumer Disclosure Enhancements. BCFSa will engage the real estate development community in fiscal year 2023/24 on ways to enhance consumer disclosure materials to the benefit of presale purchasers. This measure is intended to make consumer disclosure statements, which are often lengthy and complex, more accessible and meaningful for purchasers, with key information more readily available.

Brokerage Governance and Accountability Plans (GAPs). In the second half of fiscal year 2023/24, BCFSa will undertake policy consultations on the introduction of potential new requirements for brokerages to develop governance and accountability plans to help strengthen regulatory compliance and support risk-based decision making and oversight across all operations of a brokerage. This work builds on one of the main recommendations that came out of past work by the regulator to review the role of managing brokers in a changing regulatory environment.

Education Enhancements – Applied Practice Course (APC) for Real Estate Licensees. In Q1 and Q2, BCFSa will undertake further consultations on the development of an Applied Practice Course for managing brokers. Further, beginning in the first half of fiscal year 2023/24, BCFSa will engage with strata management and rental property management licensees on education enhancements for these segments of the industry.

An Efficient & Effective Regulatory Enforcement Program

Building on internal work done throughout fiscal year 2022/23 to enhance its regulatory enforcement program, BCFSa will continue to look for ways to improve the efficiency and effectiveness of its complaint handling and discipline processes.

Administrative Penalties Update – Rules. In Q3, BCFSa plans to undertake a formal consultation on proposed amendments to the Real Estate Services Rules. These proposed amendments will update BCFSa's existing administrative penalties ("AP") framework, including enabling APs to address instances of unlicensed activity, encouraging prompt compliance with BCFSa investigations, and making minor adjustments to eligible contraventions and categories.

Natural Catastrophe & Climate Risk

BCFSa closely monitors current and emerging risks that have the potential to have a material impact on regulated entities and financial services consumers. Based on continuous risk monitoring, BCFSa considers how to respond to such risks. Natural catastrophes and climate change are a critical risk that BCFSa is actively monitoring across the financial services sector.

Natural Catastrophe and Climate Risk. Natural catastrophes, including earthquakes, floods, and wildfires, pose a significant risk to British Columbians and the financial services sector in B.C. In many cases, consumers lack information to make informed decisions to mitigate financial loss. BCFSa will outline its proposed approach to managing natural catastrophe and climate risk for the financial services sector in a discussion paper expected to be issued in Q1 2023/24, followed by consideration of necessary regulatory instruments. The discussion paper is intended to start a dialogue with industry about how best to address and mitigate the risks posed by natural catastrophes and a changing climate.

Mortgage Brokers

BCFSA's regulatory priorities for mortgage brokers are categorized into three main areas: (1) Implementation of the *Mortgage Services Act* ("MSA"); (2) Enhanced Continuing Education; and (3) Natural Catastrophe & Climate Risk. The graphic below outlines BCFSA's anticipated regulatory priorities for mortgage brokers over the next three fiscal years and identifies a priority from the previous year for which work is ongoing. Items in Year One identify the quarter in which a consultation, publication or implementation is expected to occur. For Years Two and Three, the graphic notes that BCFSA anticipates doing work on the priority during the year with the specific quarter to be named later.

The priority objective for the 2023/24 fiscal year is providing continued support to the Government of British Columbia in their development of Regulations and Rules under the MSA, which will enable implementation of that Act, and will accordingly modernize the regulation of the mortgage broker industry in B.C. This will also enable BCFSA to provide greater public protection as a modern, efficient, and effective financial services regulator.

| Consultation | Publication | Implementation |
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| | YEAR ONE FY 2023/24 | | | | YEAR TWO FY 2024/25 | YEAR THREE FY 2025/26 |
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| Legal Update Course Implementation | ◆ | ◆ | ◆ | ◆ | | |
| Implementation of Mortgage Services Act (MSA) Framework | | | | | | |
| Support Government to develop Regulations, Rules and other regulatory requirements to enable MSA implementation | | | | | ◆ | |
| Develop and communicate a clear transition plan for existing registrants | | | | ● | ◆ | |
| Enhanced Continuing Education | | | | | | |
| Development of New Ethics Course | | | | | ◆ | |
| Natural Catastrophe & Climate Risk | | | | | | |
| Natural Catastrophe and Climate Risk Discussion Paper | ● | | | | | |

DETAILED SUMMARY OF REGULATORY PRIORITIES

Implementation of *Mortgage Services Act*

In the 2022/23 fiscal year, the B.C. legislature passed the *MSA*, which will modernize the mortgage broker segment in the province. The *MSA* will replace the outdated *Mortgage Brokers Act* and greatly expand BCFSAs tools to regulate the mortgage broker segment. More closely aligning with other financial services legislation in B.C., the *MSA* allows for more efficient regulation and helps to encourage responsible business conduct. BCFSAs anticipates that full implementation of the *MSA* will occur over several years.

Support Government to develop Regulations, Rules and other regulatory requirements to enable *MSA* implementation. In the 2023/24 fiscal year, BCFSAs will continue to support the Province of British Columbia in their development of Regulations and Rules under the *MSA*. In addition, BCFSAs will develop related regulatory instruments, such as Regulatory Statements and Guidelines, to help bring the regulatory framework into force. Together, these requirements will enable the implementation of the *MSA* in a phased approach.

Develop and Communicate a Clear Transition Plan for Existing Registrants. BCFSAs recognizes that the regulatory framework under the *MSA* will be a significant change for existing registrants, and that a clear and well-communicated transition plan is critical for proper implementation of the new legislation. Over fiscal year 2023/24, BCFSAs will develop a transition plan for existing registrants to bring them into this new regulatory framework in an effective manner. BCFSAs estimates communicating this transition plan in Q4 2023/24 with implementation of the *MSA* beginning in fiscal year 2024/25.

Enhanced Continuing Education

BCFSAs's continuing education program promotes confidence in licensing requirements and the professionalism of the mortgage broker industry. Over the next three fiscal years, BCFSAs will continue its work on this important priority area by requiring a new course on legal and regulatory issues and through the development of a new ethics course. BCFSAs will continue to leverage the existing education program and resources for real estate licensees in developing a more robust education program for the mortgage broker segment.

Legal Update Course Implementation. In the 2022/23 fiscal year, BCFSAs began offering mandatory continuing education to mortgage brokers, aligning requirements with those for real estate licensees. Launched in Q4 2022/23, the first course was "Legal Update" which provides legal and regulatory updates for mortgage brokers. "Legal Update" will become a required course for registration renewal or reinstatement, effective April 1, 2023.

Development of new Ethics Course. Following "Legal Update", a second course on ethical decision-making in the context of the financial services sector will be implemented in fiscal year 2024/25 following developmental work in fiscal year 2023/24.

Natural Catastrophe & Climate Risk

BCFSA closely monitors current and emerging risks that have the potential to have a material impact on regulated entities and financial services consumers. Based on continuous risk monitoring, BCFSA considers how to respond to such risks. Natural catastrophes and climate change is a critical risk that BCFSA is actively monitoring across the financial services sector.

Natural Catastrophe and Climate Risk. Natural catastrophes, including earthquakes, floods, and wildfires, pose a significant risk to British Columbians and the financial services sector in B.C. In many cases, consumers lack information to make informed decisions to mitigate financial loss. BCFSA will outline its proposed approach to managing natural catastrophe and climate risk for the financial services sector in a discussion paper expected to be issued in Q1 2023/24, followed by consideration of necessary regulatory instruments. The discussion paper is intended to start a dialogue with industry about how best to address and mitigate the risks posed by natural catastrophes and a changing climate.

Insurance Companies

BCFSA's regulatory priorities for provincially regulated insurance companies are categorized into three main areas: (1) Fair Treatment of Customers; (2) Natural Catastrophe & Climate Risk; and (3) Digitalization Risk. The graphic below outlines BCFSA's anticipated regulatory priorities over the next three fiscal years. Items in Year One identify the quarter in which a consultation, publication or implementation is expected to occur. For Years Two and Three, the graphic notes that BCFSA anticipates doing work on the priority during the year with the specific quarter to be named later.

BCFSA is an active participant in the Canadian Council of Insurance Regulators ("CCIR"), an association of Canadian insurance regulators. The mandate of CCIR is to facilitate and promote an efficient and effective insurance regulatory system in Canada to serve the public interest. CCIR members work together to develop solutions to regulatory issues and emerging risks identified by its members and industry. CCIR members strive to harmonize approaches to regulatory issues. As well, where appropriate, BCFSA adopts regulatory guidance issued by the Office of the Superintendent of Financial Institutions ("OSFI").

| Consultation | Publication | Implementation |
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| | YEAR ONE FY 2023/24 | | | | YEAR TWO FY 2024/25 | YEAR THREE FY 2025/26 |
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| Recovery Plan Guideline | ◆ | ◆ | | | | |
| Fair Treatment of Customers | | | | | | |
| BCFSA Insurer Code of Conduct | ● | ◆ | ◆ | ◆ | | |
| CCIR Work on Segregated Funds | ● | | ● | ● | | |
| CCIR Work on Incentives Management Guidance | ● | | | | | |
| Natural Catastrophe & Climate Risk | | | | | | |
| Natural Catastrophe and Climate Risk Discussion Paper | ● | | | | | |
| Natural Catastrophe and Climate Risk Guideline | | | | | | ● |
| Digitalization Risk | | | | | | |
| Information Security Incident Reporting – New Guidance for Extraprovincial Financial Institutions | | | | | ● | |
| Information Security Incident Reporting – Updated Guideline for PRFIs | | | | | ● | |

DETAILED SUMMARY OF REGULATORY PRIORITIES

Fair Treatment of Customers

Through proactive market conduct supervision, including data collection and reporting requirements, thematic reviews of products or business practices, and targeted monitoring of specific regulated entities and individuals, BCFSA identifies and intervenes to address harmful business practices. BCFSA promotes high standards of market conduct within the financial services sector by providing the information and guidance necessary to enable regulated entities to comply with legislative requirements and best practices.

Insurer Code of Market Conduct. Changes to the *Financial Institutions Act* require insurance companies to adopt a code of market conduct (the “Code”) as established by BCFSA. In the 2022/23 fiscal year, BCFSA engaged in a public consultation on a proposed Insurer Code of Market Conduct, leveraging the principles included in CCIR’s Guidance on the “Conduct of Insurance Business and Fair Treatment of Customers”. BCFSA is reviewing feedback received as part of the consultation and will issue a go forward plan in the first half of fiscal year 2023/24.

CCIR Work on Segregated Funds. Working with the Canadian Securities Administrators (“CSA”), CCIR has engaged in a multi-year project aimed at harmonizing practices and disclosures related to segregated funds. BCFSA will look at industry practices related to deferred sales charges, total cost reporting, and chargebacks, as appropriate, in fiscal year 2023/24.

CCIR Work on Incentives Management Guidance. CCIR has engaged in a multi-year project, including consultation with industry, developing guidance on incentives management. A joint project with the Canadian Insurance Services Regulatory Organizations (“CISRO”), the guidance aims to ensure that Insurers and Intermediaries develop incentive arrangements that achieve fair treatment of consumer outcomes. Insurers and Intermediaries are expected to put in place policies, procedures and controls in order to meet their obligations in this regard. In fiscal year 2023/24, BCFSA will communicate with insurance companies how it intends to implement this guidance in B.C.

Natural Catastrophe & Climate Risk

BCFSA closely monitors current and emerging risks that have the potential to have a material impact on regulated entities and consumers. Based on continuous risk monitoring, BCFSA considers how to respond to such risks. Natural catastrophes and climate change are critical risks that BCFSA is actively monitoring across the financial services sector.

Natural Catastrophe and Climate Risk. Natural catastrophes, including earthquakes, floods, and wildfires, pose a significant risk to British Columbians and the financial services sector in B.C. In many cases, consumers lack information to make informed decisions to mitigate financial loss. BCFSA will outline its proposed approach to managing natural catastrophe and climate risk for the financial services sector in a discussion paper expected to be issued in Q1 2023/24, followed by consideration of necessary regulatory instruments. The discussion paper is intended to start a dialogue with industry about how best to address and mitigate the risks posed by natural catastrophes and a changing climate.

Digitalization Risk

Information Security Incident Reporting. Reporting of material information security incidents in a timely manner is of critical importance to BCFSA. As part of its consultation on an information security incident reporting rule, BCFSA received feedback that before proceeding to a rule, there should be sufficient time for all financial institutions to implement and demonstrate compliance with existing expectations contained in BCFSA's recently released [Information Security Guideline](#). In recognition of this and other feedback, BCFSA plans to revisit its guidance and expectations for the reporting of information security incidents beginning in Q3 2023/24, including codifying expectations for extra-provincial insurers.

Pension Plans

BCFSA's regulatory priorities for B.C. pension plans are categorized into three main areas: (1) Pension Plan Governance; (2) Natural Catastrophe & Climate Risk; and (3) Digitalization Risk. The graphic below outlines BCFSA's anticipated regulatory priorities over the next three fiscal years and identifies priorities from the previous year for which work is ongoing. Items in Year One identify the quarter in which a consultation, publication or implementation is expected to occur. For Years Two and Three, the graphic notes that BCFSA anticipates doing work on the priority during the year with the specific quarter to be named later. Among several updates planned to ensure effective oversight of B.C. pension plans, BCFSA will also update its Risk-Based Supervision Framework for Pension Plans.

BCFSA is an active participant in the Canadian Association of Pension Supervisory Authorities ("CAPSA"), an association of Canadian pension regulators. The mandate of CAPSA is to facilitate an efficient and effective pension regulatory system in Canada.

| Consultation | Publication | Implementation |
|--------------|-------------|----------------|
| | ● | ◆ |

| | YEAR ONE FY 2023/24 | | | | YEAR TWO FY 2024/25 | YEAR THREE FY 2025/26 |
|---|------------------------|---------------------|--------------------|--------------------|------------------------|--------------------------|
| Topic | | | | | | |
| Previous Year's Items in Progress | Q1 Apr 1-Jun 30 | Q2 Jul 1-Sept 30 | Q3 Oct 1-Dec 31 | Q4 Jan 1-Mar 31 | Q1-Q4 Apr 1-Mar 31 | Q1-Q4 Apr 1-Mar 31 |
| Disclosure Requirement | | | | | | |
| Pension Plan Governance | | | | | | |
| Multi Employer Pension Plan – Best Practices | ● | | | | | |
| Revision to Pensions Regulatory Statements | ● | | | | | |
| Changes to Actuarial Information Summary (AIS) e-filing system | ● | | | | | |
| Revision to Pension Plan Membership Data | | | ● | | | |
| Update Risk-Based Supervision Framework for Pension Plans | | | | ● | ◆ | |
| Natural Catastrophe & Climate Risk | | | | | | |
| Natural Catastrophe and Climate Risk Discussion Paper | ● | | | | | |
| Digitalization Risk | | | | | | |
| Information Security Incident Reporting – Updated Guideline for PRFIs | | | | | ● | |

DETAILED SUMMARY OF REGULATORY PRIORITIES

Pension Plan Governance

BCFSA oversees the administration and enforcement of the *Pension Benefits Standards Act* (“PBSA”) and the Pension Benefits Standards Regulation (“PBSR”). As part of its oversight responsibilities, BCFSA ensures that there is an appropriate regulatory framework in place to oversee pension plan members and beneficiaries in a comprehensive and forward-looking way.

Multi Employer Pension Plan - Best Practices. BCFSA will outline best practices for multi-employer pension plans (“MEPPs”) in B.C. This information is targeted for release in Q1 2023/24.

Revision to Pensions Regulatory Statements. BCFSA will update Regulatory Statements 2020-001 and 2021-013 to provide clarification on certain items from [Order in Council \(OIC\) 505](#).

Changes to Actuarial Information Summary (AIS) e-filing System. BCFSA will provide information on updates made to the AIS e-filing system to reflect changes introduced by [OIC 505](#).

Revision to Pension Plan Membership Data. BCFSA will provide information regarding upcoming changes to the information requirements for membership data that must be submitted when filing the pension plan Annual Information Report (“AIR”). This information is targeted for release in Q3 2023/24.

Update Risk-Based Supervision Framework for Pension Plans. BCFSA will update the Risk-based Supervision Framework document published in 2014. The document describes the principles, concepts, and core processes that make up our Risk-Based Regulatory Framework. Ongoing updates to the supervision framework for pension plans help to maintain public confidence in the regulatory oversight of plans in B.C. This work is targeted for release in Q4 2023/24.

Natural Catastrophe & Climate Risk

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Digitalization Risk

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Trust Companies

BCFSA's regulatory priorities for the Trust segment are categorized into two main areas: (1) Natural Catastrophe & Climate Risk and (2) Digitalization Risk. Where appropriate, BCFSA [adopts](#) regulatory guidance issued by the Office of the Superintendent of Financial Institutions ("OSFI").

The graphic below outlines BCFSA's anticipated regulatory priorities for trust companies over the next three fiscal years and identifies priorities from the previous year for which work is ongoing. Items in Year One identify the quarter in which a consultation, publication or implementation is expected to occur. For Years Two and Three, the graphic notes that BCFSA anticipates doing work on the priority during the year with the specific quarter to be named later.

| Consultation | Publication | Implementation |
|--------------|-------------|----------------|
| | ● | ◆ |

| | YEAR ONE FY 2023/24 | | | | YEAR TWO FY 2024/25 | YEAR THREE FY 2025/26 |
|--|------------------------|---------------------|--------------------|--------------------|------------------------|--------------------------|
| Topic | | | | | | |
| Previous Year's Items in Progress | Q1 Apr 1-Jun 30 | Q2 Jul 1-Sept 30 | Q3 Oct 1-Dec 31 | Q4 Jan 1-Mar 31 | Q1-Q4 Apr 1-Mar 31 | Q1-Q4 Apr 1-Mar 31 |
| Recovery Plan Guideline | ◆ | ◆ | | | | |
| Natural Catastrophe & Climate Risk | | | | | | |
| Natural Catastrophe and Climate Risk Discussion Paper | ● | | | | | |
| Natural Catastrophe and Climate Risk Guideline | | | | | | ● |
| Digitalization Risk | | | | | | |
| Information Security Incident Reporting – New Guideline for Extraprovincial Financial Institutions | | | | | ● | |
| Information Security Incident Reporting – Updated Guideline for PRFIs | | | | | ● | |

DETAILED SUMMARY OF REGULATORY PRIORITIES

Natural Catastrophe & Climate Risk

BCFSA closely monitors current and emerging risks that have the potential to have a material impact on regulated entities and consumers. Based on continuous risk monitoring, BCFSA considers how to respond to such risks. Natural catastrophes and climate change are critical risks that BCFSA is actively monitoring across the financial services sector.

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Digitalization Risk

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Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 6(b)

**Read Only Items-- CCIR/CISRO Incentives Management Guidance Questions & Answers Document
(Released April 17/23)**

Purpose of this Agenda Item – Read Only

This is a Read Only item.

Background Information

CCIR/CISRO has released a question and answer document on its Incentives Management Guidance. It can be found in this meeting's consolidated package, as well as here:

<https://www.ccir-ccra.org/Documents/View/3785>

Recommendation / Direction Sought – Read Only

This is a Read Only item.

Attachments Included with this Agenda Item

1 attachment.



Questions and Answers (Q&A) – CCIR and CISRO Incentive Management Guidance (IMG)

1. Q: How does the IMG connect with the FTC guidance?

A: The IMG complements the FTC guidance by setting expectations and outcomes for insurers and intermediaries to develop incentive arrangements which align with Fair Treatment of Customers (FTC). The IMG builds on the expectations outlined in section 6.2 of the FTC guidance. Insurers and intermediaries are expected to put in place policies, procedures, and controls to meet their obligations, and avoid or properly manage conflict of interest risks in their incentive arrangements.

2. Q: Why does the guidance address conflicts of interest (2.10) when these are already addressed in another guidance?

A: Expectation 2.10 does not introduce a new process. It rather clarifies the connection between the IMG and the FTC Guidance expectations to avoid or manage conflicts of interest.

Since the release of the FTC Guidance in 2018, industry participants have indicated to regulators that more clarity is needed regarding the overarching expectations for how insurers and intermediaries conduct insurance business, more specifically on section 6 of the FTC Guidance respecting remuneration and conflicts of interest. As a result, CCIR and CISRO developed additional guidance specific to the alignment of compensation and incentive structures with FTC Guidance principles.

3. Q: Do insurers and intermediaries have to satisfy expectations contained in the IMG?

A: The IMG is principle-based guidance; it provides each insurer and intermediary with the necessary latitude to determine the requisite strategies, policies, processes, procedures and controls to achieve the IMG principles and FTC outcomes depending on the nature, size, and complexity of their activities. The IMG provides the industry with the flexibility to assess their own risks, according to their specific situation, and to meet regulators' expectations.



4. Q: Why does the IMG not separate expectations for insurers and intermediaries?

A: The IMG applies to the activity of paying compensation and/or designing incentive arrangements. The IMG provides principles and expectations for incentive management that align with FTC, regardless of the entity (insurer/intermediary) who is engaged in the activity. As such, the IMG does not separate expectations between insurers and intermediaries.

That said, the IMG may apply to insurers and intermediaries in different ways. The IMG provides insurers and intermediaries with the necessary latitude to determine the requisite strategies, policies, processes, procedures, and controls to satisfy the IMG according to their respective natures, sizes, and complexity of their activities.

At the same time, the insurer remains responsible for FTC throughout the life-cycle of the insurance product, as it is the insurer that is the ultimate risk carrier. The insurer's ultimate responsibility does not absolve intermediaries of their own responsibilities for which they are accountable. Treating Customers fairly is a mutual responsibility when insurers and intermediaries are both involved.

5. Q: Do CCIR/CISRO expect insurers to direct the incentive arrangements of intermediaries?

A: The IMG is not intended to imply that insurers should direct the incentive arrangements of intermediaries. Since the IMG complements the FTC guidance, CCIR and CISRO do not see the expectations under the IMG as being different from the FTC approach: insurers should obtain reasonable assurance that the actions of intermediaries, and any other persons acting on the insurer's behalf in offering the insurer's products, enable the fair treatment of customers. The guidance documents provide CCIR's expectation that insurers implement processes and controls to manage FTC risks. Section 4 of the FTC guidance and footnote number 5 of the IMG provide further information.

6. Q: Does the IMG apply to advisors (representatives)?

A: The FTC and IMG guidance documents define "Intermediary" as individual agents, brokers, and representatives, as well as the business entities that are authorized to distribute insurance products and services, including managing



general agencies, third party administrators, and national accounts. Within this definition, the FTC and IMG indicate the term “representative” includes individual agents, brokers, and representatives.

The IMG provides guidance on specific activities: paying compensation and/or designing incentive arrangements. The IMG applies to persons who are engaged in this activity. As mentioned in the Scope section, the IMG applies to intermediaries who pay compensation and/or design incentive arrangements. If an intermediary, including a representative, pays compensation and/or designs incentive arrangements, they are subject to the IMG. If an intermediary, including a representative, does not pay compensation and/or design incentive arrangements, then they are not subject to the IMG.

If a representative does not pay compensation and/or design incentive arrangements, the representative is expected to comply with the FTC guidance by avoiding or properly managing conflicts of interest and their duty to prioritize Customers’ interests. To assist with this expectation, the IMG expects insurers and intermediaries to inform representatives of the incentive arrangements applicable to the representative (2.3). A representative would use this information when managing their conflicts of interest as set out under the original FTC guidance. The IMG does not have an expectation that the person being incentivized investigate the program, though a representative may wish to do so to better manage their conflict of interest.

7. Q: What are examples of intermediaries that are paying and/or designing incentive arrangements?

A: The IMG provides principles and expectations for incentive management that align with FTC, regardless of the entity, insurer or intermediary who is engaged in the activity. However, it only applies to the entity that pays compensation and/or designs incentive arrangements.

Incentive arrangements are not always monetary. Non-monetary incentive include, for example, non-cash benefits, rewards and privileges such as

- travel,
- goods,
- hospitality,
- entertainment,
- titles,



- memberships,
- contest entry,
- insurer client referrals, and
- access to services that are related to performance targets.

Accordingly, as an example, an intermediary who designs a contest to win a trip is covered under this guidance. Another example would be an intermediary who chooses to use overrides received from the insurer to promote a contest or provide extra bonuses to representatives.

8. Q: What does CCIR/CISRO mean by “independent” in section 4.1.2?

A: While it would be ideal for an insurer or intermediary to have the person performing controls separate from the function of selling or servicing insurance, regulators understand that some intermediaries might not be large enough to have a separate compliance or oversight function. In these situations, the word “objective” rather than “independent” may better serve this expectation. Intermediaries are in the best position to determine where and how to apply this guidance to their practices, however the person an intermediary assigns to perform controls described in section 4.1.2 should remain objective during the performance of these functions.

9. Q: Is the IMG banning any practice?

A: The IMG does not prohibit any incentive practice. It is a guidance document which sets CCIR’s and CISRO’s expectations and expected outcomes for insurance incentive arrangements to align with FTC.

Within the guidance, the IMG appendix provides some examples of incentive arrangement components that may, without proper design, management, and controls, increase the risk of unfair outcomes to Customers. As mentioned in the appendix introduction paragraph, the examples are not exhaustive, may not apply to all type of insurance or business models, nor are they intended to be prohibitive.

10. Q: How is the implementation of the IMG harmonized between provincial jurisdictions?



A: In Canada, the conduct of business in insurance is regulated by individual provinces and territories, where each jurisdiction has its own regulatory approach based on its legal framework and culture.

As such, each Canadian jurisdiction will determine an approach for implementing the IMG accordingly. The expectations in this guidance do not supersede the legislative and regulatory imperatives of jurisdictions; they are intended to support insurers and intermediaries in achieving FTC while respecting existing laws and regulations.

11. Q: What is the effective date of the IMG?

A: The effective date of the IMG is the date of its public release, November 30th 2022. CCIR and CISRO expect insurers and intermediaries to begin efforts to incorporate the IMG into the design and management of their incentive arrangements.

12. Q: Where could industry stakeholders obtain further information on the IMG interpretation and regulators' expectations?

A: Some industry associations are currently working on plans to assist their members with satisfying the guidance expectations. To help with these efforts, CCIR and CISRO members prepared this document. If there are further questions that arise, please contact the CCIR or CISRO Secretariat directly.

While working on these plans, CCIR and CISRO encourage industry associations to:

- review previous CCIR documents related to FTC, as listed below, to get additional insights from regulators on FTC:
 - the [annual market conduct reports](#) and
 - the CCIR [Cooperative Fair Treatment of Customers \(FTC\) Review – Consolidated Observations Report, October 2021](#), and
- review any subsequent documents CCIR and CISRO release relating to FTC and FTC supervisory reviews.

While some of the reviews may be for a different class of insurance or focus on a different entity (insurers vs intermediary), industry associations may obtain a better understanding of regulators' FTC expectations by reviewing these reports.



Finally, CCIR and CISRO note FTC initiatives and approaches will keep evolving in an ever-changing insurance market. CCIR and CISRO expect insurers and intermediaries to regularly review their compliance processes and make necessary changes to maintain FTC at all times. As such, while we recognize and support the work industry associations are undertaking to assist members with complying with the FTC and IMG guidance documents, the outcomes of such work should not be viewed as a checklist exercise for complete compliance with FTC. Insurers and Intermediaries should continue to exercise judgement when considering compliance with the IMG.

13. Q: What insurance sectors, products and business models are subject to the IMG?

A: As with the FTC Guidance, the IMG applies to all insurance products, types of insurance and distribution models.

14. Q: Is the IMG applicable to the commercial sector?

A: Yes. As with the FTC Guidance, the IMG is applicable to commercial insurance sectors.

15. Q: What are CCIR's and CISRO's expectations for using the key indicators of potential risks of unfair outcomes to Customers under expectation 2.4?

A: The guidance provides a non-exhaustive list of examples of information and indicators which may enable the insurer or intermediary to identify risk factors to take into account, in particular, in its implementation of controls (4.2.2).

There is no expectation to incorporate every indicator listed. The guidance gives insurers and intermediaries the flexibility to establish and apply the required strategies, policies, processes, procedures and controls based on the nature, scale and complexity of their business. The same applies to indicators. These examples do not necessarily apply to all types of insurance or services offered or provided. Insurers and intermediaries should consider whether a listed indicator, or an indicator not listed, is applicable and develop controls to manage the risk.

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 6(c)

Read Only Items—April 21/23 CAFII Response Submission to CISRO Consultation on “Draft 2023-2026 Strategic Plan”

Purpose of this Agenda Item – *Read Only*

This is a Read Only item.

Background Information

CAFII has provided CISRO with an aspirational response submission to its consultation on its 2023-2026 strategic plan, suggesting that it can provide a leadership role in promoting national harmonization. The letter was sent in French and English, to reflect that CISRO Chair Éric Jacob comes from the AMF in Quebec. The letter says:

All four of those RIA/RIR regimes are aligned in terms of objectives, but they all differ in aspects that are typically of a minor nature; but in some instances the differences constitute more substantive, unique positioning. In an ideal world, CISRO would have been able to play a real-time and impactful harmonization role by facilitating a process through which each successive RIA/RIR regime would have been able to harmonize more fully with its predecessors. In CAFII's view, this is a role and goal which CISRO should strive for, as it would facilitate the exact same consumer protections that each successive RIA/RIR regime province has sought, while at the same time largely eliminating the melange of unique definitions, rules, and requirements among the provincial/territorial licensing authorities.

CISRO's pursuit of either of the two RIA/RIR 'harmonization approaches' recommended above would not compromise provincial/territorial autonomy, as each jurisdiction would still have its own licensing authority, its own governance model, and its own priorities and supervisory plans around audits, monitoring, communication, and enforcement. But each provincial/territorial authority would be operating under the same set of definitions, rules, and regulatory requirements, allowing industry players to focus on meeting the harmonized, common expectations rather than having to engage in the significant “exception management” exercise of allocating resources to understanding, and complying with, subtle differences among jurisdictions.

Recommendation / Direction Sought – *Read Only*

This is a Read Only item.

Attachments Included with this Agenda Item

2 attachments.

Monsieur Éric Jacob, président
Organismes canadiens de réglementation en assurance
a/s Secrétariat des OCRA
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Objet : *Rétroaction de l'ACIFA sur le Projet de consultation relatif au plan stratégique de 2023-2026 des OCRA*

Monsieur,

L'Association canadienne des institutions financières en assurance (ACIFA) remercie les Organismes canadiens de réglementation en assurance (OCRA) de l'avoir invitée à lui faire part de sa rétroaction sur son *Document de consultation relatif au plan stratégique de 2023-2026 des OCRA*.

Notre association et ses membres voient les OCRA comme un organisme national de coordination d'une importance capitale qui tient un rôle essentiel dans notre secteur d'activité, le secteur de l'assurance de personnes. De plus, nous croyons fermement qu'une communication régulière, transparente et franche entre les régulateurs ou décideurs du secteur de l'assurance et les parties prenantes du secteur permet d'améliorer le traitement équitable des clients, de mieux répondre aux attentes réglementaires et d'améliorer l'efficacité du secteur.

Nous soutenons pleinement le mandat, la vision et la mission des OCRA, ainsi que les priorités stratégiques qui en découlent et qui sont énoncées dans le *Plan stratégique préliminaire de 2023-2026*. Nous avons toutefois quelques commentaires constructifs à formuler, que nous avons classés ci-dessous dans l'ordre des sections du document.

Mandat, vision et mission

L'ACIFA recommande aux OCRA de déterminer si les énoncés de leur mandat, de leur vision et de leur mission ne se situent pas à un niveau un peu trop élevé, étant donné qu'aucun des trois énoncés ne comprend les mots « délivrance de permis/inscription » ou « normes de délivrance de permis/d'inscription ». Après tout, dans la section d'introduction, intitulée « Historique », du *Plan stratégique préliminaire* il est clairement indiqué : « Les OCRA offrent un espace d'échange d'information et de collaboration entre les responsables de l'inscription ou de la délivrance de permis ainsi que de la supervision réglementaire des intermédiaires d'assurance ». Selon l'ACIFA, cette priorité commune accordée aux normes de délivrance de permis/d'inscription, qui a au départ rassemblé les membres fondateurs des OCRA autour d'une cause commune, doit être reflétée dans le mandat ou encore dans l'énoncé de vision ou de mission des OCRA.

Priorités

En ce qui concerne les priorités interreliées « *Promouvoir la protection des consommateurs au moyen de mesures de réglementation harmonisées des intermédiaires en assurance* » et « *Améliorer leur efficacité en tant qu'espace d'échange d'information et de collaboration entre responsables de la réglementation* », l'ACIFA salue les OCRA d'avoir défini ces deux priorités comme des domaines d'importance stratégique et d'y avoir alloué des ressources proportionnelles pour les trois années à venir.

Nous soutenons fermement l'inclusion de ces deux priorités interdépendantes, car nous sommes d'avis qu'il reste beaucoup de travail à faire pour que les OCRA atteignent leur plein potentiel en ce qui concerne les « approches harmonisées ». Du point de vue de l'ACIFA, l'harmonisation ne signifie pas qu'une administration qui envisage de modifier son régime de délivrance de permis examinera les définitions, les règles et les exigences en vigueur dans d'autres administrations et tentera ensuite de suivre, plus ou moins, ce qui a été fait auparavant. Au contraire, l'harmonisation – effectuée aux fins de clarté et d'absence d'ambiguïté, de constance dans les objectifs de protection des consommateurs et d'amélioration de l'efficacité du secteur – signifie qu'un ensemble commun de définitions, de règles et d'exigences pour la délivrance de permis restreints d'agent ou de représentant d'assurance (RIA/RIR) doit être établi.

Nous citons à titre d'exemple les quatre régimes de délivrance de permis restreint d'agent d'assurance qui existent aujourd'hui dans notre pays : Alberta (créé en 2000), Saskatchewan (créé en 2010), Manitoba (créé en 2015) et Nouveau-Brunswick (créé en 2023).

Ces quatre régimes de délivrance de permis RIA/RIR ont des objectifs similaires, mais ils se distinguent par certains aspects généralement mineurs. Cependant, dans certains cas, les différences sont plus marquées et créent un positionnement unique. Dans un monde idéal, les OCRA auraient été en mesure de tenir un rôle d'harmonisation en temps réel et de façon efficace en facilitant un processus par lequel il aurait été possible d'harmoniser davantage chaque régime RIA/RIR successif aux régimes qui l'ont précédé. Selon l'ACIFA, il s'agit là d'un rôle et d'un objectif auxquels les OCRA devraient se consacrer, car il serait ainsi possible d'obtenir exactement les mêmes protections des consommateurs que celles que chaque province qui a adopté un régime RIA/RIR a recherchées. Parallèlement, il serait possible d'éliminer en grande partie la multitude de définitions, de règles et d'exigences propres aux autorités provinciales ou territoriales chargées de la délivrance des permis.

Une autre possibilité, mais toujours dans la même optique, est que les OCRA, se trouvent actuellement dans une position idéale en tant qu'organisme national de coordination pour s'engager dans un exercice de détermination d'un ensemble commun de définitions, de règles et d'exigences pour un régime de délivrance de permis RIA/RIR – à partir des exigences en vigueur dans les quatre provinces qui disposent d'un tel régime – qui pourrait ensuite être proposé comme modèle à l'Alberta, à la Saskatchewan, au Manitoba, au Nouveau-Brunswick et à toute autre province ou tout autre territoire qui adopterait un régime RIA/RIR.

Le fait que les OCRA suivent l'une ou l'autre des deux « approches d'harmonisation » recommandées en matière de RIA/RIR qui suivent ne compromettrait pas l'autonomie provinciale ou territoriale, car chaque administration conserverait son autorité de délivrance de permis, son modèle de gouvernance et ses propres priorités et plans de supervision en ce qui concerne la vérification, la surveillance, la communication et l'application de la loi. Cependant, chaque autorité provinciale ou territoriale fonctionnerait selon le même ensemble de définitions, de règles et d'exigences réglementaires, ce qui permettrait aux acteurs du secteur de se concentrer sur le respect des attentes communes harmonisées plutôt que de procéder à une importante « gestion des exceptions » et de consacrer des ressources pour comprendre les différences subtiles entre les administrations et s'y conformer.

En résumé, la recommandation de l'ACIFA consiste à encourager fortement les OCRA à assumer un rôle élargi en ce qui concerne les « approches harmonisées et la responsabilité ». La responsabilité signifie que les membres des OCRA sont responsables les uns envers les autres, lors de leurs réunions en tant qu'organisme national de coordination, pour prioriser et mettre en œuvre les approches harmonisées. Ainsi, nous recommandons que cette dimension d'aspiration à la croissance figure dans le nouveau Plan stratégique des OCRA.

Pour revenir à l'exemple des régimes RIA/RIR, dans une optique axée davantage sur les « approches harmonisées et la responsabilité » : si l'un des régimes RIA/RIR actuels est clairement meilleur que les autres, les OCRA seraient certainement le forum idéal pour effectuer une analyse comparative; et, si la supériorité d'un tel régime peut être démontrée, les autres régimes devraient être prêts à adopter la meilleure approche à la première occasion de modification des lois ou des règlements qui se présentera.

Pour conclure sur cette recommandation de l'ACIFA, compte tenu de la nature interdépendante et de l'importance conjointe des priorités « Promouvoir la protection des consommateurs au moyen de mesures de réglementation harmonisées des intermédiaires en assurance » et « Améliorer leur efficacité en tant qu'espace d'échange d'information et de collaboration entre responsables de la réglementation », l'ACIFA recommande qu'elles soient placées l'une après l'autre dans le Plan stratégique préliminaire de 2023-2026.

En ce qui concerne la priorité « Renforcer les résultats réglementaires par la collaboration et les interactions avec les parties prenantes », qui occupe actuellement la deuxième place, l'ACIFA soutient pleinement cette priorité, compte tenu de son importance évidente pour la bonne exécution du mandat des OCRA et la réalisation de leur vision et de leur mission. Cependant, nous encourageons les OCRA à envisager d'apporter quelques modifications mineures à la formulation de la priorité, afin d'indiquer clairement que :

- les OCRA encouragent les parties prenantes à dialoguer avec eux, de manière réciproque, afin que la communication fonctionne dans les deux sens;
- les OCRA accepteront les invitations des parties prenantes du secteur qui souhaitent échanger des informations et participer à des activités de communication, comme des webinaires d'associations sectorielles, des conférences, etc.

Comités permanents

L'ACIFA encourage les OCRA à envisager la création d'un nouveau comité permanent chargé de mener à bien leur projet relatif à « l'éventuel recours au RDDRCA ainsi que l'amélioration possible de ce dernier » (évoqué dans la note de mise en œuvre du Plan opérationnel de 2023-2024 sur la priorité « Améliorer leur efficacité en tant qu'espace d'échange d'information et de collaboration entre responsables de la réglementation »). Notre association voit dans le renforcement du RDDRCA une priorité essentielle pour les OCRA, qui peut être bénéfique à la fois pour les régulateurs et pour les entités réglementées.

Plan opérationnel 2023-2024

L'ACIFA approuve et soutient la teneur générale du Plan opérationnel de 2023-2024 de la première année des OCRA pour mettre en œuvre leur nouveau Plan stratégique de 2023-2026. Toutefois, nous invitons les OCRA à envisager activement d'étoffer le Plan opérationnel de 2023-2024 afin de tenir compte de la rétroaction que nous avons fournie ci-dessus en ce qui concerne les trois priorités du Plan stratégique, en particulier notre recommandation que les OCRA accordent une attention particulière aux éléments inextricablement liés que sont les « approches harmonisées et la responsabilité ».

Conclusion

Nous remercions à nouveau les OCRA de nous avoir invités à formuler nos commentaires et notre rétroaction sur le **Projet de consultation relatif au plan stratégique de 2023-2026 des OCRA**. Si vous souhaitez obtenir de plus amples renseignements de la part de l'ACIFA ou rencontrer des représentants de notre Association au sujet de ce projet ou de toute autre question, veuillez communiquer avec Keith Martin, codirecteur général de l'ACIFA, à l'adresse keith.martin@cafii.com ou au numéro 647-460-7725.

Cordialement,



Rob Dobbins

Secrétaire du conseil d'administration et président du comité exécutif des opérations

À propos de l'ACIFA

L'ACIFA est une association sectorielle à but non lucratif qui se consacre au développement d'un marché de l'assurance ouvert et flexible. Notre association a été créée en 1997 pour donner une voix aux institutions financières qui vendent des assurances par l'entremise de divers canaux de distribution. Nos membres proposent des assurances par le biais de centres d'appels, d'agents et de courtiers, d'agences de voyage, de publipostage, de succursales d'institutions financières et d'Internet.

L'ACIFA croit que les consommateurs sont mieux servis lorsqu'ils ont un choix significatif dans l'achat de produits et services d'assurance. Nos membres offrent l'assurance voyage, l'assurance vie, l'assurance maladie, l'assurance dommages et l'assurance-crédit collective dans tout le Canada. En particulier, l'assurance-crédit collective et l'assurance voyage sont les lignes de produits sur lesquelles se concentre l'ACIFA, car nos membres ont un point commun.

La diversité des membres de l'ACIFA permet à notre association d'avoir une vue d'ensemble du régime réglementaire qui régit le marché de l'assurance. Nous travaillons avec les gouvernements et les organismes de réglementation (principalement provinciaux et territoriaux) afin d'élaborer un cadre législatif et réglementaire pour le secteur de l'assurance qui contribue à garantir que les consommateurs canadiens obtiennent les produits d'assurance qui répondent à leurs besoins. Notre objectif est d'assurer la mise en place de normes appropriées pour la distribution et la commercialisation de tous les produits et services d'assurance.

Les membres de l'ACIFA comprennent les branches d'assurance des principales institutions financières du Canada - BMO Assurance, Assurance CIBC, Desjardins Assurances, Banque Nationale Assurances, RBC Assurances, Assurance Scotia, et TD Assurance - ainsi que les principaux acteurs de l'industrie : Assurant, Assurance-vie Canada, Chubb Compagnie d'Assurance-Vie du Canada, CUMIS Services Incorporated, la Banque Canadian Tire, Manuvie (La Compagnie d'Assurance-Vie Manufacturers), Securian Canada, et Valeyo.

Mr. Éric Jacob, Chair
Canadian Insurance Services Regulatory Organisations
c/o CISRO Secretariat
25 Sheppard Avenue West, Suite 100
Toronto, Ontario M2N 6S6
E-mail: sisro-ocra@fsrao.ca

Re: CAFII Feedback on Consultation Draft of CISRO 2023-2026 Strategic Plan

Dear Mr. Jacob:

The Canadian Association of Financial Institutions in Insurance thanks the Canadian Insurance Services Regulatory Organisations for inviting our Association to provide feedback on its *Consultation Draft of CISRO Strategic Plan, 2023-2026*.

Our Association and its members regard CISRO as a critically important national co-ordinating body which plays a vital role in our industry sector, the life and health insurance sector. As well, we firmly believe that regular, transparent, candid communication between insurance regulators/policy-makers and industry stakeholders leads to better Fair Treatment of Customers (FTC) outcomes, better compliance with related regulatory expectations, and enhanced industry efficiency and effectiveness.

We are largely supportive of CISRO's proposed Mandate, Vision, and Mission; and of the resulting strategic priorities set out in the *Draft Strategic Plan, 2023-2026*. That said, we do have some constructive feedback to offer, which we have organized below in accordance with the document's sections.

Mandate, Vision, and Mission

CAFII recommends that CISRO give consideration as to whether its proposed Mandate, Vision, and Mission statements might be positioned at somewhat too high a level, given that none of the words "licensing/registration" or "licensing/registration standards" are mentioned in any of the three statements. After all, the "Our History" introduction to the *Draft Strategic Plan* emphasizes that "CISRO was established as a forum for information-sharing and collaboration among regulators with responsibility for the registration or licensing and regulatory supervision of insurance intermediaries" and, in CAFII's view, that shared focus on licensing/registration standards which initially brought the founding members of CISRO together in common cause should be reflected in CISRO's Mandate, Vision, or Mission Statements.

Priorities

With respect to the inter-related Priorities of "Promote Consumer Protection Through Harmonized Approaches To The Regulation Of Insurance Intermediaries" and "Enhance Effectiveness Of CISRO As A Forum For Information-Sharing And Regulatory Collaboration", CAFII congratulates CISRO for identifying those two priorities as areas of strong, strategic focus and a commensurate allocation of resources over the next three years.

Our strong support for the inclusion of those two inter-related priorities is rooted in our view that a lot of work remains to be done for CISRO to live up to its full potential with respect to “Harmonized Approaches.” Harmonization, from CAFII’s perspective, does not mean that a jurisdiction contemplating licensure regime change will review the definitions, rules, and requirements deployed in other, predecessor jurisdictions, and then try to align itself overall, more or less, with what came before. Rather, harmonization – in order to achieve clarity/lack of ambiguity, consistent consumer protection objectives, and to foster opportunities for industry efficiencies and effectiveness – means that a common set of RIA/RIR licensing definitions, rules, and requirements should be established.

We cite as an example the four Restricted Insurance Agent licensing regimes that now exist across the country: Alberta (established 2000), Saskatchewan (established 2010), Manitoba (established 2015), and New Brunswick (established 2023).

All four of those RIA/RIR regimes are aligned in terms of objectives, but they all differ in aspects that are typically of a minor nature; but in some instances the differences constitute more substantive, unique positioning. In an ideal world, CISRO would have been able to play a real-time and impactful harmonization role by facilitating a process through which each successive RIA/RIR regime would have been able to harmonize more fully with its predecessors. In CAFII’s view, this is a role and goal which CISRO should strive for, as it would facilitate the exact same consumer protections that each successive RIA/RIR regime province has sought, while at the same time largely eliminating the melange of unique definitions, rules, and requirements among the provincial/territorial licensing authorities.

Alternatively, but in the same vein, CISRO would, at this point in time, be ideally placed as a national co-ordinating body to engage in an exercise of identifying a common set of RIA/RIR licensing definitions, rules, and requirements – building upon the existing requirements in the four provinces with such a regime – which could then be put forward as a model for Alberta, Saskatchewan, Manitoba, New Brunswick, and any future RIA/RIR provinces/territories to adopt.

CISRO’s pursuit of either of the two RIA/RIR ‘harmonization approaches’ recommended above would not compromise provincial/territorial autonomy, as each jurisdiction would still have its own licensing authority, its own governance model, and its own priorities and supervisory plans around audits, monitoring, communication, and enforcement. But each provincial/territorial authority would be operating under the same set of definitions, rules, and regulatory requirements, allowing industry players to focus on meeting the harmonized, common expectations rather than having to engage in the significant “exception management” exercise of allocating resources to understanding, and complying with, subtle differences among jurisdictions.

What the CAFII recommendation above boils down to is our strong encouragement to CISRO to assume a heightened “Harmonized Approaches and Accountability” role, with the emphasis on accountability being that CISRO members should be accountable to each other, around the national co-ordinating body table, for prioritizing and achieving Harmonized Approaches; and we therefore recommend that this aspirational growth dimension be reflected in CISRO’s new Strategic Plan.

To return to the RIA/RIR regimes example, with a more focused “Harmonized Approaches and Accountability” lens: if one of the existing RIA/RIR regimes is clearly better than the others, CISRO would clearly be the ideal forum for conducting a comparative analysis; and, if a case can be made for the superiority of one such regime, the other regimes should be willing to align with the best approach at their first available legislative/regulatory amendment opportunity.

As a concluding point on this CAFII recommendation matter, given the inter-related nature and joint importance of the “Promote Consumer Protection Through Harmonized Approaches To The Regulation Of Insurance Intermediaries” and the “Enhance Effectiveness Of CISRO As A Forum For Information-Sharing And Regulatory Collaboration” Priorities, CAFII recommends that they be placed in succession, one after the other, in the Draft Strategic Plan, 2023-2026.

With respect to the currently second-positioned Priority of “Strengthen Regulatory Outcomes Through Collaboration And Stakeholder Engagement,” CAFII fully supports that Priority, given its obvious importance to CISRO’s successfully carrying out its Mandate and to achieving its Vision and Mission, but we encourage CISRO to consider some minor wording modifications to the Priority, in order to make it clear that

- CISRO encourages stakeholders to engage with it, reciprocally, so that there is a two-way flow of communication; and
- CISRO will accept invitations from industry stakeholders to engage with them in mutually desirable information-sharing and communication opportunities such as industry Association webinars, conferences, etc.

Standing Committees

CAFII encourages CISRO to consider the establishment of a new, dedicated Standing Committee to deal with its stated desire to “explore the use of and possible enhancements to the Canadian Insurance Regulators Disciplinary Actions (CIRDA) database” (touched upon in the Operational Plan 2023-24 implementation note re the “Enhance Effectiveness Of CISRO As A Forum For Information-Sharing And Regulatory Collaboration”). Our Association regards a strengthening of the CIRDA database as a vitally important priority for CISRO to pursue, one which can deliver benefits for both regulators and regulated entities alike.

Operational Plan 2023-24

CAFII agrees with and supports the general tenor of CISRO’s 2023-24 first year Operational Plan to implement its new 2023-2026 Strategic Plan. That said, we ask that CISRO give serious consideration to augmenting the 2023-24 Operational Plan in order to reflect the feedback we have provided above with respect to the Strategic Plan’s three Priorities, in particular our recommendation for a heightened CISRO focus on the inextricably linked elements of “Harmonized Approaches and Accountability.”

Conclusion

We thank CISRO again for the invitation to provide input and feedback on the ***Consultation Draft of CISRO 2023-2026 Strategic Plan***. 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; Scotia Insurance; and TD Insurance – along with major industry players Assurant; Canada Life Assurance; Canadian Tire Bank; Chubb Life Insurance Company of Canada; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Securian Canada; and Valeyo.

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 6(d)

Read Only Items-- Insights Gained from March 23/23 AMF Virtual Presentation, in French Only, on Plans to Review the Consultation Process for the Prudential and Regulatory Framework Applicable to Financial Institutions (Optimizing the Compliance Burden) (See April 2023 Regulatory Update)

Purpose of this Agenda Item – Read Only Item

This is a Read Only item.

Background Information

This is an update on an AMF virtual meeting presentation which Keith Martin attended, in French only, on the regulatory compliance burden in Quebec. (Please see April, 2023 Regulatory Update.)

The summary is as follows:

Quebec

Autorité des marchés financiers (AMF)

AMF Holds Virtual Meeting, In French Only, on 23 March, 2023 on Burden Reduction

The AMF held a French-only virtual webinar on 23 March, 2023 which CAFII Co-Executive Director Keith Martin attended. The presenters were Julien Reid, Senior Director, Policy and Resolution, and Hélène Samson, Senior Director, Policy and Resolution (Ms. Samson reports to Mr. Reid, and Mr. Reid reports to Patrick Déry, Superintendent, Financial Institutions).

Mr. Reid focused on new regulatory approaches to prudential regulation for deposit-taking institutions.

The topic of greater interest to CAFII was the presentation by Ms. Samson on efforts to improve the consultation process by the AMF, and reduce regulatory burden. However, while all the right themes were touched upon by Ms. Samson, the presentation was notable for its lack of details and specifics.

Ms. Samson said that the AMF would have a more open, collaborative, and engaged approach to consultations, and would seek to have more dialogue with industry. She said that on specific issues that were still in development, the AMF would consider developing papers that explored the issues under consideration, and she gave the example of operational resiliency which the AMF is considering focusing more attention on. But she also said that at this particular meeting itself, there would be no discussion of any specific burden reduction initiatives requested by industry.

Recommendation / Direction Sought – *Read Only Item*

This is a Read Only item.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 6(e)

Read Only Items-- Insights Gained from March 30/23 CAFII Webinar on “Mental Health Issues In The Workplace” (See April 2023 Regulatory Update)

Purpose of this Agenda Item – Read Only Item

This is a Read Only item.

Background Information

This is an update on a CAFII webinar on “Mental Health Issues In The Workplace.” (Please see April 2023 Regulatory Update.)

The summary of the webinar is as follows:

CAFII Holds a Webinar with Paula Allen, TELUS Health, and Nigel Branker, Securian Canada, on Mental Health Issues in the Workplace

CAFII held a webinar on mental health issues in the workplace on 30 March, 2023 with Paula Allen, Global Leader, Research & Total Wellbeing, TELUS Health; and Nigel Branker, Chief Executive Officer of Securian Canada, and a CAFII Board member. This is the second webinar on this issue that CAFII has held.

Paula Allen started the webinar off by citing research that indicates that there was a massive negative mental health impact in the beginning of 2020 due to the pandemic, which produced conditions that the human mind does not like; and that since those increases in high risk were noted in 2020, there has not been an improvement. In 2019, 19% of workers were categorized as “high risk”; that number jumped to 35% in February of 2023.

Nigel Branker noted that he was a former colleague of Paula Allen’s at Morneau Sobeco/LifeWorks (predecessor to TELUS Health) and was very pleased to be on a panel with her. He noted that mental health issues were a primary driver of lost hours in the workplace, and that the workplace is a critical space to help people with mental health issues. Paula Allen noted that productivity improvements require attention to mental health issues in the workplace.

Nigel Branker said that organizations need to look at root causes of mental health issues, as opposed to just having programs to help people who have fallen through the cracks.

Workloads have to be looked at, as well as workplace flexibility including working from home. Commutes are long in Toronto and elsewhere in Canada, and that has an impact on people's quality of life. Some people are also not comfortable with returning to the office because of inclusivity issues.

Progress has been made, Mr. Branker said, in removing the stigma around mental health issues, but much more needs to be done, and many employees do not take advantage of existing programs out of a concern it could impact on their career prospects. Paula Allen said that stigmatizing people is harmful, and prevents people from seeking help. Also concerning is that young people have more concerns around mental health issues damaging their careers than older workers. As well, senior leaders disproportionately feel that revealing mental health issues would impact their careers, and that the values of the company around supporting employees do not apply to their level of seniority.

Nigel Branker said that someone in the organization who is a high performer but not aligned with the organization's values can do a lot of damage, and that an organization should not tolerate behaviours that harm other employees. He added that there are a lot of systemic issues in the workplace that can be addressed. Paula Allen said that managers need to be trained in these issues so that they can be better prepared to handle them when they arise. Nigel Branker added that executives give very tangible sales and other targets to employees, and that a similar discipline is required around supporting employees' mental health in the workplace.

Paula Allen noted that women are more likely to want to work from home, and that the commute for younger people and new Canadians may be longer, as they may live further from where the business is located. This could result in a less diverse group being in the office physically; and that, in turn, could have impacts on networking and career prospects for those who work from home.

Paula Allen and Nigel Branker said that financial uncertainty in the economy at this time is also leading to additional stress and mental health issues. Nigel Branker agreed that financial stress is one of a large number of contributors to mental health issues today. Both panelists concluded with a call to action by employers to continue to commit to doing better around addressing mental health issues in the workplace.

There were attendees at the webinar from allied industry associations CLHIA and THIA, and from regulator and policy-maker organizations including:

- *The Financial and Consumer Services Commission of New Brunswick, or FCNB;*
- *The Canadian Council of Insurance Regulators, or CCIR;*
- *the Insurance Councils of Saskatchewan, or ICS;*
- *the Alberta Insurance Council, or AIC;*
- *the Government of Alberta;*
- *Alberta Treasury Board and Finance, or ATBF; and*
- *the British Columbia Financial Services Authority, or BCFS.*

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

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

<https://www.youtube.com/watch?v=nHk8simqtPY&t=4s>

Recommendation / Direction Sought – Read Only Item

This is a Read Only item.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 6(f)

Read Only Items-- Insights Gained from April 4/23 CAFII Reception Event with Kartik Sakthivel, Guest Speaker (See April 2023 Regulatory Update)

Purpose of this Agenda Item – Read Only Item

This is a Read Only item.

Background Information

This is an update on the presentation made to CAFII members by Kartik Sakthivel, Vice President & Chief Information Officer at LIMRA/LOMA. Please consult the April 2023 Regulatory Update to see the summary.

The summary of the presentation is as follows:

CAFII Hosts Guest Speaker Kartik Sakthivel, Global Chief Information Officer, LIMRA and LOMA, at a Reception on 4 April, 2023

At a reception following CAFII's 4 April, 2023 Board meeting, held in-person in Toronto, Kartik Sakthivel, Global Chief Information Officer, LIMRA and LOMA, made a well-received presentation on broad technology trends. He emphasized looking not at what technology can do, but the customer experience and what customers want. He repeatedly emphasized that output from data is worthless if the underlying data are not accurate and correct. He also noted that younger generations have a great facility with technology and there is a need for businesses to recalibrate their approach to these customers, and to realize that they will face social media backlash if they do not perform up to expectations.

Kartik Sakthivel also emphasized that IT and data are not just technology department priorities, they are business-wide priorities. The amount of data available to analyze is massive, and new developments in artificial intelligence have the capacity to disrupt businesses. ChatGPT is the fastest growing consumer application in human history, and reached one million users in 5 days, and 100 million active monthly users in January 2023, just two months after its launch. He noted the dangers to this new technology, however, and cited the example of two AI programs that mutually invented a new language that only they could understand. The creators of those programs literally had to unplug them in order to contain the potential threats this development posed.

But returning to a constant theme, Kartik said that a great AI platform with bad data will lead to an awful AI experience. Business leaders need to enhance their skills at what he described as "data literacy." He identified five steps to data literacy:

1. *Make data an enterprise priority;*
2. *Communicate from the CEO on down;*
3. *Think global, act local;*
4. *Train and educate employees;*
5. *Engage and empower employees.*

The presentation has been posted on the CAFII website and can be found here:

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

Recommendation / Direction Sought – *Read Only Item*

This is a Read Only item.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 6(g)

**Read Only Items-- Final Version of OSFI's Guideline B-10: Third Party Risk Management Guideline
(Released April 24/23)**

Purpose of this Agenda Item – Read Only

This is a Read Only item.

Background Information

OSFI has released the final version of its revised and updated Guideline B-10, on Third Party Risk Management.

CAFII's EOC and Market Conduct Committee determined that the consultation leading to the final Guideline was out-of-scope for our Association, but we are keeping a watching brief on this Guideline.

Recommendation / Direction Sought – Read Only

This is a Read Only item.

Attachments Included with this Agenda Item

1 attachment.



Guideline

Subject: Third-Party Risk Management

Category: Sound Business Practices and Prudential Limits

No: B-10

Date: April 2023

A. Overview

Federally regulated financial institutions (FRFIs) engage in business and strategic arrangements with external parties—entities or individuals—to perform business activities, functions, and services or obtain goods in support of their own operations or their business strategy.

External arrangements, or third-party arrangements, can be beneficial to the FRFI by introducing efficiencies, driving innovation, managing shifting operational needs, and improving services. However, risks can arise from third-party arrangements that can threaten the FRFI's operational and financial resilience.

OSFI expects the FRFI to manage the risks related to all third-party arrangements and emphasizes that the FRFI retains accountability for business activities, functions and services outsourced to a third party.

To that end, FRFIs are required to provide OSFI, upon request, information related to their business and strategic arrangements with third parties, risk management, and control environments, to support supervisory monitoring and review work.¹ OSFI expects to be promptly notified of substantive issues affecting the FRFI's ability to deliver critical operations due to a third-party arrangement.

In all cases, OSFI's supervisory powers should not be constrained, irrespective of whether an activity is conducted in-house, outsourced, or otherwise obtained from a third party.

A1. Purpose and Scope

This Guideline sets out OSFI's expectations for managing risks associated with third-party arrangements.

¹ In accordance with supervisory information requirements set out in the [Bank Act](#), the [Insurance Companies Act](#), and the [Trust and Loan Companies Act](#).

This Guideline applies to all FRFIs, excluding foreign bank branches and foreign insurance company branches.² OSFI's expectations for foreign bank branches and foreign insurance company branches are set out in Guideline E-4: Foreign Entities Operating in Canada on a Branch Basis.

A2. Application of the Guideline

FRFI third-party arrangements have a variety of forms, which include but are not limited to, critical services for the FRFI, minor support arrangements, and strategic arrangements where no service is actually being provided. OSFI expects FRFIs to consider risk and criticality when examining third-party arrangements to determine the intensity with which to apply the expectations set out in this Guideline. For example, an exit or contingency plan may not be needed for a low-risk arrangement, nor will subcontracting risk be a significant factor in managing every third-party arrangement. Similarly, a legal review may not be necessary for a low-risk, short-term arrangement.

Fundamental to applying this Guideline in a prudent manner is identifying the type and level of risk arising from each third-party arrangement (including subcontracting arrangements), such that the FRFI can manage each third-party arrangement with the appropriate level of intensity.

Therefore, OSFI expects the FRFI to understand the risk and criticality of all its third-party arrangements and apply this Guideline in a manner that is proportionate to both:

- the risk and criticality of each third-party arrangement; and
- the size, nature, scope, complexity of operations and risk profile of the FRFI.

OSFI acknowledges that not all contracts with third parties will be negotiable, and for certain third-party arrangements there may be no contracts. Section 3.1 has been added in recognition of these situations. While the opportunity to manage third-party risk through terms of a contract may be limited in such cases, OSFI nonetheless expects the FRFI to manage risk, as appropriate, through monitoring, business continuity measures, contingency planning, and other resiliency mechanisms.

A3. Definitions

‘Cloud Portability’ as defined by the US National Institute of Standards and Technology (NIST) is “the ability for data to be moved from one cloud system to another or for applications to be ported and run on different cloud systems at an acceptable cost.”³

‘Concentration risk’ has two forms. *Institution-specific concentration risk* is the risk of loss or harm to the FRFI resulting from overreliance on a single third party, subcontractor or geography

² ‘Foreign bank branches’ refers to foreign banks authorized to carry on business in Canada on a branch basis under Part XII.1 of the *Bank Act*. ‘Foreign insurance company branches’ refers to foreign entities that are authorized to insure in Canada risks on a branch basis under Part XIII of the *Insurance Companies Act*.

³ NIST 500-291, version 2: NIST Cloud Computing Standards Roadmap.

for multiple activities. *Systemic concentration risk* is the risk arising from concentration in the provision of services by one third party or geography to multiple FRFIs.⁴

‘Contingency Plan’ is a series of actions for the FRFI to take to maintain critical operations in the event of an unplanned disruption at a critical third-party.

‘Criticality’ denotes importance to the FRFI’s operations, strategy, financial condition or reputation. It emphasizes the impact of a risk event, irrespective of the likelihood of such risk event occurring. The criticality of an arrangement is an important input in the assessment of an arrangement’s risk. Critical third-party arrangements provide goods, business activities, functions and services to FRFIs which, if disrupted, could put at risk the continued operation of the FRFI, its safety and soundness or its role in the financial system, and thereby jeopardize its operational resilience⁵.

‘Critical Operations’ are the services, products or functions of a FRFI which if disrupted, could put at risk the continued operation of the FRFI, its safety and soundness, or its role in the financial system.

‘Exit Plan’ is a series of actions for the FRFI to take in the event of a planned (i.e. non-stressed) or unplanned (i.e. stressed) exit from a third-party arrangement, along with triggers for invoking the plan in either event. Please see section 2.3.5 for further details.

‘Risk acceptance’ refers to a decision to accept an identified risk and not take any, or further, mitigating actions.

‘Subcontractor’ is an entity within the third party’s contracting, external arrangements or supply chain.

‘Subcontracting Risk’ stems from the third-party’s own business or strategic arrangements with entity(ies) or individuals, by contract or otherwise.

‘Third-party arrangement’ refers to any type of business or strategic arrangement between the FRFI(s) and an entity(ies) or individuals, by contract or otherwise, save for arrangements with FRFI customers (e.g., depositors and policyholders) and employment contracts, which are excluded from this definition.

Third-party arrangements include, among other things:

- outsourced activities, functions, and services that would otherwise be undertaken by the FRFI itself;
- use of independent professional consultants;
- brokers (e.g., mortgage, insurance, deposit brokers);
- utilities (e.g., power sources, telecommunications);

⁴ In the case of systemic concentration risk, FRFIs should seek to understand this risk to the greatest extent possible.

⁵ Please see: OSFI’s [Operational Resilience Key Definitions](#).

- financial market infrastructures (e.g., payments systems, clearing and settlement systems, other FRFIs in cases where the FRFI does not have direct access to financial market infrastructures);⁶
- services provided by parent holding companies, affiliates, and subsidiaries, or through joint ventures and partnerships; and
- other relationships involving the provision of goods and services or the storage, use or exchange of data (such as cloud service providers, managed service providers, technology companies that deliver financial services).⁷

‘Third-party risk’ is the risk to the FRFI due to a third party failing to provide goods, business activities, functions and services, protect data or systems, or otherwise exposing the FRFI to negative outcomes. Third-party risk scenarios could include, but would not be limited to:

- insolvency of the third party;
- operational disruption at the third party due to people, inadequate or failed processes and systems, or from external events (e.g., cyber incidents);
- political, geographic, legal, environmental, or other risks impeding the third party from providing services according to its arrangement with the FRFI;
- insolvency or operational disruption at a subcontractor;
- risks arising from interconnections between multiple third parties and multiple FRFIs;
- corruption of FRFI data or FRFI data breaches;⁸ and
- loss of data by the third party.

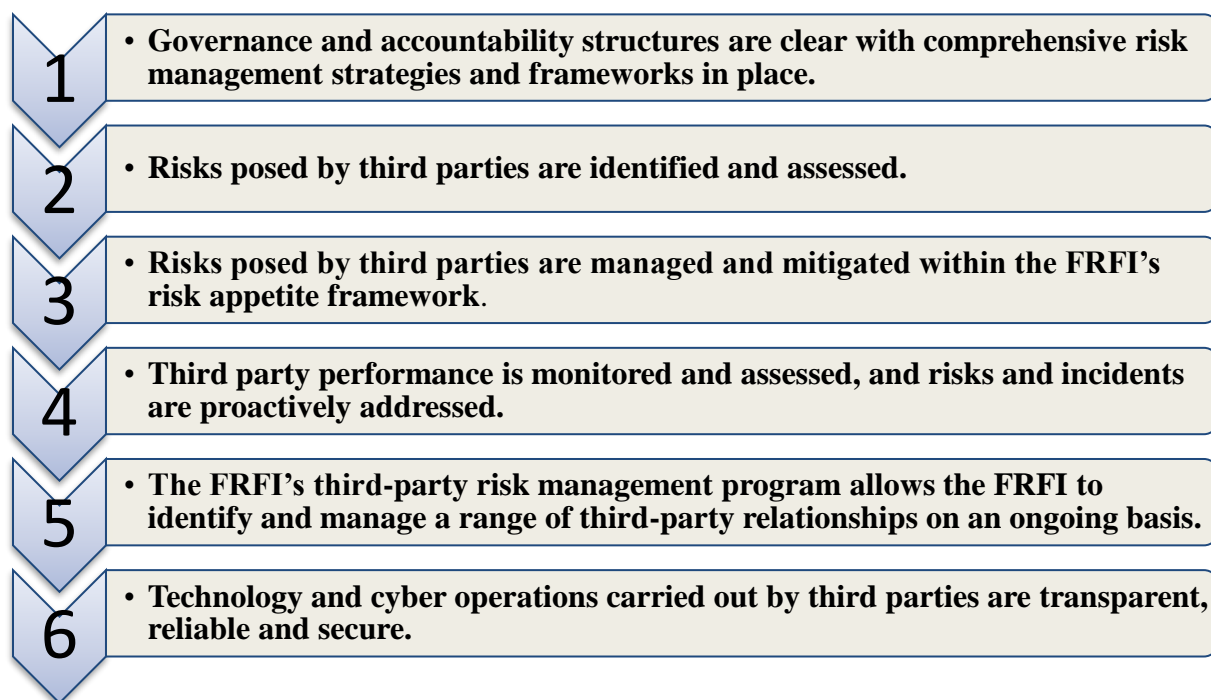
A4. Outcomes

This Guideline presents six expected outcomes for FRFIs to achieve through effective third-party risk management. These outcomes contribute to the FRFI’s operational and financial resilience and help safeguard its reputation.

⁶ For clarity, the third-party risk management expectations set out in this Guideline are not intended to replace or substitute for, but rather to serve in addition to, appropriate counterparty credit risk and market risk management activities applied in respect of financial market infrastructures.

⁷ OSFI recognizes that a federally endorsed framework will be developed to govern consumer-directed data mobility within the financial sector. This guideline is not intended to impede the establishment or operations of such a framework. Once the framework is designed, OSFI may provide relevant guidance as appropriate.

⁸ In cases where data is being exchanged between the FRFI and a third party or where the third party has access to FRFI systems, data corruption and breaches may occur at the third party, the FRFI location or while the data is in transit.



A5. Related Guidance

This Guideline should be read in conjunction with applicable legislation and relevant OSFI guidance, including but not limited to, Guideline E-21 on Operational Risk Management, Guideline B-13 on Technology and Cyber Risk Management, and the Corporate Governance Guideline.

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1. Governance

Outcome: *Governance and accountability structures are clear with comprehensive risk strategies and frameworks in place.*

1.1 Accountability

Principle 1: The FRFI is ultimately accountable for managing the risks arising from all types of third-party arrangements.

1.1.1 The FRFI retains accountability for services outsourced to a third party and manages risk arising from all third-party arrangements.

The FRFI has the flexibility to arrange its operations in a way that achieves its business and strategic objectives. However, the FRFI retains accountability for business activities, functions, and services outsourced to third parties, for data exchanged with third parties or data to which third-parties have access, and for managing risk arising from third-party arrangements.

The FRFI's Senior Management should be satisfied that business activities, functions, and services performed by third parties are done in a safe and sound manner, and in compliance with applicable legislative and regulatory requirements and the FRFI's own internal policies, standards, and processes. The FRFI's senior management should also be satisfied that third-party arrangements are in alignment with the FRFI's risk appetite and managed proportionate to the level of criticality and risk.

Please refer to OSFI's [Corporate Governance Guideline](#) for OSFI's expectations of FRFI Boards of Directors in regard to business strategy, risk appetite and operational, business, risk and crisis management policies.

1.2 Third-Party Risk Management Framework (TPRMF)

Principle 2: The FRFI should establish a TPRMF that sets out clear accountabilities, responsibilities, policies, and processes for identifying, managing, mitigating, monitoring and reporting on risks relating to the use of third parties.

1.2.1 The TPRMF is enterprise-wide and governs the lifecycle of third-party arrangements.

The FRFI should establish a TPRMF that provides an enterprise-wide view of its exposures to third parties. The TPRMF should reflect the FRFI's risk appetite and be consistent with its risk management frameworks.

The TPRMF should be developed to span the lifecycle of a third-party arrangement, from sourcing and due diligence of a third-party provider to potential exit from the third-party arrangement. The TPRMF should set out how the FRFI will identify and assess; manage and mitigate; and monitor and report on third-party risk.

OSFI expects the FRFI to review and update its TPRMF on a regular basis to ensure it is relevant and appropriate and to make continuous improvements based on implementation, effectiveness and other lessons learned (e.g., past incidents).

1.2.2. The TPRMF establishes accountabilities, policies and processes for identifying, monitoring and managing third party risk, including, as appropriate:

- accountability for third-party risk management, including for oversight functions;
- clear roles and responsibilities for overseeing and managing third-party arrangements and associated risk management processes;
- third-party risk appetite and measurement (e.g., limits, thresholds and key risk indicators);
- methodology for assessing the level of risk and criticality of third-party arrangements;

- policies to govern third-party risk, which are approved, regularly reviewed and consistently implemented enterprise-wide;
- processes and systems for identifying, assessing, managing, monitoring, measuring, and reporting on
 - an inventory of third parties delineated by level of risk and criticality;
 - third-party compliance with contractual provisions and/or service level agreements, including processes for managing exceptions and incidents;
 - third-party risks introduced by individual arrangements (including, among others, technology, cyber, information security, concentration, business continuity, strategic and financial risks); and
 - aggregation of third-party risk exposures and trends to inform the FRFI's current and emerging risk profile.

2. Management of Third-Party Risk

OSFI expects the FRFI to manage third-party risks in a manner that is proportionate to the level of risk and complexity of the FRFI's third-party ecosystem. OSFI expects the FRFI to assess its third-party arrangements regularly, with higher-risk and more critical arrangements subjected to more frequent and rigorous assessment and more robust risk management.

For critical third-party arrangements and those that pose a high risk to the FRFI, OSFI expects that all expectations set out in Section 2 be considered minimum expectations.

2.1 Risk-Based Approach

2.1.1 Risk assessment criteria are comprehensive and scalable.

The FRFI's criteria to assess the risks of third-party arrangements should be comprehensive to accurately determine the risk of each arrangement. Assessment criteria should also be reviewed periodically to ensure that they remain current for the risk landscape.

Criticality is an important input to the assessment of risk, and can be used to scale risk assessments. In determining the level of criticality, the FRFI should consider as deemed appropriate:

- the severity of loss or harm to the FRFI if the third party or subcontractor fails to meet expectations, due to insolvency or operational disruption;
- substitutability of the third party, including the portability and timeliness of a transfer of services;
- the degree to which the third party or subcontractor supports a critical operation of a FRFI; and
- the impact on business operations if the FRFI needed to exit the third-party arrangement and transition to another service provider or bring the business activity in-house.

2.1.2. Level of risk of third-party arrangements are assessed.

In determining the level of risk, the FRFI should consider, as deemed appropriate:

- the probability of the third party or subcontractor failing to meet expectations, due to insolvency or operational disruption;
- the ability of the FRFI to assess controls at the third party and continue to meet regulatory and legal requirements in respect of activities performed by the third party, particularly in the case of disruptions;
- the financial health of the third party and the “step-in” risk, whereby the FRFI is required to provide financial support to the third party;
- the third party’s use of subcontractors and the complexity of the supply chain;
- the degree of the FRFI’s reliance on third parties with elevated concentration risk;
- the information management, data, cyber security and privacy practices of the third party and its subcontractors; and
- any other relevant financial and non-financial risks associated with the use of the third party.

2.1.3. Rigor of risk management activities matches the level of risk and criticality.

The robustness and frequency of the FRFI’s third-party risk management activities (e.g., risk assessment, mitigation, monitoring, measuring, and reporting) should be proportionate to the level of risk and criticality associated with the third-party arrangement.

2.2 Risk Identification and Assessment

Outcome: *Risks posed by third parties are identified and assessed.*

Principle 3: The FRFI should identify and assess the risks of a third-party arrangement before entering the arrangement and periodically thereafter. Risk assessments should be proportionate to the criticality of an arrangement. Specifically, the FRFI should conduct risk assessments to decide on third-party selection; (re)assess the risk and criticality of the arrangement; and plan for adequate risk mitigation and oversight.

2.2.1 Risk Assessment

2.2.1.1. Risk and criticality of the arrangement are assessed throughout its lifecycle. The FRFI should conduct assessments of each third-party arrangement to determine the risk and criticality of the arrangement, considering both risks created and reduced by the arrangement (for example, using suppliers in various jurisdictions would reduce geographic concentration risk but also increase geopolitical and legal risks), as well as risk mitigants. Where a third party is subject to government regulation or supervision, the FRFI may take this into consideration as part of its risk assessment.

The FRFI should conduct risk assessments:

- prior to entering into the third-party arrangement (see Section 2.2.2);
- regularly throughout the lifecycle of the arrangement, including renewal, at a frequency and scope proportionate to the level of criticality; and
- whenever there is material change in the arrangement or third party (including disruption at the third party or in the service provided).

Such risk assessments should, at minimum:

- determine whether the arrangement aligns with the FRFI's risk appetite for third-party risk and other relevant risks;
- document the criticality of the arrangement;
- establish the level of risk; and
- develop a plan, with appropriate intensity of monitoring and mitigating actions, to manage the arrangement within the FRFI's risk appetite.

2.2.2 Due Diligence

Principle 4: The FRFI should undertake due diligence prior to entering contracts or other forms of arrangement with a third party, and on an ongoing basis proportionate to the level of risk and criticality of the arrangement.

2.2.2.1. A due diligence process is established. The FRFI should establish due diligence processes for third-party arrangements to apply initially and on an ongoing basis, including documented risk escalation, approval and acceptance processes.

2.2.2.2. Due diligence is performed proportionate to level of risk and criticality. The FRFI should conduct due diligence proportionate to the level of risk and criticality of each third-party arrangement:

- prior to entering into the arrangement;
- as part of the contract renewal process; and
- periodically on an ongoing basis proportionate to the level of risk and criticality or whenever there are material changes to the third-party arrangement, such as the nature of the arrangement or its criticality.

Due diligence should consider all relevant qualitative (i.e., operational) and quantitative (i.e., financial) factors related to the third-party arrangement. A non-exhaustive list of factors to consider in respect of high-risk and critical arrangements is set out in *Annex 1* of this Guideline.

2.2.2.3. Out-of-Canada arrangements are considered. When considering third-party arrangements with a geographic presence outside of Canada (or subcontractors with a geographic presence outside of Canada) the FRFI should review the legal requirements of relevant

jurisdictions, as well as the political, legal, security, economic, environmental, social, and other risks that may impede the ability of the third party to provide services.

2.2.3 Concentration Risk

2.2.3.1. **Concentration risk is assessed.** To determine the appropriate level of mitigation, the FRFI should assess concentration risk both prior to entering a contract or agreement and on an ongoing basis. Processes established should take reasonable steps to assess concentration risk over multiple dimensions including geography, supplier, and subcontractor. Throughout the process, concentration should be considered within the FRFI's business functions/units and legal entities, and across the FRFI's entire organization. To the greatest extent possible, FRFIs should also assess systemic concentration risk.

2.2.4 Subcontracting Risk

Principle 5: The FRFI is responsible for identifying, monitoring and managing risk arising from subcontracting arrangements undertaken by its third parties.

2.2.4.1. **Risks introduced by subcontracting practices are identified and understood.** The FRFI should assess risks arising from third-party subcontractors that could impact the FRFI.

Prior to entering a third-party arrangement the FRFI should identify and understand the third party's subcontracting practices, including:

- number and criticality of subcontractors;
- the adequacy and performance of the third party's own third-party risk management program, including assurance that significant performance, legal and regulatory requirements are aligned with the contract entered into with the FRFI; and
- impact of subcontracting arrangements on the FRFI's own concentration risk (refer to 2.2.3 above).

2.2.4.2. **Monitor and manage subcontracting risks.** The FRFI should ensure that they will receive appropriate ongoing updates and reporting on the third party's use of subcontractors so the FRFI can appropriately manage subcontracting risk. Depending on the level of risk and the criticality of services provided by the third party, the FRFI can achieve this by contractual provisions:

- prohibiting the use of subcontractors for certain functions;
- requiring that the FRFI be informed, in writing and on a timely basis, when a subcontractor is retained, or substituted, to carry out some of the functions contracted for the third party to perform;
- reserving a right of the FRFI to refuse a subcontractor; and
- allowing the FRFI to commission or conduct an audit of subcontractors.

2.3 Risk Management and Mitigation

Outcome: *Risks posed by third parties are managed and mitigated within the FRFI's Risk Appetite Framework.*

2.3.1. Written Agreements / Contracting

Principle 6: The FRFI should enter into written arrangements that set out the rights and responsibilities of each party.

2.3.1.1. Clear responsibilities are set out in the agreement. OSFI expects third-party arrangements to be supported by a written contract or other agreement (e.g., service level agreement) that sets out the rights and responsibilities of each party and which has been reviewed by the FRFI's legal counsel. OSFI recognizes that there are certain third-party arrangements for which a customized contract may not be feasible, or for which a formal contract or agreement may not exist. Please see Section 3 of this Guideline for OSFI expectations related to such third-party arrangements.

2.3.1.2. The third party is expected to comply with FRFI's provisions. To manage the risks associated with each third-party arrangement, the FRFI should structure its written agreement with the third party in a manner that allows it to meet the expectations set out in this Guideline. OSFI expects the FRFI to include in written agreements for high-risk and critical arrangements the provisions that are set out in *Annex 2* of this Guideline.⁹

2.3.2 Data Security and Controls (including Data Location)

Principle 7: Throughout the duration of the third-party arrangement, the FRFI and third party should establish and maintain appropriate measures to protect the confidentiality, integrity and availability of records and data.

2.3.2.1. Responsibilities for security of records and data are established. Third-party agreements are expected to set out each party's responsibilities for the confidentiality, availability and integrity of records and data. Agreements should establish, among other things:

- the scope of the records and data to be protected;
- availability of the records and timely access to data by the FRFI and OSFI, upon request;
- controls and monitoring over the third party's use of the FRFI's systems and information;
- clear responsibilities of each party in managing data security;
- which party is liable for any losses that might result from a security breach; and
- notification requirements if there is a breach of security.

⁹ Except for those contracts where Section 3 applies.

As appropriate, these agreements should also specify that the FRFI's data and records be isolated from those of other clients at all times, including during the transfer process and under adverse conditions (e.g., disruption of services). Based on the level of risk, data and records should be subject to the equivalent standard of protection at the third party that they would be at the FRFI.

2.3.2.2. Record Keeping Requirements. The *Bank Act*, *Insurance Companies Act*, and the *Trust and Loan Companies Act* (collectively, the FRFI Statutes), contain requirements with respect to certain records that FRFIs must prepare and maintain (the Records).¹⁰ OSFI expects the Records to be updated and accurate as at the end of each business day (Records that change less frequently than daily remain accurate until they change), and that the Records will be sufficiently detailed to enable:

- OSFI to conduct an examination and inquiry into the business and affairs of the FRFI;
- OSFI to manage the FRFI's assets, prior to the appointment of a liquidator, should the Superintendent take control of the FRFI's assets; and
- The liquidator to conduct an effective liquidation of the FRFI's assets.

Electronic Records must be capable of being reproduced in intelligible written form within a reasonable period of time. OSFI expects electronic Records to be accessible and intelligible without incurring additional costs and by using readily available commercial applications. For certain types of information, such as reinsurance arrangements or files on more complex activities, reproduced electronic records may not be sufficient for OSFI's review and the executed copy may need to be available, upon OSFI's request.

The FRFI Statutes require FRFIs to keep copies of the Records at its head office, or at such other place in Canada as the directors of the FRFI think fit. If the Records are in electronic form, complete copies must be kept on a computer server(s) physically located at the places stipulated in the FRFI Statutes.¹¹

Certain FRFIs are exempted from the requirement to keep copies of the Records at the above noted places in Canada. In those circumstances, the FRFI must provide OSFI with immediate, direct, complete and ongoing access to the Records that are stored outside Canada.¹²

2.3.3 Information Rights and Audit

Principle 8: The FRFI's third-party arrangements should allow the FRFI timely access to accurate and comprehensive information to assist it in overseeing third-party performance and risks. The FRFI should also have the right to conduct or commission an independent audit of a third party.

¹⁰ Please see s. 238 of the *Bank Act*, s. 261 of the *Insurance Companies Act*, and s. 243 of the *Trust and Loan Companies Act*.

¹¹ Please see ss. 239(1) of the *Bank Act*, ss. 262(1) of the *Insurance Companies Act*, and ss. 244(1) of the *Trust and Loan Companies Act*.

¹² Please see ss. 239(3.1) of the *Bank Act*, ss. 262(3.1) of the *Insurance Companies Act*, and ss. 244(3.1) of the *Trust and Loan Companies Act*.

2.3.3.1. The third party provides the FRFI with information and reporting. The third-party agreement should specify the type and frequency of information to be reported to the FRFI by the third party. This should include reports that allow the FRFI to assess whether performance measures are being met and any other information required for the FRFI's monitoring program, including risk measures (see Section 2.4).

2.3.3.2. The third party reports events that could materially impact the FRFI. The agreement should include requirements and procedures for the third party to report events in a timely manner to the FRFI that may materially affect the risks and delivery of the service.

2.3.3.3. Service performance and controls are evaluated, and audit rights established, as appropriate. The agreement should give the FRFI and OSFI the right to evaluate the risk management practices related to the service provided. Specifically, the FRFI and OSFI should be able to evaluate the risks arising from the arrangement or appoint independent auditors to evaluate the risk management practices related to service provided and the risks arising from the relationship on the FRFI's or on OSFI's behalf. The FRFI and OSFI should also be able to access audit reports in respect of the service being performed for the FRFI.

The FRFI should employ a range of audit and information gathering methods (e.g., independent reports provided by third parties, individually performed or pooled audits).

2.3.4 Business Continuity Planning and Testing

Principle 9: The FRFI's agreement with the third party should encompass the ability to deliver operations through disruption, including the maintenance, testing, and activation of business continuity and disaster recovery plans. The FRFI should have contingency plans for its critical third-party arrangements.

2.3.4.1. Business continuity and recovery capabilities are established and tested. Third-party agreements should require the third party, at minimum, to:

- outline the third party's measures for ensuring continuity of services in the event of disruption;
- test regularly the third party's business continuity and disaster recovery programs as they pertain to services provided to the FRFI;
- notify the FRFI of test results; and
- address any material deficiencies.

Among other things, the FRFI's business continuity and disaster recovery plans should:

- address severe but plausible situations (either temporary or permanent), including prolonged disruptions and multiple simultaneous disruptions, where the third party could fail to continue providing service;

- document backup systems and redundancy capabilities that are commensurate with the criticality of the service provided; and
- ensure the FRFI has in its possession, or can readily access, all necessary records to allow the FRFI to sustain business operations, meet statutory obligations, and provide all information as may be required by OSFI, in the event of disruption to third-party services.¹³

As applicable, joint design and testing of business continuity plans and disaster recovery plans should be considered between the third party and the FRFI, commensurate with the criticality of the service.

2.3.5 Contingency and Exit Strategy / Planning

2.3.5.1. Contingency and exit strategies are developed to ensure continuity of critical services. The FRFI should establish contingency and exit plans proportionate to the level of risk and criticality of individual third-party arrangements to ensure continuity of the FRFI's operations through normal and stressed times. FRFIs should include the following elements in their documented plans for arrangements deemed high-risk or critical, and consider including them in their plans for arrangements deemed to have lower risk or criticality:

- triggers for invoking exit/contingency plans;
- activities to perform to maintain critical operations during disruptions or when exiting because of unplanned circumstances, such as failure or insolvency of the service provider (a “playbook” for stressed exit);
- activities to perform when exiting through a planned and managed exit due to commercial, performance, or strategic reasons (a “playbook” for non-stressed exit);
- reference to contractual provisions that could impact exit, such as notification requirements and provisions obliging the third party to provide services over a prescribed period of time following notification of termination;
- sufficient detail (e.g., alternative options or providers, supported by timelines, costs, resourcing, revenue impacts, and interim workarounds) so as to allow rapid execution; and
- documented plans for responding to severe but plausible scenarios, including prolonged and multiple disruptions.

Contingency plans and exit strategies should be reviewed regularly, and more frequently in the event of material changes to the third-party arrangements.

¹³ Please see Sections 2.3.2.1 and 2.3.2.2 of this Guideline.

2.4 Monitoring and Reporting

Outcome: *Third-party performance is monitored and assessed, and risks and incidents are proactively addressed.*

Principle 10: The FRFI should monitor its third-party arrangements to verify the third party's ability to continue to meet its obligations and effectively manage risks.

2.4.1 Oversight of Third-Party Provider

2.4.1.1. The FRFI monitors its third-party arrangement(s). The FRFI should monitor its third-party arrangement(s) to ensure that the service is being delivered in accordance with the terms of the agreement, and that the third party remains financially sound.

Monitoring should also cover regular oversight of current and emerging risks and risk acceptances and compliance of the third-party arrangement with the FRFI's risk policies and procedures and OSFI's expectations. Monitoring should be conducted at the individual arrangement level, as well as at an aggregate business unit, segment, platform, and enterprise level. The extent and frequency of monitoring should be proportionate to the level of risk and criticality of the third-party arrangement.

2.4.1.2. Metrics confirm residual risk remains within risk appetite. The FRFI should establish processes to confirm regularly that the residual risk of their third-party arrangements, individually and in aggregate, remains within the FRFI's risk appetite. To facilitate this outcome, the FRFI should establish and report metrics and associated thresholds to alert Senior Management when a threshold is being approached as well as triggers for invoking the FRFI's escalation process.

2.4.2 Incident Management and Reporting

Principle 11: Both the FRFI and its third-party should have documented processes in place to effectively identify, investigate, escalate, track, and remediate incidents to maintain risk levels within the FRFI's risk appetite.

2.4.2.1. The third-party has clearly defined incident management processes. As part of an effective third-party risk management program, the FRFI should ensure that its third parties have clearly defined and documented processes for identifying, investigating, escalating, remediating and notifying the FRFI in a timely manner of incidents—including subcontractor incidents—that could directly or indirectly impact the third party's ability to deliver the contracted goods, business activities, functions and services.

2.4.2.2. Incident reporting and notification requirements of the third party support FRFI compliance with OSFI's incident reporting requirements. The FRFI should ensure that its written agreements with third parties contain adequate provisions to enable the FRFI to comply with its reporting requirements under OSFI's [Technology and Cyber Security Incident Reporting](#)

Advisory. Such provisions could include, among other things, requirements to promptly notify the FRFI of technology and cybersecurity incidents (at the third party or the subcontractor) including providing information on each incident in line with the Advisory.

2.4.2.3. Internal incident management process is established. The FRFI should also have clearly defined internal processes for effectively managing and escalating third-party incidents and for subsequently tracking remediation. The processes established should clearly define accountabilities at all levels of the FRFI and triggers for escalation within the FRFI.

2.4.2.4. Incidents are investigated, analysed and results are shared. To ensure that remediation actions are sufficient, the FRFI should request that the third party perform root cause analysis and share the results for any incidents, commensurate with the severity/potential impact of the incident on the FRFI. The FRFI should also perform its own root cause analysis, as appropriate. Remediation actions should be monitored by the FRFI.

3. Special Arrangements

Outcome: *The FRFI's third-party risk management program allows the FRFI to identify and manage a range of third-party relationships on an ongoing basis.*

3.1 Standardized Contracts

Standardized contracts are those mandated by third parties with pre-defined terms and conditions, with a limited ability for the FRFI to negotiate and tailor its own contract terms and conditions. Examples include contracts with utilities, internet providers, financial market infrastructures and others.

3.1.1 Risks of third parties with standardized contracts are managed.

Where standardized contracts must be used, OSFI expects the FRFI's third-party risk management program to address the relationship. The FRFI's risk assessment should consider inherent risks, mitigating controls and other factors to arrive at the final risk rating for these arrangements and, where applicable, formally accept risks presented by standardized contracts.

Among the mitigating actions and controls that the FRFI may consider are the development of redundancies, workarounds, business continuity measures, and other resiliency mechanisms.

3.2 No Written Contract

3.2.1 Third parties with no written contracts still carry risks.

The absence of a written arrangement, formal contract or agreement ¹⁴ does not imply the absence of a third-party arrangement and third-party risk. While the FRFI may not have direct

¹⁴ The preference is always to have the arrangement documented in a contract; however, OSFI recognizes that there may be situations where obtaining a contract is challenging.

relationships with all third parties they interact with, OSFI expects the FRFI's third-party risk management program to address these relationships.

3.3 Third-Party Arrangements with the External Auditor

Arrangements with the external auditor can give rise to conflicts of interest.

3.3.1 External auditors comply with auditor independence standards when providing third-party services.

Prior to obtaining management consulting services from its external auditor, the FRFI should assure itself that its external auditor would be in compliance with the relevant auditor independence standards of the Canadian accounting profession, as well as any other applicable auditor independence requirements, in respect of such services to be performed by the external auditor.

3.3.2 The FRFI does not obtain actuarial or internal audit services from its external auditor unless certain conditions apply.

Unless it is reasonable to conclude that the results of the service will not be subject to audit procedures during an audit of the FRFI's financial statements, the FRFI should not obtain the following services from its external auditor:

- Any actuarial service.¹⁵
- Any internal audit service related to the internal accounting controls, financial systems, or financial statements of the FRFI. This does not prohibit the external auditor from providing a non-recurring service to evaluate a discrete item or program, if the service is not, in substance, the outsourcing of an internal audit function.

4. Technology and Cyber Risk in Third-Party Arrangements

Outcome: *Technology and cyber operations carried out by third parties are transparent, reliable and secure.*

OSFI recognizes that technology and cyber risks in third-party arrangements present elevated vulnerabilities to the FRFI. In addition to the expectations articulated earlier in this guideline, the FRFI should consider additional controls to manage technology and cyber risks stemming from its third-party arrangements.

¹⁵ For this purpose, actuarial services relate to the determination of an amount to be recorded in the financial statements of the FRFI or work normally undertaken by its appointed actuary. They do not include services that involve assisting the FRFI in understanding the methods, models, assumptions and inputs used, and advising management on the appropriate actuarial methods and assumptions that will be used. Consistent with Guideline E-15 (Appointed Actuary: Legal Requirements, Qualifications and Peer Review), the FRFI may use an actuary working in the company's external auditor firm for the external review of the appointed actuary's work and reports.

4.1 Clear roles and responsibilities are established for technology and cyber controls. As set out earlier in this guideline, and emphasized in Annex 2, establishing clear roles and responsibilities between the FRFI and the third party is essential to managing risk, ensuring accountability, and limiting ambiguity between the parties. When setting responsibilities for technology and cyber controls, the FRFI should consider the risk and criticality of its arrangement. Where necessary, the FRFI should establish more granular descriptions of the roles, responsibilities, and procedures that apply to each party when managing the configuration of technology assets.

4.2 Third parties comply with the FRFI's technology and cyber standards. Where necessitated by risk and/or criticality, the FRFI should establish processes to ensure that third parties with elevated levels of technology and cyber risk comply with FRFI standards—or recognized industry standards—for mitigating risk, notably in the areas of access management, and data security and protection.¹⁶

4.3 Cloud-specific requirements are established. The FRFI should develop cloud-specific requirements to ensure that cloud adoption occurs in a planned and strategic manner. These specific requirements should optimize interoperability while remaining consistent with the FRFI's stated risk appetite. They should also augment existing FRFI controls and standards, notably in the areas of data protection, key management, and container management.

These requirements should be accompanied by robust cloud governance to provide proper oversight and monitoring of compliance with the FRFI's risk management practices and alignment to the broader technology strategy.

4.4 Cloud portability is considered. In addition to planning appropriate exit strategies (see Section 2.3.5), the FRFI should also consider portability when entering an arrangement with a cloud service provider and as part of the design and implementation process in cloud adoption. As part of the consideration, FRFI should assess benefits and risks of portability and mitigants in the absence of portability.

The FRFI should consider strategies (e.g., multi-cloud design) to build resilience and mitigate cloud service provider concentration risk (see Section 2.2.3).

¹⁶ Refer to Guideline B-13 - *Technology and Cyber Risk Management* for OSFI's expectations on FRFI technology and cyber risk management.

Annex 1 – Examples of Due Diligence Consideration

Before entering an arrangement with a third party—whether written or not—and on an ongoing basis thereafter, the FRFI should perform due diligence proportionate to the risk and criticality of the third-party arrangement. In respect of its high-risk and critical arrangements at minimum, the FRFI should perform due diligence that consists of the following non-exhaustive factors:

- a) Experience, technical competence, and capacity of the third party to implement and support the activities it is being engaged to provide, including, where applicable, the experience, technical competence, and capacity of subcontractors;
- b) Financial strength of the third party to deliver successfully on the third-party arrangement;
- c) Compliance with applicable laws, rules, regulations and regulatory guidance within Canada and other relevant jurisdictions;
- d) Reputation risk associated with the third-party relationship or its services, including existence of any recent or pending litigation, investigation or complaints against the third party;
- e) Strength of the third party’s risk management programs, processes, and internal controls as well as the reporting environment (the FRFI should determine if there is alignment with the FRFI’s risk management processes and controls);
- f) The third party’s capacity to:
 - manage technology and cyber risks in accordance with the expectations outlined in OSFI’s Guideline B-13: *Technology and Cyber Risk Management* and
 - provide the FRFI with sufficient and timely information to comply with its reporting requirements under OSFI’s [*Technology and Cyber Security Incident Reporting Advisory*](#);
- g) Strength of the third party’s information security programs including their alignment with the FRFI’s programs;
- h) The third party’s capacity to provide critical services through disruption by examining its business continuity and disaster recovery plans, including the quality of such plans and the frequency and results of testing;
- i) The third party’s reliance on, and capacity to, manage subcontractors;
- j) Impact of the third-party arrangement, including its subcontractors, on concentration risk;
- k) Geographic location of the third party’s operations and that of its subcontractors;

- l) Ability and ease of substituting the third party with another third party and impact of such substitution on the FRFI's operations;
- m) Portability of applications/services provided by a third party to another third party or the FRFI;
- n) Third party's insurance coverage;
- o) Third party's values and business objectives, code of conduct and related policies, culture, and their alignment with those of the FRFI; and
- p) Political or legal risks related to the jurisdiction of the third party, or the jurisdictions of subcontractors.

Annex 2 –Provisions for Third-Party Agreements

This annex provides a non-exhaustive list of provisions that FRFIs should include in high-risk and critical third-party agreements. Consideration should be given to adding these provisions to agreements with other third parties as appropriate, proportionate to the risk and criticality posed by the third party.

- a) **Nature and scope of the arrangement:** The agreement should specify the nature and scope of the arrangement, including provisions that address the frequency, content and format of services, duration of the agreement, and physical location of the services being provided.
- b) **Roles and Responsibilities:** The agreement should clearly establish the roles and responsibilities of the FRFI and the third-party and subcontractors, including for managing technology and cyber risks and controls.
- c) **Use of subcontractors:** The agreement should establish parameters on the use of subcontractors and require the third-party to notify the FRFI of any subcontracting of services. The FRFI should have the ability to conduct due diligence, in order to evaluate the impacts from the change in service.
- d) **Pricing:** The agreement should set out the basis for calculating fees relating to the services being provided.
- e) **Performance measures:** The agreement should establish performance measures that allow each party to determine whether the commitments set out in the agreement are being fulfilled.
- f) **Ownership and access:** The agreement should identify and establish ownership of all assets (intellectual and physical) related to third-party arrangements, including assets generated or purchased pursuant to the arrangement. The agreement should also specify whether and how the third party has the right to use the FRFI's assets (e.g., data, hardware and software, system documentation or intellectual property), including authorized users, and the FRFI's right of access to those assets.
- g) **Security of records and data:** The agreements should govern the confidentiality, integrity, security, and availability of records and data.
- h) **Notifications to the FRFI:** The agreement should require the third party to notify the FRFI of:
 - i. incidents/events (at the third party or a subcontractor) that impact or could impact services provided, the FRFI's customers/data or the FRFI's reputation;
 - ii. technology and cyber security incidents (at the third party or a subcontractor) to enable the FRFI to comply with its reporting requirements under OSFI's [*Technology and Cyber Security Incident Reporting Advisory*](#);

- iii. changes in ownership of the third party;
 - iv. significant organizational/operational changes;
 - v. material non-compliance with regulatory requirements (i.e. regulatory enforcement) or litigation.
- i) **Dispute resolution:** The agreement should incorporate a protocol for resolving disputes. The agreement should also specify whether the third party must continue providing the service during a dispute and the resolution period, as well as the jurisdiction, governing law(s), and rules under which the dispute will be settled.
 - j) **Regulatory compliance:** The agreement should enable the FRFI to comply with all applicable legislative and regulatory requirements, including, but not limited to, location of records and privacy of client information.
 - k) **Business continuity and recovery:** The agreement should require the third party to outline measures for ensuring continuity of services in the event of disruption including testing and reporting expectations and mitigation requirements, as well as requirements of the third party to monitor and manage technology and cyber security risk.
 - l) **Default and termination:** The agreement should specify what constitutes a default, or right to terminate, identify remedies, and allow for opportunities to cure defaults or terminate the agreement. Appropriate notice should be required for termination of the service and, where applicable, the FRFI's assets should be returned in a timely fashion. Any data and records should be returned to the FRFI in a format that allows the FRFI to sustain business operations without unreasonable expense.

The agreement should not contain any terms that inhibit OSFI, or any other resolution authority or financial compensation scheme, from carrying out their mandate in times of stress or resolution. For example, the agreement should, among other things, remain valid and enforceable in resolution provided there is no default in payment obligations.

- m) **Insurance:** The agreement should require the third party to obtain and maintain appropriate insurance and disclose the general terms and conditions of the insurance coverage. The agreement should also require the third party to notify the FRFI in the event of significant changes in insurance coverage.
- n) **Prudent risk management:** The agreement should include any additional provisions necessary for the FRFI to prudently manage its risks in compliance with this Guideline.

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 6(h)

Read Only Items-- CAFII and FCNB Exchange Around Deferral Of Contemplated Virtual Liaison Meeting in May 2023 In Favour of September 2023 In-Person/Hybrid Meeting As Part of CAFII's Atlantic Canada Regulators Visits Tour

Purpose of this Agenda Item – Read Only

This is a Read Only item.

Background Information

CAFII was attempting to meet with Angela Mazerolle, Superintendent of Insurance for New Brunswick, at the CLHIA Conference in Montreal from 3-5 May, but that was not possible. Ms. Mazerolle counter-proposed to meet virtually the following week, but CAFII members preferred to focus on implementation of the new Restricted Insurance Representative licensing regime in New Brunswick, and to meet Ms. Mazerolle and members of her team in-person in the Fall of 2023 during CAFII's Atlantic Canada regulators and policy-makers visits tour.

Recommendation / Direction Sought – Read Only

This is a Read Only item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 6(h)
June 6/23 Board Meeting

CAFII and FCNB Exchange Around Deferral of Contemplated Virtual Liaison Meeting in May 2023 In Favour of September 2023 In-Person/Hybrid Meeting As Part of CAFII's Atlantic Canada Regulators Visits Tour

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

Sent: April 19, 2023 4:19 PM

To: Mazerolle, Angela (FCNB) <angela.mazerolle@fcnb.ca>

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

Subject: Request For FCNB/CAFII Liaison Meeting On The Sidelines Of Upcoming 2023 CLHIA Compliance and Consumer Complaints Conference In Montreal

Hi, Angela.

As you know, mutually beneficial relationship-building, communications, and dialogue with insurance regulators and policy-makers from across the country are a key part of CAFII's mission and mandate.

And with the restrictions on in-person meetings caused by the COVID-19 pandemic now largely behind us in 2023, we are pleased to be able to return to arranging in-person meetings with key insurance regulators and policy-makers, such as yourself, after a nearly four-year hiatus.

In that connection, we're reaching out at this time in the hopes of arranging a liaison meeting with you and any FCNB Insurance Division staff colleague(s) who will be present with you in Montreal in the first week of May, in connection with the 2023 CLHIA Compliance and Consumer Complaints Conference happening there, to have some information-sharing and dialogue: mainly around FCNB's implementation of Rule INS-001, the related launch of the province's new Restricted Insurance Representative (RIR) licensing regime, and CAFII member company adaptation and compliance; along with other provincial, national, and international insurance regulatory issues of mutual interest.

Here are some possible date/time options, all associated with the 2023 CLHIA Compliance and Consumer Complaints Conference which we will be attending and at which you are a panel presenter on Wednesday morning, May 3/23:

- a dinner meeting at around 8:00 p.m. on Tuesday, May 2/23 at the Omni Mont Royal Hotel (the conference hotel) or a nearby restaurant, if you will have arrived at the conference hotel by that evening;
- a breakfast meeting from 7:15 to 8:30 a.m. on Wednesday, May 3/23 at the Omni Mont Royal Hotel (the conference hotel);

- a lunch meeting from 12:05 to 12:55 p.m. on Wednesday, May 3/23 at the Omni Mont Royal Hotel (the conference hotel); or
- a dinner meeting at 7:30 p.m. on Wednesday, May 3/23 at the Omni Mont Royal Hotel (the conference hotel) or a nearby restaurant, if you will be staying on in Montreal through to that evening.

Please consider these options for a meeting and let us know if any of them will work for you, Angela.

We look forward to hearing back from you at your earliest convenience, and to confirming a meeting with you during the upcoming CLHIA Conference in Montreal.

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

Brendan.wycks@cafii.com

T: 647.218.8243

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www.cafii.com

Making Insurance Simple and Accessible for Canadians

Rendre l'assurance simple et accessible pour les Canadiens

From: Mazerolle, Angela (FCNB) <angela.mazerolle@fcnb.ca>

Sent: Monday, April 24, 2023 2:51 PM

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

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

Subject: RE: Request For FCNB/CAFII Liaison Meeting On The Sidelines Of Upcoming 2023 CLHIA Compliance and Consumer Complaints Conference In Montreal

Good afternoon, Brendan. Thank you very much for the invitation to meet. Unfortunately, CISRO meetings are also taking place next week so it is proving difficult to find a time when both David and I are available to meet in person. I also think it would be beneficial for our Acting Director, Robert Picard, to attend any meeting, and so would instead suggest we schedule a virtual get-together between us all the following week. If you could provide some dates/times that work for your group the week of May 8 – 12, we'll endeavor to set up a meeting time that works for all.

Thanks,

Angela Mazerolle

Vice President, Regulatory Operations / Superintendent of Insurance

Financial and Consumer Services Commission

Commission des services financiers et des services aux consommateurs

From: Brendan Wycks

Sent: Monday, May 15, 2023 1:09 PM

To: Mazerolle, Angela (FCNB) <angela.mazerolle@fcnb.ca>

Cc: Weir, David (FCNB) <david.weir@fcnb.ca>; Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>; Picard, Robert (FCNB) <Robert.Picard@fcnb.ca>; Haines, Catherine (FCNB) <Catherine.Haines@fcnb.ca>; Gabriel, Julie (FCNB) <julie.gabriel@fcnb.ca>; Sutherland Green, Jennifer (FCNB) <jennifer.SutherlandGreen@fcnb.ca>

Subject: Proposed CAFII Visit To New Brunswick Superintendent of Insurance and Related FCNB Team Members on Wednesday, September 20/23; or, Alternatively, on Thursday, September 21/23

Hi, Angela.

It was a pleasure to chat with you briefly in-person at the 2023 CLHIA Compliance and Consumer Complaints Conference in Montreal on Wednesday, May 3.

In that conversation, I shared that upon further reflection and with further input from our member company representatives, CAFII would prefer to defer its request for a liaison meeting with you and FCNB staff executive colleagues to the Fall of this year.

Our primary purpose in requesting a meeting with you on the sidelines of the CLHIA Conference was to thank you, as Vice President, Regulatory Operations and Superintendent of Insurance at FCNB, and the other relevant members of the FCNB staff team for the following developments:

- the granting of a 60 day extension – to June 30/23 – for prospective Restricted Insurance Representative (RIR) licensees to submit their completed RIR applications via the FCNB licensing portal;
- the clarification that Director Disclosure Forms and Criminal Record Checks will not be required of RIR applicants that are federally regulated by OSFI or are already licenced by FCNB; and
- your Superintendent's exemption stipulating that, in accordance with section 3.1 (1) of the *Insurance Act*, Restricted Insurance Representatives from deposit-taking institutions or who are subject to the *Insurance Companies Act*, SC 1991, c. 47 are exempted from the requirement to hold a trust account under section 364(1) of the *Insurance Act* and Part 14 of Rule INS-001 Insurance Intermediaries Licensing and Obligations, subject to certain terms and conditions.

Please consider this email to be CAFII's written delivery of that message of thanks and appreciation.

At this time, the CAFII member companies that are in the process of filing their initial RIR licence application with FCNB would like to dedicate their undivided attention to getting their application fully completed by the new June 30/23 deadline.

Rather than arranging a CAFII/FCNB virtual liaison meeting at the present time, we would instead like to organize an in-person/hybrid for the Fall at your office in Fredericton.

With the restrictions on travel and on in-person meetings caused by the COVID-19 pandemic now largely behind us in 2023, we are pleased to be able to return to arranging in-person meetings with key insurance regulators and policy-makers, such as you and your FCNB Insurance Division team, after a nearly four-year hiatus. As you know, mutually beneficial relationship-building, communications, and dialogue with insurance regulators and policy-makers from across the country form a key part of our Association's mission and mandate.

In that connection, we are now able to confirm our plans for a CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour this Fall, with the initial plan calling for a CAFII delegation to visit New Brunswick on either Wednesday, September 20/23 or Thursday, September 21/23.

Please consider the Draft CAFII 2023 Atlantic Canada Tour Itinerary below, and let us know at your earliest convenience whether Wednesday, September 20/23 or Thursday, September 21/23 will work for you to host a CAFII delegation of six to 10 representatives for an in-person/hybrid meeting at your office in Fredericton?; or if you would prefer that we make a switch and instead visit New Brunswick on Wednesday, October 4/23 or Thursday, October 5/23?

Atlantic Canada Tour: Fall 2023

New Brunswick and Prince Edward Island (or Prince Edward Island followed by New Brunswick, depending upon optimal order)

- Wednesday, September 20/23;
- Thursday, September 21/23; and
- Friday, September 22/23 (if needed)

Nova Scotia and Newfoundland and Labrador (or Newfoundland and Labrador followed by Nova Scotia, depending upon optimal order)

- Wednesday, October 4/23;
- Thursday, October 5/23; and
- Friday, October 6/23 (if needed)

Best regards,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

Brendan.wycks@cafii.com

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Alternate T: 647.361.9465

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***Read Only Agenda Item 6(h)(1)
June 6/23 Board Meeting***

FSRA takes action to protect consumers of Life and Health Insurance

Through market conduct supervision and enforcement activities, The Financial Services Regulatory Authority of Ontario (FSRA) is working to ensure life and health insurance agents are compliant with legislation, regulations, and that they are working to achieve fair outcomes for customers.

In 2021-22, FSRA reviewed 115 higher-risk life agents and the results are included in the first Life and Health Insurance Agent Supervision Report which is being released today. Annual reporting of life agent supervision contributes to public confidence through promoting transparency, disclosure of information, and deterring deceptive or fraudulent conduct, practices, and activities.

“Insurance provides critical protection for individuals, families, and businesses and these customers deserve insurance that meets their needs,” said Huston Loke, Executive Vice President, Market Conduct. “Through our supervision and enforcement efforts we want to ensure consumers are fully protected and that insurance professionals can review and improve their market conduct.”

The outcomes of these examinations suggest that the life agents reviewed need to improve their overall business practices, and that insurers need to review their life agent compliance oversight programs to better monitor and report unsuitable agents.

Of the 115 agent examinations, FSRA took the following top three actions:

- escalated 35 percent of cases for further investigation
- issued a business practice letter in 23 percent of cases
- closed 21 percent of cases with no concerns

The report also includes outcomes from 61 agent suitability complaints received through Life Agent Reporting Forms (LARFs) in 2021-22. FSRA closed 57 percent of these LARF cases and escalated 43 percent of cases for further review.

[Learn more:](#)

- [2021-2022 Life and Health Insurance Agent Supervision Report](#)

- To better protect consumers, FSRA is making it easier to [report life agents who may be unsuitable](#)

FSRA continues to work on behalf of all stakeholders, including consumers, to ensure financial safety, fairness, and choice for everyone.

Learn more at www.fsrao.ca.

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 6(i)

Read Only Items-- FSRA's Life and Health Insurance Agent Supervision Report, 2021-22

(Released May 2/23)

Purpose of this Agenda Item – Read Only

This is a Read Only item.

Background Information

FSRA has released its Life and Health Insurance Agent Supervision Report for 2021-22. The report identifies concerns around agent behaviours, as well as best practices. FSRA sets the context for its supervisory activities as follows:

Life and health insurance agents ("life agents") are intermediaries who sell and service insurance products on behalf of approximately 70 insurance companies licensed in Ontario. FSRA licenses and supervises almost 60,000 life agents who play a vital role in ensuring Ontarians have access to the advice and products they need to financially protect themselves and their families.

The report can be reviewed in the consolidated package, or can be accessed below:

<https://www.fsrao.ca/media/22606/download>

Recommendation / Direction Sought – Read Only

This is a Read Only item.

Attachments Included with this Agenda Item

2 attachments.

***Read Only Agenda Item6(i)(1)
June 6/23 Board Meeting***

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“Insurance provides critical protection for individuals, families, and businesses and these customers deserve insurance that meets their needs,” said Huston Loke, Executive Vice President, Market Conduct. “Through our supervision and enforcement efforts we want to ensure consumers are fully protected and that insurance professionals can review and improve their market conduct.”

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[Learn more:](#)

- [2021-2022 Life and Health Insurance Agent Supervision Report](#)

- To better protect consumers, FSRA is making it easier to [report life agents who may be unsuitable](#)

FSRA continues to work on behalf of all stakeholders, including consumers, to ensure financial safety, fairness, and choice for everyone.

Learn more at www.fsrao.ca.

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 6(j)

Read Only Items-- FSRA 2023-2026 Annual Business Plan (Released April 27/23)

Purpose of this Agenda Item – *Read Only*

This is a Read Only item.

Background Information

FSRA has released its 2023-2026 Annual Business Plan, which is a comprehensive overview of the approach and priorities of FSRA.

The section on life and health insurance is on page 23:

Life and Health Insurance

The life and health insurance sector provides comprehensive financial products to help individuals protect key aspects of their lives against risk of loss. Products include life and health insurance, as well as related investment products.

FSRA's role includes:

- Licensing life insurance companies and agents that sell life and health insurance in Ontario to ensure they comply with the law.
- Regulating the conduct of business of insurance companies and agents to ensure the fair treatment of consumers throughout the entire product lifecycle.

In FY2021-2022, FSRA licensed 96 insurance companies that insure the risk of life and health, over 6,000 life insurance corporate and partnership agents, and over 56,000 individual life insurance agents.

FSRA's priorities around life and health insurance include a focus on insurance distribution, where there have been findings that some MGAs have practices that FSRA considers problematic. There is no mention of credit protection insurance in the section on FSRA's life and health insurance priorities.

The full report is in the consolidated meeting package and can be found here:

<https://www.fsrao.ca/media/22321/download>

Recommendation / Direction Sought – *Read Only*

This is a Read Only item.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 6(k) Read Only Items—AMF Annual Statement of Priorities, 2023-24

Purpose of this Agenda Item – Read Only

This is a Read Only item.

Background Information

This is a summary of the recently published AMF Annual Statement of Priorities for 2023-24.

The AMF says it will focus more on assistance services:

The AMF will continue to focus significant efforts on reviewing and enhancing its assistance services by type of clientele in order to even more effectively meet each clientele's specific needs and will test new service delivery channels for consumers, including an option to make appointments with staff of the AMF Information Centre and thereby provide greater flexibility to its clients.

The AMF has also renewed its commitment to a new complaints and dispute resolution regulation:

The AMF intends to implement, further to the consultation process completed in 2021-2022, a harmonized framework for processing complaints and resolving disputes within the financial sector. The main aim of this project is to simplify the complaint process for consumers and users of financial products and services and strengthen the fair processing of such complaints. The AMF will also complete the development of a complaint processing policy template for use by persons subject to the Act respecting the distribution of financial products and services (Distribution Act).

The AMF also says it intends to renew its commitment to financial literacy, including more research initiatives:

The AMF, through its Strategic Financial Education, Outreach and Research Partnerships Program, wants to further develop its knowledge of consumer financial behaviours and then share its findings, particularly with financial sector participants. The AMF will issue a call for projects for this purpose by the end of the year.

On compliance burden, the AMF says that

The AMF will continue to work on reducing the compliance burden on its regulated clienteles while taking circumstances, areas of activity and risks for consumers into account.

In an interesting statement, which is pertinent given CAFII's recent aspirational submission to CISRO recommending that it seek to have a common set of RIA regime rules that different jurisdictions can then monitor, supervise, and enforce, the AMF commits to the following:

Further to its appointment as chair of the Canadian Insurance Services Regulatory Organizations (CISRO), the AMF will work to strengthen cooperation among CISRO members and promote stakeholder input. The AMF will also lead work to consider and develop a new strategic plan, while at the same time helping implement initiatives under the current plan, which is scheduled to expire in March 2023.

Many of the specific future initiatives of the AMF with CCIR and CISRO are focused on segregated funds. The AMF also seeks to develop its capabilities in a series of areas of emerging interest, including:

- Fintechs and innovation;
- Environmental, social and governance issues;
- Data strategy;
- Risk and organizational capacity management;
- Modernization of information systems.

On the last point around modernization of information systems, the AMF says that

The AMF will launch a project to implement a new complaint processing solution. In addition to modernizing how complaints are received, this information system will improve the tools used by AMF teams for detecting potentially systemic issues, better assess risk and be more targeted in their interventions.

In terms of human capital at the AMF, it is committed to a hybrid model and CAFII has been informed that AMF employees spend most of their workdays at home, and plan to continue to do so. The AMF says:

The AMF will implement a new hybrid work arrangement. The objective is to perpetuate the benefits of remote work while rediscovering and cultivating the advantages of working in person. The hybrid work arrangement will allow the AMF to provide an overall experience built on flexibility and independence while remaining aligned with business needs that may require staff to be physically present on site.

The AMF also makes commitments to its employees around:

- Employer brand;
- Training and development;
- Management approaches and methods;
- Diversity, equity and inclusion.

The full report can be found here:

https://lautorite.qc.ca/fileadmin/lautorite/grand_public/publications/organisation/enonces/AMF_enonce-des-priorites-2022-2023-en.pdf

Recommendation / Direction Sought – *Read Only*

This is a Read Only item.

Attachments Included with this Agenda Item

1 attachment.

2023
2024

Annual Statement of Priorities

319

The Autorité des marchés financiers (the “AMF”) is publishing its statement of priorities to inform the industry and the general public about its key initiatives for the period from April 1, 2023 to March 31, 2024. These initiatives form part of the implementation of the organization’s [2021-2025 Strategic Plan](#) and the vision it has set for itself: “A value-added regulator for consumers and the financial sector.”

Orientation 01

A PROACTIVE REGULATOR THAT IS RELEVANT TO CONSUMERS IN AN EVER-CHANGING ENVIRONMENT

Assistance services

- The AMF will continue to leverage initiatives in order to optimize the experience of its clientele. Specifically, it will:
 - continue to consolidate the various public registers of individuals and firms authorized to practise into a single register. This register will provide more comprehensive and detailed information on the various authorizations to practise granted to individuals and firms registered with the AMF
 - provide tools to facilitate the steps to be taken by consumers wishing to file a complaint with financial sector participants
 - enhance the services offered by the AMF Information Centre by delivering faster, more personalized assistance, including by revamping the telephone menu and its options
- The AMF, further to public consultations held in 2022-2023, intends to adopt a regulation respecting complaint processing and dispute resolution. The regulation streamlines the complaint process for financial consumers and supports the fair processing of complaints within the industry. The AMF will also make tools available to assist the industry in implementing the new regulatory provisions.
- The AMF renewed its commitment under the *2022-2027 Governmental Action Plan to Counter Mistreatment of Older Adults* to combat financial mistreatment in June 2022. Over the next year, the AMF will add content on well-treatment to the document *Protecting vulnerable clients – A practical guide for the financial services industry* and will conduct work to ensure an improved knowledge and understanding of what a power of attorney is.

Financial Education

- The AMF will launch the *Québec Financial Education Strategy 2023-2026 Action Plan*, the objective of which will be to continue, with the help of the network of financial education partners, to enhance applied financial literacy in Québec. The AMF will also hold a 10th Financial Education Day in order to rally the public around this common objective and present current financial and digital literacy issues.
- The AMF will, based on the findings of a survey conducted in the fall of 2022 on Québec consumers' financial behaviours, roll out new tools to strengthen applied financial literacy in Québec. It will also analyze the projects received as part of the call for projects launched in the spring of 2022 through its *Strategic Financial Education, Outreach and Research Partnerships Program*.
- The AMF will continue to carry out public awareness and information campaigns on such topics as cryptoassets and fraud prevention.

01 A proactive regulator that is relevant to consumers in an ever-changing environment

Oversight and supervision

- The AMF will include in a report to the Québec Minister of Finance its recommendations relating to the consultations and review of the legal framework setting out insurers' obligations regarding insurance products offered by student associations.
- The AMF will continue its efforts to enhance its understanding of the digital transformation of the industry and the impact of the transformation on the protection of financial consumers. Specifically, the AMF will:
 - publish a model framework for the responsible use of artificial intelligence in the financial industry and produce educational materials for consumers
 - continue its work in connection with the issues paper *Insights into the risks and benefits of digital financial services for consumers*, published in November 2022, particularly in the areas of social media "finfluencers" and digital engagement practices
- The AMF will sustain its efforts to monitor the cryptoasset ecosystem and, in concert with the Canadian Securities Administrators (CSA), will continue its work to develop a framework for the registration of cryptoasset trading platforms that are subject to securities legislation.
- The AMF, in order to act on the recommendations contained in its fall 2022 report *Summary of specific consultations on products and services offered via the Internet and the Regulation respecting Alternative Distribution Methods*, will form consumer focus groups in order to obtain their perspective on topics raised during the consultations. The discussions will address issues on the data required for informed decision-making, advertising, mobile apps and clients' digital space experience.

Enforcement

- The AMF intends to continue to combat offers of illegal products on social media and the Internet by optimizing its approaches for detecting such activities, particularly in the cryptoasset ecosystem.
- The AMF will also continue to optimize its insider trading and market manipulation detection and investigation tools by incorporating, processing and analyzing data from such sources as exempt market distribution and insider trading reports and the Québec Enterprise Register.

Orientation 02

AN INFLUENTIAL REGULATOR SUPPORTING QUÉBEC'S FINANCIAL SECTOR

Compliance burden

- The AMF will sustain its efforts to minimize the compliance burden of its regulated clienteles while taking circumstances, areas of activity and risks for consumers into account. Specifically, the AMF will:
 - finalize the regulatory amendments related to outside activities and professional liability insurance of representatives and registrants that are subject to the *Act respecting the distribution of financial products and services* (Distribution Act)
 - continue to study possible revisions to the career entry rules and process, in addition to launching a regulatory consultation on the probationary periods for clienteles that are subject to the Distribution Act
 - assess the process by which information is collected through the maintenance of registration form in order to prepare an assessment of the information requested from the industry.
 - continue work, which will extend over the next few years, to update its damage (P&C) insurance qualification program. The AMF will participate in the activities of the Canadian Insurance Services Regulatory Organizations (CISRO) to ensure that the updated program is aligned with the national project
 - publish a call for tenders for the purpose of selecting a provider for the management of exam-taking services and consolidate the needs identified within the operational and technological units. The ultimate aim is to move to on-line exams
- The AMF will continue its initiative to leverage the use of data. Certain disclosure requests to which financial institutions are subject will be replaced with granular data collection. This new way of collecting data will reduce data handling and aggregation by the institutions under the AMF's supervision. Ultimately, the data will come directly from their source systems. The AMF will finalize the pilot project initiated in 2022-2023 with a financial institution and then analyze the potential benefits of expanding the practice to other institutions and disclosures.
- The AMF will continue to work with the CSA on various projects to streamline or ease the regulatory framework, including:
 - publication of the final regulatory amendments pertaining to access to prospectuses generally and finalization of the work on the draft regulatory amendments pertaining to access to financial statements and management's discussion and analysis. This work aims to modernize how these documents are made available to investors and enable issuers to further reduce the use of paper documents and the costs associated with them
 - finalization of the draft amendments to *Regulation 51-102 respecting Continuous Disclosure Obligations* that are intended to change the annual and interim filing requirements for issuers and improve the quality and usefulness of information provided to investors, including work on assessing functionalities of SEDAR+ that may facilitate access to documents for investors
 - publication for comment of draft amendments to *Regulation 44-102 respecting Shelf Distributions* that are intended to facilitate the access to Canadian capital markets for qualifying well-known seasoned issuers under a base shelf prospectus
 - finalization of the project to modernize the prospectus filing model in order to allow investment funds to file a new prospectus every two years instead of on an annual basis, following an analysis of comments received as part of the consultation on the proposed draft regulatory amendments
 - analysis of comments on the draft *Regulation to amend Regulation 91-507 respecting Trade Repositories and Derivatives Data Reporting*, which includes a proposal to streamline and harmonize derivatives data reporting standards as well as final publication of the proposed amendments to the regulation and its policy statement

- analysis of comments on the draft *Regulation to amend Regulation 24-101 respecting Institutional Trade Matching and Settlement* in order to facilitate the transition in Canada to a one-day (T+1), rather than a two-day (T+2), settlement cycle after the date of equity and long-term debt market trades. The objective is to ensure harmonization with the upcoming changes in the United States, while also repealing the exception reporting requirements for registered firms
 - finalization of the draft *Regulation 93-101 respecting Derivatives: Business Conduct*, which presents a regime to help protect participants in the OTC derivatives markets; reduce risks, including potential systemic risk; improve transparency; increase accountability; and promote responsible business conduct in the OTC derivatives markets. This regime also ensures that access to derivatives products will not be unduly limited for investors and customers in the Canadian OTC derivatives markets and that costs will remain competitive
- The AMF will make further improvements to its inspection approach as it continues the work begun in 2022-2023 to deploy a new inspection matrix and optimize the secure extraction of data relating to exempt market distribution reports. Ultimately, this work will enable more targeted inspections through a more efficient use of available data.

Framework

- The AMF, in collaboration with the Canadian Council of Insurance Regulators (CCIR) and the CSA, will publish a directive and a prototype disclosure document intended to harmonize disclosure to investors of all relevant information related to the total costs and performance of investment funds and segregated funds. It also intends to make a regulation to implement the guidance developed with its CCIR peers. In concert with the other regulators and the industry, the AMF will establish a committee to ensure the follow-up and work required to implement this reform.
- The AMF will, in collaboration with the CCIR and CISRO, continue its regulatory development work with respect to segregated funds, including:
 - developing guidance on upfront compensation for segregated funds
 - developing a cross-Canada guideline for segregated fund sales, after which specific work will be carried out to incorporate the developed guidance into Québec's regulatory and normative framework
 - adopting a regulation prohibiting certain fees from being charged from contract holders
- The AMF will continue to play a leadership role within CISRO by implementing the annual priorities of the organization's new 2023-2026 strategic plan with its various stakeholders. One of those priorities is to publish cybersecurity and information security incident management good practices for insurance intermediaries.
- The AMF will modify the content of its *Annual Report on Financial Institutions* in order to prospectively highlight changes in the risk landscape and the resulting work related to the regulation and supervision of financial institutions.
- The AMF will publish a new guideline entitled *Guideline on the capital and liquidity requirements for cryptoasset exposures* applicable to financial services cooperatives, trust companies, savings companies, other deposit institutions, life and health insurers and property and casualty insurers. This guideline was the subject of a consultation in 2022 and is in line with the work carried out by the Basel Committee on Banking Supervision.
- The AMF, further to the merger of the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA), will continue the work required for the transition of Québec mutual fund dealers to the new self-regulatory organization (SRO). This work will include implementing the vision and objectives outlined in *CSA Position Paper 25-404 – New Self-Regulatory Organization Framework* in coordination with the new SRO of Canada and the new Canadian Investor Protection Fund. Planned projects include supervising the consolidation of the regulatory functions of the previous self-regulatory organizations and developing a consolidated rule book, strengthening and harmonizing the proficiencies of approved persons, and improving the collection of data in order to maintain robust market surveillance.
- The AMF will continue to work with the CSA to review principal distributors' practices in order to determine whether amendments to *Regulation 81-105 respecting Mutual Fund Sales Practices* are needed following the ban on the sale of mutual funds with deferred sales charges and the coming into effect of Client Focused Reforms.

Fintechs, innovation and industry transformation

- The AMF will enhance its internal capabilities in order to strengthen regulation of the cryptoasset sector. It will do this by further developing its resources and by continuing to recruit and integrate new specialized resources within various sectors of activity. The goals will be to address increasingly complex authorization requests and meet regulatory framework needs, including the opportunity to regulate value-referenced cryptoassets, and to support the monitoring of developments in the cryptoasset ecosystem.
- The AMF will update its initiatives supporting innovation in the activities it regulates. It will launch targeted consultations with market participants and members of the fintech ecosystem to better understand the opportunities for and barriers to innovation in the financial sector.
- The AMF will contribute to the work of the fintech task force of the International Organization of Securities Commissions (IOSCO), which is focused on the regulation of cryptoasset markets and decentralized finance.
- The AMF will carry out cross-cutting supervisory work on the digital transformation of financial institutions, focusing on two key areas: cyber risk and cyber insurance and governance and obsolescence risk. Upon completing this work, the AMF will identify the main areas requiring vigilance, the risks and the weaknesses that will need monitoring.
- The AMF will roll out a pilot project to develop a stress testing tool for assessing the impact of a severe macroeconomic shock on the stability of major regulated financial institutions and to strengthen supervision of the sector.

Environmental, social and governance issues

- The AMF will establish a unit dedicated to the oversight and supervision of sustainable finance-related activities. Creating a specialized team dedicated to this issue will be a first for a provincial or territorial securities administrator in Canada. Having such a team will add to the capacity and expertise required to conduct local, national and international sustainable finance-related initiatives in the securities and derivatives markets sectors while strengthening thought and action leadership in the area. Specifically, the AMF will:
 - publish for comment, in concert with the CSA, draft amendments to the disclosure requirements with regard to diversity on boards and in executive officer positions and related governance issues
 - finalize, in concert with the CSA, the development of the proposed specific framework for disclosure of climate-related matters by reporting issuers
 - begin to look at how to regulate ESG ratings providers
- The AMF will continue to conduct work relating to the implementation of scenarios and stress testing exercises within financial institutions relating to physical risks and transition risks associated with climate change.
- The AMF, further to the publication in June 2022 of its *Climate Change Risks* report, will publish a new guideline on climate change-related risks that will cover prudential aspects of governance and risk management as well as sound commercial practices and disclosure to the regulator.

Orientation 03

A HIGH-PERFORMING REGULATOR IN THE PURSUIT OF ITS MISSION

Data strategy

- The AMF will continue to maximize the use of its data to enhance its operational performance. The next stages of the project will involve developing and rolling out a data management and valuation strategy, developing internal data governance and valuation policies, and implementing those policies using a data governance tool.

Risk and organizational capacity management

- The AMF will continue to enhance its integrated risk management program. In 2023-2024, the AMF will implement an enhanced risk governance framework and an improved risk management process. The objective will be to further develop the risk culture across all business sectors of the organization.
- The AMF will continue to implement and further develop its approach to organizational capacity management, particularly for the cross-cutting activities of its business sectors.
- The AMF will proceed with the planned enhancement of its data centres, including upgrades to its communication links and the addition of link redundancies. This initiative will last into 2026.

Modernization of information systems

- The AMF will continue its efforts to acquire an integrated enterprise information management solution to ensure compliance with its obligations as a public body, support inter-team collaboration and build a high-quality information environment. In 2023-2024, the AMF will complete work relating to information management governance materials and disseminate the materials in order to enhance internal user knowledge of information management best practices.
- The AMF, in concert with the CSA, will launch the next-generation System for Electronic Documents Analysis and Retrieval (SEDAR+), the new, secure web-based platform that will be used by all market participants to file, disclose and search for issuer information in Canada's capital markets. The first phase of the project involves replacing the current SEDAR, the Cease Trade Order Database and the Disciplined List. Future phases will involve replacing the System for Electronic Disclosure for Insiders (SEDI) and the National Registration Database (NRD). For its part, the Surintendance des marchés de valeurs (AMF Securities Markets) will integrate its main internal operational processes into the new SEDAR+ platform. This integration will improve the processing of filings, reports and payments made by reporting entities, in accordance with the applicable regulations.
- The AMF will continue to strive for greater operational efficiency by implementing the first phase of a human resources management solution that will ensure the replacement of its time management, payroll and employee file modules.

Orientation 04

A REGULATOR COMMITTED TO ITS HUMAN CAPITAL

Future organization of work

- The AMF will continue to implement its new hybrid work arrangement while remaining responsive to employees' needs. The hybrid work model gives employees greater flexibility and independence while keeping alignment with the needs of the organization.
- The AMF will engage in constructive dialogue with its employees, through a consultative process, in order to develop a shared vision for the organization of work and identify new mechanisms to stimulate and support both on-line and on-site collaboration across the various sectors of the organization. The vision and new mechanisms, when implemented, will enable the AMF to not only maintain but continue to build a thriving organizational culture for the benefit of its employees and mission.

Employer brand

- The AMF will secure resources that will support it in defining and implementing its employer brand. It will clarify its employee value proposition and establish and make the required efforts to implement a strategy to promote it. Ultimately, the AMF's employer brand will make the AMF an even more attractive place to work for both its current employees and future applicants.

Training and development

- The AMF will further leverage its continuous learning approach to develop the cross-cutting and sectoral expertise of its employees in order to empower them to fulfill their potential. In addition to supplementing its training catalogue and designing training plans, the AMF will develop a targeted-expertise training strategy that will be implemented under seven themes: digital transformation; data governance, data analysis and value creation; risk management; leadership development; diversity, equity and inclusion; and agility and innovation. Integrating condensed programs and courses enabling employees to apply the competencies they acquire, this strategy will be updated annually, taking into account the organizational context and the reality of the changing market. As a result, employees will benefit from greater flexibility while also having access to cutting-edge technology to develop their skills and ensure that training content is aligned with the organization's needs.

Management approaches and methods

- The AMF, in keeping with the development of its leaders' management skills, will favour enhancing its development programs so that they are adapted to the various needs of its managers. These programs, in addition to developing a sense of sharing and community, help build and strengthen its managers' competencies through various activities, including dialogue sessions, on-line and in-person training and the pooling of tools.
- The AMF will also enhance its development programs and tools for frontline managers based on the priorities decided upon and will implement the second phase of its essentials of leadership program.

Diversity, equity and inclusion

- The AMF will implement a diversity, equity and inclusion program. The program, which will seek derive maximum benefit from diverse competencies and experiences, will enable the organization to better identify and analyze cultural interactions, develop the capacity to act in a context of diversity, and promote an awareness of each person's role and responsibilities.



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Briefing Note

CAFII EOC Meeting 6 June, 2023—Agenda Item 6(I)

Read Only Items--Insights Gained from CAFII Liaison Meetings with Insurance Regulators During CLHIA Conference in Montreal, May 3-5/23

Purpose of this Agenda Item – Read Only

This is a Read Only item.

Background Information

CAFII held meetings with Joanne Abram, CEO, Alberta Insurance Council, and Joseph Fernandez, Director of Compliance, AIC; as well as with April Stadnek, Executive Director, Insurance Councils of Saskatchewan, during the CLHIA Conference.

Recommendation / Direction Sought – Read Only

This is a Read Only item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 6(I)
June 6/23 Board Meeting

**Proposed Agenda For CAFII Informal Liaison Meeting With Joanne Abram, CEO, and
Joseph Fernandez, Director of Compliance, Alberta Insurance Council (AIC)
Thursday, May 4/23, 4:50 to 5:50 p.m., The Alice Bar, Omni Mont Royal Hotel, Montreal
(Moderator/Facilitator: B. Wycks, CAFII)**

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 6(m)

**Read Only Items—K. Martin Presentation of Research Results from CAFII 2022 Tracking Study on
'Consumers' Satisfaction with Credit Protection Insurance' to Internal Meetings at Member Companies
CUMIS/The Co-operators and The Canada Life Assurance Company**

Purpose of this Agenda Item – Read Only

This is a Read Only item.

Background Information

At the invitation of CAFII Research & Education Vice-Chair Michelle Costello from CUMIS, Keith Martin presented the findings of the Pollara CPI research to a CUMIS/The Co-operators “lunch and learn” session.

Keith Martin will also be making the same Pollara research results presentation to an audience of staff members from The Canada Life Assurance Company in the near future.

All CAFII members can request such presentations as part of their membership with the Association.

Recommendation / Direction Sought – Read Only

This is a Read Only item.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 6(n)

Read Only Items— May 31/23 CAFII Response Submission to FSRA Consultation on “Proposed Guidance: Administrative Monetary Penalties”

Purpose of this Agenda Item – Read Only

This is a Read Only item.

Background Information

CAFII will make a submission to FSRA on its consultation on “Proposed Guidance: Administrative Monetary Penalties.” While generally supportive of the Guidance, CAFII will emphasize that administrative monetary penalties should be among the last steps in the regulatory enforcement toolkit. CAFII has consulted with CLHIA on our respective submissions, to ensure alignment.

Recommendation / Direction Sought – Read Only

This is a Read Only item.

Attachments Included with this Agenda Item

1 attachment.

May 31, 2023

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

RE: CAFII Feedback on FSRA's *Proposed Guidance: Administrative Monetary Penalties*

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 comment on your consultation document "*Proposed Guidance: Administrative Monetary Penalties*."

We have divided our feedback into two sections: *High Level, Thematic Feedback Comments*; and *Feedback On Specific Sections and Components*.

High Level, Thematic Feedback Comments

As per our previous May 31, 2022 response submission to FSRA on its "*Use of Retained Revenues under Regulation "Money Retained Outside the Consolidated Fund" Guidance*," it is CAFII's view that it is appropriate for FSRA to retain revenues from administrative monetary penalties (AMPs); and that FSRA's deployment of those retained revenues to fund research or educational initiatives which are intended to "enhance financial literacy, financial awareness, knowledge of rights and obligations or the informed decision making of consumers..." is unquestionably in the public interest and therefore entirely appropriate. We would suggest that FSRA incorporate a reference to its intended use of retained revenues from AMPs into the *Proposed Guidance: Administrative Monetary Penalties*.

Our Association's view is that, overall, the *Proposed Guidance: Administrative Monetary Penalties* is a principles-based, even-handed document which strikes the right balance between the exercise of regulatory authority and the exercise of case-by-case discretion while adhering to the procedural fairness and procedural due process precepts of administrative law. We find the Guidance to be well-written and well-reasoned.

That said, the sensitivity associated with AMPs and the high importance of getting the approach to them right, CAFII encourages FSRA to consider the significance to a regulator of incentivizing the right behaviours among regulated entities, rather than focusing predominantly upon having the power to impose an AMP as a punitive sanction. We believe that it would be appropriate to include in the Proposed Guidance additional references to FSRA's exercise of discretion and its use of warnings, rather than AMPs, as a first option when a situation arises in which a regulated entity has failed to comply with regulatory expectations and is a first-time offender.

In particular, if a first-time offender's contravention is recognized to have been unintentional, CAFII believes that a letter of warning or other similar measure should be FSRA's initial course of action. We acknowledge that there are references in the Proposed Guidance to the weighing of mitigating circumstances when assessing the evidence and deciding upon an appropriate course of action, but we believe that such considerations should be given greater weight in the Proposed Guidance.

In that same vein of wanting to incentivize the right behaviours, CAFII is strongly of the view that a breach which a regulated entity has proactively self-reported to FSRA -- and for which it has taken prompt, self-initiated corrective action, and made restitution to any harmed consumers to make them whole -- should be regarded and treated differently by FSRA as compared to a breach which the regulator has identified itself, in terms of determining the appropriate course of remedial action.

In that connection, we would like to reiterate some salient CAFII input from our September 24, 2021 response submission to your consultation on the Authority's *Proposed Approach Guidance Around Publishing Information Arising From Enforcement Proceedings and Investigations* -- input which is also quite relevant to the current AMPs-related consultation -- as follows:

In principle, CAFII supports FSRA's intention to be transparent and publish information about the actions it has taken in response to an industry player's misbehaviour or lack of compliance with legislation and/or Regulations. We generally concur that transparency in enforcement actions increases public awareness of misconduct and of the sanctions taken to improve consumer protection and deter future misconduct in the regulated sectors; and that a consistent and clear approach to transparency of enforcement also helps to ensure that non-compliant regulated entities and individuals are treated equitably and know in advance when and how FSRA will inform the public that it is taking action for non-compliant activity.

However, we are making this submission to draw out one particular concern. CAFII is concerned that implementation of FSRA's Proposed Approach Guidance, as currently worded, may lead to the publication of information arising from an enforcement proceeding or action taken against an industry player even when that business has proactively self-reported an issue to FSRA, taken prompt corrective action, and made restitution to any harmed customers to make them whole.

CAFII members are strongly of the view that when it comes to industry players with a strong track record of regulatory compliance, a policy of publishing information arising from enforcement proceedings and investigations should not penalize nor create a disincentive for such companies to come forward proactively, self-report, and correct the situation when they discover a lapse in regulatory compliance.

When such a lapse does occur and is discovered internally, CAFII members give careful and due consideration to self-reporting the matter to the relevant regulatory authority. Furthermore, such an incident is promptly self-corrected, with a focus on rectifying the situation for any affected customers.

In CAFII's view, to have a 'naming and shaming' publication result from responsible and proactive self-reporting of a regulatory compliance lapse seems inconsistent with the overarching intent of FSRA's Proposed Approach Guidance.

We therefore urge FSRA to give careful consideration to the scenario described above; to possible unintended consequences that might arise from "letter of the law" implementation of the Proposed Approach Guidance; and to the wisdom of giving itself flexibility and room for judgment to take into account case-by-case circumstances in applying the final Approach Guidance.

CAFII's thinking articulated in our September 24/21 submission above applies equally to the current consultation: we believe that a possible leaning towards the imposition of an AMP in most cases, largely because the power to do so exists, should be guarded against; and that an AMP should not be a part of the first course of remedial action in cases where the regulated entity is a first-time offender and the contravention has been relatively minor, nor in cases where the regulated entity has proactively self-reported the issue to FSRA, taken prompt corrective action, and made restitution to any harmed customers to make them whole.

We believe that there are legal grounds and precedent for FSRA to take the approach we are advocating with respect to situations where a regulated entity has self-reported an issue to the Authority and taken prompt corrective action. For example, there is the safe harbour provision found in Canada's Anti-Spam Legislation (CASL). Pursuant to section 48(1) of CASL, the court is prohibited from considering an application against a person for statutory damages under paragraph 51(1)(b) of CASL if the person has entered into an undertaking with the CRTC or been served with a notice of violation by the CRTC regarding the same conduct. A similar exemption applies for those persons liable under the extended liability (section 52) and vicarious liability (section 53) provisions in CASL, in cases where the corporation, employee, agent or mandatary, as the case may be, who committed the contravention has entered into an undertaking or been served with a notice of violation.

Feedback On Specific Sections and Components

In CAFII's view, there is a discernible inconsistency in the language used in two separate, but parallel sections of the Proposed Guidance. To be specific, in section A2, #7, the statement that in determining whether an AMP will be imposed, FSRA may, among other things, consider "FSRA's statutory mandate, priorities and strategic enforcement objectives" comes across as very broad and sweeping. And, in addition, the reference to "strategic enforcement objectives" in that sentence gives the reader an impression that FSRA could decide to pursue variable, AMP-driven 'clamp-down campaigns' over time. In contrast, we regard the parallel language used in Section B1 to be more precise and preferable, namely that "The Sector Statutes restrict FSRA to the Statutory Criteria and do not permit consideration of additional or alternative factors."

In a similar vein, in the "Rationale and background" section related to transparency, CAFII is confused as to why the perspectives of consumers and other stakeholders would be a consideration in determining whether or not to impose an AMP. The mention of consumers and other stakeholders in this context gives the reader the impression that FSRA would like to introduce public opinion into a decision that should be made solely in accordance with strict principles, in line with FSRA's statutory obligations.

In the Section in B1 that reads “Non-monetary harm cannot be quantified, but can be considered on a spectrum of severity,” CAFII recommends that FSRA include some additional commentary with respect to what types of tools or resources the Authority would consider using to assess non-monetary harm on that spectrum of severity, given that it cannot be readily quantified.

With respect to the section on “FSRA ensures that general AMPs are not punitive,” we recommend the inclusion of additional language to clarify how FSRA will tackle its “ensuring” work in this area, including the role of the Financial Services Tribunal in these matters, and the appeal process available to a regulated entity which regards an AMP which FSRA has imposed upon it to be punitive.

CAFII notes that in the section titled “Determining the amount of a general AMP,” a principle is set out that “A General AMP seeks to neutralize all economic benefits of a contravention, to the extent permitted within the statutory maximum.” In CAFII’s view, that section would be improved through alternate language that conveys a more even-handed approach, by avoiding use of the word “all” and instead using words such as “. . . neutralize those economic benefits derived from the contravention.”

Conclusion

CAFII again thanks FSRA for the opportunity to provide key industry stakeholder feedback on the Authority’s *“Proposed Guidance: Administrative Monetary Penalties.”* We extend our Association’s appreciation for FSRA’s continued commitment to open and transparent communication and consultation. Should you require further information from CAFII or wish to meet with representatives from our Association on this submission or any other matter at any time, please contact Keith Martin, CAFII Co-Executive Director, at keith.martin@cafii.com or 647-460-7725.

Sincerely,

Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

Briefing Note

CAFII Board Meeting, 6 June, 2023—Agenda Item 6(o)

Read Only Items-- Revised Schedule for CAFII Fall 2023 Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour

Purpose of this Agenda Item – Read Only

This is a Read Only item.

Background Information

This is updated information on CAFII's plans to meet in-person with Atlantic Canada insurance regulators and policy-makers in the Fall of 2023.

Recommendation / Direction Sought – Read Only

This is a Read Only item.

Attachments Included with this Agenda Item

1 attachment.

***Agenda Item 6(o)
June 6/23 Board Meeting***

**Revised Timing of and Approach to
CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour in Fall 2023**

Atlantic Canada Tour: Fall 2023

New Brunswick and Prince Edward Island (or Prince Edward Island followed by New Brunswick,
depending upon optimal order)

- Wednesday, September 20/23;
- Thursday, September 21/23; and
- Friday, September 22/23 (if needed)

Nova Scotia and Newfoundland and Labrador (or Newfoundland and Labrador followed by Nova Scotia,
depending upon optimal order)

- Wednesday, October 4/23;
- Thursday, October 5/23; and
- Friday, October 6/23 (if needed)