

## CAFII Board of Directors Meeting

**Date:** Tuesday, November 27, 2018  
**Location:** The Canada Life Assurance Company,  
 15<sup>th</sup> Floor Boardroom, 330 University  
 Avenue  
 Toronto, ON  
**Chair:** N. Benson

**Time:** 3:00 to 5:00 p.m.  
**Dial-in:** 416-477-0921; 514-447-8925 or 1-888-543-2449

Participant: 1500# | Host: 1501#

Zoom URL: <https://zoom.us/j/779939320>

## Agenda

**(See Special Note below)**

Item	Presenter	Document	Action
1. Call to Order, Meeting Confirmation, & Governance Matters 3:00 p.m.	N. Benson		
1.1. Approval of Agenda		✓	Approval
1.2. Appointment of Board Vice-Chair		✓	Approval
1.3. Appointment of a CAFII Director			Approval
1.4. Appointment of CAFII EOC Chair and Board Secretary		✓	Approval
1.5. Appointment of CAFII Cheque Signing Authorities			Approval
1.6. Proposed Schedule of 2019 CAFII Meetings and Events		✓	Approval
2. Consent Items 3:10 p.m.	N. Benson		
2.1. Draft Board Meeting Minutes, October 2, 2018		✓	Approval
2.2. Summary of Board & EOC Action Items		✓	Receipt
2.3. Regulatory Update		✓	Receipt
2.4. Consultations/Submissions Timetable		✓	Receipt
2.5. Regulator and Policy-Maker Visit Plan		✓	Receipt
2.6. Committee Reports Addressing CAFII Priorities		✓	Receipt
3. Financial Matters 3:15 p.m.			
3.1. Financial Statements as at October 31, 2018	T. Pergola	✓	Approval
3.2. Draft CAFII 2019 Operating Budget Options ( <i>assigned to In Camera Session</i> )		✓	Approval
4. Regulatory Matters 3:25 p.m.			
4.1 October 25/18 CAFII Stakeholder Meeting With CCIR	B. Wycks/K. Martin		Update
4.2 CAFII Dialogue with CCIR/CISRO Re Fair Treatment of Customers Guidance	B. Wycks		Update
4.3 CAFII Dialogue with CCIR Re Travel Health Insurance Data Gathering	S. Manson/B. Wycks		Update
4.4 CAFII Response Submission on AMF's Regulation Respecting Alternative Distribution Methods	K. Martin/B. Kuiper	✓	Update
4.5 CAFII Response Submission on FSRA's Proposed Fees and Assessments Rules	B. Wycks		Update
4.6 2018 FSCO Life and Health Insurance Market Conduct Symposium	K. Martin		Update
4.7 2018 AMF Rendez-Vous Conference	K. Martin/B. Wycks		Update
4.8 Industry Advisory Group – Life and Health Insurance Dialogue with FSRA Re 2019-20 Priorities and Budget	B. Wycks	✓ (2)	Update
4.9 Implementation of Saskatchewan's New Insurance Act and Regulations	B. Wycks		Update
4.10 New Brunswick Insurance Act Rewrite	B. Wycks		Update



**Agenda Items 1.2, 1.3, 1.4  
November 27/18 Board Meeting**

From: Natalie Hill

Sent: Friday, October 12, 2018 2:52 PM

To: 'nicole.benson@valeyo.com'; 'martin.boyle@bmo.com'; 'Pergola, Antonio'; 'Lobbezoo, Chris'; 'paul.cosgrove@assurant.com'; 'christian.dufour@dsf.ca'; 'Fear, David'; 'McCarthy, Peter'; 'Rondzik, Sandra'; 'wallace\_thompson@manulife.com'; 'Kelly Tryon'; 'anuraj.bains@cibc.com'; 'Bedford, Laura'; 'Charles Blaquiere'; 'Isabelle Choquette'; 'rob.dobbins@assurant.com'; 'nina\_desai@manulife.com'; 'Easthope, Dana'; 'Ewen, Dallas'; 'dominique.julien@cibc.com'; 'moira.gill@td.com'; 'Lewsen, John'; 'charles.maclean@rbc.com'; 'Manson, Sue'; 'vivek.sahni@rbc.com'; 'Monika Spudas'; 'jsavard2@dsf.ca'; 'mindy.tarantelli@scotiabank.com'; 'Thorn, Peter'; 'Shawna Sykes'

Cc: Brendan Wycks; Keith Martin

Subject: CAFII Board and Executive Operations Committee Leadership Changes Update

*(This message is being sent to you on behalf of Nicole Benson, Chair of the CAFII Board of Directors.)*

**CAFII Board and Executive Operations Committee Members:**

The purpose of this message is to advise you of the following appointment decisions made by the CAFII Board of Directors during the in camera portion of its meeting on October 2 in Montreal:

- Chris Lobbezoo, CAFII Director from RBC Insurance, is appointed Vice-Chair of the CAFII Board, effective immediately (see Chris' capsule biography below); and
- Martin Boyle, EOC member from BMO Insurance, is appointed EOC Chair and Board Secretary, effective immediately (see Martin's capsule biography below).

Chris Lobbezoo

Vice-President, Creditor Insurance

RBC Insurance

*As Vice President, Creditor Insurance for RBC Insurance, Chris Lobbezoo is responsible for directing and expanding RBC Insurance's Creditor portfolio. In this role, Chris identifies opportunities to enhance existing creditor products and distribution opportunities, in conjunction with third-party partners and service providers. The Creditor portfolio includes Bank Act authorized products – HomeProtector, BalanceProtector, LoanProtector and Business Loan Insurance.*

*Chris joined RBC Insurance in September 2012. With more than 25 years of experience at RBC, Chris brings a diverse skill set to his position, with leadership and business acumen honed in a variety of senior strategy and sales leadership roles.*

Martin Boyle

Manager, Compliance and Operational Risk

BMO Insurance

*Martin Boyle joined BMO Insurance in January 2018 as the Manager of the business' first line compliance and operational risk.*

*Prior to his time with BMO Insurance, Martin acted as the Policy Advisor for the Canadian Council of Insurance Regulators (CCIR) and was directly involved in a number of regulatory developments that are currently at the forefront of the life insurance industry. These include the development of a cooperative supervisory framework, the Annual Statement on Market Conduct and Fair Treatment of Customers among others.*

*Martin has similar regulatory coordination experience with the Mortgage Broker Regulators' Council of Canada (MBRCC) and the Joint Forum of Financial Market Conduct Regulators. Martin also has several years of experience in government relations and regulatory affairs within the life and P&C insurance sectors.*

These appointments will be reconfirmed during the regular agenda portion of the Board's next meeting on November 27, so that they may be captured in the minutes of the Corporation's Board of Directors.

On behalf of all Board members, EOC members, and Co-Executive Directors Brendan and Keith, I extend thanks and appreciation to outgoing EOC Chair and Board Secretary Pete Thorn of TD Insurance, for his exemplary contributions serving in that dual leadership role since June 2017.

Pete, Brendan, and Keith are currently working with Martin Boyle on Martin's orientation and onboarding, which will ensure a smooth hand-off of the EOC Chair and Board Secretary role.

And in that same connection, Bob Grant, CAFII Director from Scotiabank Financial, advised yesterday of his plans to retire from Scotiabank effective January 1, 2019; and, as such, he will be resigning from the CAFII Board of Directors. Bob indicated that Zack Fuerstenberg, currently Vice-President, Creditor Products & Operations at Scotiabank Financial, will become the new Senior Vice-President & Head of Insurance Canada at Scotiabank Financial, and will be Bob's successor on the CAFII Board.

We hope and expect that both Bob and Zack will be in attendance at our next Board meeting on November 27, so that there will be an opportunity to congratulate Bob on his imminent retirement, thank him for his service to CAFII, and wish him all the best; and also to effect Zack's appointment as a CAFII Director and welcome him aboard in-person.

Have a great afternoon.

Nicole A. Benson  
Chief Executive Officer  
Canadian Premier Life Insurance Company  
Legacy General Insurance Company  
Valeyo

## CAFII 2019 Draft Schedule of Meetings

**EOC Meetings:** *To be held from 2:00 – 4:00 p.m. unless otherwise specified. In-person meetings bolded.*

- **Tuesday, January 15, 2019** (3:00-5:00 p.m. in person meeting) and EOC Annual Dinner at 5:30 pm
- Tuesday, February 26, 2019 (Teleconference; 2:00 – 3:00 p.m.)  
(Family Day stat holiday: Monday, February 18)
- **Tuesday, March 26, 2019** (2:00-4:00 p.m. in person meeting)  
(Good Friday, April 19; Easter Monday, April 22)
- Tuesday, April 30, 2019 (Teleconference; 2:00 – 3:00 p.m.)
- **Tuesday, May 28, 2019** (2:00-4:00 p.m. in person meeting)  
(Victoria Day stat holiday: Monday, May 20)
- Tuesday, June 25, 2019 (Teleconference; 2:00 – 3:00 p.m.)  
(St. Jean Baptiste Day: June 24; Canada Day: July 1)
- Tuesday, July 23, 2019 \*tentative summer meeting (Teleconference; 2:00 – 3:00 p.m.)
- Tuesday, August 13, 2019 \*tentative summer meeting (Teleconference; 2:00 – 3:00 p.m.)
- **Tuesday, September 17, 2019** (2:00-4:00 p.m. in person meeting)  
(Rosh Hashanah: September 29 – October 1; Yom Kippur: October 8 – October 9)
- Tuesday, October 22, 2019 (Teleconference; 2:00 – 3:00 p.m.)
- **Tuesday, November 19, 2019** (2:00-4:00 p.m. in person meeting)

### Board Meetings:

- **Tuesday, April 16, 2019** (3:00-5:00 p.m.; followed by Reception)
- **Tuesday, June 11, 2019** (3:00-5:00 p.m.; followed by Reception)
- **Tuesday, October 1, 2019**
- **Tuesday, December 3, 2019** (3:00-5:00 p.m.; followed by Reception)

HOST: CUMIS Services  
HOST: Manulife Financial  
HOST: RBC Insurance  
HOST: TD Insurance

### 2018 Board Meetings Hosted by:

CAFII; ScotiaLife ; BMO; The Canada Life Assurance

### 2017 Board Meetings Hosted by:

TD Insurance; CAFII; Desjardins; CIBC Insurance

### 2016 Board Meetings Hosted by:

CUMIS Group; Assurant Solutions; RBC Insurance; BMO Insurance

### 2015 Board Meetings Hosted by:

CIBC Insurance; ScotiaLife Financial; Desjardins; Canadian Premier

### Annual Members Luncheon & Speaker Forum 2019:

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

Topic Proposed:

Speaker Proposed:

Venue Booked:

### Past Years

#### Annual Members Luncheon & Speaker Forum 2018

Topic: "Leading For Success in A Volatile World"

Speaker: Richard Nesbitt, CEO, the Global Risk Institute

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

***Annual Members Luncheon & Speaker Forum 2017***

*Topic: Tomorrow is Today: Insurtech Disruption in the Life and Health Insurance Sector*  
*Speaker: Keegan Iles, Director, Insurance Consulting Leader, PwC Canada*  
*Venue: Arcadian Loft, 401 Bay St., Simpson Tower, 8<sup>th</sup> Floor, Toronto, ON*

***Annual Members Luncheon & Speaker Forum 2016***

*Topic: Innovation in Insurance: Opportunities in a Changing Market*  
*Speaker: Alison Salka, Ph.D, Senior Vice President and Director Research, LIMRA*  
*Venue: Arcadian Loft, 401 Bay St., Simpson Tower, 8<sup>th</sup> Floor, Toronto, ON*

DRAFT

**CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE**

**BOARD OF DIRECTORS MEETING**

**Tuesday, October 2, 2018**

**BMO Financial Group Exécutive Dining Rooms, 14th Floor, 129 rue Saint Jacques,**

**Montréal, Québec**

**MINUTES**

<b>Board Present:</b>	Nicole Benson	Canadian Premier Life <i>Chair</i>
	David Fear	Canadian Life Assurance
	Bob Grant	ScotiaLife Financial
	Chris Lobbezoo	RBC Insurance
	Peter McCarthy	BMO Insurance
	Kelly Tryon	CUMIS Services Incorporated
	Chris Knight	TD Insurance
	Sandra Rondzik	CIBC Insurance <i>(by teleconference)</i>
<b>Regrets:</b>	Paul Cosgrove	Assurant
	Christian Dufour	Desjardins Financial Security
	Wally Thompson	Manulife
<b>EOC Present:</b>	Charles Blaquiere	Canadian Premier Life
	Martin Boyle	BMO Insurance
	Scott Kirby	TD Insurance
	Dominique Julien	CIBC Insurance
	Bradley Kuiper	ScotiaLife Financial
	John Lewsen	BMO Insurance <i>Acting Secretary</i>
	Sue Manson	CIBC Insurance
	Anita Mukherjee	RBC Insurance
	Tony Pergola	ScotiaLife Financial <i>(by teleconference)</i>
	Diane Quigley	CUMIS Services Incorporated
	Vivek Sahni	RBC Insurance
	Monika Spudas	Manulife Financial
	Peter Thorn	TD Insurance
<b>Also Present:</b>	Keith Martin	CAFII <i>Co-Executive Director</i>
	Brendan Wycks	CAFII <i>Co-Executive Director</i>
	Natalie Hill	Managing Matters Inc. <i>Recording Secretary</i>

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

**1.1. Welcome to Visitors: Sylvie Bourdeau and Dana Abrams, Fasken**

The meeting was called to order at 2:26p.m. N. Benson acted as Chair; J. Lewsen acted as Secretary; and N. Hill acted as Recording Secretary.

N. Benson welcomed special guests Sylvie Bourdeau and Dana Abrams, CAFII's Montréal-based legal counsel from Fasken.

*CAFII Board Meeting Minutes, October 2, 2018*

It was noted that Ms. Bourdeau and Ms. Abrams are experts in Québec insurance law and they provided legal analysis and advice to CAFII around Bills 141 and 150; and they were visiting this meeting to be part CAFII's debrief discussion on the just-completed Industry Issues Dialogue with the AMF staff executives, along with a forward-looking discussion on CAFII's approach to the AMF's development of Regulations in support of Bill 141, as passed into law this past June.

N. Benson also thanked J. Lewsen, a past-EOC Chair, for filling in for P. Thorn as Board Secretary for this meeting and for providing valuable support.

Secretary J. Lewsen confirmed that notice of this meeting was sent to all Directors in accordance with the Association's By-Law and that a quorum of Directors was present, with eight Directors present in-person.

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

## **1.2. Approval of Agenda**

On a motion duly made, seconded and unanimously carried

### **IT WAS RESOLVED that:**

The meeting Agenda be and is approved as presented.

## **1.3. Debrief on Liaison Lunch and Industry Issues Dialogue with AMF Staff Executives; and CAFII Approach to AMF's Development of Regulations in Support of Bill 141**

N. Benson began by focusing on the Liaison Lunch and Industry Issues Dialogue which CAFII had just engaged in with the AMF staff executives.

B. Wycks highlighted key learnings from the Industry Issues Dialogue, including that a new draft Regulation was about to be released on the sale of insurance on the internet, and that this Regulation would be accompanied by a document that explains the rationale behind the Regulation. Stakeholders will have 60 days to offer feedback.

It was noted that Quebec's Distribution Guide would be replaced by a short, simple summary document that would have to be made available to the consumer, and which individual companies would be responsible for developing. However, the AMF would identify the key elements expected in the document, and they would audit to ensure that companies were complying with regulatory expectations.

## **1.4 Debrief on September 14/18 CAFII Meeting with FCAC Brigitte Goulard**

C. Knight stated that CAFII's September 14/18 Special Purpose Board Meeting with FCAC Deputy Commissioner B. Goulard was a productive meeting, with a good dialogue, and that Ms. Goulard appeared open to hearing our thoughts. He felt that it might be necessary for CAFII to have an industry response to her comments, and that one possible action item was some form of certification program to be able to demonstrate that CAFII members' sales forces are compliant with the expectations of the FCAC.

Perhaps, Mr. Knight suggested, CAFII could develop some form of accreditation/certification program or another form of industry guidance in this area.

*CAFII Board Meeting Minutes, October 2, 2018*



A thorough Board discussion of Mr. Knight's proposal ensued, with some concerns expressed around duplicating what is already done internally by CAFII members; and the risk that such an initiative would suggest that we can provide certification around some activities that are not permissible or possible—for example, P. McCarthy noted that CAFII member employees are prohibited by the Bank Act from providing advice to consumers, so while we do ensure that our client service representatives have product knowledge, they are not able to provide advice and, as such, a certification program around product suitability is not possible or appropriate, given legislative and regulatory restrictions.

It was noted that CAFII members already have annual or semi-annual processes for training and confirming knowledge around products. It was suggested that creating a related certification program at an industry Association-level would show that we have responded to the concerns expressed by Ms. Goulard, but it could also imply that we are doing more than in fact we are authorized to do. It also could be duplicative of existing efforts and therefore inefficient, and add another layer of compliance to CAFII members' activities.

On the subject of Ms. Goulard's presentation and comments, it was suggested that there were gaps in her knowledge—such as her understanding of the restrictions which CAFII members face around ensuring product suitability. However, Ms. Goulard seemed to infer that provincial insurance regulators would be open to, and tolerate, some form of suitability assessment (presumably without crossing the line of violating provincial insurance law) in respect of creditor insurance because that would be in the best interest of consumers. In fact, from her comments that certain provinces had reached out to her asking what she was doing about the banks, she left the impression that the provinces want the FCAC to do more.

Another apparent gap was her knowledge around credit protection insurance products themselves, for example as illustrated by her comment that someone who routinely pays off his/her credit card balance monthly should not be sold balance protection insurance. She may have said this because she thinks there would be no benefit payable if the card balance is routinely paid off by the statement date each month when, in fact, a benefit would be payable. She also may have said this because she thinks that people who can pay off their credit card balance each month don't need protection (a false presumption).

It was felt that CAFII needs to provide some further education to the FCAC about CAFII members' products, how they work, and the restrictions our members face on advice. It was noted that our research efforts provide an opportunity to continue the discussion by offering to share the results of relevant research projects, and then leveraging that opportunity to address some of these knowledge gaps.

N. Benson noted that Ms. Goulard's concerns focused largely on companies' internal supervisory regimes and processes, and on whether CAFII members are taking appropriate remedial action on inappropriate sales techniques.

C. Lobbezoo emphasized the fact that CAFII member client service representatives are not licensed and our agents are selling a different core product, such as a mortgage, and the creditor protection insurance is directly related to that, with no suitability test being possible or appropriate. Mr. Lobbezoo felt that any further training or certification efforts should be focused on demonstrating a commitment to the fair treatment of customers, and that we avoid taking any steps that would imply that CAFII and its members can undertake anything aimed at ensuring product suitability.

It was agreed that CAFII's Co-Executive Directors could investigate the proposal put forward by Mr. Knight and bring forward some options around a certification program, moving from the current internal training practices, to a basic training program at the industry level, to a full certification program with a test and designation for client service representatives, leading to something along the lines of "this agent is CAFII-certified to sell Credit Protection Insurance" at the other end of the spectrum.

D. Fear referenced a cross-country tour of provincial insurance regulators recently conducted by CLHIA, noting that many of them expressed concerns around credit protection insurance. Was another approach to ensure that existing CLHIA Guidelines were being adhered to and enforced, he asked? Should a best practices Guideline be established around distribution channels? There are mechanisms already in place that we could try to leverage, Mr. Fear noted.

On that point, a Board member expressed the view that it was uncertain, even doubtful, whether CLHIA would attempt to protect and advance the interests of credit protection insurance.

B. Grant asserted that CAFII needs to demonstrate that we are "doing the right thing," noting that demonstrations of remedial action taken when something was not being done right could be helpful.

S. Rondzik noted that Ms. Goulard herself had noted that the FCAC is not authorized to levy fines for sales that are not suitable, but she also said that investigative media coverage and/or the FCAC itself could expose such practices which constituted a significant, potential reputational risk for our members. Ms. Rondzik felt that educating the FCAC around some of their credit protection insurance knowledge gaps was important, and that we had to show movement in the short term—we could not wait until our research results were ready to be released. Ms. Rondzik felt that it might be helpful to do some work around the options available to us to respond to the comments around suitability of products for customers ("the right product for the right customer"), although Peter McCarthy cautioned that we should be careful around making commitments on suitability, and might wish to steer the discussion instead around customer eligibility for products. Ms. Rondzik felt that we needed to look at the spectrum of options available to the industry, and do so expeditiously.

C. Lobbezoo mentioned that work could also be done around the monitoring, reporting, governance, and remediation aspects of complaint management —Ms. Goulard wanted reporting on first level complaints and evidence that we were systematically responding to complaints; and perhaps that was something we could do some work on.

## **2. Approval/Receipt of 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.

And further, it was **RESOLVED** that the minutes of the meeting of the Board of Directors held June 5, 2018 be and are adopted in the form presented, and that a copy of those minutes be signed and placed in the minute book of the Corporation.

### **3. Financial Matters**

#### **3.1 Financial Statements as at August 31, 2018**

Treasurer T. Pergola reported on the highlights of CAFII's financial statements as at August 31/18, which included that revenue is higher than budgeted due to the acquisition of two new Initiation Members; and, as a result, a re-forecast of the 2018 Operating Budget to year-end anticipated a lower deficit than originally budgeted.

On a motion duly made, seconded and unanimously carried.

#### **IT WAS RESOLVED that**

The August 2018 financial statements be and are approved as presented.

### **4. Regulatory Matters**

#### **4.1. FSRA Fee Rule – Life and Health Insurance Process; and Upcoming 90 Day Public Consultation**

N. Benson noted that the first item in this section related to the recent FSRA Fee Rule Industry Advisory Group – Life and Health Insurance; and that CAFII had participated jointly with CLHIA in pre-consultations on this issue.

B. Wycks provided a recap of CAFII's participation in this pre-consultation process, which included two in-person meetings with FSRA management and consultants, and a follow up meeting with the FSRA Board.

One issue that was not included in the formal submission from CLHIA and CAFII was the impact for companies of FSRA moving from the FSCO formula of calculating fees based on net premium, to a new formula based on direct written premium. The recommendation is that this be phased in to give companies a chance to adjust to the new method, and this was raised verbally by CAFII at the meeting with the FSRA board.

There is a formal 90 day period for stakeholders to offer formal comments, and CAFII will reiterate that point in its submission.

Other salient points raised at the meeting with the FSRA Board of Directors included the opportunity for FSRA to provide leadership in the development of a national insurance licensing database.

#### **4.2. FSCO Initiatives Related To Life and Health Insurance**

K. Martin noted that at a 17 September, 2018 FSCO Life Insurance Working Group meeting, FSCO indicated that after a period during which the Incidental Insurance Market Conduct Questionnaire was not discussed (due to the desire to not pursue this during the Ontario election period), it would now become an active file again and a revised version of the Questionnaire would be distributed to stakeholders for comment.

K. Martin also indicated that an analysis of the final versions of FSCO's and CCIR/CISRO's recently released Fair Treatment of Customers guidance documents revealed that CCIR/CISRO had incorporated many of the comments and recommendations of CAFII, while FSCO had made no changes to the final version of its FTC document.

#### **4.3. FCNB Plans To Introduce An RIA Licensing Regime in New Brunswick**

B. Wycks provided an update on the plans of the Financial and Consumer Services Commission of New Brunswick to introduce a Restricted Insurance Agent licensing regime in that province; and CAFII's efforts to provide some education for and influence the FCNB's plans in this area. However, despite multiple efforts to set up an in-person meeting in New Brunswick with the FCNB, they indicated that the timing was not right, and that instead CAFII would be engaged when a formal consultation process began.

#### **4.4. Possible CAFII Initiative(s) Stemming From Australian Royal Commission**

N. Benson reminded the Board that at its previous meeting on June 5, there was a discussion on the prospect of CAFII undertaking a special legal research and analysis project related to the implications for Canada of the currently underway *Australian Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry*. It was noted that the decision at that time was to delay making a decision until after the interim report was issued in the Fall.

The interim report had just been issued, but it did not include any coverage of insurance matters; insurance would instead be addressed in the Commission's final report due to be released in February 2019.

The Board agreed to monitor this file, but not to take action until the Australian Royal Commission's final report is issued in 2019.

### **5. Strategy**

#### **5.1. 2018 Credit Protection Insurance Research Project**

K. Martin provided an update on research initiatives. The travel medical insurance consumer research continues to be well-received; and physical "leave-behinds" summarizing the key findings have been developed and will be shared with key stakeholders. This complements the materials we have posted on the CAFII website about the research. The research initiative with Pollara on credit protection insurance has been the subject of significant effort, including seven one-hour teleconference meetings to finalize the questionnaire. This initiative will focus on consumer views of mortgage and HELOC life, critical illness, disability, and job loss insurance. That questionnaire is now in the field currently, and we anticipate having preliminary results in November, Mr. Martin advised.

#### **5.2 to 5.6 Strategy**

In the interests of time, N. Benson asked K. Martin and B. Wycks to provide verbal updates only on matters that required the Board's immediate attention. K. Martin mentioned that after discussion with the EOC, the recommendation is to do a second website video on the results of the travel medical insurance consumer research. Work is being done on this and the intention is to have this second video published on the website before the end of 2018.

### **6. Other Business**

#### **6.1. CAFII Meeting With CCIR Travel Insurance Working Group, October 24/18**

B. Wycks mentioned that with CCIR executives being in Toronto for the 25 October, 2018 Stakeholder Meetings, a separate meeting for CAFII representatives with CCIR's Travel Insurance Working Group is being organized for 24 October, 2018.

## **6.2. CAFII Annual Stakeholder Meeting With CCIR, October 25/18**

B. Wycks mentioned that there was strong interest among CAFII Board and EOC members in attending the Association's Stakeholder Meeting with CCIR on October 25, and the Association's delegation for that meeting would be finalized shortly.

## **6.3. Next CAFII Board Meeting: November 27/18 in Toronto**

B. Wycks updated the board on plans for CAFII's next Board meeting in November. He thanked Canada Life for agreeing to host the meeting. It was noted that Mark White, President and CEO of FSRA, is confirmed as the speaker at the immediately ensuing CAFII Holiday Season/Year-End Reception.

## **7. Termination and *In Camera* Session**

N. Benson thanked everyone for their participation at this Board meeting.

There being no further business, the meeting was terminated at 3:48p.m.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Board Chair

\_\_\_\_\_  
Recording Secretary

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status November 20, 2018
		<b>Association Strategy and Governance</b>			
6	EOC May 29, 2018	Develop a summary job description for the CAFII EOC Chair role and circulate it to EOC Members.	Brendan, Keith	31-Dec-18	In progress
7	EOC September 19, 2017	Approach Directors to see if they would consider becoming the new CAFII Chair to succeed Peter McCarthy; or becoming the Vice-Chair	All EOC	23-Oct-17	Complete
8	EOC June 20, 2017	Review "Candidate Profile: CAFII Board Chair" and "Reverse Chronology CAFII Board Chair, Board Vice-Chair, EOC Chair, and Treasurer Appointees" and discuss with own CAFII Board member the possibility of his/her being a nominee for the CAFII Board Chair or Vice-Chair roles, for a 1 or 2 year appointment.	All EOC	5-Sep-17	Complete
9	EOC February 27, 2018	Document in writing the process for reviewing, approving, and admitting applicants for CAFII Members and Associate status	Brendan	31-Dec-18	In progress

**Regulatory Update – CAFII Executive Operations Committee, November 16, 2018**

Prepared By Brendan Wycks, CAFII Co-Executive Director

**Table of Contents**

**Federal/National:**

- **Canadian Association of Direct Relationship Insurers (CADRI)**
  - CADRI Supports Ontario's Move To Foster Innovation In P&C Insurance **(page 2)**
  - CADRI Submission Calls For Better Representation On Insurance Council Of BC **(page 2)**
- **Insurance Bureau of Canada (IBC):**
  - CCIR/CISRO FTC Guidance Should Recognize That Brokers Are Independent: IBC **(page 2)**
  - IBC Wants Regulatory Sandbox For P&C Insurance Industry **(page 3)**

**Provincial/Territorial:**

- **Saskatchewan:**
  - Saskatchewan Considering Delay In Implementation Of New *Insurance Act* **(page 4)**
- **Manitoba:**
  - ICM Modernizes Criminal Record Check Requirements For Non-Resident Licences **(page 5)**
- **Ontario:**
  - FSRA's Rule-Making Authority Proclaimed Into Law **(page 5)**
  - FSCO Publishes Results Of Life Insurance Agent Inspections **(page 6)**
- **Québec:**
  - AMF Undergoes Thorough Review By IMF In Its 2018 FSAP Review Of Canada **(page 7)**
- **New Brunswick:**
  - FCNB Launches Multi-Year *Insurance Act* Rewrite Project **(page 7)**

**Research, Thought Leadership, and Innovation Developments**

- THIA Survey Reveals Shift In Canadians' Attitudes Toward US Travel **(page 8)**

## **Federal/National**

### **Canadian Association of Direct Relationship Insurers (CADRI)**

#### CADRI Supports Ontario's Move To Foster Innovation In P&C Insurance

On November 16/18, the Canadian Association of Direct Relationship Insurers (CADRI) praised the Ontario government's promise to allow insurers to offer their customers more digital options – made in its Fall Economic Statement released the previous day – as a very welcome move.

"We know that 70 percent of Canadians are willing to download an application from their insurer," commented CADRI Chairperson and President Alain Thibault. "In this context, it makes sense for us to be allowed to offer them proof of their automobile insurance digitally, if they want it."

In its Fall Economic Statement, the Ontario government said it will change the regulatory framework to allow electronic proof of auto insurance, usage-based technology and full electronic commerce in the insurance business.

"Having an application or a device reflect exactly how you drive means that your insurer can offer rates tailored to your safe driving record," said Thibault. "New rules encouraging user-based insurance could encourage more Ontarians to try this out."

CADRI said it looks forward to working with the government to make the regulatory system governing automobile insurance more efficient: making the market more competitive and increasing consumers' choices.

#### CADRI Submission Calls For Better Representation On Insurance Council of BC

In its June 2018 submission in response to the BC Ministry of Finance's Preliminary Recommendations Paper arising from its 10-Year Review of the Financial Institutions Act and Credit Union Incorporation Act, CADRI stated that "while the Preliminary Recommendations Paper calls in recommendation #54 for an expansion of the number of representatives on the Insurance Council's Board, it is not clear to CADRI that these members would represent direct-relationship insurers, their agents and their customers. CADRI submits that when Insurance Council Board members are appointed, the Insurance Council (should) solicit recommendations for representatives of the direct-relationship industry including this trade Association."

### **Insurance Bureau of Canada (IBC)**

#### CCIR/CISRO FTC Guidance Should Recognize That Brokers Are Independent: IBC

When it comes to market conduct in the property and casualty industry, CCIR/CISRO's "Guidance: Conduct of Insurance Business and Fair Treatment of Customers" should recognize that brokers are independent, the Insurance Bureau of Canada said in an early October 2018 media statement.



Though brokers and agents are often involved in serving customers, it is ultimately the carrier who is responsible for servicing policies and “ensuring that intermediaries have appropriate policies and procedures in place in respect of the policy servicing activities,” CCIR/CISRO said in their regulatory Guidance document, released in late September.

CCIR/CISRO stipulate in their FTC Guidance document that a carrier should have a duty to report to a regulator any “intermediary with whom they have transacted that may be unsuitable or not duly authorized, which could result in impairing the fair treatment of customers.”

Carriers need to “be satisfied that the involved intermediaries are providing information to customers in such a manner that will assist them in making an informed decision,” says the Guidance document, which is based on principles rather than hard-and-fast rules.

Ryan Stein, IBC’s executive director of auto policy and innovation, said all principles outlined in the document are reasonable but added brokers are independent.

“They want to be independent and we don’t think there should be an expectation on insurers to sort of be responsible for the actions of independent brokers,” Stein said. “We think for the part of the business that’s carrier-based, carriers are primarily responsible for the fair treatment of insureds. But you need to recognize that the brokers have a significant role and they are legally and structurally independent.”

Stein said the Guidance document is significant because of its national scope, and that regulations should be consistent across the country. Most carriers in Canada are national and “they want to see that the regulators are applying their guidance similarly” to one another, Stein said. “When there are different ones in different provinces, it could create confusion on what is expected.”

#### IBC Wants Regulatory Sandbox For P&C Insurance Industry

The Insurance Bureau of Canada (IBC) wants a regulatory sandbox for the p&c insurance industry, something currently not accessible to insurers, the national association of property and casualty insurers announced in late August.

“Sandboxes relax specific legal and regulatory requirements to create a safe and conducive space for innovative ideas, enabling companies to experiment while at the same time, containing the fallout of any failure,” explained Rana Shamoon, senior policy advisor at IBC. “It can be of equal value to regulators in helping to identify where existing regulations hinder innovation, and in striking the right balance to encourage innovation and protect consumers.”

In February 2017, the Canadian Securities Administrators, an umbrella organization for provincial market watchdogs, launched a regulatory sandbox for innovative business models in the securities sector. While there are no regulatory sandboxes in Canada that are accessible to insurers, Shamoon said IBC is hopeful that Ontario’s new government “will continue efforts to establish a regulatory sandbox in Ontario that is accessible to all financial sector participants so that businesses in Ontario can test innovations and remain competitive.”

In Quebec, the Groupe de travail sur l'économie collaborative (working group on the sharing economy) recommended in June that the province's financial regulator, the Autorité des marchés financiers (AMF), develop a regulatory sandbox.

"It's sort of a laboratory where you work outside the confines of normal regulations and you observe and evaluate and make a conclusion at the end whether this can fall within the regulation or whether we need to adapt the regulation for these innovations to hit market," Pierre Babinsky, director of communications and public affairs with IBC, said in an interview.

In October 2016, the government of Quebec began a one-year pilot project with Uber to examine things like regulatory compliance and taxation before deciding whether or not to allow this activity in Quebec. The project was renewed for another year, beginning last October.

Babinsky said this pilot project is "sort of a regulatory sandbox" in that the regulator is allowing things to happen outside normal regulations, but within the strict confines and for the duration of the pilot project.

He added that there is something similar to p&c group insurance used within the pilot project, but "as soon as that pilot project ends, technically, the regulation would not allow for this type of insurance to continue."

P&C group insurance allows for a number of people (or a group) to be insured in a single contract. Currently, Quebec only allows life group insurance, not P&C group insurance. IBC is also calling for the creation and regulation of this type of insurance in the province.

Babinsky said a p&c group insurance policy could involve a ride-sharing company entering into an agreement with an insurer so that every user is protected by the insurance contract, rather than having every driver purchase their own policy to cover ridesharing activities. Whether p&c group insurance in Quebec will need a regulatory sandbox is "hard to say."

The working group on the sharing economy provides another example of an industry (not necessarily insurance) that allows the sale of new products for a six-month period to determine the feasibility or advantages of the industry. During the period, "the regulator allows the sale of this new product while it collects information on the experience and evaluates whether these new products should fall within the normal regulations or whether new regulations are required," Babinsky said.

## **Provincial/Territorial**

### **Saskatchewan**

#### **Financial and Consumer Affairs Authority (FCAA)**

##### Saskatchewan Considering Delay In Implementation Of New *Insurance Act*

On November 16/18, Jan Seibel, Director, Insurance and Real Estate Division with Saskatchewan's Financial and Consumer Affairs Authority and lead on its Insurance Act Rewrite and Regulations Development files, sent an email update/inquiry message to CAFII's Brendan Wycks indicating the following:

*Further to our August 10 consultation document, we are canvassing participants regarding timing of the implementation of The Insurance Act. In particular, please advise of the impact to your members if the implementation of the Act is delayed for a period of time, for example 6 months. Please provide me with your response as soon as you can.*

## **Manitoba**

### **Insurance Council of Manitoba**

#### ICM Modernizes Criminal Record Check Requirements For Non-Resident Licences

On July 19/18, the Insurance Council of Manitoba (“Council”) announced that effective immediately, it had amended its policy for licence applicants who reside in a Canadian jurisdiction other than Manitoba (“non-resident licence applicants”) and who are subject to criminal record check requirements in their home province or territory.

The Council’s criminal record check requirements for non-resident licence applicants applying for an insurance licence in Manitoba are now as follows:

- non-resident licence applicants who hold an insurance licence that is in good standing in their home province or territory are no longer required to provide a criminal record check when they submit their Manitoba licence application; and
- non-resident licence applicants who are applying for an insurance licence with Council at the same time they are applying for an insurance licence in their home province or territory may submit a copy of their original, current criminal record check with their Manitoba licence application.

Non-resident licence applicants must still provide full written disclosure of any criminal charges, conditional or absolute discharges, or convictions as part of their licence application to Council.

The above changes do not apply to non-resident licence applicants who reside outside of Canada. These applicants must continue to submit an original, current criminal record check to Council as part of their application.

## **Ontario**

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

#### FSRA’s Rule-Making Authority Proclaimed Into Law

On September 28/18, the Ontario Legislature proclaimed FSRA’s rule-making authority under the Financial Services Regulatory Authority of Ontario Act, 2016 (FSRA Act). This milestone enables FSRA to make rules, including those governing fees and other charges required for FSRA to operate as an independent, self-funded agency that will operate on a cost recovery basis.

As part of the transition of FSCO's and DICO's regulatory mandate to FSRA, FSRA has developed an initial fee rule to obtain funding from the financial services sectors it regulates. The proposed fee rule is intended to enable FSRA to maintain continuity of FSCO and DICO operations and build enhanced capacity, resources and expertise to efficiently and effectively anticipate and respond to the dynamic pace of change in marketplace, industry and consumer expectations.

The proposed fee rules are based on foundational values and principles established by the FSRA Board: simple, consistent, fair, transparent, future-focused, efficient and effective.

## **Financial Services Commission of Ontario**

### FSCO Publishes Results of Life Insurance Agent Inspections

On November 5/18, FSCO published its "Life Insurance Agents Compliance Report: 2017/18 Examination Results" on its website.

This report summarizes the results of FSCO's review findings and enforcement actions from the 132 on-site examinations and 94 desk reviews conducted during the April 1, 2017 to March 31, 2018 fiscal year. It also sets out FSCO's expectations for agents to be more accountable and compliant with the legislation, regulations, and best practices that govern the industry and help protect consumers. Both on-site examinations and desk reviews considered agents' business activities in 2016.

#### ***Summary of findings - On-site examinations:***

- FSCO found an overall compliance level of 66 per cent during its 2017/18 on-site examinations.
- of the 132 agents examined on-site, 45 (34 per cent) were referred to Regulatory Discipline Officers (RDOs) for possible enforcement actions.
- the most pervasive non-compliance issues included:
  - failing to disclose in writing all insurers represented; and
  - failing to comply with the continuing education (CE) requirement.

The most common best practice issues included:

- failing to document client acknowledgement if agents' recommendations were not purchased;
- failing to document client discussions;
- failing to document recommendations provided to clients; and
- failing to document needs assessments.

#### ***Summary of findings - Desk reviews:***

- FSCO found an overall compliance level of 68 per cent during its 2017/18 desk reviews.
- of the 94 agents subject to desk reviews, 30 (32 per cent) were referred to RDOs for possible enforcement actions.

- The most pervasive non-compliance issues included:  
 -failing to comply with the CE requirement; and  
 -failing to maintain valid Errors and Omissions (E&O) insurance coverage.

## **Québec**

### **AMF**

#### AMF Undergoes Thorough Review By IMF In Its 2018 FSAP Review Of Canada

In early November, AMF officials confirmed to the Insurance Journal that International Monetary Fund (IMF) inspectors had been at the Quebec regulator's premises for a few days already – as part of its Financial Sector Assessment Program (FSAP) review of Canada's insurance regulatory system -- and would be there for several more.

The AMF is not the only regulator the IMF is visiting. The Office of the Superintendent of Financial Institutions (OSFI) and the regulators of three other large Canadian provinces, namely Ontario, Alberta and British Columbia, are also being scrutinized.

The last time the AMF was inspected by the IMF was in 2013. Every five years, Canada hosts an IMF delegation charged specifically with assessing the main Canadian regulators, including the AMF. It also shares its recommendations and expectations under its FSAP.

"The exercise is extremely rigorous," said AMF spokesperson Sylvain Thériège. "The questions submitted are considerable and complex. This assessment demands an enormous effort on our part."

In recent years, several AMF initiatives have resulted from the IMF inspection, particularly regarding the supervision of MGAs in life insurance, sound business practices for insurers, and supervision of independent representatives.

"We view this assessment by the IMF as an important and necessary exercise because if the AMF performs well in international assessments, this indirectly confirms the robustness of the institutions and the markets that we oversee," Thériège said. "In addition, the regulator's good reputation contributes indirectly to reinforcing confidence among retail and institutional investors, along with different actors in the financial and economic ecosystem."

## **New Brunswick**

### **Financial Consumer Services Commission of New Brunswick (FCNB)**

#### FCNB Launches Multi-Year *Insurance Act* Rewrite Project

On November 15/18, David Weir, Director, Insurance with the Financial Consumer Services Commission of New Brunswick (FCNB), emailed Brendan Wycks to advise that the FCNB is intending to update all of the legislation for which it is responsible. David himself has been asked to lead the rewrite project for the Insurance Act, which will be a multi-year project.

Mr. Weir advised that his first step is to conduct a comprehensive jurisdictional review, with focus on those jurisdictions that have recently updated (or will be updating) their Insurance Acts.

Another initial step that Mr. Weir is building into his project plan is preliminary discussions with key stakeholders. To that end, he is seeking to arrange a preliminary “one hour touchpoint” consultation meeting with CAFII in Toronto in early December, the date, time, and location of which remain to be confirmed.

## **Research, Thought Leadership, and Innovation Developments**

### THIA Survey Shows Shift In Canadians’ Attitudes Toward US Travel

#### *42 per cent of Canadians plan to travel within Canada with only 19 per cent heading to the U.S.*

Despite recent reports that Canada-U.S. travel is alive and well, the times are changing according to the Travel Health Insurance Association of Canada (THiA)'s 2018 Smart Travelers Survey results released November 5/18. These results are also reflected in Statistics Canada data about declining travel to the U.S. by Canadians. The THiA survey results reveal that the political climate and the Canadian dollar/US dollar exchange rate appear to be motivating Canadians' interest in domestic travel.

When asked how the political climate impacts their desire to travel to the U.S., 57 per cent of Canadians said they're less likely to book a trip south of the border. In fact, Canadians are turning to the Great White North as a 2019 vacation alternative with 42 per cent of Canadians choosing Canada as their next vacation destination.

"The U.S. has historically been Canada's largest travel destination," says THiA Executive Director, Will McAleer. "These results are consistent with Statistics Canada data showing a five-month decline in travel to the United States. Our survey shows that many Canadian travelers will be exploring travel options within our own borders."

Other factors contributing to Canadians' cold shoulder include currency conversion. According to the survey, 59 per cent of Canadians are less likely to travel to the U.S. right now due to the Canadian dollar/US dollar exchange rate—making money a common travel concern.

THiA's online survey, conducted in September 2018, polled 1,343 respondents, ranging from ages 18 to 60+ across Canada.

## CAFII Consultations/Submissions Timetable 2018-19

Regulatory Issue	Deliverable	Deadline	Accountable
BC Ministry of Finance 10-Year Review of FIA (Initial Public Consultation Paper released June 2, 2015)	<ul style="list-style-type: none"> <li>Preliminary Recommendations Paper on policy proposals for change</li> <li><b>CAFII Response to Preliminary Recommendations Paper</b></li> <li>Proposed Revised Financial Institutions Act released for consultation</li> <li><b>CAFII submission on proposed revised FIA</b></li> <li><i>Meeting with Ministry of Finance officials, if necessary</i></li> </ul>	<ul style="list-style-type: none"> <li>Released March 19/18</li> <li><b>June 19/18</b></li> <li>Q2 2019 (expected)</li> <li><b>Q2 2019</b></li> <li><i>Q2 or Q3 2019</i></li> </ul>	<ul style="list-style-type: none"> <li>Joint Market Conduct/Licensing Committee; Co-EDs to monitor</li> </ul>
Alberta Consultation on Creating a Single Financial Services Regulator	<ul style="list-style-type: none"> <li>Alta Govt. releases Consultation Paper</li> <li><b>CAFII Submission on Govt. Consultation Paper</b></li> </ul>	<ul style="list-style-type: none"> <li>Q4 2018 (expected)</li> <li><b>Q4 2018 or Q1 2019</b></li> </ul>	<ul style="list-style-type: none"> <li>Joint Mkt Conduct/Licensing Committee; Co-EDs to monitor</li> </ul>
AMF Sound Commercial Practices Guideline Update	<ul style="list-style-type: none"> <li>2018 "update" consultation announced by L. Gauthier</li> <li>AMF releases consultation document</li> <li><b>CAFII submission on updated Sound Commercial Practices Guideline</b></li> </ul>	<ul style="list-style-type: none"> <li>May 3/18</li> <li>Q4 2018 (expected)</li> <li><b>Q4 2018</b></li> </ul>	<ul style="list-style-type: none"> <li>Market Conduct Cttee; Co-EDs to monitor</li> </ul>
Quebec Bill 141 and Related Regulations	<ul style="list-style-type: none"> <li>Omnibus Bill 141 tabled and related Bill 150 subsequently tabled</li> <li>CAFII submission to National Assembly Committee on Public Finance</li> <li>National Assembly passes Bill 141 (certain Bill 150 provisions included)</li> <li><u>AMF releases Regulation Respecting Alternative Distribution Methods</u></li> <li><b>CAFII submission on Regulations Supporting Bill 141</b></li> </ul>	<ul style="list-style-type: none"> <li>Oct 5 and 23, 2017</li> <li>January 16, 2018</li> <li>June 2018</li> <li><u>October 10, 2018</u></li> <li><b>December 10, 2018</b></li> </ul>	<ul style="list-style-type: none"> <li>Joint Mkt Conduct/Licensing Committee; Co-EDs to monitor</li> </ul>
CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers	<ul style="list-style-type: none"> <li>CAFII Meeting with CCIR FTC Working Group re initial feedback</li> <li>CAFII submission on first draft of Guidance document</li> <li>CCIR releases Draft 2 of Guidance for formal industry consultation</li> <li><b>CAFII submission on Draft 2 of CCIR Guidance document</b></li> <li><u>CCIR issues final version of Guidance document</u></li> <li><u>CAFII follow-up meeting with CCIR/CISRO FTC Working Group</u></li> </ul>	<ul style="list-style-type: none"> <li>February 21/18</li> <li>March 7/18</li> <li>May 3, 2018</li> <li>June 18, 2018</li> <li><u>September 27, 2018</u></li> <li><u>November 28, 2018</u></li> </ul>	<ul style="list-style-type: none"> <li>Market Conduct Cttee; Co-EDs to monitor</li> </ul>
CCIR Review of Travel Health Insurance	<ul style="list-style-type: none"> <li>CCIR Travel Health Insurance Products Position Paper Released</li> <li>Meeting with TIWG Re Position Paper and industry reforms</li> <li>Follow-up meeting with TIWG re travel insurance data collection</li> <li><u>Further meeting with TIWG re travel insurance data collection</u></li> </ul>	<ul style="list-style-type: none"> <li>May 31, 2017</li> <li>January 29, 2018</li> <li>October 24, 2018</li> <li><u>December 5, 2018</u></li> </ul>	<ul style="list-style-type: none"> <li>EOC; Co-EDs to monitor</li> </ul>
SK Bill 177	<ul style="list-style-type: none"> <li>FCAA releases The Insurance Amendment Regulations, 2018</li> <li>CAFII submission on The Insurance Amendment Regulations, 2018</li> <li>New Saskatchewan Insurance Act and Regulations come into force</li> </ul>	<ul style="list-style-type: none"> <li>August 10, 2018</li> <li>September 14, 2018</li> <li>January 1, 2019</li> </ul>	<ul style="list-style-type: none"> <li>Market Conduct Cttee; Co-EDs to monitor</li> </ul>
FCNB Introduction of Restricted Insurance Agent (RIA) Licensing Regime in New Brunswick	<ul style="list-style-type: none"> <li>FCNB informs CAFII that development of RIA regime is well-advanced</li> <li>FCNB launches industry consultation on RIA licensing regime model</li> <li><b>CAFII submission on FCNB's RIA licensing regime model</b></li> </ul>	<ul style="list-style-type: none"> <li>May 14, 2018</li> <li>Q1 2019 (expected)</li> <li><b>Q1 or Q2 2019</b></li> </ul>	<ul style="list-style-type: none"> <li>Licensing Committee; Co-EDs to monitor</li> </ul>
<u>FCNB Rewrite of New Brunswick Insurance Act</u>	<ul style="list-style-type: none"> <li><u>Announced in email from David Weir, Director, Insurance, FCNB</u></li> <li><u>CAFII touchpoint consultation meeting with David Weir</u></li> </ul>	<ul style="list-style-type: none"> <li><u>November 15, 2018</u></li> <li><u>December 5, 2018</u></li> </ul>	<ul style="list-style-type: none"> <li>Joint Mkt Conduct/Licensing Committee; Co-EDs to monitor</li> </ul>

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

## CAFII Regulator and Policy-Maker Visit Plan 2018-19

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
<b>British Columbia</b>				
<b>Insurance Council of BC:</b> Janice Sinclair, Executive Director (started November 1/17)	-liaison meeting on May 3/18 during CLHIA Conference in Calgary -October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	-Spring 2019 CAFII Western Canada Regulators and Policy-Makers Visits Tour (TBD)	-CAFII's views on optimal features of an RIA regime in BC -CAFII's views on "post-claims underwriting" myth perpetuated by advice-based channel -Council's current view on 10-Year Review of Financial Institutions Act -Representation of alternate distribution/non-resident sellers on Council -Update on Council priorities	-Pending
<b>FICOM:</b> Frank Chong, Acting Superintendent of Financial Institutions (effective August 1/16)	-Oct.25/17 CAFII Stakeholder Dialogue with CCIR in Toronto -liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Nov 10/15 in Vancouver re CGI Information Bulletin	-Spring 2019 CAFII Western Canada Regulators and Policy-Makers Visits Tour (TBD)	-future of FICOM if proposals made in Ministry of Finance's "Preliminary Recommendations Paper" are brought to fruition -FICOM Information Bulletin on CGI ('effecting' of CGI in BC issue: ED and EOC to monitor re need for meeting/ dialogue around any member or industry issues re compliance with CGI Info Bulletin	-Pending
Doug McLean, Deputy Superintendent of Insurance	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	-See F. Chong above	-See F. Chong above	-Pending
Chris Carter, Acting Superintendent, Real Estate and Acting Registrar, Mortgage Brokers (effective August 1/16)	-April 14/16 teleconference re CAFII follow-up letter - Follow-up letter, seeking clarification on CGI Info Bulletin key issues, sent March 15/16 - Nov 10/15 in Vancouver re CGI Information Bulletin	-See F. Chong above	-See F. Chong above	-Pending



Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
Michael McTavish, Acting Executive Director, Market Conduct (joined FICOM in Spring 2017)	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	-See F. Chong above	-See F. Chong above	-Pending
Lorena Dimma, Director, Market Conduct (assuming Harry James' former policy advisor role re 'effecting' of CGI issue)	-April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin	-See F. Chong above		
Harry James, Senior Regulatory Advisor (Chair of CCIR's Travel Insurance Working Group)	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -Dec. 8/16 cordial reply email to E. Fang, agreeing with CAFII's request that auto dealers are creditors for a moment-in-time issue be closed. -April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin	-See F. Chong above	-See F. Chong above	-Pending
<b>Ministry of Finance:</b> Carole James, Minister of Finance	-None to date. Appointed Minister of Finance in July 2017, with change in BC government. Delivered first provincial budget on September 11/17	-See Elizabeth Cole below	TBD until CAFII has a "direct ask" at Ministerial level	-Pending
Lori Wanamaker, Deputy Minister of Finance	-None to date. Appointed July 2017	-See Elizabeth Cole below	-See E. Cole below	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
Elizabeth Cole, Executive Director, Strategic Projects & Policy (head of 10-Year Review of FIA) (on personal leave until sometime in mid- to late 2018)	-April 20/17 and June 23/16 telephone conversations with B. Wycks re updates on expected release date of Policy Paper and other FIA Review timelines  -November 10/15 in Vancouver along with Dan Ashton; and separate meeting along with Brian Dillon and Kari Toovey	<b>-Q2 or Q3 2018 in-person or teleconference meeting with Ministry of Finance officials, if necessary.</b>  -Spring 2019 CAFII Western Canada Regulators and Policy-Makers Visits Tour (TBD)	<b>-Insurance policy changes to be set out in draft revised Financial Institutions Act, expected in Q2 2019.</b>	<b>-Pending</b>
Brian Dillon, Director, Financial Institutions		<b>-See Elizabeth Cole above</b>	-See E. Cole above	<b>-Pending</b>
Kari Toovey, Acting Executive Director, Strategic Projects & Policy (head of 10-Year Review of FIA); normally Senior Policy Advisor	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	<b>-See Elizabeth Cole above</b>	-See E. Cole above	<b>-Pending</b>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
<b>Alberta</b>				
<b>Alberta Insurance Council:</b> Joanne Abram, CEO	<ul style="list-style-type: none"> <li>-May 4/18 liaison meeting during CLHIA Conference in Calgary</li> <li>-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers</li> <li>-June 2/17 CAFII presentation to CISRO in Saskatoon</li> <li>-May 4/17 liaison lunch in London, Ontario</li> </ul>	<p><b>-Q4 2018 or Q1 2019 teleconference meeting to discuss Alberta Government consultation paper on plans to create a single financial services regulator in the province, once it is released</b></p> <p>-Spring 2019 CAFII Western Canada Regulators and Policy-Makers Visits Tour (TBD)</p>	<p><b>-Alberta Government consultation paper on plans to create a single financial services regulator in the province</b></p> <p>-AIC's implementation of approved definition and process for CI to be sold under existing RIA licence</p> <p>-Representation for Restricted Licence Holders on Life Insurance Council</p>	<p><b>-Pending</b></p> <p>-Pending</p>
Anthonet Maramieri, COO	<ul style="list-style-type: none"> <li>-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers</li> <li>-March 8/17 email to B. Wycks advising of Life Council's further look at definition of credit-related insurance approved to be offered under a Restricted Certificate, at April 12/17 meeting.</li> <li>- April 11/16 informal discussion with B. Wycks, at CISRO LLQP Info Session</li> <li>- Feb 27/15: Toronto: B. Wycks met A. Maramieri and had get acquainted chat at CISRO LLQP Stakeholder Info Session</li> </ul>	-See J. Abram above	-See J. Abram above	Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
Warren Martinson, Legal Counsel	-May 4/18 liaison meeting during CLHIA Conference in Calgary -liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -June 2/17 CAFII presentation to CISRO in Saskatoon -W. Martinson in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG	-See J. Abram above	-See J. Abram above	Pending
Sylvia Boyetchko, Director of Licensing	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	-See J. Abram above	-See J. Abram above	Pending
<b>Treasury Board and Ministry of Finance:</b> Nilam Jetha, Superintendent of Insurance (made permanent at beginning of 2017, following one year interim period)	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	<b>-Q4 2018 or Q1 2019 teleconference, if necessary, re Alberta Government consultation on creating a single financial services regulator in the province</b>  -Spring 2019 CAFII Western Canada Regulators and Policy-Makers Visits Tour (TBD)	-Alberta Government plans to create a single financial services regulator in the province -Update on Superintendent's priorities -Communicate CAFII issues; build and strengthen relationship	<b>-Pending</b>  -Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
David Sorensen, Deputy Superintendent of Insurance	-May 2/18 brief catch-up liaison discussion with K. Martin and B. Wycks during CLHIA Conference in Calgary -liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	-See N. Jetha above	-See N. Jetha above	Pending
Laurie Balfour, Director, Financial Compliance, Insurance Regulation and Market Conduct Branch (Chair of CCIR Insurance Core Principles Implementation Ctte)	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -CAFII 20 <sup>th</sup> Anniversary: April 5/17 -Sep 30/14: Fredericton, NB (informal meeting) -Jul 28/14: call with CAFII reps re: “effecting of CGI”	-See N. Jetha above	-Alberta Government plans to create a single financial services regulator in the province -See N. Jetha above	Pending
Wayne Maday, Director, Insurance Policy	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	-See N. Jetha above	-Alberta Government plans to create a single financial services regulator in the province -See N. Jetha above	Pending
Joe Ceci, President of Treasury Board and Minister of Finance	No contact – appointed May 24/15	-None at this time	TBD until CAFII has a “direct ask” at Ministerial level	
<b>Saskatchewan</b>				

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
<b>Insurance Councils of Saskatchewan:</b> Ron Fullan, Executive Director, (CISRO Chair)	<b>-October 2018 teleconference meeting between B. Wycks and K. Martin, CAFII, and R. Fullan and A. Stadnek, ICS, re licensing requirements amendments being made to address industry's concerns related to what revised Insurance Act and related Regulations seem to be calling for.</b> -July 17/18 joint CLHIA/CAFII Working Group meeting with R. Fullan and A. Stadnek in Toronto re enhancements and tweaks to Joint Proposal for a Restricted Insurance Agents Advisory Committee in Saskatchewan -May 3/18 liaison meeting during CLHIA Conference in Calgary -October 27/17 three-way meeting in Toronto -- involving ICS (R. Fullan and A. Stadnek), CAFII, and CLHIA -- re "Representation for RIA Licence Holders in Saskatchewan"	-Spring 2019 CAFII Western Canada Regulators and Policy-Makers Visits Tour (TBD)	-establishing and implementing a Restricted Insurance Agents Advisory Committee  -ICS-relevant aspects of implementation of new Saskatchewan Insurance Act and Regulations  -Sask. RIA regime and licensure issues	-Pending
April Stadnek, Director of Compliance	<b>-See R. Fullan above</b> -May 3/18 liaison meeting during CLHIA Conference in Calgary -October 27/17 three-way meeting in Toronto -- involving ICS (R. Fullan and A. Stadnek), CAFII, and CLHIA -- re "Representation for RIA Licence Holders in Saskatchewan"	-See R. Fullan above	-See R. Fullan above	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
<b>Financial Consumer Affairs Authority (FCAA):</b> Roger Sobotkiewicz, former Director of FCAA Legal Branch, became Interim Chairperson and Superintendent of Insurance, effective Feb. 1/15	-June 1/17 get acquainted and liaison meeting in Regina	-See J. Seibel below	-see J. Seibel below; and -introduce CAFII and build relationship -Regulations being developed following passage of <i>Bill 177, The Insurance Act (Saskatchewan)</i> -ISI: Representation for Restricted Licence Holders -Sask's imposition of PST on all insurance premiums - Update on Superintendent's priorities	-Pending (see J. Seibel below)
Ian McIntosh, Deputy Superintendent of Insurance	-Jul 28/14 call with CAFII reps re: "effecting CGI"	-see J. Seibel below	-see J. Seibel below; and -see R. Sobotkiewicz above	-Pending (see J. Seibel below)

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
<p>Janette Seibel, Lawyer, became lead on Bill 177 and Regulations file effective June 1/15</p> <p><b>Ministry of Finance</b>  Donna Harpauer, Minister of Finance (appointed Oct/17)</p> <p>(predecessor: Kevin Doherty, whom CAFII met with on June 1/17 in Regina)</p> <p>Brent Hebert, Deputy Minister</p>	<p><b>-October 31/18 telephone discussion with B. Wycks re revised wording for “consumer alert/warning” re online sales of insurance, which FCAA has resolved upon for inclusion in new Regulations</b></p> <p>-August 10/18 teleconference with B. Wycks and K. Martin re CAFII letter of concerns re Insurance Act and related Regulations (in support of CLHIA letter)</p> <p>-June 1/17 get acquainted and liaison meeting in Regina</p> <p>-March 2017 email exchange with B. Wycks re invitation to CAFII to provide feedback on FCAA-proposed definition of TPA, for inclusion in Insurance Regulations</p> <p>-February 17/17 call to B. Wycks advising that “in force” date for new Insurance Act and Regulations had been deferred to Spring 2018</p> <p>-Jan 2017 email exchange with B. Wycks re timing of “in force” date for new Saskatchewan Insurance Act and related Regulations</p> <p>-June 1/17 get acquainted and CAFII profile-raising meeting in Regina with Minister and Ministry officials re Sask’s imposition of PST on insurance premiums</p>	<p>-Spring 2019 CAFII Western Canada Regulators and Policy-Makers Visits Tour (TBD)</p> <p>-Spring 2019 CAFII Western Canada Regulators and Policy-Makers Visits Tour (TBD)</p>	<p>-timing of “in force” date for new Saskatchewan Insurance Act and related Regulations</p> <p>-CAFII’s response submissions on FCAA’s Insurance Regulations Consultation document (submitted Dec. 2/16) and TPAs sub-consultation (submitted Dec. 9/16)</p> <p>-Sask’s imposition of PST on all insurance premiums</p> <p>-Sask’s reversal of PST on all insurance premiums decision via exemptions</p> <p>-further introduce CAFII and build relationship</p>	<p>-Pending</p> <p>-Pending</p>



Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
<b>Manitoba</b>				
<b>Ministry of Finance:</b> Scott Moore, Deputy Superintendent of Insurance	<b>-CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto</b> -CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto -liaison meeting on October 19/17 in Winnipeg, hosted by ICM, as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -CAFII 20 <sup>th</sup> Anniversary event: April 5/17 -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference) -April 15/15 teleconference with three CAFII reps -April 29/14: meeting in Winnipeg, MB	-Spring 2019 CAFII Western Canada Regulators and Policy-Makers Visits Tour (TBD)	-Maintain and build relationship -Representation for Restricted Licence Holders on Life Insurance Council -concern about amended Insurance Act's apparent residency requirement for employees of Restricted Insurance Agents	-Pending
Cameron Friesen, Minister of Finance	No contact – took office May 3/16	-See S. Moore above	TBD until CAFII has “direct ask” at Ministerial level	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
Barbara Palace Churchill, Executive Director, Insurance Council of Manitoba (appointed late November 2016)	-May 3/18 liaison meeting during CLHIA Conference in Calgary -liaison meeting on October 19/17 in Winnipeg, hosted by ICM, as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -June 2/17 CAFII presentation to CISRO in Saskatoon -May 4/17 short get acquainted/liaison meeting in London, Ontario	-Spring 2019 CAFII Western Canada Regulators and Policy- Makers Visits Tour (TBD)	-CAFII response letter of March 2018 re Single Premium Insurance Policies -Introduce CAFII and build/maintain relationship -Representation for Restricted Licence Holders on Life Insurance Council -Insurance Council's "ISI items for further review and development" -communicate CAFII issues	-Pending
Heather Winters, Director, Licensing & Compliance	-liaison meeting on October 19/17 in Winnipeg, hosted by ICM, as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	-See B. Palace Churchill above		-Pending
Lee Roth, Investigator	-liaison meeting on October 19/17 in Winnipeg, hosted by ICM, as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	-See B. Palace Churchill above		-Pending
<b>Ontario</b>				

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
<b>FSCO:</b> Brian Mills, appointed Interim CEO and Superintendent on October 18/14. Will likely be FSCO's last CEO, as Ontario Government transitions to a new Financial Services Regulatory Authority (FSRA) over next two years (2017 and 2018), as stated by B. Mills at FSCO Symposium on November 25/16.	<b>-CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto</b> -November 6/17: informal chat with B. Wycks during FSCO 2017 Life and Health Insurance Symposium -CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto -May 3/17: informal chat with K. Martin during CLHIA Conference -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -January 28/15 stakeholder meeting with CCIR		(i) Build/maintain relationship (ii) Ontario government review of FSCO's mandate (iii) next steps in Life Insurance Product Suitability Review (iv) CCIR review of travel health insurance (v) Update on Superintendent's priorities (vi) communicate CAFII issues	
Anatol Monid, Executive Director, Licensing and Market Conduct Division	<b>-CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto</b> -November 6/17: informal chat with B. Wycks during FSCO 2017 Life and Health Insurance Symposium -June 2017 liaison lunch with M. Gill and J. Lewsen re CAFII advice on FSCO's planned survey of bank insurers re sales practices -June 2/17: questions raised by A. Monid, on the phone, at end of CAFII presentation to CISRO in Saskatoon -May 3/17: informal chat with K. Martin during CLHIA Conference -CAFII 20 <sup>th</sup> Anniversary event: April 5/17 -June 7/16, December 8/15 and June 9/15: informal update conversations at CAFII Reception events	<b>-Q4 2018 or Q1 2019 teleconference or in-person meeting, if necessary, re Bank CEO Attestation Re Incidental Sales of Insurance and related Market Conduct Questionnaire</b>	-FSCO consultation on Treating Consumers Fairly Guideline -FSCO consultation related to Incidental Sales of Insurance (ISI) Questionnaire and Bank-Owned Insurance Company CEO Attestation -next steps in Life Insurance Product Suitability Review -other FSCO initiatives re life insurance agent and/or insurer compliance -initiatives of FSCO LII Working Group	<b>-Pending</b>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
Izabel Scovino, appointed Director, Market Conduct Regulation Branch in Nov/14	<p><b>-informal conversation with K. Martin at November 16/18 FSCO Life and Health Insurance Market Conduct Symposium re FSCO's imminent reactivation of Bank CEO Attestation Re Incidental Sales of Insurance and related Market Conduct Questionnaire</b></p> <p>-February 28/18 meeting with joint CLHIA/CAFII Working Group re FSCO's planned "CEO Attestation for Bank-Owned Insurers"</p> <p>-February 1/18 meeting with joint CLHIA/CAFII Working Group re FSCO's planned "Incidental Insurance Market Conduct Questionnaire"</p> <p>-November 6/17 during FSCO 2017 Life and Health Insurance Symposium: private discussion with B. Wycks re setting up a consultation meeting with CAFII reps re FSCO's planned "Incidental Insurance Market Conduct Questionnaire and Attestation"</p> <p>- September 12/17 meeting of FSCO Life Insurance Industry Working Group (LII Working Group) of which Izabel Scovino is a member (K. Martin and H. Pabani)</p>	-See A. Monid above	-see A. Monid above	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
Heather Driver Director, Licensing Branch Licensing and Market Conduct Division (assumed position in Jan 2016, following retirement of Shonna Neil)	-September 12/17 second meeting of FSCO Life Insurance Industry Working Group (LII Working Group), of which H. Driver is Chair (K. Martin and H. Pabani) -June 2/17 CAFII presentation to CISRO in Saskatoon -May 30/17 initial meeting of LII Working Group (K. Martin and H. Pabani) - -Oct. 14/16 email exchange with B. Wycks following CAFII's delivery of input, requested by FSCO in Oct. 7/16 meeting, re optimal wording to use in FSCO communications re life insurance agent and insurer relationship -Oct. 7/16 meeting with CAFII reps, at FSCO's invitation, re FSCO initiatives around life agent and insurer compliance, particularly re E&O insurance (also attended by Richard Tillman, Allan Amos, Kelly Picard, and Abina Rogers of FSCO)	<b>-See A. Monid above</b>	-see A. Monid above	<b>-Pending</b>
Andrea Chow, Senior Manager, Financial Services Regulatory Policy (joined FSCO in summer 2017; formerly with Ontario Ministry of Finance; <b>currently on maternity leave</b> )	-November 6/17: get acquainted chat with B. Wycks during FSCO 2017 Life and Health Insurance Symposium, which she chaired	<b>-See A. Monid above</b>	-see A. Monid above	<b>-Pending</b>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
Richard Tillman, Senior Manager, Insurance and Deposit Institutions Policy (currently seconded to FSRA Implementation Secretariat)	-Oct. 7/16 meeting with CAFII reps re life agent and insurer compliance	None at this time	-see A. Monid above	
Reena Vora, Manager, Market Regulation Branch, Licensing and Market Conduct Division	-December 8/16 with CAFII reps for feedback on draft questionnaire for life insurer examination visits (one pilot test visit planned in Q1 2017), as next phase in Life Insurance Product Suitability Review	<b>-See A. Monid above</b>	-Life insurer examination visits	<b>-Pending</b>
<b>Financial Services Regulatory Authority of Ontario (FSRA)</b>  Mark White, CEO          Bryan Davies, Chair, Board of Directors	-FSRA Fee Rule Industry Advisory Group – Life and Health Insurance meetings with FSRA Management and Consultant on August 21/18; and with FSRA Board on September 7/18 -CAFII Reception on June 5/18 -CAFII Reception on April 17/18  -FSRA Fee Rule Industry Advisory Group – Life and Health Insurance meeting with FSRA Board on September 7/18 -CAFII Reception event on April 17/18 -March 6/18 with three founding FSRA Board Members: Bryan Davies, Kathryn Bouey, Judith Robertson	<b>-November 26/18 meeting of IAG—Life and Health Insurance with FSRA CEO re FSRA's 2019-2020 policies and priorities</b> <b>-November 27/18 CAFII Reception (where Mark White will be guest speaker on a FSRA policy-related topic)</b>  <b>-See M. White Above</b>	-FSRA's start-up; transition from FSCO into FSRA; FSRA's rule-making authority; FSRA's plans for regulating the life and health insurance industry	<b>-Confirmed</b>          <b>-Confirmed</b>          <b>-Confirmed</b>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
Cathy Mallove, Communications Officer, FSRA	-FSRA Fee Rule Industry Advisory Group – Life and Health Insurance meetings with FSRA Management and Consultant -March 6/18, immediately prior to CAFII meeting with three founding FSRA Board Members	-None at this time		
<b>Ontario Ministry of Finance</b>  -David McLean, Policy Advisor          -Paul Braithwaite, Policy Advisor	-June 7/16 and April 12/16 informal conversations with B. Wycks at CAFII Receptions -July 30/15 life & health insurance sector roundtable -May 21/15 informal meeting: insurance sector round table  -November 6/17: informal chat with B. Wycks during FSCO 2017 Life and Health Insurance Symposium, as both at same small group table -June 29/17 CAFII stakeholder meeting with FSRA Implementation Secretariat -September 12/17 second meeting of FSCO Life Insurance Industry Working Group (LII Working Group) of which Paul Braithwaite is an attendee for the MOF (K. Martin and H. Pabani)	- <b>November 27/18 CAFII Reception (where Mark White will be guest speaker on a FSRA policy-related topic)</b>          - <b>November 27/18 CAFII Reception (where Mark White will be guest speaker on a FSRA policy-related topic)</b>		

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
<b>Quebec</b>				
<b>AMF:</b> Louis Morisset, CEO;	<b>-AMF Rendez-Vous on November 19/18 in Montreal</b> <b>-CAFII/AMF Liaison Lunch and Industry Issues Dialogue on October 2/18</b> -AMF Rendez-Vous on November 13/17 in Montreal -AMF 2016 Rendez-Vous on November 14/16 in Montreal -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF	-None at this time	-(i) Bill 141 and Bill 150 to modernize Quebec's financial services sector, including the Distribution Act (both released by Ministry of Finance in October 2017) -(iii) Distribution Guide template and implementation timelines -(iv) Update on AMF priorities -(v) Communicate CAFII issues -(vi) Maintain and strengthen relationship	



Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
Patrick Dery, Superintendent, Solvency (appointed CCIR Chair effective April 1/15)	<b>-AMF Rendez-Vous on November 19/18 in Montreal</b> <b>-CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto</b> <b>-CAFII/AMF Liaison Lunch and Industry Issues Dialogue on October 2/18</b> -CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto -CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17 -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto	-None at this time	-see L. Morisset above	
Phillip Lebel, Director General of Legal Affairs	<b>-CAFII/AMF Liaison Lunch and Industry Issues Dialogue on October 2/18</b> -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -Liaison lunch and industry issues dialogue on October 6/15 in Levis, Quebec	-None at this time	-see L. Morisset above	
Nathalie Sirois, Senior Director, Supervision of Insurers and Control of Right to Practise	<b>-AMF Rendez-Vous on November 19/18 in Montreal</b> <b>-CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto</b> <b>-CAFII/AMF Liaison Lunch and Industry Issues Dialogue on October 2/18</b> -CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17	-None at this time	-see L. Morisset above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
Frédéric Pérodeau (became new Superintendent, Client Services and Distribution Oversight on January 22/18, succeeding Eric Stevenson; joined AMF in 2012 and was previously Senior Director, Investigations)	<b>-AMF Rendez-Vous on November 19/18 in Montreal</b> <b>-CAFII/AMF Liaison Lunch and Industry Issues Dialogue on October 2/18</b>	-None at this time	-See L. Morisset above	
Louise Gauthier, Senior Director, Distribution Policies and Compensation (member of CCIR TIWG). Lead on AMF's Distribution Guide rewrite initiative.	<b>-AMF Rendez-Vous on November 19/18 in Montreal</b> <b>-CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto</b> <b>-CAFII/AMF Liaison Lunch and Industry Issues Dialogue on October 2/18</b> -informal conversation during May 2-4/18 CLHIA Conference in Calgary -February 21/18 CAFII liaison meeting with CCIR FTC Working Group re its proposed Draft Guidance on Conduct of Insurance Business and Fair Treatment of Customers -AMF 2017 Rendez-Vous in Montreal on November 13/17 -CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17 -CAFII 20 <sup>th</sup> Anniversary event: April 5/17 -L. Gauthier in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -AMF 2016 Rendez-Vous on November 14/16 in Montreal	-None at this time	-See L. Morisset above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
<b>Ministry of Finance:</b> Eric Girard, Minister  Richard Boivin, Assistant Deputy Minister, Financial Institution Policy and Corporate Law ( <b>departing in early 2019</b> )  Guillaume Caudron, Chief of Staff  Yann Nachabé, Policy Advisor	-appointed October 2018, following election of new CAQ government in Quebec	<b>-None at this time</b>	-Ministry's direction on online distribution of insurance without involvement of an advisor	
Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 24/18
<b>New Brunswick</b>				
<b>Financial and Consumer Services Commission (Insurance Division):</b> Angela Mazerolle, Superintendent of Insurance	-May 14/18 liaison meeting in Fredericton -October 25/17 CAFII Stakeholder Dialogue with CCIR in Toronto -May 4/16 dinner meeting with Atlantic Canada regulators in Halifax -Oct 1/14: Fredericton, NB	<b>-Q1 or Q2 2019 meeting with Angela Mazerolle and David Weir to provide CAFII input on FCNB plans to introduce RIA regime in New Brunswick</b>	<b>-FCNB plans to introduce an RIA regime in New Brunswick</b> -refreshed "Seven Point Guide to The Creditor Insurance Regulatory Regime," to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -implementation of further phases of online licensing system -legislative/regulatory change to support electronic beneficiary designations -other New Brunswick licensing issues	<b>-Pending</b>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
David Weir, Deputy Superintendent of Insurance	<ul style="list-style-type: none"> <li>-May 14/18 liaison meeting in Fredericton</li> <li>-June 2/17 CAFII presentation to CISRO in Saskatoon</li> <li>-Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto</li> <li>-May 4/16 dinner meeting with Atlantic Canada regulators in Halifax</li> <li>-Oct 1/14: CAFII liaison meeting with Atlantic Canada insurance regulators in Fredericton, NB</li> </ul>	<p><b>-See A. Mazerolle above</b></p> <p><b>-lead on FCNB's multi-year Insurance Act rewrite project</b></p>	<ul style="list-style-type: none"> <li>-see A. Mazerolle above</li> <li>-timing of final recommendations on reforming licensing framework for other-than-life agents and brokers</li> <li>-CAFII feedback on New Brunswick online insurance licensing system</li> </ul>	<b>-Pending</b>
<p><b>Opportunities New Brunswick:</b></p> <p><b>Cameron Bodnar, Director, Strategy &amp; Planning</b></p> <p>Jay Reid, Investment Attraction Officer</p>	<ul style="list-style-type: none"> <li>-May 15/18 liaison meeting in Fredericton, NB</li> <li>-Jun 3/14: Toronto, with Adam Mitton of predecessor organization Invest New Brunswick</li> </ul>	<p>-None at this time</p> <p>-None at this time</p>	<ul style="list-style-type: none"> <li>-Insurance Act and regulatory process changes necessary to support business efficiency and further inbound investment and additional jobs in New Brunswick</li> <li>-Introduce CAFII and build relationship</li> <li>-Position CAFII as an information resource</li> </ul>	
<p><b>Consumer Advocate for Insurance:</b></p> <p><b>Michele Pelletier, Consumer Advocate</b></p>	<ul style="list-style-type: none"> <li>-May 15/18 liaison meeting in Fredericton, NB</li> </ul>	<p>-None at this time</p>		

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
<b>Nova Scotia</b>				
<b>Superintendent of Insurance:</b> William Ngu, Acting Superintendent of Insurance	<ul style="list-style-type: none"> <li>-May 14/18 liaison meeting in Halifax, NS</li> <li>-May 4/16 dinner meeting with Atlantic Canada regulators in Halifax</li> <li>-Appointed June 2015; no previous CAFII contact</li> </ul>	-None at this time	<ul style="list-style-type: none"> <li>-refreshed "Seven Point Guide to The Creditor Insurance Regulatory Regime," to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated</li> <li>-Review of life and accident &amp; sickness provisions of Insurance Act</li> <li>-legislative/regulatory change to support electronic beneficiary designations</li> <li>-Update on Superintendent's priorities</li> <li>-Communicate CAFII issues; build and strengthen relationship</li> </ul>	
Jennifer Calder, Deputy Superintendent of Insurance	<ul style="list-style-type: none"> <li>-May 14/18 liaison meeting in Halifax, NS</li> <li>-CAFII 20<sup>th</sup> Anniversary event: April 5/17</li> <li>-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR (participated by phone)</li> <li>-August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference)</li> <li>-May 4/16 dinner meeting with Atlantic Canada regulators in Halifax</li> </ul>	-see William Ngu above	-See W. Ngu above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
<b>PEI</b>				
<b>Superintendent of Insurance:</b> Robert Bradley, Superintendent          Phillip McInnis, Compliance Officer	<b>-CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto</b> -May 16/18 liaison meeting in Charlottetown, PEI -CAFII 20 <sup>th</sup> Anniversary event: April 5/17 -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Oct 1/14: CAFII liaison meeting with Atlantic Canada insurance regulators in Fredericton, NB  -May 16/18 liaison meeting in Charlottetown, PEI	-None at this time          -See R. Bradley above	-refreshed “Seven Point Guide to The Creditor Insurance Regulatory Regime,” to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -Review of life and accident & sickness provisions of Insurance Act (on April 23/15, R. Bradley advised that this may get underway in late 2015) -legislative/regulatory change to support electronic beneficiary designations -Update on Superintendent’s priorities -Communicate CAFII issues -Maintain and strengthen relationship	
<b>Newfoundland</b>				
<b>Superintendent of Insurance:</b> Craig Whalen, Acting Superintendent of Insurance          Sean Dutton, Deputy Minister, Service Newfoundland  Pam Senior, Senior Policy Analyst	-May 17/18 liaison meeting in St. John’s, NF -Oct 1/14: CAFII liaison meeting with Atlantic Canada insurance regulators in Fredericton, NB -June 2/17 CAFII presentation to CISRO in Saskatoon  -May 17/18 liaison meeting in St. John’s, NF  May 17/18 liaison meeting in St. John’s, NF	-None at this time          -See C. Whalen above   -See C. Whalen above	-refreshed “Seven Point Guide to The Creditor Insurance Regulatory Regime,” to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -legislative/regulatory change to support electronic beneficiary designations -Update on Superintendent’s priorities -Communicate CAFII issues; build and strengthen relationship	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
<b>FEDERAL/NATIONAL</b>				
<b>CCIR:</b>				
Tony Toy, Policy Manager	<b>-November 1/18 CCIR issues update meeting with CAFII (K. Martin and B. Wycks)</b> <b>-CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto</b> -liaison meeting on May 18/18 -liaison lunch on November 17/17 -CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto (first meeting with CAFII)	<b>-November 28/18 CAFII follow-up meeting with CCIR/CISRO Fair Treatment of Consumers Working Group re industry implementation of “Guidance: Conduct of Insurance Business and Fair Treatment of Customers”</b>	-CCIR Annual Statement on Market Conduct -Framework for Cooperative Market Conduct Supervision -CCIR review of travel health insurance -Possible CCIR speakers/panelists at CAFII events -Update on CCIR 2017-20 Strategic Plan and related priorities -Communicate CAFII issues; and maintain and strengthen relationship -possible CAFII webinar(s) for CCIR audience	<b>-Confirmed</b>
Adrienne Warner, Policy Associate	-liaison meeting on May 18/18	<b>-See T. Toy above</b>		<b>-Confirmed</b>
Patrick Déry, Chair (Superintendent, Solvency, AMF)	<b>-CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto</b> -CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF	-None at this time	-CCIR review of travel health insurance -Update on CCIR 2017-20 Strategic Plan and related priorities -Communicate CAFII issues; maintain and strengthen relationship	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
Harry James, Chair, CCIR Travel Insurance Working Group (TIWG)	<b>-CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto</b> <b>-October 24/18 CCIR Travel Insurance Working Group (TIWG) meeting with CAFII Travel Medical Experts Working Group re regulator's travel health insurance data collection</b> -January 29/18 meeting with Harry James and TIWG members re Travel Health Insurance Products Position Paper (released May 27/17) and proposed industry reforms -CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto -May 10/17 teleconference with CAFII reps re CCIR TIWG Communications Plan for release of Travel Health Insurance Position Paper	<b>-December 5/18 CCIR Travel Insurance Working Group (TIWG) follow-up meeting in Toronto with CAFII Travel Medical Experts Working Group re regulator's travel health insurance data collection</b>	-CCIR Travel Health Insurance Products Position Paper and CAFII/industry response to same	<b>-Pending</b>



Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
Laurie Balfour, Chair, CCIR Insurance Core Principles Implementation Committee (ICPiC)	<ul style="list-style-type: none"> <li>-November 23/17 CAFII Member-Exclusive Webinar On Year 2 Housekeeping Changes To CCIR Annual Statement On Market Conduct</li> <li>-CAFII liaison visit to Alberta Treasury Board &amp; Finance, October 18/17 in Edmonton</li> <li>-CAFII 20<sup>th</sup> Anniversary event: April 5/17</li> <li>-March 1/17 CCIR webinar presentation for CAFII members on CCIR expectations for insurer completion of Annual Statement on Market Conduct (presented by L. Balfour and M. Boyle)</li> <li>-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto</li> <li>-August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference)</li> <li>-May 19/16 CCIR ICPiC webinar presentation for CAFII members (L. Balfour and M. Boyle)</li> </ul>	-None at this time	<ul style="list-style-type: none"> <li>-Harmonized Annual Statement on Market Conduct</li> <li>-Framework for Co-operative Market Conduct Supervision in Canada</li> <li>-ICPiC work on IAIS' Insurance Core Principles</li> </ul>	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
<b>CISRO:</b> Ron Fullan, Chair (SK)	<p>-CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto</p> <p>-October 24/18 CCIR Travel Insurance Working Group (TIWG) meeting with CAFII Travel Medical Experts Working Group re regulator's travel health insurance data collection</p> <p>-May 3/18 liaison meeting during CLHIA Conference in Calgary</p> <p>-February 21/18 with CCIR Fair Treatment of Consumers Working Group re CCIR Draft TCF Guidance</p> <p>-January 29/18 meeting with CCIR TIWG re Travel Health Insurance Products Position Paper</p> <p>-CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto (R. Fullan attends in capacity as CISRO Chair)</p> <p>-June 2/17 CAFII presentation to CISRO in Saskatoon</p>	<p>-December 5/18 CCIR Travel Insurance Working Group (TIWG) follow-up meeting in Toronto with CAFII Travel Medical Experts Working Group re regulator's travel health insurance data collection</p> <p>-November 28/18 CAFII follow-up meeting with CCIR/CISRO Fair Treatment of Consumers Working Group re industry implementation of "Guidance: Conduct of Insurance Business and Fair Treatment of Customers"</p>	<p>-national, online licensing system for insurance and related harmonization issues</p> <p>-possible CISRO Strategic Plan and opportunity for stakeholders to provide input</p>	<p>-Pending</p> <p>-Confirmed</p>
Joanna Reading, CISRO Policy Manager	-liaison meeting on May 18/18	-See R. Fullan above		

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 16/18
<b>Financial Consumer Agency of Canada (FCAC):</b> Lucie Tedesco, Commissioner	-June 12/18 informal conversation with B. Wycks and K. Martin following L. Tedesco's luncheon address to Economic Club of Canada -May 1/15: B. Wycks made self-introduction and chatted with L. Tedesco, following her speech at CLHIA Conference	-None at this time	-FCAC consultation on its Proposed Supervision Framework and Publishing Principles for FCAC Decisions (released September 29/16 with November 14/16 deadline for submissions) of document expected). CAFII decided not to respond to this consultation, as out-of-scope	
Brigitte Goulard, Deputy Commissioner Jane Rooney, Financial Literacy Leader	-September 14/18 presentation to and dialogue with CAFI Board and EOC members at Special Purpose CAFII Board meeting -June 12/18 informal conversation with B. Wycks and K. Martin following L. Tedesco's luncheon address to Economic Club of Canada -Jun 10/14: B. Goulard was speaker at CAFII event -Feb 10/15 (presentation at CAFII Annual Luncheon)	-Follow-up meeting at FCAC office in Ottawa in Q4 2018 or Q1 2019 for further information-sharing and education around creditors group insurance, if warranted		-Pending

***Agenda Items 2.6  
November 27/18 Board Meeting***

**Committee Reports Addressing CAFII Priorities As At November 23, 2018**

**Licensing (Chair, Moira Gill)**

- Insurance Councils of Saskatchewan Executive Director Ron Fullan and Director of Compliance April Stadnek have agreed to a joint CLHIA and CAFII request to create a Restricted Insurance Agents (RIA) Advisory Committee, which will give the RIA sector some representation and “a voice”, both proactively and reactively, on RIA-related matters being considered by ICS. The intended date of implementation is 1 January, 2019
- This is the successful outcome of a long-standing effort and a significant achievement which will provide a model for a RIA representation/voice mechanism that can be discussed and pursued with other provinces that have RIA regimes

**Market Conduct (Brad Kuiper, Chair)**

- Have dedicated significant time and attention to developing a CAFII response submission on the AMF's Regulation Respecting Alternate Distribution Methods. A draft of that submission is currently being reviewed and refined, in accordance with a Critical Path for delivering the submission, in both English and French, by the December 10/18 deadline
- Will next be working intensively to develop a CAFII response submission on FSRA's Proposed Fees and Assessments Rules for delivery by the January 4/19 deadline

**Media Advocacy (Charles Blaquiere, Chair)**

- A series of meetings were coordinated with the members of the Media Advocacy Committee, including some representatives who do not usually attend Committee meetings, on the CBC Marketplace story—to share information, coordinate activities, and strategize
- Have developed a new storyline for a second video, on the Travel Medical consumer research findings; video is now being developed by the RankHigher video production team for publication on the CAFII website in January, 2019
- Have continued making investments and enhancements on the website
- Held a session on the metrics / traffic to the website which confirmed that the Search Engine Optimization strategy is gaining traction
- Have developed a 2019 preliminary plan for website enhancements; will be finalized after the budget is approved. Recommended priorities are 1. Three new website videos; 2. Additional consumer stories in the consumer-facing section explaining the products our members offer; 3. Two semi-annual reports on the key metrics and traffic on the website
- Are working with Research & Education Committee on the strategy around public release, if any, of the Credit Protection Insurance research results

### **Research & Education (Diane Quigley, Chair)**

- Have worked with Pollara on the analysis of the Consumer Research on Credit Protection insurance
- Have had an initial review of the results and will have further meetings over December to:
  - o Discuss the results
  - o Develop the key messages
  - o Recommend next steps including whether CAFII should publicly release some of the findings
- Are reviewing options for 2019 research priorities

### **Travel Medical Insurance Experts Working Group (Sue Manson, Chair)**

- Met with the CCIR Travel Insurance Working Group (TIWG) in late October for a preliminary discussion about the travel health insurance-related data elements which the regulators would like to gather from the industry on an ongoing basis with respect to monitoring/oversight related to CCIR's Travel Health Insurance Products Position Paper and the industry's related reforms
- Have also met with CLHIA and THIA to ensure industry alignment around the three Associations' late October meetings with the TIWG; and in preparation for a joint approach to a single/unified follow-up meeting with the TIWG in early December, on the same subject as the late October meetings
- Contributed to development of the new storyline for a second CAFII website video, on the travel medical insurance consumer research findings

# CAFII

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

## Statement of Operations As at Oct 31, 2018

	Current Month	Budget Oct-18	Variance to Monthly Budget	Current YTD	Budget '18 YTD	Variance Budget to YTD	Budget 2018
<b>Revenue</b>							
Membership Fees	\$57,962	\$50,699	\$7,263	\$579,620	\$506,988	\$72,633	\$608,385
Interest Revenue	\$0	\$17	(\$17)	\$0	\$170	(\$170)	\$200
<b>TOTAL REVENUE</b>	<b>\$57,962</b>	<b>\$50,716</b>	<b>\$7,246</b>	<b>\$579,620</b>	<b>\$507,158</b>	<b>\$72,463</b>	<b>\$608,585</b>
<b>Expenses</b>							
Management Fees	\$37,111	\$37,917	\$806	\$386,077	\$379,167	(\$6,910)	\$455,000
CAFII Legal Fees/Corporate Governan	\$0	\$0	\$0	\$563	\$3,750	\$3,187	\$5,000
Audit Fees	\$1,217	\$1,217	\$0	\$12,002	\$12,170	\$168	\$14,600
Insurance	\$439	\$458	\$19	\$4,379	\$4,580	\$201	\$5,500
Website (incl translation)	\$20	\$1,166	\$1,146	\$4,766	\$11,660	\$6,894	\$14,000
Website SEO and Enhancements	\$2,148	\$683	(\$1,465)	\$12,948	\$9,563	(\$3,385)	\$14,220
Telephone/Fax/Internet	\$165	\$483	\$318	\$4,527	\$4,830	\$303	\$5,800
Postage/Courier	\$0	\$33	\$425	\$433	\$330	(\$103)	\$400
Office Expenses	\$111	\$166	\$55	\$2,197	\$1,660	(\$537)	\$2,000
Bank Charges	\$0	\$4	\$4	\$23	\$40	\$17	\$50
Miscellaneous Expenses	\$0	\$42	\$42	\$0	\$420	\$420	\$500
Amortization Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Computer/Office Equipm	\$95	\$100	\$5	\$947	\$1,000	\$53	\$1,200
<b>Board/EOC/AGM</b>							
Annual Members Lunch	\$0	\$0	\$0	\$10,503	\$10,000	(\$503)	\$10,000
Board Hosting (External)	\$2,545	\$7,500	\$4,955	\$15,618	\$15,000	(\$618)	\$15,000
Board/EOC/Meeting Expenses	\$2,155	\$2,600	\$445	\$17,113	\$20,800	\$3,687	\$26,000
Industry Events	\$0	\$500	\$500	\$1,243	\$1,000	(\$243)	\$1,000
EOC Annual Appreciation Dinner	\$0	\$0	\$0	\$763	\$800	\$37	\$800
<b>Sub Total Board/EOC/AGM</b>	<b>4,700</b>	<b>10,600</b>	<b>5,900</b>	<b>45,240</b>	<b>47,600</b>	<b>2,361</b>	<b>52,800</b>
Provincial Regulatory Visits	\$0	\$4,000	\$4,000	\$10,619	\$12,000	\$1,382	\$12,000
Research/Studies	\$0	\$17,500	\$17,500	\$18,187	\$52,500	\$34,313	\$52,500
Regulatory Model(s)	\$0	\$5,400	\$5,400	\$2,251	\$21,600	\$19,349	\$27,000
Federal Financial Reform	\$0	\$0	\$0	\$0	\$500	\$500	\$500
Media Outreach	\$2,260	\$2,000	(\$260)	\$34,002	\$26,000	(\$8,002)	\$30,000
Marketing Collateral	\$0	\$1,000	\$1,000	\$55	\$2,000	\$1,945	\$2,000
Tactical Communications Strategy	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Media Relations, CAFII Consultant	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Networking Events</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$500</b>	<b>\$500</b>	<b>\$0</b>
Speaker fees & travel	\$0	\$0	\$0	\$0	\$1,400	\$1,400	\$2,000
Gifts	\$0	\$0	\$0	\$191	\$300	\$109	\$500
Networking Events	\$0	\$0	\$0	\$0	\$300	\$300	\$500
<b>Sub Total Networking &amp; Events</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>191</b>	<b>2,000</b>	<b>1,809</b>	<b>3,000</b>
<b>TOTAL EXPENSE</b>	<b>48,266</b>	<b>82,769</b>	<b>34,895</b>	<b>539,404</b>	<b>593,870</b>	<b>54,466</b>	<b>698,070</b>
<b>NET INCOME</b>	<b>9,696</b>	<b>- 32,053</b>	<b>42,141</b>	<b>40,216</b>	<b>- 86,712</b>	<b>126,928</b>	<b>- 89,485</b>

### Explanatory Notes:

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

# CAFII

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

## Balance Sheet As at Oct 31, 2018

	31-Oct 2018	30-Sep 2018	31-Dec 2017
<b>ASSETS</b>			
<b>Current Assets</b>			
Bank Balance	\$343,157	\$371,383	\$192,706
Investments	\$0	\$0	\$0
Accounts Receivable	\$0	\$18,359	\$0
Interest Receivable	\$0	\$0	\$0
Prepaid Expenses	7,408	9,924	\$26,577
Computer/Office Equipment	\$8,014	\$8,014	\$8,014
Accumulated Depreciation -Comp/Equip	(\$4,416)	(\$4,321)	(\$3,469)
Intangible Assets-Trademarks	\$0	\$0	\$0
Accumulated Amortization-Trademark	\$0	\$0	\$0
<b>Total Current Assets</b>	<b>\$354,162</b>	<b>\$403,358</b>	<b>\$223,827</b>
<b>TOTAL ASSETS</b>	<b>\$354,162</b>	<b>\$403,358</b>	<b>\$223,827</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accrued Liabilities	\$13,520	\$12,303	\$35,953
Account Payable <sup>B</sup>	\$4,055	\$6,194	\$7,427
Deferred Revenue	\$115,925	\$173,887	\$0
<b>Total Current liabilities</b>	<b>\$133,500</b>	<b>\$192,384</b>	<b>\$43,380</b>
<b>TOTAL LIABILITIES</b>	<b>\$133,500</b>	<b>\$192,384</b>	<b>\$43,380</b>
<b>UNRESTRICTED NET ASSETS</b>			
Unrestricted Net Assets, beginning of year	\$180,447	\$180,447	\$380,759
Excess of revenue over expenses	\$40,216	\$30,528	(\$200,312)
<b>Total Unrestricted Net Assets</b>	<b>\$220,663</b>	<b>\$210,974</b>	<b>\$180,447</b>
<b>Total Unrestricted Net Assets</b>	<b>\$220,663</b>	<b>\$210,974</b>	<b>\$180,447</b>
<b>TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS</b>	<b>\$354,162</b>	<b>\$403,358</b>	<b>\$223,827</b>

### Financial Reserves Targets as per 2018 Budget:

Minimum 3 months (25%) of Annual Operating Expenses= \$ 174,518  
Maximum 6 months (50%) of Annual Operating Expenses: \$ 349,035

**Current Level of Financial Reserves** (total unrestricted net \$220,663  
**Current Level of Financials Reserve (%)**: 32%

# CAFII

411 Richmond Street E, Suite 200  
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## Membership Fees As At October 31st, 2018

	<u>Feb-18</u>		<u>Jul-18</u>	
	<u>To be billed</u>	<u>Received</u>	<u>To be billed</u>	<u>Received</u>
BMO Bank of Montreal	\$ 36,719.00	15-Mar-18	\$ 36,719.00	13-Aug-18
CIBC Insurance	\$ 36,719.00	25-Apr-18	\$ 36,719.00	23-May-18
RBC Insurance	\$ 36,719.00	12-Mar-18	\$ 36,719.00	30-Jul-18
ScotiaLife Financial	\$ 36,719.00	28-Feb-18	\$ 36,719.00	24-Jul-18
TD Insurance	\$ 36,719.00	27-Feb-18	\$ 36,719.00	26-Jul-18
Desjardins Financial Security Life Assurance Company	\$ 27,539.50	25-Apr-18	\$ 27,539.50	24-Aug-18
AMEX Bank of Canada	\$ 18,360.00	26-Mar-18	\$ 18,359.00	5-Sep-18
Assurant Solutions	\$ 18,360.00	28-Mar-18	\$ 18,359.00	19-Jul-18
Canadian Premier Life Insurance Company	\$ 18,360.00	6-Mar-18	\$ 18,359.00	10-Oct-18
Cumis Group Ltd/Co-operators Life Insurance Co.	\$ 18,360.00	28-Feb-18	\$ 18,359.00	30-Aug-18
Manulife Financial	\$ 22,000.00	20-Jul-18	\$ 22,000.00	20-Jul-18
The Canada Life Assurance Company	\$ 22,000.00	16-May-18	\$ 22,000.00	24-Aug-18
Willis Towers Watson	\$ 4,800.00	5-Mar-18		
<b>RSM Canada Actuarial Services</b>				
KPMG MSLP	\$ 4,800.00	3-Jul-18		
Munich Reinsurance Company Canada Branch (Life)	\$ 4,800.00	15-May-18		
Optima Communications	\$ 4,800.00	8-Mar-18		
RGA Life Reinsurance Company of Canada	\$ 4,800.00	5-Mar-18		
DGA Careers Inc.	\$ 4,800.00	28-Feb-18		
AXA Assistance Canada	\$ 4,800.00	26-Feb-18		
Torys LLP	\$ 4,800.00	23-Feb-18		
<b>Feb Invoices</b>	<b>\$366,975</b>		<b>\$328,571</b>	
<b>July Invoices</b>	<b>\$328,571</b>			
<b>Total Membership Fees</b>	<b>\$695,545</b>			
Total amount to reallocate monthly Jan-Sept	\$ 57,962			
Total amount to reallocate monthly Oct-Dec	\$ 57,962			



9 December, 2018

Ms. Anne-Marie Beaudoin  
Corporate Secretary  
Autorité des marchés financiers  
800, square Victoria, 22<sup>e</sup> étage  
C.P. 246, tour de la Bourse Montréal (Québec) H4Z 1G3  
E-mail: [consultation-en-cours@lautorite.qc.ca](mailto:consultation-en-cours@lautorite.qc.ca)

**Re: Regulation respecting Alternative Distribution Methods**

Dear Ms. Beaudoin:

On behalf of the Canadian Association of Financial Institutions in Insurance (CAFII), I'm writing with respect to your 10 October, 2018 invitation to industry stakeholders to provide input into the draft Regulation respecting Alternative Distribution Methods issued by the Autorité des marchés financiers (AMF).

CAFII members believe fundamentally in consumer choice in the purchase of insurance protection; and in making multiple options available to consumers in the marketplace. In that connection, we believe that the Regulation is a well-considered and important contribution to supporting and fostering consumer choice. Providing the opportunity for companies to offer insurance through alternate distribution methods will lead to more consumer choice, more competition, and will promote innovation in the marketplace. For those reasons, we applaud the intent of the Regulation and believe it will contribute to a strengthening of the Quebec insurance industry and consumer satisfaction.

We are therefore please to offer the following specific points of feedback on the draft Regulation.

- In the 17 October, 2018 webinar on the Regulation, there were several references made to how the ability to offer insurance through alternative platforms such as the Internet would not eliminate the requirement to provide a needs analysis where required. As a point of clarification, CAFII members offer optional creditor protection insurance at a time when the consumer is taking on a new debt obligation (e.g., a mortgage or a home equity line of credit). However, a needs analysis involves advice; and we would like to emphasize the fact that CAFII members are strictly prohibited from offering in conjunction with "Authorized Insurance Products" (the various forms of creditor protection insurance) under the federal Bank Act and the related Insurance Business Bank Regulations.
- We also noted that at the webinar, reference was made to Article 68 of the Act Respecting Insurance, which gives the AMF the power to tell firms they must cease offering products, in situations where the AMF deems such a cease and desist order to be appropriate. Since this is a very broad and impactful power, we request additional information on what company behaviours would elicit such a response from the AMF; what objective decision criteria and processes will be put in place related to the application of this power; and what appeals process

will be available to a company that finds itself subject to such an order to cease offering products.

- Article 2 of the Regulation states that *“A firm that offers products and services without the intermediary of a natural person must do so through a platform, namely, a digital space used to interact directly with clients who satisfy the requirements under this chapter.”* We would request clarification on whether the definition of “platform” includes non-transactional platforms. We are asking this because we would like to understand if the reporting and technological requirements listed in other sections of the Regulation apply to platforms that do not include the capability of fulfilling or completing an actual sale, but which may have other features such as permitting the initial application process to occur online.
- We would encourage the AMF to consider including language that ensures that future technologies are not excluded from the Regulation. The language of the Regulation leans toward internet and other “written-oriented” platforms, but emerging audio and virtual reality technologies, combined with artificial intelligence capabilities, are making it increasingly possible to envision sales without a person typing information into a platform. As the AMF is committed to enabling innovation in the marketplace, it would be beneficial to use more technology-inclusive language that could capture and permit technologies as they develop, which would remove the need to revisit and revise the Regulation in future.
- Regarding Articles 4 and 5 in the Regulation, we note that some of the references appear to target P&C insurance or make reference to activities, such as producing financial plans that our members do not engage in (Article 5: *“The firm must disclose annually to the Authority through its maintenance of registration application, the number of financial plans prepared, claims settled and insurance policies issued, and the amount of premiums written solely via its platform”*). It would be helpful to spell out that only the applicable information relevant to the activities actually conducted by the firm needs to be reported on, for example by adding “where applicable” in those instances where a reporting activity may not be relevant to certain firms. CAFII members offer creditor protection insurance products such as life, disability, critical illness, job loss, and travel insurance, and are not permitted to offer advice in the sale of such Authorized Insurance Products.
- With reference to Articles 4, 5, 21, and 22 in the Regulation, many CAFII members are required to provide detailed reporting information to the CCIR through the AMF-administered Annual Statement on Market Conduct (ASMC). As much of the reporting information required in the Regulation is already delivered by insurers (supported by their distributors) through CCIR’s ASMC, we believe that the reporting requirements set out in these Articles can and should be fulfilled through the ASMC. We therefore encourage the AMF to achieve these reporting requirements through the already-in-place ASMC, of which the AMF is the technology and data analysis administrator on behalf of CCIR, thereby avoiding duplication of effort and inefficiencies.

In addition, those requirements in these Articles of the Regulation which are not already captured in the existing ASMC would be better captured by adding those reporting requirements into future iterations of the ASMC, thereby avoiding two sets of reporting and the inefficiencies that would create for both the AMF and the companies engaged in the reporting.

- Regarding Articles 22.1 and 22.2 in the Regulation, CAFII members consider this information to be proprietary and sensitive. It is not clear to us what additional benefit will be gained beyond the provision of financial information already provided to the AMF through CCIR's ASMC. Further, the information requested in these sections appears to refer to all policies issued, premiums collected, and claims paid, which we feel is outside the scope of a Regulation on Alternative Distribution Methods.
- Article 8 lists information that must be visible on the platform at all times. The list is sufficiently long that it risks creating a cumbersome, clunky, and potentially frustrating online user experience for consumers. We recommend that the AMF require that the information be "easily accessible at all times," and allow firms to determine how best to fulfil that requirement. To insist on information being visible "at all times" means that it would need to appear on every page or screen image, which would be onerous for website applications, and very disruptive to mobile applications on smartphones which have small screens and limited space to display information. In general, we appreciate and support the intent of the AMF with respect to most of these requirements, but would strongly recommend that instead of prescribing the means of fulfilling a requirement, firms be given the opportunity to use their marketplace knowledge to determine how best to fulfil the principle the AMF is advancing.
- We believe that the word "input" in Article 9 should instead be "inputted." Regarding Article 9.1, we are not clear on the intent of this Article and ask that it be clarified. In the case of CAFII members, the majority of insurance products offered are associated with consumers' debt obligations such as mortgages, loans, and credit card balances. As such, the type of clientele the products are intended for is borrowers. We ask that the AMF clarify the type of information it is seeking to have displayed on the platform arising from this Article.
- Turning to the issue of clients always having access to a representative, it is our understanding that Bill 141 provides for this obligation in Clause 71.1: *"However, it must take the necessary steps to ensure that representatives of its own interact, in sufficient time, with clients who express the need to interact with a representative..."* We recognize that this language is in legislation that has been adopted by the National Assembly, but we would request consideration be given to the Regulation including interpretive language that makes the meaning and intent of that clause clearer. Specifically, "of its own" (*"qui sont les siens"*) could mean employees, or it could mean third party, outsourced staff who support the activities of the firm. We believe that if a firm is responsible for representatives and their activities and is engaged in their training, then the broader interpretation should meet the requirements of the clause in question. The flexibility offered by a broader interpretation of "of its own" more realistically reflects the reality of how the modern insurance industry deploys human resources. Therefore, we would encourage the Regulation's inclusion of a clarification that third-party, outsourced staff who support the activities of a firm can be interpreted to meet the "of its own" requirement.
- Further with respect to the issue of clients always having access to a representative, there is a related requirement that a representative must interact "in sufficient time" (*"en temps utile"*) with a client. If a platform is available 24/7, access to a physical representative via the phone or another mechanism may only happen on the next business day. A statement in the Regulation that 24/7 access to a representative is not expected would be a helpful clarification.

- We would also seek confirmation that depending on the nature of the product being sold, the representative may not be a licensed representative. CAFII members sell products that are associated with credit products and they are not allowed to provide advice in the process of making this incidental sale, and the representatives supporting an online sale would not be licensed.
- Article 9.2 in the Regulation states that the platform must present to the client “the fact that the client must or may, as the case may be, subscribe for or enroll in a contract through the intervention of a representative or solely through the platform.” It is our understanding from the 17 October AMF webinar that the intent of this clause is to inform the client upfront about the business model of the firm he or she is interacting with through the platform, for example to clarify whether the firm offers the opportunity to fulfil the transaction entirely online or, alternatively, whether a representative is required at some point in the transaction. We believe that the intent of this wording in Article 9.2 this could be stated in clearer and simpler terms, for example “whether or not the transaction can be completed without a representative.”
- We believe that much of the information disclosure required in Article 10 in the Regulation is duplicative of information that would be contained elsewhere on the platform. As well, some of this information may be better transmitted to the client via email or other means, as opposed to being placed on the platform. We believe that since a Product Summary and a specimen of the policy must be available on the website, all of the information disclosure requirements in Article 10 would be met through those documents. Since the requirements related to the Product Summary and the specimen of the policy are spelled out elsewhere in the Regulation, we feel that Article 10 is itself largely duplicative and unnecessary.

We also request clarification as to whether Article 10.8 is requesting that taxes be included in the price or separated out.

- We ask for clarification on what is meant by a “specimen” in Articles 11 and 33 of the Regulation. Creditor protection insurance, which is group insurance, has a Master Policy document that covers all of the members of the group, who then receive an individual Certificate of Insurance. The Master Policy document would not contain the right information for individual clients, and would contain company proprietary information that companies would not want to place on a public platform. We believe that a Certificate of Insurance is the right document to fulfil the requirement of access to a “specimen” for the products offered by CAFII members, and we would request confirmation that the AMF is in agreement with this interpretation.

We also recommend that the phrase “make available on its platform at all times” be changed to “make accessible on its platform at all times” in order to make it clear that this information does not need to appear on every page or screen of a website or mobile application.

- Regarding Article 18 in the Regulation, we interpret it to mean that the information from completed applications must be stored by the firm for future retrieval. If however, a customer begins an application but does not complete it, that information will be lost and the client will have to re-enter it. We would appreciate receiving the AMF’s confirmation of CAFII’s view that incomplete applications should not be kept in the client record, and a client record for a new client should not be created until the client completes the purchase of a product.

- While we feel that most of the requirements in Articles 14 to 18 are within CAFII members' existing capabilities, we will need to ensure that all of the requirements can be fulfilled and testing around those requirements must be completed. For that reason, we request that the AMF provide a transition period beyond the 13 June, 2019 in force date of the Regulation, for the full implementation of these sections of the Regulation.
- It is our interpretation of Regulation Article 19.2 that additional insurance coverages beyond the one initially selected can be presented to the client, so long as none of these are pre-selected. We would appreciate receiving the AMF's confirmation of that view.
- Article 32 of the Regulation contains wording around training that concerned us. The regulation should make clear that training is only expected to be provided to individuals who interact with customers. There may be cases where the transaction is entirely online and the client chooses not to interact with a representative.
- In a similar vein, Article 35 in the Regulation seems to be about distributor representatives communicating directly with clients, which might not occur in many scenarios where alternative distribution methods are used. Separate legislative and regulatory requirements as well as CLHIA Guidelines, already cover the issue of distributor training requirements; and it is not clear why this has been included in this Regulation or how it fits within a Regulation focusing on Alternative Distribution Methods.

We recommend that Article 36 -- and particularly Article 36.1 -- be reworded to make it easier to understand and implement. Article 36.3 states that no insurer may "set different commission rates applicable to a distributor for products with similar insurance coverage," but as was noted in the 17 October 2018 AMF webinar, there are some products that are theoretically similar (term life and credit protection life insurance on a mortgage, for example), but which have very different target audiences. Therefore, we recommend modifying the wording of this Article, as follows: "set different commission rates applicable to a distributor for products with similar insurance coverage and similar target customers."

At a more general level, we are not clear why a Regulation on Alternative Distribution Methods includes reference to compensation practices. There are other examples of requirements within the Regulation that appear to be outside of its natural scope and focus, and we would recommend that the AMF consider whether such clauses fit appropriately within this Regulation. More general, principles-based language requiring adherence to fair treatment of customers guidelines, as set out by the AMF and the CCIR/CISRO would, we believe, more effectively achieve the objectives of the AMF and avoid introducing language and concepts that are outside the scope of this particular Regulation.

- Regarding Schedule 1 on rescission of a contract (which is more commonly referred to as cancellation of a contract in English), we ask that the AMF provide confirmation that our view is correct that these rights do not apply in certain circumstances, for example a client cannot purchase travel medical insurance; have it in force during their trip; then, after they return, (assuming it is less than 10 days after they took out the insurance) cancel the insurance and get a refund of the premium.

Schedule 1 also states that "To rescind the contract, you must give the insurer notice, within the

applicable time, by registered mail or any other means that allows you to obtain an acknowledgement of receipt.” We recommend removing the reference to registered mail and simply stating “by any appropriate means” so as to avoid prescribing the means to achieve an objective, as opposed to focusing on the outcome and leaving the mechanism to achieve it to the firms operating in the marketplace.

We also would like to receive confirmation of our understanding that while the final version of Schedule 2 form will be unalterable, Schedules 1, 3, 4, and 5 are templates that can be modified by individual firms. We are concerned that if that is not the case, the AMF is proscribing details that may not properly reflect the full rights of a consumer and which will constrain a firm’s ability to communicate information in language that they feel is most effective. For example, Schedule 1 says “The Act allows you to rescind an insurance contract, **without penalty**, within 10 days of the date on which it is signed. However, the insurer may grant you a longer period.” While correct, we believe it would be more beneficial to actually state the period over which the consumer can cancel an insurance contract without penalty, which for many of our members is longer than 10 days. Our members have considerable experience with presenting information and forms to consumers, and just as the AMF has required with the Product Summary, we feel it would be more effective to indicate what are the principles the AMF is advancing and what are the expectations the AMF is requiring, and leave the specific language to individual firms operating in the marketplace.

- Regarding Schedule 2, we note that some of the pictograms utilized are automobile or traffic-related. Therefore, it would be problematic and potentially confusing to consumers to use such pictograms in life and health insurance-related documents.

In that connection, we would welcome the opportunity for some life and health insurance industry representatives, including from CAFII member companies, to meet with the AMF to review the content and format of the Schedule and offer feedback. In particular, we do have experts in the presentation of forms to clients who might be able to offer suggestions on how to make it a more consumer-friendly document. While we applaud your decision to hold a series of consumer focus groups on the forms, we believe that Schedule 2 is of critical importance and getting it optimally worded and formatted could benefit from additional input from a task-specific regulator/industry working group.

In conclusion, thank you again for the opportunity to provide input and feedback on the Regulation Respecting Alternative Distribution Methods. CAFII members appreciate the open and transparent communication relationship our Association has always enjoyed with the AMF, and the demonstrated willingness of your staff executives to engage in dialogue and consultations with the industry. We appreciate the opportunity to offer our considered views on this important and ground-breaking Regulation, and we look forward to continuing to engage in dialogue with you on this and other regulatory matters.

Should you require further information from CAFII or wish to meet with representatives from our Association at any time, please contact Keith Martin, CAFII Co-Executive Director, at keith.martin@cafii.com or 647-460-7725.

Sincerely,

Martin Boyle  
Board Secretary and Chair, Executive Operations Committee

### **About CAFII**

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

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

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

CAFII is currently the only Canadian Association with members involved in all major lines of personal insurance. Our members are the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players American Express, Assurant Solutions, valeyo (Canadian Premier Life Insurance Company), and The CUMIS Group Ltd.



**Agenda Items 4.8 (i)  
November 27/18 Board Meeting**

**From: CEO (FSRA) [mailto:CEO@fsrao.ca]  
Sent: Friday, November 02, 2018 3:48 PM  
To: CEO (FSRA)  
Cc: Mallove, Cathy (FSRA)  
Subject: FSRA Industry Advisory Groups**

**Dear Industry Advisory Group (IAG) member:**

We want to thank you again for your participation in the FSRA Fee Rule IAG. The seven ad hoc, special purpose Fee Rule IAGs provided invaluable industry perspectives to the FSRA management and Board on the proposed FSRA fee rules. The formal consultations are now well underway and we welcome and encourage comments and questions from all interested parties until January 4, 2019. While we recognize that for some the timing is awkward given holidays, we will not be able to extend this date given tight timelines.

Thanks as well, to the many who completed our follow-up survey on the IAGs. It reflected positive feedback, and offered suggestions for improvement:

- o 90.4% strongly agreed or agreed that the IAG was an effective mechanism for stakeholder input into the proposed fee rule
- o 84.3% strongly agreed or agreed that their sector was appropriately represented at the IAG
- o 64% strongly agreed or agreed there was sufficient information to provide appropriate feedback to FSRA. Comments received by IAGs related primarily to time constraints in forming the IAGs, scheduling meetings, and turnaround time for review of materials and preparation of the submission to the FSRA Board
- o 100% expressed an interest in continuing to participate on the IAG or a similar committee to provide input on FSRA's 2019-20 priorities and budget

FSRA is committed to ongoing communications, collaboration and dialogue with stakeholders. We continue to evaluate and consider longer-term mechanisms to ensure ongoing, effective stakeholder input and engagement. As we do so, the Board has proposed that the current special purpose IAGs be engaged again to provide sector perspectives to inform our 2019-20 priorities and budget.

The mandate of the IAGs, defined in the current IAG Terms of Reference, will be expanded as noted in italics below:

**The FSRA Fee Rule Industry Advisory Groups (IAG) are special purpose, ad hoc groups being established to provide regulated sector industry insight and views to the FSRA management and Board of Directors related to the development of funding model options for FSRA, prior to formal, statutorily required 90-day consultations on a new fee rule, *and on the development of FSRA's 2019-20 priorities and budget.***

We would like to invite the current IAGs to participate in three proposed meetings. You will shortly receive an invitation to the first meeting of your IAG, and we will then confirm the dates of the other two meetings by mid-November.

1. Late November – early December: A dialogue on what priorities you would like to see for FSRA;
2. Late January: A meeting with FSRA management to go through FSRA's draft 2019-20 priorities and budget, to prepare the IAG for a meeting with the FSRA Board; and
3. Early February: An IAG meeting with FSRA directors, in which the IAGs will be invited to directly present their views on FSRA's draft 2019-20 priorities and budget.

The list of IAG members is attached. By consensus of the current members, an IAG may propose changes to its membership, to a maximum of 10 members.

We appreciate your ongoing participation and look forward to hearing your input as we develop our future plans.

If you have any questions, or to submit your IAG's consensus proposal for changes in membership, please contact Cathy Mallove at [cathy.mallove@fsrao.ca](mailto:cathy.mallove@fsrao.ca).

Regards,

Bryan Davies, Chair, Board of Directors  
Mark White, Chief Executive Officer



Financial Services Regulatory  
Authority of Ontario

# **FSRA Priorities and Budget Development Industry Advisory Group Meeting #1: Preliminary Dialogue**

Life and Health Insurance

November 26, 2018



- FSRA is committed to ongoing communications, collaboration and dialogue with stakeholders.
- As the Board considers longer-term mechanisms for ongoing stakeholder input and engagement, the current special purpose fee rule IAGs are being re-engaged to provide sector perspectives to inform our 2019-20 priorities and budget.
- The purpose of this preliminary dialogue is to discuss the process leading to FSRA's FY 2019-20 plan (priorities and budget) and an outline of the outlook for FY 2020-21 and FY 2021-22. FSRA will describe “what we’ve heard” about priorities in this sector and hear industry input.
- FSRA will evaluate FY 2019-20 priorities based on consistency with FSRA legislative objects, cost-benefit analysis, and ability to implement.

# FSRA Legislative Objects

## *FSRA Act (2016)*

### **General:**

- regulate & generally supervise the regulated sectors
- contribute to public confidence in the regulated sectors
- monitor & evaluate developments & trends in the regulated sectors
- cooperate & collaborate with other regulators where appropriate
- promote public education & knowledge about the regulated sectors
- promote transparency & disclosure of information by the regulated sectors
- deter deceptive or fraudulent conduct, practices & activities by the regulated sectors
- carry out such other objects as may be prescribed

### **Financial Services:**

- to promote high standards of business conduct
- to protect the rights and interests of consumers
- to foster strong, sustainable, competitive and innovative financial services sectors

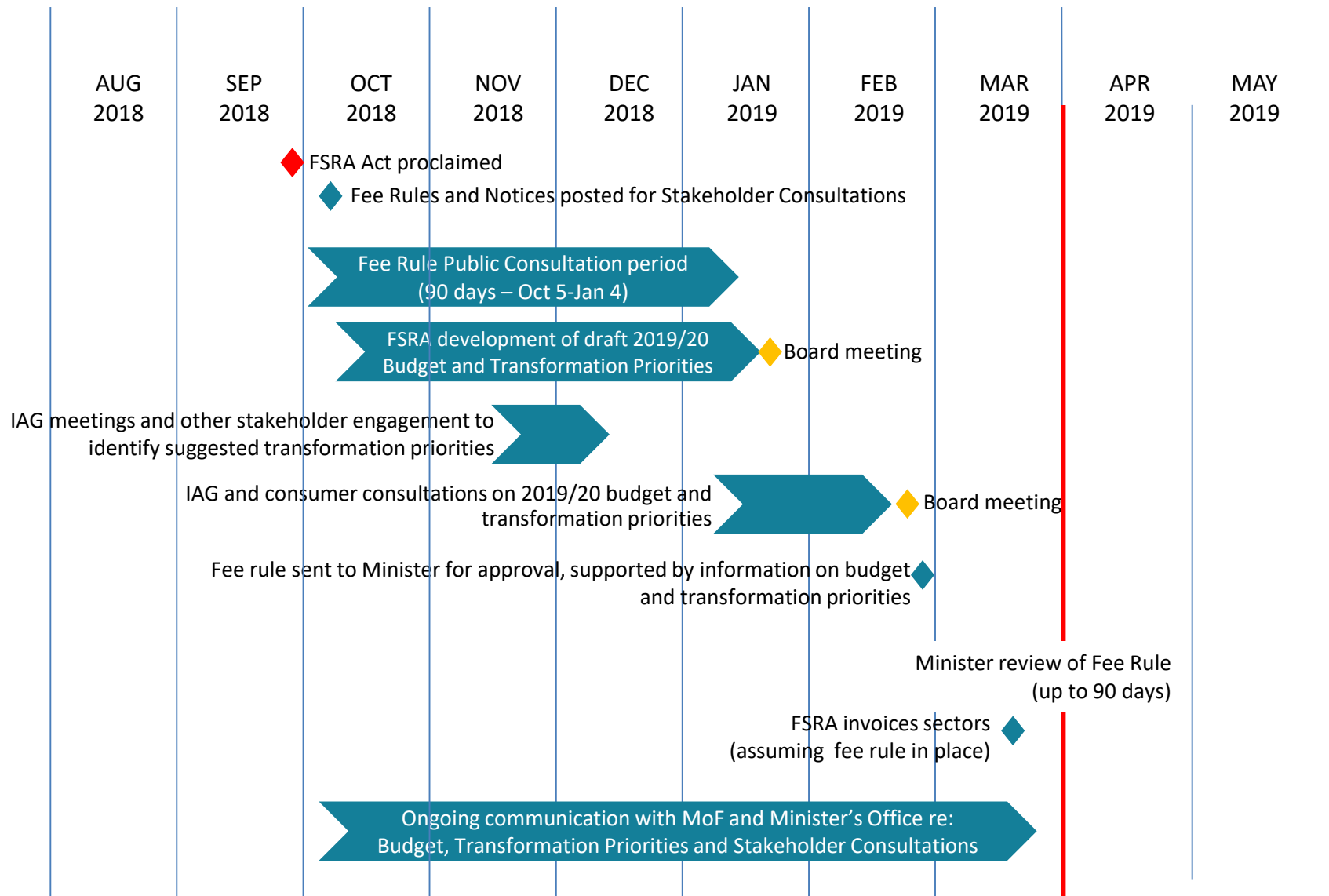
### **Pension Plans:**

- to promote good administration of pension plans
- to protect and safeguard the pension benefits and rights of pension plan beneficiaries

### **Credit Unions (Anticipated):**

- provide insurance against the loss of part or all of deposits with credit unions
- promote and otherwise contribute to the stability of the credit union sector in Ontario with due regard to the need to allow credit unions to compete effectively while taking reasonable risks
- pursue the above objects for the benefit of persons having deposits with credit unions and in such manner as will minimize the exposure of the Deposit Insurance Reserve Fund to loss

## High level timeline



Target for start up:  
April 2019

## Cross-sector priorities: what we've heard to date

- Reduced regulatory and administrative burden
- Leadership and specialized expertise to enable agility and flexibility and to address increased complexity
- Enhanced capacity and tools for investigation and enforcement for improved public confidence, industry reputation and consistency
- Proactive and frequent coordination, collaboration and communication, at multiple levels and through multiple channels, with all stakeholders, including industry, government, consumers and other regulators
- Support for innovation and new business models to enable consumer choice, competition and economic benefits, and to anticipate and respond to external changes and disruption
- Enhanced industry stature and effectiveness through improved consumer education
- Modernized technologies for submissions, reporting and analysis
- Formalized risk management systems/structures within the regulator, with monitoring of key risk indicators and early warning mechanisms
- Alignment of authority and conduct across jurisdictions

## Sector priorities: what we've heard to date

- Align requirements across jurisdictions
- Keep out bad actors and help reduce reputation and class action risk
- Enable innovation, new business models and products
- Ensure the FSRA Board of Directors has life and health insurance background
- Reduce regulatory and administrative burden (e.g. review Annual Statement on Market Conduct with emphasis on reducing burden and enabling data-driven decision-making in priority areas)
- Re-direct AMPs to FSRA (special fund) with corresponding disgorgement capability for support of impacted individuals
- Improve oversight for all intermediaries including managing general agents, understanding that the industry is currently operating with multiple distribution models



# Questions for consideration

- Does this list reflect your recommended priorities for FSRA?
  - What's missing? What should be added or clarified?
- What do you see as the top 3-5 priorities for your sector?
- How would you allocate your recommended FSRA priorities in terms of timing?
  - Starting next year (FY 2019-20)
  - Starting in the next three years (FY 2019-22)
  - Starting longer term (after FY 2022-23)

# Dialogue thoughtstarter

In preparation for discussion during the meeting, please consider your top priorities - overall and for your sector - and proposed timing for initiation. We are interested in hearing about the priorities you choose, and why, and welcome your suggestions on key steps towards implementation.

Priority area, e.g. technology, communication and engagement	Year 1: FY 2019-20	Years 2-3: FY 2020-21 to 2021-22	Years 4+: FY 2022-23 or later

- January 17, 2019
  - FSRA Board meeting - draft 2019-20 priorities and budget
- January 28, 2019 1:00 - 2:30
  - IAG meeting #2 with FSRA Management to review draft 2019-20 priorities and budget
- January 2019 (timing to be determined)
  - Draft 2019-20 FSRA priorities and budget posted for comment on FSRA website
- February 6, 2019
  - IAG submission to Board due to FSRA
- February 8, 2019 1:30 -3:00
  - IAG meeting #3 with FSRA Board
- February 25, 2019
  - FSRA Board meeting to approve 2019-20 plan/priorities/budget

Questions? Contact [cathy.mallove@fsrao.ca](mailto:cathy.mallove@fsrao.ca)



# Credit Protection Insurance

**cafii acifa**

The Canadian Association of  
Financial Institutions in Insurance

L'association canadienne des  
institutions financières en assurance

**pollara**  
strategic insights

October 2018

# Study Objectives and Methodology

- The Canadian Association for Financial Institutions in Insurance (CAFII) would like to get a better understanding of Canadian consumers' views of Credit Protection Insurance.
- The specific objectives of this study are to quantitatively test:
  - The general perception of Credit Protection Insurance among holders and non-holders on number of factors, including value for money and ability to cover expenses
  - Level of confidence in Credit Protection Insurance in the event of a claim
  - Experience and satisfaction with purchasing Credit Protection Insurance
  - Incidence of making a claim on Credit Protection Insurance
  - Experience and satisfaction with the claim's process
- Survey conducted nationally between **October 3th and 16th, 2018**, using an online methodology.
- Stratified sample among **1,490\* Canadians aged 18 and over, who fit into the following categories :**
  - Who have a mortgage or Home Equity Line of Credit and currently have Credit Protection Insurance: N= 1003
  - Who have a mortgage or Home Equity Line of Credit and do not have Credit Protection Insurance: N = 424
  - Who have made a credit protection insurance claim: N = 286

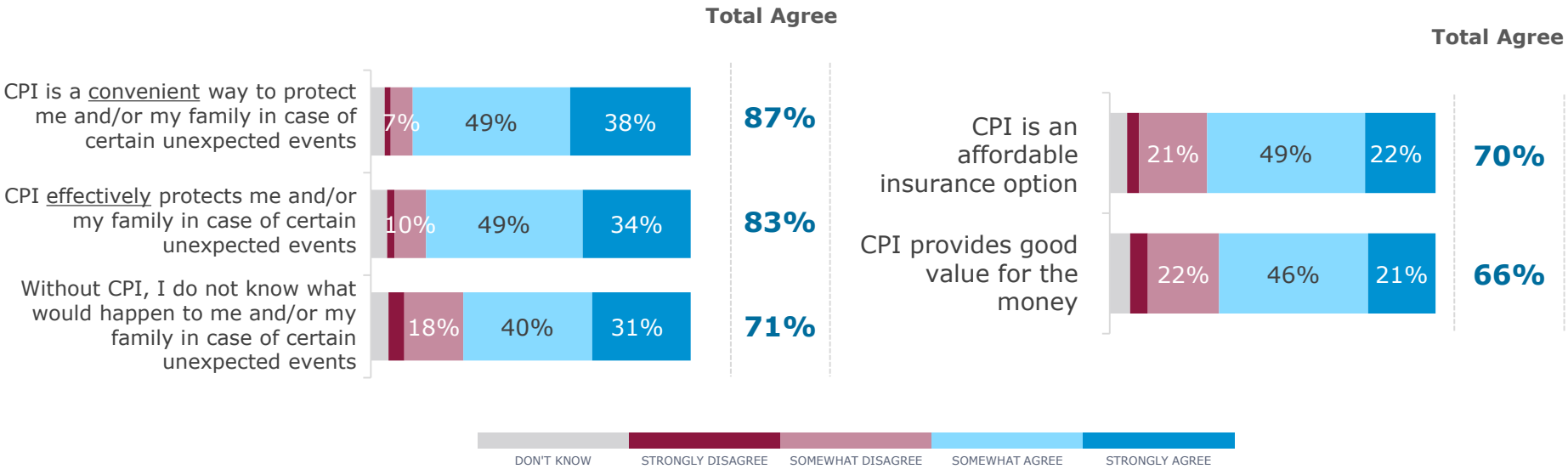


# Holders of Credit Protection Insurance Perception of Product



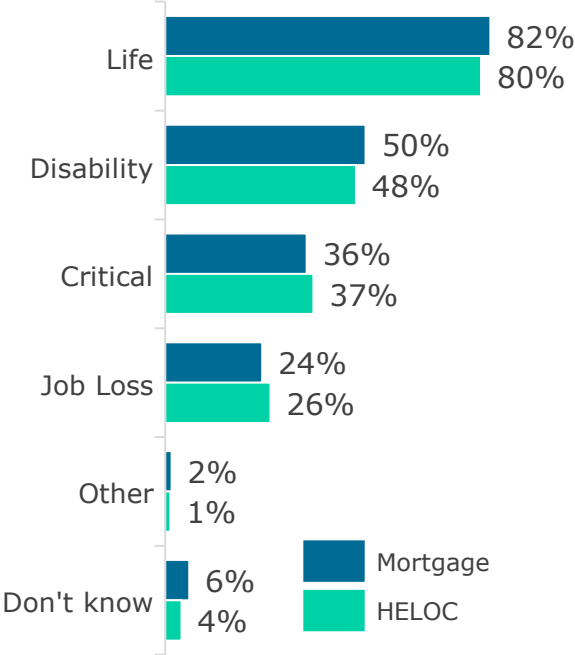
# Strong majority feel that CPI is a convenient and effective way to protect them or their family, but fewer feel as strongly about the value

## Agreement with Statements Regarding Credit Protection Insurance

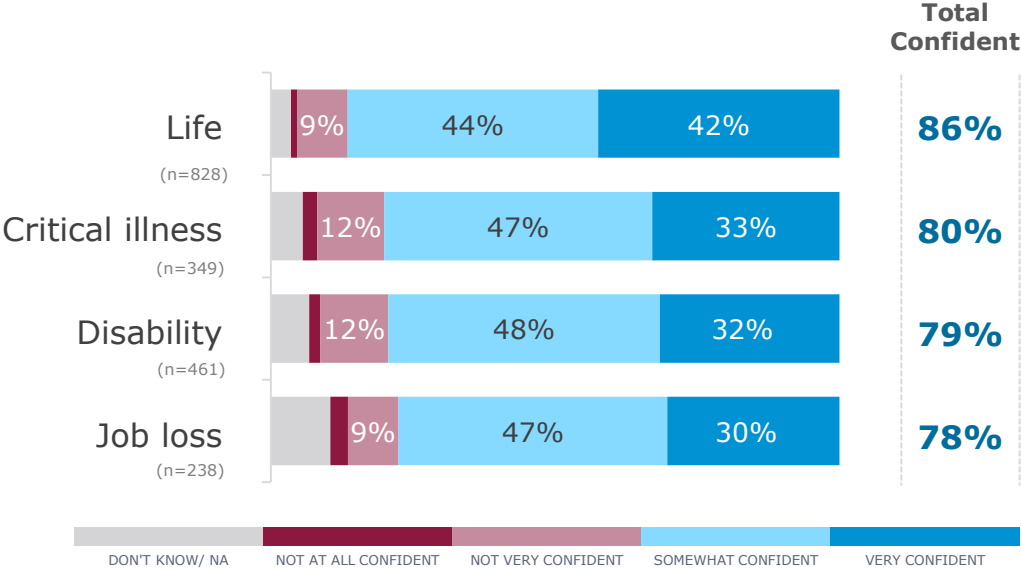


# Overall, large majority of holders are confident that their CPI benefit claims will be paid

Type of Coverage Purchased



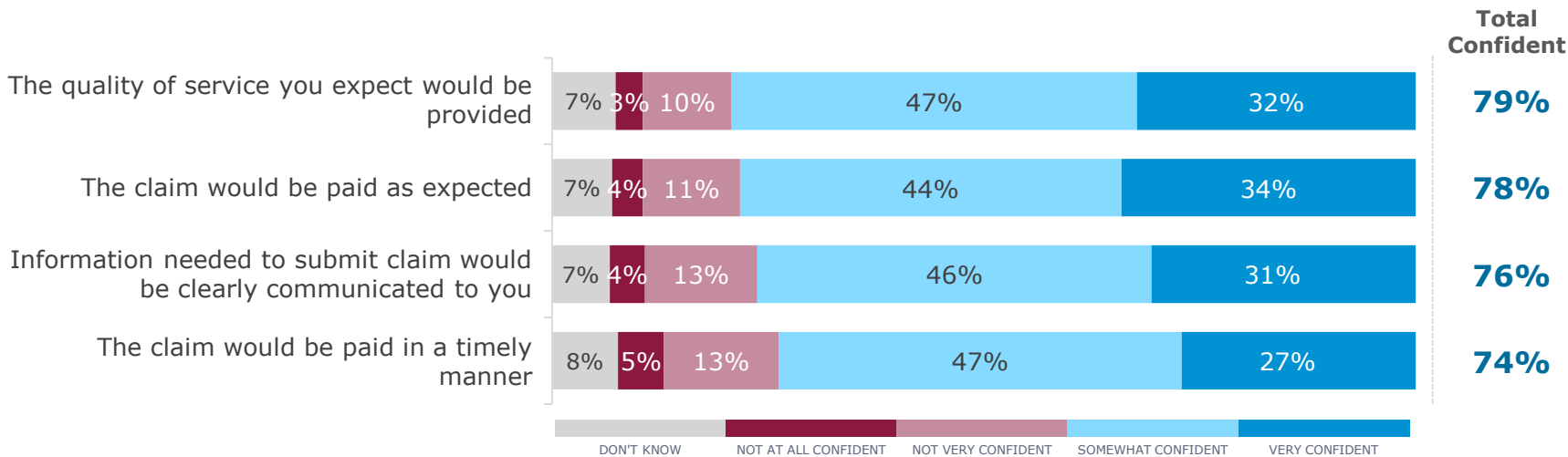
Confidence that Claim Would be Paid





# More than three-quarters are at least somewhat confident in their CPI in the event of a claim

## Confidence in Credit Protection Insurance

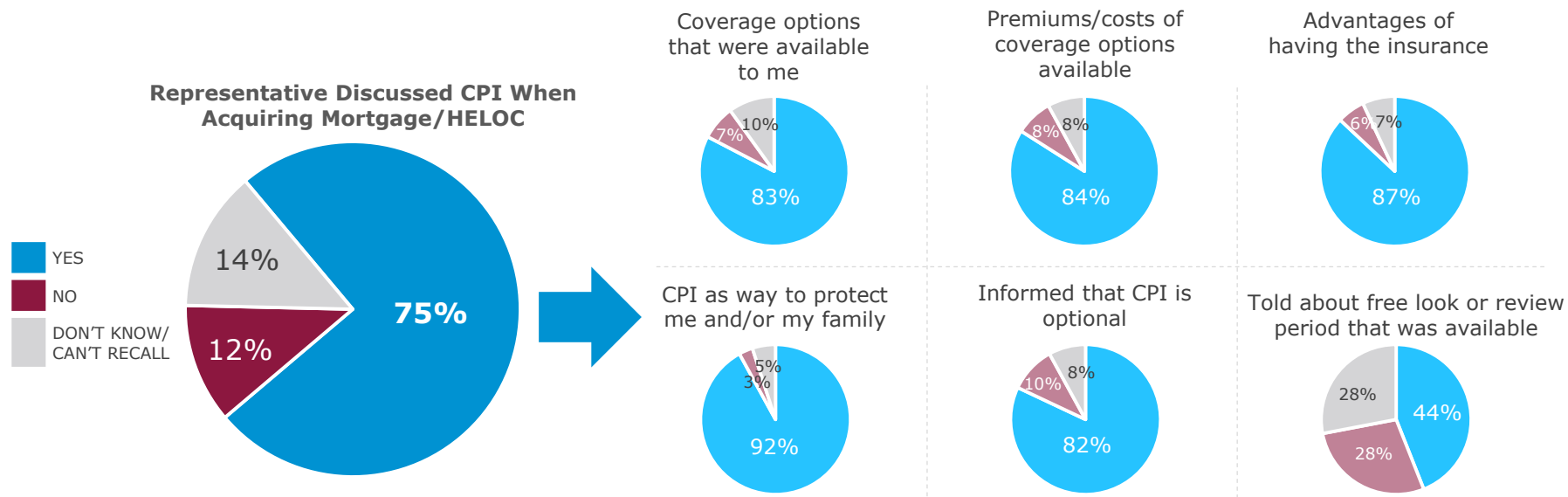




# Holders of Credit Protection Insurance Purchase Experience and Satisfaction

**pollara**  
strategic insights

# Most were given information about various factors pertaining to CPI by their financial institution representative

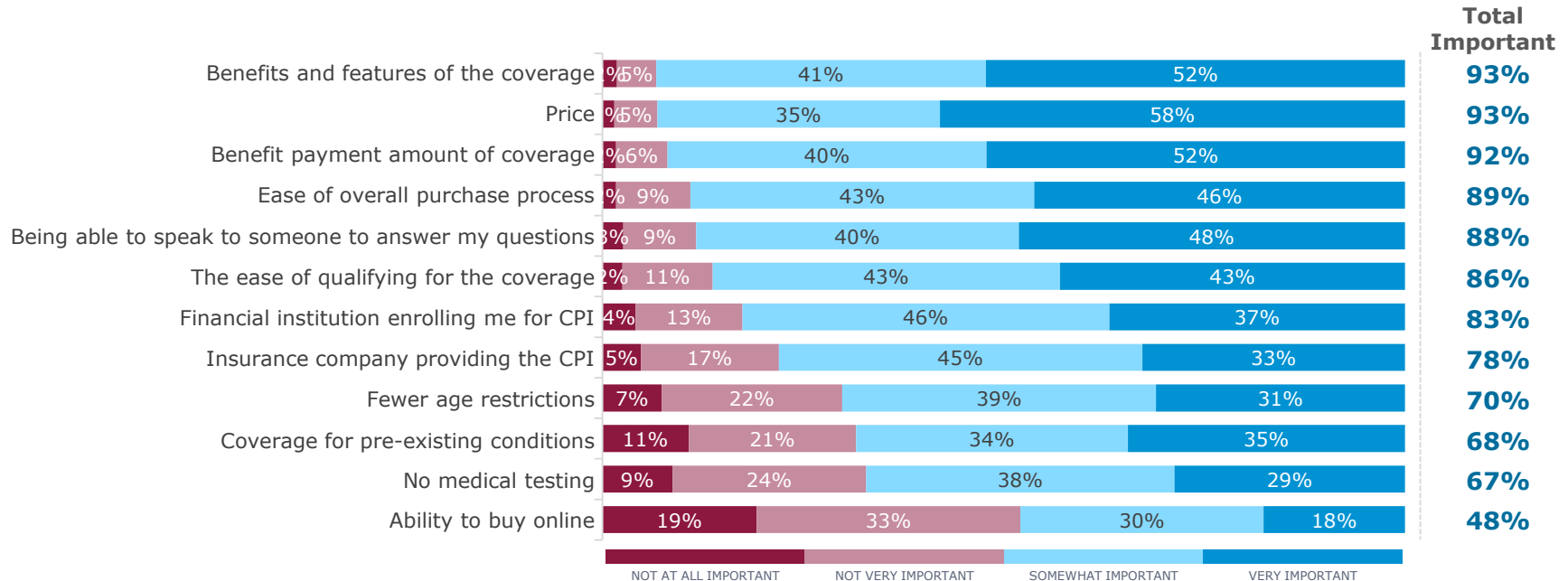


AB3. Thinking back to when you got your mortgage/ HELOC, did a representative of the financial institution talk to you about Credit Protection Insurance? Base: Combined Mortgage / HELOC CPI Holder (N=1003)

AB4. Did a representative of your financial institution talk to you about each of the following factors of the available Credit Protection Insurance? Base: Combined Mortgage / HELOC CPI Holder & Talked to Rep (N=761)

# Price, benefits, features and payment amount of coverage are most important considerations for CPI purchase

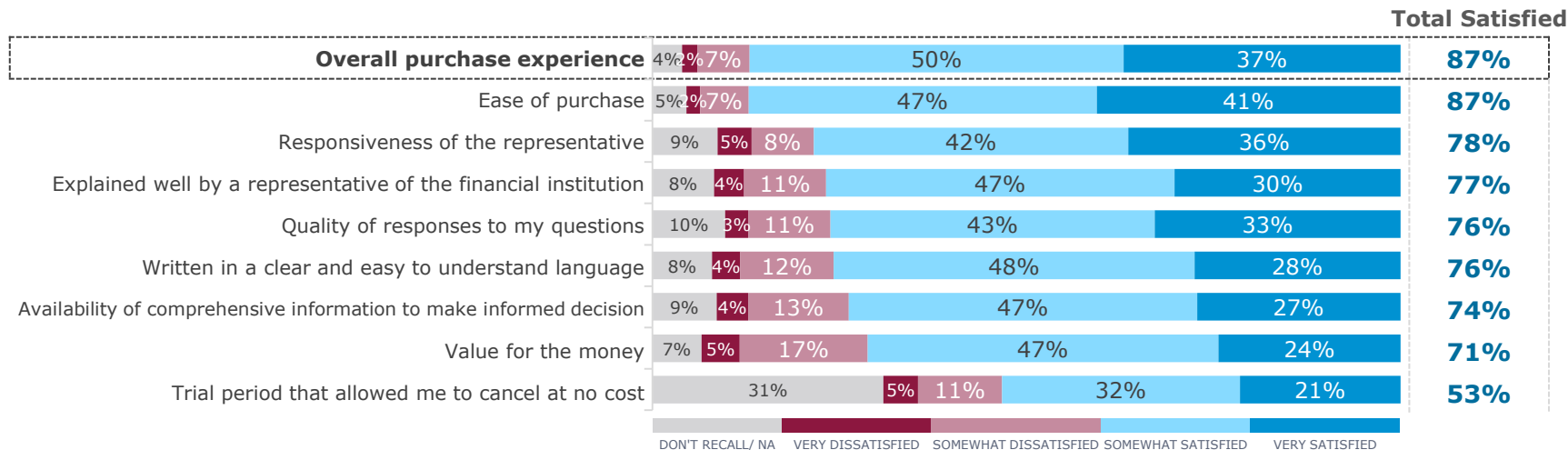
## Importance of Factors when Purchasing Credit Protection Insurance



AB9. 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=1003) , Other (n=379)

# Satisfaction with overall purchase experience as well as specific elements is high, however, low recall and satisfaction for the trial period

## Satisfaction with Purchase Experience



AB11. Overall, how would you rate your level of satisfaction with the purchase experience, when you purchased your Credit Protection Insurance for your mortgage/ HELOC?

AB12. More specifically, how satisfied were you with the following elements of the purchase process? Base: Combined Mortgage / HELOC CPI Holder (N=1003)

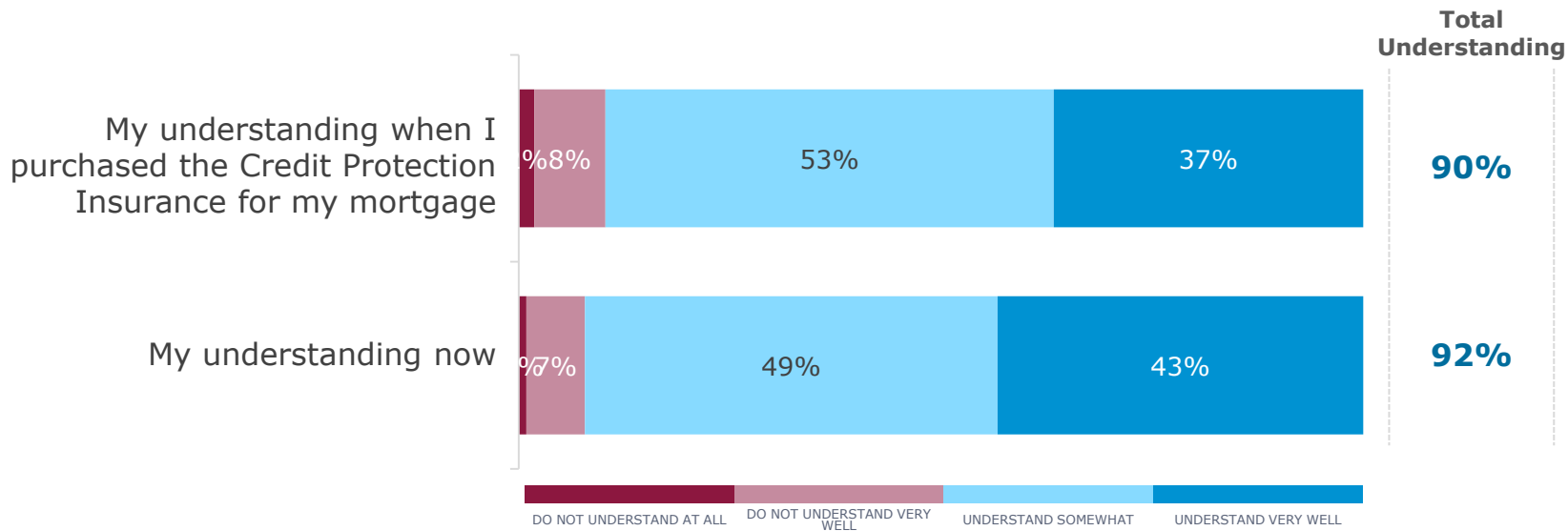


# Holders of Credit Protection Insurance Documentation & Information



# CPI holders understand the terms well enough, with the time passed between purchase and now having little or no impact on level of understanding

## Understanding of Credit Protection Insurance Terms

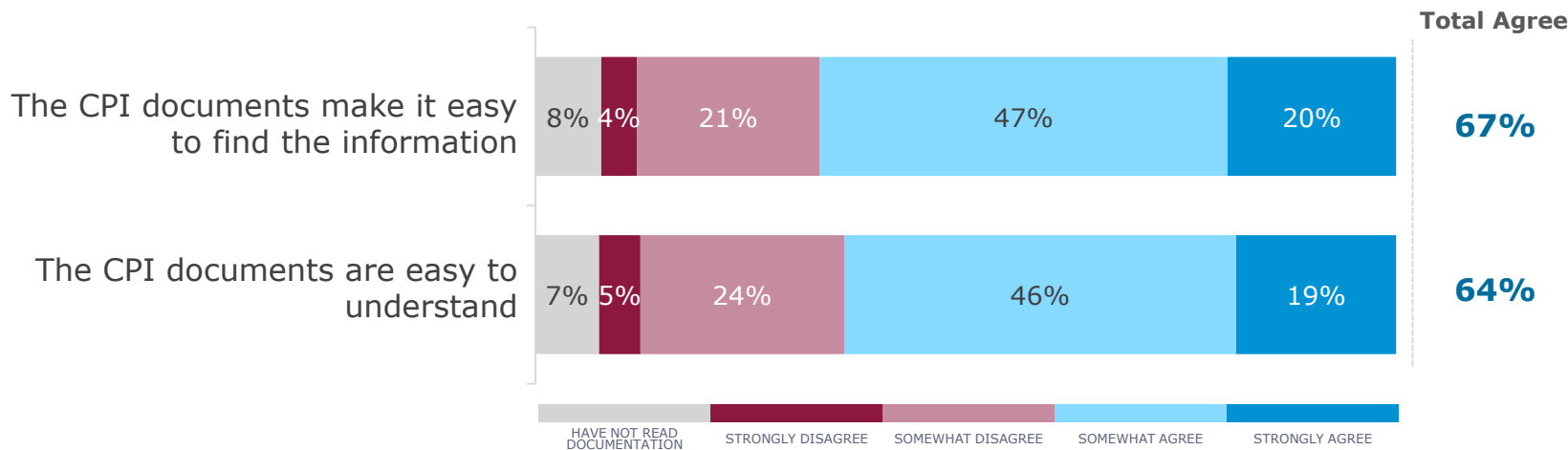


AB6. Again, considering the Credit Protection Insurance for your mortgage/HELOC, what was your level of understanding of important terms (e.g. how much would be covered and what unexpected events would be covered) when you first purchased this insurance; and what is your level of understanding now?

Base: Combined Mortgage / HELOC CPI Holder (N=1003)

# Comprehension of the CPI documentation is moderate

## Comprehension of Documentation





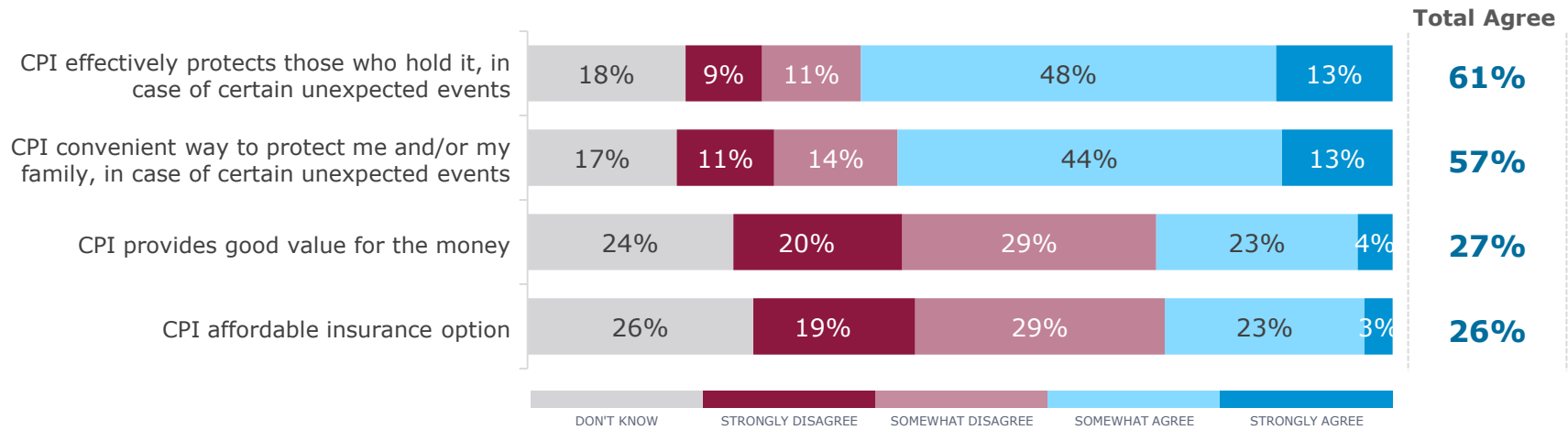


# Non-Holders of Credit Protection Insurance

**pollara**  
strategic insights

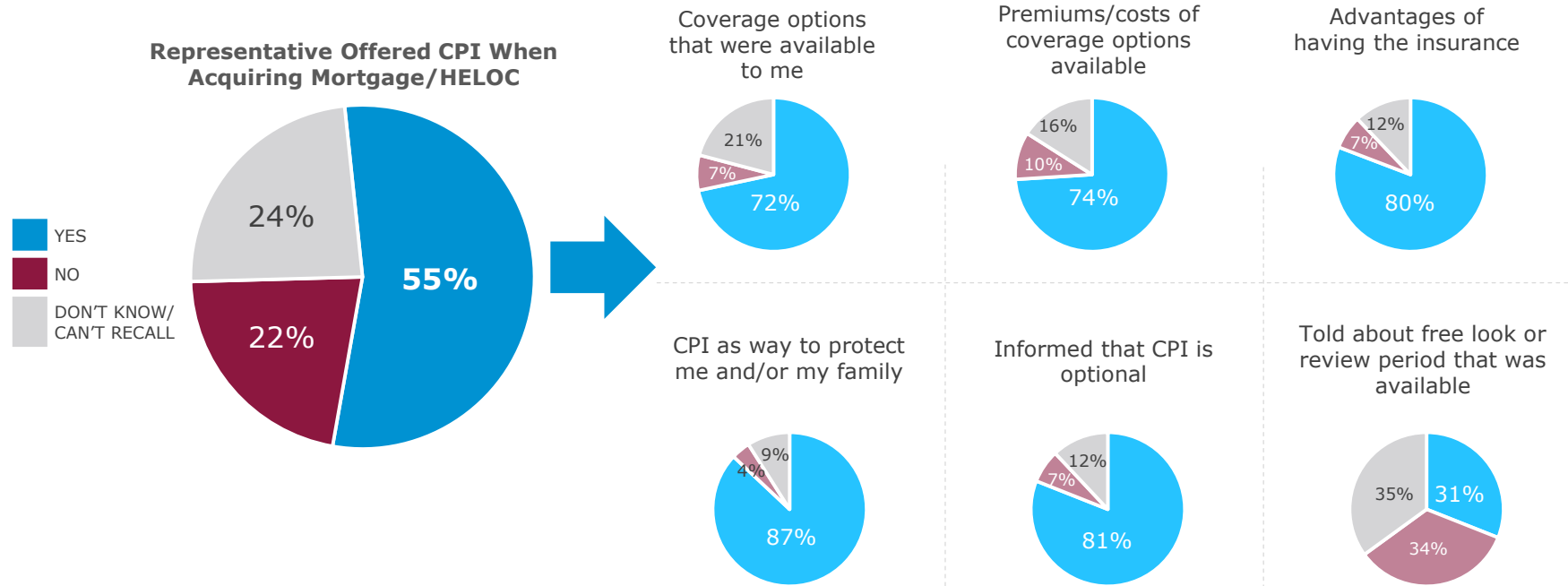
# Despite non-CPI holders somewhat agreeing that CPI is effective and convenient, almost half feel it is not affordable or worth it's value for money

## Agreement with Statements Regarding Credit Protection Insurance



C1. While you do not currently hold Credit Protection Insurance on your mortgage or Home Equity Line of Credit, we would like to understand your feelings about these products. To what extent do you agree or disagree with each of the following statements about Credit Protection Insurance? Base: NON-CPI (N=424)

# Just over half recall their representative offering them CPI when getting their mortgage or HELOC

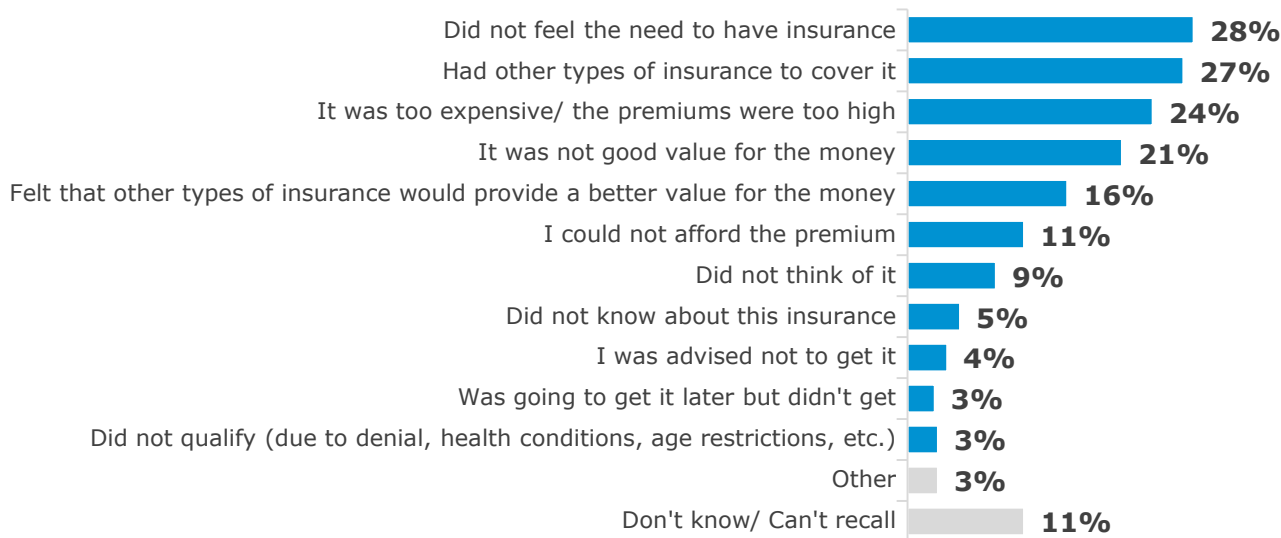


C2. Thinking back to when you got your mortgage or Home Equity Line of Credit, did a representative of the financial institution offer you Credit Protection Insurance? Base: Mortgage / HELOC NON-CPI (N=424)

C3. Did a representative of your financial institution talk to you about each of the following factors of the available Credit Protection Insurance? Base: NON-CPI / Talked to Rep (N=226)

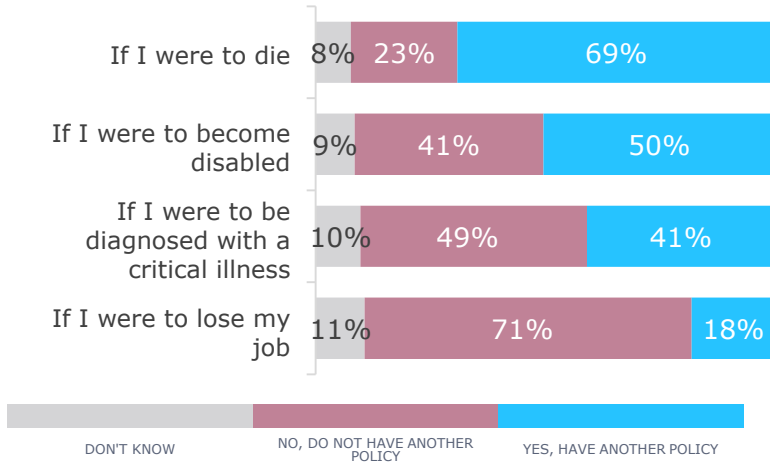
# Reasons for not getting CPI are varied – either not having need for it or having another insurance covering their debts

## Reasons for Not Buying Credit Protection Insurance

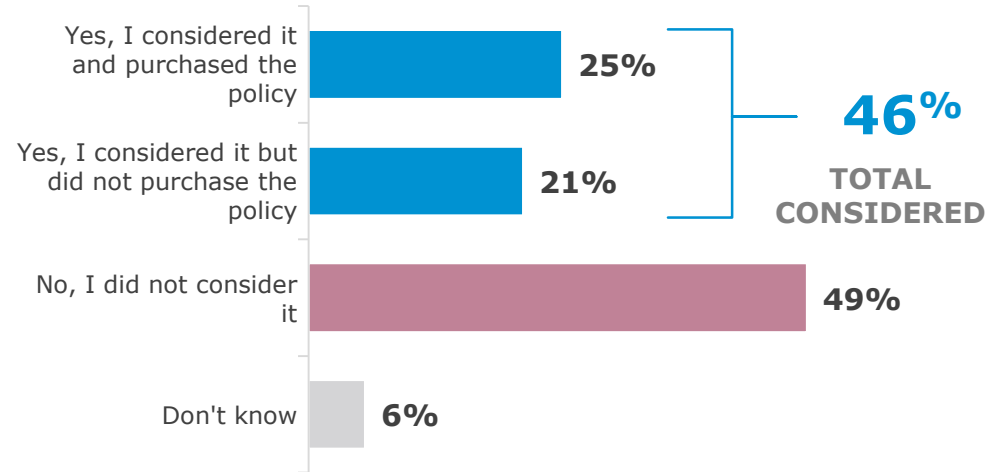


# Majority have coverage in case of death or disability, however critical illness and job loss coverage is lacking

## Coverage in case of Unexpected Events



## Purchasing Term Life instead of Credit Protection Insurance

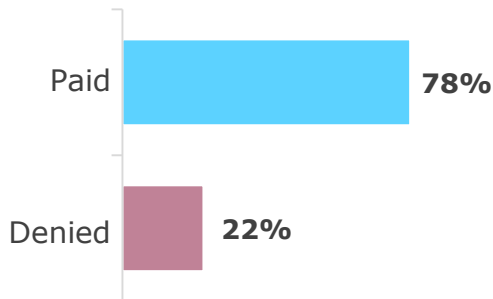




## Section 3: Claims – Experience and Satisfaction

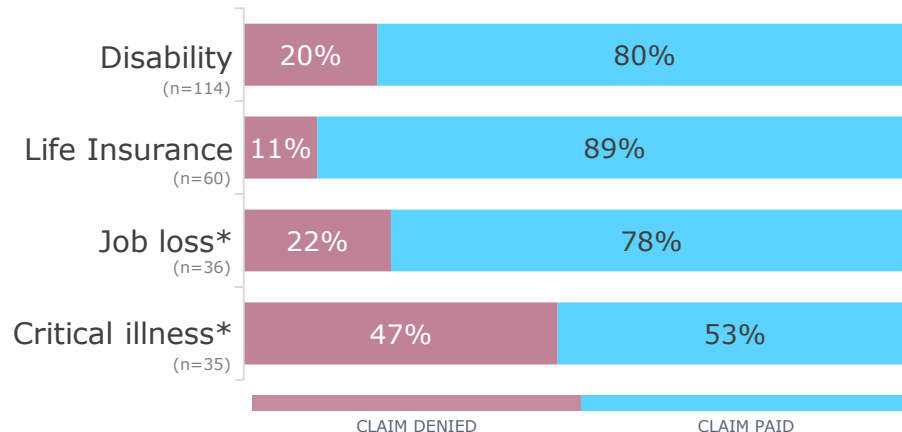
# More than three-quarters of processes claims were paid

Results of claim submission among Processed Claims



**Claims Still Being Processed: 14%**

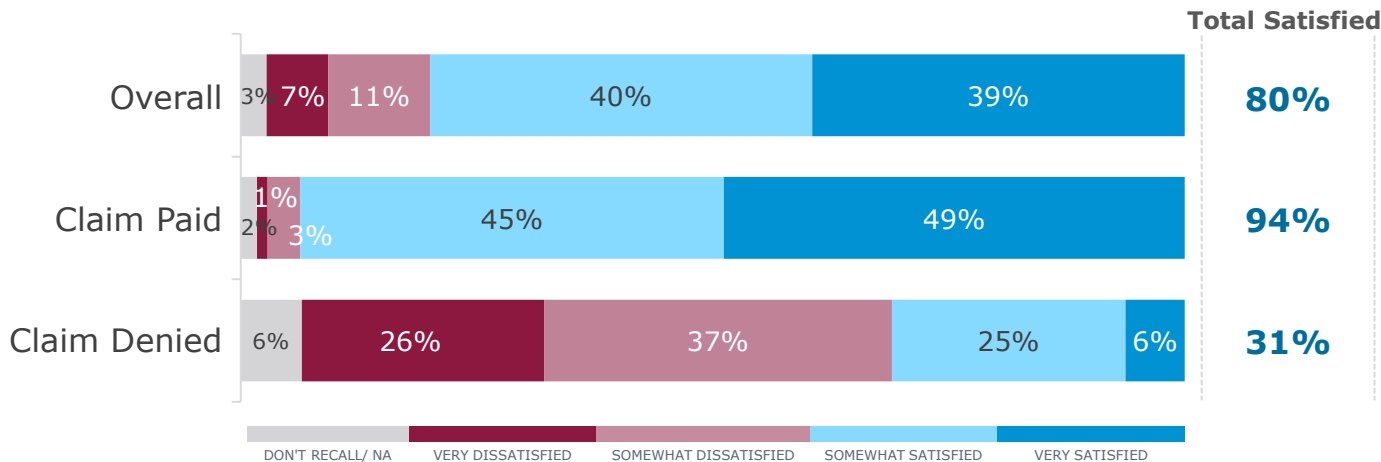
Results of claim submission among Type of Claims Processed



**\* CAUTION – LOW BASE**

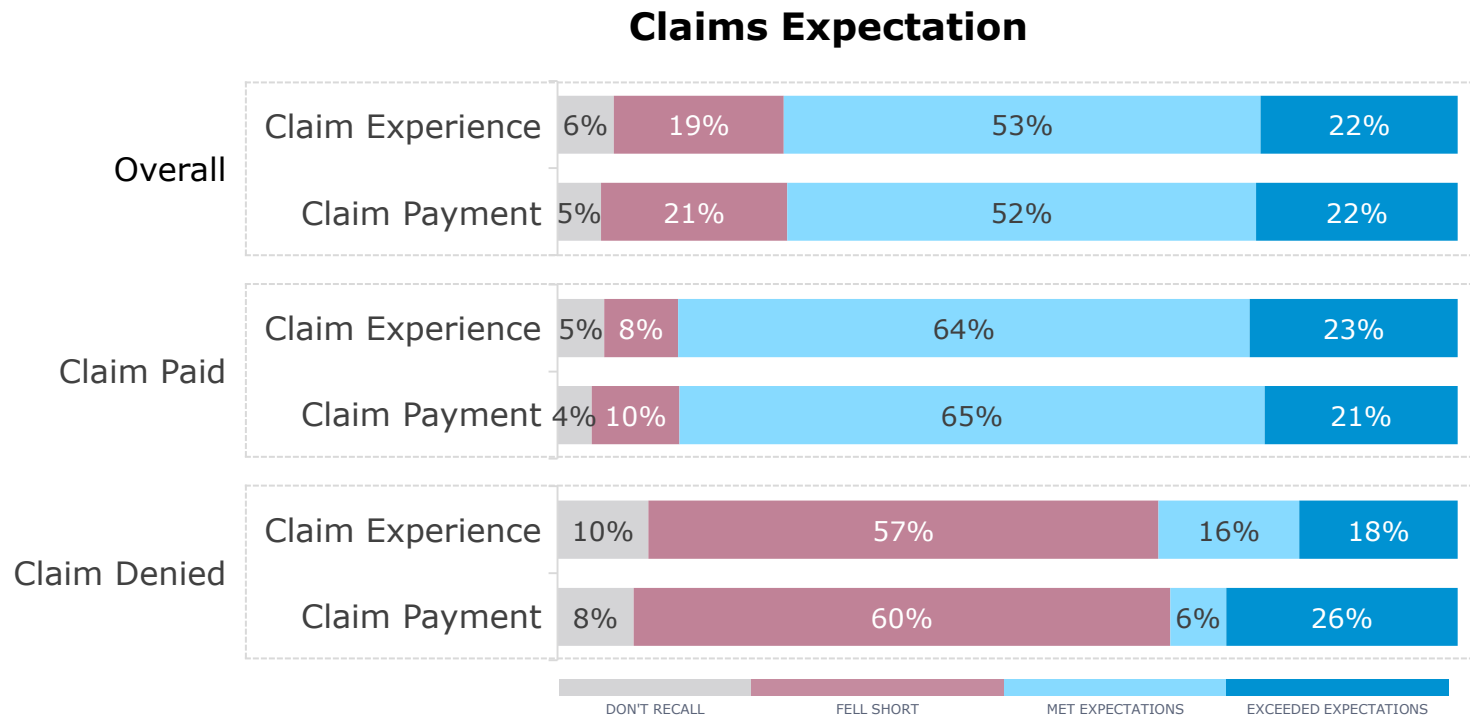
# Eight out of ten are satisfied with their entire claim experience, regardless of type of claim

## Satisfaction with Claims Experience





# Expectations with claim experience and payment were met amongst those whose claims were paid, while fell short for those whose claims were denied



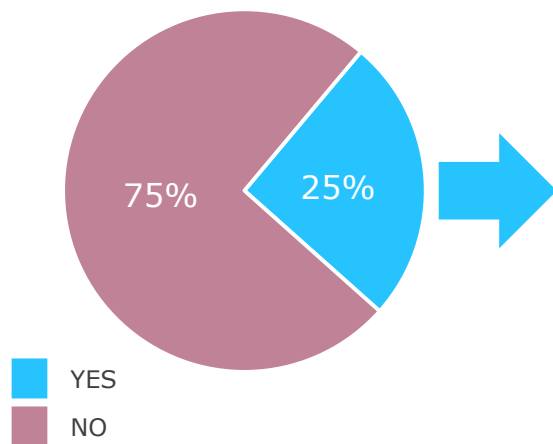
D7. Would you say that the claim payment met, exceeded, or fell short of your expectations?  
D8. Overall, would you say that the claim experience met, exceeded, or fell short of your expectations?  
Base: CPI Claim/ Claim Resolved (N=244); Claim Paid (N=194); Claim Denied (N=50)



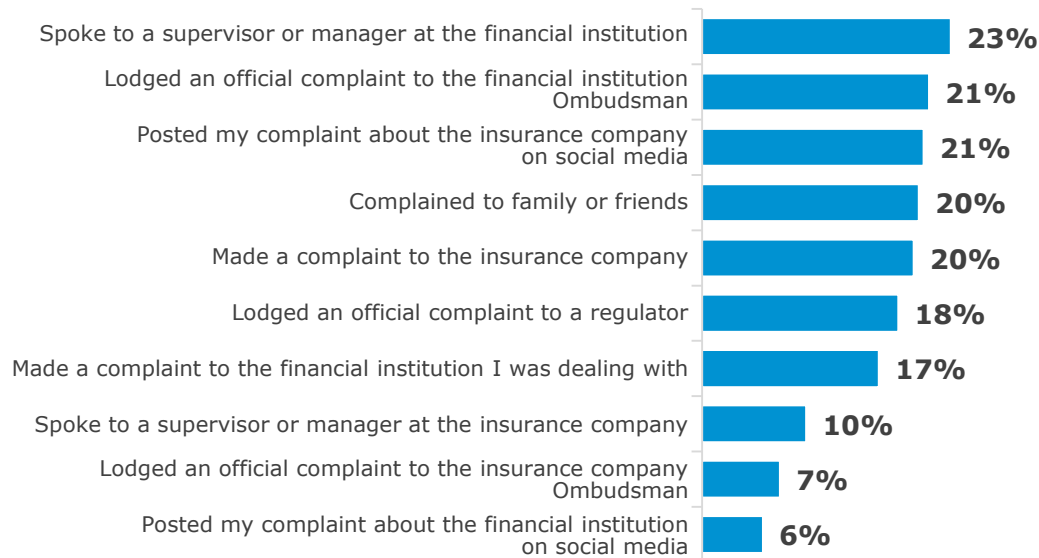
# Complaints

# One-fourth of claimants complained against the claim process, commonly approaching the financial institution rather than the insurance company

## Made A Complaint During Claim process



## How Complaint was Made

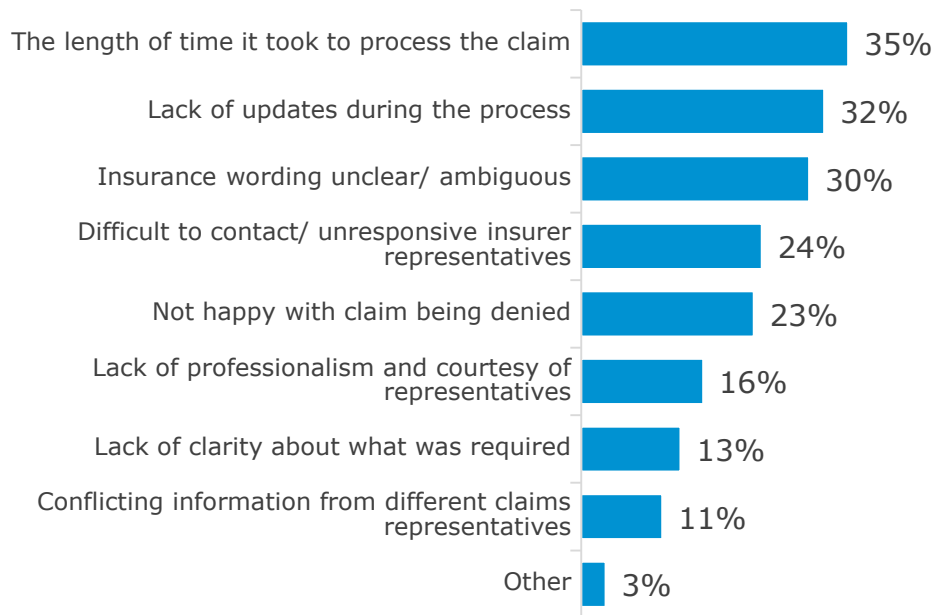


D9. Did you make a complaint about your claim at any point during or after the claim process? Base: CPI Claim/ Claim Resolved (N=244)

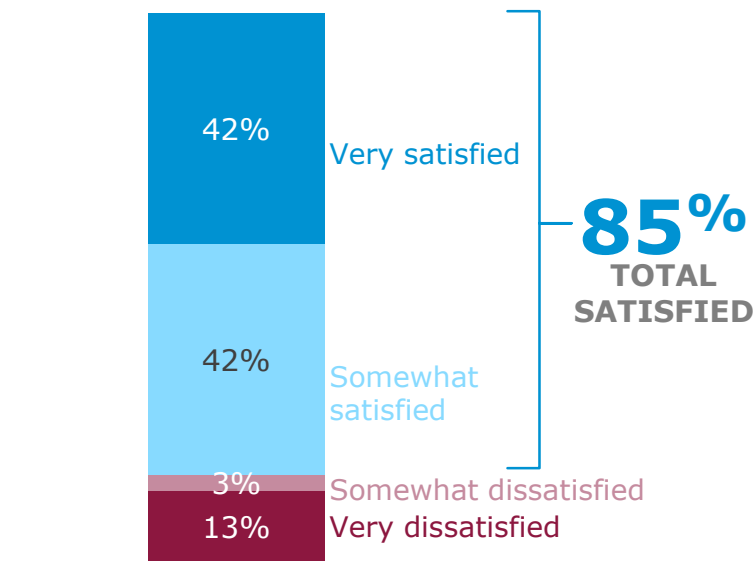
D10. How did you make this complaint? Base: CPI Claim/ Made Complaint (N=53)

# Major reason for complaint was time taken to process and lack of updates; however there is satisfaction with how the complaints were handled

Reason for Complaint



Satisfaction with How Complaint was Handled



D11. What was the major reason(s) for your complaint?

D12. Were you satisfied with how the complaint was handled?

Base: CPI Claim/ Made Complaint (N=53)



# Lesli Martin, Vice President

[leslimartin@pollara.com](mailto:leslimartin@pollara.com)

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**VERSION 1 – FOR DISCUSSION ONLY**

**CANADIANS SAY CREDIT PROTECTION INSURANCE IS A CONVENIENT,  
DEPENDABLE & AFFORDABLE FORM OF FINANCIAL PROTECTION**  
*Almost nine in 10 say it is a convenient way to protect them & their family in case  
of unexpected events; 89% of life claims paid*

**TORONTO, November XX, 2018** – The experience of Canadians with Credit Protection Insurance (CPI) is very positive, with 87% saying it is a convenient way to protect them and/or their family in case of unexpected events such as loss of life, critical illness, disability and job loss. Canadians with CPI also have a strong level of comfort in the integrity of the claims process with 86% saying they expect a life insurance claim would be paid (which is close to the actual rate of 89% for payment of life claims over the last two years). In addition, 70% of people with CPI say it is an affordable insurance option.

These are the key findings of new public opinion [research](#) by Pollara Strategic Insights that asked Canadians about their experience with Credit Protection Insurance on their mortgage and/or Home Equity Line of Credit (HELOC). This type of insurance, also known as creditor's insurance, is used to pay out a mortgage or loan, or to make debt payments in the event of certain events such as death, critical illness, disability, or job loss.

According to the research, 87% of Canadians with CPI say it is a convenient way and 83% say it is an effective way to protect them & their family from certain unexpected events. Furthermore, 71% say that without CPI, they do not know what would happen to them and/or their family should an unexpected event negatively impact them – for example, not being able to work and earn a regular income.

Overall, a large majority of Canadians with CPI are confident that their benefit claims would be paid, with confidence ratings of 78% for job loss insurance, 79% for disability, 80% for critical illness, and 86% for loss of life.

With respect to the CPI claims process, 79% believe the quality of service they expect would be provided, 78% say the claim would be paid as expected, 76% agree that the Information needed to submit claim would be clearly communicated to them, and 74% expect their claim would be paid in a timely manner.

In terms of Canadians who purchase Creditor Protection Insurance:

- 82% have life insurance on their mortgage (80% for HELOC);
- 50% have disability insurance on their mortgage (48% for HELOC);
- 36% have critical illness insurance on their mortgage (37% for HELOC); and,
- 24% have job loss insurance on their mortgage (26% for HELOC).

Canadians also say they have a reasonable understanding of credit protection insurance coverage terms and limitations, amount of coverage, and who to contact in the event of

an emergency. For example, at the time of purchasing their creditor's insurance policy, 90% of buyers say they somewhat understood or understood "very well" their credit protection insurance terms. Furthermore, 96% report they knew where to go for additional information should they need it, with 67% saying they would go to their financial institution where they purchased the mortgage or HELOC.

For Canadians who said they did not have Credit Protection Insurance, 25% said they did not feel the need to have insurance, 27% said they had other types of insurance, and 24% said it was too expensive

"We're pleased that most Canadians feel Credit Protection Insurance is a convenient, dependable and affordable type of financial protection for them and their families," said Keith Martin, Co-Executive Director of the Canadian Association of Financial Institutions in Insurance (CAFII), which sponsored the Pollara research. "However, as an industry, we will continue to look for ways to improve customer satisfaction and enhance the value of the Creditor Protection Insurance products that our members provide."

These are the key results from a national online survey of 1,480 adult Canadians with a mortgage and/or home equity line of credit conducted from October 3 to 16, 2018. A random sample of this size would yield a margin of error of plus or minus XX%, 19 times out of 20.

- 30 -

#### **About CAFII:**

The Canadian Association of Financial Institutions in Insurance is a not-for-profit Association dedicated to the development of an open and flexible insurance marketplace. CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services. CAFII's members include the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players American Express Bank Canada; Assurant; Canada Life Assurance; Canadian Premier Life Insurance Company; CUMIS Services Incorporated; and Manulife (The Manufacturers Life Insurance Company).

#### **About Pollara Strategic Insights:**

Founded in 1980, Pollara Strategic Insights is one of Canada's premier full-service research firms – a collaborative team of senior research veterans who are passionate about conducting research through hands-on creativity and customized solutions. Taking full advantage of their comprehensive toolbox of industry-leading quantitative and qualitative methodologies and analytical techniques, Pollara provides research-based strategic advice to a wide array of clients across all sectors on a local, national, and global scale.

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#### **Media contact for Cafii:**

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**Agenda Item 4(a)(iv)  
November 20/18 EOC Meeting**

**From: Fuerstenberg, Zack [mailto:Zack.Fuerstenberg@scotiabank.com]**  
**Sent: Tuesday, November 06, 2018 11:50 AM**  
**To: Keith Martin; 'McCarthy, Peter'; Grant, Bob; 'Lobbezoo, Chris'; 'Chris Knight'; 'Rondzik, Sandra'**  
**Cc: Benson, Nicole; 'Charles Blaquiere'; Brendan Wycks**  
**Subject: RE: CAFII Update Note to Bank Board Members of CAFII, Regarding CBC Marketplace Story on Credit Card Protection Insurance**

Thank you for the update Keith.

Regarding your two specific asks: we would definitely support the need for a quick teleconference meeting or in-camera session prior to Friday night's airing of the CBC Marketplace episode as well as a broader discussion on potential additional investments we could make to bolster our media effectiveness.

In full disclosure, we are strongly of the view that we should expand our efforts at the industry level to demonstrate the value that our creditor offerings deliver to consumers and perhaps even adopt a more pro-active media footing. Relatedly, and given the government's recent expansion of the FCAC's mandate and other regulatory headwinds, we do not believe that this particular story will blow over as quickly as others might have historically. A lot is at stake.

Bob and I look forward to hearing the views of our colleagues on the Board and the other Committee members on this issue.

Thank you,  
Zack Fuerstenberg | Senior Vice President, Insurance Canada

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**From: Fuerstenberg, Zack [mailto:Zack.Fuerstenberg@scotiabank.com]**  
**Sent: Monday, November 12, 2018 11:03 AM**  
**To: Brendan Wycks; Keith Martin; david@strategy2communications.com**  
**Subject: RE: Weekend Reading: Banks Behaving Badly (Again) Edition**

While we can't please or persuade everyone in this industry (particularly the pundits or brokers who benefit personally from taking an anti-bank stance) that doesn't mean we shouldn't build a more sophisticated and robust strategy at the industry level – including at its core: research & tangible examples of customers who benefit from and advocate for the programs – while at the same time we work to enhance customer experience at the proprietary level.



I think that a crisp PR/GR strategy effort will challenge our own thinking and give us a positive focal point for a higher level of proactive change. We still need to ensure that our key audiences – including mainstream consumers, lawmakers, regulators, and our own employees understand the value proposition. And I would advocate that the current operating environment necessitates that we give it greater investment and focus.

Mortgage might be more defensible in certain ways but Credit Card protection requires more effort and investment and it's in the cross-hairs of the FCAC so it must become a top priority. If we don't have the resources to do both simultaneously I would advocate that we need to discuss ways to increase resourcing.

Thank you,  
Zack

Zack Fuerstenberg | Senior Vice President, Insurance Canada

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**From:** david@strategy2communications.com [mailto:david@strategy2communications.com]

**Sent:** Monday, November 12, 2018 3:16 PM

**To:** Keith Martin; Brendan Wycks

**Subject:** RE: Weekend Reading: Banks Behaving Badly (Again) Edition

Keith and Brendan, in case I don't make it onto the call tomorrow, I wanted to share with you my preliminary views on what an effective PR/GR strategy on credit card balance protection insurance might look like in terms of what we should do and not do:

### The Do's

- Research and analyse the current credit card balance protection insurance product, customer experience and regulatory environment in similar markets such as the U.K., Australia and U.S. in order to determine best product features, pricing and sales practices.
- Engage the FCAC and other pertinent regulators in one-on-one conversations about credit card balance protection insurance so that CAFII can identify the biggest "hot button" criticisms they have about the product, provide relevant facts about the product and sales practices to those regulators, and assure them of the industry's desire to improve any shortcomings.
- Based on research and discussions with regulators, suggest tweaks/enhancements to the value proposition of credit card balance protection insurance in Canada, and recommend standards of product knowledge and sales practices for employees of CAFII members who are selling the product.
- For the foreseeable future, pursue a reactive media strategy with respect to credit balance protection insurance, and only engage media on this topic where necessary (e.g. to correct factual errors and to do so on a low-key basis).
- Add several examples to the CAFII website of how credit card balance protection insurance benefits the consumer. It would be beneficial if CAFII members could provide real-life examples, but it is not essential.

- After tweaks/enhancements have been made to the credit card balance protection value proposition, look at the viability of doing Canadian market research on credit card balance protection insurance.
- Do a consumer-oriented video on credit card balance protection insurance for the CAFII website that realistically addresses who, why and when consumers can benefit from the product.
- Engage in discussions with some selected consumer advocates and financial bloggers to hear their product criticisms, and to provide them with some updated facts.

### **The Don'ts**

- Do not proactively engage with media on the topic of credit card balance protection insurance until we have a better story to tell. There are currently too many consumer advocates ready to line up against this product, ably supported by insurance agents and brokers.
- Do not “add legs” to the CBC Marketplace story by over-reacting to it; the story lacked credibility and traction, and we do not want to give it either.
- Do not allow credit card balance protection insurance to become the “poster child” for creditor group insurance. We want to avoid this type of linkage in the media:  
“Balance protection insurance is part of a list of useless products that are designed to enrich banks and dupe unsuspecting customers. It should be banned along with other insidious products such as mortgage life insurance, extended warranties, and deferred sales charges.”  
- Weekend Reading: Banks Behaving Badly (Again) Edition, Robb Engen, November 10, 2018

- David

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

**Options for CAFII around Follow up with Financial Consumer Agency of Canada (FCAC)**  
**Post 14 September, 2018 CAFII Special Purpose Board Meeting with Deputy Commissioner Brigitte Goulard**

**EDUCATION OF FCAC**

- ➡ Send a written submission to the FCAC outlining how the financial institutions in insurance industry works, including information on controls and monitoring re sales and Fair Treatment of Consumers (FTC) related to Authorized/Creditor's Group Insurance Products; compensation; suitability versus eligibility; restrictions on offering advice due to the Bank Act and Insurance Business (Banks and Bank Holding Companies) Regulations
- ➡ Request an opportunity to present to FCAC on how industry the financial institutions in insurance industry works, including information on controls and monitoring re sales and Fair Treatment of Consumers related to Authorized/Creditor's Group Insurance Products; compensation; suitability versus eligibility; restrictions on offering advice due to the Bank Act and Insurance Business (Banks and Bank Holding Companies) Regulations
- ➡ Request an opportunity to present to the FCAC on CAFII's current Credit Protection Insurance Consumer Research; leverage this opportunity to deliver key messages about the financial institutions in insurance industry

**LICENSING AND TRAINING**

- ➡ Collect data from each CAFII Member on the training given to their employees, particularly customer service representatives (CSRs), who are involved in sales of Authorized/Creditor's Group Insurance Products and aggregate these; then send to the FCAC as a written response to questions raised about employee knowledge and FTC practices in this area
- ➡ Develop a CAFII-operated "light" training course, building on what our Members already offer to their employees (particularly customer service representatives), and have a twice-per-year or annual online training across all appropriate Member employees; let FCAC know we developed this in response to their concerns
- ➡ Develop a CAFII-operated formal certification program that would be made available to all Member employees, particularly customer service representatives involved in sales of Authorized/Creditor's Group Insurance Products. This would cover product eligibility, appropriate sales techniques, and FTC best practices; and Member employees who pass the program would receive a CAFII-branded certification/designation
- ➡ Develop on the CAFII website "is this product right for you" checklists, to which individual Members could refer customers; these would provide information on what customers should consider in deciding whether or not to purchase a specific Authorized/Creditor's Group Insurance product. Or, these could be developed by CAFII and made available to individual Members to share with their customers.

## CAFII Fee Structure 2019

Role	Percentage of Time (FTE- Full Time Employee)	Monthly Fee	2019 Rate- 1 year (3% increase)	Year 2 (2.5% increase)	Year 3 (2% increase)	Important Notes
Executive Administrator	40%	\$3,640	\$3,749	\$3,843	\$3,920	Membership and Administrative
IT	10%	\$910	\$937	\$961	\$980	1/2 day per week
Accountant	14%	\$1,274	\$1,312	\$1,345	\$1,372	Includes accounting for events
Event Manager	20%	\$2,100	\$2,163	\$2,217	\$2,261	3 receptions & Executive Luncheon
<b>Total FTE (Full Time Employees)</b>	<b>84%</b>					
<b>MM Staffing (monthly)</b>		<b>\$7,924</b>	<b>\$8,162</b>	<b>\$8,366</b>	<b>\$8,533</b>	
Administrative Charge	5%	N/A	N/A	N/A	N/A	
Overhead	5%	N/A	N/A	N/A	N/A	
Archive storage						<i>*No charge</i>
Computer Maint. and Support						<i>*No charge</i>
<b>Total Monthly (CAD)</b>		<b>\$7,924</b>	<b>\$8,162</b>	<b>\$8,366</b>	<b>\$8,533</b>	
<b>Total Annual</b>		<b>\$95,088</b>	<b>\$97,941</b>	<b>\$100,389</b>	<b>\$102,397</b>	
<b>HST</b>		<b>\$12,361</b>	<b>\$12,732</b>	<b>\$13,051</b>	<b>\$13,312</b>	
<b>Total Annual (plus HST)</b>		<b>\$107,449</b>	<b>\$110,673</b>	<b>\$113,440</b>	<b>\$115,709</b>	

### Fees not included in our management fees

Meeting room usage for ED meetings	Waived
Offsite storage for historcial files (approx. 80 boxes)	TBD
Phone line cost (\$50 per month)	\$ 600
Credit Card fees	
Registration set up charges	

**CAFII Fee Structure  
2019**

## BOARD AGENDA ITEM DECISIONING TEMPLATE

**Agenda Title and Number:** 7.1 Proposed Renewal of CAFII Contract With Managing Matters

**Decision/Action Required:** *The EOC recommends renewal of the contract with Managing Matters, which expires at the end of 2018. There are different options around term and pricing for renewal, and the Board is being asked to decide which option it prefers.*

**Agenda Short Background Summary:**

CAFII Management (Keith Martin and Brendan Wycks) feel that we have found a good partner in Managing Matters with an excellent service record, very competent staff, a service-oriented culture, and bench strength that prevents gaps when a staff person is absent. On that basis, management recommended a three-year contract renewal with price concessions offered by MM due to the length of the contract (**Option 1**).

The EOC agreed with the recommendation to renew but preferred a shorter renewal term, even if it meant some loss of the price concessions. Management was asked to negotiate an alternative based on a 2-year renewal term, with an option to extend for a third year. Those negotiations were successfully concluded and are found in **Option 2**, which is the EOC's recommendation. An alternative 2-year extension model was also offered by MM, and is found in **Option 3**.

**Option 1: 3-year contract renewal term**

Under this option, MM commits to price commitments and price concessions after year 1: 2019 3% increase; 2020 2.5% price increase; 2021 2% price increase.

**Option 2: 2-year contract renewal term with an option to extend for a third year**

Under this option, MM is at higher risk and cannot commit to the same price concession for year three. Their proposed terms are: 2019 3% price increase; 2020 2.5% price increase; 2021, if option to extend is exercised, MM commits to a 2.5% price increase.

**Option 3: 2-year contract renewal term**

Under this option, we extend the contract for 2 years at 2019 3% price increase, 2020 2.5% price increase. We need, as that 2-year term draws to an end, to negotiate terms of a new contract including length and price increases. Nothing is pre-set for the third year in this option.

**Supplementary Information:**

For information, the EOC also requested whether under the contract, whatever the duration, there would be flexibility around changing the amount of work Managing Matters does for us. MM President Jenny Faucher was approached about this, and she said that if there is an increase in the work requirements, that is something they are structured to support their clients with, and it just requires working together to determine the new scope of work.

If there is a decrease in the scope of work or a reconfiguration that reduces their revenue, they would have that discussion with us, but it is harder for them to manage—signed contracts provide for the scope of work precisely because MM needs to hire and train people to fulfil on the contract requirements, and reducing that scope of work is much harder for them to manage in a people-intensive business.

**2019 CAFII Budget**

	2017 Actuals	2018 Forecast (Jan 01 2018 to Dec 31 2018)	2019 Budget (Base)	2019 Budget Scenario 1 (5% Increase in Member Dues)	2019 Budget Scenario 2 (5% Increase in Member Dues with 25% decrease in Website and Research)	2019 Budget Scenario 3 (No increase in Member Dues; and 25% decrease in Website and Research)	Comment/Rationale
<b>Revenue</b>							
Membership Dues	\$475,425	\$695,545	\$713,904	\$747,679	\$747,679	\$713,904	Based on 2018 Actuals - See breakdown in Member Dues Revenue Tab
Interest	\$126	\$0	\$0	\$0	\$0	\$0	
<b>TOTAL REVENUE</b>	<b>\$ 475,551</b>	<b>\$ 695,545</b>	<b>\$ 713,904</b>	<b>\$ 747,679</b>	<b>\$ 747,679</b>	<b>\$ 713,904</b>	
<b>EXPENSE</b>							
Management Fees	\$442,012	\$468,000.00	\$476,714	\$476,714	\$476,714	\$476,714	Includes MM Fees (3% increase) and two Co-Eds
CAFII Legal Fees/Corporate Governance	\$2,954	\$563	\$1,000	\$1,000	\$1,000	\$1,000	
Audit Fees	\$14,271	\$14,436	\$14,600	\$14,600	\$14,600	\$14,600	
Insurance	\$5,238	\$5,258	\$5,500	\$5,500	\$5,500	\$5,500	Same as 2018 Budget
Website Ongoing Maintenance	\$42,575	\$5,736	\$5,330	\$5,330	\$5,330	\$5,330	Includes CG Technology (\$250 per month), Translation (\$400), Domain (\$30) & CAFII Insurance
Website SEO and Enhancements		\$16,701	\$40,000	\$40,000	\$30,000	\$30,000	Domain Name Renewal (\$999 USD) Continuing enhancements including videos Scenario 1 - 2-3 Videos Scenario 3 - 1 Video
Telephone/Fax/Internet	\$6,119	\$5,513	\$5,800	\$5,800	\$5,800	\$5,800	Same as 2018 Budget
Postage/Courier	\$380	\$450	\$400	\$400	\$400	\$400	Same as 2018 Budget
Office Expenses	\$1,312	\$2,100	\$2,000	\$2,000	\$2,000	\$2,000	Same as 2018 Budget
Bank Charges	\$38	\$30	\$50	\$50	\$50	\$50	Same as 2018 Budget
Amortization Expense	\$0		\$0	\$0	\$0	\$0	
Depreciation Computer/Office Equipment	\$1,564	\$1,136	\$1,200	\$1,200	\$1,200	\$1,200	Same as 2018 Budget
Miscellaneous Expense	\$433	\$500	\$500	\$500	\$500	\$500	Same as 2018 Budget
<b>Board/EOC/AGM</b>							
Annual Members Luncheon	\$10,247	\$10,503	\$12,000	\$12,000	\$12,000	\$12,000	Increase to \$12,000 to cover costs
Board Hosting (External)	\$7,500	\$23,118	\$30,000	\$30,000	\$30,000	\$30,000	Four events at \$7,500
Board/EOC Meeting Expenses	\$25,493	\$22,958	\$26,000	\$26,000	\$26,000	\$26,000	Same as 2018 Budget
Industry Events	\$36	\$1,243	\$1,300	\$1,300	\$1,300	\$1,300	CAFII Purchase of full table of 11 seats at Economic Club of Canada Luncheon
EOC Annual Appreciation Dinner	\$8	\$763	\$800	\$800	\$800	\$800	Same as 2018 Budget
Provincial Regulatory Visits	\$11,011	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	Same as 2018 Budget
Research/Studies	\$17,807	\$74,791	\$60,000	\$60,000	\$45,000	\$45,000	Pollara Proposal on Creditor's insurance research Scenario 1 - 1 Large Project or Two Small Projects Scenario 3 - 1 Small Project
Regulatory Model(s)	\$15,001	\$10,000	\$25,000	\$25,000	\$25,000	\$25,000	Includes provision for legal advice re RIA representation on Sask, Alta, Manitoba; possible new RIA regime in BC; new single integrated regulators in Ontario and Alta; and additional provision re Regulations supporting Quebec Bills 141 and 150
Federal Financial Reform	\$0	\$0	\$500	\$500	\$500	\$500	Same as 2018 Budget
Media Outreach	\$44,023	\$38,582	\$35,000	\$35,000	\$35,000	\$35,000	Includes Media Consultant's Monthly Retainer (\$2,260.00 per month)
Marketing Collateral	\$0	\$1,055	\$5,000	\$5,000	\$5,000	\$5,000	
Tactical Communications Strategy	\$379		\$0	\$0	\$0	\$0	
Media Relations	\$164						
Speaker fees & travel	\$0	\$600	\$2,000	\$2,000	\$2,000	\$2,000	Same as 2018 Budget
Gifts	\$452	\$300	\$500	\$500	\$500	\$500	Same as 2018 Budget
CAFII 25th Anniversary Celebration (Formerly CAFII 20th Anniversary Celebration)	\$26,495	\$0	\$0	\$0	\$0	\$0	Deferred to 2022
Networking Events	\$350	\$200	\$500	\$500	\$500	\$500	Same as 2018 Budget
<b>TOTAL EXPENSE</b>	<b>\$ 675,862</b>	<b>\$ 716,535</b>	<b>\$ 763,694</b>	<b>\$ 763,694</b>	<b>\$ 738,694</b>	<b>\$ 738,694</b>	
<b>Excess of Revenue over Expenses</b>	<b>(\$200,311)</b>	<b>(\$20,990)</b>	<b>(\$49,790)</b>	<b>(\$16,015)</b>		<b>\$8,985</b>	<b>(\$24,790)</b>
Unrestricted Net Assets (beginning of year)	\$380,758	\$180,447	\$159,456	\$159,456	\$159,456	\$159,456	
Unrestricted Net Assets (end of year)	\$180,447	\$159,456	\$109,666	\$143,442	\$168,442	\$134,666	

Actual/Forecasted Financial Reserves	2017 Actuals	2018 Forecast (Jan 01 2018 to Dec 31 2018)	2019 Budget (Base)	2019 Budget Scenario 1 (5% Increase in Membership)	2019 Budget Scenario 2 (5% Increase in Membership with 25% decrease in Website and Research)	2019 Budget Scenario 3 (25% decrease in Website and Research)
Minimum 3 months (25%) of Annual Operating Expenses =	\$168,965	\$179,134	\$190,923	\$190,923	\$184,673	\$184,673
Maximum 6 months (50%) of Annual Operating Expenses =	\$337,931	\$358,268	\$381,847	\$381,847	\$369,347	\$369,347
Actual/Forecasted Level of Financial Reserves :	\$180,447	\$159,456	\$109,666	\$143,442	\$168,442	\$134,666
Actual/Forecasted Level of Financial Reserves %:	27%	22%	14%	19%	23%	18%

**2019 Opreational Budget - Member Dues Breakdown****2018 Member Dues Breakdown**

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

**2019 (Base) Member Dues Breakdown**

Upper Tier Member	73,438.00	6	440,628.00
Lower Tier Member	36,719.00	4	146,876.00
Initiation Members	44,000.00	2	88,000.00
Associate	4,800.00	8	38,400.00
			713,904.00

**2019 (5 % Increase) Member Dues Breakdown - Scenario 1, 2 & 3 (Increase for Member Dues but not Asso**

Upper Tier Member	73,438.00	6	462,659.40
Lower Tier Member	36,719.00	4	154,219.80
Initiation Members	44,000.00	2	92,400.00
Associate	4,800.00	8	38,400.00
			747,679.20



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