

CAFII Board of Directors Teleconference Meeting Agenda

Date: Thursday, October 15, 2020

Chair: C. Lobbezoo

Location: Teleconference-Only

Time: 2:00 to 4:00 p.m. EST

Dial-in: 416-477-0921/514-447-8925/1-888-543-2249

Pin #: 1500

1. Call to Order and Meeting Confirmation	2:00 p.m.	Presenter	Action	Page #	Document
a. Approval of Agenda		C. Lobbezoo	Approval	3	✓
2. Consent Items				Page #	
a. Draft Board Meeting Minutes, June 9, 2020		C. Lobbezoo		5	✓
b. Summary of Board and EOC Action Items				14	✓
c. Regulatory Update				15	✓
d. Consultations/Submissions Timetable				27	✓
e. Regulator and Policy-Maker Visit Plan				28	✓
f. Committee Reports Addressing CAFII Priorities				32	✓
3. Governance Matters	2:05 p.m.	Presenter	Action	Page #	Document
a. Appointment of New Board Secretary/EOC Chair		C. Lobbezoo	Approval	34	
b. Documentation of CAFII HR Policy Re Co-Executive Directors Performance Review Process		M. Boyle	Update	35	
c. Proposed CAFII 2021 Board and EOC Meeting Dates; and Updated Board Hosting Rotation		B. Wycks	Approval	36	✓
4. Financial Management Matters	2:20 p.m.	Presenter	Action	Page #	Document
a. CAFII Financial Statements as at September 30/20		T. Pergola	Approval	39	✓
b. Forecast For CAFII 2020 Fiscal Year as at September 30/20		T. Pergola	Update	43	✓
c. Critical Path For Development of 2021 CAFII Operating Budget; and Related Budget Assumptions		T. Pergola	Update/ Discussion	46	✓
5. Strategic and Regulatory Matters	2:35 p.m.	Presenter	Action	Page #	Document
a. Research & Education Committee					
i. EOC-Recommended New Proposal For CAFII 2020 Consumer Research With Pollara Strategic Insights		K. Martin	Discussion/ Decision	48	✓ (2)
b. Feedback on October 15/20 "Industry Issues Dialogue" with AMF Staff Executives	2:50 p.m.	C. Lobbezoo	Discussion	56	
Break 5 Minutes	3:00 p.m.				
c. Briefing Document on Federal Bill C-86, including Financial Consumer Protection Framework (FCPF); and Related Development of "Appropriateness Guideline"	3:05 p.m.	K. Martin/ B. Wycks	Update/ Discussion	57	✓
d. Briefing Document on Quebec Bills 53 and 64	3:20 p.m.	K. Martin	Update/ Discussion	63	✓
e. Possible CAFII/Industry Position on COVID-19-Driven Trip Cancellation Travel Insurance Claims Where Insured/Claimant Has Also Received An Airline Or Other Travel Services Provider Voucher	3:30 p.m.	B. Wycks/ K. Martin	Discussion/ Decision	77	✓
f. Confidentiality Around Sharing of Highlights of CAFII Directors and Designates COVID-19 Information-Sharing Group Discussions	3:45 p.m.	C. Lobbezoo	Discussion	87	
g. Proposal Re Review and Possible Updating of CAFII Strategic Plan	3:55 p.m.	K. Martin	Update/ Discussion	88	✓

6. Read Only Items		Read Only	Page #	Document
a. Insights Gained From September 14/20 CAFII Get Acquainted and Dialogue Virtual Meeting With Frank Lofranco, FCAC Deputy Commissioner, Supervision and Enforcement and FCAC Staff Executive Colleagues	B. Wycks	Update	95	✓
b. AMF Response To CAFII's July 7/20 "Creative Solutions" Submission to AMF on Degree to Which Industry Can Meet Its Requirements Around RADM's Application to Credit Card-Embedded Insurance Benefits	K. Martin/ B. Wycks	Update	97	✓
c. AMF Consultations on Updating Its Sound Commercial Practices Guideline; and New Regulation on Complaints	K. Martin	Update	108	Briefing Note Only
d. Recent CCIR Chair Transition/Succession	B. Wycks	Update	109	✓
e. CCIR/CISRO FTC Working Group Response to CAFII's July 2/20 Letter Responding to Its Request That CAFII Undertake A Third Party-Conducted Survey and Provide A Report On CAFII Member-Utilized Incentives and Compensation Models	B. Wycks	Update	112	✓
f. FSRA Life & Health Insurance Stakeholder Advisory Committee (SAC) Participation in FSRA's Transformation of Current Unfair or Deceptive Acts or Practices (UDAP) Regulation into A FSRA Rule	K. Martin	Update	114	✓ (2)
g. CAFII Motion Graphic Website Video on Credit Protection Critical Illness Insurance and Disability Insurance; and New Website Vignettes and FAQs on CAFII Member Products	K. Martin	Update	134	Briefing Note Only
h. CAFII Website Enhancement to Effect Board Request Re Facilitating Consumers' Filing of Credit Protection Insurance and Travel Insurance Claims with CAFII Members	K. Martin	Update	135	Briefing Note Only
i. Repurposed CAFII 2020 Annual Members' Luncheon As October 21/20 Webinar, with FCAC Deputy Commissioner Frank Lofranco as Guest Speaker/Presenter	B. Wycks	Update	137	✓
j. Launch of Saskatchewan RIA Advisory Committee	B. Wycks/K. Martin	Update	140	Briefing Note Only

7. In Camera Session	4:00 p.m.	Presenter	Action	Page #	Document
a. Board Feedback On Recently Implemented Briefing Notes-Driven Approach To CAFII Board Meetings and Materials		C. Lobbezoo	Discussion	141	
b. Board Feedback on CAFII "Weekly Digests"		C. Lobbezoo	Discussion	142	
c. Board Feedback On CAFII Quarterly CPI Benchmarking Study with RSM Canada; and Launch Timing of Desired CAFII Working Group on Enhancements to CPI Benchmarking Study		C. Lobbezoo	Discussion	143	
d. Plans For CAFII "Event" Immediately Following December 1/20 Board Teleconference Meeting: Webinar With Speaker/Panelists?; Holiday Season Virtual Reception?; Neither?		C. Lobbezoo	Discussion	144	
e. Other Business					

Next Board Meeting: Tuesday, December 1/20, 2:00 to 4:30 p.m. (teleconference-only meeting)

Briefing Note

CAFII Board Meeting, 15 October, 2020—Agenda Item 1a
Call to Order—Approval of Agenda.

Purpose of this Agenda Item

Start of meeting.

Background Information

Recommendation / Direction Sought -- *Update*

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting, 15 October, 2020—Agenda Item 2 (a-f) Consent Items.

Purpose of this Agenda Item

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

Background Information

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

- Draft Board Meeting Minutes, June 9, 2020
- Summary of Board and EOC Action Items
- Regulatory Update
- Consultations / Submissions Timetable
- Regulator and Policy-Maker Visit Plan
- Committee Reports Addressing CAFII Priorities

Recommendation / Direction Sought – Information Only

No action required.

Attachments Included with this Agenda Item

6 attachments.

BOARD TELECONFERENCE MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
Tuesday, June 9, 2020
MINUTES

Board Present:	Nicole Benson	Valeyo (Canadian Premier Life Insurance), <i>Chair (for part)</i>
	Chris Lobbezoo	RBC Insurance, <i>Chair (for part)</i>
	Paul Cosgrove	Assurant Canada
	Janice Farrell-Jones	TD Insurance
	Zack Fuerstenberg	ScotiaLife Financial
	Louie Georgakis	The Canada Life Assurance Company
	Andre Langlois	Desjardins Insurance
	Peter McCarthy	BMO Insurance
	Sophie Ouellet	Sun Life
	Mica Sweet	CIBC Insurance
	Peter Thompson	National Bank Insurance
	Wally Thompson	Manulife Financial
	Kelly Tryon	CUMIS/The Co-operators

EOC Present:	Martin Boyle	BMO Insurance, <i>Board Secretary and Chair, EOC</i>
	Tony Pergola	ScotiaLife Financial, <i>Treasurer</i>
	Sharon Apt	The Canada Life Assurance Company
	Charles Blaquiére	Valeyo (Canadian Premier Life Insurance)
	Emily Brown	Sun Life
	Michelle Costello	CUMIS/The Co-operators
	Dallas Ewen	The Canada Life Assurance Company
	Karyn Kasperski	RBC Insurance
	Scott Kirby	TD Insurance
	Brad Kuiper	ScotiaLife Financial
	John Lewsen	BMO Insurance
	Charles MacLean	RBC Insurance
	Vikram Malik	Sun Life
	Anita Mukherjee	RBC Insurance
	Diane Quigley	CUMIS/The Co-operators
	Monika Spudas	Manulife Financial
	Andrea Stuska	TD Insurance
	Kamana Tripathi	TD Insurance

Also Present:	Keith Martin	CAFII Co-Executive Director
	Brendan Wycks	CAFII Co-Executive Director
	Albert Lin	Managing Matters, <i>Recording Secretary</i>

1. Call to Order, Meeting Quorum Confirmation, and Board Transition Matters

N. Benson welcomed all to this first meeting of the newly constituted 2019-2020 CAFII Board of Directors, including newly elected Board Member Mica Sweet from CIBC insurance, and called the meeting to order at 2:00 p.m. A. Lin acted as Recording Secretary.

M. Boyle confirmed that notice of the meeting had been sent to all Directors in accordance with the Association's By-Law; and that all 13 Directors of the Corporation, constituting a quorum, were present on the phone.

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

1.a. CAFII Competition Guidelines

N. Benson noted that the CAFII Competition Guidelines provided in the meeting package were adopted by the Association's then-Board of Directors on April 3, 2008. CAFII's practice has been to highlight the key principles set out in the Competition Guidelines annually, at this first Board meeting in a new governance year.

N. Benson summarized the CAFII Competition Guidelines, noting that they commit the Association's Directors and other Member representatives who participate in the Association's affairs to avoiding the following:

- making or discussing any agreement on prices, premiums, fees, or products;
- exchanging cost information (with the intent to fix prices or reduce competition);
- restricting independent dealing with industry suppliers; and
- precluding, arbitrarily, participation in CAFII in a manner that may limit competition.

1.b. 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.c. Election of 2020-2021 CAFII Officers

N. Benson noted that at this first Board meeting in a new governance year, following the election of the Association's Directors at the Annual Meeting of Members, the Board must appoint the volunteer Officers of the Association, with those volunteer Officer positions being Chair, Vice-Chair, Secretary, and Treasurer.

She advised that Article 7.1 of CAFII's Bylaw specifies that "the Directors shall select annually Officers of the Corporation. Except for the Executive Director, Officers shall hold their position for a period of one year."

N. Benson stated that the following slate of Officers was therefore nominated for appointment by the Board:

Chair:	Chris Lobbezoo, RBC Insurance Holdings Inc.
Vice-Chair:	Peter Thompson, National Bank Insurance
Secretary & EOC Chair:	Martin Boyle, Bank of Montreal, BMO Insurance
Treasurer:	Tony Pergola, ScotiaLife Financial

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the nominated slate of officers is approved by the Board.

N. Benson welcomed C. Lobbezoo into his new position as Board Chair, who proceeded to chair the remainder of the meeting.

2. Consent Items

C. Lobbezoo noted that Consent item documents had been provided for each of the six (6) Consent Agenda items; and it was presumed that Directors had reviewed them in advance of this meeting.

On a motion duly made, seconded and unanimously carried

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

And further, IT WAS RESOLVED that the minutes of the meeting of the Board of Directors held April 7, 2020 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. Governance Matters

3.a. EOC-Recommended Cancellation Of CAFII Annual Members' Luncheon For 2020

B. Wycks advised that the EOC had recently recommended, for the Board's consideration, that rather than trying to reschedule the 2020 CAFII annual Members' Luncheon with FCAC Commissioner Judith Robertson as guest speaker for the Fall of 2020, the event should be cancelled entirely for 2020 and rescheduled for 2021.

However, in Board discussion, Directors advised that, if possible, CAFII should try to find an alternative way to have a dialogue session in 2020 with the FCAC Commissioner. One idea was to hold a lunch with the Commissioner, the CAFII Board of Directors, and the CAFII Co-Executive Directors, followed by a webinar presentation by the Commissioner over a virtual platform, which a larger audience of CAFII member representatives would be able to attend.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the CAFII 2020 Annual Members' Luncheon be re-oriented into a virtual or partially-virtual presentation by FCAC Commissioner Judith Robertson to CAFII in late September or October 2020.

[Action Item: Re-orient the 2020 CAFII Annual Members' Luncheon into a virtual or partially-virtual presentation by FCAC Commissioner Judith Robertson in late September/October; B. Wycks/K. Martin, September 15/20.]

3.b. Recommendation That Launch/Work of CAFII EOC Working Group On Proposed Lower Dues Category Of CAFII Membership Be Deferred Until "New Normal" Emerges, Post-COVID-19

K. Martin recalled that some companies had expressed an interest in joining CAFII but they would only be prepared to do so if there was a lower dues category of membership.

While there is still a need to explore this option, it is unclear how the economic situation will look after the COVID-19 pandemic subsides. The EOC has recommended that it would be better to wait for things to settle down before striking a Working Group to review a lower dues category of CAFII membership, and has recommended temporarily postponing this initiative.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the launch of a CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership be deferred until the COVID-19 pandemic subsides and a semblance of normalcy has emerged in the economy.

[Action Item: Revisit the launch of the CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership once the economic environment stabilizes, K. Martin, 2020.]

3.c. Recommendation From CAFII Website & SEO Consultant RankHigher That Ownership Of CAFII.Insurance Domain Name Not Be Renewed

B. Wycks reported that CAFII pays \$1,000 US annually to Encirca, a US internet domain name registrar, to own and protect the CAFII.insurance domain. CAFII has owned this domain since 2016, the year that .insurance domains first became available for purchase, and it renews on July 1 each year.

CAFII's website consultant firm RankHigher has suggested that the CAFII.insurance domain not be renewed, as it offers no value and if CAFII was to use the domain, it would diminish the value of the CAFII.com domain. The EOC agreed with this recommendation and has recommended to the Board that the CAFII.insurance domain not be renewed.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII discontinue ownership and protection of the CAFII.insurance domain name.

[Action Item: Discontinue the renewal of the CAFII.insurance domain name, B. Wycks, June 28, 2020.]

3.d. Rescheduling of October 2020 CAFII Board Meeting; and Liaison Lunch and Industry Issues Dialogue With AMF Staff Executives To Thursday, October 15/20

B. Wycks recalled that the liaison lunch and industry issues dialogue with the AMF had to be rescheduled from April 7/20, due to COVID-19. CAFII has found an alternate date when a quorum of Directors can attend the meeting in the Fall of 2020. The meeting will be hosted by Desjardins Insurance in Lévis, Québec on Thursday, October 15/20.

4. Financial Management Matters

4.a. CAFII Financial Statements as at April 30/20

T. Pergola, CAFII Treasurer, reported that revenue was slightly lower than budgeted due largely to non-renewal by three former Associates (Munich Re, PWC and RankHigher). Expenses were significantly lower due to reduced activity caused by the COVID-19 pandemic, including that the CAFII Co-Executive Directors are not travelling; and some activities such as CAFII in-person Receptions and the 2020 Annual Members' Luncheon have not been held. As a result, it is expected that at the end of the 2020 fiscal year, CAFII's financial reserves will increase to 35% of annual operating expenses, which is well within the target range of 25% to 50% of annual operating expenses.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII Financial Statements as at April 30/20 are approved in the form presented.

4.b. Forecast For CAFII 2020 Fiscal Year

T. Pergola, CAFII Treasurer, reiterated that while revenues are down slightly in 2020, expenses will likely come in at \$85,000 lower than originally budgeted, resulting in a forecast of a significant 2020 fiscal year surplus.

4.c. Updated CAFII Cheque Signing Authority Policy

T. Pergola, CAFII Treasurer, recommended the Board's approval of the following changes to CAFII's cheque signing authority policy:

- Update the header and the footer with current office address
- Change from "TO Corp" to "Managing Matters Inc."; and "Executive Director" to "Co-Executive Directors"
- Change point 4 from "physical signature" on all cheque stubs and back-up to "email approval".

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII Cheque Signing Authority Policy updates be approved as set out in the *Updated CAFII Cheque Signing Authority Policy* document included in the meeting package.

4.d. Canada 10% Temporary Wage Subsidy For Employers (TWSE): CAFII Decision Not To Apply

T. Pergola, CAFII Treasurer, reported that the Association is eligible for the federal government's COVID-19 10% Temporary Wage Subsidy For Employers (TWSE). However, organizations are not automatically provided with the subsidy, and have to apply for it.

The TWSE amount that CAFII is eligible for is small (\$2,750) and if the media were to become aware that CAFII applied for and received this subsidy, there is the potential for negative coverage. As a result, CAFII has decided not to apply for the TWSE.

5. Strategic and Regulatory Matters

5.a. CAFII's Two-Pronged Strategy Re AMF's View That RADM Applies To Credit Card-Embedded Insurance Benefits

5.a.i. Update On Two Prongs Of Strategy

K. Martin recalled that CAFII has taken a two-pronged approach to the AMF's view that the Regulation respecting Alternative Distribution Methods (RADM) applies to credit card-embedded insurance benefits. The first prong was to develop our legal options. In that respect, CAFII asked Marc Duquette of law firm Norton Rose to provide us with his views on our legal options. In a March 6/20 note to CAFII, Mr. Duquette indicated that he felt our legal foundation for challenging the AMF's views was strong. He proposed detailing the options and sharing these with the AMF, at an estimated cost of \$50,000. If the AMF did not accept our analysis, he felt that we had options around a court challenge, but the cost of such an approach would be considerably higher.

The second prong, K. Martin continued, was to produce a letter for the AMF on how CAFII members could try to meet its expectations around the RADM's applicability to credit card-embedded insurance benefits, even though in our view embedded insurance benefits are not a sale of insurance. This would include "creative solutions" that tried to work around some of the RADM's requirements that are a poor fit for these products.

5.a.ii. Draft CAFII "Creative Solutions" Submission On How Industry Can Meet AMF's Requirements Related To RADM's Applicability To Credit Card-Embedded Insurance Benefits

K. Martin advised that, based partly on the observation that recent correspondence from the AMF appeared to have softened in tone and be more conciliatory, it was the EOC's recommendation that CAFII should implement the second prong approach and send a "creative solutions" submission letter to the AMF, prior to further investigating the first prong legal option, if it becomes necessary.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the CAFII creative solutions submission On How The Industry Can Meet The AMF's Requirements Related To The RADM's Applicability To Credit Card-Embedded Insurance Benefits be finalized and submitted to the AMF on or before July 15, 2020.

[Action Item: Finalize CAFII's creative solutions submission On How The Industry Can Meet The AMF's Requirements Related To The RADM's Applicability To Credit Card-Embedded Insurance Benefits and submit it to the AMF, B. Wycks, July 15/20.]

5.b. Proposed CAFII Response To CCIR/CISRO FTC Working Group Request That CAFII Undertake A Third Party-Conducted Survey And Provide A Report On CAFII Member-Utilized Incentives and Compensation Models

B. Wycks recalled that at CAFII's quarterly stakeholder meeting with the CCIR/CISRO FTC Working Group on March 5/20, the FTC Working Group asked CAFII to undertake a third party-conducted survey of its financial institution distributor of insurance members about their incentives and compensation models used in-market; and to share the results report with the Working Group prior to the next quarterly meeting, which at that time was loosely scheduled for sometime in June 2020.

Subsequent to March 5/20, CAFII's next meeting with the FTC Working Group was postponed, due to COVID-19, to an indefinite date in the future.

Mr. Wycks also recalled that during its *in camera* discussion of this issue on April 7/20, the CAFII Board asked management to consult with the Canadian Bankers Association (CBA), to see if it collected the incentives and compensation models information which the CCIR/CISRO FTC Working Group was seeking. CAFII reached out to the CBA, which responded that it does not collect such information for any of its member banks.

CAFII management's recommendation was therefore that the Association should respond to the CCIR/CISRO FTC Working Group that if it wants to secure information on the incentives and compensation models which CAFII FI distributor members use in-market, it should make that request directly and privately to one or more members – due to the ongoing significant concerns on the part of several CAFII members about disclosing and discussing such competitively sensitive and competitively differentiating information in an Association-level meeting where competitors are present – rather than look to CAFII to undertake a third party survey and provide an aggregated and anonymized results report.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII respond to the CCIR/CISRO FTC Working Group – in the very immediate future, rather than waiting until the date of the next CAFII quarterly meeting with the Working Group is confirmed -- that if it wants to secure information on the incentives and compensation models which CAFII FI distributor members use in-market, it should make that request directly and privately to one or more members.

[Action Item: Send a letter to the CCIR/CISRO FTC Working Group advising it to contact relevant CAFII members directly and privately to obtain the desired information on incentives and compensation models used in-market, B. Wycks/K. Martin, June 30/20.]

5.c. CAFII Quarterly CPI Benchmarking Study With RSM Canada: Vetting By Stikeman Elliott Competition Lawyer; and Distribution of First Report

K. Martin reported that the first report emanating from the CAFII Quarterly Benchmarking Study With RSM Canada was now ready for release. Stikeman Elliott's competition lawyer Mike Kilby has conducted a review and is comfortable with the report and its content. A note was shared with the eight CAFII members which participate in the benchmarking study by submitting their data, to confirm that they understand and are comfortable with the report also being shared with the five insurer members of CAFII who do not directly participate in the study.

5.d. Research & Education Committee

5.d.i. 2020 CAFII Research Options, Including Proposed Engagement of Melissa Carruthers, Deloitte Canada For CAFII-Commissioned Thought Leadership/Perspectives Paper On "The Future of Credit Protection Insurance in Canada"

A. Stuska, Chair of the Research & Education Committee, reported that Melissa Carruthers of Deloitte Canada had submitted a proposal to CAFII for the delivery of a thought leadership/perspectives paper on "The Future of Credit Protection Insurance in Canada."

In addition to tapping into its own internal research and other knowledge resources, it was proposed that Deloitte Canada would also conduct short interviews with all 13 CAFII Directors to get their perspectives. It was felt that this report could potentially be publicly released, with the opportunity for some media pick-up. The cost of the study would be \$20,000.

In discussion, some Board members expressed reservations about a spend of this size at a time when members are facing unprecedented financial pressures. The view was expressed that a consultancy firm benefits from the business development opportunity of conducting a study with leading financial institutions, and that they should be asked to conduct this research *pro bono*. Others felt that the investment was worthwhile and could produce a valuable study which would have a positive reputational impact for CAFII. One Board member suggested that the Deloitte Canada deliverables under its proposal should include a separate presentation to each of the 13 CAFII member companies.

In concluding this discussion, the Board asked Ms. Stuska and the Co-Executive Directors to counter-propose to the Deloitte Canada representatives that they reduce the price/cost of the study, and enhance the deliverables, and resubmit a revised proposal.

[Action Item: Reconnect with Deloitte Canada and ask that the proposal be revised by reducing the price/cost and enhancing the deliverables to CAFII, B. Wycks/K. Martin/A. Stuska, July 20/20.]

5.e. Media Advocacy Committee

5.e.i. Proposed CAFII Motion Graphic Website Video On Credit Protection Job Loss Insurance: Proceed At This Time Or Defer?

K. Martin recalled that the Board had previously approved the EOC's recommendation on the 2020 CAFII website investment plan (budget of \$35,000), which includes two new motion graphic videos, more vignettes, and more FAQs.

The first proposed video was on credit protection job loss insurance. This was viewed as a good video to invest in because it is one of the highest search terms on Google around credit protection insurance, and because with the COVID-19 pandemic, it is highly topical.

However, there may be risks associated with featuring a video on job loss insurance on the CAFII website, especially if a noticeable number of job loss insurance claims end up being denied, and/or there is negative media coverage about the product. There may also be some members who may choose to exit this market.

At the May 26/20 EOC meeting, discussion of this item revealed a divergence of views on the merits of proceeding with a CAFII website video on job loss insurance and no consensus. Some EOC members felt that such a video would be very timely and appropriate, and would put the industry in a positive light. Others were concerned that it could draw attention to a product that may receive some negative press if there are job loss claim denials.

In concluding Board discussion on this matter, given that the EOC had not arrived at a consensus view and had not made a recommendation on it to the Board, the Board asked the EOC to revisit the issue of CAFII 2020 website videos.

5.e.ii. Options For CAFII Around Media Proactivity and Website Enhancements Arising From COVID- 19

K. Martin reported that the *CAFII Directors and Designates COVID-19 Information-Sharing Group* has proposed some ideas for the CAFII website, including the publication of good news stories from customers about how our members are supporting them during the pandemic; publication of statistics on the escalated level of claims and payouts due to the pandemic; and publication of information on the CAFII website on how to make a claim.

In Board discussion of these proposed options, it was agreed that, at this time, the best option to pursue is the publication on the website of information on how to make a claim, with links to the claims sections of each of CAFII's members.

An EOC member also suggested that CAFII also consider pursuing a consumer research study on the claims experience of customers who have made a job loss insurance claim or a travel medical insurance claim during the pandemic timeframe; and the Board asked the EOC to consider that suggestion.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that CAFII management is directed to implement Option 3 and publish How To Make A Claim information on the CAFII Website, with each member providing links to the claims sections of their own websites.

[Action Item: Create a new tab on the CAFII website and provide How To Make A Claim information there; K. Martin, July 31/20.]

5.e.iii. Media Consultant Report On CAFII's 2019 Media Relations and Website Communications Achievements

C. Blaquiére, Media Advocacy Committee Chair, reported that CAFII media consultant D. Moorcroft had produced a summary report on the Association's website and media achievements in 2019, which he felt was the most productive media year ever for CAFII. Mr. Blaquiére shared the highlights of Mr. Moorcroft's report with the Board.

5.f. Impact Of COVID-19 On CAFII Members, Credit Protection Insurance and Travel Insurance

5.f.i. Feedback On and Continuation of CAFII Directors and Designates COVID-19 Information-Sharing Group

In a feedback discussion facilitated by C. Lobbezoo, Board members indicated that the CAFII Directors and Designates COVID-19 Information-Sharing Group meetings were quite valuable and informative, but that with the recent stabilization following the pandemic-driven surge in claims and related challenges that the industry had met, the frequency of its meetings could shift to once per month.

IT WAS RESOLVED that the frequency of the CAFII Directors and Designates COVID-19 Information-Sharing Group's meetings be changed to once per month.

[Action Item: Change the frequency of the CAFII Directors and Designates COVID-19 Information-Sharing Group's meetings to once per month, K. Martin, June 30/20.]

5.f.ii. Insights Gained From Weekly CAFII/CLHIA/THIA Calls Re Impact Of COVID-19 On Travel Insurance Industry

B. Wycks reported that CAFII's Co-Executive Directors, EOC Chair M. Boyle, and Travel Medical Insurance Committee Chair A. Baig participate in a weekly call involving CLHIA, CAFII, and THIA to compare notes on the impact of COVID-19 on the travel medical insurance industry. He then shared updates from recent such meetings with the Board.

5.g. Launch of Saskatchewan RIA Advisory Committee

B. Wycks recalled that CAFII and CLHIA have jointly been advocating for the creation of a Restricted Insurance Agent Advisory Committee in Saskatchewan, which could provide the Insurance Councils of Saskatchewan (ICS) with expert advice from an RIA licence holder perspective, and that work was about to come to fruition in 2020.

ICS has included provisions in its new Bylaw, which came into force on January 1/20, to allow for the creation and operation of an RIA Advisory Committee.

CAFII will be following up with the CLHIA and with ICS to determine next steps and timelines.

5.h. Postponement of Planned CAFII 2020 Atlantic Canada Visits To 2021 Due To COVID-19: Communication of CAFII's Plans To Insurance Regulators and Policy-Makers in NB, NS, PEI, and NF

B. Wycks reported that the EOC had advised that it would be difficult to fit all COVID-19-delayed activities into the Fall of 2020; that internal meetings of CAFII member companies may need to take priority during that period; and that it was not clear what travel and meeting restrictions would still be in place in the Fall of 2020 due to the pandemic.

As such, it was recommended that the Atlantic Canada tour not occur in the Fall of 2020, but instead be delayed to the Spring of 2021. CAFII has therefore written to all of the Atlantic Canada insurance regulatory and policy-maker authorities that we were planning to visit, letting them know of this postponement.

6. Special Matters and Other Business

6.a. Feedback On Transition To A New Briefing Notes-Driven Approach To CAFII Board Meetings and Materials

Board members provided feedback that the new briefing-notes driven approach to CAFII Board meetings was effective and should continue for future meetings.

6.b. June 9/20 CAFII Emerging Issues Webinar On "The Looming Impact Of Climate Change Upon The Life and Health Insurance Industry"

B. Wycks reminded Board members that following this meeting, CAFII would be holding a webinar with Deloitte Canada on "The Looming Impact of Climate Change Upon The Life and Health Insurance Industry."

6.c. Next CAFII Board Meeting: Thursday, October 15/20 Hosted By Desjardins Insurance in Levis, Quebec, Including Liaison Lunch and Industry Issues Dialogue With AMF Staff Executives

B. Wycks highlighted that the next CAFII Board meeting would be held on Thursday, October 15/20, hosted by Desjardins Insurance in Levis, Quebec, and that it would be immediately preceded by an informal liaison lunch and an Industry Issues Dialogue session with AMF staff executives.

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status Aug 21 2020
		Association Strategy and Governance			
1	EOC and Board: October 2019	Launch CAFII EOC Working Group to Explore a New Lower Dues Category of CAFII Membership, via a first meeting and a draft Terms of Reference for this Working Group.	B. Wycks/K. Martin	31-Mar-20	In progress/ See #2
2	BOD: June 9, 2020	Revisit the launch of the CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership once the economic environment stabilizes	K. Martin	12-Jul-05	In progress
3	EOC May 29, 2018	Develop a summary job description for the CAFII EOC Chair role and circulate it to EOC Members.	B. Wycks/K. Martin	30-Jun-20	In progress
4	EOC February 27, 2018	Document in writing the process for reviewing, approving, and admitting applicants for CAFII Members and Associate status	B. Wycks	25-Oct-19	In progress
		Regulatory Initiatives			
5	EOC: Aug 25, 2020	Share critical path on New Brunswick consultation with EOC members	B. Wycks	22-Sep-20	In progress
6	EOC: Aug 25, 2020	Circulate an Agenda for the Virtual Meeting With CCIR/CISRO FTC Working Group meeting to EOC members	B. Wycks	2-Sep-20	Completed
7	EOC: Aug 25, 2020	Obtain ACCAP's submission to the Quebec Justice Minister	B. Wycks	31-Aug-20	Completed
8	EOC: Aug 25, 2020	Invite Board and EOC Members to the get-acquainted and dialogue meeting with FCAC Deputy Commissioner Frank Lofranco	B. Wycks	15-Sep-20	Completed
		Website and Media Initiatives			
9	BOD: June 9, 2020	Create a new tab on the CAFII website and provide How To Make A Claim information there	K. Martin	31-Jul-20	In progress
10	EOC: June 23, 2020	Share with EOC members the details of the new How to Make A Claim section of the CAFII website section	K. Martin	21-Jul-20	In progress
11	EOC: Aug 25, 2020	Share draft visuals for CAFII website video with EOC	K. Martin	30-Sep-20	In progress
12	EOC: Aug 25, 2020	Share final prototype of new claims section of CAFII website with Board and EOC, for approval	K. Martin	30-Sep-20	In progress
		Research and Education			
13	EOC: July 21, 2020	Speak to Lesli Martin at Pollara Strategic Insights with a view to obtaining a proposal and cost quote for a 2020 CAFII consumer survey around the COVID-19-driven digitization of consumer experiences with Credit Protection Insurance	K. Martin	31-Jul-20	Completed
14	EOC: Aug 25, 2020	Share Pollara proposal with a recommendation to the EOC	K. Martin	7-Sep-20	Completed

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Regulatory Update – CAFII Executive Operations Committee, 22 September 2020

Prepared by Keith Martin, CAFII Co-Executive Director

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Federal/National

Canadian Council of Insurance Regulators (CCIR)

Canadian Council of Insurance Regulators Announces Frank Chong As New Chair

The Canadian Council of Insurance Regulators announced on 10 September, 2020 that Patrick Déry of the AMF was stepping down as the Chair of the CCIR after five years in this role, and would be replaced by Frank Chong, Vice-President and Deputy Superintendent, Regulation, with the BC Financial Services Authority. It is noteworthy that usually such CCIR Chair succession announcements are made in the summer, coming out of CCIR's June meeting.

Canadian Association of Pension Supervisory Authorities (CAPSA)

Canadian Association of Pension Supervisory Authorities Invites CAFII To Join Industry Working Group Regarding CAPSA Capital Accumulation Plans (CAP)

The Canadian Association of Pension Supervisory Authorities' (CAPSA) has invited CAFII Co-Executive Directors Keith Martin and Brendan Wycks to participate in an Industry Working Group (IWG) to assist CAPSA's work on Capital Accumulation Plans (CAP).

CAPSA notes that

CAPSA established the CAP Guideline Committee (the Committee) in April 2019. Since then, the Committee has reviewed the Guideline and is proposing several revisions. It is now looking for technical support and expertise from industry, and has identified your organization as a key stakeholder to provide valuable input towards this work.

The IWG will consist of cross-sectoral stakeholders to ensure that there is expertise from all three sectors - pension, insurance and securities.

Mr. Martin and Mr. Wycks are currently assessing this CAPSA invitation with respect to its fit with CAFII's mission and scope, and the degree to which an affirmative response from one of them might contribute to the Association's regulatory relationship-building strategic priority.

Federal Consumer Agency of Canada (FCAC)

CAFII Holds Get-Acquainted Session with Frank Lofranco, Deputy Commissioner FCAC, Along with Three FCAC Colleagues, on 14 September, 2020

On 14 September, 2020, CAFII held a Get Acquainted and Dialogue Meeting with recently appointed FCAC Deputy Commissioner Frank Lofranco and three FCAC staff executive colleagues: Brad Schnarr, Manager, Supervision and Enforcement; Stephen Wild, Senior Research & Policy Officer; and Thierry Plante, Senior Consumer Education Officer (focused on financial literacy).

This 90-minute virtual meeting was well-attended by approximately 30 CAFII member representatives. A key, CAFII-relevant insight gained from this meeting is that Stephen Wild, Senior Research & Policy Officer, who reports to Brad Schnarr, Manager, Supervision and Enforcement, who in turn reports to Frank Lofranco, Deputy Commissioner, Supervision and Enforcement, will be the lead on drafting the “appropriateness provision/test” for financial products which is embedded within the Financial Consumer Protection Framework (FCPF) section of Bill C-86 which received Royal Assent in December 2018.

That drafting/development work will be completed over the next six to eight months. Part of the FCAC’s process will involve determining which financial products the appropriateness provision/test should apply to, including whether or not Authorized Insurance Products (credit protection insurance and travel insurance) offered by federally regulated financial institutions should be covered.

The FCAC’s critical path for the development and finalization of the appropriateness provision/test includes a pre-consultation with a sounding board/test group in late Fall 2020 or early Winter 2021, followed by a full public consultation on a draft of appropriateness provision/test.

Other key insights gained in the meeting were:

- there are three pillars or streams of responsibility which fall under Frank Lofranco as FCAC Deputy Commissioner, Supervision and Enforcement: Regulatory Guidance & Co-ordination; Supervision (which the FCAC is being more proactive about, given increased powers and resources); and Enforcement (when breaches do occur).
- as Deputy Commissioner, Supervision and Enforcement, Frank Lofranco is effectively the FCAC’s second-in-command (2IC). However, Commissioner Judith Robertson is putting in place a new management team at the Agency, which will include the appointment of a Deputy Commissioner, Consumer Education (with a focus on financial literacy) in the near future.
- Commissioner Robertson has made the decision that the FCAC will have an official Toronto office presence; and after the COVID-19 pandemic when this plan is officially announced and comes to fruition, Deputy Commissioner Frank Lofranco will head up and work out of that FCAC satellite office in Toronto, where he is currently located.
- implementation of the FCPF falls under Brad Schnarr as Manager, Supervision and Enforcement.

CAFII

CAFII Holds Webinar on the Impact of COVID-19 on Insurance Regulation, with Frank Chong of BCFSa, Nathalie Sirois of the AMF, and Huston Loke of FSRA

CAFII held its first of three Summer 2020 virtual webinars with regulators on 28 July, 2020. On the panel of presenters were **Frank Chong**, Vice-President and Deputy Superintendent, Regulation at the British Columbia Financial Services Authority, or BCFSa; **Nathalie Sirois**, Senior Director, Supervision of Insurers and Control of Right to Practise at L'Autorité des marchés financiers (AMF) in Québec; and **Huston Loke**, Executive Vice-President, Market Conduct at the Financial Services Regulatory Authority of Ontario, or FSRA.

There was excellent attendance at the webinar from insurance regulators and policy-makers across Canada, including the BC Financial Services Authority; the BC Ministry of Finance; the Insurance Council of BC; the Alberta Insurance Council; Alberta Treasury Board and Finance; Insurance Council of Manitoba; the Saskatchewan Financial and Consumer Affairs Authority; Nova Scotia's Office of the Superintendent of Insurance; the Ontario Ministry of Finance; the Financial Services Regulatory Authority of Ontario; the Autorité des marchés financiers in Quebec; the Canadian Council of Insurance Regulators, or the CCIR; the Canadian Insurance Services Regulatory Organisations, or CISRO; and the federal Office of the Superintendent of Financial Institutions.

There was a vibrant and engaged discussion on a variety of insurance issues. With respect to the industry's COVID-19 response, Frank Chong commented that¹

...Canada and the broader insurance sector has really performed exceptionally well during this global issue. And credit should really be given to each of you for really contributing to being focused on your customers though this very challenging environment.

In the context of how the AMF has responded to the challenges posed by the COVID-19 pandemic, Nathalie Sirois commented that

...we had to adapt how we approached our supervisory work. And as an organisation, most of our employees were already ready to work remotely from home, so it was not a real issue for us. But I would say that we had to adapt how we do our supervisory activities, so of course we decided that there was not going to be any on-site supervision. But at the same time, we were very conscious of the fact that insurers themselves had to adapt to the situation, had many adjustments to put in place; and we had to maintain ... our supervision just to make sure (whether) any institution would face any difficulty in their financial condition.

On the issue of regulators supporting industry at a time of great stress, Huston Loke commented that

¹ The comments from the three panelists have been lightly edited.

During a time of crisis, especially a health crisis like this, we have to all think about why are we here? So, the reason I think why we're here is because we want to allow people to receive, to have fulfilled, that promise of security that they purchased in the form of insurance. We want to be able to support them as they access their insurance that they've paid up for. We want to support them, in order to have access to buy new insurance products. All through the pandemic, people continue to have life events, whether it's, you know, having children, getting married, having some other situation in their family and access (to insurance) is important. How can we, as regulators, support access to insurance? And how can we as regulators allow insurers to fulfil their commitment to their customers? Well, coordination is one good way. So, I head up one of the CCIR committees for COVID-19, I'm joined by my capable colleagues across the country and we wanted to make ourselves very available to industry Associations in particular to provide a harmonized view on things.

On the issue of what lessons can be learned during this time and what may endure after the pandemic, Frank Chong commented that

... I think that once we are out of the pandemic, it will be worthwhile for not only the industry, but also for regulators, to sort of sit down and talk about what were some of the lessons learned out of the pandemic. And I think it's very important that we take stock of all the different things that we had not only discussed, whether or not that's at CCIR or individual regulators, and have that conversation with the policy-makers. Because I think that the attendee's (question) is correct to point out that the overarching, sort of legislative framework that we're all operating under does need to get modernized, and we do need to look at how we can do that from the lens of still being able to meet the public interest. Because I think that at the end of the day, what we have seen I think in extraordinary manner was that the industry was able to still meet the public interest in many ways, but doing it in a different manner than maybe perhaps under the old constructs of many of the provincial insurance Acts. And so, there's also some things we may want to sort of re-evaluate and discuss as to whether or not they are still relevant today. But I think that taking stock at the very end once we're out of this, I think is an important, first step in that journey towards modernization.

On this same topic, Nathalie Sirois added:

I'm totally in agreement about what (Frank Chong) was saying about the fact that once we are out of this crisis we will need to get together and see what were the lessons learned from the crisis. What went well, what went less well, and if there is need for improvements in our framework, whether legislative or regulation. I think it will be a good opportunity even for regulators and our governments to sit down together, and other parties that maybe had to grow in this crisis, to sit together and see how we can in the future be better... just to make sure that we will be in a better position to be proactive and less reactive.

Picking up on this theme, Huston Loke said:

What I'd add is some of these things are not necessarily legislative in terms of things that you take away post-pandemic, and I'll give you an example. We always talk about fair treatment because that's the principle that all the work hinges upon. Sometimes fair treatment is a lot less complicated than we make it out to be. It starts with fulfilling the promise to the customer -- what did the customer think they purchased and what ends up happening when they need insurance?

You know, when you think what just happened to us, this was a period where there was no question of the value of insurance. The value of coverage over the last number of months has been made plain and clear. If you had the right coverage, you could be taken care of, and I think one thing that we will take away is the practice that we've seen from some companies and industry Associations to publish their position on things, in real time. So, not waiting for six months and then coming out with an extra thirty pages that they add on to their policy, but actually to issue a press release to guide people and say here is what we are going to cover, and here are the processes that follow, and here is what we are going to be excluding. Because in a time of crisis, and in a time of need, that's fair treatment, to know what you're up against or to know what you're covered for.

The full one-hour webinar was recorded and is available on the CAFII website at the following link:

<https://www.cafii.com/research/>

CAFII Holds Webinar on the Impact of COVID-19 on Insurance Regulation, With a Focus on Licensing Issues, with Catherine Haines of New Brunswick's FCNB; Brent Rathgeber, Alberta Insurance Council; and Brett Thibault, Insurance Council of BC

CAFII held its second of three Summer 2020 virtual webinars with regulators on 25 August, 2020. On the panel of presenters were **Catherine Haines**, Deputy Director of Licensing at New Brunswick's Financial and Consumer Services Commission (FCNB); **Brent Rathgeber**, Director of Policy and Government Relations at the Alberta Insurance Council; and **Brett Thibault**, Director of Governance and Stakeholder Engagement at the Insurance Council of BC.

There was excellent attendance at the webinar from insurance regulators and policy-makers from across Canada, including the BC Financial Services Authority; the BC Ministry of Finance; the Insurance Council of BC; the Alberta Insurance Council; Alberta Treasury Board and Finance; the Insurance Council of Manitoba; the Saskatchewan Financial and Consumer Affairs Authority; l'Autorité des marchés financiers (AMF) in Québec; the Insurance Councils of Saskatchewan; the Government of Yukon; the Financial Services Regulatory Authority of Ontario, or FSRA; the Canadian Council of Insurance Regulators, CCIR; the Canadian Insurance Services Regulatory Organisations, CISRO; the federal Office of the Superintendent of Financial Institutions, or OSFI; and the Ombudsman for Life and Health Insurance (OLHI).

There was a fulsome and engaged discussion among the three panelists, with Catherine Haines commenting that

We certainly appreciate the regular communication from industry members reaching out either directly to our office or via the CCIR or CISRO organizations to provide updates and to outline the challenges they have been experiencing. And again, it's not surprising necessarily but good to see that companies were really keeping the safety of their employees and the needs of their customers front and centre...

On the issue of the Alberta Insurance Council adjusting to the COVID-19 lockdown, Brent Rathgeber commented that

We were able to adjust to hearings and Council meetings quite easily. ... When COVID-19 struck, our meetings beginning in late March, early April ... most of our Board members were Zooming in on a computer...we were already used to having virtual meetings.

On the issue of how regulators would respond to complaints from clients denied insurance because they travelled to a country which Global Affairs Canada had issued an advisory against travelling to, Brett Thibault said

...our job is to oversee the sales process, the licensee process, and so what we would want to do regardless of the complaint is to make sure and review what the sales process looked like, what was communicated to the client by our licensees, the people we have authority over, and take it from there, decide whether that was appropriate and adequate.

The full one-hour webinar was recorded and is available on the CAFII website at the following link:

<https://www.cafii.com/research/>

Desjardins Insurance

Mylène Sabourin, Previously A Staff Executive at the AMF, Joins Desjardins as its Chief Compliance Officer for Insurance and Wealth Management

Mylène Sabourin, previously a staff executive at the AMF for the past four years who played a lead role in the Autorité's drafting of the Regulation respecting Alternative Distribution Methods (RADM), left the AMF in April 2020 to become the Chief Compliance Officer, for insurance along with other areas, for Desjardins Insurance, working out of its corporate office in Lévis, Quebec.

CAFII Co-Executive Directors Brendan Wycks and Keith Martin have reached out to Ms. Sabourin about CAFII and its initiatives, and the three of them held a one-hour get-acquainted session on 11 September, 2020. Ms. Sabourin's formal title at Desjardins is: *Directrice principale Conformité, Gestion de patrimoine et Assurance*; or, in English: *Senior Director Compliance, Wealth management and Insurance*.

Provincial/Territorial

Ontario

Financial Services Regulatory Authority of Ontario (FSRA)

FSRA To Meet With Stakeholder Advisory Committee for Life & Health Insurance On New Issue

FSRA has established Stakeholder Advisory Committees (SACs) to serve as consultation bodies for FSRA management and, in particular, for the FSRA Board on FSRA's priorities and budget. CAFII's representative on the Life & Health SAC is Co-Executive Director Keith Martin.

On 4 September, 2020 FSRA CEO Mark White emailed SAC for Life & Health Insurance members to schedule a virtual (via Zoom) discussion meeting with them on October 9, 2020 at 3:00 pm for approximately two hours. This meeting will allow the committee to prepare for an upcoming meeting with the FSRA Board.

In addition, Mark White advised that FSRA management also plans to convene a virtual (via Zoom) discussion with the Life & Health Insurance SAC on September 29, 2020 regarding a FSRA initiative to transform and modernize the current Unfair or Deceptive Acts or Practices (UDAP) Regulation (a holdover from FSCO) into a FSRA Rule.

Quebec

Autorité des Marchés Financiers

AMF To Launch Consultations on Updated Sound Commercial Practices Guideline; and New Regulation On Complaints Imminently

CAFII has learned that throughout the month of September, the AMF is holding private, one-on-one pre-launch meetings with various stakeholder groups, in anticipation of its imminent launch of formal consultations on an updated/amended Sound Commercial Practices Guideline; and a new Regulation on Complaints.

The staff executive leads on the Sound Commercial Practices Guideline Consultation are Hélène Samson, Director of Prudential Supervision of Financial Institutions, who reports to Patrick Déry, Superintendent, Solvency; and Julien Reid, Senior Director of Financial Institutions Supervision, Resolution and Deposit Insurance, Ms. Samson's colleague who also reports to Mr. Déry.

The staff executive lead on the Regulation on Complaints consultation will be Louise Gauthier, Senior Director of Distribution Policy, who reports to Frédéric Pérodeau, Superintendent, Client Services and Distribution Oversight.

International Developments, Research, and Thought Leadership

Managing Matters

Article by CAFII's Association Management Company Managing Matters on Fostering Inclusion in the Workplace

The 10 September, 2020 newsletter of the Trillium (Toronto) Chapter of the Canadian Society of Association Executives (CSAE) includes a piece by CAFII Association Management Company Managing Matters on "Fostering Inclusion at Managing Matters." The piece notes that "Inclusion and diversity should always be woven into culture and values" and goes on to state that

In order to achieve this, three internal Committees (Education, MM Gives Back, Health) have been working together to create a series of MM Diversity initiatives. The Education Committee provided a starting point for learning and awareness in the monthly internal newsletter. This offered resources from a variety of sources to increase knowledge and awareness on issues surrounding diversity and anti-racism, especially as they relate to the Canadian experience. We also made sure this information was shared in a variety of ways, to account for our team's diverse learning styles.

The full piece can be found at:

<http://csae-trillium.tv/fostering-inclusion-at-managing-matters/>

Global Risk Institute

Global Risk Institute Interview with Jodi Spall, Manulife's AVP of Marketing and Operational Excellence, Global Talent Acquisition, on Virtual Onboarding

Jodi Spall, AVP, Marketing & Operational Excellence, Global Talent Acquisition at Manulife, spoke with the Global Risk Institute on virtual onboarding of new employees. Ms. Spall noted that "At Manulife, our goal was to focus on that *high human touch, welcoming experience* for new hires." As well, given how many new processes were being implemented, human resources held weekly "ask me anything" sessions with hiring managers to help them with the onboarding process.

Ms. Spall notes that

The other consistent theme that we have heard from new hires is, as I referenced, starting a new job at the best of times can be challenging, let alone during the pandemic. Many of us have personal commitments outside of our day jobs - some of us have elder care, are parents, and so on. We need to balance all of those requirements with working. It's one thing when you are doing that in an organization that you may be familiar with, and it is another to do it in a brand-new organization. Some new hires have been a little anxious about the support available to continue to balance their personal needs. They have felt overwhelming support from all levels of Manulife to both help to start in the new job and get them settled and recognizing that there are personal commitments that they need to fulfill outside of that role.

The full interview can be found at:

<http://blog.tfi.ca/tfi-talent-talks-virtual-onboarding-manulife>

Global Risk Institute Interview with Karen Collins, Chief Talent Officer, BMO, on Leading Virtual Teams

Karen Collins, Chief Talent Officer at BMO, spoke with the Global Risk Institute on how to lead virtual teams. She stated in the interview that “The BMO response was guided by our approach to employee health and safety. We have been consulting with our medical advisors globally, in addition to local health authorities, and our colleagues in other parts of the world who are further ahead in their pandemic response.”

She added that

The health and wellbeing of our employees has been our utmost priority, along with keeping the economy and the banking system functioning. From the early days of the pandemic, we've had a hybrid workforce, with some people working in on-site centres and others working from home. We have core banking services that are essential services for our customers, and as such, require some colleagues to be physically present at those locations.

Ms. Collins said a cornerstone of BMO's approach is to communicate extensively, adding that

One of the biggest elements of the “Communicate, Communicate, Communicate” protocol was leading with empathy. We appreciated that people's lives had been upended and we needed to offer our employees more empathy and more flexibility.

We are now focused on virtual empathy. We want people first of all, to be safe and healthy, and second of all, to be productive. In order to do that, we need to talk to them as people first and bankers second.

BMO has also been conducting regular surveys of employees, and Ms. Collins noted that “In the last survey ... 86% of our employees who are working from home said they feel as or more productive than they did working in the office pre-pandemic.”

Ms. Collins noted that mental health issues and stress are key issues in this environment:

One of the biggest hurdles has been the stress and mental health challenge of what we're facing because of COVID. In our employee surveys, 57% of our workforce said they were feeling a moderate to high degree of stress, which is not unexpected. We're living through a global pandemic. They're worried about their health. They're worried about their family's health. They're worried about being socially isolated.

Commenting on the impact of digitization, Ms. Collins noted that

... we feel that the pandemic has accelerated the digitization of financial services by 10 years. There were a lot of things that the organization dreamed of doing previously but they seemed like future goals. The pandemic has nudged us into doing those now. One example is the number of contact centre agents that we have working from home or from their local branches. Six months ago, I would have said, that's a dream of mine, but we're not able to do it. Now we have those employees working from home productively. Previously, 90% of our contact centre agents were working in BMO buildings. Now, 70% of our agents in North America are working from home or from the branch near their houses.

That's important for a number of reasons. The first is the silver lining of people not having to commute. They have a lot more time at home, doing things that they find rewarding.

Second is the increased access to talent. When people can work either at home or at a branch, it opens up a labour pool that was previously unavailable due to geographic location. We can also increase our access to candidates with disabilities, who cannot easily come into an office. This change will help us to achieve BMO's bold commitment of zero barriers to inclusion.

We are committed to seeing this continue post-pandemic once we get back to the new normal.

The full interview can be found at: <http://blog.tfi.ca/leading-virtual-teams-with-bmos-karen-collins>

Global Risk Institute Interview with Emily Schur, Senior Vice President, Global Talent, at SunLife, on Building a Flexible Workforce

Ms. Schur noted that in a recent employee survey, SunLife "asked employees for their preferences related to physical workplaces and 75% of our employees reported that they would like to continue to work "all, or mostly from home". She added that the pandemic had not shifted the "war for talent," but had complicated it, noting the following key issues:

- i. Generational identity differences and preferences - newer and younger workers have different expectations and value systems compared with the more tenured generations.*
- ii. A zero interest-rate environment makes every person's contribution count that much more, as we are constantly evaluating expenses and cost initiatives.*
- iii. Client, customer, and employee demand for choice is at an all-time high.*
- iv. Requirements for new skills is rapidly evolving, with a continued scarcity of in-demand skills in the marketplace.*

An example of implementing these ideas is the use of “gig” projects at SunLife, where employees are tasked with a shorter-term project that they complete, and then move on to another project: “A gig is defined as anywhere between a few hours a week, to a few months of intensive project work. This pilot allows us to gauge employee and leader interest, and to test the effectiveness of the skills inventory in matching skills to work.”

The full interview can be found at:

<http://blog.tfi.ca/building-a-flexible-workforce-with-sun-lifes-emily-schur-0>

CAFII Consultations/Submissions Timetable 2020-21

Regulatory Issue	Deliverable	Deadline	Accountable
BC Ministry of Finance 10-Year Review of FIA (Initial Public Consultation Paper released June 2, 2015)	<ul style="list-style-type: none"> Revised Financial Institutions Act (FIA) tabled in the legislature CAFII Meeting with Ministry of Finance staff executives <i>CAFII Follow-up Meeting (Virtual) with Ministry officials Re CPI Sales Practices and Related Fair Treatment of Consumers Considerations</i> CAFII submissions on draft Regulations in support of Revised FIA 	<ul style="list-style-type: none"> October 21/19 October 25/19 Q3 or Q4 2020 (expected) Q3 2020 through Q4 2021 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-EDs to monitor
AMF Sound Commercial Practices Guideline Update	<ul style="list-style-type: none"> AMF releases consultation document CAFII submission on updated Sound Commercial Practices Guideline 	<ul style="list-style-type: none"> <u>September 2020</u> Q4 2020 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
Quebec Bill 141 and Related Regulations (including Regulation Respecting Alternative Distribution Methods, RADM)	<ul style="list-style-type: none"> CAFII submission on Regulations Supporting Bill 141 AMF Response to industry feedback on RADM Implementation/In-Force Period for RADM (varies by Article/Chapter) CAFII sends AMF “creative solutions” submission on degree to which industry can meet AMF’s requirements around RADM’s applicability to credit card-embedded insurance benefits CAFII receives AMF acknowledgement response to July 7/20 submission, indicating “We acknowledge receipt of your correspondence and will get back to you with comments following the analysis of the issues raised AMF responds to CAFII’s “creative solutions” submission 	<ul style="list-style-type: none"> December 10, 2018 April 17/19 June 13/19: Chapter 2; June 13/20: Chapter 3 July 7/20 July 9/20 Q3 or Q4 2020 (expected) 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-EDs to monitor
CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers	<ul style="list-style-type: none"> Meeting with CCIR/CISRO Working Group re Guidance implementation Meeting with CCIR/CISRO Working Group re incentives and compensation models used by CAFII members in-market CAFII sends letter to CCIR/CISRO FTC Working Group asking it to obtain information on incentives and compensation models used by member distributors directly and privately, to avoid Competition Act violations <u>CCIR/CISRO FTC Working Group accepts proposal in CAFII’s July 2/20 letter</u> 	<ul style="list-style-type: none"> March 27, 2019 March 5, 2020 July 2/20 <u>August 31/20</u> 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
SK Bill 177	<ul style="list-style-type: none"> FCAA delays implementation of new Act and Regulations to Jan 1/20 FCAA releases transition-related Guidance and Interpretation Bulletin FCAA releases further transition-related Guidance/Interpretation Bulletin(s) 	<ul style="list-style-type: none"> November 26, 2018 May 17, 2019 Q3 or Q4 2020 (expected) 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
FCNB Insurance Act Rewrite and Introduction of RIA Regime	<ul style="list-style-type: none"> CAFII Meeting with David Weir and Jennifer Sutherland Green, FCNB in Fredericton CAFII submission on FCNB Licensing of Insurance Adjusters and Damage Appraisers Consultation FCNB launches industry consultation on RIA licensing regime model CAFII submission on FCNB’s RIA Regime licensing regime model <i>FCNB launches informal stakeholder consultation on applicability of A&S insurance provisions of various provincial Insurance Acts to New Brunswick</i> CAFII responds to FCNB consultation on A&S Insurance Act provisions 	<ul style="list-style-type: none"> June 11, 2019 July 2/19 November 29, 2019 January 31, 2020 July 2020 September 30, 2020 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor

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

Agenda Item 2(e)
October 15/20 Board Teleconference Meeting

CAFII Insurance Regulator and Policy-Maker Meetings From May 22, 2020 To June 16, 2020

<u>Date</u>	<u>Event/Occasion</u>	<u>Who</u>
25 May 2020	CAFII half-hour teleconference meeting (K. Martin, B. Wycks, M. Boyle, K. Kasperski) with Financial Services Regulatory Authority of Ontario (FSRA) Market Conduct Division staff executives re "Consumer Issues and Complaints Arising With CAFII Members Due To The COVID-19 Pandemic"	<u>From FSRA</u> -Huston Loke, Executive Vice-President, Market Conduct, FSRA, who is also Vice-Chair of CCIR and Chair of the CCIR/CISRO Covid-19 Group -Anthonet Maramieri; -Joel Gorlick; -Swati Agarwal
9 June 2020	CAFII webinar, with Deloitte Canada panel of presenters, on "The Looming Impact of Climate Change Upon the Life and Health Insurance Industry"	<u>Insurance Regulator and Policy-Maker Attendees From Across Canada</u> -Sherri Wilson, Superintendent of Insurance, Alberta -David Sorensen, Deputy Superintendent of Insurance, Alberta -Laurie Balfour, Alberta Treasury Board and Finance (ATBF); and Chair, CCIR Co-operative Supervision Oversight Committee -Koshin Mohomoud, ATBF -Julius Abekah, ATBF -Kari Toovey, BC Min. of Finance -Sally Reid, BC Finance -Rachel Franklin, BC Finance -Harry James, BC Financial Services Authority (BCFSA) -Franziska Viegemann, BCFSA -Steve Leung, BCFSA -Gerard West, BCFSA -Jennifer Calder, Deputy Superintendent of Insurance, Nova Scotia -Bradley Rowett, Yukon Deputy Superintendent of Insurance -Christine Caldarelli, FSRA -Serina Yau, FSRA -Allan Amos, FSRA -Michael Weisman, Ontario Ministry of Finance -Martine Belanger, FCAC

		-Darrell Leadbetter, OSFI -Glen O'Farrell, OLHI -Tony Toy, CCIR Policy Manager -Munir Chagpar, CCIR Policy Manager -Adrienne Warner, CISRO Policy Manager
16 June 2020	One hour teleconference meeting of the Financial Services Regulatory Authority of Ontario (FSRA)'s Life and Health Insurance Sectoral Advisory Committee (SAC), on which CAFII is represented by Keith Martin, Co-Executive Director; and EOC Member Moira Gill, TD Insurance, is also a member	<u>From FSRA</u> -Mark White, CEO -Bryan Davies, Board Chair -Huston Loke, EVP, Market Conduct

CAFII Insurance Regulator and Policy-Maker Meetings/Interactions From June 17, 2020 To July 14, 2020

<u>Date</u>	<u>Event/Occasion</u>	<u>Who</u>
3 July 2020	CAFII invites selected insurance regulator and policy-makers from across Canada to be panelists in a series of three CAFII Summer 2020 webinars on: <i>COVID-19's Impact on Insurance Policy and Regulation: Now and Post-Pandemic</i>	<u>July 28/20 Webinar</u> -Frank Chong, BCFSA (accepted) -Huston Loke, FSRA (accepted) -Frederic Perodeau, AMF (on vacation; AMF participant will be Nathalie Sirois) <u>August 25/20 Webinar</u> -Angela Mazerolle, FCNB (accepted) -Jennifer Calder, Nova Scotia -Renee Dyer, Newfoundland -Robert Bradley, PEI <u>September 29/20 Webinar</u> -Sherri Wilson, Alberta (accepted) -Jan Seibel, Saskatchewan (accepted) -Scott Moore, Manitoba (accepted)
7 July 2020	CAFII submits "creative solutions" letter to AMF on how the industry can meet the AMF's expectations re the Regulation respecting Alternative Distribution Methods (RADM)'s applicability to credit card-embedded insurance benefits	-Mario Beaudoin, Director, Alternative Insurance Distribution Policy; C.c.'d to : -Frédéric Pérodeau, Superintendent, Client Services and Distribution Oversight -Patrick Déry, Superintendent, Solvency -Nathalie Sirois, Senior Director, Supervision of Insurers and Control of Right to Practise

		-Louise Gauthier, Senior Director, Distribution Policies
9 July 2020	CAFII receives AMF's acknowledgement response to 7 July, 2020 submission, indicating <i>"We acknowledge receipt of your correspondence and will get back to you with comments following the analysis of the issues raised."</i>	-Charlene Boucher, Distribution Management Analyst
10 July 2020	Short details-confirming and clarification teleconference re participation of Huston Loke, FSRA in July 28/20 CAFII webinar	<u>From FSRA</u> -Diba Kohandani, Engagement & Events Co-ordinator

CAFII Insurance Regulator and Policy-Maker Meetings/Interactions From July 15/20 To August 18/20

<u>Date</u>	<u>Event/Occasion</u>	<u>Who</u>
July 22, 2020 through August 13, 2020	CAFII invites selected insurance regulator and policy-makers from across Canada to be panelists in a series of CAFII Summer 2020 webinars on <i>COVID-19's Impact on Insurance Policy and Regulation: Now and Post-Pandemic</i>	<u>August 25/20 Webinar</u> -Angela Mazerolle, FCNB (on vacation on August 25/20, so delegated to Catherine Haines, Deputy Director, Licensing) -Jennifer Calder, Nova Scotia (declined; on vacation) -Renee Dyer, Newfoundland (no response despite follow-ups) -Robert Bradley, PEI (declined; on vacation) -Janet Sinclair, Insurance Council of BC (Council meeting on August 25/20, so delegated to Brett Thibault, Director, Governance and Stakeholder Engagement) -Joanne Abram, Alberta Insurance Council (on vacation on August 25/20 so delegated to Brent Rathgeber, Director, Policy and Government Relations) -Barbara Palace Churchill, Insurance Council of Manitoba (no response, despite follow-ups, until August 18/20, at which point the panel was already set) <u>September 29/20 Webinar</u> -Sherri Wilson, Alberta (accepted) -Jan Seibel, Saskatchewan (accepted) -Scott Moore, Manitoba (accepted)

July 28, 2020	CAFII stages very well-received first of three Summer 2020 webinars on <i>COVID-19's Impact on Insurance Policy and Regulation: Now and Post-Pandemic (including a brief dry run/practice session with the panelists several days prior to July 28/20)</i>	<u>July 28/20 Webinar</u> -Frank Chong, BCFS -Huston Loke, FSRA -Nathalie Sirois, AMF
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CAFII Insurance Regulator and Policy-Maker Meetings From August 19/20 To September 15/20

<u>Date</u>	<u>Event/Occasion</u>	<u>Who</u>
August 19 to 31, 2020	CAFII arranges September 21/20 dry run/practice session on Zoom for three provincial Superintendent of Insurance officials who have accepted invitation to be a panelist at September 29/20 CAFII webinar	<u>September 29/20 Webinar</u> -Sherri Wilson, Alberta -Jan Seibel, Saskatchewan -Scott Moore, Manitoba
August 25, 2020	CAFII stages very well-received second of three Summer 2020 webinars on <i>COVID-19's Impact on Insurance Policy and Regulation: Now and Post-Pandemic, With A Focus On Licensing Considerations (including a brief dry run/practice session with the panelists several days prior to July 28/20)</i> .	<u>August 25/20 Webinar</u> -Catherine Haines, Financial and Consumer Services Commission of New Brunswick -Brent Rathgeber, Alberta Insurance Council -Brett Thibault, Insurance Council of BC <i>Approximately 20 insurance regulators and policy-makers from across Canada joined this webinar as audience members.</i>
September 14, 2020	CAFII holds Get Acquainted and Dialogue Virtual Meeting with recently appointed FCAC Deputy Commissioner, Supervision and Enforcement Frank Lofranco and three other FCAC staff executive colleagues (over FCAC's preferred Microsoft Teams platform). Approximately 30 CAFII member representatives attended this virtual meeting.	-Frank Lofranco, Deputy Commissioner, Supervision and Enforcement, FCAC -Brad Schnarr, Manager, Supervision and Enforcement, FCAC -Stephen Wild, Senior Research & Policy Officer, FCAC -Thierry Plante, Senior Consumer Education Officer, FCAC (focused on financial literacy)

Agenda Item 2(f)
October 15/20 Board Meeting

Committee Reports Addressing CAFII Priorities

Market Conduct & Licensing Committee; Brad Kuiper, Chair

Since the CAFII Board's last regularly scheduled meeting on June 9/20, the COVID-19 pandemic situation has brought about a relatively quiet and dormant period, with only one active regulatory consultation for the Market Conduct & Licensing Committee having arisen during the early June to early October period.

That consultation is an informal Financial Consumer Services Commission of New Brunswick (FCNB) consultation on contemplated updates/changes to the Life and the Accident & Sickness parts of the New Brunswick Insurance Act.

In working on CAFII's response submission, the Market Conduct & Licensing Committee recognized that there are nine key FCNB questions in the consultation document where the response requested calls for a legal comparative analysis (of other provinces' Insurance Acts or Regulations) and/or a legal history perspective. Therefore, to answer those particular questions and deliver a strong, value-adding CAFII submission to the FCNB, the Committee has reached out to member companies' internal legal counsel, through Committee members and EOC members, to tap into their subject matter expertise and obtain their input.

CAFII will be making its response submission to David Weir, the FCNB's staff executive lead on this file, by the mutually agreed-upon deadline of October 16/20.

In addition, the AMF has recently launched two new consultations on (i) an update to its June 2013 *Sound Commercial Practices Guideline*; and (ii) a new Regulation on Complaints. On October 26/20, the AMF will be delivering a webinar on these two consultations for CAFII and its members; and the Association's response submissions will be overseen by the Market Conduct & Licensing Committee. See also agenda item 6(c) on the October 15/20 CAFII Board agenda for further information on these two just-launched AMF consultations.

As well, the Financial Services Regulatory Authority of Ontario (FSRA) has just begun work on transforming the current Unfair of Deceptive Acts or Practices (UDAP) Regulation, which it inherited from FSCO, into a FSRA Rule. The Market Conduct & Licensing Committee is monitoring and involved in this, through Keith Martin's participation on FSRA's Sectoral Advisory Committee (SAC) for Life & Health Insurance. See also agenda item 6(f) on the October 15/20 CAFII Board agenda.

The Committee is also monitoring the FCAC's development of an "Appropriateness Guideline" for the financial products and services which FRFIs offer to consumers and, if warranted, will make a submission on the draft Guideline at a later date. See also agenda item 5(d) on the October 15/20 CAFII Board agenda.

Research & Education Committee; Andrea Stuska, Chair

See agenda item 5(a)(i) on the October 15/20 CAFII Board agenda.

Media Advocacy Committee; Charles Blaquiere, Chair

See agenda items 6(g) and 6(h) on the October 15/20 CAFII Board agenda.

Travel Medical Experts Working Group; Afzal Baig, Chair

The Travel Medical Experts Working Group has been participating in weekly meetings of CAFII, CLHIA, and THIA on the impact of the COVID-19 pandemic upon the travel insurance industry, and ensuring that insights gained there are shared with the EOC, the CAFII Directors and Designates COVID-19 Information-Sharing Group, and the Board. See also agenda item 5(e) on the October 15/20 CAFII Board agenda.

Briefing Note

CAFII Board Meeting 15 October 2020—Agenda Item 3a Appointment of New Board Secretary/EOC Chair.

Purpose of this Agenda Item

Board Secretary and EOC Chair Martin Boyle has indicated his intention to step down from that CAFII Officer role immediately, after more than two years service in the position.

Background Information

Martin Boyle has served in the role of Board Secretary and EOC Chair for more than two years. Due to professional and personal commitments, he has decided to step down at this time. CAFII will be recommending a new Board Secretary and EOC Chair candidate, for appointment by the Board.

Recommendation / Direction Sought -- *Approval*

The Board is being asked to formally appoint a new CAFII Board Secretary and EOC Chair.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting 15 October 2020—Agenda Item 3b

Documentation of CAFII HR Policy Re Co-Executive Directors Performance Review Process

Purpose of this Agenda Item – Update only

To update the EOC on a proposal from Martin Boyle on documenting the process for the annual performance evaluations of CAFII's Co-Executive Directors.

Background Information

Martin Boyle has discussed with CAFII's Co-Executive Directors a process for formally documenting CAFII's HR management and governance practices related to the annual performance evaluations of the Association's Co-Executive Directors.

Martin Boyle will outline his intention to write up CAFII's best practices/good governance approach in this area into a draft policy for Board approval, which he will bring forward to the 1 December, 2020 Board meeting.

Recommendation / Direction Sought – Update Only

While this will be a future item for Board approval, right now this is only an update on an initiative that Martin Boyle is proposing to develop and bring to the Board on 1 December, 2020.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting 15 October 2020—Agenda Item 3c

Proposed CAFII 2021 Board and EOC Meeting Dates; and Updated Board Hosting Rotation

Purpose of this Agenda Item – *Approval*

To obtain Board approval of the proposed 2021 dates for Board and EOC meetings.

Background Information

An attachment provides details around the proposed 2021 dates for CAFII Board and EOC meetings.

Recommendation / Direction Sought – *Approval*

The Board is being asked to approve the proposed schedule of 2021 CAFII Board and EOC meetings.

Attachments Included with this Agenda Item

One attachment.

CAFII 2021 Schedule of Meetings and Events
(Proposed For CAFII Board of Directors' Approval at October 15/20 Meeting)

EOC Meetings: *To be held for 2 hours or 1.5 hours, in alternating months, via teleconference*

- **Tuesday, January 26, 2021** (2:00-4:00 p.m.)
- **Tuesday, February 23, 2021** (2:00 – 3:30 p.m.)
(Family Day stat holiday: Monday, February 15)
- **Tuesday, March 30, 2021** (2:00-4:00 p.m.)
(Good Friday, April 2; Easter Monday, April 5)
- **Tuesday, April 27, 2021** (2:00 – 3:30 p.m.)
- **Tuesday, May 25, 2021** (2:00-4:00 p.m.)
(Victoria Day stat holiday: Monday, May 24)
- **Tuesday, June 22, 2021** (2:00 – 3:30 p.m.)
(St. Jean Baptiste Day: Thursday, June 24; Canada Day: Thursday, July 1)
- **Tuesday, July 20, 2021** , tentative summer meeting (2:00 – 3:30 p.m.)
- **Tuesday, August 17, 2021**, tentative summer meeting (2:00 – 3:30 p.m.)
(Civic Stat Holiday: Monday, August 2)
- **Tuesday, September 14, 2021** (2:00-4:00 p.m.) *If in-person meeting is possible, switch to 2:00-4:30 p.m. meeting, hosted by TBA.*
(Rosh Hashanah: September 7 & 8; Yom Kippur: September 16)
- **Tuesday, October 26, 2021** (2:00 – 3:30 p.m.)
(Thanksgiving Stat Holiday: Monday, October 11)
- **Tuesday, November 23, 2021** (2:00-4:00 p.m.) *If in-person meeting is possible, switch to 2:00-4:30 p.m. meeting, hosted by TBA.*
- **EOC Annual Dinner:** TBA in conjunction with September or November 2021 in-person EOC meeting, if public health requirements allow.

Board Meetings:

- **Tuesday, April 13, 2020** (2:00-4:00 p.m.; Virtual Meeting possibly followed by CAFII Webinar).
- **Tuesday, June 8, 2020** (2:00-5:00 p.m., immediately preceded by 2021 CAFII Annual Meeting of Members, and possibly followed by CAFII Webinar).
- **Tuesday, October 5, 2021** (2:00-4:00 p.m.; Virtual Meeting possibly followed by CAFII Webinar). *If in-person meeting is possible, switch to 2:20-4:00 p.m. meeting, immediately following liaison lunch and Industry Issues Dialogue with AMF staff executives, hosted by Desjardins Insurance in Levis, Quebec.*
- **Tuesday, December 7, 2021** (2:00-4:00 p.m.; Virtual Meeting possibly followed by CAFII Webinar). *If in-person meeting is possible, switch to 2:00-5:00 p.m. meeting, followed by Reception, hosted by CIBC Insurance.*

2021 Annual Members Luncheon:

- **Tentative Date:** Tuesday, March 9, 2021 from 12 Noon to 1:30 p.m. EST (Virtual-only Webinar)

2020 Board meetings Hosted by:

None, due to COVID-19 pandemic situation

2019 Board meetings Hosted by:

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

2018 Board Meetings Hosted by:

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

2017 Board Meetings Hosted by:

TD Insurance; CAFI; 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

Recent Years' Annual Members' Luncheons**2020 Annual Members Luncheon Webinar**

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

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

Speaker: Frank Lofranco, Deputy Commissioner, Supervision and Enforcement, Financial Consumer Agency of Canada

Venue: Virtual-Only Webinar

2019 Annual Members Luncheon

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

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

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

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

2018 Annual Members Luncheon

Topic: "Leading For Success in A Volatile World"

Speaker: Richard Nesbitt, CEO, the Global Risk Institute

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

2017 Annual Members Luncheon

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

2016 Annual Members Luncheon

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

Briefing Note

CAFII Board Meeting 15 October, 2020—Agenda Item 4a Financial Statements as at September 30/20.

Purpose of this Agenda Item – Approval

To update the Board on the Association's finances and obtain Board approval of the financials.

Background Information

Treasurer Tony Pergola will provide an update on the CAFII Financial Statements as at 30 September, 2020.

Recommendation / Direction Sought – Approval

The Board is being asked to approve the financial statements.

Attachments Included with this Agenda Item

One attachment.

CAFII

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

Statement of Operations As at September 30, 2020

	Current Month	Budget Sep-20	Variance to Monthly Budget	Current YTD	Budget '20 YTD	Variance Budget to YTD	Budget 2020
Revenue							
Membership Dues	\$73,727	\$75,727	(\$2,000)	\$663,540	\$681,540	(\$18,000)	\$908,720
Luncheon Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Revenue	\$24	\$17	\$7	\$338	\$150	\$188	\$200
TOTAL REVENUE	\$73,750	\$75,743	(\$1,993)	\$663,878	\$681,690	(\$17,812)	\$908,920
Expenses							
Management Fees	\$39,034	\$39,582	\$548	\$359,741	\$356,242	(\$3,499)	\$474,989
CAFII Legal Fees/Corporate Governan	\$0	\$5,000	\$5,000	\$28,975	\$15,000	(\$13,975)	\$20,000
Audit Fees	\$1,271	\$1,271	(\$0)	\$12,930	\$11,435	(\$1,495)	\$15,247
Insurance	\$449	\$458	\$9	\$4,039	\$4,122	\$83	\$5,500
Website Ongoing Maintenance	\$244	\$458	\$215	\$3,883	\$4,125	\$242	\$5,500
Telephone/Fax/Internet	\$814	\$483	(\$330)	\$4,214	\$4,350	\$136	\$5,800
Postage/Courier	\$53	\$21	(\$32)	\$53	\$188	\$134	\$250
Office Expenses	\$66	\$167	\$100	\$1,886	\$1,500	(\$386)	\$2,000
Bank Charges	\$0	\$16	\$16	\$236	\$143	(\$93)	\$190
Miscellaneous Expenses	\$0	\$42	\$42	\$0	\$378	\$378	\$500
Depreciation Computer/Office Equipm	\$95	\$100	\$5	\$852	\$900	\$48	\$1,200
Board/EOC/AGM							
Annual Members Lunch	\$0	\$0	\$0	\$0	\$12,400	\$12,400	\$12,400
Board Hosting (External)	\$0	\$0	\$0	\$0	\$15,000	\$15,000	\$22,500
Board/EOC/Meeting Expenses	\$0	\$3,292	\$3,292	\$5,559	\$29,625	\$24,066	\$39,500
Industry Events	\$0	\$0	\$0	\$0	\$1,300	\$1,300	\$1,300
EOC Annual Appreciation Dinner	\$0	\$0	\$0	\$4,244	\$4,244	\$0	\$4,244
Sub Total Board/EOC/AGM	-	3,292	3,292	9,803	62,569	52,766	79,944
Provincial Regulatory Visits	\$0	\$0	\$0	\$983	\$8,000	\$7,017	\$12,875
Research/Studies	\$0	\$5,000	\$5,000	\$0	\$45,000	\$45,000	\$60,000
Website SEO and Enhancements	\$6,027	\$3,496	(\$2,531)	\$21,003	\$31,463	\$10,460	\$41,950
Regulatory Model(s)	\$0	\$0	\$0	\$0	\$10,000	\$10,000	\$15,000
Federal Financial Reform	\$0	\$625	\$625	\$540	\$5,625	\$5,085	\$7,500
CAFII Benchmarking Study/RSM Canada	\$16,950	\$5,650	(\$11,300)	\$51,415	\$50,850	(\$565)	\$67,800
FCAC Presentation	\$0	\$1,883	\$1,883	\$20,905	\$16,950	(\$3,955)	\$22,600
Media Outreach	\$2,260	\$3,008	\$748	\$21,255	\$27,075	\$5,820	\$36,100
Marketing Collateral	\$0	\$0	\$0	\$195	\$4,000	\$3,805	\$5,000
CAFII Reception Events	\$0	\$200	\$200	\$0	\$700	\$700	\$900
Speaker fees & travel	\$0	\$0	\$0	\$0	\$1,400	\$1,400	\$2,000
Gifts	\$0	\$0	\$0	\$0	\$300	\$300	\$500
Networking Events	\$0	\$0	\$0	\$0	\$300	\$300	\$500
Sub Total Networking & Events	-	-	-	-	2,000	2,000	3,000
TOTAL EXPENSE	67,262	70,752	3,490	542,907	662,614	119,706	883,845
NET INCOME	6,488	4,991	1,497	120,971	19,076	101,894	25,075

Explanatory Notes:

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

CAFII
411 Richmond Street E, Suite 200
Toronto, ON M5A 3S5
Balance Sheet
As at September 30, 2020

	CAFII Operations			CCBPI Project			Combined		
	30-Sep 2020	31-Aug 2020	31-Dec 2019	30-Sep 2020	31-Aug 2020	31-Dec 2019	30-Sep 2020	31-Aug 2020	31-Dec 2019
ASSETS									
Current Assets									
Bank Balance	\$486,100	\$545,999	\$251,549	\$0	\$0	\$0	\$486,100	\$545,999	\$251,549
Savings Account	\$102,217	\$102,193	\$101,879	\$12,151	\$12,151	\$12,151	\$114,368	\$114,344	\$114,030
Accounts Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prepaid Expenses	\$6,344	\$3,779	\$3,251	\$0	\$0	\$0	\$6,344	\$3,779	\$3,251
Computer/Office Equipment	\$8,014	\$8,014	\$8,014	\$0	\$0	\$0	\$8,014	\$8,014	\$8,014
Accumulated Depreciation -Comp/Equip	(\$6,594)	(\$6,499)	(\$5,742)	\$0	\$0	\$0	(\$6,594)	(\$6,499)	(\$5,742)
Total Current Assets	\$596,080	\$653,486	\$358,951	\$12,151	\$12,151	\$12,151	\$608,231	\$665,637	\$371,102
TOTAL ASSETS	\$596,080	\$653,486	\$358,951	\$12,151	\$12,151	\$12,151	\$608,231	\$665,637	\$371,102
LIABILITIES									
Current Liabilities									
Accrued Liabilities	\$11,439	\$10,168	\$115,891	\$0	\$0	\$0	\$11,439	\$10,168	\$115,891
Credit Card	\$256	\$1,445	\$1,223	\$0	\$0	\$0	\$256	\$1,445	\$1,223
Account Payable	\$12,011	\$2,260	\$11,613	\$0	\$0	\$0	\$12,011	\$2,260	\$11,613
Deferred Revenue	\$221,181	\$294,908	\$0	\$0	\$0	\$12,151	\$221,181	\$294,908	\$12,151
Total Current liabilities	\$244,886	\$308,780	\$128,727	\$0	\$0	\$12,151	\$244,886	\$308,780	\$140,879
TOTAL LIABILITIES	\$244,886	\$308,780	\$128,727	\$0	\$0	\$12,151	\$244,886	\$308,780	\$140,879
UNRESTRICTED NET ASSETS									
Unrestricted Net Assets, beginning of year	\$230,223	\$230,223	\$271,190	\$12,151	\$12,151	\$0	\$242,375	\$242,375	\$271,190
Excess of revenue over expenses	\$120,971	\$114,482	(\$40,967)	\$0	\$0	\$0	\$120,971	\$114,482	(\$40,967)
Total Unrestricted Net Assets	\$351,194	\$344,706	\$230,223	\$12,151	\$12,151	\$0	\$363,346	\$356,857	\$230,223
Total Unrestricted Net Assets	\$351,194	\$344,706	\$230,223	\$12,151	\$12,151	\$0	\$363,346	\$356,857	\$230,223
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$596,080	\$653,486	\$358,950	\$12,151	\$12,151	\$12,151	\$608,231	\$665,637	\$371,102

Financial Reserves Targets as per 2019 Budget:	
Minimum 3 months (25%) of Annual Operating Expenses=	\$ 220,961
Maximum 6 months (50%) of Annual Operating Expenses=	\$ 441,923
Current Level of Financial Reserves (total unrestricted net assets):	\$351,194
Current Level of Financials Reserve (%):	40%

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

CAFII

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

Membership Fees

		Feb-20		Jul-20	
		<i>To be billed</i>	<i>Received</i>	<i>To be billed</i>	<i>Received</i>
BMO Bank of Montreal	2020 Upper Tier Member	\$ 38,555	6-Apr-20	\$ 38,555	15-Aug-20
CIBC Insurance	2020 Upper Tier Member	\$ 38,555	18-Mar-20	\$ 38,555	31-Jul-20
RBC Insurance	2020 Upper Tier Member	\$ 38,555	20-Mar-20	\$ 38,555	30-Jul-20
ScotiaLife Financial	2020 Upper Tier Member	\$ 38,555	2-Mar-20	\$ 38,555	7-Aug-20
TD Insurance	2020 Upper Tier Member	\$ 38,555	12-Mar-20	\$ 38,555	13-Aug-20
Desjardins Financial Security Life Assurance Company	2020 Upper Tier Member	\$ 38,555	10-Apr-20	\$ 38,555	31-Jul-20
National Bank Life Insurance Company	2020 Upper Tier Member	\$ 38,555	2-Mar-20	\$ 38,555	24-Jul-20
Manulife Financial	2020 Upper Tier Member	\$ 38,555	6-Mar-20	\$ 38,555	14-Jul-20
The Canada Life Assurance Company	2020 Upper Tier Member	\$ 38,555	30-Apr-20	\$ 38,555	8-Jul-20
Assurant Solutions	2020 Lower Tier Member	\$ 19,277	2-Mar-20	\$ 19,277	2-Jul-20
Canadian Premier Life Insurance Company	2020 Lower Tier Member	\$ 19,277	2-Mar-20	\$ 19,277	31-Jul-20
Cumis Group Ltd/Co-operators Life Insurance Co.	2020 Lower Tier Member	\$ 19,277	3-Apr-20	\$ 19,277	13-Aug-20
Sun Life Financial	2020 Initiation Members (Upper Tier)	\$ 23,133	23-Mar-20	\$ 23,133	31-Jul-20
RSM Canada	Associate	\$ 4,800	24-Mar-20		
Willis Towers Watson	Associate	\$ 4,800	16-Apr-20		
KPMG MSLP	Associate	\$ 4,800	29-May-20		
Munich Reinsuranc Company Canada Branch (Life)	Associate	\$ -	Not Renewing		
Optima Communications	Associate	\$ 4,800	3-Mar-20		
RGA Life Reinsurance Company of Canada	Associate	\$ 4,800	3-Mar-20		
Torys LLP	Associate	\$ 4,800	6-Mar-20		
PWC	Associate	\$ -	Not Renewing		
RankHigher.ca	Associate	\$ -	Not Renewing		
TBC	Associate	\$ -			
TBC	Associate	\$ -			
Feb Invoices		\$456,760		\$427,960	
July Invoices		\$427,960			
Total Membership Fees		\$884,720			
Total amount to realocate monthly Jan-Sept		\$73,727			
Total amount to realocate monthly Oct-Dec		\$73,727			

Briefing Note

CAFII Board Meeting 15 October, 2020—Agenda Item 4b Forecast For CAFII 2020 Fiscal Year as at September 30/20.

Purpose of this Agenda Item – Update

To update the Board on the Association's forecast for the 2020 fiscal year as at September 30/20.

Background Information

Treasurer Tony Pergola will provide an update on the CAFII 2020 fiscal year forecast as at 30 September, 2020. Mr. Pergola will note that the Association is expecting to end 2020 with a higher surplus than was originally budgeted due to a reduction in costs (less travel by CAFII's Co-Executive Directors, and the cancellation of in-person Receptions and the Annual Members' Luncheon) arising from COVID-19.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

One attachment.

2020 CAFII Budget

	2016 Actual	2017 Actuals	2018 Actuals	2019 Actuals	2020 Budget	2020 YTD September 2020	2020 Revised Forecast	Comment/Rationale
Revenue								
Membership Dues	\$435,750	\$475,425	\$695,545	\$734,664	\$908,720	\$663,540	\$884,720	See breakdown in Member Dues Revenue Tab
Luncheon 2019	\$231	\$126	\$0	\$195	\$0	\$0	\$0	Additional Attendees at Luncheon
Interest	\$231	\$126	\$0	\$982	\$200	\$338	\$408	Interest from the Savings Account
TOTAL REVENUE	\$ 436,212	\$ 475,677	\$ 695,545	\$ 735,841	\$ 908,920	\$ 663,878	\$ 885,128	
EXPENSE								
Management Fees	\$279,042	\$442,012	\$460,299	\$465,134	\$474,989	\$359,741	\$476,844	Includes MM Fees (2.5% contractual increase) and two Co-Eds (2.5% increase each)
CAFII Legal Fees/Corporate Governance	\$10,565	\$2,954	\$563	\$0	\$20,000	\$28,975	\$28,975	Legal Fees increased from \$10K to \$20K to reflect the estimated spend of \$10K in February 2020 for Norton Rose to offer a legal opinion around imbedded credit card coverages re: the AMF; Legal Fees contingency for provincial and/or federal regulatory matters (see note 3).
Audit Fees	\$13,560	\$14,271	\$14,432	\$14,799	\$15,247	\$12,930	\$16,743	3% increase over 2019 Revised Forecast
Insurance	\$5,238	\$5,238	\$5,258	\$5,338	\$5,500	\$4,039	\$5,385	Same as 2019 Budget
Website Ongoing Maintenance	\$13,060	\$42,575	\$6,461	\$10,022	\$5,500	\$3,883	\$4,899	Includes CG Technology (\$250 per month), Translation (\$400), Domain (\$30), Zoom (\$75 per month) & Survey Monkey \$307.36
Telephone/Fax/Internet	\$3,538	\$6,119	\$5,939	\$6,494	\$5,800	\$4,214	\$5,337	Same as 2019 Budget
Postage/Courier	\$180	\$380	\$458	\$159	\$250	\$53	\$100	2019 Revised Forecast plus \$50 contingency
Office Expenses	\$5,257	\$1,312	\$2,423	\$2,025	\$2,000	\$1,886	\$2,000	Same as 2019 Budget
Bank Charges	\$25	\$38	\$23	\$112	\$190	\$236	\$190	Same as 2019 Actual plus Annual Fee for CAFII TD Visa credit card
Depreciation Computer/Office Equipment	\$467	\$1,564	\$1,136	\$1,136	\$1,200	\$852	\$1,136	Same as 2019 Budget
Miscellaneous Expense		\$433	\$0	\$0	\$500	\$0	\$500	Same as 2019 Budget
Board/EOC/AGM								
Annual Members Luncheon	\$12,044	\$10,247	\$10,503	\$12,052	\$12,400	\$0	\$2,400	3% increase over 2019 Revised Forecast - Smaller Event planned for later in the year
Board Hosting (External)	\$19,407	\$7,500	\$19,515	\$14,001	\$22,500	\$0	\$15,000	Two Board Meetings/Receptions at \$7,500 each
Board/EOC Meeting Expenses	\$8,145	\$25,493	\$20,715	\$35,419	\$39,500	\$5,559	\$8,602	2019 actual amount decreased by 50%
Industry Events		\$36	\$1,270	\$0	\$1,300	\$0	\$0	CAFII Purchase of full table of 11 seats at one Economic Club of Canada Luncheon
EOC Annual Appreciation Dinner	\$2,079	\$8	\$763	\$2,193	\$4,244	\$4,244	\$4,244	3% increase over 2019 Revised Forecast
Total Board/EOC/AGM	\$41,675	\$43,284	\$52,766	\$63,665	\$79,944	\$9,803	\$30,246	
Provincial Regulatory Visits and Relationship-Building	\$10,395	\$11,011	\$11,230	\$16,833	\$12,875	\$983	\$2,575	3% increase over 2019 Revised Forecast - Atlantic Trip been deferred to 2021. Expense decreased by 80% of budget
Research/Studies	\$1,356	\$17,807	\$77,345	\$5,368	\$60,000	\$0	\$60,000	Same amount as originally budgeted for 2019 before decision to scale back Research due to loss of Amex Bank of Canada as a Member
Website SEO and Enhancements			\$21,702	\$40,914	\$41,950	\$21,003	\$41,950	3% increase over 2019 Revised Forecast
Regulatory Model(s)	\$0	\$15,001	\$6,490	\$7,555	\$15,000	\$0	\$7,500	Reduced by 50%
Federal Regulatory Visits and Relationship-Building	\$0	\$0	\$0	\$442	\$7,500	\$540	\$3,750	Reduced by 50%
CAFII Benchmarking Study/RSM Canada	\$0	\$0	\$0	\$0	\$67,800	\$51,415	\$67,800	New Line - CAFII Benchmarking Study/RSM Canada estimated at \$60K plus HST. The expense related to CAFII Benchmarking Study/RSM Canada could be found from this line item in the first year, or this \$60K research fund could be reduced to offset the cost of the benchmarking study.
FCAC Presentation	\$0	\$0	\$0	\$0	\$22,600	\$20,905	\$22,600	New Line - FCAC Presentation estimated at \$20K plus HST - \$10K plus HST for Dog and Pony; \$10K plus HST for WTW Benchmarking Data.
Media Outreach	\$27,408	\$44,023	\$38,522	\$32,803	\$36,100	\$21,255	\$29,535	3% increase over 2019 Budget
Marketing Collateral	\$1,781	\$0	\$557	\$1,629	\$5,000	\$195	\$500	Same as 2019 Budget
Tactical Communications Strategy	\$446	\$379	\$0	\$0	\$0	\$0	\$0	covered under Media Outreach
CAFII Reception Events	\$0	\$500	\$0	\$0	\$900	\$0	\$0	Incidental expenses related to hosting of three CAFII Receptions in Toronto
Media Relations	\$0	\$164	\$0	\$0	\$0	\$0	\$0	covered under Media Outreach
Speaker fees & travel	\$0	\$0	\$191	\$1,189	\$2,000	\$0	\$0	Same as 2019 Budget
Gifts	\$221	\$452	\$0	\$200	\$500	\$0	\$0	Same as 2019 Budget
CAFII 25th Anniversary Celebration	\$0	\$26,495	\$0	\$0	\$0	\$0	\$0	Deferred to 2022
Networking Events	\$0	\$350	\$0	\$0	\$500	\$0	\$0	Same as 2019 Budget
TOTAL EXPENSE	\$ 414,214	\$ 675,862	\$ 705,793	\$ 675,816	\$ 883,845	\$ 542,907	\$ 808,565	
Excess of Revenue over Expenses	\$21,998	(\$200,185)	(\$10,248)	\$60,025	\$25,075	\$120,971	\$76,563	
Unrestricted Net Assets (beginning of year)	\$358,991	\$380,758	\$180,447	\$170,198	\$230,223	\$230,223	\$230,223	
Unrestricted Net Assets (end of year)	\$380,989	\$180,573	\$170,198	\$230,223	\$255,298	\$351,193	\$306,786	

Explanatory Notes:

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

Actual/Forecasted Financial Reserves	2016 Actual	2017 Actuals	2018 Actuals	2019 Actuals	2020 Budget	2020 Revised Forecast
Minimum 3 months (25%) of Annual Operating Expenses =	\$103,554	\$168,965	\$176,448	\$168,954	\$220,961	\$202,141
Maximum 6 months (50%) of Annual Operating Expenses =	\$207,107	\$337,931	\$352,897	\$337,908	\$441,923	\$404,283
Actual/Forecasted Level of Financial Reserves:	\$380,758	\$180,573	\$170,198	\$230,223	\$255,298	\$306,786
Actual/Forecasted Level of Financial Reserves %:	92%	27%	24%	34%	29%	38%

2019 Operational Budget - Member Dues Breakdown

2018 Member Dues Breakdown

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

2019 (Base) Member Dues Breakdown

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

2019 Operational Budget - Member Dues Breakdown - Revised

2019 Member Dues Breakdown

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

2020 Member Dues Breakdown

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

2020 Upper Tier Member

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

2020 Lower Tier Member

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

2020 Initiation Members (Upper Tier)

- 1 Sun Life Financial

2020 Associate

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

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

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

2020 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	3	115,664.85
Initiation Members (Upper Tier)	46,266	1	46,265.94
Initiation Members (Lower Tier)	23,133	0	0.00
Associate	4,800	6	28,800.00
			884,719.89

2020 Upper Tier Member

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

2020 Lower Tier Member

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

2020 Initiation Members (Upper Tier)

- 1 Sun Life Financial

2020 Associate

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

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

Did not renew in 2020

PWC
Munich Reinsurance Company Canada Branch (Life)
RankHigher.ca

Briefing Note

CAFII Board Meeting 15 October, 2020—Agenda Item 4c

Critical Path For Development of 2021 CAFII Operating Budget; and Related Budget Assumptions

Purpose of this Agenda Item – Update / Discussion

Treasurer Tony Pergola will outline for the Board the Critical Path being followed for development of the Association's 2021 CAFII Operating Budget. He will also outline some of the Budget Assumptions issues

Background Information

It is difficult to ascertain whether to budget for travel and in-person events in 2021, since the trajectory of COVID-19 is not known. It is expected that the draft 2021 CAFII Operating Budget document will contain two or more Budget Options for the Board's consideration.

Recommendation / Direction Sought – Update / Discussion

While this is primarily an update only item, Board members may wish to provide guidance input to the Treasurer and Co-Executive Directors, via a brief Board discussion, re 2021 Budget Assumptions.

The proposed 2021 CAFII Operating Budget will be tabled at the 1 December, 2020 Board meeting.

Attachments Included with this Agenda Item

One attachment.

Critical Path for Development and Approval of 2021 CAFII Operating Budget

Task	Responsible	Timing/Deadline
Reach out to CAFII Committee Chairs, on behalf of Co-Executive Directors, with request for input submissions on individual portfolio 2021 Operating Budget spending requests, along with related rationale, by October 5/20	T. Moran (CAFII Controller)	September 25/20
Provide input submissions on individual portfolio 2021 Operating Budget spending requests, along with related rationale, to Controller T. Moran (with c.c. to T. Pergola, B. Wycks, and K. Martin)	Committee Chairs	October 5/20
Prepare Draft 1 of 2021 Operating Budget, in consultation with B. Wycks and K. Martin	T. Moran	October 7/20
Meet virtually to review and amend, as necessary, Draft 1 of 2021 Operating Budget	T. Pergola, B. Wycks, K. Martin, T. Moran	October 8 or 9/20
Produce Draft 2 of 2021 Operating Budget based on October 8 or 8/20 review meeting.	T. Moran	October 13/20
Review and refine Draft 2 of 2021 Operating Budget, to ready it for posting for October 20/20 EOC Meeting.	T. Pergola, B. Wycks, K. Martin	October 14/20
Post Draft 2 of 2021 Operating Budget for October 20/20 EOC Meeting and incorporate it into consolidated package of meeting materials.	Albert Lin, B. Wycks, K. Martin	October 14/20
Provide feedback on Draft 2 of 2021 Operating Budget in EOC meeting.	EOC Members	October 20/20
Communicate EOC budget feedback input to T. Moran, coming out of October 20/20 EOC meeting.	B. Wycks, K. Martin	October 21/20
Prepare Draft 3 of 2021 Operating Budget, based on EOC input, with oversight from B. Wycks and K. Martin	T. Moran	October 28/20
Meet virtually to review and amend, as necessary, Draft 3 of 2021 Operating Budget	T. Pergola, B. Wycks, K. Martin, T. Moran	October 30/20
Prepare Draft 4 of 2021 Operating Budget, with oversight from B. Wycks and K. Martin	T. Moran	November 4/20
Send Draft 4 of 2021 Operating Budget to Committee Chairs, on behalf of B. Wycks and K. Martin, with request for review and feedback by November 9/20	T. Moran	November 4/20
Provide feedback on Draft 4 of 2021 Operating Budget to Controller T. Moran (with c.c. to T. Pergola, B. Wycks, and K. Martin)	Committee Chairs	November 9/20
Prepare Draft 5 of 2021 Operating Budget, if necessary, for posting for November 17/20 EOC Meeting.	T. Moran	November 9/20
Post Draft 5 of 2021 Operating Budget for November 17/20 EOC Meeting and incorporate it into consolidated package of meeting materials.	Albert Lin, B. Wycks, K. Martin	November 10/20
Review and endorse Draft 5 of 2021 Operating Budget, in November 17/20 EOC meeting, for presentation to the Board for approval at its December 1/20 meeting.	EOC Members	November 17/20
Post Draft 5 of 2021 Operating Budget for December 1/20 Board of Directors Meeting and incorporate it into consolidated package of meeting materials.	Albert Lin, B. Wycks, K. Martin	November 24/20
Present Draft 5 of 2021 Operating Budget to Board of Directors with rationale/case for approval.	T. Pergola	December 1/20
Review, discuss, and approve Draft 5 of 2021 Operating Budget (must be in open Board meeting so the approval decision can be minuted.)	Board of Directors	December 1/20

Briefing Note

CAFII Board Meeting 15 October 2020—Agenda Item 5ai Research & Education Committee – EOC-Recommended New Proposal For CAFII 2020 Consumer Research With Pollara Strategic Insights

Purpose of this Agenda Item – Approval

To update the Board on the recommendation by the Research & Education Committee and the Executive Operations Committee on a research project for 2020, and to request Board approval of this recommendation.

Background Information

On 10 September, 2020, the Research & Education Committee reviewed a proposal from Pollara to conduct research on consumers' adoption of digital means of communicating with CPI providers since the onset of the COVID-19 pandemic. The Committee felt that some adjustments to the proposal would strengthen it, and those were communicated to Pollara which revised the proposal in response.

The revised proposal has two components.

First, data will be collected on consumers' willingness to use digital means to interact with CPI providers since the onset of the pandemic, and those data points will be compared to existing data we collected on how consumers interacted with CPI providers in 2018, to see what shift, if any, has occurred.

Second, consumers who are in the market for a mortgage or HELOC, and who are aware of CPI and are considering obtaining it, will be asked for their views on how they prefer and intend to interact with CPI providers. This second part of the study is to get a sense of future trends around channel preference and digitization.

Recommendation / Direction Sought – Approval Requested

The EOC is recommending to the Board that CAFII move forward with this Pollara proposal, and is asking for Board approval of this recommendation.

Attachments Included with this Agenda Item

Two attachments.

TO: Keith Martin, CAFII

FROM: Lesli Martin

DATE: September 14, 2020

RE: **Online Procedures for Insurance Products – Research Proposal**

Dear Keith,

On behalf of Pollara Strategic Insights, thank you for the opportunity to again collaborate with CAFII on this important project to examine changes to consumers opinions on dealing with credit protection insurance.

This proposal brief contains a summary of our understanding of the research objective, our recommended approach, scope and costs.

I hope this document meets your immediate needs and I look forward to discussing this with you in more detail.

Sincerely,



Lesli Martin
Vice-President
Pollara Strategic Insights
416-921-0090 x 2207
LesliMartin@Pollara.com

BACKGROUND AND OBJECTIVES

With the outbreak of COVID-19 in Canada, consumers have been required, or have requested, to refrain from conducting many financial transactions in-person, but instead move these procedures to virtual platforms. Past research shows that credit protection insurance (in the form of mortgage or Home Equity Line of Credit (HELOC) protection) purchases tend to be conducted in-person or over the phone, rather than online.

It is my understanding that the Canadian Association for Financial Institutions in Insurance (CAFII) would like to get a better understanding of how the new reality of living within the confines of COVID-19 has and will continue to impact credit protection insurance (CPI), both in terms of purchasing the insurance and filing claims. More specifically, this research will examine the following:

- Satisfaction with past transaction experiences across all channels used (both purchases and claims);
- Concerns regarding face-to-face financial transactions during the current situation and moving forward;
- Willingness to move to online transactions;
- Concerns regarding completing these transactions online;
- Requirements for consumers to feel comfortable with online transactions when it comes to purchasing, changing coverage, or making a claim with credit protection insurance.

In addition, CAFII is interested in understanding if consumers have changed the way they are purchasing CPI, and their satisfaction with their purchase venue.

METHODOLOGY

Online Survey using Panel

In order to understand the differences in experience and satisfaction with purchases and claims in credit protection insurance since the current COVID restrictions as well as exploring the needs of consumers who are considering this type of purchase, we recommend conducting research with Canadians who have either purchased credit protection insurance since the COVID outbreak (March 2020) or who will be considering this type of purchase in the next year or two. As credit protection insurance is primarily purchased when a new mortgage or Home Equity Line of Credit is being negotiated, we recommend talking to consumers who are at least somewhat likely to obtain a new mortgage or HELOC. From there, we will ask consumers if they are aware of credit protection insurance and if they intend to purchase it when getting their new mortgage or HELOC. Only those who are at least somewhat likely to obtain CPI will be included in this survey.

To understand how the purchase of CPI has changed over the past few years, we recommend designing the survey to allow for the basic purchase channel questions to be tracked from research which was done on behalf of CAFII in 2018. Comparing results of this new survey to the previous one will allow us to understand if the incidence of purchasing CPI online has changed over the past two years and if consumers are now more or less satisfied with this process, compared to their satisfaction then. Pollara will work with the CAFII project team to develop a survey that would allow us to track the relevant data points, while obtaining all the new information that is necessary for this new objective set.

We recommend conducting a total of 1,000 interviews, approximately 200 with Canadians who have purchased CPI since March 2020 and approximately 800 with those who are likely to do so in the next year or two.

In preparing this proposal, we conducted an incidence test and found that 3% of Canadians have purchased credit protection insurance since March 2020. Due to this low incidence, we do not recommend a sample higher than 200. However, this sample will provide us with statistically relevant results and will allow for some high end sub-group analysis which will be important to understand consumers' reasons for their behaviours and opinions.

The survey would be approximately 12 minutes (35-40 questions for each respondent type) in length and would consist of primarily closed-ended questions, although up to two open-ended questions could be included, if required.

COST

The cost of conducting the research as described above is as follows:

	Cost	HST	Total Cost
N=1,000 surveys: 200 with people who have purchased CPI since March 2020, 800 with those considering purchasing CPI within the next year or two.	\$49,800	\$6,474	\$56,274

These costs includes all aspects of this research study, including project management and client meetings, survey design, programming, testing, fielding of a 12 minute survey with up to two open-ended questions, data analysis, final report, and up to four presentations.

Keith, I hope this document meets your current needs. If you have any questions, or if you would like to discuss in more detail, please do not hesitate to contact me.

An Analysis Of the Current CAFII Research Proposal from Pollara Strategic Insights, September 2020

Current CAFII Research Proposal

The CAFII research proposal recommended for 2020 consists of a Pollara consumer survey, split into two parts.

Part 1 will assess whether Canadians with CPI have developed a greater willingness to use digital means to secure credit protection insurance (CPI) and to communicate with their CPI provider since the onset of the COVID-19 pandemic. To determine this, 200 Canadians who obtained CPI since the pandemic started will be surveyed on their preferred ways of obtaining CPI and communicating with their CPI provider. We have this information already for 2018 from a prior Pollara consumer survey, and we will compare the 2018 versus 2020 data to see what, if any, shifts have occurred.

Part 2 will seek to understand whether the changes identified in Part 1 will be ongoing and have a degree of permanence, and what we can expect going forward. To do this, Pollara will ask 800 Canadians questions to determine if they are likely to purchase a mortgage or loan in the near future; if so, whether they know about CPI and, if yes, might consider securing it; and if so, they will then be asked about their preferred channels for securing CPI and communicating with their CPI provider. This could yield very insightful information on the future trends we can expect around CPI and digitization, and will allow us to test the hypothesis that the trend towards digitization is not temporary but rather will be a new reality going forward.

The cost of the consumer survey would be \$56,274; CAFII's approved budget for 2020 is \$60,000, so this would be our lone 2020 research project. (See Exhibit 1.)

Exhibit 1

COST

The cost of conducting the research as described above is as follows:

	Cost	HST	Total Cost
N=1,000 surveys: 200 with people who have purchased CPI since March 2020, 800 with those considering purchasing CPI within the next year or two.	\$49,800	\$6,474	\$56,274

Approval Process

The development of the current research proposal from Pollara has been vetted through several meetings of the Research & Education Committee, chaired by Andrea Stuska of TD Insurance (for the list of members of the R&E Committee, please see Exhibit 2). The Committee has provided valuable feedback at several steps in the process, which has been incorporated into the current proposal. The R&E Committee recommends proceeding with this proposal, and this will be tabled with the EOC at its 22 September, 2020 meeting. If the EOC agrees with the recommendation, this will be tabled at the 15 October, 2020 Board meeting.

Exhibit 2

Research & Education Committee				
First	Last	Email	Company	BOD/EOC/Committee
Cecillia	Xiao	(Cecillia Xiao) cecillia.xiao@assurant.com	Assurant Canada	Research & Education
Craig	McKendrick	(Craig McKendrick) craig.mckendrick@cibc.com	CIBC Insurance	Research & Education
Sandy	Zeidenberg	(Sandy Zeidenberg) sandy_zeidenberg@manulife.com	Manulife Financial	Research & Education
Aneta	Murphy	(Aneta Murphy) aneta.murphy@scotiabank.com	ScotiaLife Financial	Research & Education
Rob	Dobbins	(Rob Dobbins) rob.dobbins@assurant.com	Assurant Canada	Research & Education
Dallas	Ewen	(Dallas Ewen) dallas.ewen@gwl.ca	The Canada Life Assurance Company	Research & Education
Elaine	Parr	(Elaine Parr) elaine.parr@td.com	TD Insurance	Research & Education
Andrea*	Stuska	Andrea Stuska < andrea.stuska@td.com >	TD Insurance	Research & Education
Michelle	Costello	(Michelle Costello) michelle.costello@cumis.com	CUMIS/The Co- operators	Research & Education
* Chair				

Tying The Research Proposal Into CAFII's 3-5 Year Strategic Plan

It is helpful to go back several years to the CAFII Board's approval of the Association's 3-5 year strategic plan in February 2018, to understand the role that research is intended to play in CAFII's overall strategic direction.

While certain elements of the current research proposal are novel and new, that is not a requirement for determining that the research should be approved. Research should not be evaluated as a stand-alone project; it was the Board's intention to have research as a key component for pursuing a multitude of other CAFII objectives, including providing an opportunity for communicating CAFII's key messages, increasing our profile, strengthening our interactions with insurance regulators and policy-makers, and increasing traffic to our website. It is also of benefit to have consumer-friendly material on our website that will provide consumers with interesting information about how the industry is adopting to changing consumer expectations.

More specifically, by conducting independent, third-party research with a credible, professional services firm, CAFII has the opportunity to use the research to achieve the following important strategic objectives:

- the key findings of the research can be shared with insurance regulators and policy-makers, providing an opportunity to reinforce our key messages on related issues such as our members' customer centricity, innovativeness, and fair treatment of customers;
- the key findings can be press-released, with opportunities for positive stories about CPI especially in the trade press, and providing further reinforcement of the media strategy of having positive stories about CPI in the public domain;
- the key findings can be published on our website, enriching the content of the site, enhancing the credibility of the website, and driving traffic to it as part of our Search Engine Optimization strategy, as well as providing consumer-friendly material on the website that can contribute to consumer education; and
- we can consider producing a video on the key findings, and publish this on the website, thereby providing more positive information about CPI and also enriching the website, which drives traffic to it and improves our Google and BING search results.

Can This Research Be Done Internally?

The component of the research on how customers are obtaining CPI since the pandemic is likely already captured by individual CAFII members. Could we try to aggregate the information from our members and avoid some of the costs of an external research provider?

We have given serious consideration to this, and have experience with this sort of exercise as we did it for the previous CPI research around claims payments for mortgage life insurance. Here are the reasons we recommend against this approach:

- it is by no means certain to be cheaper or quicker, as the material still needs to be anonymously collected and aggregated by a third-party vendor;

- each CAFII member has different definitions and methodologies around products and channels, making comparability of the data challenging;
- there is a considerable IT and data collection exercise required of our members if this information was to be collected internally, at a time when members' IT and staff resources are already stretched, in particular as this material would be collected during the end of fiscal year for most of CAFII's members; and
- some will question the veracity of material that is internally collected and reported, something that can be entirely avoided by having the research conducted by an independent, third-party vendor.

Summary and Recap

It is our view that this research proposal offers the opportunity to advance CAFII's strategic objectives.

To not conduct the research would be a lost opportunity since all the benefits that would arise by conducting the research would be foregone.

Given that CAFII has infrastructure costs (two Co-Executive Directors' compensation costs, and costs of Association Management Company), it is in the best interests of the Association to utilize those investments by investing in projects which they can direct and manage and which are intended to advance the organization's strategic goals.

Finally, if the EOC or the Board choose not to approve this specific research proposal, we recommend not attempting to spend any of the research budget in 2020; instead, in the development of Association's strategic priorities-driven 2021 Operating Budget, we can reconsider the approach to research going forward.

Briefing Note

CAFII Board Meeting 15 October 2020—Agenda Item 5b Feedback on October 15/20 “Industry Issues Dialogue” with AMF Staff Executives

Purpose of this Agenda Item – Discussion

To get Board feedback on the just-held dialogue with AMF staff executives.

Background Information

Immediately preceding this Board meeting, CAFII Board and EOC members will engage in an Industry Issues Dialogue session with AMF staff executives. The intent of this agenda item is to allow Board members to provide their feedback on the just-occurred Industry Issues Dialogue.

Recommendation / Direction Sought – Discussion

This is a discussion only.

Attachments Included with this Agenda Item

No attachment.

Briefing Note

CAFII Board Meeting 15 October 2020—Agenda Item 5c Briefing Document on Federal Bill C-86, including Financial Consumer Protection Framework (FCPF), and Related Development of “Appropriateness Guideline”

Purpose of this Agenda Item – Update / Discussion

To share with the Board the highlights of a Briefing Document on CAFII member-relevant federal regulatory initiatives; and to facilitate a brief Board discussion about the content therein.

Background Information

CAFII management has produced a Briefing Document on the Financial Consumer Protection Framework (FCPF) spelled out in federal Bill C-86 (received Royal Assent in late 2018) and the FCAC’s intention to develop a related “Appropriateness Guideline.”

Recommendation / Direction Sought – Update / Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 5(c)
October 15/20 Board Meeting

Briefing Document on the Financial Consumer Protection Framework (FCPF) Components of Federal Bill C-86; and Related Development Of An “Appropriateness Guideline”

Status of the Financial Consumer Protection Framework (FCPF) Components of Bill C-86

A summary of the key provisions of federal Bill C-86 issued by the law firm *Torlys*¹ on 30 April, 2020 states that “the *Bank Act* amendments introduced in Bill C-86, which provided for a consolidation and strengthening of the consumer provisions found in the *Bank Act*, have not been proclaimed into force by this Order in Council.”

Therefore, the provisions of Bill C-86 related to the appropriateness for consumers of financial products and services offered by federally regulated financial institutions are contained in the legislation but they are not yet in-force.

Further, as indicated by recent CAFII conversations with FCAC staff executives (see “FCAC Plans For Developing An Appropriateness Guideline” below), exactly how those appropriateness provisions will be defined, monitored, and enforced has yet to be considered and developed.

Torlys’ analysis also notes that the FCPF contains “a new provision, which is favourable to the banks, requiring the FCAC to balance their duty to protect consumers’ rights with the ‘need of financial institutions to efficiently manage their business operations.’ ”

Suitability and Appropriateness Tests for Insurance Products in the European Union

On 1 October, 2018, the European Union implemented a new “Insurance Distribution Directive” which introduced a regime for the selling of insurance-based investment products (IBIPs). Under this directive, if advice is being provided, a “suitability” test must be performed. In contrast, if no advice is being offered, an “appropriateness” test has to be performed.

The EU directive’s appropriateness test consists of one criterion only: “the customer’s knowledge and experience in the product’s investment field, from which it should be determinable how well he/she can understand the risk involved.” Furthermore, “if the customer fails to provide this information, or if he/she lacks knowledge and experience for the IBIP in question, then the distributor must issue a warning stating that the IBIP is not appropriate for the customer.”²

¹ To see the analysis, see <https://www.torlys.com/insights/publications/2020/04/mandatory-naming-greater-penalties-and-clarified-objectives-the-new-fcac-provisions>

² Source: https://blog.kpmg.lu/how-to-assess-suitability-and-appropriateness-under-the-idd/?utm_source=Mondaq&utm_medium=syndication&utm_campaign=LinkedIn-integration

However, that said, EU member states may allow the appropriateness test to go unperformed if all of four conditions are met:

1. *The sale contract contains MiFID II non-complex financial instruments or it contains non-complex IBIPs.*
2. *The idea to buy the IBIP is initiated by the customer.*
3. *The customer is made aware that the test is being skipped, and that he/she therefore will not benefit from its protection.*
4. *There are no conflicts of interest.*

New Financial Products Suitability Law In Australia

In April 2019, Australia's parliament (House of Representatives and Senate) passed a new financial products suitability law very similar to the UK's MiFID II-based regulations, which made Australia the second major global market to adopt a financial products suitability standard.

This was a major departure in how Australia's financial services sector is regulated. Previously, regulation was based on the notion that disclosure of product characteristics, fees and risks meant the client could make an informed choice. The new suitability law is rooted in a recognition that disclosure regimes fail to adequately protect consumers. Disclosure continues under the new regime, but with suitability overlaid.

At the same time, Australia's *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Bill 2019* extended a regime of senior executive accountability and responsibility introduced in 2018 from coverage of just banks to include senior management in the broader financial services sector, including insurance.

These new rules impose responsibility for product design and distribution to ensure products are targeted at the right consumers. Breaching the product design and distribution rules now attracts civil and criminal sanctions: criminal – up to \$42,000 fine or five years imprisonment or both; civil – maximum of \$200,000 for individuals or \$1 million for a corporate entity. A client who suffers loss or damage may also take civil action against the advice-giver.

The rules will apply to product issuers; Financial Services License holders; authorised representatives of a licensee; and sellers of financial products where a Product Disclosure Statement or a disclosure document are required.

The products covered are

- financial products requiring disclosure by Product Disclosure Statement (PDS);

- products requiring disclosure under Fundraising provisions of Corporations Act (Part 6D.2), or are exempt via a mutual recognition scheme with New Zealand;
- those products made subject to the regime by Ministerial discretion — regardless of whether disclosure is required.

The new law (i) imposes responsibility for product design and distribution to ensure products are targeted at the right consumers; (ii) as part of the product design rules, the Australian Securities and Investments Commission (ASIC) has been given intervention powers to regulate or ban potentially harmful financial products that risk consumer detriment. Significantly, in urgent cases, interim orders can be made to immediately restrict, modify or ban a financial product without any consultation or comment from the product issuer.

ASIC must consider the nature and extent of detriment including actual or potential losses and the impact on clients. ASIC can issue a stop order for:

- failing to make a target market determination;
- advising on or selling a product without a determination; and
- failing to take reasonable steps to comply with a determination.

ASIC must satisfy consultation and notification obligations before an intervention order is made and affected parties must be given the opportunity to make submissions to a hearing prior to an intervention being issued.

Intervention orders are made public on the ASIC website and are usually in force for up to 18 months (but can be extended). Intervention powers are not retrospective and only apply to products issued after April 2019. There was no transition period as such, with the stop-order powers applying from the day the law was proclaimed.

FCAC Plans For Developing An Appropriateness Guideline

Through recent CAFII conversations with Frank Lofranco, the FCAC's recently appointed Deputy Superintendent, Supervision and Enforcement, and some of his FCAC staff executive colleagues, we have learned the following about the FCAC's plans to develop an "appropriateness guideline":

We are not planning to develop an appropriateness provision or a test. The Financial Consumer Protection Framework (FCPF) in the Bank Act (once in force) includes a provision on "appropriate products." The FCAC plans to develop a guideline for industry that will articulate our perspective and expectations related to that provision.

What guidelines are is explained in section 4.3.1 of FCAC's Supervision Framework (<https://www.canada.ca/en/financial-consumer-agency/services/industry/supervision-framework.html>).

So we plan to develop a guideline focusing on the “appropriate products” provision in the FCPF to assist regulated entities in complying with market conduct obligations. We have not landed on the exact content of the guideline, or the specificity of whether/how certain products or services will be incorporated. Significant development work remains, as does consultation with the Industry and the public.

As a first step, we plan to consult with the Industry Working Group put in place to assist in the implementation of the FCPF. We are targeting that discussion/consultation for late fall 2020, or early winter 2021.

A public consultation (which includes all industry, stakeholders, the public) on the draft appropriateness guideline will take place following that initial targeted consultation.

Implementation of the FCPF falls under Brad Schnarr, the FCAC’s Manager, Supervision and Enforcement. Mr. Schnarr confirmed that Stephen Wild, Senior Research & Policy Officer, who reports to Mr. Schnarr, who in turn reports to Frank Lofranco, Deputy Commissioner, Supervision and Enforcement, will be the lead on drafting the appropriateness guideline for financial products which is embedded within the FCPF section of Bill C-86 which received Royal Assent in December 2018.

Canadian Bankers Association Work on Appropriateness Guideline Cannot be Shared with CAFII

On 5 October, 2020, Brendan Wycks wrote CBA staff executives requesting a teleconference meeting to share information on the work which CAFII and the CBA have done on the FCAC appropriateness guideline, to which Aaron Boles, the CBA’s Vice-President, Communications, replied:

Thanks, Brendan.

The CBA and our member banks engaged external counsel on the “Appropriateness Guideline.” However, this work can’t be shared outside of the CBA according to the terms of the engagement with the firm. As to the outcome of your conversations with Frank and Brad, we’ve had similar, direct conversations with them about the guideline.

So, at this point, we don’t think there’s a compelling need for a conference call.

*Best regards,
AEB*

Position of CAFII Board Members on the Appropriateness Guideline

One CAFII Board member has suggested to CAFII management that the Association should consider getting out in front of the FCAC’s appropriateness guideline by developing industry positions on the provisions that are likely to be contained in that guideline -- to forestall the likelihood that the FCAC will include excessive or unnecessary provisions in its appropriateness guideline. More specifically, this Board member sees three possible areas where CAFII could attempt to develop industry positions.

First, at the time of onboarding, there could be an eligibility test for the client signing up for a credit protection insurance (CPI) product. For example, if the client is signing up for job loss insurance, they would be asked a question to confirm that they are working the minimum number of hours required to be eligible for the insurance.

Second, the industry could commit to a fair treatment of customers practice of not signing up a client for a CPI product unless there was a strong probability that the client would be paid out if he/she was ever to make a claim.

Third, because a consumer's status changes as his/her life evolves, it is possible that a client may be eligible for a CPI product at the time of onboarding; but then their status changes at some point and they become ineligible. Banks do not have the data to monitor such developments, so CAFII could articulate a consumer responsibility expectation that clients should understand their coverage and notify their provider if their status changes.

Another Board member is of the view that CAFII's emphasis in dealing with the coming FCAC appropriateness guideline should instead be on educating the FCAC on the controls and compliance functions that exist in CAFII member institutions offering CPI, with the intention being to persuade the FCAC that the appropriateness guideline does not need to apply to CPI.

The FCAC may be focused on parts of the banking sector which are more lightly regulated and which have lighter controls over sales activities than is the case for CPI. CPI is strongly monitored and controlled, there is strong internal compliance oversight of the activities around these products, and it is strongly regulated by federal and provincial regulators. As such, the FCAC's objectives around customer protection are already being met by the existing framework. An additional appropriateness guideline is therefore not necessary for CPI; and having an appropriateness guideline for CPI would be problematic, in any event, given that these products are sold by unlicensed agents who cannot provide advice to consumers.

Briefing Note

CAFII Board Meeting 15 October 2020—Agenda Item 5d Briefing Document on Quebec Bills 53 and 64

Purpose of this Agenda Item – Update / Discussion

To share with the Board the highlights of a CAFII Briefing Document on Quebec Bills 53 and 64; and to facilitate a brief Board discussion about the content therein.

Background Information

CAFII has produced a Briefing Document on Quebec Bills 53 and 64.

Recommendation / Direction Sought – Update / Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 5(d)
October 15/20 Board Meeting

Briefing Document on Quebec Bills 53 and 64

Quebec Bill 53

Key Features of Bill 53

Quebec Bill 53, the “Credit Assessment Agents Act,” regulates credit agencies, their commercial practices and their interactions with Quebec consumers. “With this bill, Quebec moves from being an underperformer to a high achiever in credit agency oversight in Canada,” said Geneviève Mottard, CPA, CA, President, Chief Executive Officer and Secretary of the Quebec CPA Order. “By finally giving consumers control over their credit files, the government is helping them take charge of their personal finances in a meaningful way.”¹

Comments by CAFII Director from Desjardins André Langlois on Bill 53

In an August 26, 2020 email to CAFII Co-Executive Directors Brendan Wycks and Keith Martin, CAFII Director André Langlois suggested that Bill 53 is part of a broader initiative by the Quebec government to provide a new framework for the credit industry, specifically by developing a three-layer framework through Bill 53, Bill 64, and work on digital identity. Desjardins supports this Bill and the broader initiative around a new framework.

CLHIA Will Not Make a Submission on Bill 53

In an 25 August, 2020 email to CAFII Co-Executive Director Brendan Wycks, CLHIA/ACCAP staff executive Michèle Hélie advised that while CLHIA would be making a submission on Quebec Bill 64, there was no interest among its members to make a submission on Bill 53; hence, no submission on the Bill will be made by the Association.

Quebec Bill 64

Key Provisions of Bill 64

A table detailing the key provisions of Bill 64 and its relationship to federal Personal Information Protection and Electronic Documents Act (PIPEDA) can be found in Appendix B.

Law Firm Gowling reports that

On June 12, 2020, the Quebec government introduced the highly anticipated Bill 64, An Act to modernize legislative provisions as regards the protection of personal information. In presenting the Bill, the province's Minister of Justice, Sonia LeBel, noted that Quebec's current data protection laws have become outdated and no longer adequately regulate new and evolving digital technologies.

¹ Source: <https://cpaquebec.ca/en/media-centre/news-and-publications/credit-agency-oversight-c-quebec-takes-the-lead/>

Ms. LeBel noted that the current pandemic has highlighted the central role that information technology now occupies in our society, and that our laws must stay apace of this reality.²

Law firm McCarthy Tétrault notes that 25 years ago, Quebec had the country's most progressive privacy laws (known as the Private Sector Act), but that is no longer the case:

However, subsequent legislation adopted by the federal government and technological advances in recent years have meant that the Private Sector Act is no longer adapted to the current context and, moreover, is not consistent either with Canadian federal laws and equivalent legislation in other provinces, nor with the European Union's General Data Protection Regulation ("GDPR"), which seems increasingly to be becoming a de facto international standard of reference.³

Most of the changes being introduced in Bill 64 appear to be inspired by the existing European legislation (GDPR) and, in fact, law firm Torys refers to the new regime as "European-style privacy obligations for both the public and private sector."⁴

The following is a high-level summary of the key provisions of Bill 64, Quebec's new privacy legislation, provided by law firm McCarthy Tétrault:

- *Significant administrative sanctions may be imposed by the Commission d'accès à l'information ("CAI") of up to \$10 million or 2% of worldwide turnover, whichever is greater, and penal sanctions of up to \$25 million or 4% of worldwide turnover.*
- *The possibility for a company to be sued for damages.*
- *The requirement to appoint a Chief Privacy Officer and establish governance policies and practices.*
- *New obligations when a data breach incident occurs.*
- *New rights for individuals with regard to data portability, the right to be forgotten, and the right to object to automated processing of their personal information.*
- *The creation of an exception allowing the disclosure of personal information in the course of a business transaction without the prior consent of the individuals concerned.*
- *The removal for businesses of the possibility of communicating, without the consent of the persons concerned, nominative lists and new rules governing the use of personal information for commercial or philanthropic prospecting purposes.*
- *The obligation for companies to ensure that pre-established settings for their technology products and services ensure the highest levels of confidentiality by default. (privacy by design).⁵*

² Source: <https://gowlingwlg.com/en/insights-resources/articles/2020/quebec-to-introduce-the-most-punitive-privacy-laws/>.

³ Source : <https://www.mccarthy.ca/en/insights/blogs/techlex/bill-64-overhaul-quebecs-privacy-law-regime-implications-business>

⁴ Source : <https://www.torys.com/insights/publications/2020/06/quebecs-bill-64-proposes-sweeping-changes-to-its-privacy-regime>

⁵ Source : <https://www.mccarthy.ca/en/insights/blogs/techlex/bill-64-overhaul-quebecs-privacy-law-regime-implications-business>

Law firm Gowling notes that the new law, if passed, has very high penalties for non-compliance:

Private sector entities will be subject to fines ranging from \$15,000 to \$25,000,000, or an amount corresponding to 4% of worldwide turnover for the preceding fiscal year, whichever is greater. This represents a dramatic increase from the current maximum penalty of \$50,000, and would make the Private Sector Act the most punitive privacy law in Canada—with a potential fine exceeding those available under the Competition Act, or the Anti-Spam Law, CASL.⁶

If passed into law, Bill 64 would also allow for private rights of action and punitive damages, whereby individuals could bring a claim for damages for injury resulting from unlawful infringement of a right conferred by the Private Sector Act. Bill 64 will also introduce a “privacy by design” approach where any enterprise which collects personal information must ensure that the good or service provide the highest level of confidentiality by default.

Gowling also reports that until now, Quebec has been one of the few Canadian jurisdictions where reporting of data security incidents has not been mandatory. While data breach notification has long been the subject of voluntary guidelines, Bill 64 will require that both public and private entities report incidents to both the Commission d'accès à l'information and to the persons whose data is affected where the incident “presents a risk of serious injury”.⁷

Bill 64 will also require that consent be “clear, free and informed” and given for specific purposes, one of the components that has caused some private sector companies to be concerned about the restrictions it will create on the use of personal information. Following the trend of including “right to be forgotten” provisions in privacy legislation, Bill 64 will afford Quebec individuals the right to demand the deletion of certain personal data.

Bill 64 also imposes more stringent requirements on enterprises or public bodies wishing to communicate personal information outside of Quebec. Before releasing personal information outside of the province, an entity will be required to conduct an assessment of privacy-related factors. Under Bill 64, both public and private sector entities who collect personal information using technology that allows a person to be “identified, located or profiled” must first inform the person of the use of such technology and of the means available, if any, to deactivate the function that allows the person to be “identified, located or profiled”.⁸

⁶ Source: <https://gowlingwlg.com/en/insights-resources/articles/2020/quebec-to-introduce-the-most-punitive-privacy-laws/>.

⁷ Source: <https://gowlingwlg.com/en/insights-resources/articles/2020/quebec-to-introduce-the-most-punitive-privacy-laws/>.

⁸ Source: <https://gowlingwlg.com/en/insights-resources/articles/2020/quebec-to-introduce-the-most-punitive-privacy-laws/>.

Law firm McMillan feels that the following are some of the most onerous provisions of the new bill:

One of the Bill's most far-reaching provisions is the requirement that the cross-border communication of personal information be preceded by an informal assessment of privacy protection, taking into consideration a number of factors, namely: (i) the sensitivity of the information; (ii) the purposes for which it is to be used; (iii) the safeguards that would apply to it; and (iv) the legal framework 14 Sections 96 and 102 of Bill 64, adding the new section 4.1 to the Act and amending section 14. 15 Section 101 of Bill 64, amending section 11 of the Act. 16 Section 102 of Bill 64, adding the new section 12.1 to the Act. Page 7 McMillan LLP / mcmillan.ca LEGAL_34405436.2 applicable in the jurisdiction to which the information would be communicated. This requirement would apply to the processing of information outside of Québec, including storage and hosting.⁹

Next Steps in the Implementation of Bill 64

Law Firm Torys opines that

It is unlikely that the proposed amendments outlined in Bill 64 would come into effect prior to 2022. Bill 64 has been referred to the consultation stage at the Québec National Assembly, which is currently in recess and only comes back in September, and the transitional provisions provide that Bill 64 will come into force one year after the date of its assent. That said, organizations doing business in Québec should be prepared for significant changes to Québec's privacy landscape in the near future.

If passed, several of the amendments will make compliance with Québec's regime more onerous than complying with the federal regime. This means that organizations governed by PIPEDA that previously voluntarily complied with substantially similar provincial regimes may need to look more closely at the jurisdictional analysis. Many organizations will need to assess the risks, costs and benefits of either bringing their nationwide compliance program in line with the new Québec requirements, designing different protocols for Québec, or taking a firm stance that they are not subject to provincial laws and therefore do not need to depart from their existing data management program.¹⁰

Comments by CAFII Director from Desjardins André Langlois on Bill 64

In an August 26, 2020 email to CAFII Co-Executive Directors Brendan Wycks and Keith Martin, André Langlois, CAFII Board member from Desjardins Insurance, that Bill 64 has been strongly influenced by developments in Europe which has a different privacy model than most of North America, and was further influenced by the significant customer data breach that occurred in late 2019 at Desjardins. Mr. Langlois noted that "Option Consommateurs" is in favour of Bill 64, and is mostly supportive of the provisions that require that data breaches be publicly disclosed. Desjardins is supportive of the Bill and its key provisions.

⁹ Source : https://www.mcmillan.ca/Files/223787_Bill_64_-_Modernizing_Quebec's_Privacy_Regime.pdf

¹⁰ Source: <https://www.torys.com/insights/publications/2020/06/quebecs-bill-64-proposes-sweeping-changes-to-its-privacy-regime>.

Industry Association of Canada (IIAC) Expresses Deep Concerns around Bill 64

The Investment Industry Association of Canada, or IIAC, has said that it is deeply concerned about certain provisions of Bill 64,¹¹ saying that elements of the Bill are inconsistent with privacy regulations and “are also extremely burdensome, virtually impossible to operationalize, and do not provide individuals with meaningful protection of their data.”

The Association was especially concerned about the Bill’s requirements around informed consent:

Given the vast amount of data that is collected and used in increasingly novel and unanticipated ways as technology evolves, the principle of obtaining specific and detailed consent for each use of data that may be involved in the provision of a product or service, is unworkable and ineffective, and would be virtually impossible to operationalize.

On this matter, IIAC goes on to state

Rather than requiring specific consent, we believe that it is more appropriate to rely on the principle of accountability, both for the entity for which the data is being acquired and used, and entities that are used by that entity for processing the data. These principles underpin the federal PIPEDA legislation, negating the need for specific consent for transfers for processing purposes only, and for transborder data flows. It is more appropriate to create a consent exemption that relates to standard business practices for the provision of the services for which the client has contracted. This framework for client data protection is consistent with the reasonable expectations of clients.

IIAC further states in its submission that

A foundational premise of the Personal Information Protection and Electronic Documents Act (“PIPEDA”), is the recognition of the need to balance individuals’ privacy rights with business needs for the use of data, in order to encourage the development of the digital economy and technological solutions that are critical to creating a strong and competitive economy. Unlike PIPEDA and the European General Data Protection Regulation (“GDPR”), the Bill does not articulate a similar foundational objective.

We urge the Québec Government to work with the Department of Innovation, Science and Economic Development Canada (“ISED”) and the relevant provincial regulators in British Columbia, Alberta, and Ontario to develop a harmonized privacy regulatory framework applicable across Canada. Currently, the provincial and federal privacy laws are relatively consistent in terms of content and results. Introducing inconsistencies increases uncertainty, creates inefficiencies, and increases the cost of compliance for Canadian entities operating within Canada, and foreign entities seeking to do business in Canada. A harmonized approach also facilitates a simplified interface with the GDPR and other international regulatory regimes that recognize the regulatory approach of other jurisdictions in respect of compliance with their own regulation.

¹¹ The article about this submission can be found at: <https://www.investmentexecutive.com/news/from-the-regulators/quebec-privacy-bill-gets-pushback-from-iiac/>.

Appendix A—Source Documents Cited in this Report

Author	Topic	Source link
McCarthy Tetrault	Bill 64: An Overhaul of Quebec's Privacy Law Regime – Implications for Business	https://www.mccarthy.ca/en/insights/blogs/techlex/bill-64-overhaul-quebecs-privacy-law-regime-implications-business
Gowling	Quebec to Introduce the Most Punitive Privacy Laws in Canada—With Fines of up to \$25 Million	https://gowlingwlg.com/en/insights-resources/articles/2020/quebec-to-introduce-the-most-punitive-privacy-laws/
Investment Executive	Quebec Privacy Bill Gets Pushback from IIAC	https://www.investmentexecutive.com/news/from-the-regulators/quebec-privacy-bill-gets-pushback-from-iiac/
Investment Industry Association of Canada	IIAC Submission to the National Assembly of Quebec	https://iiac.ca/wp-content/uploads/IIAC-response-to-Bill-64.pdf
Torys	Quebec Bill 64 Proposes Sweeping Changes to its Privacy Regime	https://www.torys.com/insights/publications/2020/06/quebecs-bill-64-proposes-sweeping-changes-to-its-privacy-regime
McMillan	Modernizing Quebec's Privacy Regime	https://www.mcmillan.ca/Bill-64-Modernizing-Quebecs-Privacy-Regime?utm_source=Mondaq&utm_medium=syndication&utm_campaign=LinkedIn-integration%0d
KPMG	How to Assess Suitability and Appropriateness under the IDD	https://blog.kpmg.lu/how-to-assess-suitability-and-appropriateness-under-the-idd/?utm_source=Mondaq&utm_medium=syndication&utm_campaign=LinkedIn-integration

Appendix B—Torys Table of Key Features of Quebec Bill 64 and Their Alignment with Federal PIPEDA

Key Feature Summary	Alignment with PIPEDA	Private Sector	Public Sector
<ul style="list-style-type: none"> Consent. Bill 64 proposes more onerous consent requirements. In particular, consent “must be requested for each [specific] purpose, in clear and simple language and separately from any other information provided to the person concerned.” Further, the bill requires express consent with respect to “sensitive” personal information. Information is considered “sensitive” if, due to its nature or the context of its use or communication, it entails a high level of reasonable expectation of privacy. For minors under 14 years of age consent must be obtained from the person having parental authority. 	<ul style="list-style-type: none"> The proposal to separate consent for each purpose from other terms significantly departs from PIPEDA. The expectation of express consent for sensitive information and parental consent for minors is consistent with existing interpretations and practice under PIPEDA, although drafted more explicitly. 	✓	✓
<ul style="list-style-type: none"> Service provider exemption. Organizations may, without the consent of individual, disclose information to a third party “if the information is necessary for carrying out a mandate or performing a contract of enterprise or for services” as long as the mandate is in writing and a written agreement outlines accountability measures around the personal information that is shared, including a description of the service provider’s safeguards and an obligation on the service provider to notify the controlling organization’s privacy officer of actual or attempted confidentiality violations. 	<ul style="list-style-type: none"> This aligns with PIPEDA, although the federal regulator has recently pushed against service provider sharing without consent. 	✓	✓ ¹
<ul style="list-style-type: none"> Business transaction exemption. Organizations may share information without prior consent for the purpose of carrying out a commercial transaction. 	<ul style="list-style-type: none"> This is similar to PIPEDA’s business transaction exemption. 	✓	N/A
<ul style="list-style-type: none"> Secondary purposes and internal analytics exemptions. Organizations may use personal information without prior consent for: 	<ul style="list-style-type: none"> There is no analogous exemption under PIPEDA³. 	✓	✓

<ul style="list-style-type: none"> Secondary purposes. The bill introduces a secondary purpose exemption, which enables organizations to use personal information for a secondary purpose, as long as: <ul style="list-style-type: none"> The use is for purposes consistent (i.e., direct and relevant) with the purposes for which it was collected²; or It is used clearly for the benefit of the person concerned. Internal Research and Analytics. This exemption allows organizations to use personal information without prior consent as long as use is necessary for internal research or production of statistics, and the information is de-identified. 			
<ul style="list-style-type: none"> Professional contact information exclusion. The bill introduces a full exclusion for professional contact information, defined as “personal information concerning the performance of duties within an enterprise by the person concerned, such as the person’s name, title and duties, as well as the address, email address and telephone number of the person’s place of work”. 	<ul style="list-style-type: none"> This is more generous than PIPEDA, which excludes business contact information only when used to communicate with an individual for business purposes. 	✓	✓
<ul style="list-style-type: none"> Mandatory privacy impact analysis. Under the bill, organizations are required to conduct privacy impact assessments of any information system or electronic services delivery project that involves personal information. 	<ul style="list-style-type: none"> This is not a PIPEDA requirement, but has long been required of federal public sector agencies. 	✓ ⁴	✓
<ul style="list-style-type: none"> Cross-border adequacy and accountability requirements. Bill 64 requires organizations to conduct an assessment of privacy-related factors prior to transferring or disclosing any personal information outside Québec. Further, Bill 64 requires that 	<ul style="list-style-type: none"> PIPEDA contains no rules prohibiting cross-border personal information transfers. When transferring personal information cross border, the organization that transfers the personal information remains accountable. Post 	✓	✓

<p>information may only be communicated outside of Québec if:</p> <ul style="list-style-type: none"> the organization's assessment establishes that it would receive the same level of protection as afforded under Québec's privacy laws⁵; and the organization enters into a written agreement with the entity to which the information is disclosed or transferred to ensure accountability. 	<p>the OPC's <i>Equifax</i> findings and consultations on cross-border transfers, OPC requires organizations to be able to "demonstrate accountability", including through contractual means similar to those outlined in Bill 64. However, PIPEDA does not contain an adequacy requirement.</p>		
<ul style="list-style-type: none"> Mandatory breach notification and record keeping. Under Bill 64, organizations will be required to notify the Commission and impacted individuals, and may notify any relevant third-party, if the organization believes there is a "confidentiality incident" involving personal information that presents a "risk of serious injury"⁶. Organizations would also be required to maintain a register of confidentiality incidents. 	<ul style="list-style-type: none"> This requirement in line with PIPEDA's breach notification. Interestingly, the bill does not require breach notification within 72 hours (as required under GDPR) but "promptly". Further unlike PIPEDA's requirement to keep records for a minimum of 2 years, there is no minimum prescribed period under the bill. 	✓	✓
<ul style="list-style-type: none"> New monetary administrative penalties. Through this new procedure, the Commission would be required to issue a notice urging the organization to remedy a breach without delay and provide it with the opportunity to submit observations and documents. Thereafter, Bill 64 provides the Commission with the ability to impose monetary administrative penalties of up to \$10,000,000 or, if greater, the amount corresponding to 2% of the organization's worldwide turnover for a variety of contraventions, including for failure to report a breach, processing of personal information in contravention of the Québec private sector privacy act, and failure to inform individuals about automated processing. Such fines would be subject to review by the Commission's oversight division and further review before the Court of Québec. 	<ul style="list-style-type: none"> The OPC currently does not have such enforcement powers. 	✓	X
<ul style="list-style-type: none"> Penal regime. The bill proposes a penal regime whereby any organization that: 	<ul style="list-style-type: none"> Fines under PIPEDA are more limited in scope and quantum. Under 	✓	X

<ul style="list-style-type: none"> Collects, holds, communicates to third parties or uses personal information in contravention of the Act, Fail's to report a breach, Attempts to re-identify an individual without authorization where their information is de-identified, Impedes the Commission's investigation, Fails to comply with an order of the Commission <p>Commits an offence and is liable to a fine of: \$15,000 to \$25,000,000, or, if greater, the amount corresponding to 4% of the organization's worldwide turnover for the preceding year. Currently, only the Attorney General of Québec can institute penal proceedings for breaches of the act and fines are, in most circumstances, limited to a maximum of \$10,000 for a first offence.</p>	<p>PIPEDA, failure to comply with the breach notification provisions is an offence and organizations may be liable for fines up to \$100,000.</p>		
<ul style="list-style-type: none"> Penal regime for public sector organizations. The Commission can impose two tiers of fines, as part of a finding of a penal offence: <ul style="list-style-type: none"> Between \$3,000 and \$30,000; or Between \$15,000 and \$150,000. 	<ul style="list-style-type: none"> Under the federal <i>Privacy Act</i> the maximum penalty fine is a \$1000. 	X	✓
<ul style="list-style-type: none"> Private right of action. Bill 64 introduces: <ul style="list-style-type: none"> statutory damages for "injury resulting from the unlawful infringement of a right" under the Québec private or public sector privacy acts, unless it results from superior force (i.e. force majeure). In addition, private sector organizations 	<ul style="list-style-type: none"> Under PIPEDA, individuals can apply to the Federal Court after receiving the OPC's report or notice that an investigation is discontinued. The Federal Court, on a <i>de novo</i> review, can award damages. However, there are no statutory punitive damages under PIPEDA. 	✓	✓

<p>may be liable pursuant to the <i>Civil code of Québec</i>⁷; and</p> <ul style="list-style-type: none"> statutory punitive damages of at least \$1000 where the infringement is “intentional or results from a gross fault”. Accordingly, organizations may face increased exposure to privacy-related claims, including claims for punitive damages, and increased class action risks if Bill 64 is adopted as drafted. 			
<ul style="list-style-type: none"> Increased director liability. Currently, Québec’s private sector privacy act provides that directors and representatives of an organization who ordered, authorized, or consented to an offence, are liable for a penalty under the penal provisions. While this would remain the case, under Bill 64, directors would bear the risk of liability for substantially increased fines. 	<ul style="list-style-type: none"> Directors may be found guilty of an offence and fined up to \$100,000 if they knowingly fail to report breaches. 	✓	N/A
<ul style="list-style-type: none"> Rights in relation to automated decision making. An organization that uses personal information to render a decision based exclusively on automated processing of the information must, at the time of or before the decision, inform the person concerned. On request, the organization must also inform the person of the personal information used to render the decision, the reasons, and the principal factors that led to the decision, and the person’s right to correct the information. The organization would also be required to allow the person to submit observations for review of the decision. 	<ul style="list-style-type: none"> PIPEDA currently does not provide data subjects such a right. The federal government is considering introducing such a right as part of its efforts to modernize PIPEDA (for more read our bulletin here). 	✓	✓
<ul style="list-style-type: none"> Rights in relation to profiling. An organization that collects personal information using technology that has the ability to identify, locate or profile⁸ the person whose information is collected must inform the individual of such technology and the means available, if any, to deactivate such technology. 	<ul style="list-style-type: none"> PIPEDA currently does not provide data subjects such a right. The federal government is considering introducing such a right as part of its efforts to modernize PIPEDA. 	✓	✓

<ul style="list-style-type: none"> Right to be forgotten. Bill 64 would require organizations to destroy or anonymize personal information when the purposes for which it was collected or used are achieved. Bill 64 would also provide individuals with the right to require organizations to cease disseminating personal information or to “de-index” any hyperlink attached to their name, that provides access to information by technological means, provided that conditions set forth in the Québec private sector privacy act are met. 	<ul style="list-style-type: none"> The federal government’s proposal to modernize PIPEDA has noted that the federal government, at this time, will not be considering the “right to be forgotten” because the matter is currently before the Federal Court. 	✓	X
<ul style="list-style-type: none"> Right to request source of information. Organizations that collect personal information from another person or organization, when requested, must inform the person of the source of the information. 	<ul style="list-style-type: none"> PIPEDA does not provide for such a right. 	✓	X
<ul style="list-style-type: none"> Right to data portability. Under the current Québec public and private sector privacy acts, every organization that holds a file on another person must, at their request, confirm its existence and communicate to them any personal information that concerns them. Bill 64 would broaden this right by allowing the person to obtain a copy of the information in a written and intelligible transcript. The bill also allows individuals to request that organizations provide them with computerized personal information in a structured, commonly used technological format. The organization would also be required to release, at the individual’s request, such information to any person or body authorized by law to collect such information. 	<ul style="list-style-type: none"> PIPEDA currently does not provide data subjects such a right. The federal government is considering introducing such a right as part of its efforts to modernize PIPEDA. 	✓	✓
<ul style="list-style-type: none"> Privacy by design. Bill 64 introduces a “privacy by design” approach that has been adopted under GDPR (Article 25). Bill 64 would require organizations that collect personal information when offering a technological product or service to ensure that the parameters provide the “highest level 	<ul style="list-style-type: none"> There is no such requirement under PIPEDA. However, the federal regulator has been pushing organizations to consider adopting a privacy by design philosophy. 	✓	X

of confidentiality” by default, without intervention by the person concerned.			
<ul style="list-style-type: none"> Data protection officer. Organizations are required to designate a person “exercising the highest authority” who would be accountable for the organization’s protection of personal information and to ensure that the organization complies with its statutory privacy law requirements. 	<ul style="list-style-type: none"> This is similar to PIPEDA’s stipulation to designate an individual who is accountable for its compliance with the Act, and to GDPR’s requirement to designate a data protection officer under Article 37. 	✓ ⁹	✓ ¹⁰
<ul style="list-style-type: none"> Heightened data governance. To enhance transparency, Bill 64 requires organizations to establish and implement governance policies and practices regarding personal information that ensure that must ensure the protection of the information. The bill requires organizations to establish and implement governance policies and practices regarding personal information. Additionally, organizations that collect personal information through technological means are obligated to publish a “confidentiality policy” on their website. The content and terms of such a policy will be determined by a government regulation. 	<ul style="list-style-type: none"> This is in line with PIPEDA’s openness and accountability requirements but goes further by prescribing that organizations publish those policies on their websites. There is no comparable requirement under PIPEDA to draft and publish a “confidentiality policy”. 	✓	✓

Briefing Note

CAFII Board Meeting 15 October 2020—Agenda Item 5e

Possible CAFII/Industry Position on COVID-19-Driven Trip Cancellation Travel Insurance Claims Where Insured/Claimant Has Also Received An Airline Or Other Travel Services Provider Voucher

Purpose of this Agenda Item – Discussion / Decision

To determine if the Board would like CAFII to develop an industry position on the issue of claims made for a cancelled trip where a travel voucher has been provided to the consumer.

Background Information

If a consumer receives a voucher for a cancelled trip from an airline or other travel services provider, and yet makes a trip cancellation insurance claim for that trip, he/she is “double-dipping.” As a result, many in the travel insurance industry are not paying out such claims. The industry has been criticized in some quarters for this practice. This development has given rise to a reputational risk borne out of an airline industry policy that is out of the insurance industry’s control.

Recommendation / Direction Sought – Discussion / Decision

The Board is being asked to determine whether it wishes CAFII to attempt to develop an industry position on this issue.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 5(e)
October 15/20 Board Meeting

Possible CAFII/Industry Position On COVID-19-Driven Trip Cancellation Travel Insurance Claims Where Insured/Claimant Has Also Received An Airline Or Other Travel Services Provider Voucher

English Translation of Original French Industry Trade Press Article Related To This Subject/Topic:
Followed By The Original French Article

TRAVEL CREDITS FINANCE AIRLINES

The Quebec government's inertia has allowed the travel industry to decide the rules of the game on travel insurance reimbursements.

Headaches were experienced by travelers last spring. Billions of dollars are at stake and everyone in the travel industry is successfully shirking their obligations. Many Canadians do not want travel credits, and all it takes is political will for consumers to get their money back. The bill shows how the consumer is held hostage.

Much disappointed, forestry entrepreneur Mélanie Lampron did not leave for the Dominican Republic on April 18. After months of preparation, she was due to go and get married, taking 17 of her relatives with her. Total bill: almost \$ 30,000. As compensation, Air Transat offered them a travel credit, valid for two years, which does not suit them at all. The battle began.

*There are people in the group who had never traveled, they were just coming for the wedding. [...] There were four people who were alone. What do you want to do with travel credit alone? It's not something interesting. People really needed their money. There are people in the group who have lost their jobs since the news of the COVID crisis: **Mélanie Lampron***

Ms. Lampron has spent hours trying to get reimbursed. Formal notice, appeal to her elected representatives, to her city, to the Consumer Protection Office ... Her efforts led to several findings. The first: Articles 1693 and 1694 of the Civil Code of Quebec prove her right.

The law is on the side of travelers

Louis Jolin is a lawyer, and an associate professor in tourism law at UQAM. He claims that both the Civil Code and the Consumer Protection Act provide for reimbursement. The client has done business with the travel agency, she has not done business with the other suppliers. She has done business with the travel agency, so she expects the travel agency to provide the service or offer a refund. If the travel agency is not in a position to provide the service, the travel agency must provide a refund.

Mélanie Lampron's travel agency categorically refuses to reimburse her in cash. The problem? Carriers, insurers, credit card issuers, and travel agencies have established that reimbursement with travel credit - not cash - is a valid reimbursement.

The weakness of the Travelers Charter

Mélanie Lampron's second observation shocked her: the pandemic uncovered a loophole in the Travelers' Charter.

Nothing in the Charter, however recent, obliges airlines to reimburse their customers in cash in cases of force majeure. This breach of the Charter allowed carriers to decide to offer travel credits.

The director of the International Observatory of Aeronautics and Civil Aviation, Mehran Ebrahimi, points out that the Canadian Transportation Agency, which has the mandate to enforce the Charter and which receives complaints from travelers, had not foreseen the situation.

Behind the scenes of non-reimbursement to travelers

*Surprisingly, the CTA advised passengers last March that it is appropriate for an airline to offer travel credit in today's environment, as its economic viability is threatened. When the regulator comes up with this kind of argument, there is a very obvious bias in favour of the airlines. While the role of the CTA is to ensure safety conditions and ensure the rights of passengers, once again, the tradition of powerful airline lobbies, including our national carrier, weighed heavily. The transport bureau has forgotten its main mandate, and that is shameful: **Mehran Ebrahimi, Director of the International Observatory of Aeronautics and Civil Aviation***

The reimbursement in credit, not in cash, is of great benefit to carriers. According to Louis Jolin, there is no doubt that travelers' money is funding the airline industry today. Of course, airlines finance themselves a lot with consumers' money, unlike travel agencies, which are required, especially those in Quebec, to put money first in a trust account. The airlines don't, so they fund themselves with it. They use this money for their daily activities.

In fact, it is for this reason that elsewhere in the world, whether in the United States or in Europe, governments have forced airlines to reimburse their customers in cash. They are really in a breach of contract which has serious consequences. This is something that must be addressed very quickly.

Moreover, the logic that the American government and the European Commission chose very early on was to say: we understand the difficult situation of airlines, but it is not for passengers to finance.

This is why in Europe, in North America, all over the world, governments have overwhelmingly supported the airlines so that it is the state that helps the airline which, at the same time, reimburses its passengers: Mehran Ebrahimi, Director of the International Observatory of Aeronautics and Civil Aviation

An unlikely chargeback

Faced with the refusals of airlines, many travelers then turned to their insurer, or like Mélanie Lampron, to their credit card issuer, to request a refund.

Third observation: it will be difficult.

*Air Transat mistakenly emailed someone in our group, who is a former travel agent, mentioning that they would do anything to help them block our chargeback requests. Then, in that email, they asked to pass on their confidential communications with their customers in order to help them block our chargeback requests: **Mélanie Lampron, Air Transat customer***

We have obtained Air Transat's email from various sources. We have also received emails from Air Canada and Sunwing from another source stating that chargeback requests will be systematically denied.

Here is an excerpt from Air Transat's email that is reassuring for travel agents:

We actively seek the collaboration of financial institutions, credit card companies and government authorities at various levels for the benefit of our industry. We will strongly dispute any chargeback dispute resulting from Covid-19.

The email goes further: If a Covid-19 chargeback is allocated to the customer by their credit card issuer, [...] we will have to call back the commission.

In this regard, Air Transat replied: We do not believe we should, in this situation of force majeure, totally beyond our control, issue a full refund for trips that could not be made.

Air Canada tells us: Our travel credits no longer have an expiration date, are fully transferable and retaining

And the Canadian Life and Health Insurance Association states that when the travel provider cancels the trip and offers reimbursement through a travel credit that is 100% of the cost of the service, claims made to insurers are not eligible and will be refused.

Government assistance to help consumers

According to Mehran Ebrahimi, carriers have taken consumers' money hostage, pending a possible federal bailout.

Air Canada has to compete with companies that have been force-fed billions of dollars by their governments. I absolutely do not accept the fact that Air Canada does not reimburse passengers. For me, it's a hostage-taking, and taking the passenger as a provider of capital, when that is not his role.

Ebrahimi wonders how Air Canada will be able to compete with Air France or American Airlines, which have received billions in bailout dollars. It is obvious that the Canadian air transportation industry is not at the same level as its competitors, which may partly explain the harshness of air carriers with their customers. The only nation among the OECD countries that has not gone in this direction is Canada, Ebrahimi said.

Government assistance received since the start of the pandemic:

In Canadian dollars

- Air France: 10.6 billion
- Lufthansa: 13.9 billion
- Emirates: 2.6 billion
- American Airlines: 7.5 billion
- Delta: 7 billion

* The 6 major airlines in the United States have collectively received a total envelope of 25 billion US dollars.

A paradoxical proposition, because the major Canadian air carriers have enough influence on the federal government, in particular with the CTA which has taken a position in their favour, but not enough for it to support the industry monetarily.

Industry relies on FICAV to reimburse travelers

The Quebec Compensation Fund for Customers of Travel Agents (FICAV) has received 35,000 claims due to COVID-19 trip cancellations. No request has been honored to date.

According to Louis Jolin, the Fund could reimburse consumers and then use its power of subrogation.

"I think the FICAV must intervene as quickly as possible. [...] After that, the FICAV can sue the airlines.," said Jolin.

Quebec may have a solution

In a parliamentary committee meeting in August, the new Quebec Minister of Justice of Quebec, Simon Jolin-Barrette, affirmed: to prevent the Fund from being used to meet the obligations of air carriers, of travel agents, of financial institutions that offer insurance, because they are not paying what they have to pay, I think that the solution is to make sure that each party pays its share. And that it is not Quebec consumers through the FICAV who should have to reimburse.

Win at arm's length

A happy ending last month for Mélanie Lampron. She married and was reimbursed by her financial institution ... after threatening to close her accounts.

However, the struggle is not over for those close to her. Consequently, in the absence of a comprehensive solution, each customer must fight individually to be reimbursed. She also called on the federal government to take leadership on this issue.

Les Crédits Voyage Financent Les Compagnies Aériennes

L'immobilisme du gouvernement a permis à l'industrie du voyage de décider des règles du jeu sur les remboursements aux voyageurs.

Des maux de tête, il y en a eu chez les voyageurs au printemps dernier. Des milliards de dollars sont en jeu et tous les acteurs de l'industrie du voyage réussissent à se défiler de leurs obligations. Beaucoup de Canadiens ne veulent pas de crédit voyage, et il suffirait d'une volonté politique pour que les consommateurs retrouvent leur argent. *La facture* a constaté à quel point le consommateur est pris en otage.

Bien déçue, l'entrepreneure dans le domaine forestier Mélanie Lampron n'est pas partie en République dominicaine le 18 avril dernier. Après des mois de préparation, elle devait aller se marier, emmenant avec elle 17 de ses proches. Facture totale : près de 30 000 \$. En guise de compensation, Air Transat leur a offert un crédit voyage, valide pour deux ans, qui ne leur convient pas du tout. La bataille commence.

Il y a des gens dans le groupe qui n'avaient jamais voyagé, ils venaient simplement pour le mariage. [...] Il y avait quatre personnes qui étaient seules. Qu'est-ce que tu veux faire avec un crédit voyage seul? Ce n'est pas quelque chose d'intéressant. Les gens avaient vraiment besoin de leurs sous. Il y a des gens dans le groupe qui ont perdu leur emploi depuis l'annonce de la crise du COVID.

Mélanie Lampron, cliente d'Air Transat

Mélanie Lampron a passé des heures à essayer de se faire rembourser. Mise en demeure, appel à ses députés, à sa ville, à l'Office de la protection du consommateur... Ses démarches l'ont menée à plusieurs constatations. La première : les articles 1693 et 1694 du Code civil du Québec lui donnent raison.

La loi est du côté des voyageurs

Louis Jolin est juriste, professeur associé en droit du tourisme à l'UQAM. Il affirme qu'autant le Code civil que la Loi sur la protection du consommateur prévoient le remboursement. Le client a fait affaire avec l'agent de voyages, il n'a pas fait affaire avec les autres fournisseurs, il a fait affaire avec l'agent de voyages, donc il s'attend à ce que l'agent de voyages soit le rembourser ou offre le service. S'il n'est pas en mesure d'offrir le service, que l'agence de voyages rembourse.

L'agence de voyages de Mélanie Lampron a refusé catégoriquement de la rembourser en argent. Le problème? Les transporteurs, les assureurs, les émetteurs de carte de crédit et les agences de voyages ont établi que le remboursement par un crédit voyage – et non en argent – est un remboursement valable.

La faiblesse de la Charte des voyageurs

La deuxième constatation de Mélanie Lampron l'a choquée : la pandémie a permis de découvrir une faille dans la Charte des voyageurs.

Rien dans la Charte, aussi récente soit-elle, n'oblige les compagnies aériennes à rembourser en argent leurs clients en cas de force majeure. Cette brèche de la Charte a permis aux transporteurs de décider d'offrir des crédits voyage.

Le directeur de l'Observatoire international de l'aéronautique et de l'aviation civile, Mehran Ebrahimi, souligne que l'Office des transports du Canada (OTC), qui a le mandat de faire respecter la Charte et qui reçoit les plaintes des voyageurs, n'avait pas prévu la situation.

Les coulisses du non-remboursement aux voyageurs

Fait surprenant, l'OTC a avisé les passagers en mars dernier qu'il est convenable qu'une compagnie aérienne offre un crédit voyage dans le contexte actuel, puisque sa viabilité économique est menacée.

Quand l'agent régulateur arrive avec ce genre d'argument, il y a un parti pris très évident en faveur des compagnies aériennes. Alors que le rôle du bureau transport [OTC], c'est d'assurer des conditions de sécurité et d'assurer les droits des passagers. Encore une fois, la tradition de lobbies puissants des compagnies aériennes, notamment notre compagnie nationale, a pesé. Le bureau de transport a oublié son mandat principal, et ce, même si c'est honteux.

Mehran Ebrahimi, directeur de l'Observatoire international de l'aéronautique et de l'aviation civile

Un mois plus tard, l'OTC a publié un second communiqué nuanciant la position énoncée dans le premier communiqué, précisant que son premier message n'était pas exécutoire, que les passagers peuvent refuser le crédit et demander un remboursement.

Ce second message aux allures de rétractations n'a pas fait autant de bruit. Transporteurs et agents de voyages ont martelé le premier message pour convaincre leurs clients d'accepter les crédits voyage.

Cela n'a pas échappé à Mélanie Lampron : Mon agent de voyages m'a envoyé un ultimatum pour que j'accepte le crédit. Elle m'a écrit : "Voici le lien où l'OTC donne sa décision finale pour vous dire que vous devez accepter le crédit voyage et que c'est ça la solution".

Un lobby puissant

Pour l'expert Mehran Ebrahimi, c'est aussi une affaire de lobby. Air Canada a toujours eu un lobby très puissant au niveau du gouvernement fédéral. Ce qu'Air Canada veut, le gouvernement fédéral veut.

Il dénonce par le fait même la culture d'Air Canada, et cette culture a un impact sur le service à la clientèle : On s'en fout. On est les seuls. On détermine comment ça doit fonctionner.
Les consommateurs au secours des compagnies aériennes

Le remboursement en crédit, et non en argent, avantage considérablement les transporteurs. Selon Louis Jolin, il ne fait aucun doute que l'argent des voyageurs finance l'industrie aérienne présentement. C'est sûr que les compagnies aériennes se financent beaucoup avec l'argent des consommateurs, contrairement aux agences de voyages qui sont tenues, surtout celles du Québec, à mettre de l'argent dans un premier temps dans un compte en fiducie. Les compagnies aériennes ne le font pas, donc elles se financent avec ça. Elles utilisent cet argent pour leurs activités quotidiennes.

D'ailleurs, c'est pour cette raison qu'ailleurs dans le monde, que ce soit aux États-Unis ou en Europe, les gouvernements ont obligé les compagnies aériennes à rembourser leurs clients en argent.

On est vraiment dans une rupture de contrat qui est grave de conséquences. C'est quelque chose qu'il faut contrer très rapidement. D'ailleurs, la logique que le gouvernement américain et la Commission européenne ont choisie très tôt, c'était de dire : on comprend la situation difficile des compagnies aériennes, mais ce n'est pas aux passagers de financer. C'est pour cela qu'en Europe, en Amérique du Nord, un peu partout à travers le monde, les gouvernements ont très massivement supporté les compagnies aériennes pour que ce soit l'État qui aide la compagnie aérienne qui, par la même occasion, rembourse ses passagers.

Mehran Ebrahimi, directeur de l'Observatoire international de l'aéronautique et de l'aviation civile

Une rétrofacturation peu probable

Devant les refus des compagnies aériennes, beaucoup de voyageurs se sont alors tournés vers leur assureur, ou comme Mélanie Lampron, vers leur émetteur de carte de crédit, pour demander un remboursement. Troisième constat : ce sera difficile.

Air Transat a envoyé un courriel à quelqu'un de notre groupe par erreur, qui est une ancienne agente de voyages, mentionnant qu'ils allaient tout faire pour les aider à bloquer nos demandes de rétrofacturation. Puis, ils demandaient dans ce courriel de transmettre leurs communications confidentielles avec leurs clients dans le but de les aider à bloquer nos demandes de rétrofacturation.

Mélanie Lampron, cliente d'Air Transat

La facture a obtenu, de différentes sources, le courriel d'Air Transat. Nous avons aussi reçu d'une autre source des courriels d'Air Canada et de Sunwing qui affirment que les demandes de rétrofacturation seront systématiquement refusées. Voici un extrait du courriel d'Air Transat qui se veut rassurant à l'égard des agents de voyages:

Nous sollicitons activement la collaboration des institutions financières, compagnies de cartes de crédit et des autorités gouvernementales à différents niveaux pour le bénéfice de notre industrie. Nous contesterons vivement tout litige de chargeback résultant de la Covid-19.

Le courriel va plus loin : Si un *chargeback* [rétrofacturation] Covid-19 est alloué au client par son émetteur de carte de crédit, [...] nous devons rappeler la commission.

À ce sujet, Air Transat nous a répondu : Nous ne pensons pas devoir, dans cette situation de force majeure, totalement en dehors de notre contrôle, procéder à un remboursement complet pour les voyages qui n'ont pu être effectués.

Air Canada quant à elle nous dit : Nos crédits de voyage n'ont plus de date d'expiration, sont entièrement transférables et permettent de conserver toute valeur résiduelle. À chaque fois que nous avons fait une mise à jour de notre politique d'annulation, les clients ont été contactés et un crédit de voyage actualisé leur a été envoyé. Sunwing n'a pas répondu à nos demandes.

Et l'Association canadienne des compagnies d'assurances de personnes déclare que lorsque le fournisseur de voyages annule le voyage et offre un remboursement au moyen d'un crédit-voyage qui correspond à 100 % du coût du service, les demandes faites aux assureurs ne seront pas admissibles et seront refusées.

Une aide gouvernementale pour aider les consommateurs

Selon Mehran Ebrahimi, les transporteurs ont pris l'argent des consommateurs en otage, en attendant un éventuel plan de sauvetage du fédéral. Air Canada doit concurrencer avec des compagnies qui ont été gavées de milliards de dollars par leur gouvernement. Je n'accepte absolument pas le fait qu'Air Canada ne rembourse pas les passagers. Pour moi, c'est une prise d'otage, et prendre le passager comme un fournisseur de capitaux, alors que ce n'est pas son rôle.

L'expert se demande comment Air Canada pourra concurrencer Air France ou American Airlines, qui ont touché des milliards de dollars. Il est évident que les transports canadiens ne sont pas au même niveau que leurs concurrents, ce qui peut expliquer en partie la dureté des transporteurs aériens avec leur clientèle. Puisque le seul pays parmi les pays de l'OCDE qui n'est pas allé dans ce sens-là, c'est le Canada, a affirmé Mehran Ebrahimi.

Aides gouvernementales depuis le début de la pandémie :

En dollars canadiens :

- Air France : 10,6 milliards
- Lufthansa : 13,9 milliards
- Emirates : 2,6 milliards

- American Airlines : 7,5 milliards
- Delta : 7 milliards

* Les 6 grandes compagnies aux États-Unis ont bénéficié d'une enveloppe totale de 25 milliards de dollars américains.

Une proposition paradoxale, car les grands transporteurs aériens canadiens ont suffisamment d'influence sur le gouvernement, notamment avec l'Office des transports qui a pris position en leur faveur, mais pas suffisamment pour qu'il soutienne l'industrie monétairement.

L'industrie se fie au FICAV pour rembourser

Financé par les voyageurs, le Fonds d'indemnisation des clients des agents de voyages (FICAV) a reçu 35 000 demandes de remboursement. Aucune demande n'a été honorée à ce jour. D'après Louis Jolin, le Fonds pourrait rembourser et ensuite se servir de son pouvoir de subrogation. Je pense que le FICAV doit intervenir le plus rapidement possible. [...] Après ça, le FICAV, lui, peut poursuivre les compagnies aériennes.

Québec aura peut-être une solution

En commission parlementaire en août dernier, le nouveau ministre de la Justice du Québec, Simon Jolin-Barrette, a affirmé : Pour éviter que le Fonds serve à remplir les obligations des transporteurs aériens, des agents de voyages, des institutions financières qui offrent des assurances, parce qu'ils ne paient pas la part qu'ils ont à payer, je réfléchis à la solution pour m'assurer que chaque partie paie sa part. Et que ce ne soit pas les consommateurs québécois par le biais du FICAV qui remboursent.

Gagner à bout de bras

Dénouement heureux le mois dernier pour Mélanie Lampron. Elle s'est mariée et a été remboursée par son institution financière... après l'avoir menacée de fermer ses comptes. Toutefois, la lutte n'est pas terminée pour ses proches.

Conséquemment, en l'absence de solution globale, chaque client doit se battre pour être remboursé.

Il a également invité le gouvernement fédéral à avoir du leadership dans ce dossier.

Briefing Note

CAFII Board Meeting 15 October 2020—Agenda Item 5f

Confidentiality Around Sharing of Highlights of CAFII Directors and Designates COVID-19 Information-Sharing Group Discussions

Purpose of this Agenda Item – Discussion

The CAFII COVID-19 Directors and Designates Information-Sharing Group's meetings are confidential and minutes are not taken. Does the Board have any concern about CAFII management's sharing with insurance regulators and policy-makers the fact that this Association group exists and some high level, non-attributed highlights of its deliberations?

Background Information

Insurance regulators and policy-makers would likely respond positively to being made aware of the existence of a CAFII COVID-19 Information-Sharing Group, which has been meeting to compare high-level notes on how best to support consumers during these challenging COVID-19 times.

While precise, attributed details of the discussions at this CAFII group's meetings should never be shared with non-participants, there are some discussions in the Group's meetings which are on matters already in the public realm—such as the much higher level of travel medical insurance claims and job loss insurance claims made in the period immediately following the pandemic-induced lockdown. Is there a concern with sharing that sort of high level, non-attributed information outside of the Group itself?

Recommendation / Direction Sought – Discussion / Decision

This is a discussion only item, in which the Board is being asked to offer its views on what can and cannot be shared coming out of the meetings of the CAFII Directors and Designates COVID-19 Information-Sharing Group.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting 15 October 2020—Agenda Item 5g Proposal Re Review and Possible Updating of CAFII Strategic Plan

Purpose of this Agenda Item – Update / Discussion

CAFII's 3 to 5 Year Strategic Plan was approved in February 2018, just under three years ago. The Board is being asked to advise on whether the Association's Strategic Plan should be reviewed and updated in the near future.

Background Information

The key elements of the CAFII 3 to 5 Year Strategic Plan remain very relevant today, and continue to be implemented, including strengthening regulatory relationships; developing independent research to share with regulators and policy-makers and to enrich the content on our website; enhancing our consumer-facing website; and increasing our media profile.

However, with the passage of time, it might be advisable to review the plan with the Board in the near future and determine whether or not it needs refreshing, particularly in light of industry changes that may be arising due to the COVID-19 pandemic.

Recommendation / Direction Sought – Update / Discussion

The Board is being asked to offer its views on whether the CAFII 3 to 5 Year Strategic Plan should be reviewed at a near future Board meeting – with the December 2020 or April 2021 meetings being options -- for possible updating.

Attachments Included with this Agenda Item

One attachment.

CAFII Strategic Options— Recommended Directions for Board Approval

February 2018

Recommend Board Approval of Areas to Invest In—Unanimous or High Support

Board Approval Requested

Maintain and Build on Regulatory Strength

Develop a Significant Research Program

Assertive Communication and Networking Program with Influencers

Continue to Invest in Website

Develop Long Term, Proactive Regulatory Positions

Recommend Board Approval of Areas to Not Invest In—Little Support

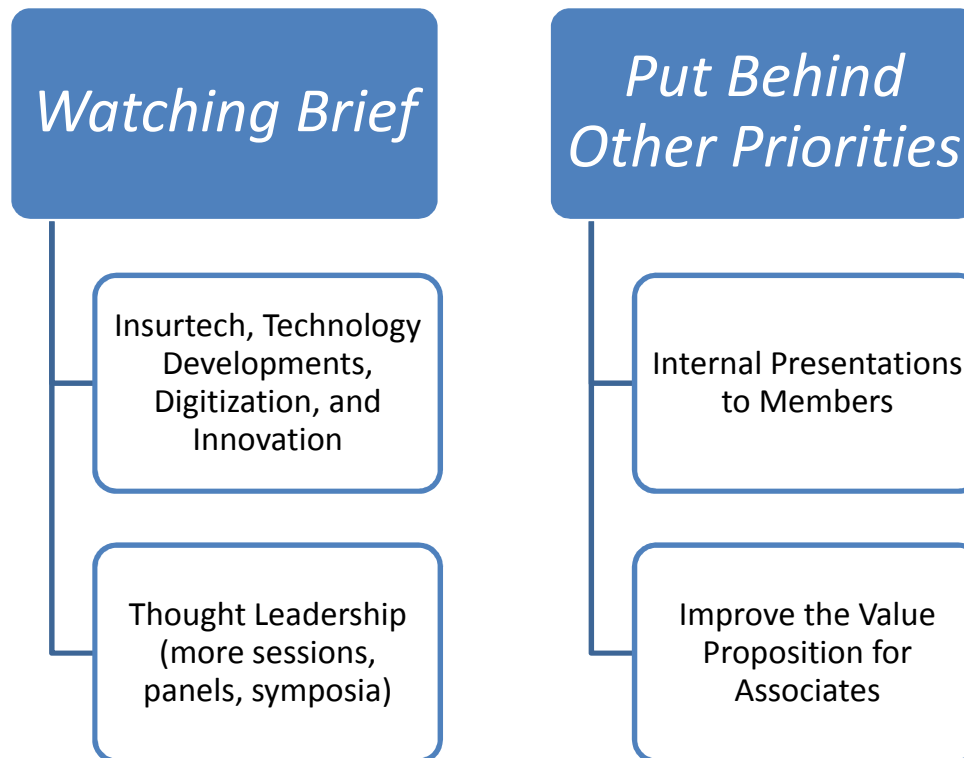
Board Approval Requested

More CAFII Committees

Develop a Newsletter

Develop a Certification Program

Recommend Board Approval of Areas that are Medium Priorities



Board Approval Requested

Recommend Board Approval of Proposed Core Strategic Prioritization Statement

Core Statement

Board Approval Requested

CAFII's **mission** remains the same:

CAFII 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. CAFII 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, CAFII'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 CAFII website and explore expanding and enhancing our media profile.

In addition to these strategic priorities there are other initiatives that CAFII 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 CAFII.

cafii acifa

The Canadian Association of
Financial Institutions in Insurance

L'association canadienne des
institutions financières en assurance

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

Thank You

Briefing Note for Read-Only Agenda Item

CAFII Board Meeting 15 October 2020—Agenda Item 6a

Insights Gained From September 14/20 CAFII Get Acquainted and Dialogue Virtual Meeting With Frank Lofranco, FCAC Deputy Commissioner, Supervision and Enforcement and FCAC Staff Executive Colleagues

Purpose of this Agenda Item – Update

CAFII held a get acquainted and dialogue virtual meeting with Frank Lofranco and three of his FCAC staff executive colleagues on 14 September, 2020.

Background Information

A key, CAFII-relevant insight gained from this meeting is that Stephen Wild, who reports to Brad Schnarr, who in turn reports to Frank Lofranco, will be the lead on drafting the “Appropriateness Guideline” for financial products, which is embedded in the Bill C-86 Financial Consumer Protection Framework (FCPF) legislation passed by Parliament. That work will be completed over the next six to eight months and part of the process will involve determining which financial products the Appropriateness Guideline should apply to, including whether or not it should apply to credit protection insurance. The FCAC’s critical path for the development and finalization of the appropriateness provision/test includes a pre-consultation with a sounding board/test group in late Fall 2020 or early Winter 2021, followed by a full public consultation on a draft of appropriateness provision/test.

Full details on the learnings we gained from the meeting are contained in the attachment to this Agenda item.

Recommendation / Direction Sought – Update / Discussion

This is a Read Only update.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 6(a)
October 15/20 Board Meeting

**Insights Gained From September 14/20 CAFII Get Acquainted and Dialogue Virtual Meeting
With Frank Lofranco, FCAC Deputy Commissioner, Supervision and Enforcement;
and FCAC Staff Executive Colleagues**

On September 14/20, CAFII held a Get Acquainted and Dialogue Virtual Meeting with recently appointed FCAC Deputy Commissioner Frank Lofranco and three FCAC staff executive colleagues: Brad Schnarr, Manager, Supervision and Enforcement; Stephen Wild, Senior Research & Policy Officer; and Thierry Plante, Senior Consumer Education Officer (focused on financial literacy).

This 90-minute meeting was well-attended by approximately 30 CAFII member representatives.

A key, CAFII-relevant insight gained from this meeting is that Stephen Wild, Senior Research & Policy Officer, who reports to Brad Schnarr, Manager, Supervision and Enforcement, who in turn reports to Frank Lofranco, Deputy Commissioner, Supervision and Enforcement, will be the lead on drafting the “Appropriateness Guideline” for financial products which is embedded within the Financial Consumer Protection Framework (FCPF) section of Bill C-86 which received Royal Assent in December 2018.

(For further information on the FCAC’s plans for developing an Appropriateness Guideline, see the document which supports agenda item 5(d) for the Board meeting.)

Other key insights gained in the meeting were:

- implementation of the FCPF falls under Brad Schnarr as Manager, Supervision and Enforcement;
- there are three pillars or streams of responsibility which fall under Frank Lofranco as FCAC Deputy Commissioner, Supervision and Enforcement: Regulatory Guidance & Co-ordination; Supervision (which the FCAC is being more proactive about, given its recently increased powers and resources); and Enforcement (when breaches do occur);
- as Deputy Commissioner, Supervision and Enforcement, Frank Lofranco is effectively the FCAC’s second-in-command (2IC). However, Commissioner Judith Robertson is putting in place a new management team at the Agency, which will include the appointment of a Deputy Commissioner, Consumer Education (with a focus on financial literacy) in the near future; and
- Commissioner Robertson has made the decision that the FCAC will have an official Toronto office presence. After the COVID-19 pandemic subsides, this plan will be officially announced and brought to fruition. Deputy Commissioner Frank Lofranco will head up and work out of that FCAC satellite office in Toronto, where he is currently located.

Briefing Note for Read-Only Agenda Item

CAFII Board Meeting 15 October 2020—Agenda Item 6b

AMF Response to CFII's July 7/20 "Creative Solutions" Submission to AMF on Degree to Which Industry Can Meet Its Requirements Around RADM's Application to Credit Card-Embedded Insurance Benefits

Purpose of this Agenda Item – Update

This is an update on a submission made to the AMF on credit card-embedded insurance benefits.

Background Information

CAFII has still not received a response from the AMF on its 7 July, 2020 submission on "creative solutions" with respect to the RADM's application to credit card-embedded insurance benefits. In an 11 September, 2020 meeting with former AMF staff executive Mylène Sabourin, who has joined Desjardins Insurance as a senior compliance executive, she told CAFII's Co-Executive Directors that a combination of challenges around summer schedules along with the issues raised by COVID-19 were the most probable reasons for the AMF's delayed response.

Recommendation / Direction Sought – Update / Discussion

This is a Read Only update.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 6(b)
October 15/20 Board Meeting

AMF Response To CAFII's July 7/20 "Creative Solutions" Submission To AMF
On Degree To Which Industry Can Meet Its Requirements Around
RADM's Application To Credit Card-Embedded Insurance Benefits

From: Boucher Charlene <Charlene.Boucher@lautorite.qc.ca>
Sent: July-09-20 5:55 PM
To: Keith Martin <Keith.Martin@cafii.com>
Cc: Pérodeau Frédéric <Frederic.Perodeau@lautorite.qc.ca>; Déry Patrick
<Patrick.Dery@lautorite.qc.ca>; Sirois Nathalie <nathalie.sirois@lautorite.qc.ca>; Gauthier Louise
<Louise.Gauthier@lautorite.qc.ca>; Beaudoin Mario <Mario.Beaudoin@lautorite.qc.ca>; Brendan Wycks
<brendan.wycks@cafii.com>
Subject: RE: Avantages d'assurance intégrés aux cartes de crédit -- ACIFA

Bonjour,

Nous accusons réception de votre correspondance et nous vous reviendrons avec des commentaires suite à l'analyse des enjeux soulevés.

Salutations,
Charlène Boucher
Analyste à l'encadrement de la distribution
Direction des pratiques de distribution alternatives en assurance
Autorité des marchés financiers

English Translation:

Hello,

We acknowledge receipt of your correspondence and will get back to you with comments following the analysis of the issues raised.

Regards,
Charlène Boucher
Analyste à l'encadrement de la distribution
Direction des pratiques de distribution alternatives en assurance
Autorité des marchés financiers

7 July, 2020

Mr. Mario Beaudoin, Director, Alternative Insurance Distribution Policy
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1

c.c. Mr. Frédéric Pérodeau, Superintendent, Client Services and Distribution Oversight
Mr. Patrick Déry, Superintendent, Solvency
Ms. Nathalie Sirois, Senior Director, Supervision of Insurers and Control of Right to Practise
Ms. Louise Gauthier, Senior Director, Distribution Policies

WITHOUT PREJUDICE

Dear Mr. Beaudoin:

Re: Credit Card-Embedded Insurance Benefits

CAFII thanks the AMF for granting a deadline extension to 15 July, 2020 for this submission, in response to our request due to the COVID-19 pandemic.

During our Association's 11 February, 2020 meeting with you and your AMF colleagues at the Autorité's office in Quebec City, CAFII communicated its strongly held view that the *Regulation respecting Alternative Distribution Methods (RADM)* – as drafted, finalized, and published -- does not apply to credit card-embedded insurance benefits.

Credit card-embedded insurance benefits are not directly purchased or offered, but rather are included with some credit cards as part of the ancillary benefits the card provides to the consumer. If a consumer wants a particular credit card, the embedded insurance benefits are not optional: they are embedded features of the card. If the embedded insurance benefits of a particular card are not desired, the consumer can choose to decline that particular credit card or simply decide not to use the included benefits.

The insurance benefits embedded in a credit card are issued under a group master policy to the policyholder (i.e. a bank or credit union) for the benefit of individual cardholders, who are provided with insurance certificates as participants under the group policy. All cardholders are participants under the group master policy but, unlike in the case of most forms of credit protection insurance, they are not individually enrolled under the policy. Therefore, with respect to credit card-embedded insurance benefits, an individual cardholder cannot choose to cancel coverage under the certificate, as only the policyholder can terminate a group policy which would have the effect of cancelling coverage for all cardholders.

Despite our firm view that credit card-embedded insurance benefits are not offers of insurance and therefore the *RADM* does not apply to this product line, CAFII has endeavoured, through the proposals outlined below, to address the AMF's submission request of our Association by providing consumer outcomes for this product line which align with those that are actual offers of insurance.

Filings and Disclosures to the AMF

With respect to credit card-embedded insurance benefits, CAFII members would be able to meet the following disclosures to the AMF:

1. the name and contact information of the card issuer; and
2. the contact information of the insurer's assistance service.

However, certain aspects of the information currently being disclosed by group insurers to the AMF do not fit with the credit card-embedded insurance benefits product line. More specifically,

1. The number of rescissions or cancellations of credit card-embedded insurance benefits. The consumer cannot cancel credit card-embedded insurance benefits as a component part of the overall credit card package; rather, he/she must cancel the credit card in its entirety. Consumers most often choose to cancel a credit card for other reasons -- including the interest rate, the rewards program, in an effort to reduce the overall amount of credit they are carrying, or because they have found a more desirable alternative credit card.

Since credit card-embedded insurance benefits cannot be cancelled, the only possible way the industry might address the AMF's filings and disclosures requirements in this area would be to report on actual credit card cancellations. However, reporting on credit card cancellations would provide the AMF with no market conduct or consumer protection-related indicators or red flags relevant to embedded insurance benefits.

2. Remuneration paid to all distributors. For credit card-embedded insurance benefits, there is no remuneration paid to card issuers.

Given the realities outlined above and to ensure that the AMF still receives relevant data to fulfill its industry oversight responsibilities, CAFII recommends that the AMF align its reporting requirements of the industry with those in the CCIR's Annual Statement on Market Conduct (ASMC). The ASMC calls for the provision of relevant credit card-embedded insurance benefits data and insurers could provide similar Quebec-specific data to the AMF rather than being required to implement different and/or additional reporting.

Consumer Disclosures

Given that credit cards can have over 10 different embedded insurance benefits, and each card issuer has a portfolio of unique credit cards, a particular card issuer may have dozens of different embedded insurance benefits. It would be impractical to expect that, at the time of card application, the card issuer would provide the consumer with 10-plus summaries of the embedded insurance benefits when the pertinent disclosure information relates to the credit card's annual fee, its interest rate, payment grace period, and its rewards program. Providing summaries of the many embedded insurance benefits at time of application could overwhelm and confuse the consumer, rather than provide clarity.

However, given the AMF's request, CAFII members are prepared to produce summaries of credit card-embedded insurance benefits, which would be made available to all consumers on the insurer's and/or card issuer's website.

The summaries of embedded insurance benefits would

3. be concise;
4. be written in clear, consumer-friendly language;

5. present accurate information;
6. not contain any advertising or any promotional offers; and
7. not be the Certificate of Insurance.

The summaries of embedded insurance benefits would include

8. the insurer's name and contact information;
9. the client number of the insurer registered in the Authority's register of insurers and the Authority's website address;
10. the name and type of insurance product embedded;
11. claims eligibility criteria;
12. the name and contact information of the card issuer that is providing the product;
13. information on the coverage, exclusions, and limitations, and where to find the full details in the certificate of insurance;
14. any other specific clauses which may affect the insurance;
15. the insurer's website address providing access to the information on where the client can file a complaint with the insurer and a summary of the complaint processing policy; and
16. the manner in which the Certificate of Insurance can be accessed on the insurer's and/or card issuer's website.

Fact Sheet

It is CAFII's intent to try to find creative solutions to the AMF's requests which will lead to positive consumer outcomes.

However, because the Fact Sheet, as prescribed by the *RADM*, is not aligned with credit card-embedded insurance benefits and would be a "forced fit", CAFII believes that it would be most beneficial to consumers to not confuse them by requiring card issuers to provide them with a Fact Sheet for this product line.

We must stress that while the "*It's your choice*" and "*How to choose*" Fact Sheet sections are problematic and ill-suited for this product line, the section that is of most concern is "*Right to Cancel*." As stated previously, credit card-embedded insurance benefits cannot be cancelled without cancelling the credit card itself. Similarly, the Notice of Rescission required to be provided to consumers under the *RADM* also does not align with the credit card-embedded insurance benefits product line.

Other Comments:

Information collected from consumers

No information is collected up-front from consumers relative to credit card-embedded insurance benefits. Any information collected from the credit card applicant is compliant with all applicable privacy requirements, including the federal PIPEDA. The insurer does not see any of the details about a specific enrollee in the group plan underlying a credit card-embedded insurance benefit until an enrollee makes a claim.

Consequently, insurers are not in a position to provide an applicant with the summary of the information collected from him/her, as it is not collected for insurance purposes. However, the Certificates of Insurance would be provided, per normal fulfillment procedures.

Insurer Assistance service

CAFII members would be able to meet the AMF's requirement regarding the insurer having an Insurer Assistance Service, to answer questions from the card issuer regarding each benefit provided.

Training

Training of card issuer staff in respect of embedded benefits already exists. Staff are provided with the necessary knowledge to ensure that consumers' questions are addressed and that the appropriate information is being provided about the credit card-embedded insurance benefits. A common practice is for the card issuer's staff to provide high level product information (e.g. *this credit card includes \$X Million in travel medical insurance for up to Y days*) and to direct more detailed questions about claims eligibility, pre-existing conditions, etc. to a specialized customer service representative or licensed agent.

Conclusion

We look forward to dialoguing with the AMF on the proposals we have made in this submission. In that connection, please contact Keith Martin, Co-Executive Director, at keith.martin@cafii.com or 647-460-7725 at your earliest convenience, to set up a teleconference or virtual meeting for that purpose.

Sincerely,



Martin Boyle
Board Secretary and Chair, Executive Operations Committee

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

Envoyé : 7 juillet 2020 08:46

À : Beaudoin Mario <Mario.Beaudoin@lautorite.qc.ca>

Cc : Pérodeau Frédéric <Frederic.Perodeau@lautorite.qc.ca>; Déry Patrick
<Patrick.Dery@lautorite.qc.ca>; Sirois Nathalie <nathalie.sirois@lautorite.qc.ca>; Gauthier Louise
<Louise.Gauthier@lautorite.qc.ca>; Brendan Wycks <brendan.wycks@cafii.com>

Objet : Avantages d'assurance intégrés aux cartes de crédit -- ACIFA

7 juillet 2020

M. Mario Beaudoin, Directeur des pratiques de distribution alternatives en assurance
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1

c.c. M. Frédéric Pérodeau, Surintendant de l'assistance aux clientèles et de l'encadrement de la
distribution

M. Patrick Déry, Surintendant de l'encadrement de la solvabilité

Mme Nathalie Sirois, Directrice principale de la surveillance des assureurs et du contrôle du droit
d'exercice

Mme Louise Gauthier, Directrice principale des politiques d'encadrement de la distribution

SOUS RÉSERVE DES DROITS DE L'OFFRANT

Monsieur Beaudoin,

Objet : Avantages d'assurance intégrés aux cartes de crédit

Nous remercions l'AMF d'avoir accordé une prolongation de délai, jusqu'au 15 juillet 2020, pour cette
soumission, après que nous en ayons fait la demande en raison de la pandémie de COVID-19.

Lors de notre rencontre du 11 février 2020 avec vous et vos collègues de l'AMF au bureau de l'AMF à
Québec, l'Association canadienne des institutions financières en assurance (ACIFA) a fait part de son
point de vue ferme selon lequel le *Règlement sur les modes alternatifs de distribution* (RMAD) – tel qu'il
a été rédigé, finalisé et publié – ne s'applique pas aux prestations d'assurance intégrées aux cartes de
crédit.

Les prestations d'assurance intégrées aux cartes de crédit ne sont pas directement achetées ou offertes,
mais sont plutôt incluses dans certaines cartes de crédit en tant qu'avantages accessoires que la carte
offre au consommateur. Si un consommateur veut une carte de crédit en particulier, les garanties
d'assurance intégrées ne sont pas facultatives; ce sont des caractéristiques intégrées de la carte. Si les
garanties d'assurance intégrées d'une carte donnée ne sont pas souhaitées, le consommateur peut
choisir de refuser cette carte de crédit ou simplement de ne pas utiliser les avantages inclus.

Les prestations d'assurance intégrées à une carte de crédit sont émises en vertu d'un contrat principal d'assurance collective à l'intention du titulaire de la police (c.-à-d. une banque ou une coopérative de crédit) au profit des titulaires de carte individuels, qui reçoivent des certificats d'assurance en tant que participants à la police d'assurance collective. Tous les titulaires de carte sont des participants au contrat principal d'assurance collective, mais, contrairement à ce qui se fait pour la plupart des formes d'assurance protection de crédit, ils ne sont pas individuellement inscrits à la police. Par conséquent, en ce qui concerne les prestations d'assurance intégrées aux cartes de crédit, un titulaire de carte individuel ne peut pas choisir d'annuler la couverture en vertu du certificat, car seul le titulaire de police peut mettre fin à une police d'assurance collective, ce qui aurait pour effet d'annuler la couverture pour tous les titulaires de carte.

Bien que nous croyons fermement que les avantages d'assurance liés aux cartes de crédit ne sont pas des offres d'assurance et que, par conséquent, le *RMAD* ne s'applique pas à cette gamme de produits, l'ACIFA a entrepris, au moyen des propositions décrites ci-dessous, de répondre à la demande de présentation de l'AMF à notre Association en fournissant des résultats pour les consommateurs pour cette gamme de produits qui correspondent à ceux des offres d'assurance réelles.

Dépôts et divulgations à l'AMF

En ce qui concerne les prestations d'assurance intégrées aux cartes de crédit, les membres de l'ACIFA seraient en mesure de répondre aux exigences de divulgation suivantes de l'AMF :

17. le nom et les coordonnées de l'émetteur de la carte;
18. les coordonnées du service d'assistance de l'assureur.

Cependant, certains aspects de l'information actuellement divulguée par les assureurs collectifs à l'AMF ne correspondent pas à la gamme de produits des prestations d'assurance intégrées aux cartes de crédit. Plus précisément :

1. Le nombre d'annulations des prestations d'assurance intégrées à une carte de crédit. Le consommateur ne peut pas annuler les prestations d'assurance intégrées à une carte de crédit dans le cadre du forfait global de la carte de crédit; il doit plutôt annuler la carte de crédit dans son intégralité. Le plus souvent, les consommateurs choisissent d'annuler une carte de crédit pour d'autres raisons, y compris le taux d'intérêt ou le programme de récompenses, dans le but de réduire le montant global du crédit qu'ils détiennent, ou parce qu'ils ont trouvé une autre carte de crédit plus attrayante.

Étant donné que les prestations d'assurance intégrées aux cartes de crédit ne peuvent pas être annulées, la seule façon possible pour l'industrie de satisfaire aux exigences de l'AMF en matière de dépôt et de divulgation dans ce domaine serait de faire rapport sur les annulations réelles de cartes de crédit. Toutefois, la déclaration des annulations de cartes de crédit ne fournirait à l'AMF aucun indicateur de conduite du marché ou de protection des consommateurs ni aucun signal d'alarme concernant les prestations d'assurance intégrées.

2. La rémunération versée à tous les distributeurs. En ce qui concerne les prestations d'assurance intégrées aux cartes de crédit, aucune rémunération n'est versée aux émetteurs de cartes.

Compte tenu des réalités décrites ci-dessus et pour veiller à ce que l'AMF reçoive toujours les données pertinentes pour s'acquitter de ses responsabilités de surveillance de l'industrie, l'ACIFA recommande que l'AMF harmonise ses exigences en matière de rapports avec celles de la Déclaration annuelle sur les pratiques commerciales (DAPC) du Conseil canadien des responsables de la réglementation d'assurance (CCRRRA). La DAPC préconise la fourniture de données pertinentes sur les prestations d'assurance intégrées aux cartes de crédit, et les assureurs pourraient fournir à l'AMF des données semblables propres au Québec plutôt que d'être tenus de mettre en œuvre des rapports différents ou supplémentaires.

Renseignements des consommateurs

Étant donné que les cartes de crédit peuvent avoir plus de 10 prestations d'assurance intégrées différentes, et que chaque émetteur de carte a un portefeuille de cartes de crédit uniques, un émetteur de carte particulier peut avoir des douzaines de prestations d'assurance intégrées différentes. Il ne serait pas pratique de s'attendre à ce que, au moment de la demande de carte, l'émetteur de la carte fournisse au consommateur plus de 10 résumés des prestations d'assurance intégrées lorsque les renseignements pertinents des divulgations concernent les frais annuels de la carte de crédit, son taux d'intérêt, le délai de grâce de paiement et son programme de récompenses. Le fait de fournir des résumés des nombreuses prestations d'assurance intégrées au moment de la demande pourrait submerger et embrouiller le consommateur, plutôt que de rendre les choses plus claires.

Toutefois, compte tenu de la demande de l'AMF, les membres de l'ACIFA sont prêts à produire des résumés des prestations d'assurance intégrées aux cartes de crédit, qui seraient mis à la disposition de tous les consommateurs sur le site Web de l'assureur ou de l'émetteur de la carte.

Les résumés des prestations d'assurance intégrées :

1. seront concis;
2. seront rédigés dans un langage clair et convivial;
3. présenteront des renseignements exacts;
4. ne contiendront pas de publicité ni d'offres promotionnelles;
5. ne constitueront pas un certificat d'assurance.

Les résumés des prestations d'assurance intégrées comprendront :

1. le nom et les coordonnées de l'assureur;
2. le numéro de client de l'assureur inscrit au registre des assureurs de l'AMF et l'adresse du site Web de l'AMF;
3. le nom et le type de produit d'assurance intégré;
4. les critères d'admissibilité pour les réclamations;
5. le nom et les coordonnées de l'émetteur de la carte qui fournit le produit;
6. des renseignements sur la couverture, les exclusions et les limites, et où trouver tous les détails dans le certificat d'assurance;
7. toute autre clause spécifique qui pourrait affecter l'assurance;

8. l'adresse du site Web de l'assureur donnant accès à l'information sur l'endroit où le client peut déposer une plainte auprès de l'assureur et un résumé de la politique de traitement des plaintes;
9. la procédure à suivre pour consulter le certificat d'assurance sur le site Web de l'assureur ou de l'émetteur de la carte.

Fiche d'information

L'ACIFA a l'intention d'essayer de trouver des solutions créatives aux demandes de l'AMF qui mèneront à des résultats positifs pour les consommateurs.

Cependant, parce que la fiche d'information, comme prescrit par le *RMAD*, n'est pas harmonisée avec les prestations d'assurance intégrées aux cartes de crédit et qu'elle serait une « adaptation forcée », l'ACIFA croit qu'il serait plus avantageux pour les consommateurs de ne pas les confondre en exigeant que les émetteurs de cartes leur fournissent une fiche d'information pour cette gamme de produits.

Nous devons souligner que même si les sections « *C'est votre choix* » et « *Comment choisir* » des fiches d'information sont problématiques et mal adaptées à cette gamme de produits, la section la plus préoccupante est « *Droit d'annuler* ». Comme je l'ai déjà dit, les prestations d'assurance intégrées à une carte de crédit ne peuvent être annulées sans annuler la carte de crédit elle-même. De même, l'avis d'annulation qui doit être fourni aux consommateurs en vertu du *RMAD* ne correspond pas non plus à la gamme de produits de prestations d'assurance intégrées aux cartes de crédit.

Autres commentaires :

Renseignements recueillis auprès des consommateurs

Aucune information n'est recueillie d'entrée de jeu auprès des consommateurs en ce qui concerne les prestations d'assurance intégrées aux cartes de crédit. Tous les renseignements recueillis auprès du demandeur de carte de crédit sont conformes à toutes les exigences applicables en matière de protection des renseignements personnels, y compris la *Loi sur la protection des renseignements personnels et les documents électroniques* du gouvernement fédéral. L'assureur ne voit aucun détail sur une personne précise inscrite au régime collectif sous-tendant une prestation d'assurance intégrée à une carte de crédit tant qu'elle n'a pas présenté une demande de règlement.

Par conséquent, les assureurs ne sont pas en mesure de fournir au demandeur le résumé des renseignements qu'il a recueillis, car ils ne sont pas recueillis à des fins d'assurance. Toutefois, les certificats d'assurance seraient fournis conformément aux procédures normales d'exécution.

Service d'assistance aux assureurs

Les membres de l'ACIFA seraient en mesure de satisfaire à l'exigence de l'AMF selon laquelle l'assureur doit offrir un Service d'assistance, afin de répondre aux questions de l'émetteur de la carte concernant chaque prestation fournie.

Formation

La formation du personnel des émetteurs de cartes en ce qui concerne les prestations intégrées existe déjà. Le personnel dispose des connaissances nécessaires pour répondre aux questions des consommateurs et pour fournir les renseignements appropriés sur les prestations d'assurance intégrées aux cartes de crédit. La pratique courante veut que le personnel de l'émetteur de la carte fournisse des renseignements de haut niveau sur le produit (p. ex., *cette carte de crédit comprend X millions de dollars d'assurance voyage pour frais médicaux pour une période maximale de Y jours*) et qu'il renvoie les questions plus détaillées sur les critères d'admissibilité pour les réclamations, les affections préexistantes et autres à un représentant spécialisé du service à la clientèle ou à un agent autorisé.

Conclusion

Nous avons hâte de discuter avec l'AMF des propositions que nous avons faites dans cette présentation. À cet égard, veuillez communiquer avec Keith Martin, codirecteur général, à keith.martin@cafii.com ou au 647-460-7725 le plus tôt possible, pour organiser une réunion par téléconférence ou une réunion virtuelle à cette fin.

Je vous prie d'agréer, Monsieur, l'expression de nos sentiments les meilleurs.



Martin Boyle
Secrétaire et président, Comité exécutif des opérations

Briefing Note for Read-Only Agenda Item

CAFII Board Meeting 15 October 2020—Agenda Item 6c

AMF Consultations on Updating Its Sound Commercial Practices Guideline; and New Regulation on Complaints.

Purpose of this Agenda Item – Update

This is an update on a meeting with the AMF on two regulatory initiatives it is undertaking.

Background Information

The AMF is launching consultations with industry stakeholders on two key regulatory documents: (i) an update to its June 2013 *Sound Commercial Practices Guideline* (Quebec's predecessor -- https://lautorite.qc.ca/fileadmin/lautorite/reglementation/lignes-directrices-assurance/ligne-directrice-saines-pratiques-commerciales_an.pdf -- to the 2018 CCIR/CISRO *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*); and (ii) a new *Regulation on Complaints*.

As it has for other industry stakeholders such as CLHIA/ACCAP, Desjardins Insurance, and National Bank Insurance, the AMF has offered to deliver a launch webinar for CAFII and its members about its consultations on these two key regulatory documents, as follows: **Monday, 26 October, 2020 from 11:00 a.m. to 12 Noon EDT**, using the AMF's Microsoft Teams virtual meeting platform.

CAFII members have received an invitation to attend this meeting.

Recommendation / Direction Sought – Update / Discussion

This is a Read Only update.

Attachments Included with this Agenda Item

No attachments.

Briefing Note for a Read Only Agenda Item

CAFII Board Meeting 15 October 2020—Agenda Item 6d Recent CCIR Chair Transition/Succession

Purpose of this Agenda Item – Update

This is an update on a new CCIR Chair.

Background Information

The Canadian Council of Insurance Regulators announced on 10 September, 2020 that Patrick Déry of the AMF was stepping down as the Chair of the CCIR after five years in this role, and would be replaced by Frank Chong, Vice-President and Deputy Superintendent, Regulation, with the BC Financial Services Authority. It is noteworthy that usually such CCIR Chair succession announcements are made in the summer, coming out of CCIR's June meeting.

Recommendation / Direction Sought – Update / Discussion

This is a Read Only update.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 6(d)
October 15/20 Board Meeting

Recent CCIR Chair Transition/Succession

From: Tony Toy <Tony.Toy@fsrao.ca>
Sent: September-10-20 3:51 AM
To: Brendan Wycks <brendan.wycks@cafii.com>
Cc: Keith Martin <Keith.Martin@cafii.com>; CCIR-CCRRA <ccir-ccrra@fsrao.ca>
Subject: CCIR Executive Announcement

Confidential

Dear Mr. Wycks,

As a key stakeholder of the Canadian Council of Insurance Regulators (CCIR), we are writing to inform you that Patrick Déry has stepped down from his position as CCIR Chair. As you are aware, Mr. Déry oversaw the development and implementation of strategic initiatives including, the Framework for Cooperative Market Conduct Supervision in Canada, the Annual Statement on Market Conduct and the joint CCIR/CISRO guidance on the fair treatment of customers.

We will be announcing the appointment of Frank Chong as the new Chair of the CCIR. As Vice President and Deputy Superintendent, Regulation, with the BC Financial Services Authority, Mr. Chong is a seasoned leader and regulatory executive, bringing over 20 years of financial services sector experience to the role. Mr. Chong has also served as a CCIR Vice Chair.

As a public announcement of Mr. Chong's appointment is being issued later today, we would ask that this notice be treated as confidential until that time. If you would like to reach out to Mr. Chong, he would be happy to receive your call.

CCIR Secretariat

TORONTO, Sept. 10, 2020 /CNW/ - CCIR Executive Announcement

The Canadian Council of Insurance Regulators (CCIR) is pleased to announce the appointment of Frank Chong as CCIR Chair.

As Vice-President and Deputy Superintendent, Regulation, with the BC Financial Services Authority, Mr. Chong is a seasoned leader and regulatory executive, bringing over 20 years of financial services sector experience to the role. Mr. Chong has also served as a CCIR Vice Chair.

The CCIR also wishes to acknowledge the significant leadership of the outgoing chair, Patrick Déry. Over the past five years, Mr. Déry oversaw the development and implementation of strategic initiatives including, the Framework for Cooperative Market Conduct Supervision in Canada, the Annual Statement on Market Conduct and the joint CCIR/CISRO guidance on the fair treatment of customers.

"I would like to thank Patrick Déry for his tremendous leadership of CCIR and am very honoured to be appointed as the next CCIR Chair. For over 100 years, CCIR has been at the forefront of promoting consistent regulatory approaches across jurisdictions. During a time of innovation and rapid change, I look forward to continuing to work collaboratively with CCIR members and the industry to enable modernization while maintaining fair treatment of customers and public confidence in the insurance sector," said Frank Chong.

About CCIR

The Canadian Council of Insurance Regulators (CCIR) is an inter-jurisdictional association of insurance regulators. The mandate of the CCIR is to facilitate and promote an efficient and effective insurance regulatory system in Canada to serve the public interest. We work together to develop solutions to common regulatory issues.

Current strategic priorities and initiatives of the CCIR are outlined in the CCIR 2020-23 Strategic Plan.

SOURCE Canadian Council of Insurance Regulators (CCIR)

Briefing Note for a Read Only Agenda Item

**CAFII Board Meeting 15 October 2020—Agenda Item 6e
CCIR/CISRO FTC Working Group Response to CAFII's July 2/20 Letter Responding to Its Request That
CAFII Undertake A Third Party-Conducted Survey and Provide A Report On CAFII Member-Utilized
Incentives and Compensation Models**

Purpose of this Agenda Item – Update

This is an update on a letter sent by CAFII to the CCIR/CISRO FTC Working Group.

Background Information

The CCIR/CISRO FTC Working Group had asked CAFII to provide it with detailed information on the incentives and compensation models used in-market by CAFII member distributors of credit protection insurance and travel insurance. CAFII has sent a letter to the CCIR/CISRO FTC Working Group on July 2/20, outlining the reasons why we did not feel we could do this and suggesting that the CCIR/CISRO FTC Working Group reach out directly to our members.

Recommendation / Direction Sought – Update / Discussion

This is an Read Only update.

Attachments Included with this Agenda Item

One attachment.

***Agenda Item 6(e)
October 15/20 Board Meeting***

**CCIR/CISRO FTC Working Group Response To CAFII's July 2/20 Letter Responding To Its Request
That CAFII Undertake A Third Party-Conducted Survey And Provide A Report On
CAFII Member-Utilized Incentives and Compensation Models**

From: Tony Toy <Tony.Toy@fsrao.ca>
Sent: August-31-20 11:36 AM
To: Brendan Wycks <brendan.wycks@cafii.com>
Cc: 'Ron Fullan' <Ron.Fullan@skcouncil.sk.ca>; Louise Gauthier <louise.gauthier@lautorite.qc.ca>
Subject: CCIR FTCWG and CAFII Meeting - Sept 2 - Cancellation

Hi Brendan,

As per our telephone conversation this morning, CCIR/CISRO and CAFII do not need to meet this Wednesday, September 2 regarding the fair treatment of customers and incentives. As per CAFII's July 2 response letter, CCIR and CISRO will likely reach out to individual CAFII members to talk about incentive programs within their organization. We will reach out to CAFII for member contact information once we finalize our list.

Thank you.

Tony Toy
Policy Manager
Canadian Council of Insurance Regulators
National Regulatory Coordination Branch
Financial Services Regulatory Authority (FSRA)
T: 416.590.7257
C: 437.990.8475
E: Tony.Toy@fsrao.ca
www.fsrao.ca

Briefing Note for a Read Only Agenda Item

CAFII Board Meeting 15 October 2020—Agenda Item 6f FSRA Life & Health Insurance Stakeholder Advisory Committee (SAC) Participation in FSRA's Transformation of Current Unfair or Deceptive Acts or Practices (UDAP) Regulation into A FSRA Rule

Purpose of this Agenda Item – Update

This is an update on an initiative by the Financial Services Regulatory Authority of Ontario (FSRA).

Background Information

On 29 September, 2020 FSRA held a meeting of its Life & Health Insurance Stakeholder Advisory Committee (SAC), which CAFII Co-Executive Director Keith Martin sits on, to discuss its intention to transform its current Unfair or Deceptive Acts or Practices (UDAP) Regulation (previously issued by FSCO) into a FSRA Rule.

Stuart Wilkinson is leading this initiative at FSRA, and subsequent to the meeting he asked for SAC members to answer some questions. The questions he asked and the answers provided by CAFII are set out in one of the two attachments related to this agenda item.

Recommendation / Direction Sought – Update / Discussion

This is an Read Only update.

Attachments Included with this Agenda Item

Two attachments.

UDAP Rulemaking: Stage One Update

September 29, 2020
Meeting with L&H SAC Members

FSRA

Financial Services Regulatory
Authority of Ontario



Ontario



Purpose

- Outline **recommended approach** for defining unfair or deceptive acts or practices (UDAP) under the *Insurance Act* through a FSRA rule
- **Seek input** on FSRA's initial assessment of the existing UDAP regulation
- Review **next steps** including immediate opportunity for consensus feedback

Key Takeaways

- FSRA is undertaking a two stage process for transforming current UDAP regulation into a FSRA rule
- Stage One has started with a focus on removing barriers to innovation and shifting to principles-based provisions
- FSRA is seeking your input to finalize its recommended approach prior to proceeding with public consultation
- Stage One rule could be posted for public comment as soon as fall 2020 and FSRA is tentatively targeting Ministerial approval for spring 2021

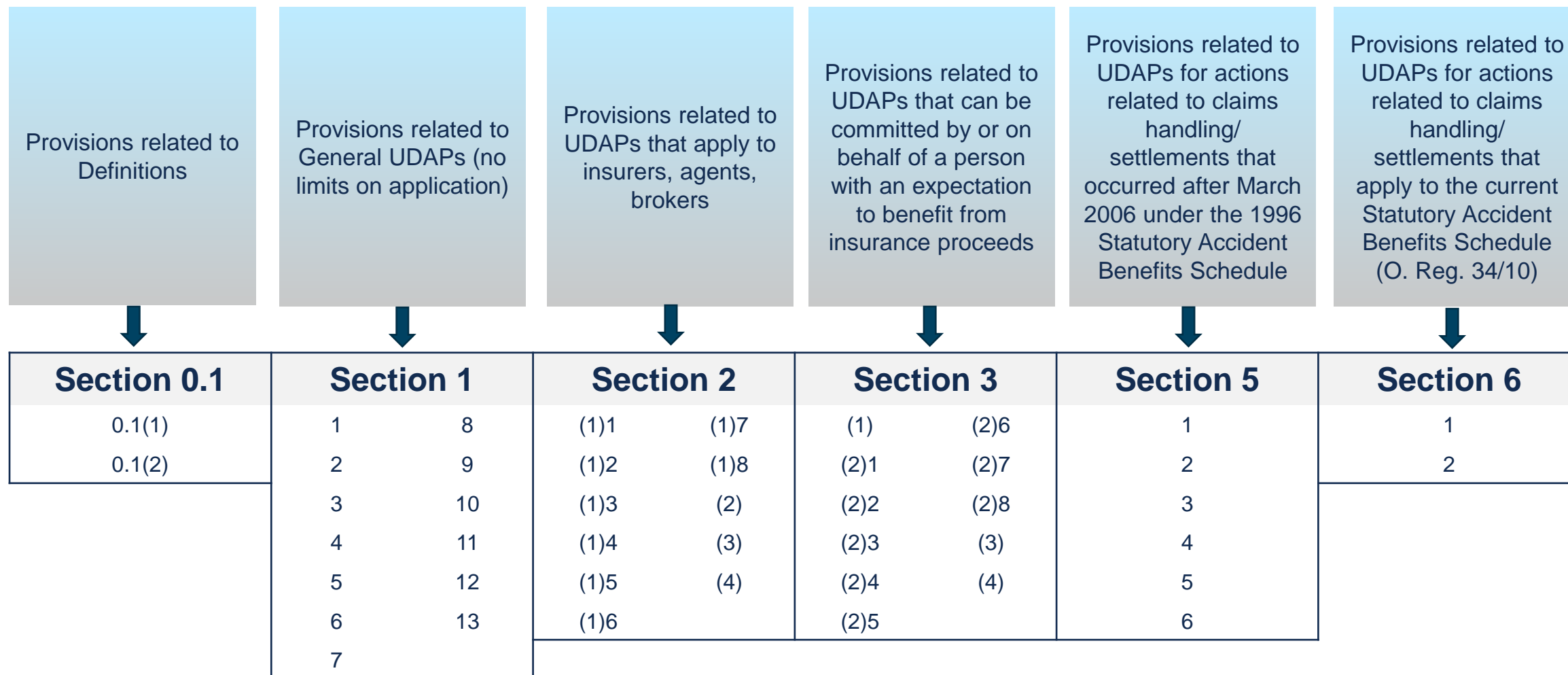


UDAP Regulation: Background and Current State

FSRA 2020-21 Business Plan commits to exploring opportunities for UDAP rule making

- Section 439 of the *Insurance Act* prohibits “unfair or deceptive acts or practices” which is any activity or failure to act that is prescribed as an unfair or deceptive act or practice
 - Under the Act, the CEO of FSRA has powers to examine and investigate, in order to determine whether a person has been, or is, engaged in any unfair or deceptive act or practice
 - The Act also allows the CEO to administer various compliance measures, such as administrative penalties, to sanction unfair or deceptive acts or practices
- O. Reg. 7/00 (UDAP regulation) under the *Insurance Act* prescribes specific actions that are considered as unfair or deceptive, and may apply to insurers, brokers, intermediaries, adjusters, and goods/ service providers engaged in the insurance sector such as health service providers, vehicle repair shops, automobile storage facilities, and tow truck operators
- The UDAP regulation first came into effect in 2003, and since then it has been amended 15 times in an effort to expand/ clarify the definition of what constitutes an unfair or deceptive act or practice. Despite the amendments, the current regulation is difficult to enforce, and therefore has not always been effective in addressing consumer harm
- Stakeholders have stated that the regulation inhibits innovation, and have requested a review of it to allow for more flexibility; the current regulation has been deemed as overly prescriptive by stakeholders
- There is an opportunity to shift to a principles-based UDAP rule in order to align with FSRA’s overall principles based regulatory approach

UDAP Regulation: Map of Current Structure



UDAP regulation can also be segmented by themes that appear in different sections, such as: i) automobile insurance specific provisions; ii) provisions related to Incentives/ rebates; iii) provisions related to general conduct; and iv) claim related provisions



UDAP Rule: Shift to Principles-Based Regulation

Benefits of shifting to a principles-based rule in place of a prescriptive regulation

Internalize principles

- Principles-based standards for Regulated Entities (REs) to achieve outcomes are outlined in the Rule.
- REs internalize principles into their business processes, instead of following technical compliance requirements, and align their policies and practices to achieve desired outcomes.
- Focus is on changing behavior within the REs, so that they are driven by principles and achieving outcomes that are in the public interest while they conduct business.

Principles-based regulation requires REs to internalize the desired outcome of regulation

Supervise to facilitate achievement of desired outcomes

- FSRA to actively engage with REs and public to evaluate whether principles are understood and internalized, and to assess whether desired outcomes are being achieved.
- Supervise to assess successful implementation of principles and the achievement of desired outcomes.
- Focus is on understanding why desired outcomes may not be taking place, not on penalizing the REs.

Supervise mostly against outcomes, instead of actions

Support innovation and competition

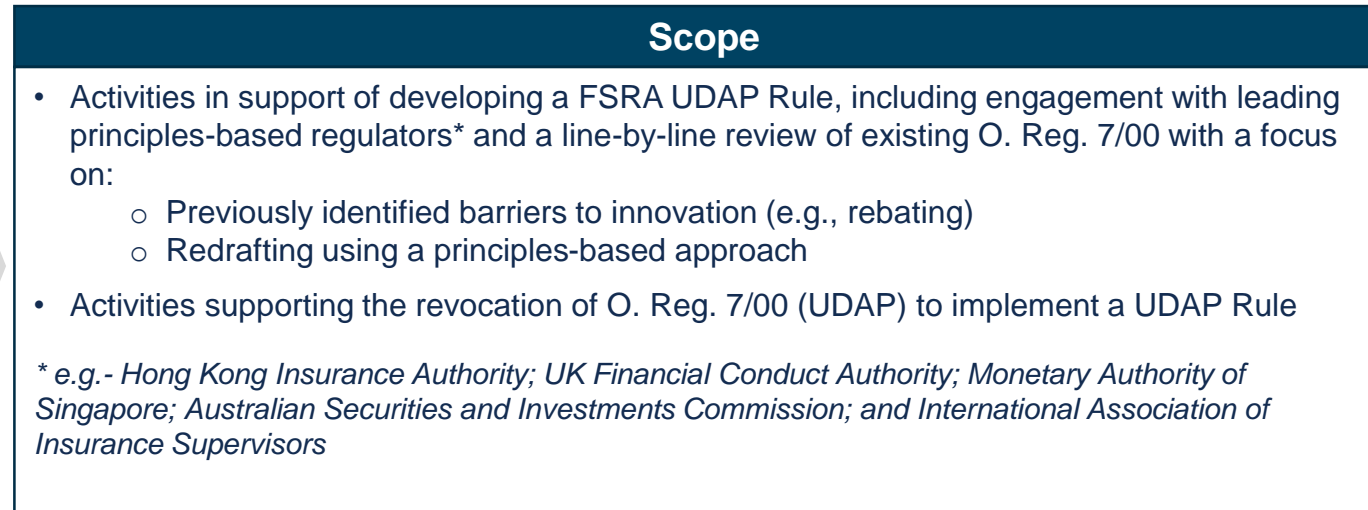
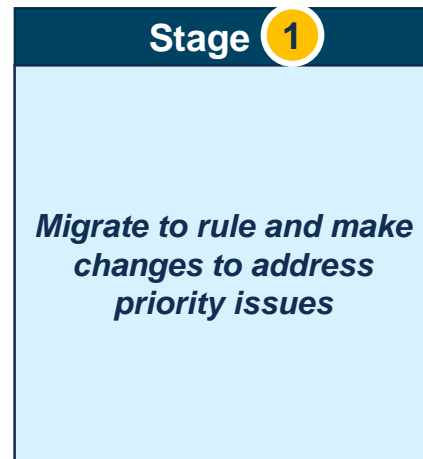
- Principles provide greater flexibility and discretion with respect to enforcement, which allows the regulator more latitude to ensure that it can respond to changes in the market, facilitating innovation while also allowing it to respond to unanticipated consumer harm.

Serve the public interest by allowing competition, flexibility, and choice

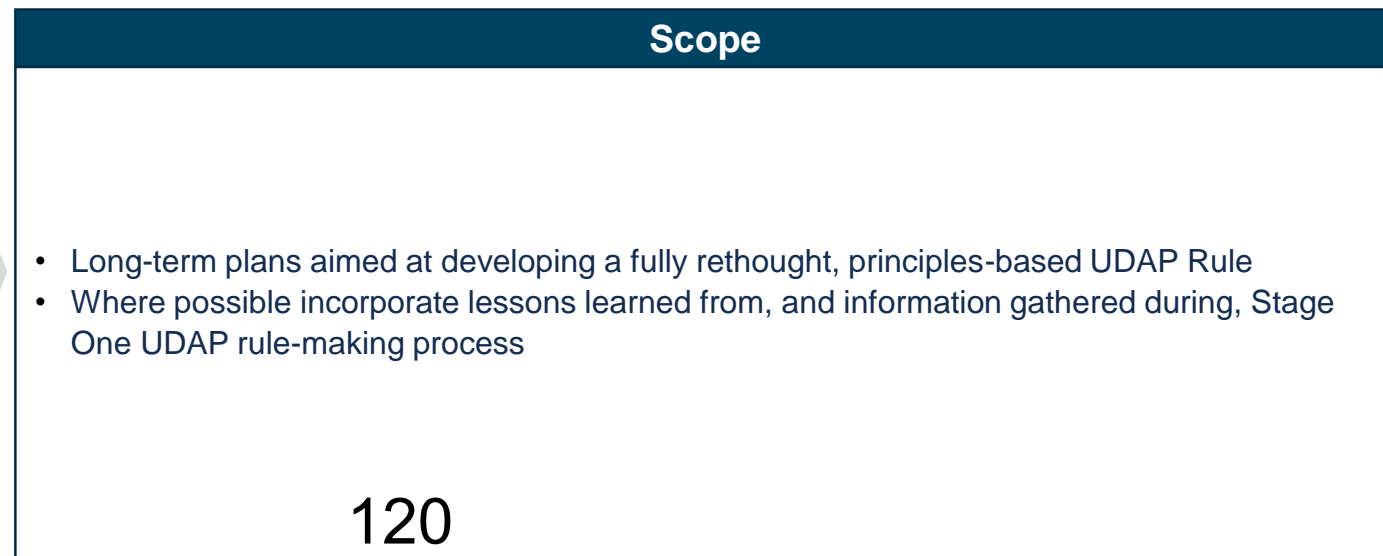
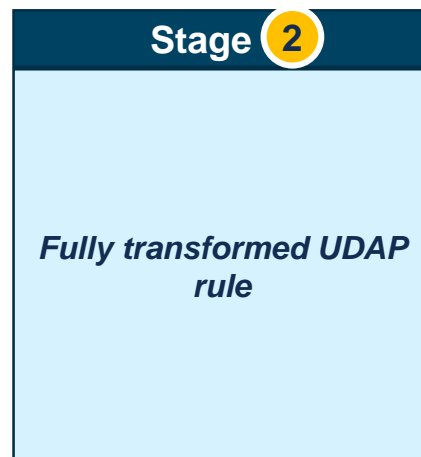


Recommended Approach: Staging and Scope

FSRA is pursuing a two-stage process for transitioning to a UDAP rule



*Anticipated
Timing:
Spring 2021*



*Anticipated
Timing:
2021-2022+*



Approach to Initial Assessment of UDAP Regulation

Initial assessment is preliminary

Recommended approach to Stage One UDAP Rule will be finalized after FSRA hears from you

Initial Assessment Inputs

Previous Stakeholder Input

- Review of stakeholder submissions (insurance companies, trade associations, etc.) that provided input on relevant UDAP sections and/or requested a review of the regulation to allow for more flexibility

Analysis

- Line-by-line review of the UDAP regulation undertaken based on Stage One scope and timing

Alignment with Certain CCIR FTC Guidance

- Comparative analysis of CCIR/CISRO FTC Guidance to identify certain principles that can be adopted into the Stage One rule (principles-based rules redrafting will be aligned with portions of the FTC Guidance where possible, but not solely based on it)



Overview of Initial Assessment

Innovation

Focus on regulatory flexibility and reviewing/addressing provisions often cited as barriers to industry making new offers available to consumers (rebating, incentives etc.)

Principles-Based Redrafting

Modernizing and aligning drafting with principles-based concepts where possible; removing certain provisions to consolidate and redraft as principles-based

Reconfigure

Migrate current language into the new proposed UDAP rule where there is limited scope for change given various factors (e.g., complexity; existing policy initiatives)

UDAP Map: Initial Assessment by Provision

Section 0.1	Section 1		Section 2		Section 3		Section 5	Section 6
(1)	1	8	(1)1	(1)7	(1)	(2)6	1	1
(2)	2	9	(1)2	(1)8	(2)1	(2)7	2	2
	3	10	(1)3	(2)	(2)2	(2)8	3	
	4	11	(1)4	(3)	(2)3	(3)	4	
	5	12	(1)5	(4)	(2)4	(4)	5	
	6	13	(1)6		(2)5		6	
	7							

Reconfigure

Potential Change

Overview: Removing Barriers to Innovation

Problem Area

Discretionary Authority

- Innovative models developed to address evolving market needs may include components that are considered to be UDAPs
- CEO currently does not have discretion to give entities exemptions for such UDAPs; this creates a potential barrier to innovation

Customer Incentives

- Insurers are currently not able to offer incentives (i.e. rebates/ inducements) for customers
- This prohibition hinders companies' ability to offer innovative, pro-consumer benefits to their customers, and impedes overall competition
- This initiative is not presently aimed at conduct related concerns resulting from the CCIR work on incentives.

Desired Outcome

Greater flexibility available to meet evolving consumer needs; more transparent decision making

Greater value and benefit to consumers in the form of incentives; increased options for innovative incentive programs offered by companies

Evaluation Metrics

Industry's confidence in the regulator to remove barriers to innovation, and to react flexibly to market developments

Percentage of policies benefited through new incentive programs; complaints received about unfair treatments through rebating programs

Timeline / Method

Spring 2022
(approx. one year post rule implementation)
Method: Industry survey to determine confidence

Summer 2022
(approx. one year post rule implementation)
Method: Insurer survey/ Consumer survey/ Focus Group Discussion

Overview: Principles-Based Redrafting

Problem Areas

Alignment with Certain FTC Provisions

- Existing UDAP provisions related to general compliance, disclosure and claims handling do not match expectations in certain of the provisions in FTC guidance (opportunity to align using Stage One UDAP Rule)

Auto Specific Provisions

- Multiple auto-specific provisions exist that relate to conduct around shopping / purchasing process – prohibition on use of credit info/ prohibited factors and applying these factors in a prohibited manner; tied-selling; misclassifying risks; requirement for affiliated insurers to provide the lowest rate available – dispersed throughout existing regulation
- Opportunity to consolidate and redraft as principles based while retaining prescriptive elements (e.g. use of credit information) where appropriate

Regulatory Burden

- Legacy provisions that are redundant with other current UDAP provisions and/or proposed principles-based redrafting create unnecessary regulatory burden

Desired Outcome

Consumers benefit from higher standards of business conduct including high quality, accurate, clear, not-misleading information, and fair claims handling

Enhanced availability and choice of auto insurance as a result of high standards for treatment of consumers related to auto insurance quotations, applications, renewals

Reduced regulatory burden as a result of removing provisions

Evaluation Metrics

Consumer confidence, satisfaction, and understanding of the claims process

Impact on availability of insurance; lower compliance burden for industry

Number of redundant provisions and/or compliance obligations removed

Timeline / Method

Summer 2022
(approx. one year post rule implementation)
Method: Consumer survey

Summer 2022
(approx. one year post rule implementation)
Method: Insurer survey/ consumer survey/ data collected from Facility Association on trends re: availability

Spring 2021
(immediately following rule implementation)
Method: FSRA internal review



Overview: Reconfigure

Item	Analysis
<i>Transition Provision: FSCO Forms</i> s. 0.1(2)	<ul style="list-style-type: none">Although some key FSCO (Superintendent) forms will have migrated to new FSRA versions, others will still be in use at projected time of implementation of a new UDAP rule
<i>Unfair discrimination in rates</i> s. 1.2-3	<ul style="list-style-type: none">Unclear if this provision acts as a barrier to innovation; principles-based redrafting may introduce complexity given scope of application (opportunity for consideration in Stage Two)
<i>Inappropriate Collection and Use of Credit Information</i> s. 2(1)7 <i>Related Definitions</i> s. 0.1(1)	<ul style="list-style-type: none">Unclear if this provision acts as a barrier to innovation; principles-based redrafting may introduce complexity given scope of application (opportunity for consideration in Stage Two particularly given alignment with broader IAIS ICP principle regarding protection of consumer personal information)
<i>Abusive billing practices, referral payments, and encouraging signing of blank forms</i> s. 3(2)1-5, 7	<ul style="list-style-type: none">Intent of these provisions is to address misconduct primarily of unlicensed persons with whom FSRA does not have a regulatory relationshipPrinciples-based redrafting not appropriate given inability to modify behavior flexibly through supervisory tools typically used for licensed entitiesReconfiguration could include adding outcomes to supplement activities-based provisions



Next Steps

Milestone / Activity	Dates
Written feedback on initial assessment	October 7, 2020
Rule posted for public comment	Fall 2020
Public comment period closed	Winter 2020-21
Potential approval of Rule by Minister	Spring 2021
Initiate planning for Stage Two UDAP rule	Summer 2021



Appendix 1: Stage One UDAP Rule – Potential Changes

Innovation

Item	Potential Change	Analysis
<i>Discretionary Authority</i> s. 1	<ul style="list-style-type: none"> Grant CEO discretion to authorize conduct otherwise considered a UDAP where it wouldn't be prejudicial to the public interest 	<ul style="list-style-type: none"> Would provide regulator with exemptive powers for flexible / nimble reaction to market developments Exercise of authority with precedential value likely to require Decision guidance
<i>Rebating</i> s. 1.7; 2(1)1-3, 2(3)-(4)	<ul style="list-style-type: none"> Remove existing provisions Replace with provision making it a UDAP to offer incentives (e.g. a rebate or an inducement) to insure unless the incentive: <ul style="list-style-type: none"> is designed in a way that pays due regard to the interests of consumers and minimizes risk of sales which are not appropriate to a consumer's needs clearly and transparently communicated to consumers by the insurer, including explanation of how any incentive, such as a rebate or an inducement is calculated applies consistently and is not unfairly discriminatory not an anti-competitive practice such as tied selling or predatory pricing. 	<ul style="list-style-type: none"> Government made a change to rebating provisions in the UDAP regulation in April 2020 aimed at facilitating rebating for purposes of providing financial relief to auto insurance policyholders during the COVID-19 pandemic Potential change aligned with guidance issued by FSRA after government regulation change that outlined principles for acceptable rebating (Auto Insurance – Consumer Relief during a Declared Emergency under the Emergency Management and Civil Protection Act) Related provisions in s. 17 of O. Reg 347/04 related to life agent conduct are not in scope for FSRA's Stage One approach

Principles-Based Redrafting: FTC

Item	Potential Change	Analysis
<i>Disclosure</i> s. 1.4-6, 3(2)6	Redraft to make the following a UDAP: <ul style="list-style-type: none"> Failure to provide adequate, high quality, accurate and non-misleading information, product promotional materials, and/or advice to a customer, policyholder, or claimant that can affect their fair treatment or ability to make informed decisions 	<ul style="list-style-type: none"> Aligns with certain provisions of FTC guidance (e.g. advice; product promotion, disclosure to policyholder/customer) Related provisions in s. 17 of O. Reg 347/04 related to life agent conduct are not in scope for FSRA's Stage One approach
<i>Claims Handling</i> s. 1.9, 5, 6	Redraft to make the following a UDAP: <ul style="list-style-type: none"> Conduct that does not meet the standard of examining and settling claims fairly and/or treating claimants fairly Indicators of fair treatment include: <ul style="list-style-type: none"> - maintaining written documentation on claims handling procedures; - informing claimants about the status of their claim, processes for claims settlement and where appropriate claims-determinative factors; - subject to legal requirements, following balanced and impartial dispute resolution procedures; - establishing and using internal mechanisms to review claims disputes; and - taking measures to ensure that services and service quality provided by a Preferred Provider Network is equal to or greater than what is commonplace in the industry. 	<ul style="list-style-type: none"> Aligns with certain provisions of FTC guidance (e.g. diligent examination and fair settlement)
<i>Non-compliance with the law</i> s. 1.1	Redraft to make the following a UDAP: <ul style="list-style-type: none"> Material non-compliance with the statutory scheme, including any regulations or rules 	<ul style="list-style-type: none"> Aligns with certain provisions of FTC guidance (e.g. conduct of business – compliance with laws)



Principles-Based Redrafting: Auto

Item	Potential Change	Analysis
<i>Use of prohibited factors, including credit information</i> s. 2(1)4-6	<p>Redraft to make the following a UDAP:</p> <ul style="list-style-type: none">• Unfair treatment of a consumer with regard to any matter relating to quotations for automobile insurance, applications for automobile insurance or renewals of existing contracts of automobile insurance.• Indicators of unfair treatment include:<ul style="list-style-type: none">- unreasonable delay in servicing a consumer;- inequitable variance of processes and procedures when servicing a class of consumers;- using credit information or a prohibited factor;- applying any other information in a prohibited manner;- while having regard for mitigating circumstances such as innovative pricing models or differing means of distribution, not offering the lowest price among affiliated insurers- making servicing a consumer conditional on their having or purchasing another insurance policy;- making servicing a consumer conditional in any way on consent or obtaining the consent of another person to collection, use or disclosure of any credit information; or- misclassifying a risk according to the insurer's risk classification system or that required by law.	<ul style="list-style-type: none">• Potential change allows for consolidation of multiple existing auto-specific provisions into one redrafted provision focused on unfair treatment• Further information from regulated entities on specific challenges posed by current affiliated insurers requirement will be helpful in determining its place in the new rule
<i>Tied selling</i> s. 1.10		
<i>Misclassifying of risk</i> s. 1.11		
<i>Affiliated Insurers</i> s. 2(1)8, s. 2(2)		



Principles-Based Redrafting: Redundant and Other

Item	Potential Change	Analysis
<i>Extra contractual charges with commission</i> s. 1.8	<ul style="list-style-type: none">Remove	<ul style="list-style-type: none">Dependent on potential consumer harm being adequately addressed by new provision regarding disclosure
<i>Material deviation from FSRA-approved forms</i> s. 1.12	<ul style="list-style-type: none">Remove	<ul style="list-style-type: none">Duplicative of Insurance Act provision to use forms approved by the regulator
<i>Non-compliance with examination under oath requirements</i> s. 1.13	<ul style="list-style-type: none">Remove	<ul style="list-style-type: none">Dependent on retention / redrafting of provision regarding non-compliance with the law
<i>Application</i> s. 1, 2(1)	<ul style="list-style-type: none">No limit on application of most parts of UDAP Rule (rather than limiting certain provisions to certain types of persons in the business of insurance)Retain scoping applicable to s. 3, which is focused primarily on misconduct by unlicensed persons	<ul style="list-style-type: none">Principles-based redrafting not appropriate for s. 3 given inability to modify behavior flexibly through supervisory tools typically used for licensed entities

**Agenda Item 6(f)(2)
 October 15/20 Board Meeting**

**FSRA Life & Health Insurance Stakeholder Advisory Committee (SAC) Participation in FSRA's Transformation of
 Current Unfair or Deceptive Acts or Practices (UDAP) Regulation into A FSRA Rule**

From: Stuart Wilkinson <Stuart.Wilkinson@fsrao.ca>

Sent: October 1, 2020 8:21 AM

To: Rachel Olaso-Pezeshkian <Rachel.Olaso-Pezeshkian@fsrao.ca>; sallemang@ifbc.ca; ncarroll@mccarthy.ca; dennis.craig@rbc.com; Christopher.Donnely@manulife.com; lduhaime@clhia.ca; Ali.Ghiassi@canadlife.com; moira.gill@td.com; Keith Martin <Keith.Martin@cafii.com>; gofarrell@olhi.ca; rosie.orlando@primerica.com; doug.paul@ssq.ca; russell.purre@sunlife.com; eskwarek@advocis.ca; ewachtel@idcwin.ca; timwitchell@rogers.com; Huston Loke <Huston.Loke@fsrao.ca>; Swati Agrawal <Swati.Agrawal@fsrao.ca>; Jisha Sarwar <Jisha.Sarwar@fsrao.ca>; neil.paton@edgebenefits.com
Cc: Cindy Kwok <Cindy.Kwok@fsrao.ca>; gpollock@advocis.ca; Glen Padassery <Glen.Padassery@fsrao.ca>; Jonas Schwab Pflug <Jonas.SchwabPflug@fsrao.ca>

Subject: FSRA UDAP rule making - follow up questions

Hi L&H SAC Members,

Thank you again for your time and engagement in our September 29th meeting about rule-making related to unfair or deceptive acts or practices under the Ontario *Insurance Act*.

As discussed on the call we are circulating a list of questions to help make sure we get constructive feedback from the group to inform the development of a draft rule. We are seeking your written feedback (either to these questions, other content in our slides, or both) by October 7, 2020. That date is important to us but if you have concerns about your ability to meet it please let me know and we can discuss alternatives.

You can send your feedback, if any, directly to me.

Here are the questions under four main headings based on items of interest from the discussion earlier this week:

- General Approach
 - Is FSRA's work on UDAP rule-making on the right track? Are you comfortable with the "staged" approach, including the scope and timelines associated with Stage One?

CAFII Response: FSRA continues to demonstrate a highly collaborative and consultative approach that CAFII believes will produce more effective regulations. The staged approach allows for FSRA to learn from its first stage implementation before finalizing the rule, which is a prudent and wise approach to such a complex change.

- Incentives (i.e. Rebates and Inducements)
 - Would the standards for incentives that are outlined in Appendix 1 (slide 14 – row marked "rebating") adequately address the risk of consumer harm related to *carriers* offering incentives? Are there other standards that should be included?

CAFII Response: By recognizing that there are circumstances where a rebate or an inducement may be aligned with the customer's interests and, as such, not prohibiting all such activity -- but rather subjecting it to conditions and transparency -- FSRA is striking an appropriate balance between protecting consumers and promoting innovation in the marketplace.

- Do you think the *Agents* regulation under the *Insurance Act*, (O. Reg 347/04 – see s. 17), adequately addresses the risk of consumer harm related to *advisor* conduct that you discussed, in particular risks related to incentives?

CAFII Response: No comment

- CCIR/CISRO Alignment
 - Do you support changes to, where possible, align provisions with CCIR / CISRO Fair Treatment of Customers guidance as part of principles-based redrafting of UDAP?

CAFII Response: CAFII strongly supports any effort to align relevant provincial/territorial Regulations and Rules, such as Ontario's UDAP provisions, with the CCIR/CISRO's "Guidance: Conduct of Insurance Business and Fair Treatment of Customers." Even small differences in language between different Regulations/Rules and regulatory guidance documents cause the industry to have to shift some resources and energy from protecting consumers, and ensuring their fair treatment, to version control between the different regulatory documents; and to internally-focused efforts, as opposed to customer-centric efforts.

- Other
 - Are there specific aspects of, or gaps in, the current UDAP regulation that we should consider, either in our Stage One work or a future phase?
 - Are there implementation considerations for a new FSRA UDAP Rule (e.g. required changes to industry-developed guidance) for the L&H industry that FSRA should be aware of?

CAFII Response: At this time, it is not clear how the new Rule will be enforced, and specifically what are the AMPs/fines or other tools that FSRA will use as sanctions against non-compliance. Further, it is not clear what appeal options will exist for a company found to be non-compliant with the Rule, and also what will be the process for bringing a violating company into compliance, e.g. whether the first step in addressing a first instance of non-compliance will be a warning.

Thanks,
Stuart

Stuart Wilkinson
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Briefing Note on a Read Only Agenda Item

CAFII Board Meeting 15 October 2020—Agenda Item 6g

CAFII Motion Graphic Website Video on Credit Protection Critical Illness Insurance and Disability Insurance; and New Website Vignettes and FAQs on CAFII Member Products

Purpose of this Agenda Item – Update

This is an update on enhancements to CAFII's website.

Background Information

CAFII has significantly advanced two key elements of its 2020 plan for enhancements to its website, working with consultant Operatic Agency (formerly RankHigher). A motion graphic video is being produced—motion graphics use more animation than our previous videos and we are entering into the development of the visuals, with the storyboard text having been approved by the EOC.

Three new FAQs have also been developed, and six FAQs now also have vignettes. A vignette is a short story about a person or family that creates a more personal way to explain a member product or service. These enhancements are now live on our website. An example of a vignette is set out below.



Ron is buying a home, and will need a mortgage to help pay for the purchase. So he applies for a mortgage at his financial institution.

As part of the application process, Ron is offered optional mortgage life insurance, a form of credit protection available for his mortgage. Ron is aware that the mortgage will likely be the largest debt that he and his family will ever have, and he's worried about whether his spouse and children would be able to continue paying off the mortgage and remain in the family home if he were to pass away.

So Ron applies for mortgage life insurance and is approved. This gives Ron the comfort of knowing that should he die, his mortgage balance would be paid off to the maximum specified in the certificate of insurance, and his family would be in a better financial position and able to continue living in their home.

Recommendation / Direction Sought – Update / Discussion

This is a Read Only update.

Attachments Included with this Agenda Item

No attachments.

Briefing Note for Read Only Agenda Item

CAFII Board Meeting 15 October 2020—Agenda Item 6h

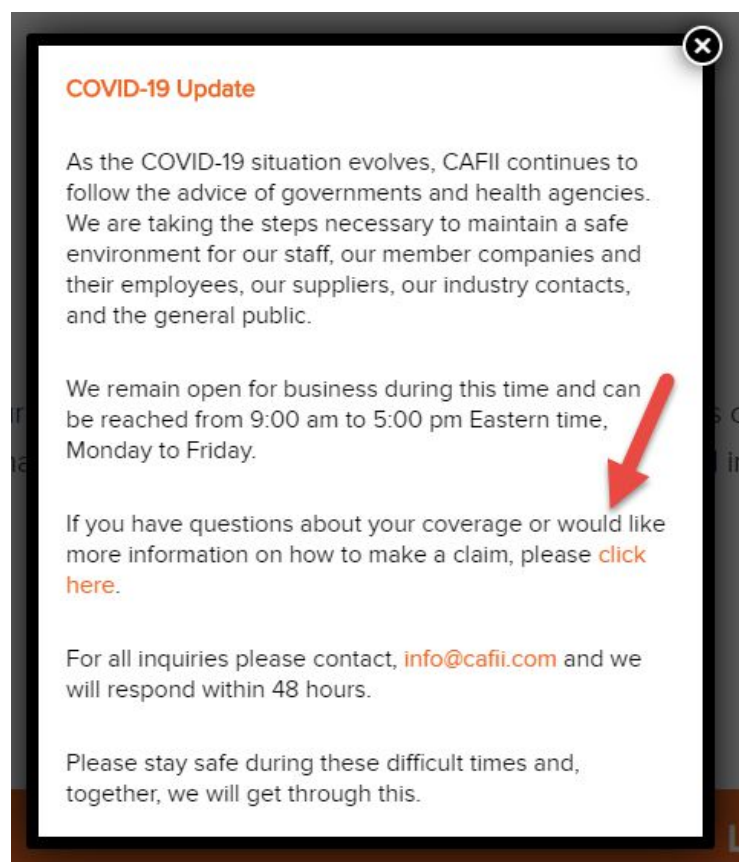
CAFII Website Enhancement to Effect Board Request Re Facilitating Consumers' Filing of Credit Protection Insurance and Travel Insurance Claims with CAFII Members

Purpose of this Agenda Item – Update

This is an update on enhancements to CAFII's website.

Background Information

CAFII has been working with its website consultant Operatic Agency (formerly RankHigher) on a new "claims page" that links to the claims sections of CAFII's members' websites. A link will be displayed in the CAFII COVID-19 pop-up box, for the duration of the pandemic (see below).



And, as well, the new page will be permanently displayed under the tab “Tools and Resources” on the Association’s website. This will provide easy access to our members’ claims sections for consumers seeking claims information; and it demonstrates the transparency and openness of our members to regulators and the public. We are making the final changes to the new section of the website and it should be “live” shortly.

Recommendation / Direction Sought – Update / Discussion

This is a Read Only update.

Attachments Included with this Agenda Item

No attachments.

Briefing Note for Read Only Agenda Item

**CAFII Board Meeting, 15 October, 2020—Agenda Item 6i
Repurposed CAFII 2020 Annual Members' Luncheon As October 21/20 Webinar, With FCAC Deputy
Commissioner Frank Lofranco As Guest Speaker/Presenter.**

Purpose of this Agenda Item – Update

This is an update about an upcoming CAFII webinar to replace the originally in-person 2020 Annual Members' Luncheon.

Background Information

Due to the pandemic, the Annual Members' Luncheon scheduled for March 26/20 was postponed. Upon rescheduling for October 21/20, FCAC Commissioner Judith Robertson also subsequently told us that FCAC Deputy Commissioner Frank Lofranco would be the speaker representing FCAC.

The details are now finalized, including usage of FCAC's preferred Microsoft teams virtual platform, and the invitations have been sent to CAFII members and Associates.

Recommendation / Direction Sought – Read Only Update

This is a read only update.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 6(i)
October 15/20 EOC Meeting

Repurposed CAFII 2020 Annual Members' Luncheon As October 21/20 Webinar,
With FCAC Deputy Commissioner Frank Lofranco As Guest Speaker/Presenter



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

Dear Brendan,

Save the Date and Time!

We are pleased to invite you to attend our upcoming *CAFII 2020 Annual Members' Luncheon Webinar* on

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

Wednesday, October 21, 2020
from 12:00 to 1:00 pm EDT
via Microsoft Teams

Frank Lofranco, the Financial Consumer Agency of Canada (FCAC)'s recently appointed Deputy Commissioner, Supervision and Enforcement, will describe the emerging regulatory environment taking shape as a result of the adoption of a new Financial Consumer Protection Framework in Canada's Bank Act. The framework is part of legislation that enhances the FCAC's mandate and sets a new, higher standard for fairness, transparency and product suitability that puts customers' interests at the heart of how banks do business.

Mr. Lofranco will outline how the Framework creates a more robust complaints-handling regime, among other new provisions that will impact the way banking products and services are offered and delivered. He will also look at best practices in managing sales practices risk in today's challenging marketplace.

A registration link for this Wednesday, October 21, 2020 CAFII webinar will be provided shortly via a follow-up invitation e-blast.

Should you wish to RSVP ahead of time, please email Martha Feenstra at events@cafii.com or call 416-494-9224, ext. 3.

We look forward to welcoming you to our upcoming CAFII 2020 Annual Members' Luncheon Webinar.

Sincerely,

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Briefing Note for Read Only Agenda Item

CAFII Board Meeting, 15 October, 2020—Agenda Item 6j Launch of Saskatchewan RIA Advisory Committee

Purpose of this Agenda Item – Update

This is an update on the development of a Saskatchewan RIA Advisory Committee.

Background Information

CAFII and CLHIA have been invited to propose candidates for the Saskatchewan RIA Advisory Committee.

CAFII's proposed candidates will be:

Moira Gill, TD Insurance;

Shawna Sykes, CUMIS/The Co-operators; and

Charles MacLean, RBC Insurance.

Recommendation / Direction Sought – Read Only Update

This is a read only update.

Attachments Included with this Agenda Item

No attachments.

Briefing Note for In Camera Session Agenda Item

CAFII Board Meeting, 15 October, 2020—Agenda Item 7a

In Camera Session—Board Feedback On Recently Implemented Briefing Notes-Driven Approach To CAFII Board Meetings and Materials.

Purpose of this Agenda Item – Discussion

This is an in-camera request for Board feedback.

Background Information

CAFII's Co-Executive Directors have been striving to improve the materials provided for Board meetings, based on Board member feedback. Among the feedback received was to provide short summaries on each Agenda item via a Briefing Note, including indicating what the Board is being asked to do.

The Board has now had several meetings where this briefing note approach has been used, and the Board is being asked for feedback. Are the Briefing Notes providing the right level of detail? Are there any changes that would make them better?

At this Board meeting, another change has been implemented—namely, not having verbal updates for items that are information-sharing-only in nature, and relegating those to a “read only” status. Has that change been beneficial in the Board's view?

Recommendation / Direction Sought

This is a request for feedback.

Attachments Included with this Agenda Item

No attachments.

Briefing Note for In Camera Session Agenda Item

CAFII Board Meeting, 15 October, 2020—Agenda Item 7b In Camera Session—Board Feedback on CAFII “Weekly Digests.”

Purpose of this Agenda Item – Discussion

This is an in-camera request for Board feedback.

Background Information

In order to reduce the number of separate emails sent to CAFII members, and in order to aggregate and categorize information being shared with CAFII members, individual “CAFII Alerts” were replaced 17 weeks ago by a “CAFII Alerts Weekly Digest.”

Do Board members like this new format? Is the information being included relevant and interesting?
Are all of the articles being included relevant to CAFII members, or are too many articles being included?

Recommendation / Direction Sought

This is a request for feedback.

Attachments Included with this Agenda Item

No attachments.

Briefing Note for In Camera Session Agenda Item

CAFII Board Meeting, 15 October, 2020—Agenda Item 7c

**In Camera Session—Board Feedback On CAFII Quarterly CPI Benchmarking Study with RSM Canada;
and Launch Timing of Desired CAFII Working Group on Enhancements to CPI Benchmarking Study.**

Purpose of this Agenda Item – Discussion

This is an in-camera request for Board feedback.

Background Information

The Board asked CAFII to launch the new CAFII Quarterly CPI Benchmarking Study with RSM Canada as a replica of a former CBA study, and not to delay its launch with any enhancements initially.

After the study had several quarterly reports released and the process was then well-understood and no longer new, it was felt that data enhancements could be explored.

Three quarterly reports have now been released, covering a nine-month period.

CAFII's Co-Executive Directors recommend that the time is therefore right for the launch of a "CAFII Quarterly CPI Benchmarking Study Data Enhancement Working Group." However, CAFII members are reporting being particularly stretched with work responsibilities during the COVID-19 pandemic — so the Board may wish to discuss whether it feels there is capacity among the membership to embark on this initiative at this time.

Recommendation / Direction Sought

This is a request for feedback.

Attachments Included with this Agenda Item

No attachments.

Briefing Note for In Camera Session Agenda Item

CAFII Board Meeting, 15 October, 2020—Agenda Item 7d

**In Camera Session—Plans For CAFII “Event” Immediately Following December 1/20 Board
Teleconference Meeting: Webinar With Speaker/Panelists?; Holiday Season Virtual Reception?;
Neither?**

Purpose of this Agenda Item – Discussion

This is an in-camera request for Board feedback.

Background Information

With in-person Receptions on hold due to COVID-19, CAFII will need to take a new approach to the annual Year-End/Holiday Season Reception which this year would have followed the upcoming 1 December, 2020 Board meeting.

The Board is being asked how it would like to handle the post-Board meeting Reception on 1 December, 2020:

- Have a speaker/panelist?;
- Have a virtual Holiday Season Reception?;
- Not have any post-Board meeting activity on 1 December, 2020.

Recommendation / Direction Sought

This is a request for feedback.

Attachments Included with this Agenda Item

No attachments.