

CAFII Board of Directors Meeting

Date: Tuesday, November 28, 2017
Location: CIBC Insurance, 25 King St., 7th Floor, Commerce
Court North, Toronto

Chair: P. McCarthy
Time: 3:00 – 5:00 p.m.
Dial-in: 416-764-8662 or 1.888-884-4534
Participant: 4532491# | Host: 5829171#

Agenda

Item	Presenter	Document	Action
1. Call to Order; Welcome; and Meeting Confirmation <i>3:00 p.m.</i>	P. McCarthy	✓	Approval Discussion
1.1. Approval of Agenda			
1.2. Welcome to New CAFII Directors			
2. Consent Items <i>3:04 p.m.</i>	P. McCarthy	✓	Approval
2.1. Draft Board Meeting Minutes, June 6, 2017		✓	Approval
2.2. Draft Board Meeting Minutes, October 30, 2017		✓	Receipt
2.3. Summary of Board & EOC Action Items		✓	Receipt
2.4. Balanced Scorecard		✓	Receipt
2.5. Regulatory Update		✓	Receipt
2.6. Regulator and Policy-Maker Visit Plan		✓	Receipt
2.7. Notes from October 23/17 CAFII/AMF Industry Issues Dialogue		✓	Receipt
2.8. Notes from November 13/17 AMF Rendez-Vous Event		✓	Receipt
2.9. CAFII Committee Updates		✓	Receipt
3. Regulatory <i>3:07 p.m.</i>			Updates
3.1 Alberta Authorization of CI Sales Under an RIA Certificate	B. Wycks	✓	
3.2 Insurance Regulator and Policy-Maker Visits in BC, Alberta, and Manitoba, October 17-19/17	B. Wycks/K. Martin/P. Thorn	✓	
3.3 Manitoba Concerns Re 'Single Premium' Insurance Products	K. Martin/B. Wycks	✓	
3.4 Stakeholder Meeting with CCIR, October 25/17	B. Wycks	✓	
3.5 Meeting With Insurance Councils of Saskatchewan & CLHIA, October 27/17	K. Martin		
3.6 FSCO Life and Health Market Conduct Symposium, November 6/17	B. Wycks	✓ (2)	
3.7 Liaison Lunch with CCIR Policy Managers, November 17/17	B. Wycks/K. Martin	✓	
3.8 FSCO Life Insurance Working Group Meeting, November 21/17	K. Martin		
i. Process for Responding to FSCO Questionnaire and Attestation for Bank-Owned Insurance Companies		✓ (4)	
3.9 CISRO LLQP Stakeholder Engagement Committee	B. Wycks	✓	
3.10 Consultations/Submissions Timetable			
i. AMF Issues Paper on "Managing Conflict Of Interest In Relation To Incentives"	R. Beckford/B. Wycks	✓	
ii. BC Ministry of Finance 10-Year Review of FIA	B. Wycks	✓	
iii. Quebec Bills 141 and 150: CAFII Response Plan	R. Beckford/B. Wycks	✓ (5)	
iv. CCIR Annual Statement on Market Conduct, including November 23/17 CAFII Member-Exclusive Webinar on Year II Tweaks to Annual Statement	R. Beckford/B. Wycks	✓ (2)	Discussion
v. CCIR Travel Health Insurance Products Position Paper	S. Manson/K. Martin		
vi. Saskatchewan Insurance Act/Regulations	R. Beckford/B. Wycks	✓	
4. Strategy <i>3:40 p.m.</i>			
4.1 Proposed CAFII 2018-2020 Strategic Plan	K. Martin	✓	Discussion
4.2 Media Strategy Pre-Approved Op-Ed Responses	K. Martin	✓ (2)	Approval
4.3 New CAFII Website Launch; Media Coverage; and Announcement to Insurance Regulators and Policy-Makers	K. Martin	✓ (3)	Update
4.4 New Website Launch-Based Outreach to National Bank Insurance and Laurentian Bank Insurance	B. Wycks	✓	Update
5. Financial Management <i>4:20 p.m.</i>	T. Pergola		
5.1 Financial Statements as October 31, 2017		✓	Approval
5.2 Draft CAFII 2018 Operating Budget Options (<i>assigned to In Camera Session</i>)		✓	
6. Other Business <i>4:25 p.m.</i>	B. Wycks		Updates
6.1 New CAFII Associate: DGA Careers			
6.2 Proposed 2018 CAFII Annual Members' Luncheon and Board Meeting Dates		✓	
i. Proposed Speaker for 2018 CAFII Annual Members' Luncheon		✓	
6.3 Next CAFII Board Meeting: April 17/18 In Toronto			
7. In-Camera Session <i>4:27 p.m.</i>			
7.1 Re-Evaluation of CAFII Administrative Support Model	K. Martin/B. Wycks		Update
7.2 Draft CAFII 2018 Operating Budget Options	P. McCarthy/T. Pergola	✓	Discussion

CAFII Year-End Networking Reception: Will immediately follow this Board Meeting, 5:30 to 7:30 p.m., hosted by CIBC Insurance at Canoe Restaurant, 66 Wellington St W, 54th Floor [East & West Room], Toronto | **Annual Members Luncheon:** Tuesday, February 20/18, 11:45 to 2:15 a.m. [*Tentative*], at Arcadian Loft, 401 Bay St, 8th Floor [Simpson Tower], Toronto | **Next Board Meeting:** Tuesday, April 17/18, 3:00 to 5:00 p.m. [*Tentative*], Location: TBD

CAFII Board of Directors Meeting
Tuesday, June 6, 2017
The Albany Club, President's Room
91 King St. East, Toronto, ON

Board Present:	Linda Fiset Bob Grant Chris Knight Peter McCarthy Chris Lobbezoo Kelly Tryon	Desjardins (<i>by teleconference</i>) ScotiaLife Financial TD Insurance BMO Insurance <i>Chair</i> RBC Insurance CUMIS Group
Regrets:	Nicole Benson Nick Bilodeau Robert Zanussi Director Vacancy	CRI AMEX Bank of Canada Assurant Solutions CIBC Insurance
EOC Present:	Jason Beauchamp Rose Beckford Eleanore Fang Moira Gill John Lewsen Charles MacLean Sue Manson Tony Pergola Andrea Stuska Peter Thorn Diane Quigley	BMO Insurance ScotiaLife Financial (<i>by teleconference</i>) TD Insurance <i>Secretary and EOC Chair</i> TD Insurance (<i>by teleconference</i>) BMO Insurance RBC Insurance CIBC Insurance ScotiaLife Financial TD Insurance (<i>by teleconference</i>) TD Insurance The CUMIS Group
Also Present:	Keith Martin Brendan Wycks Emily Cloutier	CAFII <i>Co-Executive Director</i> CAFII <i>Co-Executive Director</i> T•O Corporate Services <i>Recording Secretary</i>

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

The meeting was called to order at 2:45 p.m. P. McCarthy acted as Chair; E. Fang acted as Secretary; and E. Cloutier acted as Recording Secretary. Mr. McCarthy welcomed, in particular, T. Pergola to his first CAFII Board meeting, as the Association's Treasurer-designate; and, in addition, P. Thorn as a guest observer from TD Insurance.

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

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

1.1. CAFII Competition Guidelines

P. McCarthy briefly summarized the CAFII Competition Guidelines. The practice of reviewing these guidelines annually, at the beginning of the first Board meeting after the Annual Meeting of Members, was adopted to ensure that the Board's deliberations adhere to best practices, Mr. McCarthy advised.

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. Election of 2017-18 CAFII Officers

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The following slate of Officers be and is hereby appointed by the Board for a one year period, or in the case of the Board Chair, until the October 3/17 Board Meeting:

Chair: Peter McCarthy, Bank of Montreal, BMO Insurance

Vice-Chair: To Be Appointed At A Future Date

Secretary & EOC Chair: Eleanore Fang, TD Insurance

Treasurer: Tony Pergola, ScotiaLife Financial

1.4. Resignation of a CAFII Director; and of a CAFII Member

P. McCarthy reported that T. Lawrence, CAFII Director from CIBC Insurance, had recently sent him written notice of his resignation as a CAFII Director. Mr. Lawrence had resigned from CIBC Insurance to assume a new position as CEO of a different company and, hence, was no longer eligible to continue as the CAFII Director from CIBC Insurance.

S. Manson, EOC Member from CIBC Insurance, advised that her company expected to be in a position to nominate a new CAFII Director from among its executive ranks in the near future.

P. McCarthy also reported that National Bank Insurance had resigned as a member of CAFII. Mr. McCarthy advised that a recent change in executive leadership at that financial institution, including in CAFII Director and Board Vice-Chair J. Bourdeau's immediate boss, was the primary reason behind the company's decision to resign from membership in the Association.

B. Wycks provided some insight into the financial repercussions of the loss of National Bank Insurance as a member, noting that the revenue shortfall would be approximately \$49K in 2017.

Further discussion about the loss of National Bank Insurance as a Member of CAFII was deferred to the Board's *in-camera* session.

1.5. CAFII Board Chair, Vice-Chair, and EOC Chair Succession

P. McCarthy advised that he had requested that this item be added to the agenda, as he saw it as necessary to identify a successor for both the Board Chair and Vice-Chair positions. He advised that he was willing to stay on as Chair until the Board's October 2017 meeting, at which time he expected that a successor Board Chair to him and a successor Board Vice-Chair to J. Bourdeau could be appointed to fill those key roles.

With regard to EOC Chair succession, TD Insurance Director C. Knight advised that as a result of taking on a broader mandate with increased responsibilities within her position at TD Insurance, it would be necessary for E. Fang to step down as EOC Chair and Secretary.

E. Fang advised that she would be succeeded as EOC Chair and Secretary by P. Thorn, also from TD Insurance, and that the transition would be effected by July 2017. The next EOC meeting on June 20/17 is connected with a CAFII Strategic Plan Development Session and provides an ideal opportunity for P. Thorn to become immersed in CAFII initiatives and get acquainted with committee members, she noted.

P. McCarthy welcomed P. Thorn to CAFII as EOC Chair and Secretary-designate, and thanked E. Fang for her work in that capacity over the past year.

2. Consent Items

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The following Consent Items be and are approved or received for the record, as indicated in the Action column beside each agenda item:

- 2.1. Draft Board Meeting Minutes, April 5, 2017**
- 2.2. Summary of Board & EOC Action Items**
- 2.3. Regulatory Update**
- 2.4. Regulator and Policy-Maker Visit Plan**

IT WAS FURTHER RESOLVED that:

The Minutes of the meeting of the Board held on April 5, 2017 be and are adopted in the form presented, and that a copy of these minutes be signed and placed in the Minute Book of the Corporation.

3. Financial

3.1. Financial Statements as at May 31, 2017

It was noted that the April 30/17 Financial Statements were erroneously included in the Board Meeting materials package rather than the correct Financial Statements as at May 31/17.

***ACTION: Circulate the Financial Statements as at May 31/17 to the Board and EOC
[E. Cloutier; June 7/17]***

Treasurer T. Pergola reported on the financial statements as at May 31, 2017. He noted that the Statement of Operations showed a YTD deficit of \$36K at this time. With respect to the Balance Sheet, there is a healthy bank balance of \$303,989; and CAFII currently has unrestricted net assets of \$344,783 which constitutes financial reserves of 46% of annual operating expenses.

In Board discussion, it was observed that with the addition of a new Co-Executive Director and the departure of National Bank Insurance as a member, it will be necessary to re-evaluate the member dues levels and planned future expenditures when developing the Association's 2018 operating budget.

T. Pergola advised that he welcomed input on possible revisions and improvements to the Financial Statements.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII Financial Statements as at May 31, 2017 be and are approved in the form presented.

3.2. Appointment of CAFII Cheque Signing Authorities

P. McCarthy noted that the Board's imminent appointment of a new EOC Chair and Secretary gave rise to a need to update the CAFII Cheque Signing Authorities, in a manner that meets the requirements of the Association's bank.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII Board of Directors approves the appointment of the following individuals as authorized signatories for all cheques prepared and issued by the Canadian Association of Financial Institutions, revoking any person previously named in that capacity:

- Brendan Wycks, CAFII Co-Executive Director
- Keith Martin, CAFII Co-Executive Director
- Tony Pergola, ScotiaLife Financial, CAFII Treasurer
- Peter Thorn, TD Insurance, CAFII EOC Chair & Board Secretary
- Lynn Beauregard, President, TO Corporate Services
- Senait Ghebru, Controller, TO Corporate Services

Action: Submit Board-approved resolution on appointment of CAFII Cheque Signing Authorities to TD Bank and follow-up to ensure that CAFII's signing authorities are brought up-to-date in the bank's systems [E. Cloutier; June 20, 2017].

4. Regulatory

4.1 Consultations/Submissions Timetable

i. BC FICOM 10-year Review of FIA

With regard to the BC Ministry of Finance's 10-year Review of the province's Financial Institutions Act, B. Wycks reported that he had spoken in mid-April to E. Cole, the BC Ministry of Finance staff executive responsible for this file. Ms. Cole indicated that the Ministry's Policy Paper, expected to lay out options for change, would likely be released in July or August. However, with the early May election of a minority government in British Columbia, it was possible and even likely that the Policy Paper would not be released this summer, Mr. Wycks opined.

In that connection, while attending the CLHIA Conference in early May 2017, K. Martin and other CAFII delegates heard BC FICOM's H. James, who was a panelist at the conference, strongly suggest that the BC Ministry of Finance's Policy Paper will propose the implementation of an RIA regime in British Columbia, following the lead of the three other Western Canada provinces.

ii. Quebec Omnibus Bill on Financial Sector Modernization

B. Wycks reported that the Quebec Ministry of Finance had failed to meet its most recently expressed June 1/17 deadline to table the Quebec Omnibus Bill on Financial Sector Modernization. Nothing has been posted as of yet. L. Fiset advised that she had heard from government contacts that the Omnibus Bill would be released on or before the June 16/17 last day of the current sitting of the National Assembly.

iii. CCIR Annual Statement on Market Conduct

B. Wycks reported that at an April 24/17 CAFII liaison lunch with CCIR Policy Managers Sean Jacobs and Martin Boyle, CAFII learned that for the Year 3 (2019) version of the Annual Statement, a substantive review and overhaul would be conducted; and that consultations with the industry in that regard could begin as early as the summer of 2017. CCIR also confirmed that an aggregated results report from the Year 1 Annual Statement would be shared with the industry before the end of 2017.

R. Beckford provided further information regarding the integrity of Annual Statement data and how they will be used. While the industry was appreciative of the help provided by the AMF in completing the Year 1 Annual Statement, there was still considerable confusion about how to complete the survey and there remains uncertainty about how the data will be analysed and used. P. McCarthy noted that CCIR is now embarking on a monumental task to collate and analyze the Annual Statement data.

iv. CCIR Travel Health Insurance Products Position Paper

S. Manson reported that CCIR's Travel Health Insurance Products Position Paper was released on May 31/17. She noted that the media release which accompanied the Position Paper was much less critical of the industry than the initial draft reviewed by CAFII. As well, some of the recommendations had been tidied up and acknowledgment was included that the industry had already come a long way in addressing many of the recommendations in the Paper. As a simple but telling example of the substantive amendments made to the tone and content of the media release – based on feedback from CAFII and other industry Associations – the term “change” was dropped in favour of “continuous improvement” as a way of acknowledging that the current state of travel health insurance in Canada is not one of grave concern, Ms. Manson concluded.

L. Fiset inquired as to who is leading the industry's work with respect to CCIR's travel health insurance review. S. Manson confirmed that CLHIA is leading the industry's work in this area; however, CAFII's Travel Medical Experts Working Group is working in the background and feeding its findings to CLHIA to benefit the industry.

v. Saskatchewan Insurance Act/Regulations

B. Wycks reported that while in Regina, Saskatchewan for a meeting with the Minister of Finance and his officials, the CAFII delegation also met with R. Sobotkiewicz, Superintendent of Insurance in the Financial and Consumer Affairs Authority (FCAA), and J. Seibel, Lawyer, on June 1/17. CAFII learned from them that with respect to the Regulations being developed to support the province's revisions to the Insurance Act, they appreciate CAFII's position that the industry needs sufficient lead time between the tabling of the final legislation and Regulations, and the “in force” date for those regulatory changes. The FCAA officials advised CAFII that they expect to release the Act and final Regulations in late June, July, or August 2017, with an in force date of Spring of 2018 at the earliest.

4.2 Alberta Authorization of CI Sales Under an RIA Certificate

B. Wycks advised that since the last Board meeting on April 5/17, the EOC had conducted an in-depth review of the credit-related insurance definitions which the AIC wanted to publish on its website. That review was in response to CLHIA's expression of concern that the publication of those definitions could cause consumer confusion; and the EOC determined that it agreed with that position. CAFII expressed that view to J. Abram, CEO of the Alberta Insurance Council, at a meeting during the CLHIA conference in early May 2017 in London, Ontario; and offered to follow up with a letter, subsequently sent after the meeting.

J. Abram subsequently communicated to B. Wycks that she had received CAFII's recommendations and would be tabling them with the Life Insurance Council.

4.3 Meeting With Saskatchewan Finance Minister, June 1/17

B. Wycks advised that CAFII's series of visits with regulators and policy-makers in Saskatchewan over two days, June 1-2/17, was very successful. The meeting with the Minister of Finance and his officials was attended by CAFII representatives Diane Quigley, Shawna Sykes and Kevin Daniel of Cooperators/CUMIS; Charles MacLean of RBC Insurance; Andrea Stuska of TD Insurance; and Co-Executive Directors Keith Martin and Brendan Wycks. CAFII had the opportunity to meet and prepare beforehand at the Cooperators office in Regina. The Minister was receptive to CAFII's concerns and provided his counter-points to each.

The Minister admitted that the decision to impose PST on insurance premiums was a difficult one and that it could have unintended consequences. But he emphasized the dire situation of Saskatchewan's finances and stated that the province had few options available to it. He stated that the province looked at all of the options available and ran them through econometric models; and broadening the PST base to include insurance premiums was one of the revenue generation options that was least problematic. The Minister also noted that the province had instituted reductions in income taxes to counter the broadening of the PST base. Saskatchewan, he added, was attempting to make tough decisions today to adapt to fiscal realities. He noted that Alberta was recording massive deficits and experiencing credit rating downgrades as a result, and said that was not a path which Saskatchewan wanted to take.

CAFII advised the Minister that his government's decision to broaden the PST base to include insurance premiums affected the ability of consumers to purchase insurance, a product that protected them and their loved ones. It was also noted that this policy could result in new costs down the road for the province, if consumers were deterred from protecting themselves from unforeseen incidents through insurance.

B. Wycks added that K. Daniel, Regina-based Chief Operating Officer of the Cooperators Insurance, was particularly effective in the meeting, as he advised the Minister that from a local perspective, his government's new PST on insurance premiums would cost his company nearly \$3 million in incremental employee benefits costs. Mr. Daniel also cited the Investors Group's recent downsizing announcement, and noted that the new tax on insurance premiums could realistically cause companies to consider relocating to other provinces to avoid incurring additional costs.

The Minister stated that his government had a record of correcting its mistakes, if their policy decisions were proven to be wrong. The Minister invited CAFII to monitor the situation and to share concrete data with the government in six months time, or after a year, on what it found were the practical implications of the PST on insurance premiums policy.

K. Martin added that the meeting was collegial and positive and that the Minister shared some concrete examples and insights into his perspective; and made a commitment to being open to re-evaluating the situation should CAFII be able to provide data demonstrating the negative impacts of the decision to broaden the PST base to include insurance premiums.

4.4 Meeting With Saskatchewan FCAA, June 1/17

B. Wycks advised the meeting with FCAA in Saskatoon was along the lines of an informal, get-acquainted meeting. CAFII learned that the FCAA is a fully integrated financial services regulator (see also 4.1.v.)

4.5 Presentation To CISRO, June 2/17

B. Wycks reported on CAFII's presentation to CISRO entitled "CAFII Past, Present and Future" on June 2/17 in Saskatoon. It was an overview of the Association and included highlights of CAFII's priorities; some of its major research outputs; and some of its areas of future focus including insurtech, millennial expectations of insurance, fair treatment of consumers, and the importance of CAFII's relationships with regulators and policy-makers, including its desire to meet all key regulators and policy-makers in-person no less than once every 18 months. The presentation also noted the current CAFII initiative to modernize its website to make it more consumer-facing, and briefly touched upon the current development of a new CAFII strategic plan.

Following the presentation, CAFII opened the floor to questions. Though not there in person, Anatol Monid, Executive Director of FSCO's licensing and market conduct division, asked if CAFII would provide a copy of the presentation deck to CISRO members. He also asked about the commission structure of CAFII member sales personnel, and whether the full Towers Watson research could be shared with attendees at the CISRO meeting. He also asked whether CAFII could provide CGI loss ratios. B. Wycks responded at the CISRO meeting that CAFII member sales personnel are almost all salary-only employees.

Additional questions came from Gerry Matier, Executive Director of the Insurance Council of BC, asking what sales incentives are offered by CAFII members to their sales employees; and Warren Martinson of the Alberta Insurance Council asking whether the Towers Watson research included voided policies.

In Board discussion, it was noted that CGI loss ratios were not included in the Towers Watson study; and that there are minimal voided policies in the CGI mortgage life space, such that they represent less than 1% of all CGI mortgage life policies.

B. Wycks stated that the CISRO audience was very attentive. The group was larger than anticipated, with representatives from both Quebec Chambres there who attend CISRO meetings regularly. C. MacLean added that he observed that the CISRO meeting was a very informal session and that CISRO seems to approach industry delegations to its meetings in a more casual, interactive way, similar to the approach taken by the AMF.

4.6 Meeting With Ron Fullan and April Stadnek, Insurance Council of Saskatchewan

B. Wycks updated reported on the June 2/17 meeting held by the CAFII delegation with R. Fullan and A. Stadnek of the Insurance Councils of Saskatchewan.

CAFII learned that CISRO plans to move to having a staff secretariat similar to the one used by the CCIR. Ron Fullan did not view this as a funding challenge, as members of CISRO were in agreement that this approach made sense.

With respect to moving the issue of "Representation for RIA Licence Holders In Saskatchewan" through an Advisory Committee to Mr. Fullan as ICS Executive Director back onto the front burner after an LLQP-dominated hiatus period of more than three years, Mr. Fullan and Ms. Stadnek agreed with CAFII's suggestion that a summer 2017 three-way brainstorming, consensus-building, and planning meeting -- involving ICS, CAFII, and CLHIA -- should be organized.

Mr. Fullan reminded the CAFII representatives that the best way to approach regulators such as CISRO members is to give them a compelling case that includes a "what's in it for them" component. It is always powerful to make the case for a change based on how it will help not just industry, but also the regulators, he advised. CAFII has always been an excellent partner and good at taking this very approach, he noted. Going forward, there will be many opportunities to make this sort of case to regulators—for example, there are many challenges around digitization, insurtech etc. that regulators will be grappling with; and an Association such as CAFII can be extremely helpful in assisting regulators in understanding and adapting appropriately to these changes.

4.7 Meeting With Ontario FSRA Implementation Secretariat, June 29/17

B. Wycks reported that a small CAFII delegation is being organized to meet with Sandy Roberts, Director, and other members of the FSRA Implementation Secretariat on June 29/17. He added that M. Gill has already met with the FSRA Implementation Secretariat on behalf of the Canadian Association of Direct Relationship Insurers (CADRI); and K. Martin and B. Wycks had intelligence shared with them by E. Hiemstra of CLHIA.

E. Hiemstra advised that the approach that the FSRA implementation Secretariat seems to be taking is “what needs to be blown up about FSCO?” E. Hiemstra continued by adding that she felt the FSRA Implementation Secretariat had only limited understanding of the life and health insurance industry but yet seemed well-versed on the p&c side of the industry.

4.8 Meeting/Presentation To Insurance Council of Manitoba Staff, July 3-7/17

B. Wycks advised that a small group of CAFII delegates was being organized to meet with Barbara Palace Churchill, Executive Director of the Insurance Council of Manitoba. Ms. Palace-Churchill had advised CAFII that she is still climbing a steep learning curve, and specifically asked the Association’s representatives to provide a substantive presentation to her and her staff team on incidental sales of insurance by financial institutions, as well as how CAFII members see themselves fitting into the RIA regime in Manitoba.

B. Palace Churchill had identified that the first week of July would be the best opportunity for this educational session at the ICM office in Winnipeg, and some specific date possibilities were currently being identified.

4.9 Proposed Visits To BC and Alberta Regulators And Policy-Makers

B. Wycks reported that when CAFII met with Gerry Matier, Executive Director of the Insurance Council of British Columbia, at the CLHIA conference in London, Ontario, he was keen to host and have CAFII meet with him on a day that the Council would be meeting in Vancouver. He specifically would like to introduce CAFII representatives to his staff and also Council members. Dates identified for this meeting are in the target range of October 16-18, flying out on the Monday and meeting with Mr. Matier, his staff, and the Council on the Tuesday morning.

J. Abram, CEO of the Alberta Insurance Council, similarly advised that she would like to host CAFII, preferably in Edmonton. This would also provide an opportunity for CAFII to meet with Laurie Balfour and Nilam Jetha, Superintendent of Pensions, Insurance and Financial Institutions, Alberta on the same day.

ACTION: Canvas CAFII EOC and Board members to determine delegates for these BC and Alberta regulator and policy-maker meetings. [B. Wycks; TBA]

5. Strategy

5.1 CAFII Strategic Plan Development

K. Martin provided an update on the process and structure of the CAFII Strategic Development Plan. The planned structure for developing the Strategic Plan is threefold—First, Where are We? Second, Where Do We Want to Go? Third, How do we Get There? The draft Strategic Plan Development Backgrounder was presented to E. Fang and A. Stuska in May for an initial review and feedback. Valuable feedback was provided at that review meeting, which included recommendations regarding the structure of the document, as well as the addition of a business and financial case to accompany the plan.

The revised Strategic Plan Development Backgrounder is now ready to be shared with the entire EOC. There has been time set-aside for a CAFII Strategic Plan Development Session immediately following the June 20/17 EOC meeting. The following step would be to present a consolidated Proposed CAFII Strategic Plan to the Board, including which of the strategic options we think the Association should pursue, the prioritization of those options, and the resource and investment implications. K. Martin indicated that the document and plan is well-advanced and ready to be presented to the EOC.

E. Fang concurred with K. Martin's update and advised that she was looking forward to the presentation of the plan to the EOC in June, and subsequently to the Board in October 2017.

5.2 Revised CAFII Media Protocol

K. Martin reported that following the April 5/17 Board meeting he worked with B. Wycks to update the Media Protocol and to identify a clearer process, along with additional information about what would trigger a response to a media column or article. K. Martin emphasized that this remains a work in progress, and that the Board was being asked to approve continuing down this road, but was not being asked to approve any immediate responses to the media as we had not arrived at that stage yet.

K. Martin added that even if further work is done on this effort, but in the end the desire is not to respond to negative or inaccurate media columns or articles, the effort will still provide valuable clarification of the key messages that CAFII wishes to use to position itself; and this can be useful in many other ways including in networking and general communication efforts.

If Media Protocol II was approved, K. Martin continued, the next step would be for him to work with media consultant D. Moorcroft to develop content that could be used to respond to negative or inaccurate media columns or articles: currently ten stock pieces are envisioned, which could then be used in combination to develop a Letter to the Editor in response to a media column/article.

C. Knight inquired as to whether CAFII would consider separating the types of draft responses prepared, depending upon whether the column/article is inaccurate or negative to the industry. K. Martin responded that there will be two buckets of draft responses to the media: misinformation/inaccurate columns/articles and negative columns/articles. Within each bucket, there will be a series of sub-groups, which would lead to a total of ten pieces of content that could be used depending upon the type of column/article to which we were responding. The next step will be for K. Martin to bring to the EOC and Board these ten responses; and, if approved, they would constitute the pre-approved material that could be used for a Letter to the Editor.

In Board discussion, it was unanimously agreed that this was a good approach to execute responses on behalf of CAFII and its members. K. Tryon added that it is essential to limit the potential for third parties to argue with the content of our responses. K. Martin responded that anytime we respond in the media, there is the potential that the broker community will respond to what we have to say.

C. Lobbezoo indicated that he would support moving forward because it proves CAFII is willing to “stand on the mountain,” and the Association should not shy away from the broker community. P. McCarthy added that he agrees with moving forward with this process, noting that he works with the broker community and that they can perpetuate misinformation. C. Lobbezoo added that if we are spending resources in building a relationship with regulators, it is also important to “carve out a space” for CAFII education of the media.

P. McCarthy added that when CAFII met with BC FICOM in November 2015, CAFII asked how many complaints had been received in relation to CGI and the answer was zero. R. Beckford added that when CAFII met with J. Abram, CEO of the Alberta Insurance Council, last month, we specifically asked if there were any issues with creditor insurance. J. Abram responded that the complaints her Council was receiving related to travel agents, resulting from insufficient training and leading to consumer misunderstandings regarding their policies.

ACTION: Draft ten versions of CAFII responses to negative and/or inaccurate media columns/articles, to present to the EOC and the Board [K. Martin; TBA]

5.3 Extension of Media Consultant Retainer

K. Martin provided background on CAFII’s engagement in June 2017 of media consultant D. Moorcroft, Strategy2Communication, including his significant recent contributions to the Association’s website redesign. In addition, developing the next stage of Media Protocol II will benefit from Mr. Moorcroft’s expertise, and this is even more important should CAFII move forward with implementing a more assertive media strategy in future.

K. Martin and B. Wycks recommended that CAFII retain D. Moorcroft on retainer on an ongoing basis.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

CAFII proceed with extending D. Moorcroft, Strategy2Communication, on a monthly retainer on an ongoing basis.

6. Committee Reports Addressing CAFII Priorities:

6.1 Market Conduct

R. Beckford, Chair of the Market Conduct Committee, reported that CAFII had recently made a submission on FSCO’s Draft 2017 Statement of Priorities. Our response was supportive of FSCO’s two key themes for this year – enabling innovation; and fair treatment of consumers --but it highlighted that the consumer also has a responsibility to educate him/herself on financial products including insurance policies.

Ms. Beckford also noted that the International Monetary Fund (IMF) will return to Canada in 2018 to repeat its Financial Sector Assessment Program (FSAP) review, on behalf of the International Association of Insurance Supervisors, of Canada's insurance supervision system, in which the AMF and FSCO will serve as surrogates for the entire country. In that connection, the AMF has said that it would like to be more proactive; and with new technological innovations, the AMF is also saying these changes may require adjustments to its current regulatory approach.

Ms. Beckford advised that Lucie Tedesco, FCAC Commissioner, recently testified before a parliamentary committee on the Agency's current review of bank sales practices; Ms. Tedesco's comments are published on the FCAC's website.

6.2 Media Advocacy

i. CAFII Website Modernization

D. Moorcroft of Strategy2Communication joined the meeting as a visitor, to provide the Board with a live demonstration of CAFII's new consumer-facing website that had been produced by RankHigher. The new website is intended to have a simple, accessible, uncluttered look and feel that consumers will find attractive, along with content that is relevant, easy to absorb, and written in consumer-friendly language. The website has also been developed to be consistent with the Accessibility for Ontarians with Disabilities Act (AODA). Another feature of the website is that it has been written and edited to drive traffic to it, using best practices in the field of Search Engine Optimization (SEO).

Board members provided feedback that the new website was very consumer-friendly with relevant and easy-to-read content. Feedback was provided on some of the features, and D. Moorcroft and K. Martin made note of these with the intention of following up on them with RankHigher.

It was noted that the website was still being developed, with additional work to be done on some of the content and graphics. The website has been designed with an architecture which allows for additional features to be added seamlessly and with minimal additional development work, such as potentially later adding videos or additional sub-tabs. The consumer-facing website has been developed in WordPress, which is very easy to maintain and update, and is also a desirable environment for later adding additional features and content.

B. Grant asked about consumer advocacy on the website, and it was noted that that type of content could be enhanced in future iterations of the site.

Overall, feedback on the website was positive, with Board members finding it a significant improvement on the current CAFII website. The Board supported moving forward in the project and progressing to the next stage, which includes further tweaks to the site, finalization of the content, and translation of all the content into French so that the site is fully bilingual prior to live launch.

ACTION: Circulate the link to the modernized website for Board and EOC members to review and provide feedback [K. Martin/TBA]

6.3 Licensing Efficiency Issues

M. Gill advised that CAFII's recent work, under the auspices of the LEIC, with respect to liaison with CISRO nationally and with the four Western Canada Insurance Councils individually had already been addressed under other agenda items.

i. First Meeting of FSCO Life Insurance Industry Working Group

K. Martin provided an update on the intention by FSCO, announced by Heather Driver, its Director of Licensing, at the inaugural meeting of the FSCO Life Insurance Industry Working Group (LII Working Group) on May 30/17, to circulate to the insurance arms of banks a questionnaire on their sales practices.

He noted that a suggestion had been made by H. Pabani of TD Insurance, a CAFII appointee to the LII Working Group along with Mr. Martin, that CAFII should reach out to FSCO to offer support in the design of the questionnaire, as CAFII could provide expertise on how to pose the intended questions and on how best to address the issues the questionnaire was intending to cover.

C Lobbezoo expressed some reservations about that proposed outreach to FSCO. M. Gill suggested that this initiative had not been well “socialized” within FSCO. It was therefore suggested that an informal discussion between CAFII and more senior FSCO leaders – such as Anatol Monid, Executive Director of FSCO’s Licensing and Market Conduct Division and Ms. Driver’s boss -- could be fruitful.

It was noted that it is important to understand what FSCO is trying to achieve through this exercise and whether the proposed questionnaire would achieve them; and that once a questionnaire is circulated, it will be difficult to change.

Following Board discussion, it was agreed that it would be valuable for M. Gill to reach out to a more senior FSCO leader on this issue informally, to better understand what they are trying to achieve; and to engage in a dialogue on whether this is the best way for FSCO to achieve that objective.

ACTION: Proceed with an informal discussion through M. Gill – asking for a clarification on what FSCO is trying to achieve with its proposed questionnaire for the insurance arms of banks. [M. Gill, K. Martin, B. Wycks; TBA]

ACTION: Consider sending a letter to FSCO offering to assist in designing its proposed questionnaire. [K. Martin, B. Wycks; TBA]

6.4 Research & Education

D. Quigley and K. Martin provided a high-level update on the proposed initiatives of the Research and Education Committee, noting that the Strategic Plan options include investments in additional research efforts by CAFII. If CAFII moves down this road, the R&E Committee will need to add new members that have a strong research background.

6.5 Travel Medical Experts

S. Manson reported that the Travel Media Experts Working Group had identified a need to update the Pollara survey on consumers’ experiences and satisfaction with travel health insurance. Before proceeding, the Committee will review the CCIR’s Position Paper to identify potential new issues related to travel health insurance to probe in a repeat of this CAFII-commissioned research.

7 7. Other Business

7.1 June 6/17 CAFII Reception, Including Expected Regulator and Policy-Maker Guests

B. Wycks advised that the Reception to immediately follow the Board meeting would be attended by (5) five regulators; and he encouraged Board and EOC members to engage them in conversation.

7.2 Next CAFII Board Meeting: October 3/17 In Montreal

With the recent departure of National Bank Insurance as a CAFII member, B. Wycks advised that there is now a need to identify a new venue and host for the October 3/17 Board Meeting and AMF Liaison Luncheon and Industry Issues Dialogue. The intention is to maximize the attendance of AMF staff executives; and unfortunately E. Stevenson and P. Déry will be panelists at an industry conference in Québec City that morning.

ACTION: Consider moving the October 3/17 CAFII Board meeting to Québec City; and contact the AMF and ask if they would like CAFII to move the date to October 2/17 or October 4/17 to accommodate their schedules [B. Wycks; June 30/17]

8 In Camera Session

The Board of Directors met in camera from 4:35 p.m. to 5:00 p.m.

9. In-Camera Session

There being no further business to discuss, the meeting was terminated at 5:00 p.m. The next CAFII Board of Directors meeting is to be held on Tuesday, October 3/17 at a location to be confirmed in Montréal or Québec City.

Date

Board Chair

Recording Secretary

CAFII Board of Directors Special Teleconference Meeting
Monday, October 30, 2017
Teleconference Only

12:45 – 1:00 p.m.

DRAFT MINUTES

Board Present:	Nicole Benson	CRI Canada
	Nick Bilodeau	AMEX Bank of Canada
	Bob Grant	ScotiaLife Financial
	Chris Lobbezoo	RBC Insurance
	Peter McCarthy	BMO Insurance <i>Chair</i>
	Kelly Tryon	The CUMIS Group
	Robert Zanussi	Assurant
Regrets:	Chris Knight	TD Insurance
EOC Present:	Jason Beauchamp	BMO Insurance
	John Lewsen	BMO Insurance
	Sue Manson	CIBC Insurance
	Peter Thorn	TD Insurance <i>Secretary and EOC Chair</i>
Also, Present:	Keith Martin	CAFII <i>Co-Executive Director</i>
	Brendan Wycks	CAFII <i>Co-Executive Director</i>
	Caroline Bucksbaum	T•O Corporate Services <i>Recording Secretary</i>

1. Call to Order; Confirmation of Meeting; & Governance Matters

The meeting was called to order at 12:49 p.m. P. McCarthy acted as Chair; P. Thorn acted as Secretary; and C. Bucksbaum acted as Recording Secretary.

P. McCarthy noted that due to the fact that a quorum of six Directors present, either in-person or on the phone, was not attained for the Board meeting scheduled for October 23/17, that meeting did not take place. Instead, this Special Purpose Teleconference Meeting of the Board of Directors had been arranged for the express purpose of dealing solely with two time-sensitive matters, namely:

- the appointment of two new CAFII Directors; and
- the proposed launch plans for the new CAFII website and related Media Release.

Secretary P. Thorn confirmed that notice of this meeting had been sent to all Directors in accordance with the Association's By-Law and there was a quorum of Directors present, with seven Directors present by teleconference.

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

1.1. Approval of Agenda

On a motion duly made, seconded and unanimously carried,

IT WAS RESOLVED that:

The Meeting Agenda be and is approved as presented.

1.2. Appointment of Two New CAFII Directors

P. McCarthy advised that earlier this month, CAFII was advised by Desjardins Financial Security (DFS) that Linda Fiset had left the company's employ and, therefore, it would need to nominate a successor CAFII Director. DFS had therefore nominated André Langlois, Senior Executive Vice-President, Life and Health Insurance – who is also serving as Executive Vice-President, Individual Insurance on an interim basis – for appointment as its new CAFII Director.

On a motion duly made, seconded and unanimously carried,

IT WAS RESOLVED that:

The following nominee be and is hereby appointed a Director on the CAFII Board of Directors until the Association's next Annual Meeting in June 2018:

André Langlois, Desjardins Financial Security

In addition, earlier this year, CAFII was advised by CIBC Insurance that Todd Lawrence would be leaving the company's employ and, therefore, it would need to nominate a successor CAFII Director. CIBC Insurance had therefore nominated Sandra Rondzik, Vice President, CIBC Insurance in the Personal Banking Products Group, for appointment as its new CAFII Director.

On a motion duly made, seconded and unanimously carried,

IT WAS RESOLVED that:

The following nominee be and is hereby appointed a Director on the CAFII Board of Directors until the Association's next Annual Meeting in June 2018:

Sandra Rondzik, CIBC Insurance

Mr. McCarthy noted that as André Langlois was unable to join today's teleconference meeting of the Board, he will be notified of his appointment to the CAFII Board and offered congratulations on his appointment as a CAFII Director, along with the Association's Welcome Aboard best wishes.

S. Manson of CIBC Insurance advised that S. Rondzik would be assuming her new leadership role within CIBC Insurance on November 1, 2017. Given that S. Rondzik was unable to join today's teleconference meeting of the Board, S. Manson agreed to convey to her the Board's congratulations on her appointment as a CAFII Director, along with the Association's Welcome Aboard best wishes.

2. Strategy

2.1 CAFII Website Launch Date Proposal and Related Press Release

K. Martin provided an update on the proposed launch plan for the new CAFII website, and offered comments on a Press Release related to the launch.

The proposed launch plan would involve a final review of the new website's content by a small internal group including CAFII's Co-Executive Directors, B. Wycks and K. Martin, and media consultant D. Moorcroft. The next step would be a soft launch in early November, in which a temporary link to the final iteration of the new website would be circulated to a wider group for review, including the CAFII Board, EOC, and other committee members. This review period would allow for everyone to be familiar and comfortable with the site before its public release, and ensure there are no surprises.

The proposal is to launch the new CAFII website to the public on November 14, 2017. The formal launch would be accompanied by a Media Release, which had been attached for review as part of the meeting materials for this Special Purpose Board Meeting. The Media release would express the reasons for switching to a new website, the desire for a consumer-focused orientation, and additional details and background.

It was clarified that if a CAFII member finds an issue with the new website during the soft launch period which should be brought to everyone's attention before the formal public launch, there are two scenarios:

1. If the matter is small, such as a typo, this can be fixed in a timely manner.
2. If there is a fundamental issue that needs further consideration, the launch date could be delayed until the Board is fully comfortable with the entire website. This could be later in November. There has not been a public announcement about the impending launch; therefore, no one external is expecting it. CAFII Board and EOC members would have an opportunity to discuss and resolve the issue.

On a motion duly made, seconded and unanimously carried,

IT WAS RESOLVED that:

The Proposed Launch Plan for the new CAFII website – including a soft launch in early November, followed by an official hard launch date on November 14, 2017, and the dissemination of a Media Release to promote the launch – be and is hereby approved.

3. Termination

With the two special purpose agenda items for this meeting having been dealt with, and there being no further business, the meeting was terminated at 1:00 p.m. It was noted that the next CAFII Board of Directors meeting would be held on Tuesday, November 28/17, hosted by CIBC Insurance in Toronto.

Date

Board Chair

Recording Secretary

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status 24-Oct-2017
		Alberta Critical Illness Insurance Issue			
1	EOC February 21, 2017	• Contact J. McCutcheon to ask her to review the definition of Creditors' Critical Illness Insurance approved by the Alberta LIC to ensure there are no issues with it from an industry-wide perspective.	Brendan	28-Feb-17	Deferred
		Saskatchewan Insurance Act and Regulations Issues			
2	EOC October 24, 2017	• Send an email to each EOC member to receive confirmation of their acceptance of the Saskatchewan FCAA's embargo; and thereafter send them the document and password; and send J. Seibel a list of each EOC member who has received the document	Brendan	30-Oct-17	Complete
3	EOC September 19, 2017	• Send an analysis to the EOC of how Saskatchewan's new insurance regulations line up against CAFII's submissions to that province's Financial Consumer Affairs Authority	Brendan	31-Oct-17	In progress
		Quebec Ministry of Finance & AMF Regulatory Issues			
4	EOC October 24, 2017	• Bring Article 49 to the attention of our Quebec legal counsel Sylvie Bourdeau	Brendan	31-Oct-17	Complete
5		• Advise EOC members of the concerns raised related to Article 49 in Bill 141 and ask for feedback	Brendan	31-Oct-17	Complete
6	EOC May 23, 2017	• Contact E. Stevenson and/or Patrick Déry of the AMF to obtain advice on whether CAFII should send a communication to the Quebec Ministry of Finance requesting that a consultation period be held on the Omnibus Bill	Keith, Brendan	20-Jun-17	Complete
		Finance Canada Regulatory Issues			
7	Board Nov 29, 2016	• Monitor Canadian Bankers Association's plans and actions for seeking redress with Finance Canada re deficiencies in Bill C29, Budget Implementation Act's Consumer Framework related to creditor insurance and standalone insurance products.	Brendan	Ongoing	In progress
		Regulator and Policy-Maker Meetings			
8	EOC October 24, 2017	• Propose new November dates to Martin Boyle and Tony Toy for a CAFII/CCIR liaison lunch; and, once confirmed, send out an Outlook Invitation to EOC and other CAFII committee members	Brendan	27-Oct-17	Complete
9		• Check with R. Dobbins on the availability of Assurant's Maple Leafs Boardroom for a re-scheduled liaison lunch with the CCIR Policy Managers in November	Brendan	27-Oct-17	Complete
10	EOC April 25, 2017	• Prepare and present proposal for an Atlantic Canada Regulators and Policy-Makers Visits Tour in the Fall of 2017	Brendan	31-Aug-17	Deferred to Spring 2018
		Association Strategy and Governance			
11	EOC October 24, 2017	• Discuss possible options with P. McCarthy re: the Board's approval of the proposed CAFII Strategic Plan and 2018 Operating Budget, in advance of the November 28/17 Board Meeting	Keith/Brendan	24-Nov-17	In progress
12	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	In progress
13	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	05-Sep-17	In progress
		Association Media and Communications			
14	EOC October 24, 2017	• Distribute the URL for the new CAFII website to the EOC for a final review prior to the public launch	Caroline	03-Nov-17	Complete
15		• Adjust the CAFII: Past, Present and Future slide deck to remove the term "auto-approved" and instead make a clear distinction between "short form underwriting" and "paramedical underwriting"	Brendan, Keith	13-Nov-17	Complete
		Association Administration			
16	EOC October 24, 2017	• Revise the EOC Minutes of September 19/17 to include minor housekeeping revisions provided by S. Manson	Caroline	03-Nov-17	Complete
17	EOC June 20, 2017	• Review the mandate of the CAFII Networking and Events Committee; solicit/recruit interest, as necessary; and propose 3-5 volunteers -- from among current EOC member or other individuals from member organizations -- to reconstitute and reactivate the Committee.	All EOC	24-Oct-17	In progress

CAFII - 2017 Co-Executive Directors Balanced Scorecard						
H = High Priority; M = Medium; L = Low						
Priority	Objectives	Measures	Lead Accountability	Timing	Status As At October 2017	Outcome
Regulatory, Advocacy, and Strategy (60% of ED and EOC focus/time)						
#1	Overall: Draft and deliver highly quality regulatory submissions and follow-up with regulators and policy-makers, as appropriate.	Overall: Regulatory submissions are well-written, impactful, and produced on time; consultation issues are reviewed with relevant CAFII committee and input and feedback incorporated into draft submission; Board and EOC have sufficient time to review and provide input, which is given due and equitable consideration and included where appropriate; submissions reflect consultation with allied industry Associations where appropriate. ED monitors, gathers intelligence, and reports on key regulatory developments; any hot button issues dealt with in timely, appropriate manner.	Market Conduct-related submissions, including travel health insurance: B. Wycks; Licensing-related submissions and Research and Education-related presentations: K. Martin	Ongoing		
H	British Columbia Consultation on 10-Year Review of Financial Institutions Act (FIA)	Co-ED monitors progress/status through regular contact with Ministry of Finance. CAFII communicates with and influences Ministry thinking in its preparation of a Policy Paper, such that CAFII's positions are taken into account. CAFII responds to Policy Paper with a compelling submission.	B. Wycks	Q1 thru Q4 2017	Awaiting Ministry's release of Policy Paper on proposals for change (now expected in Q1 2018). On October 17/17, CAFII representatives met with Ministry officials in Vancouver and received confirmation that an RIA regime in BC will be included as a proposal in Policy Paper, and timelines were now delayed by at least a year, with implementation of any changes resulting from FIA/CUIA Review now expected to occur in late 2019 at the earliest.	
M	BC FICOM's 'effecting' of creditor's group insurance issue	Co-ED monitors progress/status through regular contact with Harry James, FICOM, to ensure that CAFII members are kept well-apprised of any new developments, especially re regulator's expectations for compliance CGI Information Bulletin.	B. Wycks	Q1 thru Q4 2017	CAFII met with FICOM officials in Vancouver on October 17/17 and received confirmation that enforcing compliance with CGI Information Bulletin remains a high priority for FICOM. FICOM issued Cease and Desist Order against Western Life Assurance re violations of Bulletin in September 2017.	Favourable clarification on other major issues received from FICOM via April 14/16 teleconference and April 20/16 response letter from H. James
H	Quebec Ministry of Finance Omnibus Bill aimed at modernizing province's financial services sector, including Insurance Act and the Act respecting the Distribution of Financial Products and Services	Co-ED monitors progress/status through regular contact with Ministry of Finance and AMF executives. CAFII communicates with and influences. CAFII responds to Omnibus Bill, aided by specialized legal counsel, with a compelling submission. Ministry of Finance takes CAFII's positions into account in final decisions on modernizing the Insurance and Distribution Acts	B. Wycks	Q1 thru Q4 2017	Ministry of Finance released omnibus Bill 141 on October 5/17. Uncertain as to whether Ministry will be holding industry consultations on Bill 141. CAFII to gather further intelligence through liaison meeting with AMF staff executives in Levis, Quebec on October 23/17.	CAFII received verbal assurance from Ministry of Finance official on Feb. 25/16 that Quebec will be implementing measures to support online distribution of insurance without need for involvement of a licensed advisor
H	CCIR Annual Statement on Market Conduct	Co-ED monitors progress/status through regular contact with Martin Boyle, CCIR. CAFII continues to communicate its views to CCIR as Annual Statement is implemented and thereafter evolves; CCIR takes CAFII's views into account in roll-out and implementation of Annual Statement; and in any subsequent iterations	B. Wycks	Q1 thru Q4 2017	CAFII met with Laurie Balfour, Chair of CCIR ICPIIC, in Edmonton on October 18/17 and received confirmation that CCIR will not be in a position to share an aggregated results report from the Year 1 Annual Statement with the industry; minor instructional tweaks only will be made to the Year 2 version of the Annual Statement; and any substantive changes to the Statement will be made in the Year 3 version at the earliest, and only after consultation with the industry. The new IFRS 17 accounting standard re life insurance contracts may have an impact on the Annual Statement and delay and substantive changes to the Year 4 version.	CAFII member-exclusive webinar on the final version of the Annual Statement on Market Conduct - Life and Health presented by CCIR on March 1/17. CAFII made strong submission on Draft 3 of Annual Statement on August 26/16. CAFII staged May 19/16 preliminary webinar for members with Laurie Balfour, CCIR ICPIIC Chair.
H	Ontario government implementation of new Financial Services Regulatory Authority (FSRA)	Co-ED monitors progress/status through regular contact with Sandy Roberts, Director, Financial Services Modernization Secretariat. CAFII meets with Secretariat representatives and influences development of FSRA Regulations.	B. Wycks	Q1 thru Q4 2017	Following June 29/16 stakeholder meeting with FSRA Implementation Secretariat leaders, CAFII submitted written input in July 2017. Ontario Ministry of Finance announced founding three-member Board of FSRA on June 30/17, including former Deputy Minister and former FSCO CEO Chair Bryan Davies as the Chair.	
H	CCIR Review of Travel Health Insurance	Co-ED monitors progress/status through regular contact with Sean Jacobs, CCIR; Joan Weir, CLHIA; and THIA executive members. ED supports work of CAFII's Travel Medical Experts Working Group. CAFII in a position of readiness to make regulatory submission or otherwise make its views known, as distributors of travel insurance, should need arise. CAFII communicates views on TIWG Position Paper in timely, persuasive, effective manner. CCIR takes CAFII's views into account in final decisions on travel insurance regulatory reforms	B. Wycks; transitioning to K. Martin in September 2017	Q1 thru Q4 2017	CAFII met with CCIR TIWG Chair Harry James in Vancouver on October 17/17; awaiting invitation to stakeholder meeting with TIWG to seek clarification re CCIR expectations on timelines for industry's addressing its Position Paper findings/recommendations. That meeting to occur in early 2018, following CLHIA's completion of consumer testing on policy wording-related reforms being proposed by the industry (based largely on work of CAFII's Travel Medical Experts Working Group). CCIR released Travel Health Insurance Products Position Paper, along with Media Release and personalized transmittal letter to each industry stakeholder, on May 31/17.	CAFII held productive stakeholder meeting with CCIR TIWG on draft Recommendations intended for inclusion in Position Paper on February 22/17. CAFII submitted response to CCIR TIWG's Issues Paper on Travel Health Insurance for September 30/16 deadline. CAFII held productive stakeholder meeting with CCIR TIWG on Issues Paper on August 10/16. On May 4/16, C. Rogers advised CAFII that because the industry had demonstrated significant movement in terms of reforms, at its April 7-8/16 meeting the Council decided that the Issues Paper (which was slated for release in the spring) would be revised to reflect the latest industry input and released in the summer instead.
H	Bill 177, The Insurance Act (Saskatchewan)	Co-ED monitors progress/status of finalization of Regulations and communication of "proclamation into force date" through regular contact with Jan Seibel, FCAA. CAFII communicates views on draft Regulations in timely, persuasive, effective manner. FCAA takes CAFII's views into account in final Regulations	B. Wycks	Q1 thru Q4 2017	FCAA released final Regulations along with the revised Insurance Act on June 29/17. CAFII awaiting announcement as to timing of their coming into force, which is to be at least one year after June 29/17. CAFII held liaison meeting with R. Sobotkiewicz, Superintendent of Insurance, and J. Seibel, Lawyer, FCAA, in Regina on June 1/17.	CAFII responded to FCAA proposed definition of TPA, for inclusion in Regulations, on March 13/17; to sub-consultation on TPAs-related Regulations on December 9/16; and to main consultation on draft Regulations on December 2/16. FCAA released Insurance Regulations Consultation document on October 7/16.

H = High Priority; M = Medium; L = Low						
Priority	Objectives	Measures	Lead Accountability	Timing	Status As At October 2017	Outcome
M	Saskatchewan Finance Minister's imposition of 6% PST on insurance premiums	Finance Minister listens to CAFII's arguments re imposition of PST on insurance premiums is counter-productive public policy. Ministry considers data that CAFII provides -- based on 6 months and one year of experience after August 1/17 implementation date -- on impact of 6% PST on consumer purchases of CGI and other life and health insurance policies; and considers reversing its decision. CAFII raises its profile and builds a relationship with Ministry, secures prominent stakeholder status, thereby encouraging advance consultation with industry on any future fiscal policy changes being contemplated which would impact CAFII members.	B. Wycks and K. Martin	Q2 2017 thru Q3 2018	CAFII had productive initial get acquainted/relationship-building meeting and dialogue with Finance Minister Kevin Doherty and his officials in Regina on June 1/17. CAFII to provide statistical data on impact of PST on consumer purchases of insurance in February/March 2018 (six months after implementation) and September/October 2018 (one year after implementation).	
M	AMF's Distribution Guide template initiative	Co-ED monitors progress/status through regular contact with L. Gauthier, AMF. CAFII communicates views on draft Distribution Guide Regulation in timely, persuasive, effective manner. AMF takes CAFII's views into account in final Distribution Guide template and related Regulation	B. Wycks	Q1 thru Q4 2017	Awaiting reactivation of this initiative via AMF's circulation of a draft Regulation on the Distribution Guide for industry consultation	
M	New Brunswick's "Modernizing the Insurance Licensing Framework" for Other-than-Life Agents and Brokers	Co-ED monitors progress/status through regular contact with David Weir, FCNB. FCNB takes CAFII's views into account in final positions on new licensing framework	K. Martin	Q1 thru Q4 2017	Awaiting release of FCNB's final recommendations to Government re change proposals, especially re implications for life agents' licensing framework	
M	New Brunswick's "Online Insurance Licensing System"	Co-ED monitors progress/status through regular contact with David Weir, FCNB. FCNB takes CAFII's views into account in functionality and features decisions for Phase 2 of online licensing system, especially administrator rights for applicant's insurer sponsor	K. Martin	Q1 thru Q4 2017	FCNB launched Phase 2 of online insurance licensing portal in October 2016 but will be making further enhancements in future. Effective November 1/16, will only accept online applications for for insurance agent, broker, adjuster, and damage appraiser licences.	
M	ICS considers CAFII's request to secure Insurance Council representation for CAFII members as Restricted Insurance Agents in Saskatchewan	CAFII communicates and engages with Ron Fullan, ICS Executive Director, in a timely, persuasive, effective manner. CAFII's proposed model for a Restricted Insurance Agent Advisory Committee is reviewed and considered by the ICS.	K. Martin	Q1 thru Q4 2017	CAFII, CLHIA, and Ron Fullan and April Stadnek of ICS to meet in Toronto on October 27/17 to advance this initiative. CAFII had liaison meeting with R. Fullan and A. Stadnek, ICS, on June 2/17 and discussed plan for moving this issue back onto front burner.	
#2 H	Develop and execute on Regulator and Policy-Maker Visit Plan in support of CAFII positions on legislative and regulatory issues	CAFII investments in regulator and policy-maker visits are appropriately scheduled; well-organized and executed, including briefing/preparation of CAFII participants	B. Wycks and K. Martin	Ongoing	CAFII completed visits tour to regulators and policy-makers in BC, Alberta, and Manitoba (six meetings total) from October 17-19/17. CAFII completed visits tour to Saskatchewan regulators and policy-makers on June 1-2/17. Regulator visits tour to Atlantic Canada regulators and policy-makers being planned for Spring 2018.	
#3 H	Maintain ongoing monitoring of and liaison/communications with regulators, policy-makers, allied Associations, and other industry stakeholders for relationship-building and intelligence gathering	EOC and Board members are kept well-informed of hot button, urgent, time-sensitive issues through CAFII "Alerts"	B. Wycks and K. Martin	Ongoing	B. Wycks and K. Martin had productive liaison lunches with CLHIA on October 11/17, May 17/17 and Feb. 27/17. Liaison lunches with CCIR Policy Managers held on June 23/17 and April 24/17; and further liaison lunch being scheduled for late October or early November. K. Martin attended LIMRA's one day research conference on May 18/17 in Toronto. B. Wycks is an individual member of THIA and gathers intelligence through that connection.	Based on intelligence gathered at inaugural meeting of FSCO's Life Insurance Industry Working Group, K. Martin disseminated CAFII Alerton FSCO's plan to issue a questionnaire probing selling practices of the insurance arms of banks operating in Ontario.
#4 H	Networking and advocacy with key decisionmakers (politicians, bureaucrats, academics, business leaders, media, thought leaders and influencers etc.) on key messages related to CAFII	Quarterly updates through "Networking and Meeting Grid"	K. Martin	Ongoing	Specific plan to be developed upon completion and Board approval of CAFII Strategic Plan.	
#5 H	Develop a strategic plan with options around new investments and outputs for CAFII; develop a prioritization of the options; deliver against the top priorities identified	Submit plan before end of Q2; prioritize plan before end of Q3; begin implementation in Q4.	K. Martin and B. Wycks	Q2 thru Q4 2017	Proposed CAFII 2018-2020 Strategic Plan developed with EOC, under K. Martin's leadership. To be presented to CAFII Board for review and discussion on October 23/17; and for approval on November 28/17.	

H = High Priority; M = Medium; L = Low						
Priority	Objectives	Measures	Lead Accountability	Timing	Status As At October 2017	Outcome
Media and Communications (20% of ED and EOC focus/time)						
#1 H	Move CAFII into a position of readiness and confidence to respond to media opportunities re Creditor's Group Insurance and Alternate Distribution	Development of revised/updated Communications Plan (followed by execution of Communications Plan tactics within specified timelines, in 2018 and thereafter)	K. Martin	Ongoing	CAFII Pre-approved Media Op-Ed Responses developed and to be presented for Board approval, along with related Media Protocol process, on October 23/17.	
#2 H	Monitor media coverage re CGI, travel insurance, and alternate distribution	Any hot button issues related to media coverage are identified and dealt with in a timely, appropriate manner	K. Martin	Ongoing	Ongoing, in concert with Media Advocacy Committee. Negative column on FI CGI products by R. Carrick, Globe and Mail, became subject of EOC and Board discussion, leading to confirmation that media strategy of achieving a position of readiness to respond to such columns is moving CAFII in right direction.	
#4 M	Monitor Consumer Interest Groups	Include intelligence on Consumer Interest Groups' issues and activities in Regulatory Updates for EOC and Board meetings	B. Wycks and K. Martin	Ongoing	Consumers Association of Canada, Consumers Council of Canada, and Public Interest Advocacy Centre web sites monitored regularly for issues/activities related to insurance and alternate distribution	
#3 H	Website enhancements to drive traffic to the CAFII site and ensure that the backend is upgraded to Drupal 8 and the frontend is user friendly and consumer oriented.	Drupal migration by end of Q2; front end enhancements beginning in Q3 and continuing in Q4	K. Martin	Q2 thru Q4 2017	CAFII website modernization and overhaul nearly complete. Board approval for soft launch in early November 2017 and official hard launch on November 14/17 to be sought on October 23/17.	
#5 M	Develop thought leadership products that provide relevant information that can be shared with key decisionmakers.	EOC and Board members receive useful, timely, relevant materials; by end of Q4 approve resources for commissioned research	K. Martin	Ongoing	New members with strong research background and expertise have been added to Research & Education Committee. Contract being negotiated to repeat CAFII-commissioned Pollara Strategic Insights research on consumers' perceptions and attitudes towards and satisfaction with travel health insurance.	
#6 M	Organize additional events that members and nonmembers can have access to and which increase the profile of CAFII.	Develop a plan for additional events by end of Q3; budget approval by end of Q4	K. Martin	Q2 thru Q4 2017	Under consideration as part of Proposed CAFII 2018-2020 Strategic Plan.	
Association Oversight and Management (20% of ED and EOC focus/time)						
#1 H	Produce an "industry intelligence" Regulatory Update monthly, for each EOC and Board meeting	Regulatory Update is produced for each EOC and Board meeting, containing outside-of-the-public-domain information on regulatory actions, pronouncements, trends and leading indicators	B. Wycks; transitioning to B. Wycks and K. Martin on an alternating months basis, effective September 2017	Ongoing	Co-Executive Directors alternating lead responsibility for producing Regulatory Update each month. Each issue contains intelligence on issues in CAFII Regulatory Consultations/Submissions Timetable.	
#2 H	Efficient, effective CAFII meetings: with EOC Chair and standing committee Chairs, ensure agendas are focused and goal-oriented and meetings are well-managed	Agendas and meeting materials are distributed with appropriate lead time. Board and committee members are engaged in meeting discussions and feel meetings are productive and advance CAFII's objectives	B. Wycks and K. Martin	Ongoing	June, July, August, and September EOC meetings; and April and June Board meetings well-managed; executed successful 2017 Annual Members' Luncheon.	
#3 H	Ensure that CAFII prepares an annual operating budget that is well-grounded in approved strategic and operational plans; funds are spent according to plan; and financial control policies and procedures -- including monthly financial statements -- are adhered to	Play a leadership role in development, management, and tracking/monitoring of CAFII's annual operating budget, and committee and project budgets. Budget targets are met, except for explainable/approved variances	B. Wycks and K. Martin	Ongoing	Management control financial options analysis developed, given loss of National Bank Insurance as a member as well as two Associates. Development of 2018 CAFII Operating Budget Options underway with Treasurer Tony Pergola.	
#4 H	Provide strategic and operational support to the EOC Chair in management of CAFII priorities and activities, and accountability reporting thereon	Engaged strategic and operational support to EOC Chair; appropriate matters escalated to EOC Chair for review and decision-making	B. Wycks and K. Martin	Ongoing	Review of CAFII's administrative support services operating model completed between June and October 2017, in concert with Selection Committee, comprised of EOC members. Proposal for future administrative services to be delivered in Board's in camera session on October 23/17.	
	Develop a plan to increase the value proposition for Associates with the objective of increasing the number of Associates that belong to CAFII.	Develop a plan by end of Q3; begin approaching potential new Associates before end of Q4	K. Martin	Q3 and Q4 2017	Pending completion and Board approval of CAFII 2018-2020 Strategic Plan.	

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Regulatory Update – CAFII Board of Directors and Executive Operations Committee, 10 November, 2017

Prepared By Keith Martin, CAFII Co-Executive Director

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Federal / National

Canadian Council of Insurance Regulators (CCIR)

CCIR Provides CAFII With A List Of Active CCIR Committees And Working Groups, And The Names Of Their Chairs

In response to a question at the CCIR Stakeholders Meeting from Brendan Wycks about what committees are currently active in the CCIR and who chairs them, CCIR Policy Manager Martin Boyle has provided the following list:

Hi Brendan and Keith,

As requested, the following is a list of active CCIR committees and working groups with the names of the chairs:

Insurance Core Principles Implementation Committee/ICPic (Laurie Balfour – AB)

ICPic Market Intelligence Working Group (Nathalie Sirois – QC)

Segregated Funds Working Group (Anatol Monid – ON)

FinTech Working Group (Hélène Samson – QC)

Travel Insurance Working Group (Harry James – BC)

Fair Treatment of Customers Working Group (Louise Gautier – QC)

Natural Catastrophes and Consumer Awareness (Frank Chong – BC)

Harmonization Working Group (Anatol Monid – ON)

OmbudService Oversight Standing Committee (Chris Carter – BC)

Electronic Commerce Committee (Hélène Samson – QC)

Facility Association Committee (Tom Golfetto – ON)

Assuris-PACICC Committee (Brian Mills – ON)

Forms Committee (Ima Okonny – OSFI)

Capital Requirements Committee (Judith Roberge – OSFI)

Canadian Life and Health Insurance Association (CLHIA)

CLHIA Calls On Feds To Allow Insurers More Freedom on Technology

Megan Harman of the Canadian Investment Executive Magazine reported in a 10 October, 2017 article that the Canadian Life and Health Insurance Association Inc. (CLHIA) is urging the federal government to provide insurance companies with greater flexibility to invest in technology and to commercialize these innovations in its submission to the Department of Finance Canada's review of the federal financial services sector.

Specifically, the CLHIA lauds the steps the government is taking to clarify and modernize the framework around the type of technology activities and investments that insurers are permitted to undertake. The CLHIA suggests that the life insurance industry could benefit from expanded capability to invest in technology, and adds that "Insurers should be permitted to commercialize innovations outside the realm of financial services."

Stephen Frank, New CEO Of The Canadian Life And Health Insurance Association (CLHIA), Says The Pace Of Regulatory Change In The Industry Is "Almost Without Precedence"

A 30 October, 2017 article in the Insurance and Investment Journal reported that Stephen Frank, who became president and CEO of the Canadian Life and Health Insurance Association last July, describes the pace of regulatory change as "almost without precedent."

“When you look at the regulatory environment, there’s just an awful lot coming at us at the same time and when you think through where that could land us in five years, it’s pretty clear we’ll be in a different environment, a different industry than we are today.” Beyond the regulatory change, the insurance industry is also dealing with a changing market with the emergence of fintech and changing expectations of how consumers want to interact with insurers. “So there’s market things happening, there’s regulatory things happening – we’re in the middle of that, saying how do we help our members not just react, but how do we help shape that? How do we be proactive?”

Travel Health Insurance Association (THIA)

Lack Of Understanding Behind Most Travel Insurance Problems

A 5 October, 2017 article in the Investment and Insurance Journal stated that while a new Travel Insurance Bill of Rights and Responsibilities crafted by Canada’s Travel Health Insurance Association (THIA) is well meaning and checks all the major boxes, a big cloud continues to hover over clients who don’t pay enough attention to the travel health questionnaire.

The Bill of Rights, which was published in June, comes on the heels of a report by the Canadian Council of Insurance Regulators (CCIR) outlining reforms for the travel health insurance market. Even before the regulators came out with their report, Brad Dance, vice president of THIA, said the organization’s rights and responsibilities bill was already in the making. “Some of us in the industry got together and designed this Bill of Rights to give the public an idea of what they can expect from their travel health policy,” Dance said in an interview from Vancouver. “We want them to go away on vacation and have a carefree vacation and ultimately we hope the Bill of Rights will give them the peace of mind [they need] to take off and not have to worry.”

Financial Consumer Agency of Canada (FCAC)

FCAC States That It Caused Banks To Reimburse Clients \$10.5 Million

FCAC’s annual report, released in October 2017, stated that financial institutions reimbursed \$10.5 million to 1.2 million consumer accounts. The reimbursements made up for inaccurate fee disclosure or interest rate calculations, or for incorrect charges to accounts. FCAC’s annual report also details other agency initiatives, such as a new supervision framework, effective 2018, and a review to identify and analyze the impact of bank sales practices on consumers and on financial consumer protection.

November Is Financial Literacy Month

An article by the IJJ staff on 31 October, 2017 reported that November will be the Financial Consumer Agency of Canada’s (FCAC) seventh annual Financial Literacy Month (FLM), which is dedicated to the improvement of financial literacy among Canadians so they can improve their finances. The theme of this year’s financial literacy month is “take charge – it pays to know.”

Advocis

Advocis Establishes Technology Task Force

A 30 October, 2017 in the Insurance and Investment Journal reports that Artificial Intelligence (AI), along with robo-advice and other fintech developments are poised to disrupt the industry in a significant way. To grasp and understand their impact, Advocis is establishing a national technology task force to help frame future regulatory discussion, and to help advisors adapt and use the technologies going forward.

“Disruptive is not a bad thing necessarily,” says Ed Skwarek, Advocis’ vice president of regulatory and public affairs. “I think the next five year period is going to be incredibly transformative.” Akin to the industrial revolution, he says there is an AI revolution taking place that can’t be ignored. “Artificial intelligence has its own momentum. There’s no way of stopping it. We need to understand it and operate with it. I think that’s what makes it so exciting,” Skwarek says.

Bank of Canada

Threat Of Cyberattack Has Bank Of Canada Governor Worried

Canadian Press reported on 26 October, 2017 that of all the economic fears that could keep Bank of Canada Governor Stephen Poloz awake at night, the threat of a cyberattack is perhaps the one that troubles him the most. "It leaps up to the top of your consciousness pretty quickly — I think in many ways it's more worrisome than all the other stuff," Poloz told The Canadian Press in an interview Wednesday at the bank's headquarters in Ottawa. The central bank warned Canadians in June that the country's interconnected banks are vulnerable to a cascading series of cyberattacks, something that could undermine broad confidence in the financial system. The report, known as the financial system review, also said such structural vulnerability could allow for the easy spread of an initial attack into other sectors, such as energy or water systems. The report urged commercial banks to co-operate on countering the threats, which aren't going away any time soon.

General

BMO Insurance Rolls Out First Tech Solution For Its MGA Channel

A 31 October, 2017 article in Insurance Business Canada reported that BMO has rolled out a new technology initiative it is calling the “first step of a multi-year digital strategy” to support its managing general agent distribution channel. Peter McCarthy, president and CEO of BMO Insurance, said it was important to make insurance correspondence and documentation as simple as possible in today’s tech-forward environment.

“We recognize that technology is playing a bigger part in how financial products are delivered to Canadians,” McCarthy said. “We are transforming our businesses by digitizing the experience for our advisors and clients, recognizing that they should have the option of reaching out to us or to an insurance advisor when they need one-on-one guidance.” McCarthy added: “The insurance industry is going through a digital transformation and companies are increasingly integrating technology into their business.”

TD Insurance Call Centre To Move From Edmonton, Alberta to Halifax, Saint John

The Chronicle Herald reported in a 30 October, 2017 article that TD Insurance is closing its call centre in Edmonton, and moving the service to Halifax and Saint John, effective March 2, 2018. The news was first revealed in the Alberta city last week and on Monday the company indicated it had nothing further to add. “This decision was not made lightly and we are committed to making every effort to limit the impact to employees . . .” a company official wrote in an email Monday.

Study Finds That 90% Of Marketplace Not In Love With Their Broker

A 30 Oct 2017 article in Insurance Business Canada reported that the average client retention rate for insurance brokers is about 85%, but that this is not due to client satisfaction. A recent study in the wealth management industry, which is also applicable to insurance brokers, surveyed clients in an effort to determine how satisfied they were with an existing advisor. Only 10% of clients were raving fans who loved their provider and thought the service was amazing.

Broker and author Derek Coburn commented at the Insurance Brokers Association of Ontario (IBAO) convention in Ottawa that this group of clients not in love with their broker is “a massive potential market. In my opinion, the companies that are going to be the most successful at acquiring this market share over the next few years are the ones who effectively disrupt that indifference.”

Insurance “Woeful” At Attracting Millennials

In an article in Insurance Business Canada Jonathan Reiss, group Financial Officer for Hamilton Insurance Group stated that the insurance industry needs to do much more to attract millennials as employees. Speaking at the recent Insurance Risk & Capital Conference he said the insurance industry’s appeal to young people was “woeful.” That needed to change, Reiss said, in order to attract fresh blood to the business. Reiss said recruiting millennials was especially important since the industry needed employees with technology skills.

Tax Changes Could Affect Insurance

Investment Executive Magazine reported in a Mid-October 2017 article that recent proposals by the federal government to change the way private corporations are taxed are garnering mixed reactions from the life insurance industry. The CRA's proposed amendments to the way corporations are taxed could have an impact on insurance sales and the use of insurance in corporate planning strategies

In July, the Department of Finance Canada released a consultation paper proposing a slew of policy changes that would eliminate certain tax-planning strategies for private corporations. On one hand, the changes could bolster life insurance sales because fewer alternative tax-planning strategies would be available to business-owner clients. On the other hand, the changes could eliminate certain tax-planning strategies that involve corporate-owned life insurance.

Provincial Quebec

Quebec Consumer Group Option Consommateurs Says Bill 141 Is An “Unacceptable Setback for Consumer Protection”

The Investment and Insurance Journal reported in a 24 October, 2017 article in its French edition that Option consommateurs described several aspects of Bill 141 as "an unacceptable decline in consumer protection." Christian Corbeil, Executive Director, and Annik Bélanger-Krams, lawyer, deplored several measures including softening the language around who can provide a consumer with advice, and new language in the Act which did not require advisors to collect information about their client. They also expressed concern that the advisor no longer needed to present products that best suited the needs of their clients, and instead simply needed to present products and give advice, which they felt was “a major and unacceptable retreat.” They also did not support the elimination of the two self-regulatory chambres. “A complete rewrite is necessary,” said Option consommateurs.

Quebec Government Decides That General Insurance Brokers Must Offer Products From At Least Four Insurers

A November, 2017 in the Investment and Insurance Journal reported that Quebec Finance Minister Carlos Leitao has decided that those who wish to call themselves brokers will have to offer their clients products from at least four different insurers that do not belong to the same financial group. Specifically, the Quebec government will amend section 244 of the Act respecting the distribution of financial products and services to specify that a broker must present a minimum of four insurers’ products. Previously, this article mentioned “several” insurers.

The government has gone further with Bill 150, tabled Oct. 31. It indicates that firms will have to register either as an agency or brokerage firm. It will prohibit the firm from registering as a brokerage firm if a financial institution, a financial group or a legal person affiliated with them has a significant interest in the firm's decisions or equity. In particular, it mentions an equity stake of 20 per cent or more.

Another change to the Act concerns the disclosure to consumers of brokers' ties to insurers. A general insurance agency or a general insurance brokerage firm must disclose, on its website and in its communications with its clients, the names of the insurers for whom it offers insurance products. If need be, it must specify those with which it is bound by an exclusivity contract and the products covered by this contract.

Caisse, Desjardins Group Create Fintech Fund Of Up To \$75 million

Canadian Press announced on 10 October, 2017 that La Caisse de dépôt et placement du Québec and Desjardins Group have created a financial technology investment fund of up to \$75 million. The venture fund will be dedicated to fintech and artificial intelligence applied to finance. Caisse and Desjardins will invest equal amounts for a joint total of \$50 million, and other investors can also join the fund. They say the fund's purpose is to support the growth and development of new fintech companies in Quebec and Canada. The fund, which has yet to be named, will operate independently.

Ontario

FSCO To Revamp Insurance Advisors' Compliance Exams

Investment Executive reports on 10 November, 2017 that FSCO will begin sending out questionnaires to some advisors who are deemed to be higher risk to determine if they need a more in-depth compliance review. The report largely parallels an update on this same issue made in CAFII's September, 2017 Regulatory Update, based on feedback shared with the Life Insurance Working Group of which CAFII is a member.

The Financial Services Commission of Ontario (FSCO) is launching this new process for its compliance examinations of insurance advisors this autumn, according to Heather Driver, director of licensing at FSCO, who recently spoke at the Independent Financial Brokers of Canada's fall summit in Mississauga, Ontario. In particular, FSCO will soon be adding a new layer to its examination process, Driver said. Specifically, the regulator will begin conducting "desk reviews" — questionnaires that aim to help the regulator determine which advisors require a more in-depth compliance review — prior to conducting onsite exams.

FSCO To Introduce *Fair Treatment of Consumers Guideline* For Insurance Industry

At its 2017 Life and Health Insurance Industry Market Conduct Symposium on November 6/17, FSCO announced that it will be introducing a *Fair Treatment of Consumers Guideline* for the insurance industry in 2018; and it will be consulting with the industry on an initial draft of that Guideline shortly, during the winter months of 2017-18.

The purpose of the Guideline is to communicate FSCO's expectations of licensees with respect to the fair treatment of consumers; and it will align with the IAIS' ICP 19 (Conduct of Business) and the OECD's G20 High Level Principles on Consumer Financial Protection. FSCO staff executive Mercedes Aldana, who is leading this initiative, advised that the new Guideline arises from an evolution in conduct of business regulation from exclusively focusing on "what is required" to a stronger focus on "doing the right thing" (a continuous process that must guide every action in the way a company conducts its business).

FSCO To Issue *Incidental Insurance Market Conduct Questionnaire and Attestation* Shortly

At FSCO's 2017 Life and Health Insurance Industry Market Conduct Symposium on November 6/17, Izabel Scovino, Director, Market Conduct Regulation Branch, announced that FSCO would be issuing its planned Incidental Insurance Market Conduct Questionnaire and Attestation – which had been previously highlighted in meetings of FSCO's recently launched Life Insurance Industry Working Group -- in the near future.

Immediately following the Symposium, Ms. Scovino had a private conversation with B. Wycks in which she confirmed CAFII's interest in participating in a consultation with FSCO on the imminent Questionnaire and Attestation. That consultation meeting will likely occur in late November or early December, she advised. CAFII alone will be consulted on the Attestation, as it relates solely to bank-owned insurers. However, with respect to the ISI Market Conduct Questionnaire, CAFII and other stakeholders will be invited to participate in to provide feedback on it, as it encompasses the full range of ISI market players.

FSCO Study Finds That Millennials Struggling To Grasp Insurance

More than half of mature millennials between the ages of 25 and 34 in Ontario don't fully understand their life or supplementary health insurance policy, according to a survey conducted on behalf of the Financial Services Commission of Ontario (FSCO).

As many participants in this demographic are reaching important life milestones — starting a career, getting married, having children or purchasing a house — understanding what their insurance coverage entails, as well as their rights and responsibilities, is a key part of protecting themselves and their families, FSCO says in a news release. "Most people don't want to think about what might happen if they get sick, or worse, but these are important discussions to have," says Anatol Monid, executive director of licensing and market conduct division at FSCO, in a statement. "It's also extremely important that customers ask questions and make sure they understand their policies so they can make informed financial decisions that protect them and their loved ones."

Saskatchewan

Government Of Saskatchewan Invites Industry To Indicate What Has Been the Impact Of Introducing The PST On Insurance Premiums

Saskatchewan's new Finance Minister, Donna Harpauer, wrote CAFII in early November 2017 as a follow up to the introduction of PST on insurance premiums announced in the 2017-18 budget. Ms. Harpauer stated that the government has made "Significant efforts to control and reduce spending" but that "our efforts to manage spending were not sufficient to fully address the revenue shortfall." As a result, she wrote that the 2017-18 Budget "introduced a number of revenue initiatives to help address our fiscal challenge, including the expansion of the PST base to insurance premiums."

Ms. Harpauer stated that "The Ministry of Finance continues to work with the insurance industry on implementation and transition issues. We understand that many companies are still working on system changes to correctly collect and remit PST on insurance premiums to the Government of Saskatchewan." The Minister stated that while the government is committed to moving forward with this initiative, it is also committed to monitoring the impact of the tax, and in that context "we are now seeking information and specific data your organization may have to demonstrate the impacts the PST change is having." The Minister concluded her letter by asking for such information to be sent to her office by November 15, 2017.

Former Minister Of Finance Kevin Doherty Leaves Post, And Later Leaves Cabinet Entirely

The CBC announced on 30 August, 2017 that Kevin Doherty has been moved from his post as Minister of Finance and will instead manage the Advanced Education portfolio. At a media scrum on Wednesday, Wall and Doherty both said it was Doherty's choice to change portfolios. Donna Harpauer was announced as his replacement as Finance Minister. On 30 October, 2017 Minister Doherty resigned his post and left cabinet altogether. He will remain the MLA for Regina Northeast.

Thought Leadership / International

How Technology Is Reshaping The Traditional Insurance Model

Paolo Taruc, in a 31 October 2017 article in Insurance Business Canada, reported that the traditional two touchpoint insurance model is poised for major change amid an increasingly connected world, according to an analyst at business school INSEAD. In a recent article published on the school's website, INSEAD entrepreneur-in-residence Sangeet Choudray said insurers and clients in the current model only interact twice – at the time of sale and at the time of claim.

However, insurers have started shifting into a different direction as they seek to fill the data gap between the two touchpoints. "In the past, they captured data as a one-time event, using it to statically determine customers' risk profiles and premiums. Today, they are embracing connected technologies ... to offer personalized and dynamic insurance premiums to their customers," Choudray said.

Ninety Per Cent Of Industry Innovation Will Be In Distribution, Predicts Insurance Executive

A 30 October, 2017 in the Insurance and Investment Journal reported that according to Dean Connor, President and CEO of Sun Life Financial, distribution is where insurance innovation will largely occur. In Connor's view, what will change in future – dramatically – is the ease of buying insurance. "It has continued to improve and I think we are on the edge of quite a bit of change in that regard," he told The Insurance and Investment Journal in an exclusive interview.

When asked if he thinks the industry could undergo "Uberization", Connor said digital disruptors are unlikely to take on the part of the insurance business that relates to product design and running a regulated financial institution, especially with increasing compliance and regulatory change. "What they might be more interested in is distribution and I think that's where you're going to see 90 per cent of the innovation in our industry – in distribution."

McKinsey Article States That Unlocking Growth In The Life Insurance Industry Requires Targeting Mass-Market And Middle-Market Consumers

A McKinsey Quarterly article suggests that unlocking future growth in the life insurance industry will occur by better serving mass-market and middle-market consumers, which could add \$10 billion in annual premiums.

The new McKinsey research reveals a large and underpenetrated consumer segment that could jump-start growth: the mass market (consumers with \$25,000 to \$100,000 in investible assets) and middle market (\$100,000 to \$250,000 in investible assets) segments. To date, conventional wisdom in the industry has held that these segments are not interested in protection and retirement products or would not generate sufficient profit to warrant the effort, given traditional distribution approaches. McKinsey suggests that nothing could be further from the truth.

McKinsey research found that mass-market and middle-market consumers are looking to purchase protection products—particularly at key life milestones (or “trigger events”) such as the birth of a child and the purchase of a home. Furthermore, while products sold to these consumers are less profitable, the segments feature higher growth than others, often with less competition.

McKinsey suggests that to realize this potential, it will be critical for insurers to build their outreach capabilities, both with traditional advisers and remote capabilities, around trigger events, with an emphasis on a digital-first strategy that can meet changing and rising consumer expectations.

U.K. “Regulatory Sandbox” Meets Goals, Says Report

A 23 October, 2017 Investment Executive Magazine article reported that financial firms that participated in one of the world's first “regulatory sandboxes” — which allow firms to test innovative products and services without fully complying with regulatory requirements — have found it faster, and cheaper, to get to market, according to a report published Friday from the U.K. Financial Conduct Authority (FCA).

The report details the FCA's experience so far with its regulatory sandbox, which was introduced as a way of facilitating innovation and competition in the financial sector. The model has since been copied in a number of jurisdictions, including Canada. According to the report, the FCA's sandbox “has helped reduce the time and cost of getting innovative ideas to market”. It notes that the approach has also helped startups find funding from potential investors by providing them with greater certainty about the idea being tested and its commercial viability.

Australian Banks To Overhaul Consumer Credit Insurance Sales Processes

A 1 August, 2017 article on Australian developments notes that the Australian Securities and Investments Commission (ASIC) has brought together representatives from the banking industry and consumer advocates to improve outcomes for consumer credit insurance, with the establishment of a Consumer Credit Insurance (CCI) Working Group.

The CCI Working Group will progress a range of reforms, including a deferred-sales model for CCI sold with credit cards over the phone and in branches. This will mean that consumers cannot be sold a CCI policy for their credit card until at least four days after they have applied for their credit card over the phone or in a branch.

CAFII Regulator and Policy-Maker Visit Plan 2017-18

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 8/17
British Columbia				
Insurance Council of BC: Gerry Matier, Executive Director (outgoing)	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -June 2/17 CAFII presentation to CISRO in Saskatoon -May 5/17 liaison breakfast in London, Ontario -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session -Feb. 27/15 liaison breakfast in Toronto	None at this time	-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	
Janice Sinclair, Executive Director (incoming on November 1/17)	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	None at this time		
FICOM: Frank Chong, Acting Superintendent of Financial Institutions (effective August 1/16)	-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	None at this time	-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 -Monitoring for appt. of interim or permanent FICOM CEO successor -10 yr. Review of BC Financial Institutions Act (if appropriate)	
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	None at this time	-See F. Chong above	
Chris Carter, Acting Superintendent, Real Estate and Acting Registrar, Mortgage Brokers (effective August 1/16)	-April 14/16 teleconference re CAFII follow-up letter - Follow-up letter, seeking clarification on CGI Info Bulletin key issues, sent March 15/16 - Nov 10/15 in Vancouver re CGI Information Bulletin	None at this time	-See F. Chong above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 8/17
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	None at this time	-See F. Chong above	
Lorena Dimma, Director, Market Conduct (assuming Harry James' former policy advisor role re 'effecting' of CGI issue)	-April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin	None at this time		
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	None at this time	-See F. Chong above	
Molly Burns, Analyst, Policy Initiatives	-April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin -Nov 10/15 in Vancouver	None at this time	-See F. Chong above	
Erin Morrison, Regulatory Analyst, Policy Initiatives	-August 10/16 in Toronto, accompanied Harry James and participated in CCIR TIWG meeting with CAFII	None at this time	-See F. Chong above	
Ministry of Finance: 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	None at this time	TBD until CAFII has a "direct ask" at Ministerial level	
Lori Wanamaker, Deputy Minister of Finance	-None to date. Appointed July 2017	None at this time	-See E. Cole below	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Nov 8/17
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	None at this time	-Policy Paper emerging from 10-Year Review of Financial Institutions Act, making proposals for change, now due to be released in early 2018	
Brian Dillon, Director, Financial Institutions 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	None at this time None at this time	-See E. Cole above -See E. Cole above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Alberta				
Alberta Insurance Council: Joanne Abram, CEO	-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 -May 4/17 liaison lunch in London, Ontario -December 21/16 letter to CAFII confirming definition of CGI critical illness insurance approved by Life Council to include selling of CI under existing RIA licence -Oct 31/16 CAFII submission of letter proposing definition of CGI critical illness insurance to be adopted for inclusion under existing RIA licence -Sept 16 & 28/16 and Oct 11/16 e-mail correspondence with B. Wycks re LIC decision on allowing CI to be sold under an RIA licence	None at this time	-AIC's implementation of approved definition and process for CI to be sold under existing RIA licence -Representation for Restricted Licence Holders on Life Insurance Council	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Anthonet Maramieri, COO	<ul style="list-style-type: none"> -liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -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 -Sept 12/16 teleconference with G. Grant and B. Wycks -July 12/16 teleconference with G. Grant and B. Wycks - April 11/16 informal discussion with B. Wycks, at CISRO LLQP Info Session - Feb 27/15: Toronto: B. Wycks met A. Maramieri and had get acquainted chat at CISRO LLQP Stakeholder Info Session 	None at this time	-See J. Abram above	
Warren Martinson, Legal Counsel	<ul style="list-style-type: none"> -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 -May/June 2016 telephone discussion with J. McCutcheon (on CAFII's behalf) re legislative and regulatory underpinnings of selling of CI benefits as credit-related insurance under an RIA licence -Feb 10/14: Toronto, ON (with B. Wycks, as W. Martinson then on LLQP Governance Ctte.) 	None at this time	-See J. Abram above	
Sylvia Boyetchko, Director of Licensing	<ul style="list-style-type: none"> -liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers 	None at this time	-See J. Abram above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Treasury Board and Ministry of Finance: 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	None at this time	-Update on Superintendent's priorities -Communicate CAFII issues; build and strengthen relationship	
David Sorensen, Deputy Superintendent of Insurance	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	None at this time	-See N. Jetha above	
Laurie Balfour, Director, Financial Compliance, Insurance Regulation and Market Conduct Branch (Chair of CCIR Insurance Core Principles Implementation Ctte)	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -CAFII 20 th Anniversary: April 5/17 -Sep 30/14: Fredericton, NB (informal meeting) -Jul 28/14: call with CAFII reps re: "effecting of CGI"	None at this time	-See N. Jetha above	
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	None at this time	-See N. Jetha above	
Joe Ceci, President of Treasury Board and Minister of Finance	No contact – appointed May 24/15	None at this time	TBD until CAFII has a "direct ask" at Ministerial level	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Saskatchewan				
Insurance Councils of Saskatchewan: Ron Fullan, Executive Director, (CISRO Chair)	- 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” -June 2/17 liaison meeting in Saskatoon -CAFII 20 th Anniversary: April 5/17 -R. Fullan in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session	- further three-way meeting re “Representation for RIA Licence Holders in Saskatchewan” in Q1 2018, once CAFII and CLHIA develop and submit joint proposal to R. Fullan	-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	- 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” -June 2/17 liaison meeting in Saskatoon -Sept 22/15 CISRO LLQP Stakeholder Info Session in Toronto (B. Wycks) - Sep 30/14; Fredericton, NB (informal meeting) - November/13 in Toronto when April attended CLHIA CCOSS Seminar	- See R. Fullan above	- See R. Fullan above	- Pending
Financial Consumer Affairs Authority (FCAA): 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 Oct 18/17
<p>Janette Seibel, Lawyer (became lead on Bill 177 and Regulations file effective June 1/15)</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 -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 -February 17/17 call to B. Wycks advising that "in force" date for new Insurance Act and Regulations had been deferred to Spring 2018 -Jan 2017 email exchange with B. Wycks re timing of "in force" date for new Saskatchewan Insurance Act and related Regulations -Nov and Dec. 2016 email exchanges with B. Wycks re Insurance Regulations Consultation and TPAs sub-consultation.</p>	<p>-teleconference meeting in Q4 2017 or Q1 2018, if necessary, following October 31/17 tabling of The Insurance Amendment Act, 2017; and prior release of final Regulations and Insurance Act on June 29/17 (timeline for their coming into targeted as Fall 2018)</p>	<p>-timing of "in force" date for new Saskatchewan Insurance Act and related Regulations -CAFII's response submissions on FCAA's Insurance Regulations Consultation document (submitted Dec. 2/16) and TPAs sub-consultation (submitted Dec. 9/16) -Sask's imposition of PST on all insurance premiums</p>	-Pending
<p><u>Ministry of Finance</u> 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>-March or September 2018 meeting, if warranted, following CAFII's gathering and submission of six months and one year of data on impact of 6% PST on consumer purchases of CGI and other life and health insurance policies</p>	<p>-further introduce CAFII and build relationship -Sask's imposition of PST on all insurance premiums</p>	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Manitoba				
Ministry of Finance: Jim Scalena, Superintendent of Insurance and Registrar of Credit Unions (brought back, out of retirement, into this role on time-limited basis until November 2017) Scott Moore, Deputy Superintendent of Insurance	<p>-April 29/14 liaison meeting in Winnipeg, immediately prior to meeting with then-Minister of Finance Jennifer Howard re CAFII concerns about Manitoba's in-development RIA regime</p> <p>-CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto</p> <p>-liaison meeting on October 19/17 in Winnipeg, hosted by ICM, as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers</p> <p>-CAFII 20th Anniversary event: April 5/17</p> <p>-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto</p> <p>-August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference)</p> <p>-April 15/15 teleconference with three CAFII reps</p> <p>-April 29/14: meeting in Winnipeg, MB</p>	<p>None, as retirement departure imminent</p> <p>None at this time</p>	<p>-See S. Moore below</p> <p>-Maintain and build relationship</p> <p>-Representation for Restricted Licence Holders on Life Insurance Council</p> <p>-concern about amended Insurance Act's apparent residency requirement for employees of Restricted Insurance Agents</p>	
Cameron Friesen, Minister of Finance	No contact – took office May 3/16	None at this time	TBD until CAFII has “direct ask” at Ministerial level	
Barbara Palace Churchill, Executive Director, Insurance Council of Manitoba (appointed late November 2016)	<p>-liaison meeting on October 19/17 in Winnipeg, hosted by ICM, as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers</p> <p>-June 2/17 CAFII presentation to CISRO in Saskatoon</p> <p>-May 4/17 short get acquainted/liaison meeting in London, Ontario</p>	None at this time	<p>-Introduce CAFII and build/maintain relationship</p> <p>-Representation for Restricted Licence Holders on Life Insurance Council</p> <p>-Insurance Council's “ISI items for further review and development”</p> <p>-communicate CAFII issues</p>	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
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	None at this time	-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	
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	None at this time		
Ontario				
FSCO: Brian Mills, appointed Interim CEO and Superintendent on October 18/14. Will likely be FSCO's last CEO, as Ontario Government transitions to a new Financial Services Regulatory Authority (FSRA) over next two years (2017 and 2018), as stated by B. Mills at FSCO Symposium on November 25/16.	-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	None at this time	(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	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Anatol Monid, Executive Director, Licensing and Market Conduct Division	-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 th Anniversary event: April 5/17 -June 7/16, December 8/15 and June 9/15: informal update conversations at CAFII Reception events -January 28/15 stakeholder meeting with CCIR	None at this time	-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	
Izabel Scovino, appointed Director, Market Conduct Regulation Branch in Nov/14	-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" -Oct. 8/15 at CLHIA CCOS Fall Seminar (B. Wycks) -Nov 21/14 at FSCO Life & Health Insurance Symposium -September 12/17 second meeting of FSCO Life Insurance Industry Working Group (LII Working Group) of which Izabel Scovino is a member (K. Martin and H. Pabani)	-further meeting of LII Working Group on November 21/17 -late November 2017 consultation meeting re FSCO's planned "Incidental Insurance Market Conduct Questionnaire and Attestation"	-see A. Monid above	-Pending -Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
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)	-further meeting of LII Working Group on November 21/17	-see A. Monid above	-Confirmed
Andrea Chow, Senior Manager, Financial Services Regulatory Policy (joined FSCO in summer 2017; formerly with Ontario Ministry of Finance)	-November 6/17: get acquainted chat with B. Wycks during FSCO 2017 Life and Health Insurance Symposium, which she chaired	None at this time		
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	None at this time	-Life insurer examination visits	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Ministry of Finance: -Sandy Roberts, Director, FSRA Implementation Secretariat (appointed Nov 2016) -Stuart Wilkinson, Senior Manager, FSRA Implementation Secretariat (transferred from previous MOF role in Nov 2016) -David McLean, Policy Advisor Paul Braithwaite, Policy Advisor	-congratulatory letter on appointment sent; no in-person contact to date. Was a no-show for June 29/17 CAFII stakeholder meeting with FSRA Implementation Secretariat; and April 5/17 CAFII 20 th Anniversary Celebration -June 29/17 CAFII stakeholder meeting with FSRA Implementation Secretariat -CAFII 20 th Anniversary Reception: April 5/17 (regular attendee at CAFII Receptions) -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)	-None at this time (awaiting release of further information and/or Regulations for consultation re FSRA structure, governance, and operating model) -See S. Roberts above -See S. Roberts above -See S. Roberts above -further meeting of LII Working Group on November 21/17	-Ontario Government's replacement of FSCO with a new Financial Services Regulatory Authority (FSRA) over next two years (2017 and 2018); and Regulations to implement FSRA -FSRA's regulation of life and health insurance sector.	-Pending
Quebec				
AMF: Louis Morisset, CEO	-AMF 2016 Rendez-Vous on November 14/16 in Montreal -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -Apr 8/14: CAFII liaison lunch and Industry Issues Dialogue with AMF in Montreal	-AMF 2017 Rendez-Vous in Montreal on November 13/17	-(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	-Confirmed

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Patrick Dery, Superintendent, Solvency (appointed CCIR Chair effective April 1/15)	-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 -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	-AMF 2017 Rendez-Vous in Montreal on November 13/17	-see L. Morisset above	-Confirmed
Phillip Lebel, Director General of Legal Affairs	-CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17 -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF	-AMF 2017 Rendez-Vous in Montreal on November 13/17	-see L. Morisset above	-Confirmed
Nathalie Sirois, Senior Director, Supervision of Insurers and Control of Right to Practise	-CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17 -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF	-AMF 2017 Rendez-Vous in Montreal on November 13/17	-see L. Morisset above	-Confirmed
Eric Stevenson, Superintendent, Client Services and Distribution Oversight (leaving the AMF's employ in late 2017 or early 2018 to "re-orient career in the financial services sector)	-CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17 -CAFII 20 th Anniversary event: April 5/17 -AMF 2016 Rendez-Vous on November 14/16 in Montreal -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -Liaison lunch and industry issues dialogue on October 6/15 in Levis, Quebec	-AMF 2017 Rendez-Vous in Montreal on November 13/17	-See L. Morisset above	-Confirmed

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Louise Gauthier, Senior Director, Distribution Policies and Compensation (member of CCIR TIWG). Lead on AMF's Distribution Guide rewrite initiative.	-CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17 -CAFII 20 th 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 -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper -Liaison lunch and industry issues dialogue on October 6/15 in Levis, Quebec	-AMF 2017 Rendez-Vous in Montreal on November 13/17	-See L. Morisset above	-Confirmed
Maryse Pineault, Senior Director, Distribution Framework	-June 2/17 CAFII presentation to CISRO in Saskatoon -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto -AMF 2016 Rendez-Vous on November 14/16 in Montreal	-AMF 2017 Rendez-Vous in Montreal on November 13/17 (will be hosting B. Wycks at her special table for luncheon with Minister of Finance C. Leitaao as guest speaker)	-See L. Morisset and L. Gauthier above	-Confirmed
Marie-Claude Soucy, Vice-President, Administrative Services (joined AMF in August 2015)	No meeting to date	AMF 2017 Rendez-Vous in Montreal on November 13/17 (will be hosting K. Martin at her special table for luncheon with Minister of Finance C. Leitaao as guest speaker)	-See L. Morisset and L. Gauthier above	-Confirmed

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Ministry of Finance: Carlos Leitao, Minister Richard Boivin, Assistant Deputy Minister, Financial Institution Policy and Corporate Law Guillaume Caudron, Chief of Staff Yann Nachabé, Policy Advisor	 - Feb. 25/16 phone call between B. Wycks and Yann Nachabé, Policy Advisor, Ministry of Finance, resulting from CAFII request for April 2016 in-person follow-up meeting with Richard Boivin and Guillaume Caudron	-in-person or teleconference meeting with Ministry officials – arising from October 5/17 release of omnibus Bill 141 and October 31/17 release of related Bill 150 -- in Q4 2017 or Q1 2018, if necessary	- 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) -Ministry's direction on online distribution of insurance without involvement of an advisor	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
New Brunswick				
Financial and Consumer Services Commission (Insurance Division): Angela Mazerolle, Superintendent of Insurance	-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -May 4/16 dinner meeting with Atlantic Canada regulators in Halifax -Oct 1/14: Fredericton, NB	-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in Spring 2018	-refreshed “Seven Point Guide to The Creditor Insurance Regulatory Regime,” to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -implementation of further phases of online licensing system -legislative/regulatory change to support electronic beneficiary designations -other New Brunswick licensing issues	-Pending
David Weir, Deputy Superintendent of Insurance	-June 2/17 CAFII presentation to CISRO in Saskatoon -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto -May 4/16 dinner meeting with Atlantic Canada regulators in Halifax - April 11/16 informal discussion with B. Wycks, at CISRO LLQP Info Session - Feb. 19/16 re CAFII feedback on online insurance licensing system - Sept. 22/15 CISRO LLQP Info Session in Toronto (B. Wycks) -Oct 1/14: Fredericton, NB	-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in Spring 2018	-see A. Mazerolle above -timing of final recommendations on reforming licensing framework for other-than-life agents and brokers -CAFII feedback on New Brunswick online insurance licensing system	-Pending
Opportunities New Brunswick: Jay Reid, Investment Attraction Officer	-Jun 3/14: Toronto, with Adam Mitton of predecessor organization Invest New Brunswick	None at this time	-CAFII submission re: Insurance Act and regulatory process changes necessary to support business efficiency and further inbound investment and additional jobs in New Brunswick -Introduce CAFII and build relationship -Position CAFII as an information resource	
Consumer Advocate for Insurance: Ronald Godin, Consumer Advocate	No contact	None at this time		

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Nova Scotia				
Superintendent of Insurance: William Ngu, Acting Superintendent of Insurance	-May 4/16 dinner meeting with Atlantic Canada regulators in Halifax -Appointed June 2015; no previous CAFII contact	-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in Spring 2018	-refreshed “Seven Point Guide to The Creditor Insurance Regulatory Regime,” to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -Review of life and accident & sickness provisions of Insurance Act -legislative/regulatory change to support electronic beneficiary designations -Update on Superintendent’s priorities -Communicate CAFII issues; build and strengthen relationship	-Pending
Jennifer Calder, Deputy Superintendent of Insurance	-CAFII 20 th Anniversary event: April 5/17 -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR (participated by phone) -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference) -May 4/16 dinner meeting with Atlantic Canada regulators in Halifax	-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in Spring 2018	-See W. Ngu above	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
PEI				
Superintendent of Insurance: Robert Bradley, Superintendent	-CAFII 20 th Anniversary event: April 5/17 -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Oct 1/14: Fredericton, NB	-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in Spring 2018	-refreshed “Seven Point Guide to The Creditor Insurance Regulatory Regime,” to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -Review of life and accident & sickness provisions of Insurance Act (on April 23/15, R. Bradley advised that this may get underway in late 2015) -legislative/regulatory change to support electronic beneficiary designations -Update on Superintendent’s priorities -Communicate CAFII issues -Maintain and strengthen relationship	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Newfoundland				
Superintendent of Insurance: John O'Neill, Superintendent Craig Whalen, Deputy Superintendent of Insurance	-N/A; appointed in October 2015 -Oct 1/14: Fredericton, NB -June 2/17 CAFII presentation to CISRO in Saskatoon	-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in Spring 2018 -liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in Spring 2018	-refreshed "Seven Point Guide to The Creditor Insurance Regulatory Regime," to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -legislative/regulatory change to support electronic beneficiary designations -Update on Superintendent's priorities -Communicate CAFII issues; build and strengthen relationship	-Pending -Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
FEDERAL/NATIONAL				
CCIR: Martin Boyle, Policy Manager	-CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto -liaison lunch on June 23/17 -informal chats during May 3-5 CLHIA Conference -liaison lunch on April 24/17 -CAFII 20 th Anniversary event: April 5/17 -March 1/17 CCIR webinar presentation for CAFII members on CCIR expectations for insurer completion of Annual Statement on Market Conduct (presented by L. Balfour and M. Boyle) -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -November 29/16 CAFII Holiday Season Reception -October 24/16 CAFII liaison lunch with CCIR Policy Managers -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper -May 19/16 CCIR ICPiC teleconference/webinar meeting with CAFII members (L. Balfour and M. Boyle) -May 4/16 lunch meeting in Halifax (with C. Rogers and S. Jacobs)	-liaison lunch on November 17/17 -November 23/17 CAFII Member-Exclusive Webinar On Year 2 Housekeeping Changes To CCIR Annual Statement On Market Conduct	-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	-Confirmed -Confirmed

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Tony Toy, Policy Manager Sean Jacobs, Policy Manager (left CCIR/FSCO employ in August 2017 for Risk Manager position with CPPIB Investment Board; Martin Boyle receiving interim support from Tony Toy)	-CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto (first meeting with CAFII)	-liaison lunch on November 17/17	-See M. Boyle above	-Confirmed
Patrick Déry, Chair (Superintendent, Solvency, AMF)	-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	
Harry James, Chair, CCIR Travel Insurance Working Group (TIWG)	-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	-Q1 2018 meeting with Harry James and TIWG members following May 27/17 release of Travel Health Insurance Products Position Paper (awaiting invitation from CCIR; delayed due to departure of S. Jacobs and CLHIA “consumer testing” of industry’s policy wording reforms)	-CCIR Travel Health Insurance Products Position Paper (expected May 2017) and CAFII response to same	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Laurie Balfour, Chair, CCIR Insurance Core Principles Implementation Committee (ICPiC)	-CAFII liaison visit to Alberta Treasury Board & Finance, October 18/17 in Edmonton -CAFII 20 th Anniversary event: April 5/17 -March 1/17 CCIR webinar presentation for CAFII members on CCIR expectations for insurer completion of Annual Statement on Market Conduct (presented by L. Balfour and M. Boyle) -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference) -May 19/16 CCIR ICPiC webinar presentation for CAFII members (L. Balfour and M. Boyle)	-November 23/17 CAFII Member-Exclusive Webinar On Year 2 Housekeeping Changes To CCIR Annual Statement On Market Conduct	-Harmonized Annual Statement on Market Conduct -Framework for Co-operative Market Conduct Supervision in Canada -ICPiC work on IAIS' Insurance Core Principles	-Confirmed
CISRO: Ron Fullan, Chair (SK); G. Matier (BC); J. Abram (AB), W. Martinson (AB); D. Weir (NB)	-CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto (R. Fullan attends in capacity as CISRO Chair) -June 2/17 CAFII presentation to CISRO in Saskatoon -CAFII 20 th Anniversary event: April 5/17 -R. Fullan in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto	-December 6/17 CISRO LLQP Stakeholder Information Session At FSCO Office In Toronto	-national, online licensing system for insurance and related harmonization issues -possible CISRO Strategic Plan and opportunity for stakeholders to provide input	-Confirmed

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Financial Consumer Agency of Canada (FCAC): Lucie Tedesco, Commissioner Brigitte Goulard, Deputy Commissioner Jane Rooney, Financial Literacy Leader	-May 1/15: B. Wycks made self-introduction and chatted with L. Tedesco, following her speech at CLHIA Conference -Jun 10/14: B. Goulard was speaker at CAFII event -Feb 10/15 (presentation at CAFII Annual Luncheon)	-None at this time -None at this time -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	
Jeremie Ryan, Director, Financial Literacy and Consumer Education Karen Morgan, Marketing Officer	-Feb. 10/15 (with J. Rooney for presentation at CAFII event) -Jan 9/14 (meeting with M. Gill and B. Wycks in Ottawa)	-None at this time -None at this time		

CAFII/AMF “Industry Issues Dialogue”

Monday, October 23/17

Lévis, Québec

Summary Notes

1. Quebec Bill 141: An Act primarily designed to improve the supervision of the financial sector, the protection of deposits of money, and the functioning of financial institutions

1.a. Is the Ministry of Finance providing for a consultation period on Bill 141?

Philippe Lebel, the AMF’s Director General, Legal Affairs, suggested that there would likely be a form of consultation on Bill 141 fairly soon, possibly in late November, which would occur through committee review hearings at the National Assembly, possibly only for a very limited time period such as one week.

CAFII will need to be prepared to make its views on Bill 141 known at that time, either through a written submission and/or through an in-person appearance at a committee hearing at the National Assembly.

The AMF very much hopes that organizations such as CAFII will support the thrust of Bill 141 and its efforts to modernize the province’s financial services and insurance regulatory regime.

Supplementary question: Should CAFII write a letter to suggest CAFII wants an invite?

Yes; however, there will likely be limited time to produce comments – possibly one week, or maybe two.

1.b. What do you foresee in terms of next steps and related timing for legislative review, passage, and the Bill’s proclamation into force?

The AMF hopes that Bill 141 will be studied by the National Assembly before its Christmas in December. There will be a lot of people commenting on it.

After that, MNAs will have to study the Bill section by section. It will be a different review process for each section of the Bill.

A best guess is that the Bill will be put to a vote and passed by the National Assembly in the Spring of 2018. The expectation is that one year after its passage, the Bill will be proclaimed into force and its provisions will come into effect.

1.c. With respect to the Bill’s Chapter II on Distribution of Financial Products and Services, is the Bill’s particular purpose of “enabling firms to offer financial products and services through technological means” accomplished and effected largely through clause 487 and the resulting addition of new clause 71.1 to the Distribution Act.

Louise Gauthier emphasized that a critical clause of the Bill is Clause 860.1, which speaks to distribution. This clause stipulates that distribution firms can distribute products through any channel so long as there is one person in the firm with a license. This means that firms can offer advice on the Internet.

The relevant section is Section 492 which stipulates that the insurer must offer access to a natural person who is licensed in order to offer advice.

When the insurer directly offers the product through the internet, there is a provision in the new act that will oblige the insurer to offer access to a natural person, who is licensed. Robo-advice would be offered through distribution firms that are registered.

1.d. In the context of Bill 141's support for digital innovation in insurance and financial services, you'll recall that in 2016, Messrs. Morisset and Stevenson commented in industry meetings that insurance products sold online without the involvement of a licensed representative must be fairly 'simple.' Have you made any further determinations or advanced your thinking since last year as to what you will categorize as a 'simple' product?

Eric Stevenson noted that when the original comments were made that products sold on the Internet should be simple, the internet was still developing as a significant channel. It has evolved considerably since then, and so have the views of regulators and policy-makers on what can appropriately be sold via the internet. The specifics of how the regulatory regime will work still need to be discussed and developed, but they will be based on the concepts and framework of Bill 141. However, the AMF recognizes that using product definitions such as 'simple' and 'complex' might not be the most effective way to regulate sales on the Internet.

Supplementary question: When the drafting of Regulations occurs after Bill 141 has been passed, will the drafting pen rest with the AMF?

Yes. There will be Guidelines as well, but the Regulations will have to be created by the AMF.

1.e. Is the AMF happy with the degree to which Bill 141 supports the 11 Orientations set out in your April 2015 Report on Internet Insurance Offerings in Québec?

Yes, but the fact that the AMF has to develop Regulations allows it to complete the framework. This sector is moving fast and evolving. It will be important that – during the Regulations drafting stage – the AMF works with the industry to understand the technologies that are available today, which were not necessarily in existence when Bill 141 was being crafted.

1.f. What will be the impact of Bill 141 on the DWR regime in the province? Will the Two-Page Distribution Guide modernization initiative now be reactivated and completed?

Yes, Bill 141 puts this initiative back on the rails. The AMF is still planning to require that consumers be provided with a short document with the key information that allows them to make an informed decision.

The AMF plans to develop Regulations based more so on principles than on the actual Act. Regulations for distribution without a representative (through the internet and other channels) and for distribution involving a licensed representative – these may be covered off in a single Regulation or they may be addressed by a set of separate Regulations.

1.g. What types of hurdles and/or obstacles do you expect to encounter with respect to the abolishment of the two Chambres and absorbing them within the AMF? How do you foresee the process unfolding?

The AMF sees the abolishment of the Chambres as a positive step. There will be a transition period; more specifically, after the adoption of the Bill, there will be a six-month transition to the new regime. And even after that period, disciplinary cases that have already begun will be allowed to reach their conclusion under the old regime.

This is going to be a political battle and the key question is whether the government will be able to withstand the political pressure it will face to reverse the abolishment of the Chambres. However, the government should receive more support now than it has in the past on this issue. There are more consumer organizations now that will be supportive of this move, although they are not all well-organized or well-funded.

1.h. Do you feel that when the Bill's provisions come into force the AMF will have the independent authority and autonomy from Government -- which the IMF recommended, in its Financial Sector Assessment Program Report on Canada based on its 2013 visit, the AMF should have as an insurance supervisor?

First, it is important to note that the IMF recommendation on autonomy was made with respect to OSFI, not the AMF. Second, the IMF can recommend that regulators be fully independent from the government, but we have constitutional constraints that cannot permit the government to always adhere to all of these recommendations.

Generally, however, the AMF is happy with the direction Bill 141 takes with respect to the expectations of the IMF.

As well, the CCIR has developed and evolved significantly over the past three years – particularly with its development of a Co-operative Framework for Market Conduct Supervision under a Memorandum of Understanding among the 13 provincial/territorial jurisdictions -- and this also demonstrates significant progress on some of the IMF's recommendations. The IMF wants the AMF to be able to pass Guidelines without having to get approval from the Ministry of Finance, and Bill 141 moves in that direction by giving the AMF that new authority.

1.i. Can you elaborate on the goals and objectives behind the establishment, within the AMF, of the "Consultative Committee for Consumers of Products and Users of Financial Services"? How will the members of that committee be recruited and selected; and when will it be launched?

After passage of Bill 141, there will be the development of a Consultative Committee for Consumers. There will be an opportunity to review the membership of that Committee. It will have a wide mandate and will act as a kind of sounding board.

The AMF does not yet know the types of people needed for that committee; however, there are still at least nine months (until Bill 141 is passed, likely in the Spring of 2018) to think about it. The AMF will probably not create any committees before the Bill is passed.

2. New AMF Strategic Plan

2.a. We've taken note of the fact that the new 2017-2020 AMF Strategic Plan recently published on your website includes a focus on insurance sales compensation; and, of course, you've just completed an Issues Paper consultation with insurance stakeholders on Managing Conflict of Interest In Relation to Incentives. Are there any other highlights of your new Strategic Plan that you would draw specifically to the attention of CAFII and its members as alternate/direct distributors and underwriters of creditor's group, travel, and other types life and health insurance?

The AMF will share a global view of the comments received on the current insurance sales compensation review with stakeholders, via a summary report. After considering the responses, the AMF will determine whether new Regulations are required on this issue, in consultation with the industry.

The AMF posed a question to CAFII.

Question: In regards to the Financial Consumer Agency of Canada (FCAC)'s current review of high pressure sales quotas and other questionable tactics allegedly being used by banks, what is CAFII's perspective on what is going on at the federal level?

This is being taken very seriously. FCAC was already starting to do a review, which has now been accelerated. Discussions and interviews are currently underway at the individual banks. Interviews are underway down to the level of frontline staff in bank branches.

The FCAC has not been sharing any other information on the direction or possible outcomes of its review. A preliminary report is scheduled to come out in December 2017, with a final report issued in February, 2018.

CAFII emphasized that the vast majority of products under review is banking products, not insurance-related products. However, some insurance products are included. The only reason some insurance products are being looked at is because they are sold by the insurance arm of a parent bank. The FCAC is primarily looking at how banking products are being sold by the banks, not insurance products.

Closing Comments and Themes

The AMF staff executives emphasized that it would appreciate CAFII's support for a key desire/thrust – something partially addressed by Bill 141 -- which is to make the AMF more independent and autonomous from the government.

The AMF executives emphasized insurers' key responsibility to have adequate oversight and controls in place with respect to their third party distributors.

They underscored the AMF's commitment to building a regulatory regime which fosters insurtech and innovation.

Report on the AMF Rendezvous

13 November, 2017

Montréal, Québec

Overview

On 13 November, 2017 the Autorité des marchés financiers (AMF) held its annual one-day Rendez-Vous event at which it organized discussions on some of its major initiatives.

The agenda for the session can be found here:

<https://lautorite.gc.ca/professionnels/rendez-vous-avec-lautorite-2017/programmation/>

Attending the session on behalf of CAFII were Brendan Wycks and Keith Martin, CAFII's co-Executive Directors. Also in attendance were CAFII EOC members Jason Beauchamp (BMO Insurance) and Moira Gill (TD Insurance).

The day was structured around an opening speech by AMF President Louis Morisset; a plenary session with three speakers on the potential impact of U.S. financial deregulation; a luncheon highlighted by a speech by Québec Minister of Finance Carlos Leitão; and one round of breakout sessions on a variety of subjects including managing conflicts of interest, investment strategies, and developments in fintech. The day concluded with a networking cocktail at which Messrs. Wycks and Martin were able to gather some valuable intelligence.

Opening Speech by President and CEO of the AMF Louis Morisset.

M. Morisset was introduced by AMF Corporate Secretary Anne-Marie Beaudoin. M. Morisset spoke with authority and confidence. A copy of his speech can be found at:

https://lautorite.gc.ca/fileadmin/lautorite/grand_public/salle-de-presse/discours/2017/discours-lm_rdv2017_2017-11-13.pdf

M. Morisset began by saying that the Québec financial ecosystem was sound and strong. He forcefully defended the AMF against recent allegations that it had, with Québec's anti-corruption unit (UPAC), engaged in a kickback scheme. He said that he and the AMF were "profoundly shocked" by these allegations, and that they maligned the AMF's reputation, its integrity, and its people. M. Morisset strongly stated that no concrete proof had been offered to backup these allegations. He added that he was entirely confident in the internal processes of the AMF, and the integrity of his staff, and was confident that the investigation of these allegations by the Auditor General of Québec would vindicate the AMF.

M. Morisset noted that the province's financial systems depend on the confidence of the public in business institutions and the authorities regulating them, and that the kickback corruption allegations were gravely worrisome because they at least momentarily cast some doubt on the integrity of the AMF, and therefore struck at the fundamental sense of confidence that is the foundation for the proper functioning of the financial system of Québec.

M. Morisset then turned to Bill 141, offering a strong defence of it. He said the long-awaited Bill, tabled 5 October, 2017 by the Minister of Finance Carlos Leitão, would strengthen and modernize Québec's financial framework, and he added that the AMF was satisfied by and enthusiastic about the Bill. M. Morisset stated that while the current system was functioning well, it was still subject to confusion and lack of understanding and the new Bill would rectify those deficiencies by completing the effort to make the AMF more completely the single integrated regulatory body for financial institutions in Québec.

The core reason for the existence of the AMF was the protection of the consumer, M. Morisset emphasized, and the new Bill would strengthen its ability to fulfil that mandate. Comments to the contrary were inaccurate, he asserted. Mr. Morisset then made a statement about the distribution of products on the internet which -- while subject to interpretation -- is potentially very important to CAFII, and so this statement will be quoted here, and translated into English:

<<Même quand on parle de distribution de produits d'assurance sans représentant, par Internet, il est acquis qu'un cadre de protection et des balises claires devront être mises en place, pour éviter que la protection du consommateur ne s'en trouve affaiblie. Sur ce point, il importe donc de préciser que l'encadrement proposé par le projet de loi sera complété par une réglementation à être développée par l'Autorité, et approuvée par le ministre des Finances.

<< N'oublions pas, par ailleurs, que le consommateur ne sera jamais « forcé » de se procurer une assurance par Internet. C'est une option qui s'ajoute à ses choix, sans plus. Il sera toujours possible pour le consommateur de se tourner vers un représentant compétent en chair et en os, certifié et encadré par l'Autorité. >> (p.3)

TRANSLATION : "When we speak about the distribution of products on the Internet without an advisor/representative, it is necessary to have protections and clear procedures, to ensure that there is no weakening of consumer protection. On this point, it is critical to point out that the framework proposed by the new Bill will be completed and finalized by regulations to be developed by the AMF, which will be approved by the Ministry of Finance.

"Let us also not forget that consumers will never be forced to purchase insurance on the Internet. It is simply an option among others available to the consumer. The consumer will always have the option of choosing a competent flesh and bones advisor, licensed and supervised by the AMF."

Turning to the issue of the absorption of the Chambres (la Chambre de l'assurance de dommages and la Chambre de la sécurité financière) within the AMF, M. Morisset stated that nothing in the new Bill reduced their obligations or responsibilities. Specifically, he stated that their supervisory responsibilities would continue.

He then spoke about the shift from personally obtaining information about the client (the current obligation) to the new Bill's wording that there was a need to inquire about the client's situation (new Bill's obligation), adding that

<<...l'objectif du projet de loi est d'offrir un modèle d'encadrement moderne, en phase avec la réalité d'aujourd'hui.

<<On parle donc ici entre autres de renseignements qui pourraient être donnés par le client lui-même sur une plateforme de soumission par Internet. Parce qu'il faut se rappeler, nous sommes en 2017... >>

TRANSLATION : « the objective of the Bill is to offer a modern regulatory/supervisory framework, in line with today's reality.

"We therefore envision the possibility that this sort of client information could be shared by clients themselves, through platforms on the Internet. Because we need to remember, it is 2017 ... "

This passage has been shared because, while some of M. Morisset's statements are subject to interpretation, the general thrust throughout M. Morisset's speech was that technology and innovation were a key feature of the modern economy, and that the Bill was developed to modernize the regulatory framework to reflect that reality, and to keep pace with new developments.

M. Morisset said further evidence of a consumer focus in the Bill was the development of a new Consumer Consultative Committee which would, among other things, comment on regulations from the perspective of consumers; and the Bill's providing for enhanced coverage for consumer compensation in the event of wrongdoing by a financial entity. In addition, the Bill significantly enhances whistleblower protections for individuals who reveal wrongdoing.

The next section of M. Morisset's speech focused on the new powers which the AMF would be granted to regulate the Mouvement Desjardins; before he then returned in more detail to the absorption of the Chambres within the AMF and the reasons why he felt this was highly beneficial for the province's regulatory framework and for industry.

M. Morisset stated that he had no doubt there would be consultations on Bill 141, and he added that the AMF would be actively involved to explain why it felt the Bill's merger of the two Chambres into the AMF was desirable.

M. Morisset also spoke in detail about developments around the regulation of investments and securities, before again emphasizing the critical role of technology and innovation in the economy.

He noted that in response, the AMF had developed an internal working group on Fintech, as well as an expert consultative committee on technological innovation, which consists of 12 leaders in the fintech community. M. Morisset also noted that the AMF representative is the current Chair of the CCIR Working Group on Fintech. He also stated his support for the concept of regulatory sandboxes (*un bac à sable réglementaire*).

Panel on the Canadian and International Implications of the Deregulation of the U.S. Financial Sector

The Rendez-Vous continued with a panel on the proposals for a significant deregulation of the United States' financial system. The panel consisted of Sheryl Kennedy, CEO, Promontory Financial Group Canada ULC (Canada); Pierre-Hugues Verdier, Professor at the University of Virginia; and Tiff Macklem, Dean, Rotman School of Management (University of Toronto), and former Senior Deputy Governor of the Bank of Canada. The panel was moderated by Jean-François Fortin, the AMF's directeur général du contrôle des marchés.

The expert panel explored the topic in detail, but because the discussion was not central to the issues CAFII is focused on, a short summary only is provided here. It was observed that while the existing Dodd-Frank regulatory framework has had some unintended consequences and was overly cumbersome for industry, it was created in the aftermath of the near collapse of the global monetary and financial system; a lack of regulatory oversight produced its own risks. The general conclusion was that while some modifications and lightening of the regulatory framework was possible, it was by no means certain in the current U.S. political environment, and a wholesale elimination of agencies and regulations was not likely politically possible.

Luncheon Speech by Minister of Finance Carlos Leitão

Finance Minister Carlos Leitão's luncheon speech focused on two broad themes. The first was an emphatic, forceful, and unequivocal support of the AMF and of CEO Louis Morisset against the allegations of impropriety recently leveled at them. The Minister repeatedly said that he had complete confidence in the integrity of the AMF and of M. Morisset, even at one point saying that since the media tend to occasionally misunderstand him, he wanted to repeat that same statement again. At the end of the speech, M. Morisset came to the stage and the two of them shook hands, with the Finance Minister embracing Mr. Morisset warmly.

The bulk of M. Leitão's speech was a spirited defence of Bill 141, including some of the more controversial elements such as the absorption of the Chambres within the AMF.

But from CAFII's perspective, especially notable were the Minister's emphasis on the importance of recognizing the relevance of new technology, including the Internet. He stated that the whole thrust of the new Bill was to position Québec for the new economic environment where technology and innovation are paramount, and to give the regulator modern tools and enhanced flexibility to respond effectively to emerging economic developments. He emphasized the importance of a modern regulatory approach that reflected the reality of these emerging technologies and supported innovation.

Informal Dialogue and Networking Cocktail Reception

By way of more informal contacts, discussions and dialogue, at the luncheon, Keith Martin was seated at a special VIP table hosted by Marie-Claude Soucy, AMF Vice-President, Administrative Services. Brendan Wycks and Moira Gill were seated at a special VIP table hosted by Maryse Pineault, AMF Senior Director, Distribution Practices.

During the lunch, Keith Martin was seated next to Geneviève Mottard, President and CEO of the *ordre des comptables professionnels agréés du Québec*, the Quebec chapter of the association representing CPAs (Chartered Professional Accountants). This is one of the largest associations in Canada, with over 39,000 members in Québec alone. Ms. Mottard told Keith Martin that despite being regularly consulted on Bill 141, there were many surprises in it and she was very disappointed that she was not made aware of some of these clauses. Notably concerning her were much stronger whistle-blowing provisions in the Bill than she had expected, and auditing requirements on CPAs that were more onerous than she had expected.

At the networking cocktail which concluded the Rendez-Vous, Keith Martin and Brendan Wycks met and spoke with CAFII's Québec legal counsel Sylvie Bourdeau of Fasken Martineau DuMoulin. We agreed to try to speak to some AMF representatives on some of the clauses that were concerning to our members about Bill 141 and the ensuing and related Bill 150 which was tabled on October 31/17.

We were able to speak to Eric Stevenson, Superintendent, Client Services and Distribution Oversight, and pointed out to him some of the specific clauses that were of concern to our members, specifically because they seemed to restrict their existing distribution practices and the ability to sell insurance products through alternate distribution channels. Eric said that the intention of the Bill was to modernize the regulations, and he said that there was no intention to restrict any existing business or distribution rights. Rather, the opposite objective of recognizing the internet as a legitimate distribution and sales platform was the intention. He said that **Louise Gauthier**, Directrice principale des politiques d'encadrement de la distribution, was more knowledgeable about some of the specific issues we were raising, and he was fully supportive of our legal counsel Sylvie Bourdeau arranging a call with him and Louise Gauthier to discuss these issues in more detail. (That call was then arranged and occurred between Sylvie Bourdeau and Louise Gauthier a few days later.)

At the networking cocktail, Brendan Wycks introduced Keith Martin to AMF CEO Louis Morisset; and they had a 7-8 minute conversation in French. K. Martin noted how supportive the Finance Minister was of the AMF in general and M. Morisset in particular, and M. Morisset seemed very pleased about that and said that he truly appreciated the support. He said that the kickback allegations had truly shocked him, and the person making them had been accused in the past of false allegations. He said he was very supportive of the Auditor General reviewing the case and he was looking forward to the release of the ensuing report.

K. Martin also raised with M. Morisset the issue that some of the clauses of Bills 141 and 150 worried some of our members, and he provided some detail on how they might appear to restrict some of their existing sales practices. M. Morisset listened carefully and said that the Bill was not intended to restrict existing practices, and that we should share our detailed concerns through the consultative process. Then, at the end of the conversation as he prepared to leave, he touched K. Martin on the shoulder, paused, and said “don’t worry.”

Committee Updates, 28 November 2017 Board Meeting

Media Advocacy Committee Update—November 2017 (Chair Charles Blaquiere)

- The Media Advocacy Committee, David Moorcroft our media advisor, and when necessary RankHigher have been holding teleconference meetings every two weeks to prepare for our website launch on 14 November, 2017.
- Charles Blaquiere approved recommendations to the EOC and Board around the process leading to the website launch, and the media release.
- The Media Advocacy Committee has also reviewed and supported moving forward with the proposed content and process for responding to a negative article with a Letter to the Editor, which is being forwarded to the Board for approval.
- Charles Blaquiere has submitted a detailed initial budget proposal for the Committee for the 2018 fiscal year.
- The next major strategic initiatives for the Committee are continued enhancements to the website, including potentially adding video content to the site; and preparing media outreach for our research, specifically Pollara Research (Travel Medical Insurance Study, updated from September 2015).

Licensing Committee—November 2017 (Chair Moira Gill)

- The licensing committee will be actively engaged in providing input into the Research priorities for CAFII.
- The budget for the licensing committee in 2018 needs to include funds for possible legal review of proactive proposals CAFII makes to Alberta Manitoba or Saskatchewan relating to representation on the Councils for the restricted licenses.
- The Licensing Committee may need a legal review of proposals related to the development of a corporate license in BC and that possibility has been shared as part of the 2018 budget process.
- While LLQP changes are largely winding down, the Committee continue to monitor this careful.
- Our participation in the FSCO Life Insurance Working Group is allowing CAFII to get ahead of emerging issues, such as the proposed questionnaire on incidental insurance practices in Bank Owned Insurance Companies.

Travel Medical Insurance Experts Working Group Update—November 2017 (Chair Sue Manson)

- The Committee has held several detailed meetings to review the questionnaire for the next phase of the Pollara Research (Travel Medical Insurance Study).
- Some small modifications to the original 2015 questionnaire have been made.
- We are now finalizing arrangements with Pollara, including budget and timing, but the high level recommendations made to the EOC have been approved, specifically approval of a budget of approximately \$35,000 (out of a 2017 research budget of \$50,000); agreement to pay this in 2017 but to have the field research conducted early in 2018; and agreement to have the final report submitted to CAFII probably late in calendar Q1 2018.
- No further research is required in 2018 so no budget request has been submitted by the Working Group for the 2018 budget.

Research & Education Committee—November 2017 (Chair Diane Quigley)

- The R&E Committee has been preparing for implementation of the Strategic Plan, if approved by the Board, including a possible direction to make research a higher priority for CAFII.
- Regulators have indicated an interest in our research findings, so we will coordinate the Committee's work with the Media Advocacy Committee.
- We will be seeking input from regulators on the areas they would be interested in CAFII conducting research on.
- The Committee will also be actively involved, working with the Media Advocacy Committee, in promoting the Pollara Research (Travel Medical Insurance Study).
- In that regard, proposals around budget requirements for the 2018 budget have been submitted.
- The R&E Committee has been focused on enhancing the research background of Committee members and ensuring more members are represented on the Committee. In that respect, four new members have been recruited, from CIBC, BMO, Assurant, and RBC. Diane Quigley, Brendan Wycks, and Keith Martin are meeting in person with these new individuals to get them up-to-speed on the Committee's activities and 2018 priorities.

Agenda Item 3.1
November 28/17 Board Meeting

An ongoing issue on which CAFII has been interfacing with Joanne Abram, CEO of the Alberta Insurance Council (AIC), is the Council's intention to publish definitions on its website of the four types of credit-related insurance that can be offered under a Restricted Certificate of Authority in Alberta, in particular a newly developed definition of creditors' critical illness insurance which is being added to existing definitions of creditors' life insurance, creditors' disability insurance, and creditors' loss of employment insurance.

Both CLHIA and CAFII (in support of CLHIA's views) shared some follow-up recommendations on alternative wording for these definitions back in the Spring of 2017, which were largely incorporated into a new July 2017 draft of the proposed definitions. However, in a recent conversation with CLHIA, we learned that there is still concern within that Association about some of the proposed wordings, and a desire for the definitions not to be published publicly by the AIC.

Ms. Abram, in updating us on this issue during our CAFII liaison visit to the AIC on October 18/17, explained that with a relatively new government in Alberta, there was a desire to review the governance process for appointments to public agencies and Councils such as the AIC. As a result, while the Council currently has adequate insurance industry representation to meet quorum requirements and make decisions, both of the two public representative seats on the Council are currently vacant. Joanne feels that it is important for public representatives to be part of the deliberations on her recommendations to Council on this issue of the definitions of credit-related insurance that can be offered under a Restricted Certificate of Authority in the province; and, as a result, this item is currently in limbo and being held on the back burner until two new public representatives are appointed and have had a chance to familiarize themselves with the issue.

Report on CAFII Liaison Visits to BC, Alberta, and Manitoba Insurance Regulators and Policy-Makers

Background

From 16-19 October, 2017, a CAFII delegation held six (6) meetings with insurance regulator and policy-maker bodies in British Columbia, Alberta, and Manitoba. This tour was part of the effort to fulfil a key element of the in-development CAFII Strategic Plan that has already received support and consensus, namely to meet face-to-face with all key insurance regulators and policy-makers in their home locales at least once every 18 months.

The CAFII delegation comprised Pete Thorn, TD Insurance and EOC Chair (not in attendance at three BC meetings); John Lewsen, BMO Insurance; Moira Gill, TD Insurance (not in attendance at Alberta Treasury Board and Finance meeting); Diane Quigley, CUMIS/Co-operators Group; Shawna Sykes, CUMIS/Co-operators Group; Charles MacLean, RBC Insurance; and Co-Executive Directors Brendan Wycks and Keith Martin.

Each of the meetings was structured around a three-part agenda—(i) participant self-introductions and get acquainted chat; (ii) a presentation led by CAFII's Co-Executive Directors titled "CAFII: Past, Present, and Future" which included some background on the Association, a brief review of its priorities, a snapshot of its recent research projects and their major findings, and an update on future initiatives such as our revamped website and our new Strategic Plan; and (iii) discussion of current regulatory/policy issues of specific relevance to each body. In our last meeting with the Insurance Council of Manitoba, at its request, we also made an additional presentation on "Creditor's Group Insurance Offered By CAFII Members" which reviewed some of the key features and salient points about our members' distribution of Creditor's Group Insurance, related Fair Treatment of Customers practices, and compliance with the rigorous CGI regulatory regime.

General Observations, Executive Summary, and Key Learnings

Some common themes were observed across all of the meetings, without exception. All of the sessions were notable for the genuine appreciation expressed at our making our way to the regulator/policy-maker's own physical location. There was a consistently high level of engagement and interest, and while the tone differed slightly in the meetings, there was a high degree of respectful and courteous dialogue. The presentations were well-received, with much interest expressed in the content. There was also strong and positive feedback on CAFII's expressed commitment to meet face-to-face with regulators and policy-makers in their own locales no less often than once every 18 months, as well as support for the proposal that we would engage in more research and share the results with regulators and policy-makers in our meetings and interactions with them. The CAFII website modernization initiative garnered much interest and there was a strong level of support for the "consumer focus" we were emphasizing. There was also interest in our Strategic Plan and a desire for us to share a high-level version of the finished Plan when we were able to do so.

17 October, 2017---Insurance Council of British Columbia

CAFII met with the retiring Executive Director of the Insurance Council of British Columbia Gerry Matier and his incoming successor Janet Sinclair at the Council's offices. Janet's participation was notable in that she does not officially join the Council's employ until November 1/17, yet made herself available for this meeting.

Also notable is that, for the first time ever for CAFII, we were invited to present to and meet with the actual Council members, not just the Executive Director and senior staff. These Council members included representatives from the life insurance brokerage community, and while there were some direct questions, the tone was very cordial and professional throughout. There was a high level of engagement and interest, so much so that at the end of the meeting we were told that there was no rush for us to end on time, and the formal meeting continued for 30 minutes past the allotted time; and after the meeting was complete, there was another 10 minutes of informal discussion as the CAFII delegation made its way out of the meeting room.

Brendan Wycks began the meeting by, on behalf of CAFII, paying tribute to outgoing Council Executive Director Gerry Matier, and thanking him for always treating the financial institutions-in-insurance sector as a vital stakeholder; and for maintaining a cordial, open, transparent, and mutually beneficial relationship with CAFII. He also congratulated Janet Sinclair on her appointment as the new Executive Director; and expressed CAFII's wish to have the same productive working relationship with her as it has enjoyed with her predecessor.

CAFII raised the issue of a Restricted Insurance Agent (RIA) regime possibly being introduced in British Columbia, and Gerry Matier indicated that the Council had not had a discussion about that yet. We indicated that in early 2018, when the BC Ministry of Finance releases its Policy Paper emerging from the 10-Year Review of the Financial Institutions Act/Credit Union Incorporation Act, an RIA regime is likely to be proposed. It was very interesting that some Council members indicated during this part of the discussion that they did not know what an RIA license was; and that when the explanation was given that under an RIA regime, it was a requirement for a corporate entity to have a license to permit its employees to sell incidental insurance, that appeared to be a new and foreign concept to some.

A Council member recalled that in its submission to the Ministry of Finance's 10-Year Review of the FIA/CUIA, the Council had recommended that the current licensing exemption for incidental sellers, including CAFII members who sell CGI, should be abolished or severely constrained; and that the Council had proposed a few options for achieving that end, one of which was to have a \$50,000 coverage limit on the licensing exemption, above which a licensed agent would need to be involved. CAFII representatives replied that our Association strongly disagrees with that proposal, as it would produce significant licensing and business process costs for our members.

Gerry Matier also emphasized that in its FIA Review submission, the Council had recommended that the federal Bank Act's prohibition against the selling of insurance in individual bank branches should be lifted.

There was also a very interesting discussion of the current political environment in British Columbia, and whether the minority government would be able to complete the 10-Year Review of the FIA/CUIA process before another election. Gerry Matier noted that minority governments tend not to continue to the end of their mandates, and therefore it's unlikely that the 10-Year Review of the FIA/CUIA will be completed before another provincial election is held in the province.

There were some interesting questions from the Council members. One of the CAFII slides indicated that our travel medical research results (Pollara) indicated that 99% of claims were paid, 75% fully and 24% partially. This was interpreted by a Council member to suggest that 24% of our claims were not fully paid, which she indicated was a poor outcome. It was explained by Charles MacLean from RBC Insurance that this situation can occur where, for example, an individual may be offered a trip back to Canada due to a medical condition, but they want to take an earlier flight than the insurance coverage offers, or they may wish to take business class, to cite a few illustrative examples—and that the insurance will only pay for the cost of the trip that the coverage allows, hence the partial payment. She found that to be a satisfactory answer.

Another member of the Council challenged the concept of an exemption from individual licensing for financial institution employees selling insurance, saying that it put consumers at risk. This individual said that three conditions were necessary for an appropriate sale—product knowledge of the seller, product knowledge of the buyer, and the suitability of the product; and that non-licensed individuals would not meet the “product knowledge of the seller” criteria. In reply, we explained both the relative simplicity of the CGI products our members sell, and the training and support that their employees receive.

Other points raised in the discussion were about the presentation made by CAFII to Saskatchewan Minister of Finance Kevin Doherty on June 1/17 regarding that province's introduction of PST on insurance premiums; on the importance of harmonization of licensing standards across jurisdictions, with a particular emphasis on the importance, if B.C. introduces an RIA regime, that it be as identical as possible to those already in place in the other Western provinces; and an update on CAFII's upcoming meeting with Saskatchewan Insurance Councils Executive Director Ron Fullan and his deputy April Stadnek on the possibility of achieving “representation” and a voice for restricted licence holders in that province through an advisory committee to the Executive Director, or to the Councils —something we urged the BC Council to consider if an RIA regime is introduced in its own province.

There was also an interesting discussion of a scandal re cheating on the Life Licence Qualification Program (LLQP) modular exams, by groups of individuals from particular organizations, which the Council has recently uncovered and is addressing. Gerry Matier also indicated that he did not feel that the Council's current loose, unprescribed continuing education requirements were sufficient for ensuring adequate protection of consumers, and that additional requirements were needed to achieve that goal.

Another key point that made by CAFII was that many of the transgressions and the lack of compliance that occurs in the sale of incidental insurance is with less-established or credible players; and that, in contrast, CAFII member bank and credit union financial institutions have tremendous reputational risk if they are not compliant. There is a strong culture amongst all of our members to ensure protection of consumers and adherence to regulatory regimes, with strong compliance departments that enforce this.

Janet Sinclair, the incoming Executive Director, was attentive but did not speak during the meeting. But she spoke in-person with several members of the CAFII delegation after the meeting and said that she found the meeting very informative and productive. She indicated that she was very pleased about our intention to meet in-person with the Insurance Council in Vancouver at least once every 18 months, and that she looked forward to working with us. She was cordial and friendly.

17 October 2017—British Columbia Ministry of Finance

We held a meeting with two individuals from the Ministry of Finance, namely Kari Toovey, Acting Executive Director, Strategic Projects & Policy (head of 10-Year Review project), (Kari is normally Director, Legislative Policy Projects, Strategic Initiatives Branch, Policy & Legislation Division, Ministry of Finance), along with a junior associate. Kari is acting in the Executive Director role because Elizabeth Cole is currently on an extended leave. Kari's colleague in the meeting did not participate in the discussion. They travelled to our meeting in Vancouver from Victoria, for which we expressed much appreciation.

Importantly, Kari mentioned that she expected that the possibility of an RIA regime in BC would be proposed in the Policy Paper now scheduled to be released in early 2018 as the next phase in the 10 Year Review of the FIA/CUIA. In that connection, on behalf of CAFII, Moira Gill stressed the critical importance of absolute harmonization with the other Western provinces that already have an RIA regime, and of a sufficient implementation period being provided for our members, between the notification about a new regime and the date of its implementation.

There was an open and fruitful discussion that covered many of the same issues discussed in our Insurance Council of British Columbia meeting, including our views on a possible RIA license regime in that province, and our concerns about being “tarred by the same brush” due to the behaviour of other players in the incidental sales of insurance space who do not adhere to the high standards we emphasize around compliance and the Fair Treatment of Customers.

Kari was very open about how the recent change in government in British Columbia, which had resulted in a new Minister and Deputy Minister of Finance, had slowed down the advancement of the 10 Year Review of the FIA/CUIA. She acknowledged that the Review was at least one year behind schedule on its original target of the Fall of 2018 as the “in force” date for any resulting legislative and/or regulatory changes. She said, however, that things were recently progressing more quickly and that it was her responsibility and the responsibility of her colleagues to act on the assumption that the current government would complete its mandate, and by extension to operate on the basis that completion of the 10 Year Review of the FIA/CUIA would be achieved by the current government.

Kari was very interested in our comments on commissioning more research, and indicated that she would be pleased to learn more about what topics we were planning to pursue. We also had a discussion about innovation and the pace of change in the industry, with CAFII members indicating that the regulatory regime can play an important role in either fostering, or constraining, innovation and technological change. It was mentioned that a flexible regulatory regime -- for example the willingness to use “regulatory sandboxes” that give innovators some temporary relief from some regulations during the critical initial stage of development -- was important in fostering innovation. Kari was interested in this concept and asked us to share with her, over time, any examples that come to our attention of regulatory rules that are constraining innovation in our industry.

17 October 2017 -- British Columbia Financial Institutions Commission (FICOM)

CAFII met with four staff executives from the B.C. Financial Institutions Commission (FICOM): Frank Chong, Acting Superintendent of Financial Institutions; Michael McTavish, Acting Executive Director, Market Conduct Supervision; Harry James, Senior Regulatory Advisor; and Doug McLean, Executive Director, Insurance and Trusts.

This meeting had a slightly different tone than any of the others, with a more formal and officious flavour and less of a sense of collaboration. The impression left was that FICOM intended to assert its authority and imprint on attendees and that it expects to be taken seriously. There was mention – by FICOM -- of the cease and desist order it had recently issued against Western Life Assurance; and the explicit point was made -- both by Frank Chong, the Acting Superintendent of Financial Institutions, and Michael McTavish, who led the investigative and enforcement efforts on this initiative -- that the order was meant to let the industry generally know that lack of compliance would not be tolerated, and would produce consequences. It was added that it was preferable for players to understand the importance of compliance as opposed to the regulator needing to enforce rules, but that if enforcement was required, it would occur.

These comments were made in the context of an earlier statement that travel insurance and CGI had been and would continue to be “an important focus for FICOM.” In the particular case of Western Life Assurance, the point was repeated that it was not sufficient to be compliant with one’s internal processes; FICOM stated that “insurers own the distribution” and were expected to exhibit knowledge of and exercise control over their distributors.

An added point was that there would be additional attention to enforcement of regulations on travel insurance from FICOM in the future, but the intention was not to surprise industry; institutions that are compliant will not be subject to action. FICOM representatives indicated that more general, thematic regulatory issues would be pursued through CCIR.

FICOM expressed an interest in the Financial Consumer Agency of Canada (FCAC) review taking place around alleged “high pressure sales” by banks, and CAFII members were asked if they could provide an update. A few CAFII members gave a high-level overview of where their institutions were in the review process. Frank Chong asked whether this review by FCAC on pressure selling included a review of the sale of CGI, and the response was that this was not a significant focus of attention in the review to date, with the strong focus instead being on core bank products.

FICOM representatives also stated that it was necessary to think about how the sales process ultimately affects the consumer. FICOM added that it was not an excuse if a sales practice by a third party was not understood by the institution whose product is being sold (hearkening back to the cease and desist order against Western Life Assurance).

Harry James spoke about the current status of the CCIR Travel Health Insurance Products Position Paper. He noted that Joan Weir at CLHIA is currently engaged in consumer testing, via focus groups, of some of the recommended changes to policy wording and design coming out of the industry reforms arising from the Position Paper. We indicated that we would follow up with Joan Weir about this.

We also mentioned that we are planning to do an update of our Pollara research study on consumers' experiences and satisfaction with travel medical insurance, and FICOM expressed an interest in our findings.

Frank Chong mentioned that the CCIR has created a Natural Catastrophes Working Group and that given B.C.'s experience with and vulnerability to these types of incidents such as wildfires and earthquakes, FICOM had been asked to chair this group for CCIR.

In closing, Frank Chong advised that FICOM is undergoing a governance review at the direction of the new government, which is being led by former B.C. Deputy Minister Bob de Faye. He was doing this governance review under very constrained timelines and a limited consultative outreach, but he would be meeting CLHIA CEO Stephen Frank. We asked about whether CAFII might be consulted, but the response was that the timelines were too tight to expand the consultative schedule.

18 October 2017--Alberta Treasury Board and Finance

CAFII met with a group comprised of the following Alberta Treasury Board and Finance staff executives: Nilam Jetha, Assistant Deputy Minister and Superintendent of Insurance, whom we met for the first time; David Sorensen, Deputy Superintendent of Insurance, whom we also met for the first time; Wayne Maday, Director, Insurance Policy; Laurie Balfour, Director, Financial Compliance, Insurance Regulation and Market Conduct Branch; and Linda Gorham, Special Assistant to the Assistant Deputy Minister.

There was a very open, collegial, and friendly tone to the meeting, with a spirit of collaboration and information-sharing. Nilam Jetha was interested and attentive, but did not offer many comments; Laurie Balfour was the most vocal and engaged of the attendees from ATBF.

There was interest and support for CAFII's key points in our opening comments and presentation; and appreciation for our intention to visit regulators and policy-makers in Alberta on a regular basis. On the subject of research, there was an explicit request for us to share our research findings on a regular basis, and a suggestion that we should make a plan to do so as well with CCIR.

CAFII provided updates of interest to ATBF -- several related to recent discussions with the Alberta Insurance Council (AIC), including our discussions with them in the past year on their definitions of the four types of credit-related insurance that can be offered under a Restricted Certificate of Authority.

Laurie Balfour gave a detailed and transparent update on the status of the CCIR's Annual Statement on Market Conduct. She indicated that while tweaks and adjustments re instructions and related explanations were being made to the Year 2 version of the Annual Statement, any material changes to the Statement would only be introduced in the Year 3 version of the Statement, at the earliest, and only after consultation with the industry. It was observed and agreed that IFRS 17 – an international accounting standard related to the recognition of insurance contracts – could have an impact on the CCIR Annual Statement, and delay the introduction of any substantive changes until the Year 4 version.

CAFII mentioned that CCIR Policy Manager Martin Boyle had previously advised CAFII that CCIR would be in a position to share an aggregated results report from the Year 1 Annual Statement in late 2017.

However, Laurie Balfour advised that sharing aggregated results from Year 1 was not realistic, and that there would likely be delays in analyzing results in general. Furthermore, she indicated that the Year 1 survey was based on “best efforts” attempts by industry participants, and that a learning was that this was interpreted widely by industry participants, such that consistency of inputs and the ability to affectively analyze information was challenging. The unstated impression left was that there were significant data and analytics challenges facing the reporting of results from the Annual Statement, which would be consistent with industry experience.

An interesting fact shared with CAFII was that no ATBF representative would be attending the CCIR Annual Stakeholder Meetings coming up on October 25/17 in Toronto in-person, due to travel restrictions on government departments, and instead they would be teleconferencing into the meeting.

ATBF reiterated their interest in CAFII’s research efforts and asked us to keep them informed of our progress in this area; and they indicated a great interest in our new Strategic Plan and asked us, if possible, to share a copy with them when that initiative was complete.

Brendan Wycks informed the ATBF representatives that in CAFII’s meeting with the Alberta Insurance Council that afternoon, he would be extending thanks and kudos to the AIC and its CEO Joanne Abram for strong, steady, veteran executive leadership of Council; principles-based regulation; finding a fair balance between consumer protection and fostering industry efficiency and innovation; and progressive leadership within CISRO.

18 October, 2017--Alberta Insurance Council

CAFII met with the following four Alberta Insurance Council staff executives in Edmonton: Joanne Abram, CEO (Edmonton office); Anthonet Maramieri, Chief Operating Officer (Calgary office); Warren Martinson, Director of Legal & Regulatory Affairs (Calgary office); and Sylvia Boyetchko, Director of Licensing (Edmonton office).

The meeting was notable for its cordiality and atmosphere of partnership, with Joanne Abram and Anthonet Maramieri very engaged. There was much interest in the CAFII presentation, with Joanne and Anthonet asking several questions about CAFII’s website modernization initiative. They indicated an interest in being advised of when the new site was formally launched. Research by CAFII was also an area they expressed interest in, and they seemed genuinely interested in taking us up on our invitation to share with us their views of research topics that they would find helpful to get more information about.

An ongoing issue on which CAFII has been interfacing with Joanne Abram is the Alberta Insurance Council’s intention to publish definitions on its website of the four types of credit-related insurance that can be offered under a Restricted Certificate of Authority in Alberta, in particular a newly developed definition of creditors’ critical illness insurance which is being added to existing definitions of creditors’ life insurance, creditors’ disability insurance, and creditors’ loss of employment insurance.

Both CLHIA and CAFII (in support of CLHIA’s views) shared some follow-up recommendations on alternative wording for these definitions back in the Spring of 2017, which were largely incorporated into a new July 2017 draft of the proposed definitions. However, in a recent conversation with CLHIA, we learned that there is still concern within that Association about some of the proposed wordings, and a desire for the definitions not to be published publicly by the AIC.

Ms. Abram, in updating us on this issue during our CAFII liaison visit to the AIC on October 18/17, explained that with a relatively new government in Alberta, there was a desire to review the governance process for appointments to public agencies and Councils such as the AIC. As a result, while the Council currently has adequate insurance industry representation to meet quorum requirements and make decisions, both of the two public representative seats on the Council are currently vacant. Joanne feels that it is important for public representatives to be part of the deliberations on her recommendations to Council on this issue of the definitions of credit-related insurance that can be offered under a Restricted Certificate of Authority in the province; and, as a result, this item is currently in limbo and being held on the back burner until two new public representatives are appointed and have had a chance to familiarize themselves with the issue.

CAFII also raised the issue of trying to create a vehicle for representation and a voice for RIA licence holders on the Alberta Council. Joanne Abram reiterated that she is supportive of that effort and said that she would be keenly interested in the outcome of CAFII's and CLHIA's discussions on this issue, slated to take place on 27 October, 2017, with Ron Fullan, Executive Director, and April Stadnek, Director of Compliance, Insurance Councils of Saskatchewan. Joanne requested that we keep her informed. Mention was made that the CLHIA had developed a document outlining the Terms of Reference for such an representational/voice body, and Joanne Abram requested that we ask CLHIA if they can send a copy to her attention.

CAFII noted that there had been mention of some changes to the licensing regime in Alberta, and Joanne Abram responded that some comments she had made on a panel at the 2017 CLHIA Compliance and Consumer Complaints Conference in London, Ontario had been misinterpreted. She had indicated that there was exploration of expanding the mandate of the Council, but this was not intended in any way to suggest that the structure or purpose of the existing RIA regime was undergoing a review. Rather, the issue is that with new technologies and players cropping up in the industry, it was important for the Council to have the flexibility to review and respond to new developments. She mentioned the possibility that some of the current arrangements for travel insurance-related licensing may be reviewed as part of this effort.

Joanne Abram also noted that currently, renewals of licenses can currently be done online in Alberta, and it is the intention of the AIC to extend this online capability to applications for new licenses starting in the Spring of 2018.

The AIC expressed interest in the work being done on wording for travel insurance documents as part of the efforts of the CAFII Travel Medical Experts Working Group. We let the AIC representatives know that at our BC FICOM meeting, we learned that the CLHIA was sending some of the proposed wording and design enhancements out for consumer testing via focus groups. There was interest in the outcome of that effort and a request that it be shared with the AIC.

In concluding the meeting, on behalf of CAFII, Brendan Wycks extended thanks and kudos to the AIC staff and CEO Joanne Abram for strong, steady, veteran executive leadership of Council; principles-based regulation; finding a fair balance between consumer protection and fostering industry efficiency and innovation; and progressive leadership within CISRO, including developing the Canadian Insurance Participant Registry (CIPR) as the platform for a nationally harmonized insurance licensing system.

19 October, 2017--Insurance Council of Manitoba

CAFII's final meeting in its Western tour was with the Insurance Council of Manitoba. The meeting was unique in that the members of ICM's Incidental Sales of Insurance (ISI) Committee (an ad hoc committee established in 2015, at the time that Manitoba implemented its new RIA regime) were invited to attend as well. Because of the large size of the group of attendees at the meeting, it could not be accommodated at the ICM's offices, so the Chair of the ISI Committee, Paul Brett, hosted it at his law firm Thompson, Dorfman, Sweatman LLP. In attendance from the Insurance Council of Manitoba were Barbara Palace Churchill, Executive Director; Lee Roth, Investigator; and Heather Winters, Director, Licensing & Compliance. Also in attendance was Deputy Superintendent of Insurance Scott Moore from the province's Financial Institutions Regulation Branch (FIRB).

The meeting attendees were engaged and interested, with much dialogue occurring in a nearly two-hour meeting. At this meeting, we presented the same "CAFII: Past, Present, and Future" presentation along with another presentation on "Creditor's Group Insurance Offered By CAFII Members" which reviewed some of the key features and salient points about our members' distribution of Creditor's Group Insurance, related Fair Treatment of Customers practices, and compliance with the rigorous CGI regulatory regime.

There was interest in our CAFII website modernization initiative and our intention to conduct more research. There was discussion around the impact of technology and innovation on the industry, and it was suggested that CAFII and ICM could collaborate on these developments and their impact on the regulatory environment.

CAFII asked a question about possible upcoming adjustments to the RIA regime in Manitoba, to which Scott Moore gave a detailed response. He explained that it was not the intention to change the approach around RIA licenses for those holding them, but rather any adjustments to the system were about allowing the Council to respond more quickly to developments in the marketplace, for example giving it the ability to respond to ISI players who were emerging but didn't fall under the auspices of the RIA regime as currently provided for in legislation and regulations. It was noted that the ICM's mandate is under the jurisdiction of the Superintendent of Insurance, and the intention is to give Council the ability to have the flexibility to look at new products and services and to recommend quickly to the Superintendent appropriate policies and oversight, and to shut down inappropriate activity.

Lawyer and meeting host Paul Brett was very engaged in the dialogue throughout and noted that he was very supportive of, and recommending to the ICM, "delegated regulatory approaches" – also known as a "Delegated Administrative Authority" – under which a regulatory authority allows for regulations to be administered by outsourced third parties to avoid bottlenecks. He said that FSCO was a prime example of a regulator that used this sort of regulatory practice and that it was highly effective.

There was an interesting discussion on the impact of technology on the industry, and specifically how incidental sales of insurance would occur when the product that the insurance was associated with was sold online; and how such online activities could best be regulated and licensed. It was agreed that this was a significant emerging issue that CAFII and the ICM could collaborate on.

CAFII also mentioned that we were exploring with Saskatchewan Insurance Councils Executive Director Ron Fullan and his deputy April Stadnek the possibility of an advisory committee for achieving representation and a voice for RIA licence holders, and we were asked to keep the Manitoba Council informed of developments.

One member of the ISI Committee mentioned concern around a specific product sold in car dealerships, where the insurance coverage related to a vehicle purchase was being sold under a “single premium” structure and being wrapped into the principal. This product had resulted in instances where the policyholder was not getting refunded a portion of the premium paid where he/she had paid off the loan before the amortization period was complete. We said that we were not aware of the existence of such a product; and ICM investigator Lee Roth challenged this, noting that he had encountered it and suggested that our members were selling it indirectly through car dealerships in Manitoba. We had a discussion around this product and offered to investigate internally to better understand the issue.

Overall, there was a high level of engagement and interest in the dialogue throughout this meeting, so much so that at the end of the meeting we were told that there was no rush for us to end on time, and the formal meeting continued for 15 minutes past the allotted time. And after the meeting was complete, there was another 10 minutes of informal discussion as the CAFII delegation made its way out of the meeting room.

Agenda Item 3.3
November 28/17 Board Meeting

From: Moore, Scott (FINFIRB) [mailto:Scott.Moore@gov.mb.ca]
Sent: Tuesday, November 21, 2017 4:01 PM
To: 'Brendan Wycks'; 'Keith Martin'
Cc: 'Barbara Palace Churchill'; 'Heather Winters'; Lee Roth
Subject: CAFII Clarification Request Re Concerns Raised In October 19/17 Liaison Meeting With Insurance Council of Manitoba

Brendan/Keith,

Further to Barbara Palace Churchill's email, I would like to provide some additional comments from the perspective of our office's experience.

In the past (prior to the introduction of the Restricted Insurance Agent Licence regime) our office reviewed a number consumer complaints which involved not only auto dealers but also financial institutions (such as credit unions) who were involved in charging the entire insurance premium (creditor related products) up front by adding it to the principal of the loan (versus collecting the premium payments over the course of the loan i.e. monthly, weekly, bi-weekly). Issues around this practice would usually be identified when the consumer (insured) payed out their loan early and then found out that any refund they may have anticipated was generally insignificant. As The Insurance Act or Regulations did not provide us with any jurisdiction over the entities mentioned above who were offering the insurance products to consumers, our office was limited to contacting the insurers who were underwriting the insurance. At that time, our most significant concern was obtaining confirmation from insurers that consumers were being provided with sufficient documentation which clearly disclosed how the premium was being paid (one time or over the course of the loan?).

I trust that this additional information will assist you when you are approaching your Members about how wide spread this practice is and the steps they take in order to ensure that consumers are being provided with sufficient documentation about how the premiums are being paid. If either of you have any further questions, please do not hesitate to contact me.

Regards,

J. Scott Moore
Deputy Superintendent, Financial Institutions
Financial Institutions Regulation Branch
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From: Barbara Palace Churchill [mailto:bpalacechurchill@icm.mb.ca]
Sent: November-21-17 11:29 AM
To: Brendan Wycks <brendan.wycks@cafii.com>
Cc: 'Keith Martin' <keith.martin@cafii.com>; Lee Roth <lroth@icm.mb.ca>; Heather Winters <hwinters@icm.mb.ca>; Moore, Scott (FINFIRB) <Scott.Moore@gov.mb.ca>
Subject: RE: CAFII Clarification Request Re Concerns Raised In October 19/17 Liaison Meeting With Insurance Council of Manitoba

Hello Brendan,

Thank you for your email. Our staff and ISI committee also enjoyed the opportunity to participate in this meeting and dialogue with CAFII and its members. I appreciate the history of open communications that I've seen with ICM and CAFII, and welcome opportunities for this to continue.

During our dialogue, our committee member and our Investigator provided descriptions of situations that they had encountered in discussions with consumers who had raised concerns about these types of "single premium" policies and information they had provided to ICM. To clarify, these situations were posed as examples of instances of these products that we have had knowledge of through information we had received from consumers, and were not intended to challenge CAFII members; the examples were provided for your members' information as to what we have heard directly. ICM has not had a formal investigation of these matters, as our mandate relates specifically to insurance intermediaries who are our licence holders and not to insurers' provision of particular products.

Further to your questions posed below, we have included Scott Moore in this email for his involvement and response to your query, as the questions relate more directly to the Superintendent's mandate with regard to insurance companies and the products they provide. As CAFII members are insurance company providers of products, they are beyond ICM's direct mandate.

We do, however, do have a concern with regard to how these products are being disclosed or explained to consumers at the point of sale by the Restricted Insurance Agents who are dealing directly with the public; those RIAs are our licence holders and within our mandate. We would be interested in learning how CAFII's members ensure there is due diligence in providing information or supports to the RIAs who are distributing their products to ensure appropriate disclosures and explanations to consumers. These products have not only been distributed through auto dealers but also through sales and finance companies, so you may wish the question that is put to your members to be broader than solely auto dealers; the issue of providing appropriate information at the point of arranging credit remains a concern. In instances where a consumer repays a loan earlier than full term, this should result in refunded premium, but we are unsure if this occurs in these single premium situations, or what information is provided to the consumer.

Please let me know if there is any clarification you would need.

Best regards,
Barbara Palace Churchill, LL.B., CPA, CMA
Executive Director
INSURANCE COUNCIL OF MANITOBA
466-167 Lombard Avenue
Winnipeg, Manitoba

From: Brendan Wycks [mailto:brendan.wycks@cafii.com]
Sent: November-09-17 1:36 PM
To: Barbara Palace Churchill
Cc: 'Keith Martin'; Lee Roth; Heather Winters
Subject: CAFII Clarification Request Re Concerns Raised In October 19/17 Liaison Meeting With Insurance Council of Manitoba

Hi, Barbara.

On behalf of everyone at CAFII, thank you to you and your ICM senior staff team; your ISI Committee Members especially Paul Brett for hosting; and to Deputy Superintendent Scott Moore -- for a collegial and productive dialogue and exchange during our delegation's liaison meeting with you on October 19 in Winnipeg.

In that connection, Keith Martin and I want to advise that we are working on the investigation and information-gathering necessary to be able to get back to ICM on the concerns raised about a particular ISI insurance product being sold through auto dealers in your province.

At this time, we're writing to ask you to confirm and/or clarify the questions/asks that you've posed to our Association related to that particular ISI product.

First of all, please confirm that this is an accurate summary of concerns raised during our dialogue (feel free to add and/or clarify, as appropriate):

One member of the ISI Committee raised concerns about a specific product sold in car dealerships, where the insurance coverage related to a vehicle purchase was being sold under a 'single premium' structure and the insurance premium was being rolled into the loan principal for payment.

Two specific fair treatment of consumers concerns were raised with respect to how his product is being sold and structured/administered in Manitoba.

First, this product has resulted in instances where the policy-holder is not receiving a refund of a portion of the insurance premium paid when he/she pays off the loan early, before the amortization schedule has run its course.

And second, it has resulted in instances where almost all of the consumer's periodic loan payments is being applied to cover the insurance premiums and very little is being applied to reduce the principal of the loan, such that even after several years of making periodic payments, the consumer's principal balance on the car loan has remained practically unchanged.

The CAFII members present responded that they were not aware of the existence of such a product. However, ICM Investigator Lee Roth challenged that response, noting that he had investigated consumer complaints related to the product in question, and he suggested that some CAFII members were indeed selling it through relationships with car dealers in Manitoba.

CAFII agreed to look into this matter internally with the Association's members; and to facilitate a response(s) to ICM on the matter once it had been investigated.

Please also confirm and/or clarify what are the specific questions to which you would like our Association or our directly relevant Members to respond. Would they be the following?:

- Does your company offer any 'single premium' insurance products through auto dealers in Manitoba?
- If yes, is your 'single premium' insurance product(s) structured and administered in such a way that the insurance premium is rolled into the loan principal for payment?
- If yes, what corrective measures can be taken to address the Fair Treatment of Consumers issues raised in the dialogue summary above?

Thanks, in advance, Barbara for your awaited reply, which will help us to expedite this matter and facilitate CAFII's response.

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

Agenda Item 3.4
November 28/17 Board Meeting

Report on CAFII Stakeholder Meeting With Canadian Council of Insurance Regulators

Date: Wednesday, October 25, 2017
Time: 9:15 to 9:55 a.m.
Location: Haliburton Room, Intercontinental Toronto Centre Hotel, 225 Front St. West, Toronto

CCIR Attendees:

Patrick Dery, AMF; and CCIR Chair
Brian Mills, Superintendent of Insurance, FSCO; and CCIR Vice-Chair
Robert Bradley, Superintendent of Insurance, PEI; and CCIR Vice-Chair
Scott Moore, Deputy Superintendent of Insurance, Manitoba; and CCIR Vice-Chair
Frank Chong, Superintendent of Insurance, BC FICOM; and Chair CCIR Natural Catastrophes and Consumer Awareness Working Group
Harry James, BC FICOM; and Chair, CCIR Travel Insurance Working Group
David Sorensen, Deputy Superintendent of Insurance, Alberta Treasury Board & Finance (by phone)
Laurie Balfour, Alberta Treasury Board & Finance; Chair, CCIR Insurance Core Principles Implementation Cttee (by phone)
Ron Fullan, Executive Director, Insurance Councils of Saskatchewan; and Chair, CISRO
April Stadnek, Director of Compliance, Insurance Councils of Saskatchewan
Anatol Monid, FSCO; and Chair, CCIR Harmonization Working Group and Segregated Funds Working Group
Andrea Chow, FSCO;
Peter Burston, FSCO;
Louise Gauthier, AMF; and Chair, CCIR Fair Treatment of Consumers Working Group
Nathalie Sirois, AMF; and Chair, CCIR ICPic Market Intelligence Working Group
David Weir, Deputy Superintendent of Insurance, Financial Consumer Services Commission of New Brunswick
Jennifer Calder, Deputy Superintendent of Insurance, Nova Scotia (by phone)
John O'Brien, Superintendent of Insurance, Newfoundland (by phone)
Martin Boyle, CCIR Policy Manager
Tony Toy, CCIR Policy Manager

CAFII Attendees:

Peter McCarthy, CAFII Board Chair and President & CEO, BMO Life Assurance Company and BMO Life Insurance Company;
Sue Manson, CAFII EOC Member and Planning Director, Strategy & Planning, CIBC Insurance;
Andrea Stuska, CAFII EOC Member and Government and Industry Relations, TD Insurance;
John Lewsen, CAFII EOC Member and Chief Compliance Officer, BMO Insurance;
Keith Martin; CAFII Co-Executive Director;
Brendan Wycks, CAFII Co-Executive Director

Purpose of meeting: In 2012, CCIR instituted these dedicated face-to-face meetings with industry stakeholder groups to take the place of presentations at its semi-annual meetings. This allows CCIR to focus on industry input, rather than trying to combine that input with the rest of the CCIR agenda. These meetings are informal from CCIR's perspective, and no formal presentations are expected.

In his 2017 Stakeholder Meeting invitation, CCIR Policy Manager Martin Boyle advised that these sessions provide industry representatives and other interested parties with an opportunity to discuss concerns and emerging issues in the country's insurance sector directly with the provincial and territorial regulatory authorities. CCIR members view the meetings as a valuable opportunity for stakeholders to provide input, insight, and context around emerging regulatory issues and priorities affecting Canada's insurance market.

Meeting Dialogue and Information/Intelligence Shared By CCIR

After each CAFII representative and each regulator member of CCIR present in-person or on the phone had introduced him/herself, CAFII Executive Director Brendan Wycks thanked CCIR for the opportunity to meet in-person. He then provided the following brief re-introduction to CAFII:

As you may recall, CAFII is an industry Association dedicated to the development of an open and flexible insurance marketplace, in which consumers have maximum choice in accessing coverage. Central to our mandate is improving access for the vast under-served middle market of Canadians to simple, straightforward insurance products through a variety of distribution channels. We believe that consumers are best served when they have meaningful choice in the purchase of insurance products and services.

Our members offer travel, life, health, and creditor's group insurance across Canada. In particular, creditor's group insurance and travel insurance are the product lines of primary focus for our Association as our members' common ground. 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 Bank Canada, Assurant Solutions, Valeyo (formerly known as Canadian Premier Life Insurance Company), and The CUMIS Group Ltd.

During dialogue on CAFII's topics of mutual interest, CCIR shared the following information.

CCIR has completed its 2017-2020 Strategic Plan; and it is now working on a second Co-operative Supervisory Plan for the 2018 year which will include both thematic reviews and company-specific reviews.

CCIR recognizes the need to improve the Annual Statement including its instructions section; therefore CCIR will be offering webinars for the members of each stakeholder Association on the Year 2 tweaks being made to the Annual Statement.

A new area of interest for CCIR is home warranty insurance. Council members want to look at the industry's compliance with required home warranty insurance market conduct practices.

Brian Mills spoke about FSCO and its transformation over the next two years into part of Ontario's new Financial Services Regulatory Authority (FSRA), which will be an integrated financial services regulator excluding only securities. This is all about modernizing the regulator and the transformation will begin to happen in 2018. The Ministry of Finance will review and approve the FSRA implementation plan, once developed by its three member founding Board of Directors; and then there will be 18 months to implement it, which should mean completion and a formal launch of the new FSRA at some point in 2019.

Mr. Mills said that FSCO cannot engage in regulatory sandbox activity at this point in time because it does not have the necessary rule-making authority to approve regulatory "forebearance." In contrast, the Ontario Securities Commission does have rule-making authority already and therefore has launched its OSC Launchpad regulatory sandbox as a "forebearance" initiative. The OSC can propose a forbearance initiative under its regulatory authority and then Minister of Finance has 75 days to review it, and either approve or deny it. Approval turns the initiative immediately into law. FSRA will have the same powers from Day One, at the time of its establishment.

Louise Gauthier of the AMF indicated that while it is still necessary at this time for insurance sales representatives to be licensed in each jurisdiction across the country, CCIR recognizes that the industry would find a system of mutual reciprocal recognition much easier to deal with. And CCIR's new Harmonization Working Group will be looking into possibilities in that area.

CCIR Policy Manager Martin Boyle agreed to send CAFII a list of the Working Groups and Committees of the CCIR and their Chairs; and that list is provided as Appendix E to this report.

Appendix A

Presentation/Dialogue on Stakeholder's Topics of Mutual Interest

CCIR's New 2017-2020 Strategic Plan

Peter McCarthy

CAFII congratulates CCIR on developing and adopting a well-focused, balanced, and achievable **Strategic Plan 2017-2020** earlier this year.

We recognize the wisdom and prudence of committing to three equally important strategic priorities, one focused on each of consumers, regulators, and the industry.

In the limited time that we have for our Stakeholder dialogue with you today, we'd like to focus our comments on issues that relate to two of your three chosen strategic priorities.

- First, your sub-priority of developing a co-operative approach to financial services and insurance technology which you've singled out under your broader priority of "Work collaboratively with regulatory partners to grow and leverage national regulatory capacity"; and
- Second, your priority of partnering with industry stakeholders to identify opportunities to increase regulatory and supervisory harmonization, where practicable and appropriate.

We have some introductory and context-setting comments to share on the first topic, which we're calling "Enabling Insurtech Innovation." And a few different members of our group will share some observations.

Enabling Insurtech Innovation

John Lewsen:

CAFII believes that the marketplace drives the creation of new and innovative products, services, and delivery models.

And while emerging insurtech developments provide new opportunities, they also bring new challenges for everyone involved.

We share regulators' objective of ensuring that consumers are well-protected while they also have the ability to purchase products through their channel of choice. In an insurance industry context, it is important to note that part of the overall objective of fair treatment of consumers is to ensure that the insurer can provide support and meet consumers' expectations throughout their entire user experience.

We also concur with the International Association of Insurance Supervisors' observations, as noted in the media release which accompanied its "FinTech Developments in the Insurance Industry" report earlier this year, that fintech may increase the insurance industry's focus on improving the customer experience; and that it has "the potential to change the way the insurance sector serves policyholders."

Insurance has traditionally been an industry marked by low consumer touch and slow adoption of new technologies. But today's insurance consumers, shaped by their experiences with other industries, expect on-demand, high touch, and rapidly innovating services. Major shifts in consumer demographics, behaviours, and expectations are underway which will have important implications for the insurance landscape.

Andrea Stuska:

This shift has been led by Millennials, individuals born roughly between 1980 and 2000. This generation will constitute half of the global workforce by the end of the current decade. In Canada in 2015, they equalled Baby Boomers in terms of the largest share of the overall population (27% each) and already comprised the largest share of the employed population—at 37% versus 31% for Gen Xers and 30% for Boomers (source: Statistics Canada).

Millennials, whose exposure to digital technology and innovative platforms from an early age has made them the first generation of “digital natives,” are beginning to move into their peak earning and spending years and they've become an influential segment of the population. Their high expectations for technology-based services, convenience, transparency, speed, regular engagement, and a personalized experience that reflects their needs are defining how products and services are delivered.

Their preferences and expectations are both a particular challenge for the insurance industry; and an opportunity to be seized

Therefore, CAFII believes that the future of the life and health insurance industry will be marked by continued innovation and an increase in consumer demand for electronic commerce and other alternate forms of distribution. Consumers continue to demand greater access to sales through digital channels; and we believe these channels will play an increasingly important role in meeting the needs of Canadians.

Sue Manson:

With life insurance ownership in Canada at a 30-year low, we believe that regulatory structures should foster a harmonized, flexible, and open marketplace where consumers are able to choose how and where to purchase coverage. Regulation should embrace the role of all insurance channels in meeting the insurance needs of consumers. In that connection, it is important that regulatory frameworks help to foster and support the ongoing growth and development of technology-enabled, alternate distribution channels.

Technology and consumer habits are evolving rapidly, and more and more clients expect insurance offerings to cater to their specific needs. Even though insurtech (or more accurately “digital innovation in the insurance industry”) is currently at an infancy stage as compared to its more advanced fintech sibling, new innovative business models within the insurance industry continue to emerge, such as micro-insurance and pay-as-you-go insurance.

The unique value proposition of insurtech innovation lies in the shift from complexity and long-termism to real-time, easy-to-use, configurable, customized and cost-friendly products and services, all offered with the utmost consumer convenience through digital devices.¹ The biggest winners from insurtech innovation will be the end customers, who will benefit from better user experience, more personalized insurance solutions, and possibly improved pricing through lower premiums.²

¹ *Opportunities await: How Insurtech is reshaping insurance. Pwc Global Fintech Survey, June 2016.*

² *Insurtech: Disruptions and opportunities in the Insurance Industry, Pinebridge Investments, October 2016.*

Keith Martin:

CAFI therefore strongly encourages CCIR to play a leadership role in this area, by pursuing a specific priority to create a nationally co-ordinated structure which fosters innovation and supports consumer choice in a digital world. One possible leadership initiative in this area would be the development of a national “regulatory sandbox.”

As you know, a number of financial services regulators – including the Financial Conduct Authority (FCA) in the UK; its counterparts in Australia and Singapore; and the Ontario Securities Commission here at home through its *OSC LaunchPad* – have recently established regulatory sandboxes, as projects designed to help companies test innovation with a limited number of users, without having to comply with existing regulatory rules, for a limited period of time.

With respect to its regulatory sandbox, the FCA in the UK has made the following observations:

- technology has the potential to improve not only how products and services are designed, but also how they are distributed;
- it wants more firms to embrace innovation and it wants to work with innovators to build in consumer protection from the outset; and
- the sandbox has been designed to reduce the time and potential costs of getting innovative ideas to market; and it will accelerate the testing and introduction of genuinely novel products and distribution enhancements that will benefit consumers.

CCIR leadership in this area should also include reviewing and updating regulatory requirements which were designed for traditional paper-based and personal interaction sales practices, to ensure that they do not create obstacles for meeting consumers’ needs in the digital space.

The regulatory framework should focus on the quality of consumer outcomes, regardless of the mode of interaction or the delivery channel.

Our Association advocates a principles-based regulatory framework that is flexible to the changing landscape and can be more easily harmonized across jurisdictions.

On a related point, we also encourage CCIR to become a strong advocate which implores all of its provincial and territorial members to make the legislative and/or regulatory changes necessary to permit electronic beneficiary designations – following BC’s lead in that regard – as well as electronic termination of insurance contracts, where both the insurer and the individual insured agree to those options.

Dialogue

Brendan Wycks:

At this point, we’d like to pause and have some dialogue about what we’ve just shared related **to *Enabling Insurtech Innovation***, perhaps starting with any questions you might have about our comments.

New Topic

Partner With Industry Stakeholders To Identify Opportunities To Increase Regulatory And Supervisory Harmonization, Where Practicable And Appropriate

Peter McCarthy

We’d now like to share with you what we view as some key opportunities for CCIR to increase regulatory and supervisory harmonization, in areas that are practical and appropriate. We have four opportunities to share with you; and Andrea Stuska will speak to the first one.

National, Mutual Recognition System For Individual Life Insurance Agent Licensing

Andrea Stuska

CAFII views a nationally harmonized regulatory model – one which recognizes the importance of the contact centre and internet distribution channels; and alleviates the unnecessary burden imposed by multi-jurisdictional licensing – as an imperative.

Ideally, if an agent is duly licensed in one jurisdiction, that license should be recognized by other Canadian jurisdictions under a system of mutual recognition, with no further local requirements imposed, other than registration and fee payments.

Canadian insurance providers are increasingly using direct channels such as the internet and client contact centres to sell coverage in all jurisdictions. Currently, for individual life insurance, contact centres employ LLQP-trained agents, each of whom must hold licenses from all jurisdictions serviced by the centre, typically 13 different licences.

It is administratively very costly and cumbersome to have to manage licensing for 13 separate jurisdictions (including separate background checks; monitoring expiry dates for each jurisdiction; completion of forms; compliance with multiple continuing education, errors and omissions insurance, and notification requirements).

The reality of client contact centre operations is that customers may contact a centre several times over the course of a transaction -- to ask questions, complete the transaction, or to change coverage. In each case, if the answering agent is not licensed for the jurisdiction of the caller, the call must be transferred and queued for the appropriate agent, even though the answering agent would be fully competent to handle the caller's needs. In these situations, the reality of multi-jurisdictional licensing and the lack of interprovincial harmonization or mutual recognition can create a poor customer experience.

It is also costly and time-consuming to handle compliance with the requirements of multiple jurisdictions. Businesses have not been able to achieve the growth in the telemarketing/client contact centre channel that customer demand warrants, for reasons directly related to multi-jurisdictional licensing challenges.

The current situation also poses risks to agents and companies in navigating the system, mainly through the possibility of errors and inadvertent non-compliance.

Making the change to a **National, Mutual Recognition System For Individual Life Insurance Agent Licensing** will also better align with the Agreement on Internal Trade, which stipulates that individuals with recognized skills and qualifications should be able to work in their field in any jurisdiction in Canada, without undue impediment.

Peter McCarthy: are there questions or items to discuss about that particular harmonization opportunity?

Maintain Focus On Policy-Maker and Stakeholder Engagement; And Strengthening CCIR's Influence

Sue Manson

CAFII believes that it is very important for regulators to impress frequently upon their respective policy-makers the importance of inter-provincial harmonization of laws and regulations governing the insurance industry, and of the resulting benefits for consumers and for the businesses who meet their needs.

Recognizing that there is a similar onus upon industry Associations, such as CAFII, to communicate with policy-makers, we have built an enhanced focus on policy-makers into our new Communications Strategy and plan to meet with them with more regularly.

In that connection, CAFII would be pleased to co-operate and participate with CCIR members in direct presentations to policy-makers or, more indirectly, through presentations to Institutes or think tanks serving policy-makers -- particularly on topics such as case studies of industry compliance requirements and practices; and the impact of un-harmonized regulations on business practices.

And in this vein, CAFII encourages the CCIR to pursue greater engagement and co-ordination with its federal regulatory counterparts, beyond just OSFI. We believe that consumers and industry would be well-served if there was regular consultation between the CCIR and the federal Department of Finance and the Financial Consumer Agency of Canada.

Brendan Wycks: are there questions or items to discuss about that particular harmonization opportunity?

Harmonized Implementation Of CCIR Positions

John Lewsen

CAFII appreciates that projects undertaken by the CCIR serve to co-ordinate and harmonize supervisory research across jurisdictions. It is frequently noted by the CCIR, however, that provinces implement CCIR recommendations and positions independently.

Recognizing the role of CCIR in the development of co-ordinated research and policy positions, and the very separate role accorded to individual jurisdictions in implementing those policies, we strongly encourage regulator dialogue to explore ways to implement policy decisions consistently to achieve harmonized requirements across jurisdictions. CAFII would be pleased to work with the CCIR to offer more specific recommendations in this regard.

Keith Martin: are there questions or items to discuss about that particular harmonization opportunity?

Communication And Dialogue With The Industry

Brendan Wycks:

CAFII appreciates the good communication, meetings and consultations that CCIR has established and maintained with the industry over the past many years, including through vehicles such as these annual Stakeholder Meetings. We strongly encourage CCIR to maintain your practice of regular, open, and transparent communication and dialogue with the industry.

The CCIR has made it possible for the industry to meet with regulators on major issues. That is important to ensure that industry becomes aware on a timely basis of the issues on which regulators are working, thereby allowing industry to participate by sharing information and expertise.

For example, there are numerous examples where the involvement of industry associations such as CAFII was very helpful, at the earliest stages of issue identification, in discussing issues with regulators before any industry surveys or consultations were released. That way, we can provide timely background information, help to vet issues, and provide our perspective on any research being undertaken.

Appendix B

CCIR Re-Appoints Executive Committee Members; Adds Third Vice-Chair: See Appendix A

At its April 6-7/17 Spring meeting, CCIR made the following Executive Committee re-appointments for a two-year term: Patrick Déry; Chair; Brian Mills, Vice-Chair; and Robert Bradley, Vice-Chair; and Scott Moore was added as a third Vice-Chair.

CCIR's New Strategic Plan Puts Focus On Co-operative Supervision

The Canadian Council of Insurance Regulators (CCIR) published its new strategic plan for the years 2017 to 2020 on June 27/17. In its new Plan, CCIR says it will develop an annual cooperative supervisory plan to conduct thematic and insurer-specific reviews across provinces and territories.

In addition, when it comes to consumers, the CCIR says it will work to “ensure good outcomes from the interactions of insurers and intermediaries with their customers, focusing on disclosures and transparency, incentives management and client relationships.” The Plan also aims to increase consumer awareness of risks related to natural disasters, insurance options and coverages that are available as well as how disaster relief programs work across jurisdictions.

The CCIR says it will pursue a co-ordinated approach for regulators across sectors to stay informed, work together and leverage regulatory capacity. It will also make harmonization a priority and work with industry stakeholders to identify specific areas for greater consistency in approach across jurisdictions.

To determine its strategic priorities, the CCIR consulted stakeholders and took into account the current insurance environment. “The work the CCIR has done over the last three years has had a considerable impact on the evolution of insurance regulation in Canada,” says Patrick Déry, chair of the CCIR. “We have developed the foundation for greater collaboration, cooperation and information sharing among our members and introduced stronger supervisory partnerships. The 2017-2020 strategic plan will leverage these efforts and build upon that foundation moving forward.”

Appendix D

CCIR Releases Travel Health Insurance Products Position Paper

On May 31/17, CCIR released its Travel Health Insurance Products Position Paper, along with a related Media Release. The Position Paper sets out the Council's final recommendations with respect to the reforms it expects the industry to make to the travel health insurance market to achieve the goal of enhancing consumer protection and increasing confidence in travel health insurance products.

“While the CCIR believes Canada has a strong and competitive travel health insurance marketplace, it also believes there are opportunities for improvements to be made,” the CCIR Media Release stated.

The Position Paper recommends

- the development of common standardized definitions and terminology;
- improvements to the application, screening and claims process;
- simplifying and improving disclosure documents;
- ensuring adequate controls and oversight mechanisms are in place throughout the product lifecycle; and
- improved training and information for sales forces.

“We have heard the concerns of the public and the insurance brokerage community and with this clear, nationally agreed way forward, we are reinforcing the pre-eminent goal of consumer confidence in their insurance protection when they travel,” said CCIR chair Patrick Déry. “It is our belief that these measures will go a long way towards meeting consumer expectations wherever Canadians live in the country.”

CCIR says it will monitor the industry's implementation of the recommendations to ensure they are adopted in a timely manner. “CCIR members remain determined to see that the changes make a difference for all Canadians.”

As requested, the following is a list of active CCIR committees and working groups with the names of their Chairs:

Insurance Core Principles Implementation Committee/ICPic (Laurie Balfour – AB)

ICPic Market Intelligence Working Group (Nathalie Sirois – QC)

Segregated Funds Working Group (Anatol Monid – ON)

FinTech Working Group (Hélène Samson – QC)

Travel Insurance Working Group (Harry James – BC)

Fair Treatment of Customers Working Group (Louise Gautier – QC)

Natural Catastrophes and Consumer Awareness (Frank Chong – BC)

Harmonization Working Group (Anatol Monid – ON)

OmbudService Oversight Standing Committee (Chris Carter – BC)

Electronic Commerce Committee (Hélène Samson – QC)

Facility Association Committee (Tom Golfetto – ON)

Assuris-PACICC Committee (Brian Mills – ON)

Forms Committee (Ima Okonny – OSFI)

Capital Requirements Committee (Judith Roberge – OSFI)

Agenda Item 3.6 (1 of 2)
November 28/17 Board Meeting

From: Brendan Wycks [mailto:brendan.wycks@cafii.com]
Sent: Tuesday, November 21, 2017 11:12 AM
To: 'Beckford, Rose'; 'Beauchamp, Jason'; 'katherine.geisler@cibc.com'; 'charles.maclean@rbc.com'; 'Diane Quigley'; 'Shawna Sykes'; 'Lewsen, John'; 'moira.gill@td.com'; 'Manson, Sue'; 'sandra.rondzik@cibc.com'; Prokop, Sandy (sandy.prokop@rbc.com); 'Blaquiere, Charles'; 'Cecillia.Xiao@assurant.com'; 'jsavard2@dsf.ca'; 'Isabelle Choquette'; 'rob.dobbins@assurant.com'; 'keith.martin@cafii.com'; 'Thorn, Peter'; 'Easthope, Dana'; 'Tony Pergola'; 'Genier, Marie'; 'Caroline Bucksbaum'; 'Pabani, Huma'; 'liliana_ripandelli@cooperators.ca'; 'Coleman, Fay'; 'McCarthy, Peter'; 'Nick Bilodeau'; 'nbenson@cricanada.net'; 'dave.seidel@alliedsolutions.net'; 'Tim Rainville'; 'chris.knight@td.com'; 'Lobbezoo, Chris'; 'Kelly Tryon'; 'Grant, Bob'; 'Robert Zanussi'; 'Bedford, Laura'
Subject: CAFII Alert: Presentations Deck From 2017 Market Conduct Symposium For The Life And Health Insurance Sector

CAFII Board, EOC, and Other Committee Members:

Having now received FSCO's approval of an embargo over-riding permission request for broader distribution, I'm pleased to share with you the presentations deck from FSCO's recent 2017 Market Conduct Symposium for the Life and Health Insurance Sector.

Two of the most CAFII-relevant news items coming out of the Symposium – which are highlighted briefly in the presentations deck -- were the following:

FSCO To Introduce Fair Treatment of Consumers Guideline For Insurance Industry

At its 2017 Life and Health Insurance Industry Market Conduct Symposium on November 6/17, FSCO announced that it will be introducing a Fair Treatment of Consumers Guideline for the insurance industry in 2018; and it will be consulting with the industry on an initial draft of that Guideline shortly, during the winter months of 2017-18.

The purpose of the Guideline is to communicate FSCO's expectations of licensees with respect to the fair treatment of consumers; and it will align with the IAIS' ICP 19 (Conduct of Business) and the OECD's G20 High Level Principles on Consumer Financial Protection. FSCO staff executive Mercedes Aldana, who is leading this initiative, advised that the new Guideline arises from an evolution in conduct of business regulation from exclusively focusing on "what is required" to a stronger focus on "doing the right thing" (a continuous process that must guide every action in the way a company conducts its business).

FSCO To Issue Incidental Insurance Market Conduct Questionnaire and Attestation Shortly

At FSCO's 2017 Life and Health Insurance Industry Market Conduct Symposium on November 6/17, Izabel Scovino, Director, Market Conduct Regulation Branch, announced that FSCO would be issuing its planned Incidental Insurance Market Conduct Questionnaire and Attestation – which had been previously highlighted in meetings of FSCO's recently launched Life Insurance Industry Working Group -- in the near future.

Immediately following the Symposium, Ms. Scovino had a private conversation with B. Wycks in which she confirmed CAFII's interest in participating in a consultation with FSCO on the imminent Questionnaire and Attestation. That consultation meeting will likely occur in late November or early December, she advised. CAFII alone will be consulted on the Attestation, as it relates solely to bank- owned insurers. However, with respect to the ISI Market Conduct Questionnaire, CAFII and other stakeholders will be invited to provide feedback, as it encompasses the full range of ISI market players.

Keith Martin will be distributing more detailed information about the Incidental Insurance Market Conduct Questionnaire and Attestation – draft documents just received from FSCO for consultation purposes – shortly.

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From: Andrea Chow [mailto:Andrea.Chow@fsco.gov.on.ca]
Sent: Tuesday, November 21, 2017 9:28 AM
To: 'Brendan Wycks'; Kelly Picard
Subject: RE: FSCO's 2017 Market Conduct Symposium for the life and health insurance sector

Hello Brendan,

Apologies for the delay in getting back to you. Thank you for asking before sharing the Symposium materials. Please accept this as approval for sharing the materials as you detail in your email.

Thanks again for joining us at the symposium this year.

Cheers,
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From: SymposiumLH [mailto:SymposiumLH@fSCO.gov.on.ca]
Sent: Friday, November 10, 2017 2:41 PM
To: SymposiumLH
Subject: FSCO's 2017 Market Conduct Symposium for the life and health insurance sector

Good afternoon,

Thank you for attending the Financial Services Commission of Ontario's (FSCO's) 10th annual Market Conduct Symposium for the life and health insurance sector. We hope you enjoyed the symposium, especially the opportunity for interaction during the question periods and the case study round table discussions.

As you know, the theme for this year's symposium was, the insurance landscape is changing rapidly. In this environment of new technologies, products and service delivery models, as well as changing consumer expectations, we must continue to work together to enable innovation, while at the same time ensure consumers are protected and treated fairly. Supporting the theme, we also hope you took away information that will be useful to you in your role including:

- FSCO is working hard with the industry to ensure that fair treatment of consumers is reflected within each company's culture, through initiatives that include the Annual Statement for Market Conduct, insurer examinations, and planned consultations to provide guidance to help you conduct business in a way that meets FSCO's expectations.
- FSCO continues to communicate its expectation to insurers that they oversee the compliance of agents who sell their products and is working with the industry to ensure an understanding of that oversight through various means including, insurer examinations and the Annual Statement on Market Conduct.

We are pleased to share with you the attached copy of the presentations that were delivered at the symposium.

Note that the presentations and data included are intended only for the internal use of Market Conduct Symposium participants, and should not be released to any other parties or used in advertising or any other publications without FSCO's written consent.

Thank you again for participating – we hope to see you again next year.

Kelly Picard
On behalf of the Symposium Organizing Committee
Kelly Picard
Market Intelligence Consultant
Financial Services Regulatory Policy
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10th annual Life and Health Insurance Market Conduct Symposium

November 6, 2017

Regulating in the changing landscape

Market Regulation Branch update

Izabel Scovino
Director, Market Regulation Branch

AGENDA

- FSCO's monitoring and compliance activities: overview
- 2017/2018 planned activities

MONITORING AND COMPLIANCE ACTIVITIES

- Provide risk-based monitoring and compliance services that ensure the fair treatment of consumers; compliance with the law and market stability
 - Complaint handling and compliance reviews
 - Onsite examinations
 - Desk reviews
 - Theme-specific questionnaires

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BUSINESSES, INDIVIDUALS AND PLANS REGULATED BY FSCO

As of September 30, 2017

■ 316 insurance companies	■ 51 loan and trust corporations
■ 5,902 corporate insurance agencies	■ 1,224 mortgage brokerages
■ 54,344 insurance agents	■ 2,807 mortgage brokers
■ 1,439 insurance adjusters	■ 12,697 mortgage agents
■ 6,993 pension plans	■ 190 mortgage administrators
■ 1,754 co-operative corporations	■ 4,692 accident benefit service providers
	■ 96 credit unions and caisses populaires

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2017/2018 ACTIVITIES

- Life Insurer Company – Agent Oversight Examinations
- Life Insurance Fair Treatment of Consumers Examinations
- Life Insurance Agent Examinations and Desk Reviews
- Incidental Selling of Insurance Questionnaire and Attestation

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SCOPE OF INSURER EXAMINATIONS: AGENT OVERSIGHT

AGENT OVERSIGHT

Insurer Distribution Model

- Assess distribution model employed by the insurer (independent, MGA, etc.).
- If MGA model is used, then assess outsourcing factors, contracts, etc.

Agent Screening, Selection and Training

- Evaluate policies and procedures, advisor suitability factors as well as nature, timing and extent of training conducted.

Remuneration Structure

- Review policies and procedures, agent compensation structure, incentives, key performance indicators and performance measures.

Oversight/Supervision of Agents

- Verify policies and procedures, insurer reviews of regulatory database, random checks of agents per CLHIA Guideline, operational audits of agent files, reporting of agent misconduct, etc.

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SCOPE OF INSURER EXAMINATIONS: FAIR TREATMENT OF CONSUMERS (FTC)

FAIR TREATMENT OF CONSUMERS	Corporate Governance	Assess organizational structure to ensure that reporting relationships between management and senior officers allow for effective oversight. Confirm that there is a reflection of FTC within the insurer's culture and values.
	Agent Training and Outsourcing Arrangements	Evaluate policies and procedures, advisor suitability factors as well as nature, timing and extent of training conducted.
	Incentives and Remuneration	Review policies and procedures, agent compensation structure, and incentives. Confirm that the insurer assesses risks periodically to ensure appropriate products are sold to consumers
	Product Marketing and Advertising	Confirm the insurer provides sufficient product information to allow a customer to make an appropriate decision.
	Information Provided to Customers	Confirm the insurer has a formal process for informing customers before, at the moment, and after sales, that takes into account FTC.
	Claims Handling	Confirm the insurer has a claims handling policy which incorporates FTC elements, as well as standard processing times that appropriately reflect FTC.
	Complaint Handling and Dispute Settlement	Confirm the insurer informs its customers of the existence of its complaints processing service and of its response timelines

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LIFE INSURANCE AGENT EXAMINATION PROGRAM

Year 1 (2015/2016)

- On-site examinations began
- Agent selection based on prior complaints and reports of non-compliance
- 214 on-site examinations completed

Year 2 (2016/2017)

- New, proactive risk factors applied to the selection process for life agents
- On-site examinations continued
- 200 on-site examinations completed
- 22 follow-up desk reviews completed

Year 3 (2017/2018)

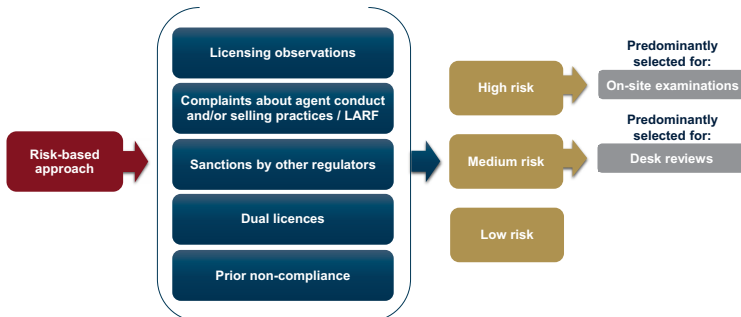
- Continued to select agents based on risk profiling assessments
- On-site examinations continue
- New desk review approach begins Fall 2017
- Results of desk reviews will identify agents for further on-site examinations as required

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LIFE INSURANCE AGENT EXAMINATION PROGRAM



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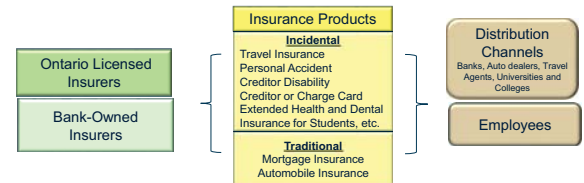
THE INSURANCE LANDSCAPE IS CHANGING RAPIDLY. LET'S EXPAND THE CONVERSATION.



INCIDENTAL INSURANCE MARKET CONDUCT QUESTIONNAIRE AND ATTESTATION

OVERVIEW

There have been reports that bank employees were being pressured to sell consumers supplementary insurance products they did not need, and FSCO would like to assess through a Questionnaire whether some of the alleged sales policies and practices within the banking industry are also present in the insurance industry.



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Thank you

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Annual Statement on Market Conduct

Adrienne Warner

Market Intelligence Consultant, Financial Services Regulatory Policy

NEW FILING REQUIREMENT

Background

- The Annual Statement on Market Conduct (Annual Statement):
 - Developed by Canadian Council of Insurance Regulators (CCIR) members
 - Introduced in spring 2017
 - Information from insurers on governance, practices and policies related to fair treatment of consumers
 - Reduces the need for multiple requests from regulators

Purpose

- Obtain consistent market conduct data from insurers in order to assess risks, trends and issues of individual insurers and the industry as a whole
- Fulfil market conduct regulatory oversight roles and responsibilities
- Ensure alignment with international supervisory standards

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YEAR ONE IMPLEMENTATION

- Three reporting tiers
- Full vs **Partial** Information Return
- Best efforts approach
- Deadline – May 1, 2017

Governance
Policies
Products – Individual
Products – Group
Products – Variable Insurance Contracts
Premiums, Commissions and Claims
Distributors
Sales and Incentives Management
Claims
Complaint Reporting
Protection of Personal Information

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PRELIMINARY ANALYSIS OF DATA - GOVERNANCE

Question	Percent that responded "YES"	Percent that responded "NO"	Percent that DID NOT RESPOND
Code or policy in place to address fair treatment of consumers	72%	25%	3%
Fair treatment of consumers is a priority in product life cycle and operations	89%	5%	6%
Processes/mechanisms in place to ensure information is provided at the point of sale	80%	5%	15%
Conduct customer satisfaction surveys	51%	42%	7%

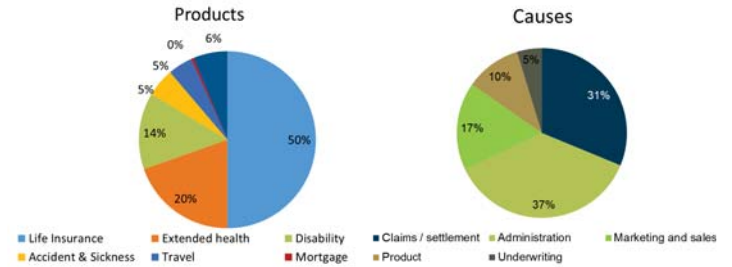
- The information is still pending verification

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PRELIMINARY ANALYSIS – L&H INSURANCE COMPLAINTS



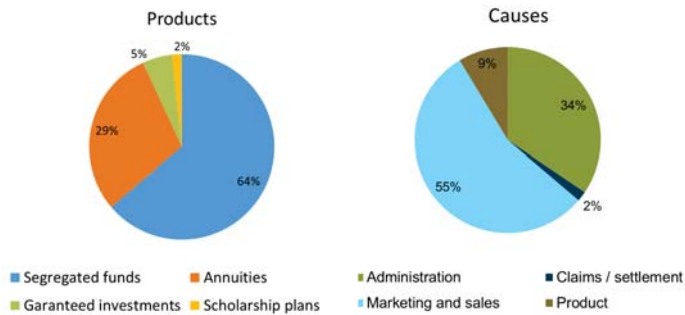
- In 2016, 81 L&H companies were required to file ASMC / 46 reported complaints (37 reported complaints in Ontario) 2 specified they had 0 complaints, 33 provided no answer
- Complaints section is not a new reporting requirement. It captures information previously reported through CRS

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PRELIMINARY ANALYSIS – INSURANCE INVESTMENT COMPLAINTS



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YEAR TWO REPORTING

Content

- Questions will remain substantially the same
- Changes will be limited to increasing clarity and improving instructions and wording

Filing requirement

- Insurers that completed full return in year 1 → Full Information Return
- Insurers that completed partial return in year 1 → Full Information Return
- Insurers whose business is limited to one province or territory → Determined by the provincial/territorial regulator

Filing process

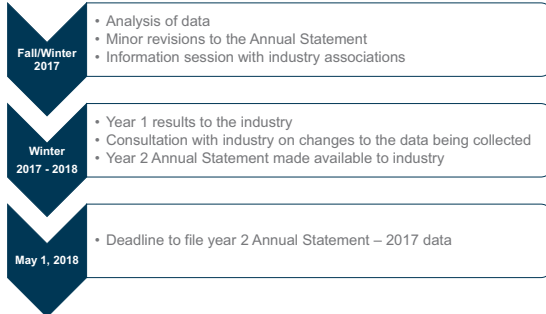
- Insurers being surveyed to identify areas for improvement
- Proposed technical changes include: bilingual forms; separate general instructions and definitions from the form; add specific instructions to the beginning of each tab; remove attestation from Excel

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TIMELINE / NEXT STEPS



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Licensing and Enforcement update

Heather Driver
Director, Licensing Branch

LICENSING OVERVIEW FOR LIFE AND HEALTH INSURANCE COMPANIES

FSCO essentially acts as a *gate keeper* through licensing and enforcement efforts ensuring that only suitable, qualified entities obtain and maintain a licence.

In the insurance sector, FSCO is also a market conduct regulator supervising the business conduct of insurance companies and agents, adjusters and service providers.

As of October 1, 2017, there are:

- 80 life insurance companies licensed in Ontario (including fraternal, excluding reinsurers)
- 44,502 life insurance agents
- 2016 total direct life insurance premium written in Ontario - \$23.49 billion

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KEY ENFORCEMENT TOOLS

- FSCO has several tools at its disposal to address issues of non-compliance, including:
 - issuing a Letter of Caution, advising that regulatory action may be taken in the event of another violation
 - issuing Minutes of Settlement where an agreement is reached about the appropriate resolution of the non-compliance
 - applying administrative monetary penalties (AMPs)
 - suspending or revoking a licence
 - failing to issue or renew a licence
- FSCO's progressive approach to enforcement begins with education and moral suasion to change behaviour in the regulated sectors.
- When there is evidence of non-compliance FSCO will take enforcement action. Any action taken is commensurate with the size and complexity of the regulated entity, as well as the impact to consumer protection.

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KEY ISSUES

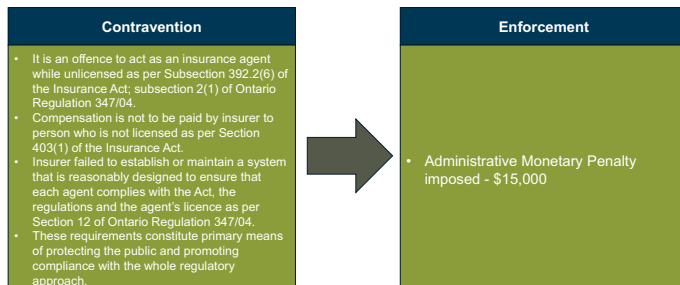
- Unlicensed activity
- False information on application forms
- Continuing education
- Errors and omissions insurance
- Failure to disclose conflicts of interest – NEW ISSUE

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UNLICENSED ACTIVITY: EXAMPLE

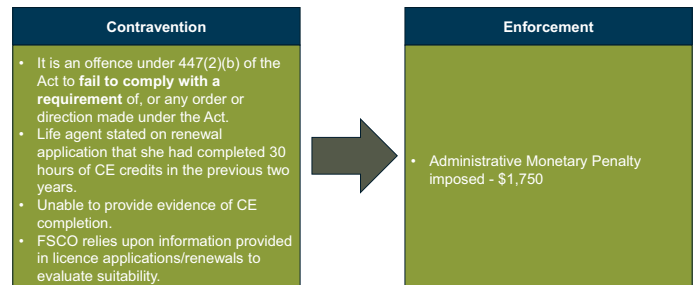


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FALSE INFORMATION ON APPLICATION FORMS: EXAMPLE



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CONTINUING EDUCATION CREDITS: EXAMPLE

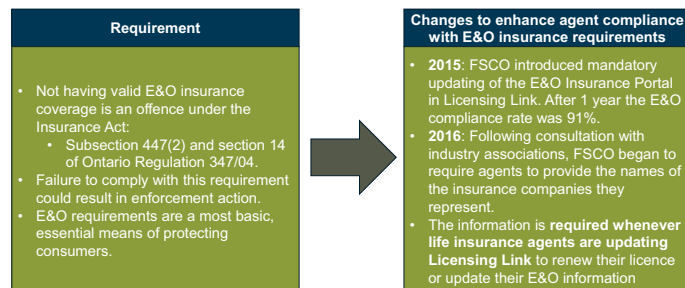


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ERRORS & OMISSIONS (E&O) INSURANCE



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MONITORING E&O

- Insurers have responsibility for oversight.
- The Licensing Link changes mean insurers can obtain relevant E&O information from FSCO.
 - Life insurance companies can download the list of life insurance agents that have indicated they represent them.
 - Includes FSCO's record of the E&O expiry date for each life agent.

Note: Companies are only able to see the names of life insurance agents who have contracts with them. They are not able to see the names of the other companies life insurance agents represent.

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OUTCOME TO DATE

Errors and omissions compliance rate has increased from 91% to 94.5%.

- ✓ Increased insurer compliance with legislative requirements
- ✓ Increased life insurance agent compliance with legislative requirements (E&O)
- ✓ As the rate improves, FSCO will be able to focus regulatory efforts on other key areas

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FAILURE TO DISCLOSE CONFLICTS OF INTEREST- NEW ISSUE

Insurance Act Ontario Regulation 347/04 – Agents s. 16. Conflicts of interest

An agent who holds a life insurance licence shall disclose in writing to a client or prospective client any conflict of interest or potential conflict of interest of the agent that is associated with a transaction or recommendation.

- During recent FSCO examinations it was revealed that some agents are either unaware and/or do not comply with this requirement.
- Potential AMP of \$3,000 for agents.
- Insurers also have oversight responsibility under section 12 of Ontario Regulation 347/04 to ensure agents make required disclosures.

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INSURANCE SECTOR ENFORCEMENT ACTIONS

- FSCO takes appropriate regulatory action when there is non-compliance with legislation.

Administrative Monetary Penalties against insurance companies in 2016

- 13, a total of over \$301,354

Enforcement actions against insurance agents in 2016

- 27 Administrative Monetary Penalties,
- Total of over \$58,322
- 11 refusals
- 7 revocations
- 4 suspensions
- 1 Cease & Desist Orders

Enforcement actions against insurance agents in 2017 (up to June 30, 2017)

- 9 Administrative Monetary Penalties, a total of over \$29,200
- 8 refusals
- 4 revocations
- 3 suspensions
- 2 Cease & Desist Orders

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Be/stay compliant!

Thank you

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Investigations Unit update

Graham George
Investigator, FSCO Investigations Unit

ENFORCEMENT ACTIVITY

The Investigations Unit

- Assist in determining suitability of new applicants for licensing
- Investigate allegations of breaches of all Acts regarding individuals and/or companies

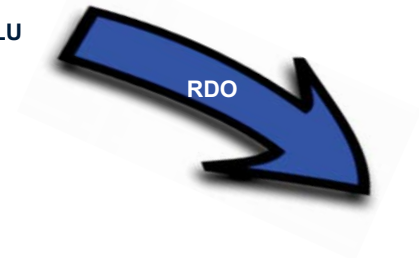
37

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INVESTIGATIONS ACTIVITIES

How does the work get to us?

MRAU / LU



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ENFORCEMENT ACTIVITY

Investigation files

- All of 2016
 - 117 Investigations
 - 48 insurance related (41%)
- Jan 1 to Oct 12, 2017
 - 152 investigations
 - 63 insurance related (41%)

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ENFORCEMENT ACTIVITY

Working with other regulators

FSCO has established written agreements for information sharing and mutual assistance with investigations.

- Mutual Fund Dealers Association of Canada
- Investment Industry Regulatory Organization of Canada
- Real Estate Council of Ontario
- Looking to establish others where appropriate

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ENFORCEMENT ACTIVITY

Internal cooperation

- Compliance officers
 - Assist when required for complaints under review
- Senior compliance officers
 - Division of responsibilities as compliance issues become investigations
- Legal Services Branch
 - Preparation of reports, service of documents and Orders, follow up investigations as required

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ENFORCEMENT ACTIVITY

Major file case management

- Complaints that require immediate action are triaged by Market Regulation Branch, Licensing Branch, Investigations Unit and Legal Services Branch
 - Directing of adequate resources, distribution of responsibilities combined with legal advice

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INVESTIGATIONS ACTIVITIES

What we require

- LARF with accompanying documents to support
- If interviews are conducted, digital file or transcribed statement
- Identification of who would be insurer's witness in proceedings
- Witness statements

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ENFORCEMENT ACTIVITY

How have Administrative Monetary Penalties (AMPs) affected the investigation role?

- Provincial Offences Act charges
 - Person is entitled to protection under the Charter of Rights and Freedom
- AMPs
 - Regulatory requirement to cooperate with investigation as a condition of licensing

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Thank you

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Q&A

Regulating in the changing landscape

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2017 Financial Literacy Month Campaign

Life and Health Insurance

OBJECTIVES

- In November 2017 increase awareness and understanding of 25-34 year olds regarding:
 - the principles of life and health insurance
 - how to assess and select the options that suit their needs and life stages, and
 - the rules that govern the sale of life and health insurance in Ontario.
- In November 2017 enable FSCO's insurance sector to share FSCO materials with consumers.

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TARGET AUDIENCE

- Mature millennials (25-34) experiencing life's milestones
- Professions
- Other stakeholders

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STRATEGY

- Integrated marketing communications plan – digital first
- Disrupt social lives
- Educate, not sell
 - If you're thinking of buying, here's information
- Apply behavioural economics insights
 - Need education + self-awareness tools to help them act in a way that improves their financial wellbeing

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SHORT OMNIBUS SURVEY - NEWS RELEASE

- 47 per cent of respondents have life insurance, while 61.4 per cent have supplementary health insurance
- Only 41.7 per cent of millennials with a supplementary health insurance plan agreed they fully understood their policy.
- Only 48.6 per cent of millennials with a life insurance plan agreed they fully understood their policy.
- Of those who did not have life insurance, cost (37.8 per cent), "unnecessary" (13.5 per cent), and "have never looked into it" (10.2 per cent) were the top reasons for not having a life insurance policy; and
- Of those who did not have supplementary health insurance, cost (34.3 per cent) and "employer does not offer it" (16.6 per cent) were the top reasons for not having a supplementary health insurance policy.
- News release distributed on wire on November 1, available on FSCO website

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WEBSITE

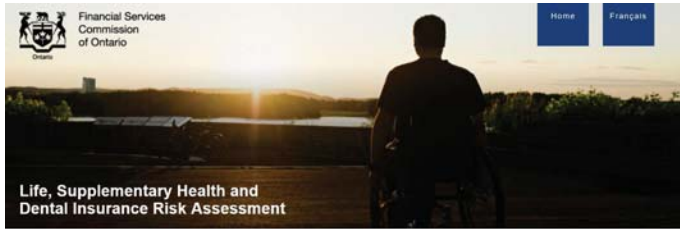


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RISK ASSESSMENT QUESTIONNAIRE



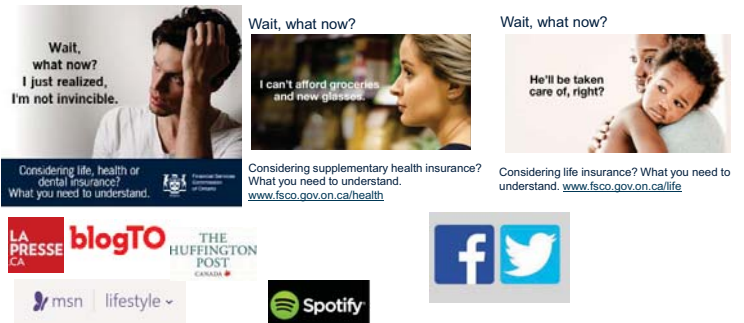
VIDEOS



SOCIAL MEDIA ENGAGEMENT

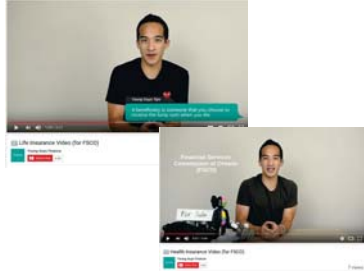


ADVERTISING – WAIT, WHAT NOW?



YOUTUBER INFLUENCER VIDEOS

Young Guys Finance



Shawna Howson (Nanalew)
723,000 followers



#FSCOASKTHE EXPERTS

LMCD +



INDUSTRY RESOURCES



Questions?

Market Conduct Symposium Life and Health Insurance

FSCO new initiatives

November 6, 2017

FSCO Fintech action plan

Eric Tsui
Senior Licensing Approvals Officer

HERE TO HELP YOU

- Do you support or fund a company that is developing a financial services platform (fintech)?
- Are you a fintech developing a financial service platform?

You may need to comply with the legislation in Ontario that governs financial services. FSCO regulates insurance, mortgage brokering, loans and trust and credit union sectors in Ontario.

Contact FSCO to understand the legislation and how FSCO regulates these sectors.

We are here to help you.

FSCO FINTECH ACTION PLAN



FSCO's Fintech Action Plan:

- Supports FSCO strategic outcome "Be proactive with respect to industry transformation and new technologies"
- Aligns with FSCO Statement of Priorities theme on emerging financial technology (fintech)
- Builds collaboration between program areas and policy to foster transformation in regulated industries and better regulation
- Provides a central point of access to information on fintech innovation for the regulated sectors, including collaboration with other regulators
- Facilitates transformation and innovation in FSCO's culture

FSCO'S FINTECH ACTION PLAN APPROACH

FSCO's Fintech Action Plan approach:

- Fintech Engagement Framework will help build the platform for FSCO's Fintech Action Plan
- FSCO will not compromise the underlying principles of regulation of financial products and services.
- FSCO will continue to prioritize measures that:
 - protect the public interest; and
 - enhance confidence in its regulated sectors
- Action Plan will guide FSCO to support fintech-enabled businesses to bring digital financial services and products to Ontario consumers.



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ELEMENTS OF THE FINTECH ACTION PLAN

Vision: guided by our focus on consumer protection, FSCO will support Fintech-enabled businesses to bring digital financial services and products to Ontario consumers.

Outreach	Engage	Innovate	Supervise	Learn
<ul style="list-style-type: none"> Support the government's innovation vision Inform what activities trigger a licensing / registration filing requirement Inform on expectations for fair treatment of consumers (FTC) Create an on-line presence to serve as a focal point of outreach 	<ul style="list-style-type: none"> Connect through channels chosen by fintechs Understand business activities and discuss regulatory touch points Develop relationships by tapping into Ontario fintech innovation ecosystems 	<ul style="list-style-type: none"> Identify and evaluate case-specific regulatory obstacles Provide collaboration tools, research and best practices between FSCO and fintechs to assess business activities and compliance key issues 	<ul style="list-style-type: none"> Innovate / adapt to find licensing / registration or regulatory compliance solution that is in best public interest Support fintechs throughout licensing/registration process Intervene progressively in cases of non-compliance 	<ul style="list-style-type: none"> Opportunity for regulatory thought leadership Assess and evaluate regulatory obstacles for policy solutions Make recommendations for legislative or regulatory change Revise policies and procedures to reflect lessons learned Update the fintech framework

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Thank you

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Treating consumers fairly

Mercedes Aldana
Senior Policy & Technical Lead, Financial Services Regulatory Policy

EVOLUTION OF CONDUCT OF BUSINESS REGULATION

- Discussions around financial services regulation have shifted from a predominant focus on prudential protections, towards greater scrutiny of the conduct of business of both firms and individuals.
- The protection of consumers against unfair or unscrupulous providers or tactics has always been at the heart of conduct of business regulation.
- What is “new” is the evolution in conduct of business regulation from exclusively focusing on “what is required” (compliance with statutory and regulatory rules), towards emphasis on “culture” and “doing the right thing”.

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WHAT IS TREATING CONSUMERS FAIRLY?

- It is about putting the interest of the consumer first.
- It is not a one-time effort, but a continuous process that must guide each of your actions when doing business.
- It is not about having “satisfied customers” but rather about building a business culture that is consumer-centric.

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INTRODUCING TREATING CONSUMERS FAIRLY GUIDELINE

- In its 2017 Statement of Priorities, FSCO made a commitment to focus on the fair treatment of consumers.
- Following up on this commitment, FSCO is planning to consult on, and introduce a Guideline to communicate its expectations to licensees regarding the fair treatment of consumers.
- Most treating consumers fairly outcomes are already contained in existing legislation or are part of accepted industry best practices.
- However, treating consumers fairly is not just about the law; it is about an ethical way of doing business, and a culture that places consumers at the centre of all business decisions.

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WHY A GUIDELINE?

- Ensure there is a common understanding of what treating consumers fairly means.
- Alignment with regulatory best practices: provide guidance to help you conduct business in a way that meets FSCO's expectations.
- Alignment with international principles that have been established to enhance financial consumer protection: IAIS Insurance Core Principle 19 (conduct of business) and G20 High Level Principles on Financial Consumer Protection.

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WHAT TO EXPECT?

- Treating consumers fairly is not a “one-size-fits-all” concept. How it is implemented will depend on a range of factors, including the size, ownership structure, risk profile, nature and complexity of your operations.
- Guideline will highlight key areas to help you consider the fair treatment of customers at all stages of the product life-cycle: design, marketing, advice, point-of-sale and after-sale.
- Provide you with examples of best practices that will help you demonstrate to FSCO that you are consistently treating consumers fairly particularly at those stages of the product life cycle that you contribute to.

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CONSULTATION DETAILS

- FSCO is planning to consult on a draft Treating Consumers Fairly Guideline in winter 2017-2018
- **Your views are important. We encourage you to provide feedback.**

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Thank you

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Q&A

New initiatives

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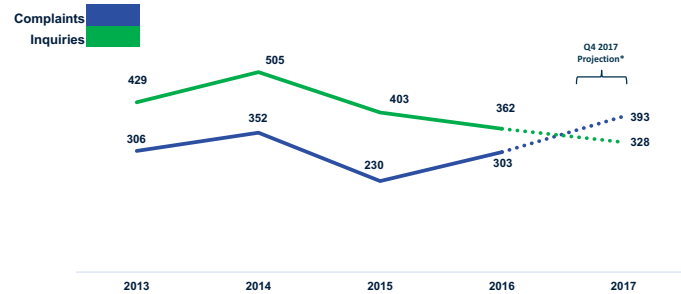
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Complaint statistics

Wendy Horrobin
Senior Manager, Market Risk Assessment

L&H AND INSURANCE INVESTMENT TOTAL COMPLAINTS AND INQUIRIES: 5-YEAR TREND

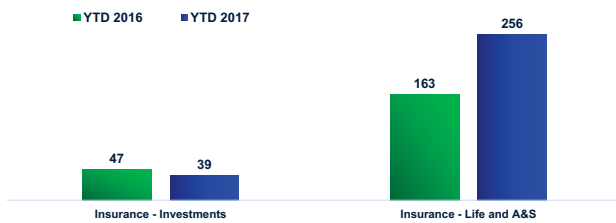


*Months of October, November and December 2017 are projected.

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L&H AND INSURANCE INVESTMENT COMPLAINTS: VOLUME ANALYSIS

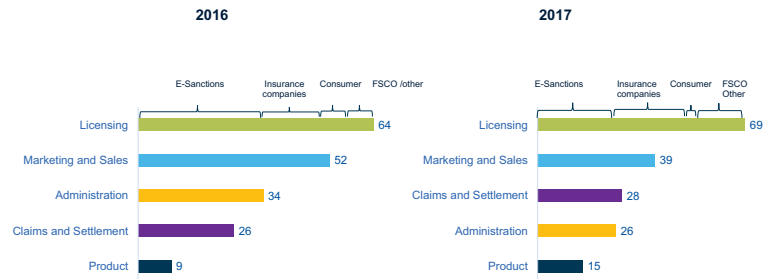


Data from January 1 to September 30, 2016 and 2017

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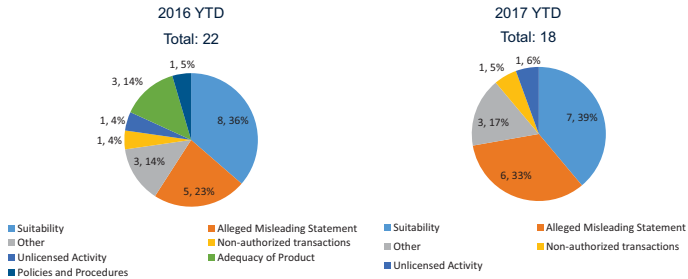
L&H AND INSURANCE INVESTMENT COMPLAINTS: YEAR-OVER-YEAR CAUSES OF COMPLAINT



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LARF COMPLAINTS



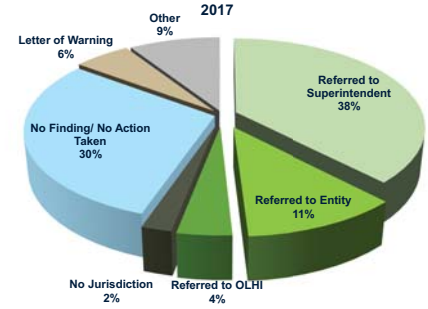
• Data from January 1 to September 30, 2016 and 2017.

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L&H AND INSURANCE INVESTMENT COMPLAINTS: OUTCOMES (CLOSED FILES ONLY)



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FSCO ACHIEVES ALL QUALITY STANDARDS ACROSS THE SECTORS

Complaints quality standards	Fiscal 2016/17	Fiscal 2017/18 (YTD)	
80% closed with 75 Days (consumer)	86%	80%	✓
90% closed within 150 days	94%	92%	✓
99% Closed within 365 days	99%	N/A	✓
Inquiries quality standards	Fiscal 2016/17	Fiscal 2017/18 (YTD)	
100 % closed with 15 Days	100%	100%	✓

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THANK YOU / CONTACT INFORMATION

Wendy Horrobin, Sr. Manager, Market Risk Assessment
416-226-7844

Wendy.Horrobin@fSCO.gov.on.ca

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Round table discussion

Tim Barradas
Team Lead, Market Risk Assessment Unit

EXPECTATIONS

Treating your customers fairly, from before a contract is entered into, through to the point at which all obligations under a contract have been satisfied.

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CASE SUMMARY

Purchase

- When purchasing life insurance, Ms. X decided on a more expensive "whole life" policy to get added features such as the cash surrender benefit. This allows the policy to be surrendered for cash value as a potential option to supplement retirement income, if the death benefit is no longer needed.

Surrender

- After 30 years of paying premiums, Ms. X requested a surrender of the policy, as she was now of retirement age.
- The cash surrender value (CSV) amount was paid as per the product illustrations and annual statements ~ \$60k.
- In the process of arranging for surrender, Ms. X learned that the *entire* amount of the cash surrender value would be *fully* taxable as income.
- The insurer's letter accompanying the cheque outlined the tax status of the benefit.
- In addition to the large tax hit, Ms. X's Old Age Security benefits were clawed back to \$0 due to inflated income from the CSV benefit.

Complaint allegations

- Consumer believes information provided by the insurer was insufficient to make a prudent decision as to the best time to exercise the cash surrender.
- The tax implications were unclear.
- Not sure if there was enough information at the point of sale to render this the best choice

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DISCLOSURE DETAILS

- Annual Policy Statement** provided to the policyholder by the insurer:
 - The cash surrender value amount is clearly stated and prominently placed on page 1.
 - Tax implications are less prominent and more broadly stated.
On page 5, under "Terms used in this statement"
- Cash value**
 - The value that we would pay to you if you cancelled your policy. This amount is reduced by any premiums due or any policy loans. There may be tax implications to cancelling your policy or withdrawing money from it.
- Policy Surrender Form** includes a "Warning" at the top:
 - Upon surrender ... of your policy, a portion of the cash value ... may be taxed as income, which may increase your taxable income for the year. We strongly encourage you to review your situation and examine the provisions contained in your policy before you surrender this policy."

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CONSUMER COMMENTS

“How can we make an informed decision with no information”

“I am a...tax professional...How could the average person understand that they have been mistreated.”

“This was done intentionally in the best interest of the insurance company and not the client.”

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PRELIMINARY FINDINGS BASED ON INFORMATION PROVIDED

- Company materials do include disclosure that there 'may' be a tax impact on CSV.
- The formula to determine taxation is complex. In consumer's assessment of needs and options, may not realize that the taxable portion begins to grow after about 15 years.
- Disclosure of cash surrender value is more clear and prominent than taxation information.
- If aware at an earlier time consumer would have had the option to surrender earlier or to change plans to avoid relying on the cash surrender funds.

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QUESTION FOR ROUND TABLE DISCUSSION

What would/do you do to ensure that you do not receive complaints such as this, taking into consideration that “treating customers fairly” means from before a contract is entered into, through to the point at which all obligations under a contract have been satisfied?

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FSCO'S EXPECTATIONS THROUGH THE LIFE OF THE POLICY

Up to the point of sale

- Sales materials, illustration, advice
 - Provide customers with information that is accurate, clear, and not misleading
 - Minimize the risk of sales which are not appropriate to customers' needs
 - Ensure that any advice given is of a high quality
 - Long term predictors or illustrations of performance must be clear and not tucked away in small print
- Demonstrate that the product was suitable to the needs of the customer
 - Document the basis for which the recommendation was made
 - There is an enhanced need for clear and simple disclosure for more complex products, particularly regarding the costs, risks involved, and performance.
 - Emphasis must be made with respect to the long term nature of the product and numerous market conditions that vary over time

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FSCO'S EXPECTATIONS

During the life of the policy

- Provide the customer with clear and accurate information
 - Annual statement with prominent disclosure about tax implications
 - Contact information for agent/customer service
 - Advise the customer of their obligation to monitor coverage – including a statement, where relevant, that the customer may need to review and update the cover periodically to ensure it remains adequate
- Customer had access to quality advice
 - Insurer to provide continuous training programs to intermediaries and customer service representatives
 - Regular touchpoints to discuss current portfolios are set between insureds and intermediaries/agents

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FSCO'S EXPECTATIONS

At time of policy surrender

- Clear information provided
 - Surrender form prominently displays tax implications and/or other necessary information
 - Encourage understanding of implications before surrender
- Quality advice available
 - Customer service continually provided updated training/scripting
 - Advisor continually provided updated training/scripting

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FSCO'S EXPECTATIONS

Complaint stage

- Complaints are handled in a fair and timely manner.
- Insurers and intermediaries should analyze the complaints they receive to identify trends and recurring risks. Analysis of what leads to individual complaints can help them to identify, and enable them to correct, common root causes.
- Lessons learned through policy servicing and complaint handling can be used to enhance products and sales materials, as well as training, to correct problems noted.

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FSCO'S EXPECTATIONS

Put the interests of the consumer first – consider what you would expect or need if you were the consumer.

Treating your customers fairly, from before a contract is entered into, through to the point at which all obligations under a contract have been satisfied.

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Questions?



Report on the CCIR Policy-Makers Meeting

Assurant Solutions, Toronto

17 November 2017

Overview

CAFII representatives met with CCIR Policy Managers on 17 November, 2017 at the offices of Assurant Solutions in Toronto.

In attendance from the CCIR:

Martin Boyle, Policy Manager, CCIR

Tony Toy, Policy Manager, CCIR

In attendance from CAFII:

Peter Thorn, TD Insurance and EOC Chair

Diane Quigley, CUMIS Group Ltd.

Huma Pabani, TD Insurance

Rob Dobbins, Assurant Solutions

John Lewsen, BMO Insurance

Charles MacLean, RBC Insurance

Andrea Stuska, TD Insurance

Brendan Wycks, CAFII Co-Executive Director

Keith Martin, CAFII Co-Executive Director

Caroline Bucksbaum, CAFII Administrative Coordinator

Summary of Discussion

Martin Boyle did most of the speaking for CCIR. He advised that the Yukon had not yet signed the Memorandum of Understanding relating to the Framework for Co-operative Market Conduct Supervision, which would permit it to participate in the Council's Annual Statement on Market Conduct and receive confidential CCIR documents. This was not due to any policy concerns or reluctance to join, but due to personnel changes that had slowed down the process. It is expected that the Yukon will sign the MOU in due course.

Martin also advised that even though it has a seat at the CCIR table, OSFI had not signed the MOU and it was not expected to be a signatory. There was a bit of discussion around what agreements OSFI would be open to signing, and Martin agreed to inquire about that and get back to CAFII on this matter.

Martin had no further information to share arising from the October 5-6/17 Meeting of the CCIR in Halifax. More specifically, regarding the thematic reviews that CCIR will undertake going forward, Martin did not feel he could share more information at this time but he said he would let us know of developments when he was able to share that information.

In response to our noting that we learned of some of the initiatives that the CCIR is advancing based on their provincial regulatory leads sharing that information, he agreed that provincial regulatory authorities could share that information if they desired, but that CCIR as a body faced more constraints in releasing those details.

It was noted that CAFII had been under the impression originally that a high level, Year 1 aggregated results report from the Annual Statement on Market Conduct would be shared with industry stakeholders, but that we had more recently been told by Laurie Balfour of Alberta Treasury Board & Finance that this was not likely to be the case. Martin stated that he understood the value of sharing high level results of the data, including for insurance benchmarking purposes, but that the results for Year 1 would not be shared. The Year 1 Annual Statement was a “best efforts” initiative and there were sufficiently different approaches taken by different companies so as to make it extremely difficult to provide a meaningful aggregated summary from the Year 1 data. It is possible that a provincial regulator may choose to release some results from their own jurisdiction’s data—for example, FSCO could choose to release Ontario-only data—but CCIR will not be releasing Year 1 national data results.

Brendan Wycks thanked CCIR for offering to host a webinar on changes to the Annual Statement in Year 2 for CAFII members, with that slated to happen on Thursday, 23 November, 2017. Laurie Belfour and an AMF representative will be leading that presentation. Martin explained that in Year 2, an effort will be made to make the questions clearer, to remove some ambiguity in the questions, to improve the instructions, and to have an easier to navigate format. The form will be bilingual as opposed to English and French, to avoid version issues.

CAFII mentioned that it had learned from Harry James that CLHIA was conducting focus groups with consumers on some of the proposed policy wording and policy layout changes coming out of the Travel Insurance Working Group (TIWG) recommendations. Tony Toy mentioned that it was his expectation that CLHIA would be coordinating this activity, and sharing results of its learnings, with allied industry Associations such as THIA and CAFII. Brendan Wycks stated that he would reach out to Joan Weir, who is leading this effort at CLHIA, about a meeting to bring everyone up to speed on the current status of the initiative.

Brendan Wycks thanked Martin Boyle for supplying a list of CCIR’s active committees and working groups, which was recently distributed to EOC members. Brendan asked about some of those working groups and committees, including the ICPic Market Intelligence Working Group; the FinTech Working Group; the Fair Treatment of Consumers Working Group; the Harmonization Working Group; the Forms Committee; and the Capital Requirements Committee. Martin reported that he did not have much more to report on these groups at this time. He said that the results of the already released Strategic Plan had already been shared with us, and that it was too early to discuss the output, including through these different groups, of the new Strategic Plan.

In response to the comment that FSCO itself was also working on a *Fair Treatment of Consumers Guideline* for the Ontario insurance industry, and the concern that there would be duplicative and potentially inconsistent guidelines, Martin assured CAFII that CCIR existed precisely for the purpose of trying to harmonize provincial regulatory rules and that the constant message that industry shared with regulators, and which was well appreciated including by the CCIR, was the need to avoid duplicative processes and requirements. FSCO's guidelines will not be just for insurance, but for all the sectors it regulates. CCIR and FSCO will coordinate closely on this, and that is also the case for CCIR and AMF which has also developed its own fair treatment of consumers guideline. CCIR wants to learn from other regulatory jurisdictions outside of Canada about their best practices, and expects to reach out to industry for consultations in this area in the Spring or Summer of 2018.

Martin indicated that he believed that CCIR would continue to hold annual stakeholders meetings with the industry; and these would probably continue to occur in the early Fall. The number of groups that CCIR consults with will likely be broadened as the Council approaches the release of a new CCIR Strategic Plan.

Martin was asked what themes tended to dominate consultations from industry, and he stated that the importance of harmonization was always front and centre, and that questions about fintech and emerging technologies, and how regulatory authorities would respond to them, were increasingly important themes.

Martin was also asked about travel restrictions that prevented provincial regulators from attending CCIR meetings in-person, and he said that as economies moved through different cycles in different provinces, those restrictions came and went from time to time; but that the vast majority of CCIR representatives attend the meetings in-person and that those who cannot can teleconference in.

He also noted that a new interpretation of an existing FSCO rule meant that for future meetings with industry groups, such as CAFII, which were held at restaurants, the CCIR representatives could not accept a complimentary meal, and they would have to settle their own bill separately.

Martin stated that CCIR's next meeting would be its Winter Conference Call on 18 January 2017, and we should expect no surprises coming out of it. The CCIR is actively monitoring as to when the International Monetary Fund (IMF) will be coming to Canada (expected sometime in 2018) for its next Financial Sector Assessment Program (FSAP) review, on behalf of the International Association of Insurance Supervisors (IAIS).

Agenda Item 3.8.i(1)
November 28/17 Board Meeting

From: Keith Martin [mailto:keith.martin@cafii.com]
Sent: Tuesday, November 21, 2017 11:09 AM
To: CAFII EOC Members
Subject: FW: Consultation - Incidental Insurance Questionnaire & Bank Owned Insurance Company Attestation

Dear EOC Member,

For some time, we have been aware that FSCO intended to ask Bank-Owned Insurance Companies to fill out a questionnaire and attestation on their practices and controls. Those draft documents have now been received, for our Association's review and feedback as part of a consultation process; the two documents are attached here and FSCO's related transmittal email is set out below.

The exercise consists of a questionnaire, and a CEO attestation. The questionnaire states that companies "not undertaking in the manufacturing and offering of incidental (typo) products are NOT required to complete the Questionnaire" but that regardless, the attestation must still be completed. However, it is not clear if just offering the incidental products, without manufacturing them, is enough to trigger not being required to fill out the questionnaire.

The Questionnaire includes the following context-setting information:

Scope of Questionnaire:

The Questionnaire is provided in three parts. The first part requests information on the types of incidental insurance products your company offers and your respective distribution channels. The second part focuses on how your company maintains control and oversight of incidental selling of insurance (ISI) including, but not limited to, policies, procedures and practices for distributors as they relate to the sale of these products, as well as the servicing of these products by the insurer. The third part is a Chief Executive Officer (CEO) Attestation in which FSCO is requesting the CEO to confirm in writing that to the best of their knowledge, the information presented is true and accurate. Please note: Insurance companies not undertaking in the manufacturing and offering of incidental insurance products are NOT required to complete the Questionnaire. They are only required to complete the CEO Attestation on Page 3.

The transmittal email from FSCO contains the following statement:

"We request that you treat the draft Questionnaire and Attestation as confidential and limit distribution to those who may provide support to the consultation process."

This suggests that distribution to the EOC and Board is acceptable, and that you should feel free to share the document, with the confidentiality provision noted, to your legal counsel and others in your company who will be involved in the process of generating input as to how CAFII should respond—but not more widely; and, in particular, not to anyone who won't be directly involved in providing input on this matter.

The key face-to-face meeting opportunity which this FSCO consultation will culminate in for our Association is a 90 minute meeting to provide feedback, for which FSCO has proposed the following date/time options:

Friday, December 1st: 2:00 pm to 3:30 pm
Tuesday, December 5th: 10:30 am to 12:00 pm
Friday, December 8th: 2:00 pm to 3:30 pm

Therefore, I am proposing the following Critical Path for us to prepare for this meeting:

Action Date

- Distribution of Questionnaire and Attestation to EOC members; c.c. to Board members: 21 November, 2017
- Send any proposed input for the response to FSCO to Keith Martin: End of day, 24 November, 2017
- Initial written summary of proposed response, to be distributed by Keith Martin to EOC members: 27 November, 2017
- Conference call to review proposed written response, and discuss next steps : No later than 29 November, 2017

If you have any questions or concerns about the proposed Critical Path, please let me know.

Keith Martin
Co-Executive Director
Canadian Association of Financial Institutions in Insurance
keith.martin@cafii.com
T: 647.460.7725
www.cafii.com

From: Maria Gardanis [mailto:Maria.Gardanis@fSCO.gov.on.ca]
Sent: November 17, 2017 3:42 PM
To: 'Keith.martin@cafii.com' <Keith.martin@cafii.com>
Subject: Consultation - Incidental Insurance Questionnaire & Bank Owned Insurance Company Attestation

Dear Mr. Martin,

The Financial Services Commission of Ontario (FSCO) is undertaking an information gathering exercise across the insurance industry including bank-owned insurers in order to gain a better understanding of market conduct principles, policies, and procedures, with a focus on the sale of incidental insurance products through distribution channels and the fair treatment of members.

Prior to undertaking this information gathering exercise across the sector, FSCO wishes to consult with industry members to ensure the Questionnaire and Attestation meet our intended purpose, and request your feedback with regards to the content and structure of the Questionnaire and have you or a delegate participate in a meeting (either over the phone or in-person) to provide your comments and feedback.

At this time, we request that you indicate all dates/times you are available from the below. Based on the responses received, we will try to book a meeting which accommodates all participants:

Friday, December 1st : 2:00 pm to 3:30 pm

Tuesday, December 5th: 10:30 am to 12:00 pm

Friday, December 8th: 2:00 pm to 3:30 pm

We request that you treat the draft Questionnaire and Attestation as confidential and limit distribution to those who may provide support to the consultation process.

Upon receipt of this email, please confirm you have received the draft Questionnaire and Attestation and indicate who in your organization will be participating in the consultation process, and if you will be attending in-person or via conference call.

If you have any questions regarding the consultation process, feel free to either call or email me.

Thank you,

Maria

Maria Gardanis, FCIP, CRM

Manager

Market Conduct Compliance Unit / Market Regulation Branch

Financial Services Commission of Ontario (FSCO)

T: 416-226-7998

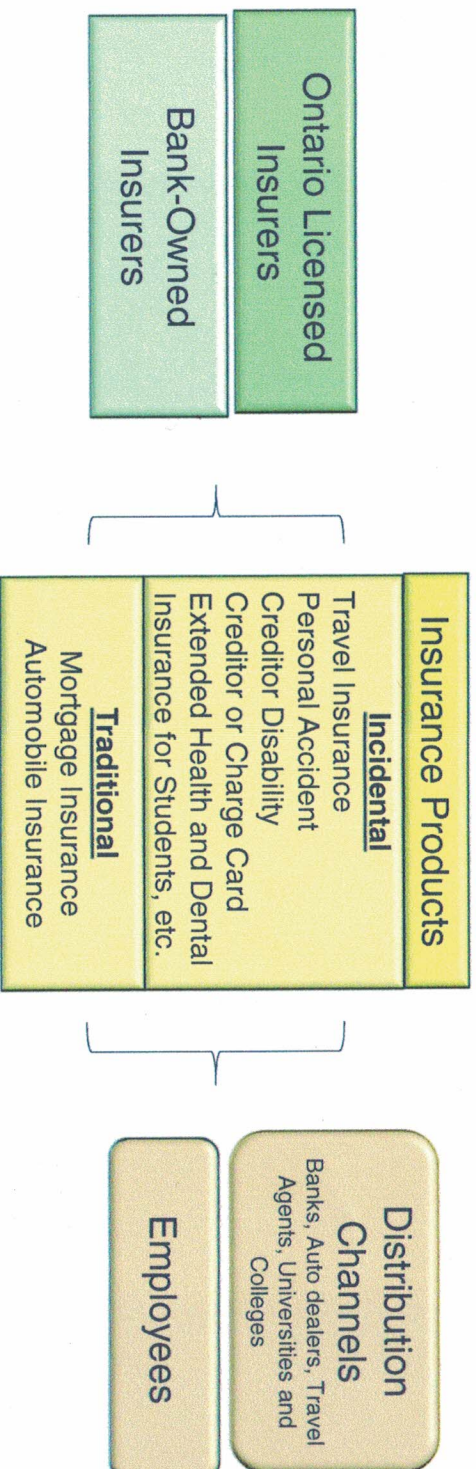
E: Maria.Gardanis@fSCO.gov.on.ca

www.fSCO.gov.on.ca

INCIDENTAL INSURANCE MARKET CONDUCT QUESTIONNAIRE AND ATTESTATION

OVERVIEW

There has been reports that bank employees were being pressured to sell consumers supplementary insurance products they did not need, and FSCO would like to assess through a Questionnaire whether some of the alleged sales policies and practices within the banking industry are also present in the insurance industry.





Financial Services
Commission
of Ontario
5160 Yonge Street,
Box 85
Toronto ON M2N 6L9

Financial Services Commission of Ontario
**DRAFT: Incidental Insurance Market Conduct Questionnaire
and CEO Attestation**

Introduction:

The Financial Services Commission of Ontario (FSCO) is undertaking an information gathering exercise to understand and assess the sales practices associated with incidental insurance products sold through distribution channels other than licensed insurance intermediaries (e.g. banks, auto dealers, travel agents and universities and colleges).

This request is being made pursuant to section 442.3 (1) and (3) of the Insurance Act (Ontario), whereby the Superintendent, or a person designated by the Superintendent, may direct inquiries to any insurer related to the business activities of the insurer and the insurer shall answer promptly, explicitly and completely.

Scope of Questionnaire:

The Questionnaire is provided in three parts. The first part requests information on the types of incidental insurance products your company offers and your respective distribution channels.

The second part focuses on how your company maintains control and oversight of incidental selling of insurance (ISI) including, but not limited to, policies, procedures and practices for distributors as they relate to the sale of these products, as well as the servicing of these products by the insurer.

The third part is a Chief Executive Officer (CEO) Attestation in which FSCO is requesting the CEO to confirm in writing that to the best of their knowledge, the information presented is true and accurate.

Please note: Insurance companies not undertaking in the manufacturing and offering of incidental insurance products are NOT required to complete the Questionnaire. They are only required to complete the CEO Attestation on Page 3.

Instructions:

Any supporting documentation, e.g., policies, procedures, etc. must be retained at the company. The responses to the Questionnaire may be validated by FSCO at a later time, including by an on-site visit.

The completed Questionnaire and CEO attestation is due no later than XXX.

If you have any questions regarding the Questionnaire, please contact Trevor McKillop at Trevor.McKillop@fSCO.gov.on.ca or 416-226-7828.



Financial Services
Commission
of Ontario
5160 Yonge Street,
Box 85
Toronto ON M2N 6L9

Financial Services Commission of Ontario
Incidental Insurance Market Conduct Questionnaire
and CEO Attestation

RESPONSES MUST BE SENT BY ELECTRONIC MAIL AND ADDRESSED TO:
marketconduct@fSCO.gov.on.ca

Definitions:

For the purposes of this Questionnaire, the following terms are defined as:

Incidental Seller of Insurance: a person who, in pursuing activities in a field other than insurance, offers as an accessory, for an insurer, an insurance product which relates solely to goods sold or services offered by the person or secures a client's enrollment in respect of such an insurance product.

Credit Insurance means insurance against loss to a person who has granted credit if the loss is the result of the insolvency or default of the person to whom the credit was given.

Credit Protection Insurance means insurance under which an insurer undertakes to pay off credit balances or debts of an individual, in whole or in part, in the event of an impairment or potential impairment in the individual's income or ability to earn an income.

Distributors: is defined as a person who, in pursuing activities in a field other than insurance, offers, as an accessory for an insurer, an insurance product which relates solely to goods sold by the person or secures a client's adhesion in respect of such an insurance product.

Questionnaire:

Name of Insurance Company: _____
Person who completed the Questionnaire: _____
Position: _____
Telephone Number: _____
Email Address: _____

If the insurance company does not undertake in the manufacturing and offering of incidental insurance products, then you are NOT required to complete the Questionnaire. Please confirm this by completing the below CEO Attestation and send back the completed and signed Attestation to FSCO by the deadline.

If the insurance company does undertake the manufacturing and offering of incidental insurance products, please complete the Questionnaire and the CEO Attestation provided at the end of the Questionnaire.

CEO ATTESTATION
<p>I (name), _____ OF (city/town) _____ IN THE PROVINCE of Ontario BEING Chief Executive Officer RESPECTIVELY OF (name of Insurance Company) _____ for the fiscal year (YYYY) _____ understand, agree and certify to the best of my knowledge that the insurance company does not undertake in the manufacturing and offering of incidental insurance products.</p>

Please provide a response to each question below. When answering each question, the table will automatically expand to provide space for your responses.

PART 1: TYPES OF INSURANCE PRODUCTS

Question 1:

Please complete the chart provided below of all incidental insurance product types the insurer currently makes available indirectly and the means with which you distribute these products:

Incidental Insurance Product	Product Manufactured and Offered by Insurer (click on box and indicate)	Distribution Channels for each product (Insurer, Bank, Credit Union, MGA, Other)	Percentage of each incidental insurance type as a percentage of total incidental insurance sales in Previous Fiscal Year
Creditor or charge card	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Creditor disability	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Creditor's loss of employment	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Mortgage insurance	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Travel insurance	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Personal accident	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Extended health and dental insurance for students	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Automobile insurance	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Other (please describe)	<input type="checkbox"/> Yes <input type="checkbox"/> No		

Question 2:

Please provide any information below that will assist FSCO in gaining a better understanding of your business distribution channel practices with respect to the selling of incidental insurance products:

[Please provide response here]

PART 2: CONTROL AND OVERSIGHT

2(a): POLICIES, PROCEDURES & PRACTICES

Question 1:

What policies and procedures does the insurer have in place that governs the sale of incidental insurance products across all your distribution channels?

[Please provide response here]

Question 2:

Please describe how the insurer ensures that the documentation presented to the consumer by a distributor is clear, in plain language and presented in a way that the consumer can understand the nature and purpose of the product being purchased?

[Please provide response here]

Question 3:

For product enrollment applications, how does the insurer ensure distributors are able to assess if consumers have the knowledge and ability to understand the application process, including the application questions?

[Please provide response here]

Question 4:

How do you ensure that the application for insurance is clearly distinct from the goods/services being purchased and that it is clearly understood as being separate and voluntary from the goods/services?

[Please provide response here]

Question 5:

What steps do you take to prevent automatic enrollment of an insurance product at the time goods and/or services are sold?

[Please provide response here]

Question 6:

Does the insurer undertake its own marketing, advertising or promotion of incidental insurance products sold through distribution channels to increase enrollment? If so, please describe.

[Please provide response here]

2 (b): COMMISSION / COMPENSATION STRUCTURE FOR DISTRIBUTORS**Question 1:**

What type of commission/incentive structure does the insurer have in place with distributors? Please explain.

[Please provide response here]

Question 2:

Are commissions/incentives paid directly to the distributor and/or to the individual who sold the incidental product? Please explain.

[Please provide response here]

<p>Question 3: What policies and controls does the insurer have in place to ensure that a distributor's compensation scheme is not influencing the suitability process and assessment of an incidental product sold to a consumer?</p> <p><i>[Please provide response here]</i></p>
<p>Question 4: Are the commission/incentive structures for all distributors structured the same way? If no, please explain.</p> <p><i>[Please provide response here]</i></p>
<p>Question 5: Do volume/sales targets form part of the commission/incentive structure for distributors? Please explain.</p> <p><i>[Please provide response here]</i></p>
<p>Question 6: Describe the process in place for monitoring the compensation paid to the distributor. Is there a monitoring process to identify instances whereby the sale of incidental insurance may not have been suitable for a consumer?</p> <p><i>[Please provide response here]</i></p>
<p>2(c): INSURER EMPLOYEES COMPENSATION STRUCTURE</p>
<p>Question 1: Is there a specific department or specific employees within the insurer responsible for the sale and distribution of incidental insurance products? If yes, please respond to the below questions in this section.</p> <p><i>[Please provide response here]</i></p>
<p>Question 2: Are there specific internal sales and/or retention targets set by the insurer for incidental insurance products? If yes, please describe.</p> <p><i>[Please provide response here]</i></p>
<p>Question 3: Is the insurer's department and/or employees compensation scheme, incentives or performance evaluations influenced by the sale of incidental insurance products? If yes, please explain.</p> <p><i>[Please provide response here]</i></p>

Question 4:

Please describe how compensation and incentive arrangements consider market conduct factors relating to the sale of incidental insurance products?

[Please provide response here]

2(d): PRODUCT KNOWLEDGE/DISTRIBUTOR EMPLOYEE TRAINING**Question 1:**

How does the insurer ensure that distributors' employees are sufficiently trained, qualified and knowledgeable about the incidental insurance products they are selling?

[Please provide response here]

Question 2:

Does the training curriculum go beyond the benefits and features of a particular incidental insurance product and include the importance of a high-level needs assessment to explain other insurance options available, including how existing coverages may impact the consumer's overall needs?

[Please provide response here]

Question 3:

Describe how the insurer ensures that distributor training programs incorporate changes in products or marketplace developments for both incidental and other similar insurance products?

[Please provide response here]

Question 4:

How are changes to incidental insurance products communicated to distributors?

[Please provide response here]

Question 5:

If applicable, describe how the insurer utilizes a third party to deliver training to distributors?

[Please provide response here]

2(e): DISCLOSURES**Question 1:**

How does the insurer ensure that the distributor considers whether the consumer is in a position at the time of sale to make an informed decision about the purchase of an incidental insurance product?

[Please provide response here]

Question 2:

Describe the nature of disclosure provided to the consumer by the distributor (i.e. summary of terms and conditions, including the exclusions, restrictions and limitations of the contract)? How does the insurer ensure that these are described clearly in an easy to understand format?

[Please provide response here]

Question 3:

Describe how your disclosure practices ensure that consumers are informed that they are contracting or considering contracting with an insurer and not with the distributor?

[Please provide response here]

Question 4:

How are consumers informed that they should contact the insurer for further information or clarification with regards to an incidental insurance product?

[Please provide response here]

Question 5:

How does the insurer ensure that the distributors' sales procedures include the requirement to explain to the consumer the potential negative consequences of inadequate responses to eligibility questions (i.e. pre-existing conditions, etc.) or improper completion of forms?

[Please provide response here]

Question 6:

Does the distributor explain to the consumer that in some circumstances where changes in financing of a credit arrangement/debt (i.e. refinancing) may as a result initiate changes and/or affect their credit insurance such that it could result in the need to apply for new insurance? Please explain.

[Please provide response here]

Question 7:

How does the insurer disclose any form of compensation, if applicable, received by the distributor or an employee of the distributor for selling the incidental insurance product?

[Please provide response here]

2(f): CONSUMER COMPLAINT HANDLING PROCESS

<p>Question 1: Describe the insurer's procedures to receive, investigate and respond to consumer complaints with respect to the promotion and administration of incidental insurance products? How are these procedures communicated to consumers?</p> <p><i>[Please provide response here]</i></p>
<p>Question 2: Please list the forums in which a consumer can file a complaint. Please describe how you monitor these forums as a means to mitigate reputational risk.</p> <p><i>[Please provide response here]</i></p>
<p>Question 3: How does the insurer ensure that the process for a consumer to file a complaint with the insurer is easily accessible and user friendly?</p> <p><i>[Please provide response here]</i></p>
<p>Question 4: In circumstances where it has been identified through a complaint that a consumer may not have received sufficient information and understanding regarding an incidental insurance product, how does the insurer respond?</p> <p><i>[Please provide response here]</i></p>
<p>Question 5: Does the insurer track the origination of complaints back to a specific distributor to determine if there is an issue or risk which needs to be addressed with regards to the selling practices of the distributor?</p> <p><i>[Please provide response here]</i></p>
<p>2(g): MONITORING AND SUPERVISION OF DISTRIBUTORS</p>
<p>Question 1: What statistical information does the insurer gather and monitor around the sales of incidental insurance products by distributors?</p> <p><i>[Please provide response here]</i></p>
<p>Question 2: How does the insurer monitor compliance with all agreements that are in place with distributors?</p> <p><i>[Please provide response here]</i></p>

Question 3:

Where the distributor is completing the enrolment process, what procedures does the insurer have in place for monitoring the activities of those handling enrolments?

[Please provide response here]

Question 4:

Does the insurer have a monitoring process to identify instances of negative optioning whereby the client must request to opt out of the insurance purchase?

[Please provide response here]

Question 5:

How does the insurer respond to any possible or confirmed cases of distributor misconduct around the sale(s) of incidental insurance?

[Please provide response here]

3. CEO ATTESTATION

I (name), _____ OF (city/town) _____ IN THE PROVINCE of Ontario BEING Chief Executive Officer RESPECTIVELY OF (name of Credit Union) _____ for the fiscal year (YYYY) _____ understand, agree and certify to the best of my knowledge that the responses that will be provided in this Questionnaire are accurate and complete.

Thank you for completing the Questionnaire and Attestation.

BANK-OWNED INSURANCE COMPANY

CEO ATTESTATION

I, _____, _____
(Name of Officer) (Office held)

of _____ ("the Insurer")

(Official Name of Company or Group of Companies)

as President, Chief Executive Officer or most senior officer responsible for the Insurer's operations in Ontario, and ultimately responsible for the development and implementation of controls, procedures and processes to ensure the Insurer's compliance with:

- (a) The provisions which prohibit an insurer from engaging in any illicit and coercive activities that fall under Section 438 of the Insurance Act and O. Reg. 7/00 Unfair or Deceptive Acts or Practices ("UDAP") Regulation related to the sale of insurance products and services, specifically:
- Section 1.4 - Any illustration, circular, memorandum or statement that misrepresents, or by omission is so incomplete that it misrepresents, terms, benefits or advantages of any policy or contract of insurance issued or to be issued.
 - Section 1.5 - Any false or misleading statement as to the terms, benefits or advantages of any contract or policy of insurance issued or to be issued.
 - Section 1.7 - Any payment, allowance or gift or any offer to pay, allow or give, directly or indirectly, any money or thing of value as an inducement to any prospective insured to insure.
 - Section 1.10 - Making the issuance or variation of a policy of automobile insurance conditional on the insured having or purchasing another insurance policy.
- (b) The spirit and intent of the UDAP regulations and the fair treatment of consumers.

Having informed myself in all material respects as necessary, **I CERTIFY THAT:**

1. I have continued to oversee, and refine as necessary, the operation of controls, procedures and processes necessary for the Insurer to continue to achieve compliance with section 439 of the Insurance Act to not engage in any unfair or deceptive act or practice, specifically the UDAP provisions applicable to the sale of insurance products and services directly to consumers
2. To the best of my knowledge and belief, the Insurer's compliance controls and governance with respect to direct selling of insurance products and services by employees are adequate and satisfy the core three principles for managing conflicts of interest:
 - **Priority of Client's Interest** - An intermediary must place the interests of policyholders and prospective purchasers of insurance ahead of his or her own interests
 - **Disclosure of Conflicts or Potential Conflicts of Interest** - Consumers must receive disclosure of any actual or potential conflict of interest that is associated with a transaction or recommendation.
 - **Product Suitability** - The recommended product must be suitable for the needs of the consumer.

3. The Insurer has identified audit processes (e.g., external; internal) that are appropriate for the Insurer, given its circumstances, for the purpose noted above. The Insurer has implemented and administers audit processes that are appropriate for the Insurer given its circumstances.

Signature of Officer

Date, Location

DRAFT - CONFIDENTIAL

LLQP STAKEHOLDER ENGAGEMENT COMMITTEE

TERMS OF REFERENCE

1. PURPOSE:

The LLQP Stakeholder Engagement Committee (the Committee) will provide input and feedback on matters of interest to LLQP course providers or industry participants with respect to the LLQP.

Input from the Committee will be shared with CISRO's LLQP Governance Committee (the LLQP GC).

2. COMPOSITION:

The Committee must have a minimum of five members. Any LLQP course provider, any licensed entity that recruits or employs new life insurance representatives and any associations representing insurers or agents may join.

The Committee must appoint its own Chair.

3. MEETING SCHEDULE OF THE COMMITTEE:

The Committee shall meet as often as it determines. Agenda topics will be determined by the Committee.

4. MEETING SCHEDULE OF THE GOVERNANCE COMMITTEE WITH THE COMMITTEE:

The Committee will be given the opportunity to meet with the LLQP GC at least once a year in conjunction with a CISRO meeting, and more frequently at the LLQP GC's discretion.

The LLQP GC will use these meetings to communicate information regarding the operation of the LLQP and the Committee will also have the opportunity to provide the LLQP GC with feedback on the existing LLQP and/or on future directions for the program.

At least one week in advance of meeting with the LLQP GC, the Chair of the Committee will provide requested agenda items to the Chair of the LLQP GC.

The LLQP GC reserves the right to call upon the Committee to meet for any purpose.

5. CONFIDENTIALITY:

All materials produced by the LLQP GC will be kept confidential. Each Committee member will be required to sign a confidentiality agreement prior to the first meeting with the LLQP GC.

From time to time the LLQP GC may require additional confidentiality measures and embargo conditions regarding specific topics of discussion and/or documents for review with Committee members. Such measures could include limiting the discussion with Committee members present at the meeting and requiring Committee members to sign for numbered copies of specific documents with the requirement for them to be returned.

6. FACILITIES AND EXPENSES:

The Committee members will be responsible for their own expenses.



October 17, 2017

TO: ALL LLQP STAKEHOLDERS

Subject: LLQP Update

This letter will provide an update on the following three items related to the LLQP program:

- The release of a follow-up Psychometric Export report;
- An invitation to form a Stakeholder Engagement Committee; and
- An update on collusion/cheating detection that has been conducted by CISRO and its members.

Release of Follow-up Psychometric Report

In September of 2016, CISRO published the Psychometric Audit Report of the LLQP Exam which was completed by Yardstick Testing & Training Experts (Yardstick).

In addition to that initial analysis, CISRO engaged Yardstick to do a follow-up analysis based on exams written in the first quarter of 2017. The report from that analysis is attached for your information and review. We believe the comments outlined in the report are self-explanatory.

We welcome any feedback you may have and would like comments to be received no later than November 30, 2017. Comments on the report should be addressed to:

Ron Fullan,
c/o Insurance Councils of Saskatchewan
310 – 2631 28th Ave
Regina SK, S4S 6X3
Or electronically to ron.fullan@skcouncil.sk.ca

Formation of Stakeholder Engagement Committee

As discussed at the last stakeholder meeting, we are extending an invitation for stakeholders to form an LLQP Stakeholder Engagement Committee. The Terms of Reference for the committee are attached. We have asked representatives from CLHIA to initiate contact with interested stakeholders to begin the process of forming the committee.

Collusion/Cheating Detection

In an effort to uphold the validity and integrity of the LLQP exam, the LLQP Governance Committee has implemented various initiatives in recent months. One of these includes collusion analyses conducted by Yardstick, the firm that was hired to review the program in 2016.

In light of the findings drawn from these exercises, the Committee wishes to inform stakeholders of the means it will use to remain proactive regarding the confidentiality and integrity of its licensing exam. The following steps have been undertaken:

- Collaborative multi-jurisdictional investigations are ongoing in cases where data suggested a strong possibility of exam fraud.
- Punitive measures have been adopted and will continue where reasonable proof is collected demonstrating that candidates and/or their managers/trainers attempted to compromise the exam testing process.
- Planned initiatives such as pilot testing have been approved and implemented to increase the size of the question databank.
- Regular and recurring collusion analyses will now be included in the program's annual maintenance activities.
- Course Provider certification audits are being considered. The Licence Agreement provides for such measures. Financial audits were conducted earlier this year. Based on the evidence collected, we are concerned that the collusion/cheating is occurring at the certification level as well, and we are currently examining appropriate steps to ensure cheating is kept in check at the certification stage.
- Finally, we are reviewing whether adjustments to the program may be necessary in order to counteract the collusion/cheating activities that have been uncovered.

In closing, the Committee wishes to underline the fact that stakeholder collaboration is key in maintaining life insurance qualification standards.

Yours truly,

Ron Fullan
Chair, Canadian Insurance Services Regulatory Organizations

CAFII Consultations/Submissions Timetable 2017-18

Regulatory Issue	Deliverable	Deadline	Accountable
BC FICOM 10-Year Review of FIA (consultation paper released June 2, 2015)	<ul style="list-style-type: none"> CAFII Response to Initial Consultation Paper Meetings with Ministry of Finance officials Public Report on input received on Initial Consultation Paper Policy Paper on proposals for change CAFII Response to Policy Paper <i>Meeting with Ministry of Finance officials, if necessary</i> Amendments to Act and drafting of Regulations 	<ul style="list-style-type: none"> Sep 15, 2015 Nov 10, 2015 Issued March 23, 2016 Expected Q1 2018 Q1 or Q2 2018 <i>Q2 or Q3 2018</i> Q4 2018 or Q1 2019 	<ul style="list-style-type: none"> Joint Market Conduct/Licensing Committee; ED to monitor
QC Ministry of Finance Review of Distribution Act	<ul style="list-style-type: none"> CAFII Response to June 12/15 Consultation Report Dialogue with Ministry re meeting re online distribution CAFII secures specialized legal counsel, in preparation for draft Bill <u>Omnibus Bill 141 tabled and related Bill 150 subsequently tabled; industry consultation uncertain</u> <i>Meeting with Ministry of Finance officials, if necessary</i> CAFII Submission on Bills 141 and 150; or on supporting Regulations 	<ul style="list-style-type: none"> Sep 30, 2015 Completed March 2016 Nov 2016 <u>Oct 5 and 23, 2017</u> <i>Q4 2017 or Q1 2018</i> Q4 2017 thru Q4 2018 	<ul style="list-style-type: none"> Joint Mkt Conduct/Licensing Committee; ED to monitor
QC AMF Issues Paper on “Managing Conflict of Interest in Relation to Incentives”	<ul style="list-style-type: none"> CAFII Response to Issues Paper 	<ul style="list-style-type: none"> Submitted Oct 13, 2017 	<ul style="list-style-type: none"> Market Conduct Cttee; ED to monitor
CCIR Annual Statement on Market Conduct	<ul style="list-style-type: none"> Access to AMF-developed system for data submissions provided Insurers submit “best attempts” data based on 2016 fiscal year <u>CAFII Member Webinar on Year 2 Tweaks to Annual Statement</u> 	<ul style="list-style-type: none"> March 28, 2017 May 1, 2017 <u>Nov 23, 2017</u> 	<ul style="list-style-type: none"> Market Conduct Cttee; ED to monitor
CCIR Review of Travel Health Insurance	<ul style="list-style-type: none"> CAFII Response to Issues Paper Meeting with CCIR TIWG re draft Recommendations in Position Paper CAFII Submission on draft Recommendations in Position Paper Meeting with CCIR TIWG re Communications Plan for Position Paper CCIR THI Products Position Paper Released <i>Meeting with TIWG Re Position Paper (CAFII awaiting CCIR invitation)</i> 	<ul style="list-style-type: none"> Sep 30, 2016 Feb 22, 2017 March 10, 2017 May 10, 2017 May 31, 2017 Q4 2017 	<ul style="list-style-type: none"> EOC; ED to monitor
SK Bill 177	<ul style="list-style-type: none"> FCAA releases Draft Regulations for industry consultation CAFII Responses to Draft Regulations & TPA Sub-consultation CAFII Response to FCAA-proposed definition of TPA Meeting with FCAA officials re CAFII submissions Final Regulations released along with new Insurance Act <u>The Insurance Amendment Act, 2017 tabled</u> New Saskatchewan Insurance Act and Regulations come into force 	<ul style="list-style-type: none"> Oct 7, 2016 Dec 2 and 9, 2016 March 13, 2017 June 1, 2017 June 29, 2017 <u>Oct 31, 2017</u> Fall 2018 	<ul style="list-style-type: none"> Market Conduct Cttee; ED to monitor
“Modernizing the New Brunswick Insurance Licensing Framework”	<ul style="list-style-type: none"> CAFII Response to Position Paper on aspects related to life agents FCNB delivers final recommendations to Minister 	<ul style="list-style-type: none"> Jan 22, 2016 ? 	<ul style="list-style-type: none"> Licensing Committee; ED to monitor

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

October 13, 2017

Autorité des marchés financiers
2640 Laurier Blvd., 4th Floor
Québec (Québec) G1V 5C1
inc-form@lautorite.qc.ca

Dear Sir/Madam:

Thank you for seeking stakeholder feedback on your July 2017 Issues Paper on *“Managing Conflict Of Interest In Relation To Incentives.”* CAFII appreciates the opportunity to provide our Association’s comments on matters addressed in the Paper.

Our comments are mainly of a general, high level nature, in keeping with a risk- and principles-based perspective. We determined that it would **not** be appropriate for our Association to attempt to answer the specific questions raised in the Issues Paper because (i) the compensation model that CAFII members use is predominantly salary-based; and (ii) many of the 17 questions seem directed solely at insurance companies; and, within an industry Association, answering them would require the sharing and discussion of proprietary information which could potentially be perceived as anti-competitive collusion.

To elaborate briefly on the compensation model used by our members, CAFII member client service representatives – the majority of whom are salaried staff – are highly supervised both in branch and in client contact centres. Our members’ client service representatives undergo comprehensive and recurring product training, to enable them to provide consumers with accurate and reliable information; as well as ethics and integrity training which underscores the importance of fair treatment of consumers (FTC). The training provides client service representatives offering insurance with the knowledge, skills, and tools to do their jobs and serve clients well. It also ensures that they, as sales personnel, and our member companies, as their employers, act in accordance with applicable federal and provincial/territorial insurance legislation and regulations; and industry guidelines.

General Comments and Observations

CAFII recognizes that the current consultation on managing incentives-related conflicts of interest -- as well as the AMF’s Sound Commercial Practices Guideline and related supervisory examinations for compliance, from which the Issues Paper emanated -- have their root in the International Association of Insurance Supervisors’ (IAIS) *Insurance Core Principle 19: Conduct of Business*. Our Association often refers to ICP 19 as a benchmark for discussing industry best practices and ways that companies can do an even better job on FTC.

With respect to the situation here in Canada, we offer some observations on CLHIA’s February 2016 paper *“Insurance Distribution In Canada: Promoting A Customer-Focused System,”* which is referenced in the Issues Paper.

CAFII agrees with CLHIA's viewpoint that "in Canada, the potential for conflicts of interest (or the perception of such) is managed in a twofold way – first, by fostering needs-based selling and making recommendations that are suitable to the customer; and second, by advisor disclosure about the insurers that they represent and how they are paid. This is reinforced through CCIR's principles for managing conflicts of interest, and supported by industry practices and guidelines."

CAFII members support, and make every effort to embed in their organizational cultures, the industry practices guidance which CCIR has issued with respect to FTC and managing conflicts of interest – namely that the customer's interest must take precedence over the salesperson's/advisor's; that the salesperson/advisor must disclose conflicts or potential conflicts of interest; and that the product sold must be suitable for the needs of the customer.

CAFII members also comply with applicable CLHIA Guidelines; and in particular, we offer the following observations on *Guideline G13, Compensation Structure: Managing Conflicts of Interest*; and *Guideline G14, Confirming Advisor Disclosure*, which are prime examples of how the industry has responded to regulators' concerns in this area.

Our Association concurs with G13's fundamental premises that "a robust compensation system is needed to attract and retain qualified professionals to offer, place and service life and health insurance products that meet the needs of the consumer. At the same time, it is important that well-designed compensation systems be alert to the risk that sales-related compensation could create conflicts of interest" and that "one element of FTC is that remuneration and reward strategies take account of fair customer outcomes."

With respect to G14, our members support and comply with all applicable provisions related to Advisor Disclosure but particularly -- as alternate/direct distributors of creditor's group insurance, travel insurance, and other types of life and health insurance -- its provision that "where an insurer accepts an application through a call centre or online process using a licensed life and/or accident & sickness insurance agent, the insurer's processes should also ensure that appropriate disclosure has been made."

Specific Comments and Observations

CAFII agrees with the Issues Paper's classification of Salary as a low risk incentive, as it is usually fixed and does not factor in a salesperson/advisor's sales volume or performance and is not geared toward the sale of a specific product. However, we believe that an argument can be made that Salary is not truly a sales incentive akin to the other incentives examined in the Paper; and that, instead, Salary is the "price of admission" for an employer to attract and retain qualified personnel to offer its insurance products and service its policyholders.

We note that Bonuses have been classified in the Issues Paper as a high risk incentive. However, we would caution that that is not always the case, particularly where a bonus is structured as a component of an overall compensation package that is based on a number of objectives and not just sales or premium volume, e.g. a package that includes FTC and related customer satisfaction objectives.

Our final comment relates to the fact that CCIR's recently launched *Annual Statement on Market Conduct —Life and Health Insurance Industry* and the parallel *Annual Statement on Market Conduct —Property and Casualty Industry* contain comprehensive sections on *Sales and Incentives Management*. Therefore, we would encourage the AMF to use the nationally harmonized *Annual Statement* – of which the Autorité has been a prime mover in design and implementation – for such regulatory supervision and monitoring initiatives in the future.

We make that recommendation for two reasons: (i) the data collected through a mandatory vehicle such as the *Annual Statement* will be more comprehensive and deeper than that which can be obtained through a voluntary Issues Paper consultation. Thereby, *Annual Statement* data can better inform the AMF's next steps in supervision related to managing conflicts of interest and other FTC-related matters; and (ii) taking that approach will reduce the number of independent provincial/territorial requests to industry players for data/responses, thereby fulfilling one of the *Annual Statement's* primary purposes.

Thank you again for giving CAFII the opportunity to respond to the Issues Paper on "Managing Conflict Of Interest In Relation To Incentives." Should you require further information or wish to meet with representatives of our Association at any time, please contact Brendan Wycks, our Co-Executive Director, at brendan.wycks@cafii.com or 647-218-8243.

Sincerely,



Peter Thorn
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, Canadian Premier Life Insurance Company, and The CUMIS Group Ltd.



359832

September 1, 2017

Dear Stakeholder:

As you are aware, the Ministry of Finance is currently undertaking a broad review of the *Financial Institutions Act* (FIA) and the related *Credit Union Incorporation Act* (CUIA). The purpose of the review is to consider the regulatory tools British Columbia has to oversee credit unions, insurance companies and intermediaries, and trust companies, and whether changes to the legislative and regulatory framework are needed.

The Ministry released the initial public consultation paper for the FIA/CUIA review in 2015. More than 40 written submissions were received in response to the paper, including from the credit union system and individual credit unions, insurers and insurance sector and intermediary organizations, trust companies, public sector organizations, businesses, banking and other organizations, and individual British Columbians. Ministry staff also met with a number of stakeholders, including credit unions, insurance sector and intermediary organizations and associations, trust companies, individuals and others, to discuss their written submissions.

In 2016, the Ministry released a report which provided a high-level summary of the input provided by stakeholders.

Ministry staff are in the process of preparing a second consultation paper, setting out the Minister's proposed policy direction and outlining possible legislative and regulatory changes. Stakeholders will be invited to provide feedback on the proposed legislative and regulatory changes, and this feedback will be taken into account before legislative and regulatory changes are developed. It is anticipated that this second consultation paper will be released in early 2018.

Financial sector stability and consumer protection are important public policy objectives for government, and an effective regulatory framework helps to ensure that British Columbians continue to benefit from a financial services sector that is strong, stable, and inspires public confidence and trust. Government is committed to providing an effective and balanced regulatory framework which protects the interests of depositors, policyholders, beneficiaries, members and the public, while ensuring the financial services sector is not unduly burdened so that it is able to innovate, take reasonable risks, and compete effectively.

.../2

Thank you for your participation in this important review.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lori Wanamaker". The signature is fluid and cursive, with a large initial "L" and "W".

Lori Wanamaker
Deputy Minister

Agenda Item 3.10(iii)(3)
November 28/17 Board Meeting

From: Brendan Wycks [mailto:brendan.wycks@cafii.com]
Sent: Monday, November 20, 2017 9:14 AM
To: 'Sylvie Bourdeau'
Cc: 'Keith Martin'
Subject: CAFII Feedback on "Fee estimate for discussion"

Bonjour, Sylvie.

As Keith Martin and I discussed with you in our phone call on this matter on Wednesday, November 15/17, below is written confirmation of CAFII's feedback on your "Fee estimate for discussion," set out below, with respect to our Association's request that you prepare a "Bill 141 and Bill 150 Legal Issues Identification Analysis From the Perspective of CAFII Members":

- please proceed with a teleconference with Eric Stevenson and/or Louise Gauthier of the AMF to receive clarification and any further intelligence with respect to CAFII-relevant issues arising from Bill 141 and/or Bill 150;
- for budget limitation reasons and the fact that our Association wants to reserve the bulk of our available financial resources for your services for the subsequent phase of providing feedback on the draft Regulations -- which the AMF will be preparing after Bill 141 and Bill 150 have passed by the National Assembly -- we require that you limit the scope of this "Bill 141 and 150 Issues Identification Analysis From the Perspective of CAFII Members" assignment solely to those issues pre-identified by CAFII in my email of November 8/17 to you (below) and any other relevant issues that have already come to your attention at this point. Please do not spend time completing an exhaustive review of the entirety of Bills 141 and 150; and
- we appreciate your indication, in our call on November 15/17, that you will make every effort to limit the cost of this initial engagement assignment from CAFII to our Association's 2017 budget provision for this file of \$15,000 plus HST.

Thanks and best regards,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance
Brendan.wycks@cafii.com

From: Sylvie Bourdeau [mailto:sbourdeau@fasken.com]
Sent: Tuesday, November 14, 2017 9:17 AM
To: Brendan Wycks (brendan.wycks@cafii.com); keith.martin@cafii.com
Subject: Fee estimate for discussion

Dear Brendan and Keith,

It was nice meeting you in person yesterday at the Rendez-vous de l'Autorité des marchés financiers. As discussed please find our fee estimate related to our mandate involving the review and analysis of Bill 141 and 150 recently tabled by the Government of Québec.

As agreed, our mandate is limited as a first step to reviewing Bill 141 and Bill 150 in order to identify issues arising therefrom and provide an analysis of their relevant provisions from the perspective of CAFII members, which are particularly of interest for the incidental sale of insurance. This analysis will, in a subsequent step, be used to prepare CAFII representations on the Bills at the National Assembly committee and/or the Ministry of Finance if invited or even on an unsolicited basis, in the context of a formal or informal consultation process. Our estimate does not contemplate our involvement for the preparation of such submission considering that we will discuss the best approach and the scope of our involvement in a next step and provide you with our estimate related to this portion of the work once we will have a better idea of the scope of work.

Consequently, our goal is to prepare a table that will identify all provisions respectively from Bill 141 and 150 related to the Insurers Act, An Act respecting the distribution of financial products and services and the Civil Code of Québec that may be of interest for CAFII members, refers to the amended version of the relevant sections, provide general comments on each relevant Section and determine if clarification or changes should be proposed to the Minister of Finance. This table will be completed by an executive summary of our analysis related to the various changes arising from Bill 141 and Bill 150.

Finally, as discussed yesterday, our objective is to schedule a call with Eric Stevenson and Louise Gauthier from the AMF in order to have a discussion on the principles that raise issues for CAFII in order to see if according to their understanding they represent the objective of the Minister of Finance. I will send an email to Eric Stevenson and Louise Gauthier this morning to schedule a call this week with them if they are available.

We will work intensively this week with the objective to provide you with a draft of our work on Monday at the latest. According to the date of our call with Eric Stevenson and Louise Gauthier we will determine if we wait for this call before providing you with our preliminary analysis or we submit it to you, subject to any comments we may have further to our discussion.

We estimate our fees related to the first step of this mandate as follows, including discussions with you to adjust our presentation and identify the main issues:

- Associate/articling student (hourly rate of 230-250\$): approx. between 40 and 60 hours
- Partner, Sylvie Bourdeau: (hourly rate of 590\$): approx. between 20 to 25 hours

Please do not hesitate to contact me if you wish to discuss the scope of our estimate.

Best regards,

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From: Brendan Wycks [mailto:brendan.wycks@cafii.com]
Sent: Wednesday, November 08, 2017 12:23 PM
To: 'Sylvie Bourdeau'
Subject: CAFII Project: "Bill 141 and Bill 150 Legal Issues Identification Analysis From the Perspective of CAFII Members"

Bonjour, Sylvie.

As promised, below are the Bill 141 and Bill 150 issues which our CAFII members have identified (mainly their internal legal counsel) as possibly being of concern re their ability to offer creditor's group insurance, travel insurance, and other types of life, health, and accident & sickness insurance to Quebecers, especially with respect to their distribution of those products via alternate distribution channels such as in-branch (to clarify what I mentioned on the phone on Monday: CGI and travel insurance, as Authorized Insurance Products under the federal Bank Act, can be offered in a bank branch; whereas other types of insurance such as term life and home & auto insurance can only be sold in a separate physical premises that is not a branch of the bank itself); client contact centres; online/internet including via digital/mobile devices (an potentially also, down the road, via automated/robo-advisors); and direct mail:

Bill 141 Issues

- Clause 49 within Chapter III (found on page 24 of 472 in the attached English translation of the Bill), because it could apparently make an authorized insurer vulnerable to arbitrary and capricious decisions on the AMF's part with respect to the insurer's chosen TPA or other third party/outsourced partner. That clause reads as follows: "The Authority may prohibit that an authorized insurer's obligations under this Act be performed by a third person on the insurer's behalf if, in the Authority's opinion, such performance would render the application of this Act difficult or ineffective. Before rendering its decision, the Authority must notify the prior notice prescribed by section 5 of the Act respecting administrative justice to the insurer in writing and grant the latter at least 15 days to submit observations."
- Bill 141's indication that Section 408 of the Act respecting the distribution of financial products and services, which currently reads as follows:

"408. An insurer may, in accordance with this Title (Distribution without representative), offer insurance products through a distributor. A distributor is a person who, in pursuing activities in a field other than insurance, offers, as an accessory, for an insurer, an insurance product which relates solely to goods sold by the person or secures a client's adhesion in respect of such an insurance product."

will be modified by the addition of the following sentence

“Only a natural person may distribute an insurance product on behalf of a distributor.” (clause 530 of Bill 141, p. 389)

- as currently worded, Bill 141 only allows for online insurance sales so long as a licensed person works for the firm. But banks cannot be licensed as firms. This would seemingly impact CAFII members’ ability to sell creditor insurance through banking channels.

Bill 150 Issues

- Clause 257, which indicates that Section 426 of the Act Respecting the Distribution of Financial Products and Services will be repealed. Section 426 of the Distribution Act reads as follows:

426. For the purposes of this Title, the following insurance products are deemed to be insurance products which relate solely to goods and to which clients adhere:

- (1) debtor life, health and employment insurance;
- (2) investor life, health and employment insurance.

- the indication in Clause 256 that Section 409 will also be repealed. Clause 409 in the Act Respecting the Distribution of Financial Products and Services includes a direct reference to sales of creditor insurance and it is inter-connected with Clause 426 (by direct reference).

Please send me your proposal/estimate for preparing for CAFII a “Bill 141 and Bill 150 Legal Issues Identification Analysis From the Perspective of CAFII Members” asap.

Also, for additional background context, see below for an update message which I sent to CAFII Executive Operations Committee (EOC) members, following our phone discussion on Monday.

I will send you a copy of the Bill 141-relevant Summary Notes from our October 23/17 “CAFII Industry Issues Dialogue With AMF Staff Executives” very shortly.

Finally, a reminder to contact Lyne Duhaime, President-Quebec and Senior VP, Distribution (Canada) at CLHIA/ACCAP, if and when appropriate to see if she is willing to share any intelligence/insights with you arising from l’ACCAP’s liaison meeting with a Quebec Ministry of Finance official(s) – scheduled to occur as informal lunch today, I believe – with respect to CLHIA/ACCAP’s concerns about Bill 141 and Bill 150.

Thanks and regards,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance
Brendan.wycks@cafii.com

FMD DRAFT: NOVEMBER 26, 2017

MEMORANDUM

Date: November <@>, 2017

File/Matter No.: 308656.00001

Client: Canadian Association of Financial Institutions in Insurance (“CAFII”)

Re: Legal Analysis of Bills 141 and 150

We have been asked to review Québec Bills 141 and 150 (the “**Bills**”) in order to identify issues that may affect CAFII’s members in their ability to offer and distribute insurance products without being certified as a firm, particularly creditor and travel insurance. For the purpose of our analysis and as agreed, we have limited our analysis of the Bills to the *Insurers Act, An Act respecting the distribution of financial products and services* (the “**DFPSA**”) and the *Civil Code of Québec* (the “**Civil Code**”).

Please note that our analysis is preliminary and is based on our own interpretation of the Bills, without the benefit of any discussion with the Ministry of Finance and only limited discussion with the Autorité des marchés financiers (the “**AMF**”).

In addition, at this point in time, it is unclear which Bill will be enacted first. Therefore, we identify separately in this memorandum the issues within each Bill which appear to be of significant importance to CAFII members; and then provide implications for CAFII based on the assumption that each Bill will be enacted first and modifications will have to be introduced if the other Bill is enacted thereafter.

It is important to note that our analysis is based on our interpretation of the Bills as they are currently drafted and on the limited information communicated by the Minister of Finance regarding the objectives of certain changes made by the Bills. It is possible that these Bills will subsequently be amended and, if so, a new analysis may be required.

We provide a major issues summary table below on those issues which we recommend should be addressed in a CAFII submission/presentation to the National Assembly (c.c. the AMF), for clarification or modification. In a separate document titled “Analysis of Bill 141 and Bill 150,” we provide a detailed table which identifies all of the issues within the two Bills which we view as pertinent to CAFII members, along with our legal analysis comments.

PROPOSED CHANGE/STATUS ISSUE	IMPLICATIONS FOR CAFII
<p>Sale of insurance online through a distributor (Sections 408 and 431 DFPSA)</p>	<p>Based on our analysis of Bill 141, a distributor can sell insurance online <u>or</u> through a natural person. This interpretation should be confirmed with the National Assembly since the drafting of this Section is ambiguous.</p>
<p>Removal of the distribution guide (removal of Sections 410 to 418, 429, 430, 435, 474, 475 and 476 DFPSA)</p>	<p>It would be helpful to inquire if the distribution guide is to be replaced by another document, such as the document referred to in in new Section 222.3 of the <i>Insurance Act</i> (Québec) introduced in Bill 150 and the new Section 62 of the <i>Insurers Act</i> introduced by Bill 141 (which shall be provided in addition to the insurance certificates referred to in Article 2401 of the <i>Civil Code of Québec</i>). If not, it is important to understand how sales will be governed once the distribution guide is abolished.</p> <p>CAFII's submission to the National Assembly (and subsequently to the AMF when it is drafting Regulations) should inquire as to why the distribution guide is to be abolished and if there is a document which will serve as its replacement.</p>
<p>Removal of the sale of credit insurance through a distributor (removal of Sections 409 and 426 DFPSA)</p>	<p>Bill 150 removes the ability for a distributor to sell credit insurance. We recommend that CAFII confirm with the National Assembly that the intent is <u>not</u> to prohibit CAFII members and other industry players from selling credit insurance, but rather to allow a person to be enrolled in a creditor's group insurance policy without having to involve a certified representative or distributor.</p> <p>In addition, it should also be confirmed that enrolling persons in group insurance through an electronic tool or platform will be permitted.</p>

	<p>It should be pointed out to the National Assembly that if Bill 150 is adopted first, Section 59 of the <i>Insurers Act</i> (as amended by Bill 141) should be reviewed to take into account the fact that CAFII members and other industry players will be allowed to enrol consumers in a creditor's group insurance policy.</p> <p>Finally, it should be clarified with the National Assembly that Section 85 of the <i>Regulation under the Act respecting insurance</i> will be amended to allow CAFII members and other industry players to receive remuneration for doing so (other than reimbursement of expenses relating to the administration of the contract for group insurance on the life or health of debtors).</p>
<p>Registration as a firm (Section 71 DFPSA)</p>	<p>Since Bill 150 removes the ability for a distributor to sell credit insurance, it is important to clarify with the National Assembly that CAFII members will not have to register as a firm to do so.</p> <p>More particularly, considering the second paragraph of Section 71 of the DFPSA, it is important to confirm that the persons who will enrol consumers in creditor's group insurance policies and distributors will not have to register as a firm with the AMF, even if they receive commissions based upon the volume of insurance products or financial services sold or offered.</p>

FMD DRAFT: NOVEMBER 26, 2017

TABLE/ANALYSIS OF BILL 141 AND BILL 150

Sections of the Act respecting the distribution of financial products and services

Please note that we have underlined any additions to the Sections and have crossed out any deletions.

Section	Concept	Act respecting the distribution of financial products and services (the “DFPSA”)	Bill 141	Bill 150	Comments	Action
12	Exception to the obligation of being certified as a representative	<p>Subject to the provisions of Title VIII, no person may act as or purport to be a representative without holding the appropriate certificate issued by the Authority.</p> <p>However, a financial institution may, by giving out brochures or flyers or using direct mail or any other form of publicity, invite the public to purchase insurance products.</p>			<p>This Section is not new or modified.</p> <p>Even though the distribution guide will no longer exist, since Bill 141 proposes to repeal Section 410 and the immediately ensuing sections of the DFPSA, a financial institution may still give out promotional materials to invite the public to purchase insurance products.</p>	No CAFII comment required on this in submission to National Assembly (BWycks and KMartin comment)
70	Offering of insurance products without involving a certified representative	<p>A firm is <u>A legal person offering financial products and services acts</u> either <u>as</u> a single-sector firm or a multi-sector firm.</p> <p>A single-sector firm is a firm that offers products and services in a single sector through representatives. A multi-sector firm is a firm that offers products and services in more than one sector.</p> <p><u>A firm is considered to offer products and services in the</u></p>	YES		<p>Important change allowing a firm to offer insurance without having a certified insurance representative involved.</p> <p>Please also see Section 71.1 of the DFPSA below, as well as Sections 59-68 of the <i>Insurers Act</i>.</p> <p>Finally, please also note the new Section 202.2 of the DFPSA which reads</p>	A favourable change for consumer choice and for CAFII members’ ability to provide such. Should be expressly supported in CAFII’s submission to National Assembly (c.c. the AMF) (BWycks and KMartin)

Section	Concept	Act respecting the distribution of financial products and services (the “DFPSA”)	Bill 141	Bill 150	Comments	Action
		<u>mortgage broker sector if it engages in mortgage brokerage transactions.</u>			as follows and allows the AMF to regulate the information to be provided for the sale of insurance online: “The Authority may, for each sector, determine by regulation the information and documents that a firm acting without the intermediary of a natural person must give to clients, as their form.”	comment)
71	Acting as a firm	<p>No person may act as or purport to be a firm without being registered with the Authority.</p> <p><u>A legal person that, without acting as a firm, receives a commission or other remuneration based on the sale of financial products or the provision of financial services must be registered with the Authority. As of its registration, the legal person is, for the purposes of this Act, considered to be acting as a firm in the sector in which the products and services are offered.</u></p>	YES		<p>As drafted, this provision is very broad and may require that any legal person who receives a commission or a remuneration <u>based on the sale of financial products or the provision of financial services</u> be registered as a firm with the AMF. This captures commissions or referral fees or other remuneration based on the sale of products or the provision of services. This is in line with the prohibition in Section 100 of the DFPSA, but its scope can capture different situations. According to our analysis, referral fees or other remuneration not based on the sale or provision of financial products or services would <u>not</u> trigger this requirement.</p>	<p>Since Bill 150 removes the ability for a distributor to sell credit insurance, it is important to clarify with the National Assembly that CAFII members will not have to register as a firm to do so.</p> <p>More particularly, considering the second paragraph of Section 71 of the DFPSA, it is important to confirm that the persons who will enrol consumers in creditor’s group insurance policies and distributors will not have to register as a</p>

Section	Concept	Act respecting the distribution of financial products and services (the “DFPSA”)	Bill 141	Bill 150	Comments	Action
						firm with the AMF, even if they receive commissions based upon the volume of insurance products or financial services sold or offered.
71.1	Offering of insurance products without a representative	<u>A firm may offer products and services in a given sector, without the intermediary of a natural person, if it employs a representative who is authorized to transact business in that sector.</u>	YES		<p>This Section is new. It allows for a legal person to register as a firm and to offer insurance products as a firm without involving an individual, as long as it employs a representative who is authorized to act in the sector(s) in which the firm is involved. This is the provision that expressly allows the sale of insurance through an electronic tool or platform.</p> <p>Please also see Section 70 of the DFPSA above, as well as Sections 59-68 of the <i>Insurers Act</i>.</p>	A favourable change for consumer choice and for CAFII members’ ability to provide such. Should be expressly supported in CAFII’s submission to National Assembly (c.c. the AMF) (BWycks and KMartin comment)
408	Definition of distributors and limitation of sales through natural persons	<p><u>Bill 140 Amendment</u></p> <p>An insurer may, in accordance with this Title, offer insurance products through a distributor.</p> <p>A distributor is a person who, in pursuing activities in a field other than insurance, offers, as an accessory, for an insurer, an insurance product which relates solely to goods sold by the person or secures a client’s adhesions in respect of such an insurance product.</p>	YES	YES	In light of Sections 408 and 431 of the DFPSA, our interpretation is that the distribution of insurance products or services can be done by a distributor through a technological tool or platform, which means that the distribution is made directly by the distributor without an intermediary. However, if an intermediary is involved, Bill 141	Based on our analysis of Bill 141, a distributor can sell insurance online <u>or</u> through a natural person. This interpretation should be confirmed with the National Assembly since the drafting of

Section	Concept	Act respecting the distribution of financial products and services (the “DFPSA”)	Bill 141	Bill 150	Comments	Action
		<p><u>Only a natural person may distribute an insurance product on behalf of a distributor.</u></p> <p><u>Bill 150 Amendment</u></p> <p>An insurer may, in accordance with this Title, offer insurance products through a distributor.</p> <p>A distributor is a person who, in pursuing activities in a field other than insurance, offers, as an accessory, for an insurer, an insurance product which relates solely to goods sold by the person. or secures a client’s adhesions in respect of such an insurance product.</p>			<p>provides that only a natural person can act for the distributor (and not an intermediary who is a legal person or another entity). There is no requirement provided as to the competence or status of this individual. In addition, since only individuals can act for the distributor, it is our view that the objective of the legislation is to prevent a distributor from subcontracting its obligations to a third party administrator.</p> <p>The removal of “or secures a client’s adhesion in respect of such insurance product” introduced by Bill 150 apparently means that the enrolment of a person in a group insurance policy is no longer permitted through a distributor. However, based on a conversation with the AMF, we understand that one of the objectives of the changes made to the DFPSA is to allow persons who are not certified as insurance representatives to enrol a consumer in a group insurance policy. However, we do not know if they will be allowed to do so through an electronic tool or platform, who will be allowed to do so, and if Section 85 of the <i>Regulation under the Act respecting insurance</i> will be amended to allow the policy holder to receive remuneration for doing so (in addition to the reimbursement</p>	this Section is ambiguous.

Section	Concept	Act respecting the distribution of financial products and services (the “DFPSA”)	Bill 141	Bill 150	Comments	Action
					<p>of expenses related to the administration of the contract for group insurance on the life or health of debtors).</p> <p>This is also one of the reasons for the proposed change to the definition of “<i>representative in insurance of persons</i>” found in Section 3 of the DFPSA, to remove “<i>and it is authorized to secure the adhesion of a person in respect of a group insurance or annuity contract</i>”. This change suggests that the general principle that a certified representative is needed to enrol a person in a group insurance policy will not apply if Bill 150 comes into force.</p>	
409	Distribution of insurance for the providers of credit	An employee of an insurer whose principal duties consist in offering credit may act as a distributor and secure the adhesion of clients in respect of an insurance product referred to in paragraph 1 of section 426.		YES	<p>Under Bill 150, it is proposed to repeal this provision. If Bill 150 is adopted as proposed, distributors would no longer sell credit insurance.</p> <p>Please also see Section 426 of the DFPSA also repealed, below.</p>	See Action on Section 426 below.
410 to 418 429 430 435 474 475 476	The abolition of the distribution guide		YES	YES	<p>Under Bill 150, only Section 435 of the DFPSA (whereas under Bill 141 it is repealed) is amended to remove “or securing a client’s adhesion in respect of” which appears to remove the possibility for a distributor to enrol a person in a group insurance policy. Please see our comments above related to Section 408 of</p>	It would be helpful to inquire if the distribution guide is to be replaced by another document, such as the document referred to in in new Section 222.3 of the <i>Insurance Act</i>

Section	Concept	Act respecting the distribution of financial products and services (the “DFPSA”)	Bill 141	Bill 150	Comments	Action
					<p>the DFPSA.</p> <p>These Sections which refer to the distribution guide are repealed by Bill 141. However, the AMF has the power and authority under Section 482 of the <i>Insurers Act</i> to adopt regulations regarding commercial practices, among other things. Such Section reads as follows:</p> <p>“ 482: In addition to other regulations that it may make under this Act, the Authority may, by regulation, determine the standards applicable</p> <p>(1) to authorized insurers in relation to their commercial practices and their management practices; and</p> <p>(2) to federations of mutual companies in relation to their management practices.”</p>	<p>(Québec) introduced in Bill 150 and the new Section 62 of the <i>Insurers Act</i> introduced by Bill 141 (which shall be provided in addition to the insurance certificates referred to in Article 2401 of the <i>Civil Code of Québec</i>). If not, it is important to understand how sales will be governed once the distribution guide is abolished.</p> <p>CAFII’s submission to the National Assembly (and subsequently to the AMF when it is drafting Regulations) should inquire as to why the distribution guide is to be abolished and if there is a document which will serve as its replacement.</p>

Section	Concept	Act respecting the distribution of financial products and services (the “DFPSA”)	Bill 141	Bill 150	Comments	Action
424	Sale through a distributor of insurance products which relate solely to goods	<p>For the purposes of this Title, the following types of products are deemed to be insurance products which relate solely to goods:</p> <p>(1) travel insurance;</p> <p>(2) vehicle rental insurance, where the rental period is less than four months;</p> <p>(3) credit card and debit card insurance;</p> <p>(4) <i>(not in force)</i>;</p> <p>(4.1) <u>the civil liability insurance contract referred to in section 19 of the Act respecting off-highway vehicles (chapter V-1.2) covering bodily injury and property damage caused by an off-highway vehicle</u>;</p> <p>(5) replacement insurance, that is, property insurance under which the insurer guarantees the replacement of the insured vehicle or insured parts and the form and conditions of which are approved by the Authority pursuant to section 422 of the Act <u>section 71 of the Insurers Act</u>.</p>	YES		<p>This Section is not new but is modified by the addition of paragraph 4.1.</p> <p>Distributors can thus still sell travel insurance as well as the other types of insurance enumerated in Section 424 DFPSA.</p>	The amendments/additions to this Section are not particularly relevant to CAFII members; so no comment on it required in CAFII’s submission to National Assembly (B. Wycks and K. Martin comment)
425	Sale of travel insurance	<p>A deposit institution may distribute travel insurance products. In such a case, it is deemed to act as a distributor.</p> <p>An employee of an insurer may also distribute travel insurance products. In such a case, the employee is deemed to act as a distributor.</p>			Neither Bill 141, nor Bill 150 amend this Section of the DFPSA.	Good to know that the status quo prevails in this area; but no comment on it required in CAFII’s submission to National Assembly (B. Wycks and K.

Section	Concept	Act respecting the distribution of financial products and services (the “DFPSA”)	Bill 141	Bill 150	Comments	Action
						Martin comment)
426	Offer of credit insurance through a distributor	<p>For the purposes of this Title, the following insurance products are deemed to be insurance products which relate solely to goods and to which clients adhere:</p> <p>(1) debtor life, health and employment insurance;</p> <p>(2) investor life, health and employment insurance.</p>		YES	<p>Bill 150 proposes to repeal this Section. Further to our analysis, we did not find in the <i>Insurers Act</i> or in the new provisions of the DFPSA a provision which would allow a distributor or the policy holder of a group insurance policy to sell or offer credit insurance as currently provided for under Section 426 DFPSA.</p> <p>Please also see commentary related to Section 409 above, which Bill 150 proposes to repeal and which reads as follows:</p> <p>“An employee of an insurer whose principal duties consist in offering credit may act as a distributor and secure the adhesion of clients in respect of an insurance product referred to in paragraph 1 of Section 426.”</p> <p>However, we understand from a conversation with the AMF that one of the objectives of the changes made to the DFPSA is to allow persons who are not certified insurance representatives or distributors to enrol persons in a group insurance policy.</p>	<p>Bill 150 removes the ability for a distributor to sell credit insurance. We recommend that CAFII confirm with the National Assembly that the intent is not to prohibit CAFII members and other industry players from selling credit insurance, but rather to allow a person to be enrolled in a creditor’s group insurance policy without having to involve a certified representative or distributor.</p> <p>In addition, it should also be confirmed that enrolling persons in group insurance through an electronic tool or platform will be permitted.</p> <p>It should be pointed out to the National Assembly that if Bill</p>

Section	Concept	Act respecting the distribution of financial products and services (the “DFPSA”)	Bill 141	Bill 150	Comments	Action
						<p>150 is adopted first, Section 59 of the <i>Insurers Act</i> (as amended by Bill 141) should be reviewed to take into account the fact that CAFII members and other industry players will be allowed to enrol consumers in a creditor’s group insurance policy.</p> <p>Finally, it should be clarified with the National Assembly that Section 85 of the <i>Regulation under the Act respecting insurance</i> will be amended to allow CAFII members and other industry players to receive remuneration for doing so (other than reimbursement of expenses relating to the administration of the contract for group insurance on the life or</p>

Section	Concept	Act respecting the distribution of financial products and services (the “DFPSA”)	Bill 141	Bill 150	Comments	Action
						health of debtors).
431		<p>A person who distributes an insurance product, <u>whether the person is a distributor or a natural person assigned that task by the distributor</u>, must describe the product to the client and explain the nature of the guarantee.</p> <p>The person distributing the product must clearly explain the exclusions under the guarantee to enable the client to decide whether the situation applying in the client’s case constitutes an exclusion under the guarantee.</p> <p>The person distributing the product must also, if the remuneration received by the distributor for the sale of the product exceeds 30% of its sale price, disclose that remuneration to the client.</p>	YES		See our comments above in light of Section 409 of the DFPSA.	See Action on Section 408 above.

Sections of the *Insurers Act*

The *Insurers Act* would replace entirely the *Act respecting insurance* (Québec). Consequently, all of its proposed Sections introduced by Bill 141 are new.

Section	Concept	Insurers Act	Bill 141	Bill 150	Comments	Action
59	Persons through whom the insurer is allowed to underwrite insurance products	To underwrite an insurance contract, an authorized insurer must deal with the client concerned either through a natural person, whether employed by the insurer or not, or without the intermediary of such a person. If the insurer deals with the client through a natural person, that person	YES		<p>This is an entirely new section which allows for the sale of insurance without a representative, including through an electronic tool or platform.</p> <p>Only property and casualty insurance</p>	In light of our comments on Sections 409 and 426 of the DFPSA above, it should be clarified with the

Section	Concept	Insurers Act	Bill 141	Bill 150	Comments	Action
		<p>must be an insurance representative holding a certificate issued by the Authority in accordance with the Act respecting the distribution of financial products and services and must be authorized to act with respect to the contract.</p> <p>However, the insurer may deal with the client for a damage insurance contract or an individual insurance of persons contract through a natural person who is not an insurance representative if</p> <p>(1) the natural person is a distributor within the meaning of the second paragraph of section 408 of the Act respecting the distribution of financial products and services or has been assigned that task by such a distributor; and</p> <p>(2) the insurance contract is an insurance product subject to Title VIII of that Act.</p> <p>This section does not apply to the renewal of an insurance contract the only amendment to which is the premium.</p>			<p>contracts (group or individual, since the nature of the contract is not indicated) and individual insurance of person contracts (but not group insurance contracts to which a person is enrolled) can be offered through a distributor.</p> <p>However, the insurance products provided for under Title VIII of the Act, related to distribution without a representative, are allowed to be offered through distributors. See Sections 424, 425 and 426 DFPSA.</p> <p>It is useful to mention that a distributor is defined in Section 408 of the DFPSA as a person who, in pursuing activities in a field other than insurance, offers, as an accessory, for an insurer, an insurance product which relates solely to goods sold by the person or secures a consumer's enrolment in respect of such an insurance product.</p>	<p>National Assembly that CAFII members and other industry players will be allowed to enrol consumers in a creditor's group insurance policy through an electronic tool or platform; and that Section 85 of the <i>Regulation under the Act respecting insurance</i> will be amended to allow them to receive remuneration for doing so (other than reimbursement of expenses relating to the administration of the contract for group insurance on the life or health of debtors).</p>
60	Assumption providing that a natural person is deemed to be an insurance representative	For the purposes of this division, a natural person is considered an insurance representative holding a certificate issued by the Authority under the Act respecting the distribution of financial products and services if any of the following provisions of that Act apply to him or her:	YES		<p>The following are not insurance representatives:</p> <p>“3.(1) persons who, on behalf an employer, a union, a professional order or an association or professional syndicate</p>	<p>The changes in this area are only tangentially related to CAFII members; and not materially significant; so no CAFII comment</p>

Section	Concept	Insurers Act	Bill 141	Bill 150	Comments	Action
		<p>(1) subparagraph 1 or 2 of the third paragraph of section 3;</p> <p>(2) the second paragraph of section 4; and</p> <p>(3) section 7.</p>			<p>constituted under the <i>Professional Syndicates Act</i> (chapter S-40), secure the adhesion of an employee of that employer or of a member of that union, professional order, association or professional syndicate in respect of a group contract in insurance of persons or a group annuity contract;</p> <p>(2) the members of a mutual benefit association that does not guarantee the payment of a benefit upon the occurrence of a risk who offer policies for the mutual benefit association.”</p> <p>“4. ...</p> <p>Actuaries who, in pursuing activities as an actuary, offer insurance products in group insurance of persons or group annuities are not group insurance representatives.”</p> <p>“7. A customs broker who, in pursuing activities as a customs broker, offers insurance products is not a damage insurance agent or damage insurance broker.”</p>	on it is required in submission to National Assembly (BWycks and KMartin comment)
62	Information to provide to the client	An authorized insurer must see that the client or the participant, as the case may be, is provided in sufficient time with the information necessary to make an	YES		See also Section 482 of the <i>Insurers Act</i> which confers upon the AMF the power to adopt regulations to regulate the	No CAFII comment required in submission to the National

Section	Concept	Insurers Act	Bill 141	Bill 150	Comments	Action
		<p>enlightened decision and for contract performance purposes</p> <p>(1) if, in the cases provided for in section 59, the insurer deals with the client otherwise than through an insurance representative or firm; or</p> <p>(2) if the insurer has underwritten a group insurance of persons contract in which a person may enroll as a participant without dealing with an insurance representative.</p> <p>Such information includes</p> <p>(1) the extent of the coverage considered and the exclusions;</p> <p>(2) the time limits, in accordance with the Civil Code, within which a loss must be reported and within which the insurer is required to pay the sums insured or the indemnity provided for ; and</p> <p>(3) the information required to communicate to the insurer a complaint to be registered in the complaints register provided for in subparagraph 3 of the second paragraph of section 50, including the time limit within which a complaint must be communicated.</p>			commercial practices of insurers.	Assembly; but the Association may want to comment on these information disclosure requirements subsequently to the AMF when it is drafting Regulations. (BWycks and KMartin comment)
67	Absence of intermediary	If a means of formulating and submitting a proposal without the intermediary of a natural person or firm and otherwise than by an application in writing referred to in article 2400 of the Civil Code is made available to a			This Section proposes to allow an insurer to offer insurance through an electronic tool or platform without having to involve an individual.	A favourable change for consumer choice and for CAFII members' ability to provide such.

Section	Concept	Insurers Act	Bill 141	Bill 150	Comments	Action
		<p>client, the insurer must deliver to the policyholder, together with the policy, a document describing any proposal submitted by such means. In such circumstances, the insurer must also see that the client, if the client so desires, can communicate with a natural person.</p> <p>The document delivered by the insurer is equivalent to an application in writing referred to in article 2400 of the Civil Code.</p>				Should be expressly supported in CAFII's submission to National Assembly (c.c. the AMF) (BWycks and KMartin comment)
68	Offering of insurance products without a representative	An authorized insurer does not contravene the Act respecting the distribution of financial products and services by the mere fact that, in accordance with this Act, no natural person deals with the clients or participants, as the case may be.	YES		This Section confirms that the DFPSA is not violated if there is no natural person involved in the offering of insurance products to a client or participant.	A favourable change for consumer choice and for CAFII members' ability to provide such. Should be expressly supported in CAFII's submission to National Assembly (c.c. the AMF) (BWycks and KMartin comment)

Sections of the *Civil Code of Québec*

This proposed amendment to the *Civil Code of Québec* has been introduced by Bill 150.

Section	Concept	Civil Code of Québec	Bill 141	Bill 150	Comments	Action
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Section	Concept	Civil Code of Québec	Bill 141	Bill 150	Comments	Action
2395		<p>Damage insurance protects the insured against the consequences of an event that may adversely affect his patrimony.</p> <p><u>Group damage insurance covers, under a master policy, the patrimony of participants in a specified group and, in some cases, the patrimony of their family members, their dependants or the client.</u></p>		YES	The <i>Civil Code of Québec</i> now allows the issuance of group damage insurance policies in addition to group insurance of persons.	The amendments/additions in this area are only tangentially relevant to CAFII members; so no comment is required on it in the Association's submission to National Assembly (B. Wycks and K. Martin comment)

Agenda Item 3.10.iv (2 of 2)
November 28/17 CAFII Board Meeting

From: Martin Boyle [<mailto:Martin.Boyle@fscs.gov.on.ca>]
Sent: Wednesday, November 22, 2017 4:16 PM
To: 'Brendan Wycks'; 'keith.martin@cafii.com'
Subject: RE: Annual Statement Info Session

Hi Brendan and Keith,

Please find attached updated versions of the Annual Statement which we will use for the walk through during tomorrow's webinar info session. I would appreciate it if you could circulate these versions to your members and disregard the ones that I sent to you last week. The changes in the attached were primarily done for presentation purposes (e.g., revised the explanations for the changes that have been made) and the content of the Annual Statement is unchanged.

Thank you,

Martin Boyle

Policy Manager | Canadian Council of Insurance Regulators

Martin.Boyle@fscs.gov.on.ca | 416-590-7031 | www.ccir-ccra.org

5160 Yonge Street, Toronto, ON, M2N 6L9

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CAFII EOC and Other Committee Members:

See update message below from CCIR Policy Manager Martin Boyle, along with the attached revised Year 2 versions of the Annual Statement – both Life and Health; and P&C – which will be the focus of our CAFII Member-Exclusive Webinar on CCIR's Year 2 Housekeeping Changes to The Annual Statement on Market Conduct on Thursday, November 23 from 3:00 to 4:45 p.m.

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

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<<...>>

Making Insurance Simple and Accessible for Canadians

Rendre l'assurance simple et accessible pour les Canadiens

*****Please note that the audio and visual components of this webinar are provided separately. Details for access to each can be found below*****

From: Martin Boyle [<mailto:Martin.Boyle@fscs.gov.on.ca>]

Sent: Thursday, November 16, 2017 11:40 AM

To: 'Brendan Wycks'; keith.martin@cafii.com

Subject: Annual Statement Info Session

Hi Brendan and Keith,

Attached are PDF versions of the updated Annual Statement. The changes that have been made are highlighted in each. The attached will provide the basis for our information session on the revisions to the Annual Statement (Nov 23). I would appreciate it if you could please provide the attached to your members who will be participating in the session.

Also, I would appreciate it if you could provide me with a list of the companies you expect to participate in the session.

Regards,

Martin Boyle

Policy Manager | Canadian Council of Insurance Regulators

Martin.Boyle@fscs.gov.on.ca | 416-590-7031 | www.ccir-ccra.org

5160 Yonge Street, Toronto, ON, M2N 6L9

CAFII EOC and Other Committee Members:

This CAFII Member-Exclusive Meeting has been offered and arranged by CCIR Policy Manager Martin Boyle.

While the meeting is being offered primarily as a webinar (with separate visual and audio components) and it is expected that most participants will take it in electronically from the comfort of their own offices, Martin has also extended an invitation for up to 15 CAFII representatives (those who may prefer a more interpersonal opportunity to dialogue and ask clarification questions, etc.) to participate in the meeting in-person at FSCO's office.

The approach for this information session will likely be a joint presentation by Laurie Balfour, Chair of CCIR's Insurance Core Principles Implementation Committee which has leadership for the Council's Co-operative Framework for Market Conduct Supervision and the related Annual Statement, and Martin Boyle, in which they will walk CAFII members through the housekeeping changes that have been made to the Annual Statement for Year 2; followed by Q&A.

See below for details of both the “webinar-only” and “in-person” options, as provided by Martin. A copy of the proposed Year 2 version of the Annual Statement on Market Conduct – containing the instructional and clarification-only changes that are being introduced – will be made available by Martin one to two weeks prior to the November 23/17 date of this meeting.

If your reply to this invitation is an Acceptance, please indicate whether you will attend via webinar or in-person at FSCO's office in North York. We will then consolidate all CAFII member responses and provide Martin Boyle with lists of CAFII's webinar-only and in-person attendees.

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

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<<...>>

Making Insurance Simple and Accessible for Canadians

Rendre l'assurance simple et accessible pour les Canadiens

******Please note that the audio and visual components of this webinar are provided separately. Details for access to each can be found below******

This webinar is an information session for CAFII members hosted by the CCIR. The purpose is to provide details regarding the changes that have been made to the Annual Statement on Market Conduct (Annual Statement) as well as the rationale for those changes.

Last year was the first year that insurers filed information through the Annual Statement. Based on input received from those insurers, the CCIR has made a number of revisions to the Annual Statement in order to (a) increase the clarity of the data requests/questions contained in the Annual Statement; (b) bolster the instructions; and (c) improve the layout and structure of the file itself (please note that changes to the data and types of information requested through the Annual Statement are not being contemplated at this time).

Materials will be provided in advance.

Webinar link (video content):

◇ [Join Skype Meeting](#)

[Help](#)

Trouble Joining? [Try Skype Web App](#)

Audio content dial-in information:

Dial-in number: 416-212-8012

Toll Free: 1-866-633-0848

Passcode: 2494889#

For those who will be attending in-person, here are the location details:

5160 Yonge St. (FSCO offices)

4th Floor

**Please proceed directly to the 4th floor upon arrival. We will meet you in the elevator lobby on the 4th floor 10 minutes prior to the start of the information session.*

Let me know if you have any questions.

Thanks,

[Martin Boyle](#)

Policy Manager | Canadian Council of Insurance Regulators

Martin.Boyle@fSCO.gov.on.ca | 416-590-7031 | www.ccir-ccrra.org

5160 Yonge Street, Toronto, ON, M2N 6L9



New Identification
Page

SELECT LANGUAGE

ANNUAL STATEMENT ON MARKET CONDUCT

Life and Health Insurance

(01)

Name of insurer:

Insurer number:

Name of the contact person:

Email of the contact person:

For fiscal year ended:

(DD-MM-YY)

Jurisdiction of incorporation:

**Other provinces and territories in which the company is licensed:*

(01)

Alberta ☐

(02)

Northwest Territories ☐

(03)

Quebec ☐

British Columbia ☐

Nova Scotia ☐

Saskatchewan ☐

Manitoba ☐

Nunavut ☐

Yukon ☐

New Brunswick ☐

Ontario ☐

Newfoundland and
Labrador ☐

Prince Edward Island ☐

090 Are you active in the sale of life and health insurance?

Insurers that do not sale or provide life and health insurance policies (only existing policies) are required to complete only Governance and Complaint reporting sections (11 and 11.5)

13. Attestation

Insurers will no longer have to provide an electronic signature. The attestation will be made when submitting the statement through AMF online services.

I (name) [] OF THE (city/town) []

BEING (title) [] RESPECTIVELY OF (name of insurer) []

HEREINAFTER CALLED ("THE INSURER") DO MAKE OATH AND SAY AS FOLLOWS:

I HAVE MADE SUCH INQUIRIES, AS I BELIEVE REASONABLY REQUIRED OR APPROPRIATE TO ATTEST THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF, THE FOREGOING ANNUAL STATEMENT ON MARKET CONDUCT, TOGETHER WITH THE RELATED EXPLANATIONS FILED OR TO BE FILED AS PART THEREOF, IS TRUE AND ACCURATE FOR THE INSURER IN RESPECT OF ITS BUSINESS OF INSURANCE, AS

OF THE [] DAY OF (mm/yy) [] AND FOR THE YEAR ENDED ON THAT DAY; AND

ASPECTS OF THE INFORMATION BEING FILED ARE CONSIDERED COMMERCIALY SENSITIVE IN NATURE AND HAVE BEEN PROVIDED AS CONFIDENTIAL AND PRIVILEGED INFORMATION. IT IS EXPECTED THAT THE CANADIAN COUNCIL OF INSURANCE REGULATORS ("CCIR") AND ITS MEMBERS WILL TREAT AND PROTECT THIS INFORMATION AS CONFIDENTIAL AND PRIVILEGED INFORMATION AND WILL NOT BE DISCLOSED UNLESS, TO THE BEST OF THE CCIR AND ITS MEMBERS'S KNOWLEDGE:

- A. THE INFORMATION IS PUBLICLY AVAILABLE;
- B. THE INFORMATION IS DISCLOSED IN A MANNER THAT DOES NOT DIRECTLY OR INDIRECTLY IDENTIFY THE REGULATED ENTITY OR ANY INDIVIDUAL;
- C. THE INFORMATION DISCLOSED IS NOT HARMFUL TO THE REGULATED ENTITY OR INDIVIDUAL'S BUSINESS OR FINANCIAL INTERESTS;
- D. THE ENTITY OR INDIVIDUAL TO WHICH THE INFORMATION RELATES HAS CONSENTED TO THE DISCLOSURE;
- E. THE DISCLOSURE IS NECESSARY FOR THE PURPOSE OF CARRYING OUT AN INVESTIGATION, ENFORCEMENT PROCEEDING OR A REGULATORY PURPOSE OF THE APPLICANT SIGNATORY; OR
- F. THE DISCLOSURE IS OTHERWISE AUTHORIZED UNDER APPLICABLE LAW.

ANY SITUATION IN WHICH THIS INFORMATION WILL BE DISCLOSED, THE CCIR AND ITS MEMBERS ARE EXPECTED TO PROVIDE PRIOR WRITTEN NOTICE TO THE INSURER.

Signature

SEVERALLY SWORN TO BEFORE ME []
AT [] IN THE PROVINCE OF []
THIS [] DAY OF (mm/yy) []

1. General Instructions

1. Introduction	
a)	This form is to be completed for each licensed insurance entity. Each insurer within a group of companies is required to complete the form for the policies it has issued.
b)	The information that is collected will be subject to and administered in accordance with the provisions of the Memorandum of understanding and Protocol on Cooperation and the Exchange of Information ("MOU") and the applicable law. This includes the privacy and confidentiality provisions included with the MOU and the applicable law.
c)	MOU signatories have entered into agreements with the Autorité des marchés financiers (AMF) to collect information on Canadian consumers.
d)	Aspects of the information that is collected are considered commercially sensitive and will be treated as such by the CCO.
e)	The information that is sought relates to the insurer's Canadian operations and/or Canadian consumers. Information requested is limited to Canadian operations and consumers.
f)	The data provided must cover the most recent fiscal year end.
g)	This form relates <u>only to life and health insurance</u> , including individual and group products. Reinsurance is excluded and is not to be reported. Statement on Market Conduct. Licensed insurers that are not active (i.e., do not sell or provide life and health insurance) are not required to complete this form.
h)	The information requested is required to establish trends and evaluate the means implemented by the industry regarding the handling of complaints.
i)	The obligations contained or imposed by the Annual Statement on Market Conduct do not in any way supersede any reporting requirements.
2. Filling requirements	
a)	All amounts reported should be in thousands of dollars (\$000s).
b)	Some fields will only accept a numeric response.
c)	You must complete this form respecting as much as possible the choices available in the dropdown menus.
d)	You must provide a response to all questions. If the response options do not apply or relate to your company, please select "Other" and provide details in the appropriate space.
e)	At the end of each section, a general comments section has been provided for any additional comments you may wish to provide.
3. Definitions	
a)	Agent means a licensed life and/or accident and sickness insurance agent.
b)	Breaches (of privacy) reported in this form are those that have a significant impact on the customer and require disclosure under applicable privacy legislation.
c)	<p>A complaint is the expression of at least one of the following elements that persists after being considered and examined at the operational level capable of making a decision on the matter:</p> <ul style="list-style-type: none">• a reproach against an organization;• the identification of a real or potential harm that a consumer has experienced or may experience;• a request for a remedial action. <p>Complaints are generally expressed in writing through correspondence, email, fax or other form that allows a complaint to be kept on file. Where a consumer makes a complaint by phone or in person and the complaint is handled and examined by the person responsible for the examination of complaints and designated as such in the organization's policy, the complaint must be documented so that it can be kept on file.</p> <p>The initial expression of dissatisfaction by a consumer, whether in writing or otherwise, will not be considered a complaint where the issue is settled in the ordinary course of business. However, in the event the consumer remains dissatisfied and such dissatisfaction is referred to the person who is responsible for the examination of complaints and designated as such in the organization's policy, then it will be considered as a complaint.</p> <p>However, organizations must refrain from any undue delay in referring a matter to a higher level solely for the purpose of avoiding reporting requirements.</p> <p>Where a consumer remains dissatisfied after a reasonable attempt has been made to settle the issue, organizations without a multilevel complaint examination structure are then considered to have received a complaint.</p>
3. Definitions (suite)	
d)	Consumer means all current and prospective customers of insurance products.
e)	Employee means any salaried employee of an insurer working more than 25 hours per week, but does not include an employee paid primarily by commission.
f)	<p>FTC is a principle that focuses on consumer outcomes, in particular, having due regard for the interests of the consumer and treating the consumer fairly. It refers to the consumer-related conduct of insurers and how insurers treat consumers at each stage of the life cycle of a product. The lifecycle of the product begins with its design to after-sales services and from the moment obligations under the contract arise until the point at which all obligations under the contract have been fulfilled.</p> <p>The outcomes associated with FTC as described by the International Association of Insurance Supervisors (IAIS) include the following:</p> <ul style="list-style-type: none">• developing and marketing products in a way that pays due regard to the interests of customers;• providing customers with clear information before, during and after the point of sale;• reducing the risk of sales which are not appropriate to customers' needs;• ensuring that any advice given is of a high quality;• dealing with customer complaints and disputes in a fair manner;• protecting the privacy of information obtained from customers; and• managing the reasonable expectations of customers. <p>Areas within an insurer and its operations that can influence and help ensure the FTC include:</p> <ul style="list-style-type: none">• Board and senior management responsibility;• Strategy and decision making;• Internal processes and mechanisms (controls);• Performance management;• Remuneration; and• Policies and procedures. <p>The CCIR notes that while these outcomes are intended to be a key component of a globally accepted regulatory framework, the IAIS notes that context and conditions within a given jurisdiction, including legal, regulatory and financial considerations, will ultimately affect the implementation and application of FTC and its associated outcomes.</p>
g)	Lapse refers to the termination of a policy for nonpayment of the premium. This occurs when the policy owner does not pay the premiums on time or the value of the policy (cash value) is insufficient for the payment requirements.
h)	Lawsuit means a court case involving a dispute between the insurer and the insured, based on an insurance product.
i)	Market conduct encompasses any product or service relationship between the insurance industry (insurers or intermediaries) and the public, specifically the risks to customers that arise if an insurer or intermediary fails to treat customers fairly and in accordance with applicable Law, and includes the terms "conduct of business" and "commercial practices" as used in some jurisdictions.
j)	Material change refers to any change that may materially impact or affect the outcomes associated with FTC as described by the International Association of Insurance Supervisors and listed above.
k)	Product means all insurance protections marketed under the same name and sold as a whole, although some options are possible. For purposes of this disclosure, an endorsement is not considered an insurance product if it cannot be sold alone.
l)	Regulatory action means any action that results in an order, penalty, fine, or other sanction.
m)	Sales management means either an employee of an insurer, a managing general agent, or a third-party administrator, responsible for oversight of the sales force.
n)	Sales force means those who offer the product to the consumer (for example agents, exempt sellers, restricted licensees and those who offer the product through Quebec's "without a representative" regime).
o)	Senior officer in charge of fair treatment of consumers means the person in charge of ensuring the development, implementation and enforcement of fair treatment of consumers-related operational policies and practices.
p)	Travel and "travel insurance" is limited to products that insure against risk that are specific to traveling. They do not include group health policies and coverages that may include out-of-country claims.
4. Detailed instructions	
General Information and Governance (2)	
a)	"Reviews and audits" refers to those conducted by the insurer and include, but are not limited to, examinations, compliance reviews, internal audits and other assessments of market conduct.
b)	"Organizational or operational changes" includes mergers and acquisitions or other material changes within the insurer that may impact or affect the outcomes associated with FTC as described by the International Association of Insurance Supervisors and listed above.
c)	"Reviews and audits of licensees and third-party distributors" refers to the reviews and audits conducted by the insurer for the reporting period.
Policies (3)	
a)	Information provided in the table "Group" is in relation to group master contracts.
Products changes (4) and (5)	
a)	"Product family" refers to a series of related insurance products that may include variations, but have no material differences. Include/list all the products you have sold during the last fiscal year. Products reported in this table include new coverages offered to consumers.
b)	In the product category column, please indicate the main guarantee only.
c)	Changes to be reported are limited to material changes initiated by the insurer or are the result of a decision made by the insurer. Excludes regulatory required changes.
d)	"Products covered" includes, but are not limited to, life insurance, annuities, short-term disability, long-term disability, critical illness, long-term care and travel insurance that are sold in the reporting period.
Distributors (8)	
a)	Information on your top 25 firms (determined by amount of direct written premium) is to be reported in this section.
b)	Percentage of total business is based upon sales in the reporting period.
c)	"Loan" does not include advancement of commissions.
Sales and incentives management (9)	
a)	List the types of variable remuneration (e.g. cash prizes, training that includes travel, bonuses).
b)	List only the incentives that are provided by the insurer. Do not report on incentives provided through other sources, such as those provided by MGAs.
c)	For "Lapses by distribution channel", identify the number of policies.
d)	For tables marked 2 and 3, insurers are expected to only include information regarding their direct compensation practices. Compensation practices of any entity to which distribution and sales have been outsourced to are not expected to be reported.
Claims (10)	
a)	The information requested in this section is limited to claims that have been initiated for policies that are or were in force at the time the claim was incurred.
b)	"Amount paid in benefits during the period" is limited to claims that have been closed.
c)	"Average days to final payment" does not include periodic payment or payments made in instalments.
d)	For "Number of claims closed within (period) days from date of claim reported", the initial payment of a periodic payment / first installment of a payment is to be reported.
e)	"Accident and Sickness" is limited to short-term disability, long-term disability and travel insurance-related information.
f)	The information sought in the tables marked 2 and 3 is limited to complete denials of claims.
g)	Only lawsuits related to policies are to be reported in this section.
Protection of Personal Information (12)	
a)	"Number of breaches" refers to incidents and occurrences based on applicable privacy legislation and provincial insurance legislation. It does not include the number of individuals impacted by the breach.
Attestation (13)	
a)	The Attestation is to be signed by a senior officer in charge of ensuring the development, implementation and enforcement of policies and practices related to the fair treatment of customers. (This individual is often the CCO or CEO for smaller firms. It is not the Ombudsperson).

2. Governance

Instructions added regarding the total number of employees. This was in the FAQ last year.

Question 4: Total number of employees includes all types of employees (full time, contractual, etc.)

Question 9.1: independent agents (brokers) also include distribution contracts with brokerage firms.

Questions 9.1 and 9.2: "Reviews and audits" refers to those conducted by the insurer and include, but are not limited to examinations, compliance reviews, internal audits and other assessments of market conduct.

Question 11: Organizational or operational changes includes mergers and acquisitions or other material changes within the insurer that may impact or affect the outcomes associated with FTC as described by the International Association of Insurance Supervisors and listed above.

1. Identify the senior officer(s) in charge of ensuring the development, implementation and enforcement of policies and practices related to the fair treatment of customers at December 31 (This individual is often the CCO or CEO for smaller firms. It is not the Ombudsperson):

Check this box if no senior officer is named

☐

(01)

a) Name of the senior officer:

b) Title:

c) Address:

d) Telephone number:

e) Email:

a) Name of the senior officer:

b) Title:

c) Address:

d) Telephone number:

e) Email:

a) Name of the senior officer:

b) Title:

c) Address:

d) Telephone number:

e) Email:

1.1 Provide an overview of the processes and responsibilities regarding the development, implementation and enforcement of policies and practices related to the fair treatment of customers within your organization:

(01)

This question will be Moved to the identification page.

(01)

2. Please indicate the date for your organization's fiscal year end:

If other, please specify the date of your organization's fiscal year end (MM-YY)

Moved to the identification page

3. Are you active in the sale and provision of personal lines insurance?

Will be replaced by:

Please indicate the total number of employees whose primarily responsibilities (50% or more) are related to the oversight of fair treatment of consumers

Change made to facilitate understanding

4. Please indicate the total number of employees in your organization

4.1 Please indicate the total number of employees whose responsibilities are primarily for facilitating and monitoring risk management practices over market conduct risk:

treating customer fairly will be removed. It was repetitive

5. Do you have a code or policy that specifically addresses the fair treatment of consumers/treating consumers fairly?

If yes, please answer the questions below:

a) When was the last time you reviewed/evaluated the code or policy? (MM-YY)

b) When was the last time you modified the code or policy? (MM-YY)

c) Have you communicated this code or policy to all of your staff?

Questions (5 a) and b) will be merged.

Will be replaced by:

When was the last time you reviewed your code or policy (MM-YY) whether or not the review resulted in a change.

If no, please answer the questions below:

d) Do you intend to develop such a document in the next year?

Added code.

6. Is the fair treatment of consumers a priority at each stage of the product life cycle and in every area of your operations?

If yes, please indicate if you engage in each of the following practices to ensure the fair treatment of consumers:

a) Develop strategies, objectives and initiatives to promote the fair treatment of consumers

b) Embed the fair treatment of consumers in the organization's policies and code of ethics

c) Develop mechanisms and procedures to identify and address any conflicts that could impact the fair treatment of consumers

d) Develop measures and reports to inform management of the organization's performance in the fair treatment of consumers

Changed the wording to fit the Yes No answer:

Indicate if instead of indicated in which...

If no, please explain why the fair treatment of consumers is not a priority of each stage of the product life cycle and in every area of your operations in the space below:

(01)

2. Governance

Instructions added regarding the total number of employees. This was

7. Please provide an overview of the type and length of training employees receive on hiring and on an ongoing basis with respect to the fair treatment of consumers:

8. During the past year, have you been the subject of any regulatory action of significance by a regulator outside of Canada that relates to market conduct that could have a material impact on market conduct practices in Canada?

If yes, please provide details (which regulator, product concerned, outcome, etc.):

9. Please select the option that most closely reflects the method of distribution adopted by your organization:

If you distribute your products exclusively through independent channels answer questions in section 9.1

If you distribute your products exclusively through direct or exclusive agents, answer questions in section 9.2

If you distribute your products through both independent channels and direct or exclusive agents , answer questions

Other distribution channels are not covered by this question.

9.1

a) Please indicate the number of distribution contracts you have with independent agents (licensee)

b) Please indicate the numbers of distribution contract you have with entities (MGA, firms, national account)

c) Please indicate the number of independent agents (brokers) and brokerage firms within your distribution channel that were the subject of a review or audit that included a focus on market conduct practices

d) Please identify the scope of the audit(s)/review(s) conducted over the independent agents (licensee).

e) Please identify the three most pervasive/frequent market conduct activities and/or conditions ("triggers") that led to targeted, risk-based audits or reviews of independent agents (licensee).

9.2

a) Please indicate the total number of direct or exclusive agents included within your distribution network

b) Please indicate the total number of direct or exclusive agents that were reviewed or audited

c) Please indicate the total of direct or exclusive agents within your distribution network channel that were the subject of a review or audit that included a focus on market conduct practices

d) Please identify the scope of the audit(s)/review(s) conducted over the direct or exclusive agents

e) Please identify the three most pervasive/frequent market conduct activities and/or conditions ("triggers") that led to targeted, risk-based audits or reviews of direct or exclusive agents

10. Do you have processes/mechanisms in place to ensure that the information, as noted below, is provided at the point of sale (provided before or at the time of purchase)?

If yes, please indicate which of the following information is disclosed to consumers before or at the time of purchase:

a) Insurer name and contact information

b) Product and its main features

c) Suitability risks associated with the product

d) Right of termination or rescission

e) Clear, plain language communication that is not misleading

f) Formatting that is easy to read and understand

g) Up-to-date information provided in a timely manner

h) Potential conflicts of interest

Will be removed:

Most closely

We received a lot of questions about the method of distribution used in question 9. The term third party arrangement is not a term used in the industry.

Third-party arrangement is replaced by independent channels

The definitions document indicate that independent channels include independent agents, MGAs and National accounts.

Non third-party arrangement is replaced by direct or exclusive agents.

Question will be split in two:

Agents and entities can both be contracted by insurers. For year one, insurer included in all in third party arrangements.

Removed files since it is not the number of file but rather the number of agents.

Do we want to have the total of agents plus brokerage firms? This information could be relevant.

The word files was removed. We want to know the number of agent and not the number of files reviewed with a fair treatment of consumer approach.

Will be replaced by:

Please indicate if each element listed below is provided or addressed before or at the time of purchase and if you have processes/mechanisms in place to ensure that it is disclosed or address.

New drop-down menu

- information disclosed or addressed and mechanisms in place

- information disclosed or adressed but no mechanisms in place

2. Governance

11. Please identify from the list below the after-sale information provided to the customer:	
a) Substitutions or replacement of a product	
b) Annual statements for IVICs and life products with variable elements	
c) Contract amendments	
d) Customer rights and obligations in connection to any material changes in the product that was sold or offered	
e) Changes in the environment that may impact the product (e.g., legislative changes)	
f) Organizational or operational changes that may impact the customer, product or related services	
12. Do you engage in advertising campaigns directed toward consumers?	
If yes, please indicate if you have processes/mechanisms in place to ensure/address the following in your advertising campaigns:	
a) Advertising satisfies all applicable legal and regulatory requirements	
b) Ensure the name of the insurer is clearly indicated	
c) Advertising is appropriate for the target consumer group	
d) Written advertisements are presented in a format that is easy to read and understand	
e) Advertising is truthful and authentic with respect to the use of statistics and testimonials	
f) Unclear, misleading or inaccurate advertisements are promptly modified or withdrawn	
g) Advertising is reviewed independently of the person who designed or prepared the advertisement prior to its dissemination	
13. Do you conduct customer satisfaction surveys?	
If yes, please indicate how often:	
a) Sale	
b) Claim	
c) Complaint	
d) Other:	
14. General comments:	
(01)	

Instructions added regarding the total number of employees. This was in the FAQ last year

Will be replaced by:

Please indicate if each type of information listed below is provided after the sale and if processes /mechanisms are in place to ensure that it is provided.

New drop-down menu

- information provided and mechanisms in place
- information provided but no mechanisms in place

The wording will be changed but the question remains the same:

Will be replaced by:

If yes, Please indicate the frequency at which you conduct customer satisfaction surveys for each of the following

The drop-down menus will be changed to have more relevant information.

New drop-down menu:

- Immediately after each event
- Annually
- On an ad-hoc basis
- No satisfaction survey done

3. Policies

a) Information provided in the table “Group” is in relation to group master contract

b) Annuities includes all types of annuity contracts, such as:

- Variable annuity (segregated funds)
- Annuity certain
- Deferred annuity
- Guaranteed annuity
- Indexed annuity
- Life annuity

Annuities includes GICs

Individual											
	Number of policies in force as of December 31 of the last fiscal year	Number of applications for insurance	Number of new policies issued	Number of customer initiated cancellations or non-renewals during the "free look" period	Number of customer initiated cancellations or excluding the "free look" period non-renewal	Number of insurer initiated cancellations without any refund of premium	Number of insurer initiated cancellations with refund of premium		Number of insurer initiated cancellations for non-payment or non-sufficient funds	Number of applications from consumers declined by insurer	
			(01)	(02)	(03)	(04)	Fully refunded	Prorated and short-rated	(07)	(08)	
001	Life	Column added	Column added to be able to calculate de refusal rate.								
002	Annuity										
003	Accident & Sickness										
Group											
	Number of policies in force as of December 31 of the last fiscal year	Number of applications for insurance	Number of policies issued	Number of customer initiated cancellations or non-renewals during the "free look" period	Number of customer initiated cancellations or non-renewal excluding the "free look" period	Number of insurer initiated cancellations without any refund of premium	Number of insurer initiated cancellations with refund of premium		Number of cancellations for non-payment or non-sufficient funds	Number of applications from consumers declined by insurer	
			(01)	(02)	(03)	(04)	Fully refunded	Prorated and short-rated	(07)	(08)	
004	Life					The cells in yellow will be grayed. They do not apply for annuities.					
005	Annuity										
006	Accident & Sickness										
General comments:											
007	A		The rescission right applies only to individual life insurance contracts as well as A&S insurance contracts. It does not apply to group contracts.		(01)						

4. Products - Individual Insurance

(01)

The title of the tab will be changed to:

Products - Individual Life and Accident and Sickness

Annuities (including CIG) will be included in section 6

- a) Product families to be reported are the ones that were available for sale during the reporting year.
- b) In the product category column, please indicate the main guarantee only.
- c) Material changes to be reported are limited to material changes initiated by the insurer or are the result of a decision made by the insurer. Excludes regulatory required changes.

001 1. How many individual insurance products do you have?

002 2. How many of theses products were reviewed with a focus on fair treatment of consumers and suitability in the reporting period?

**All products sold within the reporting period are to be listed in the first column “Product family” below.*

Product family	Currently available? (as of Fiscal Year End)	Product category	Material changes in the offer or in the product?	If yes, list the initial date of change	Type of change	Did the change in result in a change in the target market?	Comments or any additional information
(01)	(02)	(03)	(04)	(05)	(06)	(07)	(08)
003		Disability			Product features		
004		Extended health			Pricing		
005		Life			Product features & pricing		
006		Mortgage			New product		
007		Travel			Discontinued product		
008		Other			Non-applicable		
009							
010							
011							
012							
013							
014							
015							
016							
017							
018							
019							
020							
021							
022							
023							
024							
025							
026							
027							
028							
029							
030							
031							

	Product family	Currently available? (as of Fiscal Year End)	Product category	Material changes in the offer or in the product?	If yes, list the initial date of change	Type of change	Did the change in result in a change in the target market?	Comments or any additional information
032								
033								
034								
035								
036								
037								
038								
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040								
041								
042								
043								
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061								
062								
063								
064								
065								
066								
067								
068								
069								
070								
071								
072								
	3. General comments:							
	(01)							
073								

5. Products - Group Insurance

(01)

- a) Product families to be reported are the ones that were available for sale during the reporting year.
- b) In the product category column, please indicate the main guarantee only.
- c) Material changes to be reported are limited to material changes initiated by the insurer or are the result of a decision made by the insurer. Excludes regulatory required changes.

The title will be changed to:

Product - Group life and health

001

1. How many group insurance products do you have?

(01)

002

2. How many of theses products were reviewed with a focus on fair treatment of consumers and suitability in the reporting period?

**All products sold within the reporting period are to be listed in the first column “Product family” below.*

	Product family	Currently available? (as of Fiscal Year End)	Product category	Material changes in the offer or in the product?	If yes, list the initial date of change	Type of change	Did the change result in a change in the target market?	Comments or any additional information
	(01)	(02)	(03)	(04)	(05)	(06)	(07)	(08)
003			Disability					
004			Extended health					
005			Life	The categories will be changed to: Life Accident and sickness Travel insurance, disability and extended health will be in cluded in A&S				
006			Mor					
007			Tra					
008			Oth					
009								
010								
011								
012								
013								
014								
015								
016								
017								
018								
019								
020								
021								
022								
023								
024								
025								
026								
027								
028								
029								
030								
031								
032								
033								
034								
035								
036								

	Product family	Currently available? (as of Fiscal Year End)	Product category	Material changes in the offer or in the product?	If yes, list the initial date of change	Type of change	Did the change result in a change in the target market?	Comments or any additional information
037								
038								
039								
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059								
060								
061								
062								
063								
064								
065								
066								
067								
068								
069								
070								
071								
	3. General comments:							
	(01)							
072								

6. Products - Individual and Group Variable Insurance Contracts

(01)

- a) Product families to be reported are the ones that were available for sale during the reporting year.
- b) In the product category column, please indicate the main guarantee only.
- c) Material changes to be reported are limited to material changes initiated by the insurer or are the result of a decision made by the insurer. Excludes regulatory required changes.
- d) Annuities includes all types of annuity contracts, such as:
- Variable annuity (segregated funds)
 - Annuity certain
 - Deferred annuity
 - Guaranteed annuity
 - Indexed annuity
 - Life annuity

Annuities includes GICs

Will be changed to:
individual and group annuities

The title of the tab will be changed to:

Products - Individual and group annuities

Will include segregated funds, CIG as well as annuities.

001

1. How many Individual and Group Variable Insurance Contract products do you have?

(01)

002

2. How many of these products were reviewed with a focus on fair treatment of consumers and suitability in the reporting period?

**All products sold within the reporting period are to be listed in the first column “Product family” below.*

Individual							
Product family	Currently available? (as of Fiscal Year End)	Product category	Material changes in the offer or product?	If yes, list the initial date of change	Type of change	Did the change in product result in a change in the target market?	Comments or any additional information
(01)	(02)	(03)	(04)	(05)	(06)	(07)	(08)
003		Garanteed investments					
004		Segregated funds					
005		Annuities					
006		Scholarship plans					
007							
008							
009							
010							
011							
012							
013							
014							
015							
016							
017							
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019							
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021							
022							
023							
024							
025							
026							

	Product family	Currently available? (as of Fiscal Year End)	Product category	Material changes in the offer or product?	If yes, list the initial date of change	Type of change	Did the change in product result in a change in the target market?	Comments or any additional information
027								
028								
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064								
065								
066								
067								
068								
069								
070								
071								
072								
	Group							

	Product family	Currently available? (as of Fiscal Year End)	Product category	Material changes in the offer or product?	If yes, list the initial date of change	Type of change	Did the change in product result in a change in the target market?	Comments or any additional information
	Product family	Currently available? (as of Fiscal Year End)	Product category	Material changes in the offer or product	If yes, list the initial date of change	Type of change	Did the change in product result in a change in the target market?	Comments or any additional information
073								
074								
075								
076								
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119								

	Product family	Currently available? (as of Fiscal Year End)	Product category	Material changes in the offer or product?	If yes, list the initial date of change	Type of change	Did the change in product result in a change in the target market?	Comments or any additional information
120								
121								
122								
123								
124								
125								
126								
127								
128								
129								
130								
131								
132								
133								
134								
135								
136								
137								
138								
139								
140								
141								
142								
	3. General comments:							
	(01)							
143								

7. Premiums and commissions

a) The information requested in this tab must be expressed in an accounting basis as in the Annual Supplement/Quarterly Returns - Life

b) The Premiums and commissions requested in this section excludes business outside Canada

c) All premiums and commissions must be provided solely for the entity of insurance submitting the form (non-consolidated information)

d) Reinsurance must be excluded from the numbers provided

e) To facilitate understanding, references to the Annual Supplement/Quarterly Returns - Life are provided below for each type of information requested. Please note that the nature of the required information in the Annual Statement on Market conduct may differ from the reference given. (ex. Consolidated information is requested in the Annual Supplement/Quarterly Returns as the information requested here must be non-consolidated, information must be given by class of products in the Annual Statement on market conduct as it does not in the LIFE form).

f) Direct or exclusive agent includes commissions paid to agents as well as firms for the sales or service of any product

g) Annuities includes all types of annuity contracts, such as:

• Variable annuity (segregated funds)

• Annuity certain

• Deferred annuity

• Guaranteed annuity

• Indexed annuity

• Life annuity

Annuities includes GICs

h) A product is considered to be sold by internet if the entire sale process is done by Internet. Obtaining an online quote is not considered an Internet sale. If a sale is completed by a licensed representative after the customer obtains information/price from a website, it is not considered an internet sale either.

The CCIR received a lot of questions regarding the informaiton requested in this tab.

We added links with the P&C Annual return for better understanding.

1. Premium and Commissions by Distribution Channel (\$000)

Title will be changed to:

Class of insurance

Line of Business

Direct Premiums Written

Reference to the LIFE form: Schedule 95.010

Independent Agent

Direct and Exclusive Agent

Other

Total

Independent Agent

Direct and Exclusive Agent

Other

Total

Total of Commissions in Relation to Direct Premiums Written

Reference to LIFE form: Schedule 45.010

Independent Agent

Direct and Exclusive Agent

Other

Total

Life

001 Individual

002 Group

003 Subtotal - Life

Annuity

004 Individual

005 Group

006 Subtotal - Annuity

Accident & Sickness

007 Individual

008 Group

009 Subtotal - Accident & Sickness

010 Total

2. Do you sell your products through third parties or affinity arrangements?

012 If yes, indicate the number of entities or arrangements that are used to sell your products:

013 3. Do you sell products through the Internet?

If yes, please provide the following information for direct sales, excluding third party aggregators:

a) Number of policies sold

b) Direct premiums (\$000)

4. General comments:

016

8. Distributors

Precision added in the instructions

- a) Information on your top 25 firms (determined by amount of premium earned) is to be reported in this section.
- b) If a firm (entity) has several locations, it as to be considered as a whole and reported only once.
- b) Percentage of total business is based upon sales in the reporting period.
- c) "Loan" does not include advancement of commissions.
- d) Distributors for Individual includes those who distribute life, accident and sickness and annuities
- e) Distributors for Group include those who distribute life, accident and sickness and annuities

	Individual											
	Top 25 firms	Licensed?	% of total business	Distribution type	Exclusivity clause?	Loans to firm (\$000)	% participating in firm's equity	Minimum volume clause?	First refusal right over firm?	Other types of advantage? (Resource loan, marketing, etc.) If yes, list in #2 below	Date of most recent compliance review	Comments or any additional information
	(01)	(02)	(03)	(04)	(05)	(06)	(07)	(08)	(09)	(10)	(11)	(12)
001		Yes	0-5%	Independent Agent	Yes			Yes	Yes	Yes		
002		No	11-15%	Direct or exclusive Agent	No			No	No	No		
003				MGA								
004				National account								
005			76-85%	Other								
006												
007												
008												
009												
010												
011												
012												
013												
014												
015												
016												
017												
018												
019												
020												
021												
022												
023												
024												
025												
	2. Other type of advantage:											
	(01)											
026												
	3. General comments:											
027												

8. Distributors

Precision added in the instructions

Group (all classes)											
Top 25 firms	Licensed?	% of total business	Distribution type	Exclusivity clause?	Loans to firm (\$000)	% participating in firm's equity	Minimum volume clause?	First refusal right over firm?	Other types of advantage? (Resource loan, marketing, etc.) If yes, list in #2 below	Date of most recent compliance review	Comments or any additional information
(01)	(02)	(03)	(04)	(05)	(06)	(07)	(08)	(09)	(10)	(11)	(12)
028											
029											
030											
031											
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043											
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045											
046											
047											
048											
049											
050											
051											
052											
2. Other type of advantage:											
(01)											
053											
3. General comments:											
054											

9. Sales and Incentives Management

a) List the types of variable remuneration (e.g. cash prizes, training that includes travel, bonuses).

b) List only the incentives that are provided by the insurer. Do not report on incentives provided through other sources, such as those provided by MGAs.

d) For tables marked 2 and 3, insurers are expected to only include information regarding their direct compensation practices. Compensation practices of any entity to which distribution and sales have been outsourced to are not expected to be reported.

1. THIS QUESTION IS RELATED TO DIRECT SALES ONLY (direct or exclusive agents)

Excluding sales force whose remuneration is fully variable, identify the variable proportion of the remuneration in the rows below:

a) List by product below, the average of commissions paid (% of first annual premium) within the first year of policy force:

Direct or exclusive agents instead of third party.

		(01)
	Life	(%)
001	Individual	
002	Group	
	Annuity	(%)
003	Individual	
004	Group	
	Accident & Sickness	(%)
005	Individual	
006	Group	

b) List by product below, the average of commissions paid (% of renewal premium) within the second year of the policy being in force:

		(01)
	Life	(%)
007	Individual	
008	Group	
	Annuity	(%)
009	Individual	
010	Group	
	Accident & Sickness	(%)
011	Individual	
012	Group	

		(01)	(02)
	Type of variable remuneration:	Sales force	Sales management
013	a) Cash prizes or other gifts		
014	b) Money loan		
015	c) Profit sharing		
016	d) Bonus		
017	e) Other, specify in the space below:		

Will be replaced by

For all sales force and sales management, indicate if your organization offers each type of compensation method other than fixed commission and base salary listed below.

(01

018

3. For sales force only, indicate whether performance measures and incentives or commissions consider the following:

		(01)	(02)
		Performance Measures	Incentives or Commissions
019	a) Lapses		
020	b) Number of complaints		
021	c) Premium volume		
022	d) Claims volume		
023	e) Consumer satisfaction		
024	f) Number of post-sale consumer touches by sales force		

g) Provide details of any other sales force performance measures and incentives or commissions you have that are based on the fair treatment of consumers:

(01

025

4. Other comments on variable remuneration:

026

9. Sales and Incentives Management

- a) For “Lapses”, identify the number of policies.
- b) First-year lapses include policies that lapsed during the first 365 days of the policies being in force. The lapse has to have occurred in the reporting period.

Precision added on thte
Frist-year lapses

5. Lapses

Class of insurance	First Year				Second Year			
	Direct or Exclusive Agent	Independent Agent, Broker, or MGA	Other	Total	Direct or Exclusive Agent	Independent Agent Broker or MGA	Other	Total
	(01)	(02)	(03)	(04)	(05)	(06)	(07)	(08)
Life								
Individual				0				0
Group	11			11				0
Subtotal	11	0	0	11	0	0	0	0
Accident & Sickness								
Individual				0				0
Group				0				0
Subtotal	0	0	0	0	0	0	0	0
TOTAL	11	0	0	11	0	0	0	0

10. Claims

- a) The information requested in this section is limited to claims that have been initiated for policies that are or were in force at the time the claim was incurred.
- b) “Amount paid in benefits during the period” is limited to claims that have been closed.
- c) “Average days to final payment” does not include periodic payment (ex. long-term disability) or payments made in installments.
- d) A claim is considered reported when the insurer has all the documents required to process the claim
- e) For “Number of claims closed within (period) days from date of claim reported”, the initial payment of a periodic payment / first installment of a payment is to be reported.
- f) “Accident and Sickness” is limited to short-term disability, long-term disability and travel insurance-related information.
- g) Annuity is limited to death benefit payments

Questions 2 and 3

- h) The information sought at questions 2 and 3 is limited to complete denials of claims.
- i) A claim is considered completely denied if the insurer refuses to pay any amount of the claim. In those cases, no indemnity payment is made but payment of certain fees (expert fees, claim adjuster fees, etc.) may be made.

Question 4

j) Only lawsuits related to policies are to be reported in this section.

Added precisions according to the questions asked on year one.

1. Complete the table		Life		Annuity		Accident-Sickness	
		Individual	Group	Individual	Group	Individual	Group
		(01)	(02)	(03)	(04)	(05)	(06)
001	Number of claims opened at the beginning of the period						
002	Number of new claims opened during the period						
003	Number of claims closed with payment during the period						
004	Amount paid in benefits during the period						
005	Number of claims denied in the period						
006	Number of claims open at the end of the period						
007	Average days to final payment						
008	Number of claims closed within 0-90 days from date of claim reported						
009	Number of claims closed within 91-180 days from date of claim reported						
010	Number of claims closed within 181-365 days from date of claim reported						
011	Number of claims closed over 365 days from date of claim reported						
2. Please indicate the 3 main reasons for denial of claims in the reporting period and the total number of denials for the three reasons selected:							
		(01)	(02)				
012	a) Exclusions and limitations in the policy						
013	b) Delay in submitting claim						
014	c) Not covered, except for exclusions and limitations in the policy						
015	d) Failure to disclose or misrepresentation of a material fact						
016	e) Other, please specify in the space below						
3. Other main reasons for claims denial:							
(01)							
017							
4. Lawsuits:							
			(01)				
018	a) Number of lawsuits outstanding at beginning of the period						
019	b) Number of new lawsuits						
020	c) Number of closed lawsuit, by pre-court settlements						
021	d) Number of closed lawsuits, by Court judgement						
022	e) Number of class action lawsuits:						
5. General Comments:							
(01)							
023							

9. Complaint Reporting

1. Identify the senior officer(s) responsible for complaint handling at Fiscal Year end:		
	(01)	
001	<div>Check this box is no senior officer is named for complaint handling</div> <div><input type="checkbox"/></div>	<div>For cases when no officer is named</div>
002	a) Name of the senior officer:	
003	b) Title:	
004	c) Address:	
005	d) Telephone number:	
006	e) Email:	
007	a) Name of the senior officer:	
008	b) Title:	
009	c) Address:	
010	d) Telephone number:	
011	e) Email:	
012	a) Name of the senior officer:	
013	b) Title:	
014	c) Address:	<div>Changed the wording if instead of which since the answer if Yes or No</div>
015	d) Telephone number:	
016	e) Email:	
2. Please indicate if the following are present within your organization:		
		(01)
017	a) Complaint handling policies and procedures guideline	
018	b) Complaint handling unit or department	
019	c) Reporting mechanism on a periodic basis that is sent to management and the board regarding aggregate complaints	
020	d) Ongoing training program regarding complaint handling for staff whose activities include complaint handling	
3. Please indicate in the space below the stage of your complaint process at which you declare the complaint to the regulator:		
	(01)	
021		<div>Changed wording for better understanding.</div> <div>Initial question: Do you have any complaint information to be filed for the reporting period (If yes, please complete the next tab)</div>
022	4. Do you have complaints to report for the reporting period (new or opened during a previous reporting period)?	(01)
023	5. Does your report (table in next tab) contain new complaints for the reporting period?	<div>This question will be removed. We have the information in the next tab.</div>
	(01)	
024		<div>A box will be added for comments</div>

11.6 Complaint Reporting

[illegible]

11.6 Complaint Reporting

[illegible]

12. Protection of Personal Information

		01
001	1.Do you have policies and procedures in place regarding breaches in confidentiality and the protection of personal information?	
	If yes, please indicate which of the following are addressed by your policies and procedures:	
002	a) Timely notification to consumers of any breaches that could impact their interests or rights	
003	b) Timely notification to the appropriate authorities of any breaches that could impact the consumer's interests or rights	
004	c) Timely notification to the responsible and appropriate individuals within your organization	
	Comments:	
	(01)	
005		
		01
006	2. Have you had any breaches in the protection of personal information in the past year?	
007	If yes, indicate the number of breaches:	
008	3. Were the breaches reported to the proper authorities where required by law (e.g., Privacy Commissioner, regulatory authority)?	
	If no, please provide details as to why the incident(s) was not reported to the appropriate authority:	
	(01)	
009		

October 23, 2017

Canadian Association of Financial Institutions in Insurance
21 St. Clair Avenue East Suite 802
TORONTO ONTARIO M4T 1L9

Via Email: brendan.wycks@cafii.com

Attention: Brendan Wycks, Executive Director

Dear Mr. Wycks:

Re: *The Insurance Amendment Act, 2017*

I am pleased to attach a draft version of *The Insurance Amendment Act, 2017* for your information. This draft is provided on an embargo basis, and must remain confidential between yourselves and your legal counsel. It may not be further circulated or publicly commented on until it is introduced in the Legislative Assembly. If you are not able to comply, please delete any copy without reading it. If you wish to share it with anyone else, please check with me for prior written approval.

This Bill is the reflection of ongoing industry consultations, most recently in the development of *The Insurance Regulations* to accompany the new *Insurance Act* (the "new Act"). The vast majority of the amendments in the Bill are technical amendments to improve the wording of the new Act. There is one new section being added to the new Act in response to changes in the law on medical assistance in dying that occurred after the new Act was passed in 2015. Otherwise, these amendments are housekeeping and technical improvements that are aimed at supporting the efficient implementation of the new Act and regulations.

I would like to call your attention to the following features of the Bill:

- The insertion of a new section 8-118.1 into the new Act to address developments in the law on medical assistance in dying since the new Act was passed in May 2015. This new section adopts the definition of "medical assistance in dying" from the *Criminal Code* and confirms that section 8-118 (Suicide clause) does not apply when an insured receives medical assistance in dying. The provision also confirms that when an insured does receive medical assistance in dying, he or she is deemed to

- have died as a result of the illness, disease or disability for which he or she was entitled to receive medical assistance in dying;
- The insertion of a definition of “unlicensed insurer” into section 1-2 to confirm that an exempt insurer is not an unlicensed insurer;
 - Clarifications to section 5-4 to confirm that managing general agents and third party administrators are only required to hold a licence in those classes of insurance for which they will be acting on behalf of an insurer;
 - The repeal of subsections 5-18(4) and (5), which were unintentionally carried over into the new Act and do not reflect current practices;
 - Clarifications to section 5-38 to confirm that an individual is required to disclose the names of all businesses or affiliated insurers that he or she is authorized to represent;
 - The broadening of section 5-39 to authorize the Superintendent to make orders respecting restitution, which is consistent with other legislation administered by the Financial and Consumer Affairs Authority and will provide increased enforcement options;
 - Housekeeping change to section 6-2 to confirm that tax owing under this section can be collected in the same manner as other taxes owing;
 - The repeal of section 6-17, which if left in force could potentially lead to an increased use of unlicensed insurers;
 - Revisions to the notice requirements in sections 8-108 and 8-171 for increased consistency with current Saskatchewan and Alberta practices, as requested during consultations when the new Act was first introduced;
 - Revisions respecting beneficiary designations in sections 8-129 and 8-187 for increased consistency with British Columbia and Alberta, as requested during consultations when the new Act was first introduced;
 - The broadening of the Superintendent’s authority in section 9-21 to impose an administrative penalty for any contravention of the Act and not just those contraventions listed in the regulations, which is consistent with other legislation administered by the Financial and Consumer Affairs Authority and will provide increased enforcement options;
 - Housekeeping change to the regulation-making authority in section 10-48 to broaden what kind of guidelines can be adopted through regulation, which will support harmonization efforts with other provinces;
 - The insertion into the current Act, *The Saskatchewan Insurance Act*, of two new provisions:

- A new section 150.1 on medical assistance in dying, which is the same as the new section being added to the new Act; and
 - A new section 122.1 respecting recovery by innocent persons, which is the same as the new section 8-122 of *The Insurance Act*;
- Several other minor housekeeping amendments to fix cross-references and make other minor wording and grammatical corrections; and
- The repeal of provisions of two amendment Acts that were never proclaimed into force and are no longer needed as a result of the new Act.

Thank you for providing your comments during ongoing consultations and for identifying many of the above amendments. The Bill will come into force at the same time as *The Insurance Act*, other than the amendments to the current Act, which would come into force on assent. Please contact us directly if you want to discuss these amendments further. We look forward to continuing to engage with you as we prepare for implementation of the new Act, which is currently planned for Fall 2018.

Yours truly,



Janette Seibel
Lawyer
Financial and Consumer Authority Affairs, Legal Branch

cc: Roger Sobotkiewicz, Chair, Financial and Consumer Affairs Authority
Karen Pflanzner, Director, Legal Branch, Financial and Consumer Affairs Authority
Darcy McGovern, Q.C., Director, Legislative Services, Ministry of Justice

Consultation Draft – *The Insurance Amendment Act, 2017*

Short title

1 This Act may be cited as *The Insurance Amendment Act, 2017*.

SS 2015, c I-9.11 amended

2 *The Insurance Act* is amended in the manner set forth in this Act.

Section 1-2 amended

3 Subsection 1-2(1) is amended by adding the following definition in alphabetical order:

“ ‘**unlicensed insurer**’ does not include any insurer that is exempt from the requirement to be licensed pursuant to this Act”.

Section 2-5 amended

4 The following subsection is added after subsection 2-5(1):

“(1.1) An applicant for a licence must comply with any prescribed requirements”.

Section 2-69 amended

5 Clause 2-69(a) is repealed and the following substituted:

“(a) prescribing licensing requirements for the purposes of section 2-5;

“(a.1) prescribing the number of automobiles and limits for the purposes of section 2-51”.

Section 5-4 amended

6 Subsections 5-4(5) and (6) are repealed and the following substituted:

“(5) No insurer shall allow a managing general agent to act on its behalf with respect to a class of insurance unless the managing general agent holds a valid managing general agent’s licence for that class of insurance.

“(6) No insurer shall allow a third party administrator to act on its behalf with respect to a class of insurance unless the third party administrator holds a valid third party administrator’s licence for that class of insurance”.

Section 5-18 amended

7 Subsections 5-18(4) and (5) are repealed.

Section 5-38 amended

8 Section 5-38 is amended:

(a) by striking out “and” after clause (a);

(b) by adding the following after clause (a):

“(a.1) in the case of an individual acting for two or more businesses, the names of all businesses that the individual is authorized to represent;

“(a.2) in the case of an insurer’s representative for affiliated insurers, the names of all affiliated insurers that the individual is authorized to represent; and”; and

(c) in clause (b) by striking out “clause (a)” and substituting “clauses (a) to (a.2)”.

Section 5-39 amended

9 The following clause is added after clause 5-39(2)(b):

“(b.1) order the holder or former holder to pay restitution in the prescribed circumstances and in an amount not exceeding the prescribed amount”.

Section 5-48 amended

10 Clause 5-48(b) is amended by striking out “transact” and substituting “adjust”.

Section 5-89 amended

11 Section 5-89 is amended:

(a) by repealing clause (f); and

(b) by adding the following clause after clause (l):

“(l.1) for the purposes of section 5-39:

(i) prescribing a maximum restitution amount; and

(ii) prescribing circumstances in which a restitution order can be made, including the type of loss that can be compensated”.

Section 6-2 amended

12 The following subsection is added after subsection 6-2(3):

“(4) The tax mentioned in subclause (1)(c)(i) is a debt due to and recoverable by the Crown in right of Saskatchewan and may be recovered in any manner authorized by *The Financial Administration Act, 1993* or in any other manner authorized by law”.

Section 6-17 repealed

13 Section 6-17 is repealed.

Section 8-2 amended

14 Subsections 8-2(2) and (3) are repealed and the following substituted:

“(2) Subject to section 10-11, the Superintendent may prohibit a licensed insurer from issuing any form of policy or endorsement, from using any application or from issuing or using any advertising material if, in the opinion of the Superintendent, the form of policy, endorsement, application or advertising material is unfair, fraudulent or not in the public interest.

“(3) No insurer to which an order is issued pursuant to subsection (2) shall issue the policy or endorsement, use the application or issue or use the advertising material”.

Section 8-108 amended

15 Subsection 8-108(2) is repealed and the following substituted:

“(2) If a primary person places life insurance on the life of any person set out in clause (1)(a), the insurer shall, at the time the insurance is placed, send a notice in writing to those persons whose lives are insured advising of the particulars of the insurance”.

Section 8-113 amended

16 Subsection 8-113(3) is amended:

(a) in the portion preceding clause (a) by striking out “addition, increase or change mentioned in clauses (a) to (c)” and substituting “of the following”; and

(b) by striking out “or” after clause (b).

New section 8-118.1

17 The following section is added after section 8-118:

“Medical assistance in dying

8-118.1(1) In this section, ‘**medical assistance in dying**’ means medical assistance in dying as defined in section 241.1 of the *Criminal Code*.

(2) Section 8-118 does not apply to an insured who receives medical assistance in dying.

(3) If a contract contains an undertaking, express or implied, that insurance money will be paid if a person whose life is insured receives medical assistance in dying, the undertaking is lawful and enforceable.

(4) For the purposes of this Act, if an insured receives medical assistance in dying, that insured is deemed to have died as a result of the illness, disease or disability for which he or she was determined to be entitled to receive that assistance, in accordance with clause 241.2(3)(a) of the *Criminal Code*”.

Section 8-129 amended

18 The following subsection is added after subsection 8-129(3):

“(3.1) Unless the document by which a contract is assigned specifies otherwise, an assignment mentioned in subsection (3) made on or after the date on which this section comes into force revokes:

(a) a designation of a beneficiary made before or after that date and not made irrevocably; and

(b) a nomination mentioned in section 8-131 made before or after that date”.

Section 8-171 amended

19 Subsection 8-171(2) is repealed and the following substituted:

“(2) If a primary person places insurance on the life or well-being or both of any person set out in clause (1)(a), the insurer shall, at the time the insurance is placed, send a notice in writing to those persons who are insured advising of the particulars of the insurance”.

Section 8-173 amended

20 Subsection 8-173(3) is amended:

(a) in the portion preceding clause (a) by striking out “addition, increase or change mentioned in clauses (a) to (c)” and substituting “of the following”; and

(b) by striking out “or” after clause (b).

Section 8-187 amended

21 The following subsection is added after subsection 8-187(3):

“(3.1) Unless the document by which a contract is assigned specifies otherwise, an assignment mentioned in subsection (3) made on or after the date on which this section comes into force revokes:

- (a) a designation of a beneficiary made before or after that date and not made irrevocably; and
- (b) a nomination mentioned in section 8-189 made before or after that date”.

Section 9-21 amended

22 Subsection 9-21(1) is amended in the portion preceding clause (a) by striking out “prescribed”.

Section 9-26 amended

23 Clause 9-26(b) is repealed.

Section 10-5 amended

24 Subsection 10-5(4) is amended in the portion preceding clause (a) by striking out “licensed”.

Section 10-48 amended

25 Clause 10-48(2)(j) is amended in the portion preceding subclause (i) by striking out “respecting ethical, operational and trade practices for any licensed party or party who is required to be licensed pursuant to the Act, including” and substituting “with respect to any matter governed by this Act”.

RSS 1978, c S-26 amended

26(1) *The Saskatchewan Insurance Act* is amended in the manner set forth in this section.

(2) The following section is added after section 122:

“Recovery by innocent persons

122.1(1) If a contract contains a term or condition excluding coverage for loss or damage to property caused by a criminal or intentional act or omission of an insured or any other person, the exclusion applies only to the claim of a person:

- (a) whose act or omission caused the loss or damage;
- (b) who abetted or colluded in the act or omission;
- (c) who:
 - (i) consented to the act or omission; and

(ii) knew or ought to have known that the act or omission would cause the loss or damage; or

(d) who is a member of any class of persons other than individuals.

(2) Nothing in subsection (1) allows a person whose property is insured under the contract to recover more than the person's proportionate interest in the lost or damaged property.

(3) A person whose coverage under a contract would be excluded but for subsection (1) must:

(a) cooperate with the insurer with respect to the investigation of the loss, including, without limitation, by submitting to an examination under oath or on affirmation, if requested by the insurer; and

(b) produce for examination, at a reasonable place and time that is designated by the insurer, all documents that relate to the loss in addition to those required by the contract”.

(3) The following section is added after section 150:

“Medical assistance in dying

150.1(1) In this section, ‘**medical assistance in dying**’ means medical assistance in dying as defined in section 241.1 of the *Criminal Code*.

(2) Section 150 does not apply to an insured who receives medical assistance in dying.

(3) If a contract contains an undertaking, express or implied, that insurance money will be paid if a person whose life is insured receives medical assistance in dying, the undertaking is lawful and enforceable.

(4) For the purposes of this Act, if an insured receives medical assistance in dying, that insured is deemed to have died as a result of the illness, disease or disability for which he or she was determined to be entitled to receive that assistance, in accordance with clause 241.2(3)(a) of the *Criminal Code*”.

SS 1998, c 35 amended

27 Sections 16 and 33 of *The Saskatchewan Insurance Amendment Act, 1998* are repealed.

SS 2003, c 38 amended

28(1) *The Saskatchewan Insurance Amendment Act, 2003* is amended in the manner set forth in this section.

(2) Section 3 is amended by repealing clauses (a), (c) and (f), that portion of clause (h) that repeals clauses 2(1)(p), (q), (r), (t), (u), (w), (bb), (cc), (ff), (kk), (ll), (mm), (ww) and (bbb) of *The Saskatchewan Insurance Act*, and clauses (k) and (m).

(3) Section 4, subsection 13(3) and sections 14, 37, 38 and 39 are repealed.

(4) Section 97 is amended by repealing clauses (a) and (b) and that portion of clause (c) that enacts clause 467(c.1) of *The Saskatchewan Insurance Act*.

Coming into force

29(1) Subject to subsection (2), this Act comes into force on the day on which section 1-1 of *The Insurance Act* comes into force.

(2) Sections 26 to 28 come into force on assent.

CAFII Strategic Options Proposal to the Board of Directors

November 2017



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2

Objective of Today's Strategic Plan Presentation

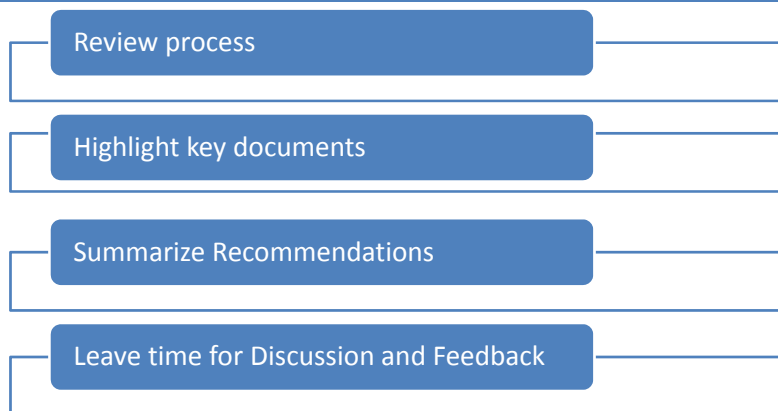
- First, to share the process and output of the effort made by the EOC on the Strategic Plan
- Second, to give the Board the opportunity to reflect on the proposed priorities, and to offer feedback and areas for adjustment
- Third, to identify the key recommendations that will be the subject of an eventual request for approval



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EOC Recommendation: Full Review and Discussion at 28 Nov. Board Meeting; Approval Deferred to Subsequent Board Meeting 3

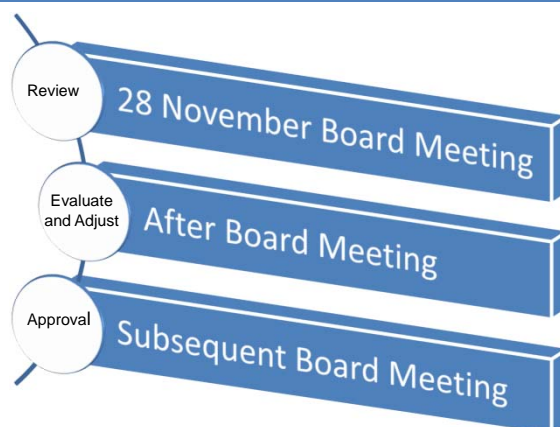
28 November 2017
Board Meeting



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Possible Process for Board Approval of the Strategy 4



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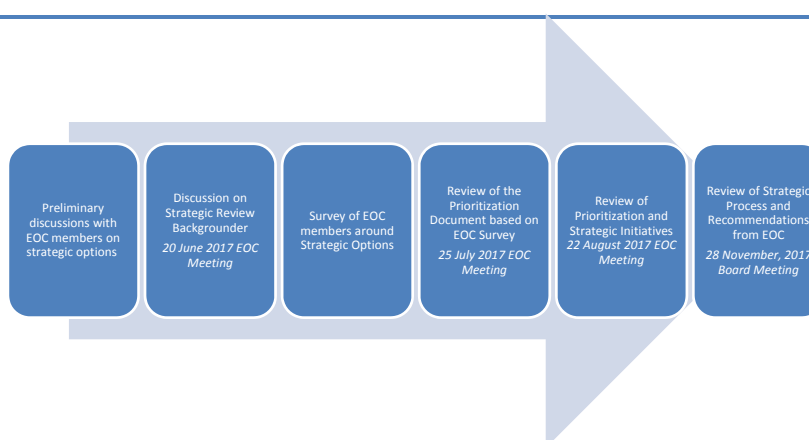
High Level CAFII Strategic Plan Recap

- Three documents have been developed—the **Strategic Plan Backgrounder**, the **Strategic Prioritization Exercise**, and the **Strategic Options and Prioritization** document
- We have reviewed and discussed these documents at three EOC meetings—*20 June 2017, 25 July 2017, and 22 August 2017*



6

CAFII Strategic Plan Timeline to Date



CAFII Strategic Plan Process and Analysis



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8

First, We Explored “Where Are We?” as an Association?

Focus on Regulator and
Policy-Maker
Relationship-Building,
Communications, and
Advocacy



Limited Research and
Public Relations



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Then we Asked “Where Do We Want to Go?”

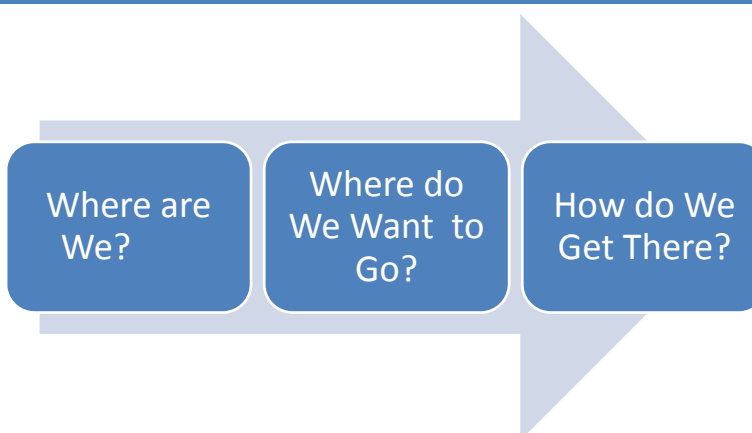
9

To Explore this Question, We Reviewed Possible Strategic Options

<input type="checkbox"/>	Maintain strength in regulatory affairs	<input type="checkbox"/>
<input type="checkbox"/>	Develop new products and services in the regulatory sphere	<input type="checkbox"/>
<input type="checkbox"/>	Develop a significant new research stream	<input type="checkbox"/>
<input type="checkbox"/>	Hold more meetings, symposia, workshops to showcase our research	<input type="checkbox"/>
<input type="checkbox"/>	Develop a proactive media relations program	<input type="checkbox"/>
<input type="checkbox"/>	Develop our capacity in understanding Insurtech by partnering with organizations in this space	<input type="checkbox"/>
<input type="checkbox"/>	Continue to invest in our website	<input type="checkbox"/>
<input type="checkbox"/>	Enhance the Value Proposition for Associates	<input type="checkbox"/>
<input type="checkbox"/>	Develop a Certification Program	<input type="checkbox"/>

We Utilized a Methodology around Current State and Future State

10



11

Where Do We Want to Go?

We Identified Specific Initiatives we could Pursue—related to our existing regulatory focus



12

Where Do We Want to Go?

We Identified Specific Initiatives we could Pursue—based on new initiatives



13

We explored and discussed each in detail

Maintain regulatory expertise →

Maintaining our strength in regulator and policy-maker monitoring and submissions

- We have this expertise already
- Developing a relationship strategy where we have an in-person touchpoint with every key regulator and policy-maker at least once every 18 months
- Could supplement our regulatory strategy on avoiding or deflecting undesired regulatory developments, by having a stronger and more proactive focus on achieving our key long-term regulatory objectives



Build on regulatory competency →

Leverage our knowledge of the changing environment with new products, services

Meet the leaders of Human Resources of our members and the leaders of their learning institutes, to identify ways CAFII can develop internal learning modules to increase the strategic, regulatory, and external environment expertise of the staffs of our members



Enhanced Networking and Communications program →

An assertive communications program that broadens CAFII's sphere of influence beyond regulators and policy-makers ...

Build on existing contacts to have ongoing set of meetings to promote CAFII members and their businesses



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14

We explored and discussed each in detail

Significant Research Program →

A significant research program that both generates and synthesizes / interprets third party data and research reports, thereby producing insights and actionable intelligence which allows CAFII to tell its story both externally and internally (within our FI parent banks)



More Meetings and Events →

An assertive thought leadership program that builds upon our research program, with seminars, symposia, and workshops ...



Thought Leadership in Technology and Innovation →

Develop a demonstrated commitment to innovation by partnering with and supporting Insurtech initiatives and sharing leading potential new technology opportunities both internally and externally with key stakeholders

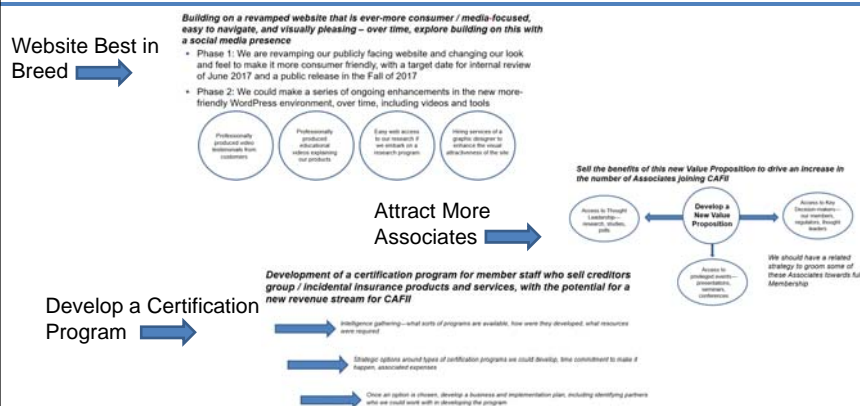


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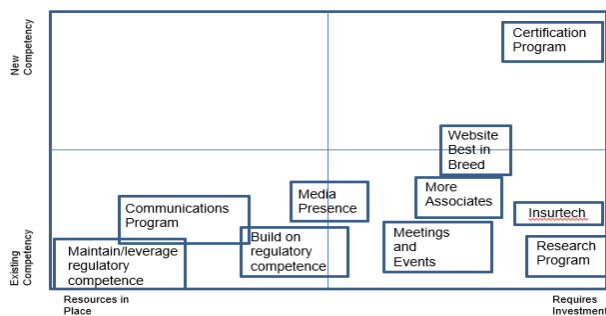
We explored and discussed each in detail



16

We Also Asked “How Do We Get There?”

To Understand “How Do We Get There?” We Reviewed the Implications of the Strategic Options by Reviewing a Matrix of Development Challenges for Competencies and Resources



Prioritization Exercise



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18

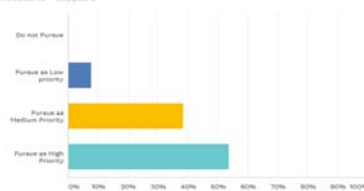
We Surveyed EOC Members to Prioritize the Initiatives

We asked EOC Members to Respond to the Strategic Options with a Choice—"Do not Pursue" "Pursue as a Low Priority" "Pursue as a Medium Priority" "Pursue as a High Priority"

Q4

Complement our response to current regulatory developments with proactive, long-term regulatory objectives that align with our long-term goals as an Association. (An example of a long-term goal could be increased regulatory standardization across different jurisdictions.)

Answered: 12 Skipped: 0

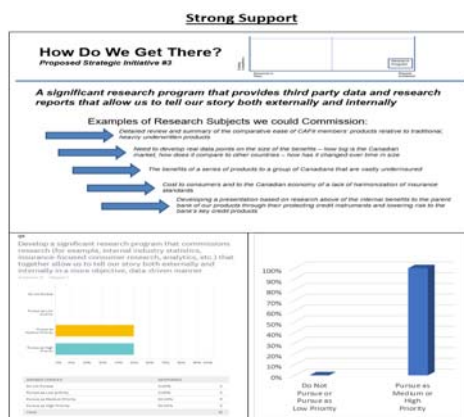


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We Surveyed EOC Members to Prioritize the Initiatives

We Discussed the Results at a portion of our July 2017 EOC Meeting, reviewing the Results in a Strategic Prioritization Exercise document



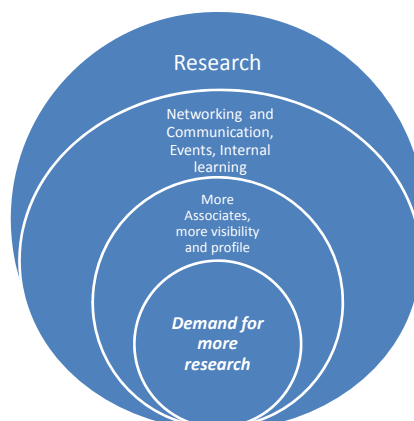
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20

We Were Not Mechanical in our Ordering of Priorities

We noted that prioritizing between options in the second and third quadrants is not mechanical—for example, expensive research is higher priority because it is a catalyst for other strategic initiatives like meetings, communication, more events, a better website, and an enhanced value proposition...



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We Applied Strategic Methodologies to our Analysis

21

We Noted the Sequencing Traditionally Associated with a Matrix for Competencies and Resources

New Competency	#2 Do Second	#4 Do Last... or not at all
	#1 Do First	#2 Do Second
Existing Competency	Resources in Place	Requires Investment

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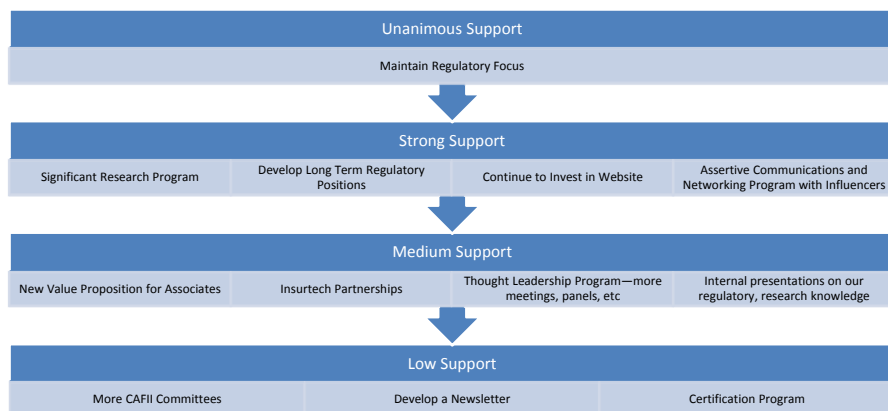
Bundling and Prioritizing the Strategic Options

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23

Summary of the Survey Results



24

Where there Was Clarity—Areas of Unanimous or High Support

Board Approval Requested



Where there Was Clarity—Areas of No Support

25

Board Approval Requested



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Where there Was Less Clarity—Areas of Medium Support

26

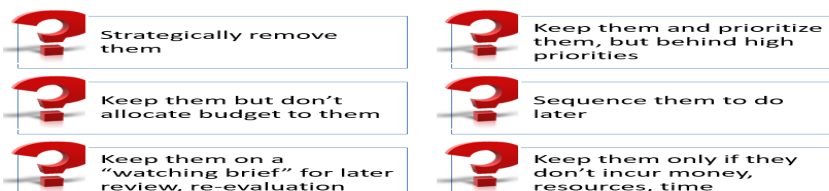
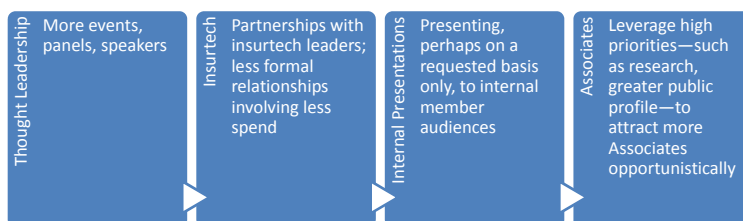


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We Needed to Determine an Approach to Medium Priorities

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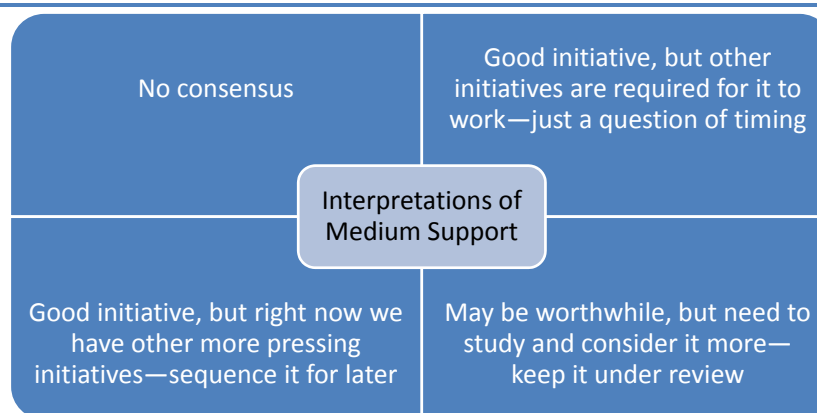


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There are Many Ways to Interpret Medium Support

28

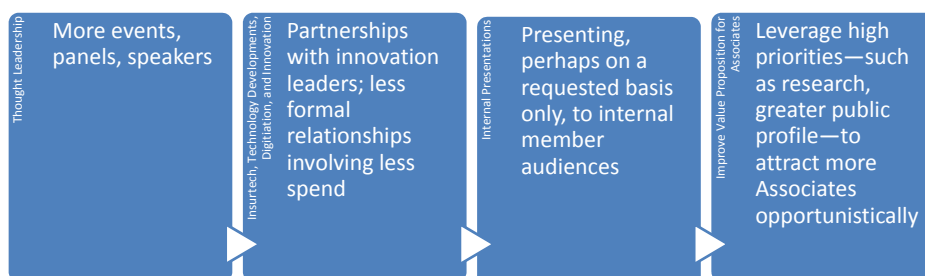


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We Discussed our Approach to Medium Priorities

29

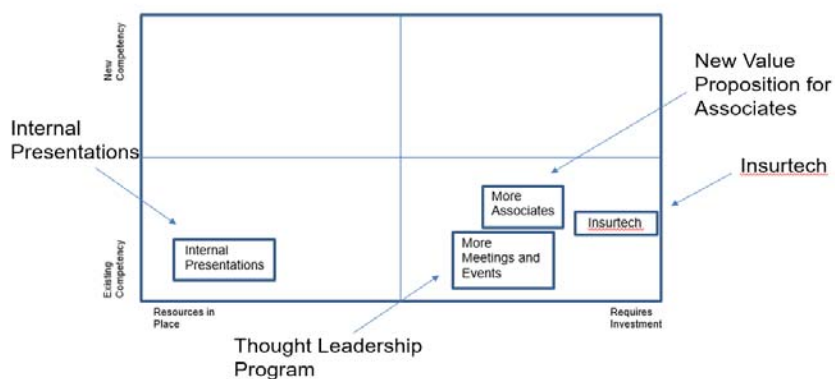


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Medium Support Initiatives Were Reviewed in the Matrix of Competencies and Resources

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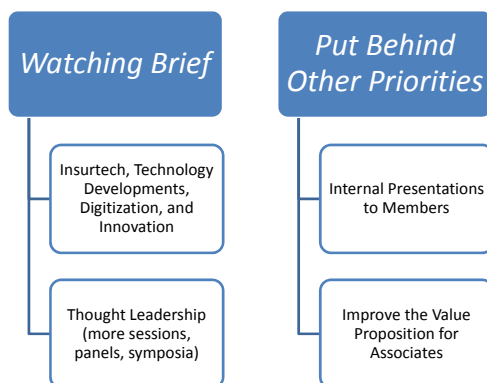


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We Agreed to Retain these Medium Priorities, but to Focus on Top Priorities



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The EOC Developed a Proposed Core Strategic Prioritization Statement

Core Statement

CAFI's **mission** remains the same:

CAFI will represent, promote and advance the interests of financial institutions in insurance and affiliated organizations. Its express goal is fostering an open and flexible marketplace that is efficient and effective and allows consumers an expanded choice in the purchase of insurance products and services. CAFI will work with other industry associations, where appropriate, to ensure public policy supports a legislative and regulatory environment that is healthy for future growth.

In support of this mission, CAFI's fundamental strategic priority will be to develop outstanding relationships and communications with insurance regulators and policy-makers across Canada. To promote this objective, we will meet in-person with representatives of these groups at least once every 18 months.

We will deepen these relationships by embarking on a significant research program that will provide us with interesting and relevant content to share, and which can gain us public profile. Our research program will dovetail with a proactive element to our regulatory focus through which we will seek to educate and influence key constituents about our long-term objectives.

Our research findings and our regulatory expertise will also serve as the foundation for an assertive communications and networking strategy through which we will meet on an ongoing basis with key influencers including policy-makers, senior bureaucrats, politicians, thought leaders, Association leaders, academics and others with whom we will share our research insights and key messages. As part of our efforts to increase our focus on and relevance to consumers and to heighten our public profile, we will continue to invest in the CAFI website and explore expanding and enhancing our media profile.

In addition to these strategic priorities there are other initiatives that CAFI will continue to promote, but as lower priorities. We will keep a watching brief on Insurtech, Technology Developments, Digitization, and Innovation, and on increasing our thought leadership through additional meetings and presentations in our areas of expertise. We will leverage our regulatory expertise and research with presentations to internal audiences within our membership; and we will explore ways to enhance the value proposition of being an Associate, with the objective of attracting more to join CAFI.

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

Where Things Stand



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34

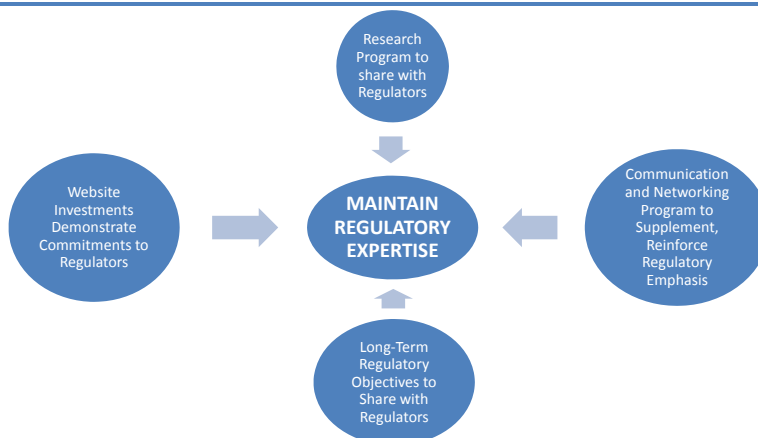
A Key Observation: Research is a Foundation for the Success of the Strategy



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We Noted that Areas of Strong Support Reinforce each Other



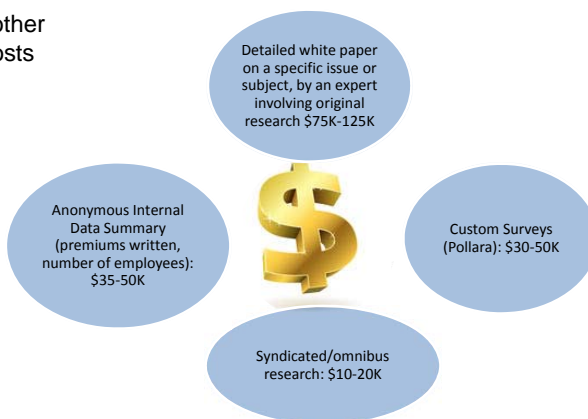
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The Largest Proposed Investment in the Strategic Plan is for Research

Partnered Research with other organizations can lower costs



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We Explored Options to Find Additional Funds for Research

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Prioritize

Try to reallocate funds from other priorities; find savings and apply to research

Increase Membership Fees--General

Increase membership dues generally with the intention of using the additional resources for research

Increase Membership Fees--Dedicated

Increase Membership dues one-time, under special assessment for dedicated research fund

Request Funds for Specific Research

"Pass the Hat" for dedicated research—models may include some members, more interested in a particular topic, giving more for that research effort

Sponsors

Secure sponsors / partners for CAFII research (would take time to build out this approach)

What Comes Next?

After Approval, a Business and Implementation Plan is Next

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A successful strategy requires exquisite execution



Establish timelines for the Strategic Objectives



Develop a Budget and Implementation Plan



Establish Metrics to Measure Success

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Budgetary Constraints Mean that Implementing the Strategic Plan will Need to be Done in Phases

40

Year 1: limited additional research, website investments

Year 2: review success of Y1 initiatives, invest further as appropriate

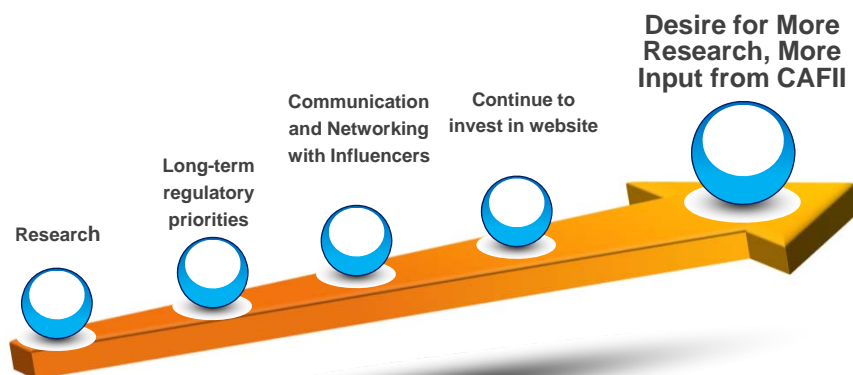
Year 3: review Strategic Plan, identify where to continue investing more

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We will Develop Detailed Timelines and Goals with Measures



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Key CAFII Committees will be Critical to the Successful Implementation of the Strategy

Research & Education Committee – Chaired by Diane Quigley, CUMIS / Co-operators Group	Media Advocacy Committee— Chaired by Charles Blaquiere, Valeyo	Licensing Efficiency Issues Committee – Chaired by Moira Gill, TD Insurance	Market Conduct Committee – Chaired by Rose Beckford, Scotiabank Financial
Will be critical to recommending research priorities	Will be focused on our media strategy, website enhancements, and identifying key influencers to share our message with	Will play a key role in our long-term regulatory objectives and will input into research priorities	Our regulatory priority means a continued key role for this Committee, including input into research topics
This Committee focuses on: CAFII Value Proposition IAIS Core Principles Complaint Statistics Underserved Market Research	This Committee focuses on: Media Relations Public Advocacy Website	This Committee focuses on: LLQP Modernization Representation on Provincial Councils ISI Regime / Restricted Licensing	This Committee focuses on: Regulatory Submissions Distribution Guide E-Commerce Insurance Act & Related Legislative / Regulatory Reviews



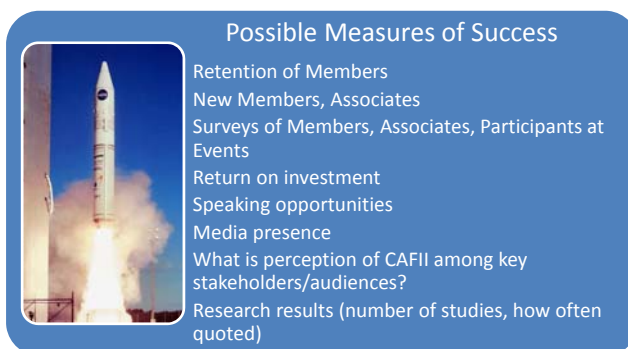
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How do we Measure Success after 6/12/18 Months?...did we choose the Right Initiatives?

A successful execution requires measures

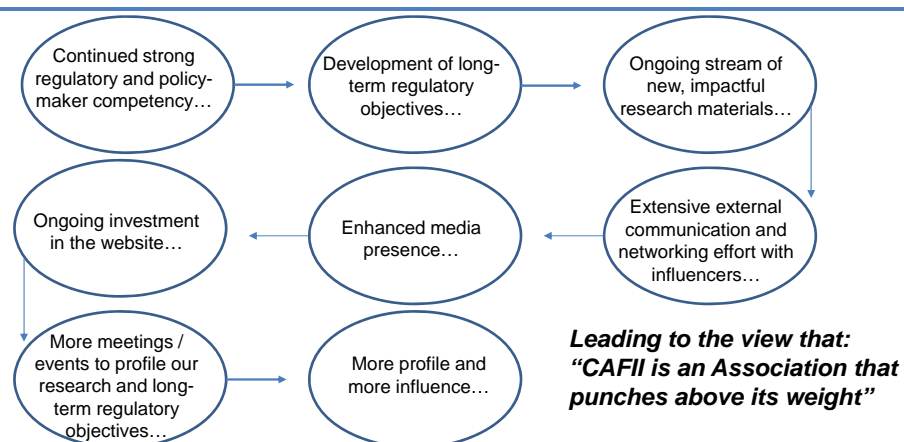


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If this Strategic Plan is Successful...What Might CAFII Look Like...in 2021?



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Thank You

Media Protocol Process—Modified From Media Protocol II

Responding to Negative Media Columns/Articles

- Once the CAFII Board approves the content of the proposed responses to negative columns/articles, this material will be the pre-approved source material for a Letter to the Editor response
- Such a Letter to the Editor would be based on this pre-approved content, with necessary modifications to respond to the specific column/article
- Approval for a Letter to the Editor response would come from a Committee comprising
 - The CAFII Co-Executive Directors;
 - The Chair of the CAFII Board;
 - The Chair of the CAFII EOC; and
 - CAFII's Media Consultant
- The Letter to the Editor would be signed by Co-Executive Director Keith Martin and would not require further approvals, if the Committee above approves it

Letter to the Editor (V8 updated October 20)

Following are some proposed responses to negative media columns/articles, a collaborative effort between CAFII's Co-Executive Directors and Media Consultant David Moorcroft. Our Media Consultant has made the latest edit with the following objectives in mind:

- 1. Meet the Globe and Mail's policy for letters to the editor, which states: The Globe and Mail welcomes letters on any subject but reserves the right to condense and edit them. Brevity counts. All letters should be less than 150 words, and must include the name, mailing address and daytime phone number of the writer.*
- 2. Refrain from repeating the negative criticism, and where possible, use the letter as an opportunity to list the positive aspects of creditor insurance and the institutions that provide it.*
- 3. Use simple language to make the arguments advanced in the letters more readable and understandable.*
- 4. Where possible, use data and information to support the central message of the letter.*

ISSUE 1: General Criticism of Creditors Insurance

Re: headline of article (date): I'm writing in response to your story about creditor insurance published on (insert date). Your article failed to mention many of the positive aspects of creditor insurance sold by financial institutions across Canada for products such as mortgages, personal loans, lines of credit and credit cards.

For example, creditor insurance is available for a wide range of options, some of which such as job loss insurance may be hard to obtain elsewhere. It is also available in small coverage amounts, which is not always the case with other types of insurance such as individual term life, critical illness, or disability insurance. In fact, lower-income Canadians seeking moderate levels of insurance represent one of the most under-served segments in the overall insurance marketplace.

Further, all types of creditor insurance are provided under a group policy, which means more Canadians are accepted for coverage and they benefit from economical standard group rates. In fact, a 2015 independent actuarial study found that for several types of coverage, creditor insurance was less expensive than an identical amount of individual insurance, for many types of consumers. In addition, creditor insurance is the most accessible insurance in the country, with Canadians enjoying coast-to-coast access to it through more than 8,000 branches, telephone contact centres, and the internet.

Perhaps most important of all, the availability of creditor insurance through banks and credit unions across Canada provides consumers with one more option, which is good for competition.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 2: *Customers Do Not Understand What They Purchased*

Re: headline of article (date): Thank you for pointing out the need for consumers to understand the type of coverage they are buying when they purchase insurance. We agree.

Members of the Canadian Association of Financial Institutions in Insurance (CAFII) take great pride in helping clients choose the coverage that best meets their needs. For example, our members employ highly trained, salaried personnel who are available to explain all the coverages and the exceptions to coverage. They encourage all policy purchasers to carefully read what they will be covered for, and the policy documents are written in clear, easy-to-understand language.

In addition, CAFII recently launched a new website that is designed to help consumers become more aware of the range of insurance options available in Canada and to understand more about them.

While it is always disappointing to hear about a consumer who didn't understand his or her coverage and had a claim denied, such situations are very uncommon. For example, according to a 2015 independent actuarial study, 95% of claims made under Mortgage Life Insurance policies are paid.

So while more work remains to be done to educate consumers about insurance, I believe we are heading in the right direction.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 3: *Customers Pressured into Purchasing Product and Cannot Easily Cancel Coverage*

Re: headline of article (date): Financial institutions in Canada that sell creditor insurance adhere to a strict code of conduct that prohibits the use of pressure tactics to sell insurance.

In addition, coercive tied selling, which means making the obtaining of one product contingent upon the purchase of another, is against the law. Negative option marketing, which is automatically selling you something unless you proactively decline, is also illegal.

These practices are not permitted and are not used by our member financial institutions. Furthermore, our members' insurance advisors and agents are bound by their respective codes of conduct and/or license responsibilities, breaches of which could result in disciplinary action, monetary penalties, etc.

In addition, customers have a “free look” period (typically 30 days) during which they have insurance coverage but can cancel with a full refund of the premium paid. After the free look period is over, customers can cancel their coverage at any time and pay no further premiums.

Every week, employees at our member institutions sell creditor insurance to thousands of Canadians based on these principles, and their track record of high levels of customer satisfaction suggests it is largely working the way it should. It is unfortunate that your article implied otherwise.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 4: *Premiums do not Decline over Term, while Mortgage Debt Does*

Re: headline of article (date): Your article failed to mention many of the positive features of mortgage life insurance, a form of creditor insurance offered by banks and credit unions across Canada.

For example, unlike with individual term life insurance where a customer’s premium will substantially increase whenever he or she has to renew the policy at an advanced age, the premium for mortgage life Insurance remains stable over the full duration of the mortgage with the customer’s financial institution. This provides customers with a predictable, constant and affordable premium throughout the entire life of the mortgage.

Furthermore, should a customer’s mortgage balance reach a level where they no longer feel the cost of having life insurance on it is worthwhile, they can always cancel the coverage without penalty and pay no further premiums.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 5: *Insurance Claim Paid to Bank, not Customer*

Re: headline of article (date): Your article suggests that since the death benefit from mortgage life insurance – a form of creditor insurance offered by banks and credit unions across Canada-- goes toward paying off a mortgage debt rather than to the surviving heirs, it mainly benefits the mortgage holder. Nothing could be further from the truth.

The reality is that for many Canadians, their home represents their most cherished asset, and their mortgage is their largest debt obligation. When people take out mortgage life insurance through their financial institution, it’s because they want that debt to be taken care of in the event of their untimely death, making it easier for their family to remain in the home. This

'peace of mind' is important during a difficult time, especially if the family has lost their primary income earner.

The bottom line is that mortgage life insurance provides Canadians with an additional means of providing financial security for their loved ones, and can complement other types of insurance coverage.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 6: *Strict Underwriting Makes Product Hard to Get*

Re: headline of article (date): Contrary to what your article implied, creditor insurance – offered by banks and credit unions across the country-- is among the easiest, fastest, and most convenient insurance coverage for Canadians to obtain.

Most applicants for this type of coverage are insured immediately without the need for additional health questions or medical tests. Further, a 2015 independent actuarial study showed that 80% of mortgage life insurance applications in Canada are approved at the time of initial application.

As well, all types of creditor insurance are provided under a group policy, which means more Canadians are accepted for coverage and they benefit from economical standard group rates. In fact, the same 2015 independent actuarial study found that for several types of coverage, creditor insurance was less expensive than an identical amount of individual insurance, for many types of consumers. In addition, creditor insurance is the most accessible insurance in the country, with Canadians enjoying coast-to-coast access to it through more than 8,000 branches, telephone contact centres, and the internet.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 7: *Product is Too Expensive*

Re: headline of article (date): Contrary to what your article suggested, creditor insurance offers good value and very competitive rates for Canadians.

In fact, a 2015 independent actuarial study found that for many types of coverage -- including disability, critical illness and life -- creditor insurance was less expensive than an identical amount of individual insurance, for many types of consumers.

For example, the study found that creditor insurance for critical illness was less expensive than individual critical illness insurance for all ages, amounts and genders. Furthermore, the study

showed that creditor life insurance is less expensive than individual Term 10 life insurance (renewed once over 20 years) for almost all (94%) of the customer profiles covered in the study; and it's less expensive than Term 20 life insurance for more than half (55%) of the customer profiles covered in the study.

The bottom line is that creditor insurance is a fairly priced, competitive product and an important insurance option available to Canadians through banks and credit unions across the country.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 8: *Difficult to Complain about Product*

Re: headline of article (date): Contrary to what your article suggested, financial institutions that sell creditor insurance take great pride in providing excellent customer service and have put in place robust procedures for receiving, investigating, responding to, and resolving consumer enquiries and complaints.

These procedures include clear information on how to make a complaint, what information to provide, and contact information for submitting a complaint. Furthermore, many of these institutions have a process in place for escalating unresolved complaints to their own Ombudsperson, and onwards to an industry Ombudservice should the situation warrant.

While there is always room for improvement, the demonstrable evidence shows that employees at the banks and credit unions across Canada that sell creditor insurance are working hard to ensure their customers are well-served.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 9: *Difficult to Complain about Travel Insurance Product*

Re: headline of article (date): Contrary to what your article suggested, financial institutions that sell travel insurance take great pride in providing excellent customer service and have put in place robust procedures for receiving, investigating, responding to, and resolving consumer enquiries and complaints.

These procedures include clear information on how to make a complaint, what information to provide, and contact information for submitting a complaint. Furthermore, many of these institutions have a process in place for escalating unresolved complaints to their own Ombudsperson, and onwards to an industry Ombudservice should the situation warrant. This process ensures a thorough and unbiased review of the consumer's concern.

In addition, research has shown that consumers of travel insurance give the industry high marks for customer satisfaction. For example, a study by Pollara Strategic Insights in 2015 that looked at the satisfaction levels of consumers who purchased travel medical insurance showed that 94% gave their purchase experience a very high rating.

While there is always room for improvement, the demonstrable evidence shows that employees at the banks and credit unions across Canada that sell travel insurance are working hard to ensure their customers are well-served.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

News release

**NEW WEBSITE AIMS TO MAKE INSURANCE INFORMATION
SIMPLE AND ACCESSIBLE FOR CANADIANS**

Toronto, November 14, 2017 – A new [website](#) designed to help consumers become more aware of the range of insurance options available in Canada and to understand more about them was launched today.

Created by the Canadian Association of Financial Institutions in Insurance (CAFII), the [website](#) explains how more than a dozen types of insurance work including Mortgage Default Insurance and Life Insurance, as well as a wide range of Creditor's Group and Travel Insurance products. These products include Mortgage Life Insurance, Mortgage Disability and Critical Illness Insurance, Job Loss Insurance, Payment Protection Insurance, Travel Medical Insurance, and Trip Cancellation and Interruption Insurance.

In addition, the [website](#) provides a number of helpful resources including a handy list of Frequently Asked Questions, and information on how consumers can make an enquiry or complaint to their CAFII-member insurance provider. It also includes Association and industry news.

According to Keith Martin, co-executive director of CAFII, the new [website](#) is the latest step in helping to fulfill the organization's goal of making insurance simple and accessible for Canadians.

"Consumers benefit from having a wide choice of insurance products and distribution channels in Canada, but many are not familiar with them or how they work," Mr. Martin said. "While our new website is still a work in progress, we hope that consumers will find it useful in helping them make more informed choices."

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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 was established in 1997 to provide a voice for financial institutions involved in selling insurance through a variety of distribution methods. CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services.

Media contact:

David Moorcroft, Public Affairs Advisor

Email: david@strategy2communications.com

Tel: +1-416-727-1858

UN NOUVEAU SITE WEB VISANT À RENDRE L'INFORMATION SUR L'ASSURANCE SIMPLE ET ACCESSIBLE POUR LES CANADIENS

Toronto, le 14 novembre 2017 – Un tout nouveau [siteWeb](#) conçu pour conscientiser les utilisateurs concernant les nombreuses possibilités d'assurances disponibles au Canada et à mieux les comprendre, a été lancé aujourd'hui.

Créé par l'Association canadienne des institutions financières en assurance (ACIFA), le [siteWeb](#) explique le fonctionnement de plus d'une douzaine de types d'assurances, incluant l'assurance prêt hypothécaire et l'assurance vie, en plus d'un large éventail de produits dont les assurances des groupes de créanciers ainsi que les assurances voyages. Ces produits incluent également l'assurance vie hypothécaire, invalidité hypothécaire, maladies graves, perte d'emploi, mensualités, maladie en voyage, annulation de voyage et interruption des affaires.

De plus, le [siteWeb](#) offre un grand nombre de ressources incluant une liste utile des questions fréquemment posées, ainsi que l'information nécessaires aux clients souhaitant faire une demande ou une plainte à leur fournisseur d'assurance, membre de l'ACIFA. Il inclut également des nouvelles de l'Association et de l'industrie.

Selon Keith Martin, codirecteur général de l'ACIFA, le nouveau [siteWeb](#) est la dernière étape afin d'atteindre l'objectif de l'organisation qui est de rendre l'assurance simple et accessible aux Canadiens.

« Les clients ont la chance de pouvoir choisir parmi une grande gamme de produits d'assurances et de canaux de distribution au Canada, mais plusieurs d'entre eux ne sont pas familiers avec ces derniers ou comprennent peu leur fonctionnement », a affirmé M. Martin.
« Bien que notre site Web ne soit pas tout à fait finalisé, nous espérons que les clients le trouveront utile et qu'il leur permettra de faire des choix plus éclairés. »

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À propos de l'ACIFA :

L'Association canadienne des institutions financières en assurance (ACIFA) est une association sans but lucratif qui se consacre au développement d'un marché de l'assurance ouvert et flexible. L'ACIFA a été créée en 1997 pour fournir une voix aux institutions financières qui offrent de l'assurance par l'entremise de différents canaux de distribution. Elle croit que les consommateurs sont mieux servis lorsqu'ils disposent de diverses possibilités pour l'acquisition de produits et services d'assurance.

Contact média:

David Moorcroft, Conseiller aux affaires publiques

Courriel : david@strategy2communications.com

Tél. : 1 416 727-1858

Agenda Item 4.3 (2 of 3)
November 28/17 CAFII Board Meeting

From: Brendan Wycks [mailto:brendan.wycks@cafii.com]

Sent: November-15-17 11:17 AM

To: 'Beckford, Rose'; 'Beauchamp, Jason'; katherine.geisler@cibc.com; charles.maclean@rbc.com; 'Diane Quigley'; andrea.stuska@td.com; 'Shawna Sykes'; 'Lewsen, John'; moira.gill@td.com; 'Manson, Sue'; brian.wise@assurant.com; 'Blaquiere, Charles'; Cecillia.Xiao@assurant.com; jsavard2@dsf.ca; 'Isabelle Choquette'; rob.dobbins@assurant.com; keith.martin@cafii.com; 'Thorn, Peter'; 'Easthope, Dana'; 'Tony Pergola'; 'Bedford, Laura'; 'Caroline Bucksbaum'; 'Genier, Marie'; 'Pabani, Huma'; 'Prokop, Sandy'; liliana_ripandelli@cooperators.ca; 'Coleman, Fay'; dave.seidel@alliedsolutions.net; 'Tim Rainville'; andre.langlois@dsf.ca; msimoneau@dsf.ca; 'Martin Plante'; 'Nick Bilodeau'; julie.medeiros@rbc.com; 'Smith, Brian J'; 'McCarthy, Peter'; 'Knight, Chris'; 'Lobbezoo, Chris'; nbenson@cricanada.net; 'Kelly Tryon'; 'Grant, Bob'; 'Robert Zanussi'; sandra.rondzik@cibc.com; Inourcy@dsf.ca; judy.dobbs@rbc.com; crystal.jongeward@td.com; 'Baig, Afzal'; 'McCarthy, Veronica'; 'Henderson, Neil'; 'Voisin, Lisa (RBC Insurance)'; noel.brackney@bmo.com

Cc: david@strategy2communications.com; 'Colin Turnbull' <colin@rankhigher.ca>; 'Cornelius Mwalwanda' <cjm@rankhigher.ca>; 'Chris Barrett' <chris@rankhigher.ca>

Subject: New CAFII Website Successfully Launched; Becomes Lead Story In Investment Executive E-News Yesterday Afternoon And This Morning

CAFII Board, EOC, and Other Committee Members:

Congratulations to Keith Martin, Co-Executive Director; David Moorcroft, media consultant; a dedicated and expert team at RankHigher, our web development and search engine optimization supplier; our administrative support team of Caroline Bucksbaum and Seare Araya at T.O Corp; and to you the Association's volunteer leaders who provided valuable advice and guidance throughout the development, content review, and launch process for our new CAFII website.

Thanks to a dedicated team effort, our new site successfully launched yesterday, without a hitch. Please check it out at www.cafii.com, if you haven't done so already.

Yesterday morning, a Media Release announcing our new site was disseminated in French and English via Canada Newswire. Today, we will be sending out an email alerting insurance regulators and policy-makers across the country to the launch of our new site; and encouraging them to review it and provide any feedback they may have.

To this point in time, our Media Release has been viewed by over 100 media outlets and 28 other companies that are not media; and it has been re-posted to the sites of at least 10 e-news aggregators.

The release has so far resulted in coverage in

- conseiller.ca (the French version of advisor.ca), with Keith providing written responses to a reporter's follow-up written questions: <http://www.conseiller.ca/nouvelles/assurances-lindustrie-lance-un-nouveau-site-web-64829> (English translation provided below, at very bottom); and
- our new website has also become the lead story in Investment Executive's e-news yesterday afternoon and again this morning. See Investment Executive URL and article below.

(Since successful media relations is rooted in long-term relationship-building -- just as with successful government relations and regulator and policy-maker relations -- I believe that the seeds for Megan Harman's highly favourable coverage of our new CAFII website launch were planted by former CAFII Board Chair Mark Cummings -- who met Megan at an industry conference in early 2015 and introduced her to our Association -- and then nurtured and extended by me, through two telephone interviews I did with Megan later that year (one also involving former EOC Chair Greg Grant), the second of which in July 2015 resulted in CAFII being quoted in a story about industry responses to the AMF's "Internet Insurance Offerings In Quebec" Report. A link to that previous Investment Executive coverage of our Association is also provided below, at bottom.)

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

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www.cafii.com



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http://www.investmentexecutive.com/-/new-website-aims-to-dispel-misconceptions-with-credit-protection-insurance?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-morning&oft_id=11234735&oft_k=4jTk75JO&oft_lk=qeMqrl&oft_d=636463361667200000

New website aims to dispel misconceptions with credit protection insurance

With creditors' insurance products having faced scrutiny for many years, CAFII's website features a list of FAQs aiming to address those concerns

By Megan Harman | November 14, 2017 12:15



The Canadian Association of Financial Institutions in Insurance (CAFII) has launched a new website that aims to educate consumers on the credit protection insurance products that banks and credit unions sell.

The new website (www.CAFII.com) provides detailed information on products such as mortgage life insurance, mortgage disability and critical illness insurance, travel insurance and credit card insurance.

CAFII represents the insurance arms of Canada's major banks as well as various other companies that sell creditors' insurance. The new website is part of an effort by CAFII to make insurance simple and accessible for Canadians, according to Keith Martin, co-executive director of CAFII.

"Consumers benefit from having a wide choice of insurance products and distribution channels in Canada, but many are not familiar with them or how they work," says Martin, in a statement. "While our new website is still a work in progress, we hope that consumers will find it useful in helping them make more informed choices."

Creditors' insurance products have faced scrutiny from some life insurance industry stakeholders and consumer advocates for many years. For example, these groups have argued that clients aren't provided with adequate information about these products at the time of purchase; the individuals selling these products aren't trained adequately; and clients aren't presented with any alternative options, such as term life insurance.

In addition, scenarios in which claims have been denied on products such as mortgage life insurance have led to negative publicity surrounding these products.

The new website features a list of frequently asked questions (FAQs) that address some of those concerns, such as: "If I make a claim one day, how can I ensure it will not be denied?" and "What are the benefits of credit protection insurance compared to traditional term life insurance?"

The website points to statistics from consulting firm Willis Towers Watson PLC stating that 95% of mortgage life insurance claims are paid.

The website also provides information on how consumers can make a complaint to their insurance provider.

<http://www.investmentexecutive.com/-/insurance-buying-with-no-advice-?redirect=%2Fsearch>

English translation of conseiller.ca article on launch of new CAFII website:

The Canadian Association of Insurance Financial Institutions (CAFII) has launched a website that aims to "educate users about the many insurance options available in Canada" and help them "understand them better".

Created by the Association, the new site describes the operation of "more than a dozen types of insurance", including mortgage loan insurance and life insurance. It also reviews other products, such as creditor group insurance, travel insurance, mortgage life insurance, mortgage disability, critical illness, job loss, monthly payments, travel sickness, trip cancellation and trip interruption.

It also offers a variety of resources, including a helpful list of frequently asked questions, as well as the information needed by clients who wish to make a claim or file a complaint with their insurance provider (provided they are a member of CAFII). Finally, it offers news from the Association and industry.

"TO BETTER KNOW OUR PRODUCTS"

"Canadians are fortunate to be able to choose from a wide range of insurance products and distribution channels across the country, but many are unfamiliar with or unclear about how they work. We have launched this website to help them better understand the range of insurance options and the type of coverage available to them," said CAFII Co-Executive Director Keith Martin.

According to CAFII's co-executive director, this is the last step in achieving the organization's goal of "making insurance simple and accessible" for individuals. And "although the site is not yet fully finalized, we hope customers will find it useful and that it will enable them to make more informed choices," he says.

Asked what distinguishes this new tool from what the Canadian Life and Health Insurance Association is already proposing, for example, Mr. Martin said that it is "another great resource for consumers". But he adds that "CAFII members' own sites also contain very useful information" and that the Association's new website is "very focused on ease of navigation, with simple and easy-to-understand product explanations."

A SITE FINANCED BY CAFII MEMBERS

According to the Mr. Martin, the site is funded by CAFII members. These are "financial institutions active in the insurance industry in Canada", such as BMO Life Insurance; Desjardins Financial Security; RBC Insurance; ScotiaLife Financial; CIBC Insurance; and TD Insurance. The Association also has "the leading players in the industry" with American Express Bank Canada, Assurant Solutions, Canadian Premier Life Insurance Company (valey), and The CUMIS Group as members.

"Our members offer group creditor insurance, travel insurance, life, health and property & casualty insurance. However, the main product lines that the Association focuses on are creditor group insurance and travel insurance," says Mr. Martin.

Established in 1997, CAFII is "a non-profit organization dedicated to developing an open and flexible insurance market." Its mandate is to "provide a voice for financial institutions offering insurance through a variety of distribution channels".

Agenda Item 4.3 (3 of 3)
November 28/17 CAFII Board Meeting

From: Caroline Bucksbaum [mailto:caroline.bucksbaum@cafii.com]

Sent: November-15-17 4:43 PM

To: 'info@cafii.com' <info@cafii.com>

Cc: 'Brendan Wycks (Brendan.wycks@cafii.com)' <Brendan.wycks@cafii.com>; 'Keith Martin' keith.martin@cafii.com

Bcc: 'cwhalen@gov.nl.ca'; 'gtam@blg.com'; 'nilam.jetha@gov.ab.ca'; 'frank.chong@ficombc.ca';
'william.ngu@novascotia.ca'; 'angela.mazerolle@fncb.ca'; 'johnobrien@gov.nl.ca'; 'louise.lavoie@gov.nt.ca';
'dyoung1@gov.nu.ca'; 'elizabeth.cole@gov.bc.ca'; 'kari.toovey@gov.bc.ca'; 'lori.wanamaker@gov.bc.ca';
'michael.mctavish@ficombc.ca'; 'chris.carter@ficombc.ca'; 'lorena.dimma@ficombc.ca'; 'molly.burns@ficombc.ca';
'doug.mclean@ficombc.ca'; 'erin.morrison@ficombc.ca'; 'amaramieri@abcouncil.ab.ca'; 'wmartinson@abcouncil.ab.ca';
'janette.seibel@gov.sk.ca'; 'roger.sobotkiewicz@gov.sk.ca'; 'ian.mcintosh@gov.sk.ca'; 'arun.srinivas@gov.sk.ca';
'bpalacechurchill@icm.mb.ca'; 'evelyne.gemme@lautorite.qc.ca'; 'nicole.beaulieu@lautorite.qc.ca';
'nathalie.sirois@lautorite.qc.ca'; 'maryse.pineault@lautorite.qc.ca'; 'louise.gauthier@lautorite.qc.ca';
'julien.reid@lautorite.qc.ca'; 'gilles.leclerc@lautorite.qc.ca'; 'phillippe.lebel@lautorite.qc.ca';
'guillaume.caudron@finances.gouv.qc.ca'; 'richard.boivin@finances.gouv.qc.ca'; 'david.weir@fncb.ca'; 'gert.lawlor@fncb.ca';
'jennifer.calder@novascotia.ca'; 'pjmccinnis@gov.pe.ca'; 'jabram@abcouncil.ab.ca'; 'sboyetchko@abcouncil.ab.ca';
'eric.stevenson@lautorite.qc.ca'; 'helene.samson@lautorite.qc.ca'; 'patrick.dery@lautorite.qc.ca';
'louis.morisset@lautorite.qc.ca'; 'antoine.bedard@lautorite.qc.ca'; 'rabradley@gov.pe.ca'; 'martin.boyle@fscs.gov.on.ca';
'tony.toy@fscs.gov.on.ca'; 'ron.fullan@skcouncil.sk.ca'; 'april.stadnek@skcouncil.sk.ca'; 'lucie.tedesco@fcac-acfc.gc.ca';
'isabel.jenish@fcac-acfc.gc.ca'; 'kevin.thomas@fcac-acfc.gc.ca'; 'brigitte.goulard@fcac-acfc.gc.ca'; 'jane.rooney@fcac-acfc.gc.ca';
'jeremy.ryan@fcac-acfc.gc.ca'; 'harry.james@ficombc.ca'; 'scott.moore@gov.mb.ca';
'contactcentre@fscs.gov.on.ca'; 'anatol.monid@fscs.gov.on.ca'; 'izabel.scovino@fscs.gov.on.ca';
'heather.driver@fscs.gov.on.ca'; 'andrea.chow@fscs.gov.on.ca'; 'letitia.miclescu@fscs.gov.on.ca'; 'rtillman@fscs.gov.on.ca';
'jim.fox@fscs.gov.on.ca'; 'njiwani@fscs.gov.on.ca'; 'louise.robichaud@fscs.gov.on.ca'; 'reena.vora@fscs.gov.on.ca';
'mercedes.aldana@fscs.gov.on.ca'; 'adrienne.warner@fscs.gov.on.ca'; 'peter.burston@fscs.gov.on.ca';
'marco.civavatta@fscs.gov.on.ca'; 'wendy.horrobin@fscs.gov.on.ca'; 'robert.troendle@fscs.gov.on.ca';
'allan.amos@fscs.gov.on.ca'; 'kelly.picard@fscs.gov.on.ca'; 'abina.rogers@fscs.gov.on.ca';
'samantha.somwaru@fscs.gov.on.ca'; 'sandy.roberts@ontario.ca'; 'stuart.wilkinson@ontario.ca';
'gmatier@insurancecouncilofbc.com'; 'jsinclair@insurancecouncilofbc.com'; 'hwinters@icm.mb.ca'; 'lroth@icm.mb.ca';
'laurie.balfour@gov.ab.ca'; 'david.sorensen@gov.ab.ca'; 'wayne.maday@gov.ab.ca'; 'brian.dillon@gov.bc.ca';
'darrell.leadbetter@osfi-bsif.gc.ca'; 'charles.johnston@osfi-bsif.gc.ca'; 'penny.lee@osfi-bsif.gc.ca'; 'patrick.lam@osfi-bsif.gc.ca';
'kristi.rahemtulla@osfi-bsif.gc.ca'; 'carolyn.rogers@osfi-bsif.gc.ca'; 'hnicolson@olhi.ca'; 'bkent@olhi.ca';
'ombudsman@obsi.ca'; 'michael.weisman@ontario.ca'; 'david.mclean@ontario.ca'; 'lucy.kang@ontario.ca';
'paul.braithwaite@ontario.ca'; 'frank.allen@ontario.ca'; 'terence.yim@ontario.ca'; 'amanda.lloyd@ontario.ca';
'joel.gorlick@ontario.ca'

Subject: CAFII Is Pleased To Announce Its New Website

Dear Colleague,

CAFII is pleased to inform you that our Association launched a new consumer-focused website yesterday which can be found here:

www.cafii.com

English and French media releases about our new website are attached.

The new CAFII site has been designed to provide consumer-friendly information on life and health insurance in general; and in particular on the simple and accessible insurance products which our members make available to Canadians. Every effort has been made to use consumer-friendly language and to make the content as straightforward and understandable as possible.

You may also be interested in two industry trade press articles that appeared about the website yesterday:

InvestmentExecutive.com

Conseiller.ca

We invite our insurance regulator and policy-maker colleagues across the country to visit and review our new website at your convenience; and to provide us with any feedback you may have on its design, usability, and content.

Keith Martin
Co-Executive Director

Brendan Wycks
Co-Executive Director

Warm regards,
Caroline

Caroline Bucksbaum
Administrative Coordinator
Canadian Association of Financial Institutions in Insurance
802-21 St Clair Avenue East
Toronto ON M4T 1L9
T: 416-494-9224 x 316
caroline.bucksbaum@cafii.com
www.cafii.com



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

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Agenda Item 4.4
November 28/17 Board Meeting

From: Brendan Wycks [mailto:brendan.wycks@cafii.com]
Sent: Thursday, November 16, 2017 11:03 AM
To: 'Bourdeau, Joane'
Cc: 'keith.martin@cafii.com'
Subject: CAFII Launches New Consumer-Focused Website

Bonjour, Joane. Comment ça va?

I trust that all is well with you and the team at National Bank Insurance.

We want to bring to your attention the launch, earlier this week, of a new consumer-focused CAFII website in English and French.

The new CAFII site is designed to provide consumer-friendly information on life and health insurance in general; and, in particular, on the simple and accessible creditor and travel insurance products which our members make available to Canadians. Every effort has been made to use consumer-friendly language and to make the content as straightforward and understandable as possible.

You can check out our new site at <http://www.cafii.com/fr/fr-home/>; and www.cafii.com.

I've also attached the French and English Media Releases we sent out when the new site was launched on November 14.

You may also be interested in two industry trade press articles that were published about our new website on Tuesday:

Conseiller.ca

InvestmentExecutive.com

If appropriate, please feel free to share this information about CAFII's new website with your colleagues at National Bank Insurance.

On a side note, we definitely miss your presence and contributions from NBI's perspective around the CAFII Board table.

In that connection, we are very busy at this time with critically important insurance regulator and policy-maker relationship-building, communications, and advocacy.

And a dominant focus at present is the Quebec Ministry of Finance's recently tabled omnibus Bill 141 and the related Bill 150; and their implications for financial institutions' offering of creditor insurance, travel insurance, and other forms of simple, accessible life and health insurance products to Quebecers through alternate distribution channels.

We will likely be making representations on those two Bills to the National Assembly legislative committee that will be reviewing them in the near future; and then having significant consultation interaction with the AMF thereafter, when it drafts the Regulations that are necessary to add flesh to the bones and implement the two Bills.

Warm regards,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance

De : Brendan Wycks [mailto:brendan.wycks@cafii.com]
Envoyé : 16 novembre 2017 12:41
À : Oum Caroline <caroline.oum@banquelaurentienne.ca>
Cc : 'Keith Martin' <keith.martin@cafii.com>
Objet : CAFII Launches New Consumer-Focused Website

Bonjour, Caroline.

I trust that all is well with you and the team at Laurentian Bank Insurance.

I want to bring to your attention the launch, earlier this week, of a new consumer-focused CAFII website in English and French.

The new CAFII site is designed to provide consumer-friendly information on life and health insurance in general; and, in particular, on the simple and accessible creditor and travel insurance products which our Members make available to Canadians. Every effort has been made to use consumer-friendly language and to make the content as straightforward and understandable as possible.

You can check out our new site at <http://www.cafii.com/fr/fr-home/>; and www.cafii.com.

I've also attached the French and English Media Releases we sent out when the new site was launched on November 14.

You may also be interested in two industry trade press articles that were published about our new website on Tuesday:

[Conseiller.ca](http://conseiller.ca)

InvestmentExecutive.com

If appropriate, please feel free to share this information about CAFII's new website with relevant colleagues at Laurentian Bank Insurance.

In that connection, we will be back in touch with you in the near future to see if we can arrange a meeting for two or three CAFII representatives with the relevant LBI senior executive(s), at your office in Montreal, to present and discuss the opportunity for LBI to become a full Member of CAFII, and to reap the significant benefits of involvement and participation in our Association – initially by having an LBI executive appointed to our Board of Directors; along with the option to have (an)other senior representative(s) join our Executive Operations Committee (EOC).

At this time, our Association is very involved and engaged in critically important insurance regulator and policy-maker relationship-building, communications, and advocacy with several jurisdictions across the country.

But a dominant focus at present is the Quebec Ministry of Finance's recently tabled omnibus Bill 141 and the related Bill 150; and their implications for financial institutions' offering of creditor insurance, travel insurance, and other forms of simple, accessible life and health insurance products to Quebecers through alternate distribution channels.

We will likely be making representations on those two Bills to the National Assembly legislative committee that will be reviewing them in the near future; and then having significant consultation interaction with the AMF thereafter, when it drafts the Regulations that are necessary to add flesh to the bones and implement the two Bills.

In CAFII's view, it would be a win-win if, in the near future, our Association can welcome Laurentian Bank Insurance as a new Member and have the benefit of its perspective and contributions at our Board of Directors and EOC tables; and in the Association's strategic initiatives in support of Canada's financial institutions in insurance.

Warm regards,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance

From: Oum Caroline [mailto:caroline.oum@banquelaurentienne.ca]
Sent: Friday, November 17, 2017 8:59 AM
To: 'Brendan Wycks'
Subject: RE: CAFII Launches New Consumer-Focused Website

Hello Brendan,

I will discuss internally and let you know our position.

Regards,

Caroline Oum
Directrice principale, Produits d'assurance | Senior Manager, Insurance Products
Gestion de l'offre | Product Management
Banque Laurentienne | Laurentian Bank

CAFI

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

Balance Sheet As at October 31, 2017

	Current 2017	Year End 2016
ASSETS		
Current Assets		
Bank Balance	\$334,099	\$322,192
Investments ^A	\$0	\$54,077
Accounts Receivable	\$0	\$0
Interest Receivable	\$0	\$109
Prepaid Expenses	\$4,056	\$17,856
Computer/Office Equipment	\$8,014	\$2,334
Accumulated Depreciation -Comp/Equip	(\$3,241)	(\$1,906)
Intangible Assets-Trademarks	\$0	\$0
Accumulated Amortization-Trademark	\$0	\$0
Total Current Assets	\$342,927	\$394,661
TOTAL ASSETS	\$342,927	\$394,661
LIABILITIES		
Current Liabilities		
Account Payable ^B	\$0	\$13,903
Deferred Revenue	\$79,837	\$0
Total Current liabilities	\$79,837	\$13,903
TOTAL LIABILITIES	\$79,837	\$13,903
UNRESTRICTED NET ASSETS		
Unrestricted Net Assets, beginning of year	\$380,758	\$358,991
Excess of revenue over expenses	(\$117,668)	\$21,767
Total Unrestricted Net Assets	\$263,090	\$380,758
Total Unrestricted Net Assets	\$263,090	\$380,758
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$342,927	\$394,661

Financial Reserves Targets as per 2017 Budget:

Minimum 3 months (25%) of Annual Operating Expenses=	\$ 188,161
Maximum 6 months (50%) of Annual Operating Expenses=	\$ 376,322
Current Level of Financial Reserves (total unrestricted net assets):	\$263,090
Current Level of Financials Reserve (%) :	35%

C A F I I
21 St Clair Ave east, Suite 802
Toronto, ON, M4T 1L9
Balance Sheet Items
As at October 31, 2017

Item A

Investment Portfolio

Investment Type	Issue Date	Principal	Rate	Deemed Interest	Maturity Date
Cashable GIC #0087-8019718-13	June-16-16	\$0.00	0.40%	\$0.00	June-16-18
Total		\$0.00		\$0.00	

Item B

Accounts Payable

	<hr/>
Total outstanding:	<hr/>
	0.00

CAFII

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

Statement of Operations As at October 31, 2017

	Current Month	Current YTD	Budget YTD	Budget 2017	YTD % Used
Revenue					
Membership Fees	\$39,919	\$395,588	\$465,938	559,125	85%
Interest Revenue	\$0	\$126	\$208	250	60%
TOTAL REVENUE	\$39,919	\$395,713	466,146	559,375	85%
Expenses					
Management Fees	\$36,912	\$368,137	\$416,763	500,115	88%
CAFII Legal Fees/Corporate Governan	\$0	\$2,735	\$5,833	7,000	47%
Audit Fees	\$0	\$271	\$12,133	14,560	2%
Insurance	\$437	\$4,365	\$4,583	5,500	95%
Website (incl translation)	\$6,033	\$39,262	\$28,083	33,700	140%
Telephone/Fax/Internet	\$137	\$3,751	\$4,167	5,000	90%
Postage/Courier	\$0	\$261	\$313	375	83%
Office Expenses	\$149	\$866	\$2,750	3,300	31%
Bank Charges	\$13	\$25	\$33	40	75%
Miscellaneous Expenses	\$36	\$391	\$0	-	
Amortization Expense	\$0	\$0	\$0	-	
Depreciation Computer/Office Equipm	\$134	\$1,336	\$390	468	342%
Board/EOC/AGM					
Annual Members Lunch	\$0	\$10,247	\$11,000	13,200	93%
Board Hosting (External)	\$0	\$0	\$12,500	15,000	0%
Board/EOC/Meeting Expenses	\$3,728	\$19,708	\$9,167	11,000	215%
Industry Events	\$0	\$36	\$1,667	2,000	2%
EOC Annual Lunch	\$0	\$8	\$1,833	2,200	0%
Sub Total Board/EOC/AGM	3,728	30,000	36,167	43,400	83%
Provincial Regulatory Visits	\$0	\$6,249	\$6,667	8,000	94%
Research/Studies	\$0	\$50	\$41,667	50,000	0%
Regulatory Model(s)	(\$3,700)	\$0	\$16,667	20,000	0%
Federal Financial Reform	\$0	\$0	\$1,667	2,000	0%
Media Outreach	\$3,766	\$27,873	\$16,667	20,000	167%
Marketing Collateral	\$0	\$0	\$5,833	7,000	0%
Tactical Communications Strategy	\$0	\$379	\$0		
Media Relations, CAFII Consultant	\$0	\$136	\$0		
Networking Events	\$0	\$350	\$0		
Speaker fees & travel	\$0	\$0	\$3,333	4,000	0%
Gifts	\$0	\$452	\$417	500	108%
Sub Total Networking & Events	-	\$445	3,750	4,500	12%
20th Anniversary Event	-	\$26,495	\$23,071	27,685	115%
TOTAL EXPENSE	47,643	513,382	627,203	752,643	82%
NET INCOME	- 7,725	-117,668	- 161,057	- 193,268	73%

Explanatory Notes:

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

CAFII

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

Membership Fees

As At Oct 31, 2017

	<u>Jan-17</u>		<u>Jul-17</u>	
	<u>Billed</u>	<u>Received</u>	<u>Billed</u>	<u>Received</u>
BMO Bank of Montreal	\$ 29,375.00	31-Mar-17	\$ 29,375.00	28-Aug-17
CIBC Insurance	\$ 29,375.00	17-Mar-17	\$ 29,375.00	18-Aug-17
RBC Insurance	\$ 29,375.00	16-Mar-17	\$ 29,375.00	10-Aug-17
ScotiaLife Financial	\$ 29,375.00	10-Mar-17	\$ 29,375.00	4-Aug-17
TD Insurance	\$ 29,375.00	3-Mar-17	\$ 29,375.00	28-Jul-17
National Bank Insurance Company				
Desjardins Financial Security Life Assurance Company	\$ 14,687.50	22-Aug-17	\$ 14,687.50	22-Aug-17
AMEX Bank of Canada	\$ 14,687.50	17-Mar-17	\$ 14,687.50	28-Jul-17
Assurant Solutions	\$ 14,687.50	28-Feb-17	\$ 14,687.50	4-Aug-17
Canadian Premier Life Insurance Company	\$ 14,687.50	10-Mar-17	\$ 14,687.50	11-Aug-17
Cumis Group Ltd/Co-operators Life Insurance Co.	\$ 16,596.88	10-Mar-17	\$ 12,778.12	18-Aug-17
Willis Towers Watson	\$ 4,800.00	17-Mar-17		
Aimia				
Collins Barrow Toronto Actuarial Services	\$ 4,800.00	17-Mar-17		
CSI Brokers Inc.				
KPMG LLP	\$ 4,800.00	17-Mar-17		
Laurentian Bank of Canada				
Munich Reinsuranace Company Canada Branch (Life)	\$ 4,800.00	31-Mar-17		
Optima Communications	\$ 4,800.00	13-Apr-17		
RGA Life Reinsurance Company of Canada	\$ 4,800.00	10-Mar-17		
The Canada Life Assurance Company	\$ 4,800.00	17-Mar-17		
January Invoices	\$255,822		\$218,403	
July Invoices	\$218,403			
Total Membership Fees	\$474,225			
DGA Careers Inc. (Membership from Oct - Dec 2017)	\$ 1,200		\$ 1,200.00	2-Oct-17
DGA careers Inc. Realocated monthly income Oct -Dec 2017	\$ 400			
Total amount to realocate monthly Jan-Sept	\$39,518.75			

2018 Budget Options, With Varying Dues Increases
Version: 8:55 am. Nov-27, 2017

	2016 Actual	2017 Forecast ¹	2017 Budget	2017 Forecast to Budget Variance	2018 Budget Option (25% Dues Increase & "Just Keep the Lights On" Necessary Expenses)	2018 Incremental Membership Revenue @ 25% Dues Increase & Incremental Discretionary Spend	2018 Budget Total (25% Dues Increase, Incremental Membership Dues, & All Expenses)	Comment/Rationale
Revenue								
Membership Dues	\$ 435,750	\$475,426	\$559,125	-15.0%	\$589,185	\$51,119	\$640,304	"Just Keep Lights On" Member Dues is based on 5 Members @ upper tier dues; 5 Members @ lower tier dues; and 8 Associates @ \$4800; for conservatism, does not assume any Member or Associate growth
Interest	\$ 231	\$150	\$250	-40.0%	\$200	\$0	\$200	
TOTAL REVENUE	\$ 435,981	\$ 475,576	\$ 559,375		\$ 589,385	\$ 51,119	\$ 640,504	
EXPENSE								
Management Fees ^{2,3}	\$279,042	\$442,000	\$500,115	-11.6%	\$447,368	\$69,000	\$516,368	includes two Co-Executive Directors, with provision for 5% increase; plus provision for renewal of Association Management Company administrative support model. See Mgmt. Fee Calculation tab and Explanatory Note #2 below.
CAFI Legal Fees/Corporate Governance	\$10,565	\$3,000	\$7,000	-57.1%	\$0	\$5,000	\$5,000	
Audit Fees	\$13,560	\$14,560	\$14,560	0.0%	\$14,600	\$0	\$14,600	includes video content development; & SEO monitoring and reporting
Insurance	\$5,238	\$4,500	\$5,500	-18.2%	\$5,000	\$0	\$5,000	
Website Ongoing Maintenance	\$13,060	\$40,000	\$33,700	18.7%	\$14,000	\$0	\$14,000	
Website SEO and Enhancements					\$0	\$14,220	\$14,220	
Telephone/Fax/Internet	\$3,538	\$4,000	\$5,000	-20.0%	\$4,000	\$0	\$4,000	
Postage/Courier	\$180	\$310	\$375	-17.3%	\$300	\$0	\$300	
Office Expenses	\$5,257	\$1,170	\$3,300	-64.5%	\$2,500	\$0	\$2,500	
Bank Charges	\$25	\$50	\$40	25.0%	\$60	\$0	\$60	
Amortization Expense	\$0						\$0	
Depreciation Computer/Office Equipment ⁴	\$467	\$1,604	\$468	242.7%	\$1,200	\$0	\$1,200	
Board/EOC/AGM							\$0	
Annual Members Luncheon	\$12,044	\$10,247	\$13,200	-22.4%	\$7,000	\$3,000	\$10,000	
Board Hosting (External)	\$19,407	\$7,500	\$15,000	-50.0%	\$7,500	\$7,500	\$15,000	
Board/EOC Meeting Expenses	\$8,145	\$25,000	\$11,000	127.3%	\$13,570	\$5,430	\$19,000	
Industry Events		\$200	\$2,000	-90.0%	\$0	\$2,000	\$2,000	
EOC Annual Appreciation Dinner	\$2,079	\$8	\$2,200	-99.6%	\$0	\$1,900	\$1,900	
Provincial Regulatory Visits	\$10,395	\$10,000	\$8,000	25.0%	\$3,000	\$8,000	\$11,000	includes provision for one(1) major research project in 2018, rather than R&E Ctte's originally requested two(2) projects
Research/Studies	\$1,356	\$35,000	\$50,000	-30.0%	\$0	\$35,000	\$35,000	
Regulatory Model(s)	\$0	\$15,000	\$20,000	-25.0%	\$17,000	\$10,000	\$27,000	
Federal Financial Reform	\$0	\$0	\$2,000	-100.0%	\$0	\$500	\$500	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 Quebec Bills 141 and 150
Media Outreach	\$0	\$35,873	\$20,000	79.4%	\$0	\$30,000	\$30,000	
Marketing Collateral	\$27,408							includes media training session; and media consultant support but at a reduced level (down from \$3700/month to \$2000/month after Q1 2018); and no provision for outreach to key influencers
tactical Communications Strategy	\$1,781	\$0	\$7,000	-100.0%	\$0	\$2,000	\$2,000	
CAFI Reception Events	\$446	\$515			\$0	\$0	\$0	
Speaker fees & travel		\$500			\$500	\$0	\$500	
Gifts	\$224	\$500	\$500	0.0%	\$0	\$2,000	\$2,000	
CAFI 20th Anniversary Celebrator		\$500			\$0	\$500	\$500	
		\$26,495	\$27,685		\$0	\$0	\$0	
TOTAL EXPENSE	\$ 414,214	\$ 650,537	\$ 752,643	-13.6%	\$ 537,598	\$ 196,050	\$ 733,648	
Excess of Revenue over Expenses	\$ 21,767	(\$174,961)	(\$193,268)	-9.5%	\$ 51,787	(\$144,931)	(\$93,144)	
Unrestricted Net Assets (beginning of year)	\$ 358,991	\$380,758	\$380,758		\$ 205,797		\$ 205,797	
Unrestricted Net Assets (end of year)	\$ 380,758	\$205,797	\$187,490		\$ 257,584		\$ 112,653	

Explanatory Notes:
(1) 2017 Forecast includes January to October actuals and forecast for November and December
(2) For "Keep the Lights On" Option, Management Fees Assumes Two Co-Executive Directors, one @ 5 days per week; one @ 4.5 days per week. But AMC Admin support @ only 2.5 days per week, which means that only 6 EOC meetings and 4 Board meetings per year can be supported
(3) For Discretionary Component of Membership Dues, includes securing one (1) additional Member @ lower tier dues plus three(3) new Associates
(4) For Discretionary Component of Management Fees, assumes AMC Admin support for an additional 2.5 days per week, i.e. a full-time Administrative Co-ordinator @ 5 days per week
(5) Amortization of office equipment based on 4 year straight line depreciation

Actual/Forecasted Financial Reserves	2016 Actual	2017 Forecast	2018 "Just Keep the Lights On" Budget Option	2018 Budget Illustration; Incremental Membership Revenue and Discretionary Expenses Only	2018 Budget Option; Including Incremental Membership Dues and All Expenses
Minimum 3 months (25%) of Annual Operating Expenses	\$103,554	\$162,634	\$134,400	\$49,013	\$183,412
Maximum 6 months (50%) of Annual Operating Expenses	\$207,107	\$325,269	\$268,799	\$98,025	\$366,824
Actual/Forecasted Level of Financial Reserves :	\$380,758	\$205,797	\$257,584	\$0	\$112,653
Actual/Forecasted Level of Financial Reserves %:	92%	32%	48%	0%	15%

Agenda Item 6.2; November 28/17 Board Meeting

CAFII 2018 Draft Schedule of Meetings (Dates Tentative until Board-Approved)

EOC Meetings: *To be held from 2:00 – 4:00pm unless otherwise specified.*

- Tuesday, January 16, 2018 (3:00-5:00 p.m.) and EOC Annual Dinner at 5:30 pm
- Tuesday, February 27, 2018 (*Family Day stat holiday: Monday, February 19*)
- Tuesday, March 27, 2018 (*Good Friday, March 30; Easter Monday, April 2; Passover first day: March 31-April 1*)
- Tuesday, April 24, 2018
- Tuesday, May 15, 2018 (*Victoria Day stat holiday: Monday, May 21*)
- Tuesday, June 19, 2018 (*St. Jean Baptiste Day: June 24; Canada Day: July 1*)
- Tuesday, July 17, 2018 *tentative summer meeting
- Tuesday, August 14, 2018 *tentative summer meeting
- Tuesday, September 18, 2018 (*Rosh Hashanah: September 10-11 (ends nightfall); Yom Kippur: September 19-20 (starts sunset)*)
- Tuesday, October 23, 2018
- Tuesday, November 20, 2018

Board Meetings*:

- | | |
|--|-----------|
| • Tuesday, April 17, 2018 (3:00-5:00 p.m.; followed by Reception) | HOST: TBA |
| • Tuesday, June 5, 2018 (3:00-5:00 p.m.; followed by Reception) | HOST: TBA |
| • Tuesday, October 2, 2018 | HOST: TBA |
| • Tuesday, November 27, 2018 (3:00-5:00 p.m.; followed by Reception) | HOST: TBA |

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 2018:

Tuesday, February 20, 2018 from 11:45 a.m. to 2:15 p.m.

Topic Proposed: "Leading For Success In A Volatile World"

Speaker Proposed: Richard Nesbitt, CEO, the Global Risk Institute

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

Past Years

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, 8th 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, 8th Floor, Toronto, ON

Proposed Speaker for 2018 CAFII Annual Members' Luncheon

Leading for Success in a Volatile World

Richard Nesbitt, CEO, the Global Risk Institute

As CEO of the Global Risk Institute, Richard Nesbitt spends a great deal of time researching and analyzing the biggest risks to the Canadian and global financial sectors. And each fall, the GRI polls the Chief Risk Officers of its members, which include the biggest financial institutions in the country, to see what issues will be keeping them awake at night over the next year.

Richard is also a former senior executive on Bay Street and an accomplished author. In his most recent book "Results at the Top," co-written with Barbara Annis, he lays out the business case for including more women in the upper echelons of management and on boards of directors.

In this talk tailored for a CAFII Member and Associate audience, Richard will explain what the biggest risks to the financial sector are in 2018, and why organizations that do a better job of closing the gender gap are more likely to out-perform their peers. This is a speech you won't want to miss. As Douglas Blakey, editor of London, England-based *Retail Banker International* said in a recent editorial, "When Richard Nesbitt speaks, the banking sector ought to listen."

Richard Nesbitt

CEO, Global Risk Institute



Richard Nesbitt is CEO of Toronto, Canada-based Global Risk Institute in Financial Services, which is building a globally recognized research organization in the management of emerging risks. Richard is also a Visiting Professor at the London School of Economics, United Kingdom; and an Adjunct Professor in the Rotman School of Management and Chair of the Advisory Board of the Mind Brain Behavior Hive at the University of Toronto.

At the Rotman School of Management, Richard created and teaches a course entitled "How Banks Work: Management in a New Regulatory Age". The course examines the regulations arising from the financial crisis of 2008 and then examines how banks manage successfully to adapt and prosper in their businesses within these new regulations. He is also an active public speaker at conferences and events across North America where he presents on the topics of risk management and securities market structure.

In June 2017, Richard published a book (with Barbara Annis) titled “Results at the Top” on the issue of men’s responsibility for gender diversity to improve their organizations (Wiley 2017).

Richard, who serves on a variety of corporate and community boards, was recognized in 2014 by the organization *Women in Capital Markets* with its Visionary Award. This honour was bestowed on Richard for work throughout his career to sponsor gender diverse management teams and boards in order to produce better companies. He also received the Queen Elizabeth II Diamond Jubilee Medal for community service and the Arbor Award from the University of Toronto for his contributions to the university as an alumnus.

Before joining the Global Risk Institute, Richard was Chief Operating Officer of Canadian Imperial Bank of Commerce until he retired from that position in September 2014. In this role, he was responsible for the global operations of Wholesale Banking, Technology and Operations; Strategy and Corporate Development; CIBC’s International Operations, including CIBC FirstCaribbean International Bank; and Treasury. He joined CIBC in 2008 following more than 20 years of experience in the securities industry which included CIBC Wood Gundy from 1987 to 1997.

From 2004 to 2008, Richard was Chief Executive Officer of TSX Group, a public company listed on the Toronto Stock Exchange, having joined TSX as President of TSX Markets in 2001. He was responsible for the consolidation of the various local exchanges across Canada into what is today known as the TMX Group.

2018 Budget Options, With Varying Dues Increases
Version: 8:55 am. Nov-27, 2017

	2016 Actual	2017 Forecast ¹	2017 Budget	2017 Forecast to Budget Variance	2018 Budget Option (25% Dues Increase & "Just Keep the Lights On" Necessary Expenses)	2018 Incremental Membership Revenue @ 25% Dues Increase & Incremental Discretionary Spend	2018 Budget Total (25% Dues Increase, Incremental Membership Dues, & All Expenses)	Comment/Rationale
Revenue								
Membership Dues	\$ 435,750	\$475,426	\$559,125	-15.0%	\$589,185	\$51,119	\$640,304	"Just Keep Lights On" Member Dues is based on 5 Members @ upper tier dues; 5 Members @ lower tier dues; and 8 Associates @ \$4800; for conservatism, does not assume any Member or Associate growth
Interest	\$ 231	\$150	\$250	-40.0%	\$200	\$0	\$200	
TOTAL REVENUE	\$ 435,981	\$ 475,576	\$ 559,375		\$ 589,385	\$ 51,119	\$ 640,504	
EXPENSE								
Management Fees ^{2,3}	\$279,042	\$442,000	\$500,115	-11.6%	\$447,368	\$69,000	\$516,368	includes two Co-Executive Directors, with provision for 5% increase; plus provision for renewal of Association Management Company administrative support model. See Mgmt. Fee Calculation tab and Explanatory Note #2 below.
CAFI Legal Fees/Corporate Governance	\$10,565	\$3,000	\$7,000	-57.1%	\$0	\$5,000	\$5,000	
Audit Fees	\$13,560	\$14,560	\$14,560	0.0%	\$14,600	\$0	\$14,600	includes video content development; & SEO monitoring and reporting
Insurance	\$5,238	\$4,500	\$5,500	-18.2%	\$5,000	\$0	\$5,000	
Website Ongoing Maintenance	\$13,060	\$40,000	\$33,700	18.7%	\$14,000	\$0	\$14,000	
Website SEO and Enhancements					\$0	\$14,220	\$14,220	
Telephone/Fax/Internet	\$3,538	\$4,000	\$5,000	-20.0%	\$4,000	\$0	\$4,000	
Postage/Courier	\$180	\$310	\$375	-17.3%	\$300	\$0	\$300	
Office Expenses	\$5,257	\$1,170	\$3,300	-64.5%	\$2,500	\$0	\$2,500	
Bank Charges	\$25	\$50	\$40	25.0%	\$60	\$0	\$60	
Amortization Expense	\$0						\$0	
Depreciation Computer/Office Equipment ⁴	\$467	\$1,604	\$468	242.7%	\$1,200	\$0	\$1,200	
Board/EOC/AGM							\$0	
Annual Members Luncheon	\$12,044	\$10,247	\$13,200	-22.4%	\$7,000	\$3,000	\$10,000	
Board Hosting (External)	\$19,407	\$7,500	\$15,000	-50.0%	\$7,500	\$7,500	\$15,000	
Board/EOC Meeting Expenses	\$8,145	\$25,000	\$11,000	127.3%	\$13,570	\$5,430	\$19,000	
Industry Events		\$200	\$2,000	-90.0%	\$0	\$2,000	\$2,000	
EOC Annual Appreciation Dinner	\$2,079	\$8	\$2,200	-99.6%	\$0	\$1,900	\$1,900	
Provincial Regulatory Visits	\$10,395	\$10,000	\$8,000	25.0%	\$3,000	\$8,000	\$11,000	includes provision for one(1) major research project in 2018, rather than R&E Ctte's originally requested two(2) projects
Research/Studies	\$1,356	\$35,000	\$50,000	-30.0%	\$0	\$35,000	\$35,000	
Regulatory Model(s)	\$0	\$15,000	\$20,000	-25.0%	\$17,000	\$10,000	\$27,000	
Federal Financial Reform	\$0	\$0	\$2,000	-100.0%	\$0	\$500	\$500	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 Quebec Bills 141 and 150
Media Outreach	\$0	\$35,873	\$20,000	79.4%	\$0	\$30,000	\$30,000	
Marketing Collateral	\$27,408							includes media training session; and media consultant support but at a reduced level (down from \$3700/month to \$2000/month after Q1 2018); and no provision for outreach to key influencers
tactical Communications Strategy	\$1,781	\$0	\$7,000	-100.0%	\$0	\$2,000	\$2,000	
CAFI Reception Events	\$446	\$515			\$0	\$0	\$0	
Speaker fees & travel		\$500			\$500	\$0	\$500	
Gifts	\$224	\$500	\$500	0.0%	\$0	\$2,000	\$2,000	
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