

CAFII Board of Directors Meeting

Date: Monday, October 23, 2017
Location: Desjardins Financial Security
 150, rue des Commandeurs, 15th flr, Lévis, QC

Chair: P. McCarthy
Time: 2:20 – 4:15 p.m.
Dial-in: 416-764-8662 or 1.888-884-4534
 Participant: 4532491#|Host: 5829171#

Agenda

Item	Presenter	Document	Action
1. Call to Order, Meeting Confirmation, & Governance Matters <i>2:20 p.m.</i> 1.1. Approval of Agenda 1.2. Appointment of a CAFII Director 1.3. Debrief on Liaison Lunch and Industry Issues Dialogue with AMF Staff Executives	P. McCarthy	✓	Approval Discussion
2. Consent Items <i>2:30 p.m.</i> 2.1. Draft Board Meeting Minutes, June 6, 2017 2.2. Financial Statements as at September 30, 2017 2.3. Summary of Board & EOC Action Items 2.4. Balanced Scorecard 2.5. Regulatory Update 2.6. Regulator and Policy-Maker Visit Plan	P. McCarthy T. Pergola	✓ ✓ (2) ✓ ✓ ✓ ✓	Approval Approval Receipt Receipt Receipt Receipt
3. Regulatory <i>2:35 p.m.</i> 3.1 Alberta Authorization of CI Sales Under an RIA Certificate 3.2 Insurance Regulator and Policy-Maker Visits in BC, Alberta, and Manitoba, October 17-19/17 3.3 Stakeholder Meeting With CCIR, October 25/17 3.4 Meeting With Insurance Councils of Saskatchewan & CLHIA, October 27/17 3.5 Consultations/Submissions Timetable i. AMF Issues Paper on “Managing Conflict Of Interest In Relation To Incentives” ii. BC Ministry of Finance 10-Year Review of FIA iii. Quebec Omnibus Bill on Financial Sector Modernization iv. CCIR Annual Statement on Market Conduct v. CCIR Travel Health Insurance Products Position Paper vi. Saskatchewan Insurance Act/Regulations	B. Wycks B. Wycks/K. Martin/P. Thorn B. Wycks K. Martin R. Beckford/B. Wycks B. Wycks R. Beckford/B. Wycks R. Beckford/B. Wycks S. Manson/K. Martin R. Beckford/B. Wycks	✓ ✓ ✓ ✓	Update Update Update Update Updates
4. Strategy <i>3:05 p.m.</i> 4.1 Proposed CAFII 2018-2020 Strategic Plan 4.2 Media Strategy Pre-Approved Op-Ed Responses 4.3 CAFII Website Launch Date Proposal and Related Press Release 4.4 New CAFII Website Demonstration	K. Martin K. Martin K. Martin D. Moorcroft/K. Martin	✓ ✓ (2) ✓ (2)	Discussion Approval Approval Presentation
5. Other Business <i>3:50 p.m.</i> 5.1 New CAFII Associate: DGA Careers 5.2 Next CAFII Board Meeting: November 28/17 In Toronto	B. Wycks	✓	Updates
6. In-Camera Session <i>3:55 p.m.</i> 6.1 Re-Evaluation of CAFII Administrative Support Model 6.2 Proposal to Strike CAFII Task Force To Review Member Dues Policy	K. Martin/B. Wycks/P. Thorn P. McCarthy		Update Discussion

Next Board Meeting: November 28/17, 3:00 to 5:00 p.m., at CIBC Insurance, 25 King St., 7th floor, Commerce Court North, Toronto; followed immediately by CAFII Holiday Season/Year-end Networking Reception, 5:00 to 7:30 p.m., hosted by CIBC Insurance at Canoe Restaurant, TD Bank Tower, 66 Wellington St. West, 54th Floor, Toronto

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

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

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

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

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

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

1.1. CAFII Competition Guidelines

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

1.2. Approval of Agenda

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The Meeting Agenda be and is approved as presented.

1.3. Election of 2017-18 CAFII Officers

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

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

Chair: Peter McCarthy, Bank of Montreal, BMO Insurance

Vice-Chair: To Be Appointed At A Future Date

Secretary & EOC Chair: Eleanore Fang, TD Insurance

Treasurer: Tony Pergola, ScotiaLife Financial

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

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

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

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

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

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

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

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

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

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

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

2. Consent Items

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

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

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

IT WAS FURTHER RESOLVED that:

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

3. Financial

3.1. Financial Statements as at May 31, 2017

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

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

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

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

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

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

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

3.2. Appointment of CAFII Cheque Signing Authorities

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

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

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

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

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

4. Regulatory

4.1 Consultations/Submissions Timetable

i. BC FICOM 10-year Review of FIA

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

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

ii. Quebec Omnibus Bill on Financial Sector Modernization

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

iii. CCIR Annual Statement on Market Conduct

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

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

iv. CCIR Travel Health Insurance Products Position Paper

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

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

v. Saskatchewan Insurance Act/Regulations

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

4.2 Alberta Authorization of CI Sales Under an RIA Certificate

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

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

4.3 Meeting With Saskatchewan Finance Minister, June 1/17

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

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

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

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

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

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

4.4 Meeting With Saskatchewan FCAA, June 1/17

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

4.5 Presentation To CISRO, June 2/17

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Strategy

5.1 CAFII Strategic Plan Development

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

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

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

5.2 Revised CAFII Media Protocol

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

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

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

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

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

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

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

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

5.3 Extension of Media Consultant Retainer

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

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

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

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

6. Committee Reports Addressing CAFII Priorities:

6.1 Market Conduct

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

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

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

6.2 Media Advocacy

i. CAFII Website Modernization

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

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

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

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

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

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

6.3 Licensing Efficiency Issues

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

i. First Meeting of FSCO Life Insurance Industry Working Group

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

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

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

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

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

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

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

6.4 Research & Education

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

6.5 Travel Medical Experts

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

7 7. Other Business

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

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

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

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

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

8 In Camera Session

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

9. In-Camera Session

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

Date

Board Chair

Recording Secretary

**Analysis and Forecast Based On CAFII Financial Statements As At September 30, 2017;
and Important Future-Related Considerations**

Prepared by Co-Executive Director Brendan Wycks, on behalf of Treasurer Tony Pergola

For the month of September, CAFII had a current month deficit of \$8,435, a positive variance performance to our budgeted and expected monthly deficit of just over \$16,000 (based on budgeted 2017 fiscal year deficit of \$193,268).

Looking at our financial position with nine months of the fiscal year completed and forecasting forward to the end of the year, it appears that we will conclude 2017 with a deficit of approximately \$147,000, i.e. a positive variance of just over \$46,000 as compared to the deficit budgeted for the year.

From a Balance Sheet perspective, CAFII is in healthy financial shape at this time – with a bank balance of \$380,000 and Total Unrestricted Net Assets of \$270,814. That level of financial reserves represents 36% of Annual Operating Expenses, which is very close to the mid-point and sweet spot in our target range of having reserves which constitute between 25% and 50% of Annual Operating Expenses.

However, by the end of the current fiscal year, our Unrestricted Net Assets are projected to decline to approximately \$234,000 or 31% of Annual Operating Expenses. While that level of financial reserves will certainly put the Association in a more comfortable position than would having reserves of 25% of Annual Operating Expenses -- which we were originally anticipating based on the Board-approved 2017 Operating Budget – it in no way alters the fact that the Association faces some tough financial decisions ahead.

Board and EOC members will recall that at its November 29, 2016 meeting, the Board decided

- to move to a two Co-Executive Directors staffing model;
- and, in order to fund the additional staff executive position, to
- increase Member dues in 2017 by 25% over 2016 levels; and
 - increase Member dues in 2018 by a further 25% over 2017 levels, after a review of the necessity and merits of that decision during the 2018 budget development process.

As will be elaborated upon below, based on CAFII's current financial situation and the related Strategic Plan approval decision which the Board will be called upon to make, it is quite possible that a Member dues increase of greater than 25% will be required for 2018.

With the loss of a Member of the Association (National Bank Insurance) and two Associates (Aimia, Laurentian Bank of Canada, and CSI Brokers Inc. lost; but offset by the gain of DGA Careers as new Associate), CAFII took in \$68,000 less in Member/Associate dues revenue than was budgeted for 2017.

And while tempered spending is producing a lower than expected deficit and leading to a modestly more comfortable financial reserves situation at the end of the current fiscal year, the loss of that \$68,000 in Member/Associate dues makes the revenue side of the ledger all the more challenging for 2018 and beyond.

The challenging budgetary decisions ahead also include the likelihood that the Association's proposed new Strategic Plan will require increased funding to be operationalized – more money on the Expenses side of the ledger for investments in strengthened regulator and policy-maker relationship-building; additional research; ongoing website enhancements; expanded media relations/outreach; and potentially new education and thought leadership initiatives.

Our 2018 budget development process begins immediately now. It will unfold throughout the month of November and, if necessary, continue into the month of December. We will be reaching out, as per usual, to each Committee Chair for budget input with respect to spending plans for the next year in their portfolio's area of activity.

The plan is to present the Board with a few 2018 Operating Budget options, for review and approval at its upcoming November 28/17 meeting.

CAFII

21 St Clair Ave East, Suite 802
Toronto, ON M4T 1L9

Balance Sheet As at September 30, 2017

ASSETS	Current 2017	Year End 2016
Current Assets		
Bank Balance	\$379,973	\$322,192
Investments ^A	\$0	\$54,077
Accounts Receivable	\$0	\$0
Interest Receivable	\$0	\$109
Prepaid Expenses	\$4,492	\$17,856
Computer/Office Equipment	\$8,014	\$2,334
Accumulated Depreciation -Comp/Equip	(\$3,108)	(\$1,906)
Intangible Assets-Trademarks	\$0	\$0
Accumulated Amortization-Trademark	\$0	\$0
Total Current Assets	\$389,371	\$394,661
TOTAL ASSETS	\$389,371	\$394,661
LIABILITIES		
Current Liabilities		
Account Payable ^B	\$0	\$13,903
Deferred Revenue	\$118,556	\$0
Total Current liabilities	\$118,556	\$13,903
TOTAL LIABILITIES	\$118,556	\$13,903
UNRESTRICTED NET ASSETS		
Unrestricted Net Assets, beginning of year	\$380,758	\$358,991
Excess of revenue over expenses	(\$109,943)	\$21,767
Total Unrestricted Net Assets	\$270,814	\$380,758
Total Unrestricted Net Assets	\$270,814	\$380,758
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$389,371	\$394,661

Financial Reserves Targets as per 2017 Budget:

Minimum 3 months (25%) of Annual Operating Expenses=	\$ 188,161
Maximum 6 months (50%) of Annual Operating Expenses=	\$ 376,322
Current Level of Financial Reserves (total unrestricted net assets):	\$270,814
Current Level of Financials Reserve (%) :	36%

CAFI
21 St Clair Ave east, Suite 802
Toronto, ON, M4T 1L9
Balance Sheet Items
As at September 30, 2017

Item A

Investment Portfolio

Investment Type	Issue Date	Principal	Rate	Deemed Interest	Maturity Date
Cashable GIC #0087-8019718-13	June-16-16	\$0.00	0.40%	\$0.00	June-16-18
Total		\$0.00		\$0.00	

Item B

Accounts Payable

Total outstanding: **Total**
0.00

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Statement of Operations As at September 30, 2017

	Current Month	Current YTD	Budget YTD	Budget 2017	YTD % Used
Revenue					
Membership Fees	39,519	355,669	419,344	559,125	85%
Interest Revenue	-	126	188	250	67%
TOTAL REVENUE	39,519	355,795	419,531	559,375	85%
Expenses					
Management Fees	36,912	331,224	375,086	500,115	88%
CAFII Legal Fees/Corporate Governan	-	2,735	5,250	7,000	52%
Audit Fees	-	271	10,920	14,560	2%
Insurance	437	3,929	4,125	5,500	95%
Website (incl translation)	-	33,229	25,275	33,700	131%
Telephone/Fax/Internet	771	3,615	3,750	5,000	96%
Postage/Courier	17	261	281	375	93%
Office Expenses	191	717	2,475	3,300	29%
Bank Charges	-	13	30	40	42%
Miscellaneous Expenses	-	355	-	-	
Amortization Expense	-	-	-	-	
Depreciation Computer/Office Equipm	134	1,202	351	468	342%
Board/EOC/AGM					
Annual Members Lunch	-	10,247	9,900	13,200	104%
Board Hosting (External)	-	-	11,250	15,000	0%
Board/EOC/Meeting Expenses	2,587	15,981	8,250	11,000	194%
Industry Events	-	36	1,500	2,000	2%
EOC Annual Lunch	-	8	1,650	2,200	0%
Sub Total Board/EOC/AGM	2,587	26,272	32,550	43,400	81%
Provincial Regulatory Visits	2,946	6,249			
Research/Studies	50	50	6,000	8,000	1%
Regulatory Model(s)	-	3,700	37,500	50,000	10%
Federal Financial Reform	-	-	15,000	20,000	0%
Media Outreach	3,766	24,106	1,500	2,000	1607%
Marketing Collateral	-	-	15,000	20,000	0%
Tactical Communications Strategy	-	379	5,250	7,000	7%
Media Relations, CAFII Consultant	136	136	-		
Networking Events	-	350			
Speaker fees & travel	-	-	3,000	4,000	0%
Gifts	7	452	375	500	120%
Sub Total Networking & Events	7	452	3,375	4,500	13%
20th Anniversary Event	-	26,495	20,764	27,685	128%
TOTAL EXPENSE	47,953	465,738	564,482	752,643	83%
NET INCOME	(8,435)	(109,943)	(144,951)	- 193,268	76%

Explanatory Notes:

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

CAFII

21 St Clair Ave East, Suite 802
Toronto, ON M4V 2Y7

Membership Fees

As at September 30, 2017

	<u>Jan-17</u>		<u>Jul-17</u>	
	<u>Billed</u>	<u>Received</u>	<u>Billed</u>	<u>Received</u>
BMO Bank of Montreal	\$ 29,375.00	31-Mar-17	\$ 29,375.00	28-Aug-17
CIBC Insurance	\$ 29,375.00	17-Mar-17	\$ 29,375.00	18-Aug-17
RBC Insurance	\$ 29,375.00	16-Mar-17	\$ 29,375.00	10-Aug-17
ScotiaLife Financial	\$ 29,375.00	10-Mar-17	\$ 29,375.00	4-Aug-17
TD Insurance	\$ 29,375.00	3-Mar-17	\$ 29,375.00	28-Jul-17
National Bank Insurance Company				
Desjardins Financial Security Life Assurance Company	\$ 14,687.50	22-Aug-17	\$ 14,687.50	22-Aug-17
AMEX Bank of Canada	\$ 14,687.50	17-Mar-17	\$ 14,687.50	28-Jul-17
Assurant Solutions	\$ 14,687.50	28-Feb-17	\$ 14,687.50	4-Aug-17
Canadian Premier Life Insurance Company	\$ 14,687.50	10-Mar-17	\$ 14,687.50	11-Aug-17
Cumis Group Ltd/Co-operators Life Insurance Co.	\$ 16,596.88	10-Mar-17	\$ 12,778.12	18-Aug-17
Willis Towers Watson	\$ 4,800.00	17-Mar-17		
Aimia				
Collins Barrow Toronto Actuarial Services	\$ 4,800.00	17-Mar-17		
CSI Brokers Inc.				
KPMG LLP	\$ 4,800.00	17-Mar-17		
Laurentian Bank of Canada				
Munich Reinsuranace Company Canada Branch (Life)	\$ 4,800.00	31-Mar-17		
Optima Communications	\$ 4,800.00	13-Apr-17		
RGA Life Reinsurance Company of Canada	\$ 4,800.00	10-Mar-17		
The Canada Life Assurance Company	\$ 4,800.00	17-Mar-17		
January Invoices	\$255,822		\$218,403	
July Invoices		\$218,403		
Total Membership Fees	\$474,225			
Total amount to realocate monthly Jan-Dec	\$39,518.75			

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status 15-Sept-2017
		CCIR			
1	EOC August 22, 2017	<ul style="list-style-type: none"> Follow up with Martin Boyle about (a) tweaks to the Annual Statement on Market Conduct; and (b) a CAFII meeting with TIWG representatives about the Travel Health Insurance Products Position Paper 	Brendan	15-Sep-17	Complete
		BC Ministry of Finance & FICOM Regulatory Issues			
2	EOC Feb 16, 2016	<ul style="list-style-type: none"> Investigate opportunities to engage with BC Ministry of Finance to provide information and find out more about what will be included in the Policy Paper to be released in late 2016. 	Brendan	Ongoing	In progress
		Alberta Critical Illness Insurance Issue			
3	EOC February 21, 2017	<ul style="list-style-type: none"> Contact J. McCutcheon to ask her to review the definition of Creditors' Critical Illness Insurance approved by the Alberta LIC to ensure there are no issues with it from an industry-wide perspective. 	Brendan	28-Feb-17	Deferred
		Saskatchewan Insurance Regulations Issues			
4	EOC July 25, 2017	<ul style="list-style-type: none"> Perform an analysis comparing the final version of the New Saskatchewan Insurance Act and Regulations compared to the initial draft and recommendations made by CAFII 	Brendan	30-Sep-17	In progress
		Ontario Ministry of Finance & FSCO/FSRA Regulatory Issues			
5	EOC July 25, 2017	<ul style="list-style-type: none"> Review and provide feedback on CAFII draft submission to S. Roberts, Director, FSRA Implementation Secretariat 	All EOC	27-Jul-17	Complete
6	Board June 6, 2017	<ul style="list-style-type: none"> Proceed with an informal discussion through M. Gill – asking for a clarification on what FSCO is trying to achieve with its proposed questionnaire for the insurance arms of banks. 	Moira, John, Keith, Brendan	26-Jun-17	Complete
7		<ul style="list-style-type: none"> Consider sending a letter to FSCO offering to assist in designing its proposed questionnaire. 	Keith, Brendan	30-Jun-17	Complete; offer to assist extended verbally in meeting with A. Monid
		Quebec Ministry of Finance & AMF Regulatory Issues			
8	EOC August 22, 2017	<ul style="list-style-type: none"> Access the 2012 CCIR study to determine if there is anything within it that could be used as content in CAFII's submission; and, if so, to provide it to the Market Conduct Committee 	Brendan	8-Sep-17	Complete
9		<ul style="list-style-type: none"> Review the documents tabled at this meeting related to the AMF consultation and provide submission input comments to either R. Beckford or B. Wycks 	All EOC	8-Sep-17	Complete
10		<ul style="list-style-type: none"> Schedule two (2) Market Conduct Committee teleconference meetings, to provide input for CAFII's submission to the AMF; and to review an advanced draft 	Caroline	1-Sep-17	Complete
11		<ul style="list-style-type: none"> Search for a copy of 2005 CCIR conflicts of interest paper and forward a copy to B. Wycks; so that if there is content therein that is relevant to CAFII's submission, the paper can be shared with Market Conduct Committee members 	Caroline	8-Sep-17	Complete
12	Board June 6, 2017	<ul style="list-style-type: none"> Consider moving the October 3/17 CAFII Board meeting to Québec City; and contact the AMF and ask if they would like CAFII to move the date to October 2/17 or October 4/17 to accommodate their schedules. 	Brendan	23-Jun-17	Complete
13	EOC May 23, 2017	<ul style="list-style-type: none"> Contact E. Stevenson and/or Patrick Déry of the AMF to obtain advice on whether CAFII should send a communication to the Quebec Ministry of Finance requesting that a consultation period be held on the Omnibus Bill 	Keith, Brendan	20-Jun-17	Complete
		Finance Canada Regulatory Issues			
14	Board Nov 29, 2016	<ul style="list-style-type: none"> Monitor Canadian Bankers Association's plans and actions for seeking redress with Finance Canada re deficiencies in Bill C29, Budget Implementation Act's Consumer Framework related to creditor insurance and standalone insurance products. 	Brendan	Ongoing	In progress

	Source	Action Item	Responsible	Deadline	Status 15-Sept-2017
Regulator and Policy-Maker Meetings					
15	Board June 6, 2017	• Canvas CAFII EOC and Board members to determine representatives for BC, Alberta, and Manitoba regulator and policy-maker meetings.	Brendan	26-Jun-17	Complete
16	EOC April 25, 2017	• Prepare and present proposal for an Atlantic Canada Regulators and Policy-Makers Visits Tour in the Fall of 2017	Brendan	31-Aug-17	Deferred
Association Strategy and Governance					
17	EOC June 20, 2017	• Review "Candidate Profile: CAFII Board Chair" and "Reverse Chronology CAFII Board Chair, Board Vice-Chair, EOC Chair, and Treasurer Appointees" and discuss with own CAFII Board member the possibility of his/her being a nominee for the CAFII Board Chair or Vice-Chair roles, for a 1 or 2 year appointment.	All EOC	05-Sep-17	In progress
18	EOC May 23, 2017	• Discuss with E. Fang and D. Quigley the process and next steps for identifying and recruiting new members for the Research and Education Committee	Keith, Diane	28-Jun-17	Complete
Association Media and Communications					
19	Board June 6, 2017	• Circulate the link to the modernized website for Board and EOC members to review and provide feedback	Keith	23-Jun-17	In progress
20		• Draft ten versions of CAFII responses to negative and/or inaccurate media columns/articles, to present to the EOC and the Board	Keith	31-Aug-17	Complete
Association Administration					
21	EOC July 25, 2017	• Poll the Board and EOC to determine if dates during the last two weeks of October may work as an alternative to October 3/17	Emily, Brendan	15-Aug-17	Complete
22		• Connect with alternate contact at Sigma Loyalty group to inquire whether they would be interested in CAFII membership	Keith, Brendan	15-Aug-17	Complete
23		• Prepare a benefits package on the value proposition of CAFII Membership for Laurentian Bank to review as a prospective applicant for CAFII membership in 2018.	Brendan, Keith	20-Oct-17	Complete
24		• Add review of CAFII membership dues policy to in camera agenda for October 2017 Board meeting agenda	Brendan, Keith	15-Oct-17	In progress
25		• Review list of CAFII initiatives to ensure they are on budget in terms of seasonality	Tony, Senait	19-Sep-17	Complete
26	EOC June 20, 2017	• Review the mandate of the CAFII Networking and Events Committee; solicit/recruit interest, as necessary; and propose 3-5 volunteers -- from among current EOC member or other individuals from member organizations -- to reconstitute and reactivate the Committee.	All EOC	24-Oct-17	In progress

CAFII - 2017 Co-Executive Directors Balanced Scorecard

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

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

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

Regulatory Update – CAFII Board of Directors and Executive Operations Committee, October 20, 2017

Prepared By Brendan Wycks, CAFII Co-Executive Director

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Federal/National

Canadian Council of Insurance Regulators (CCIR)

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

The Canadian Council of Insurance Regulators (CCIR) published its new strategic plan for the years 2017 to 2020 on June 27/17.

In its new Plan, CCIR says it will develop an annual cooperative supervisory plan to conduct thematic and insurer-specific reviews across provinces and territories.

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

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

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

Canadian Life and Health Insurance Association (CLHIA)

CLHIA Urges Ottawa To Allow Insurers More Freedom On Technology

The Canadian Life and Health Insurance Association is urging the federal government to provide insurance companies with greater flexibility to invest in technology and to commercialize innovations in its submission to the Department of Finance Canada's review of the federal financial services sector.

Specifically, the CLHIA lauds the steps the government is taking to clarify and modernize the framework around the type of technology activities and investments that insurers are permitted to undertake. The CLHIA suggests that the life insurance industry could benefit from expanded capability to invest in technology.

"Greater investment and partnerships with fintechs and other innovative firms will allow life insurance companies to better serve our customers and meet the changing preferences and demands of the Canadian marketplace," the Association's submission states.

Although insurers are investing in technology increasingly to make their businesses more efficient and to meet changing client expectations, they're restricted from selling or licensing this technology to companies outside of the financial services sector under the current framework, the Association notes.

"Insurers should be permitted to commercialize innovations outside the realm of financial services," the CLHIA's submission recommends.

As examples, the CLHIA suggests that if an insurer had developed an online game to promote financial literacy, or a tool to facilitate compliance with anti-money laundering legislation, the company should be able to license those products to a third party for commercialization.

The CLHIA also calls for more flexibility in the legislation to take into account the rapid pace of technological change. Under the current framework, insurers must receive written approval from the federal finance minister prior to making certain technological investments.

"The process to seek Ministerial approval can be slow and cumbersome, which can be problematic given the rapid pace of new technology," the CLHIA's submission states. "In order to encourage innovation in a timely manner in the financial services sector, the industry recommends a carve-out for fintech, whereby insurers do not require Ministerial approval prior to engaging in innovative activities."

Independent Financial Brokers of Canada (IFBC)

IFBC Implores Ottawa To Take Steps To Help Smaller Firms

The federal government needs to take action to help independent financial services firms compete against the increasingly dominant big banks in Canada as well as to improve consumer protection, Independent Financial Brokers of Canada (IFB) argues in a recent submission to the federal Department of Finance Canada.

Notably, the IFB expresses its support for the government's intention to consider proportionality in the development of policy and regulation in its submission to Finance Canada on the department's review of the federal financial services sector framework.

The financial services sector's growing regulatory responsibilities are placing smaller businesses at a competitive disadvantage to their larger counterparts, the IFB argues in its submission.

"IFB members must compete with large, vertically integrated financial institutions — like banks and insurance companies — for clients," the submission says. "However, today, the increasing regulatory burden and dominance of large financial institutions is reducing the ability of independent firms to remain competitive."

The growing costs and efforts associated with compliance, the IFB's submission states, are taking away from the amount of time and resources that independent advisors can devote to their clients.

The increasing dominance of the big banks, in general, also poses a challenge for small, independent players in the financial services sector — as well as jeopardizing consumer protection, the IFB suggests in its submission.

"Today, we have a financial services landscape increasingly dominated by six large banks," the IFB's submission states. "This domination extends to all aspects of the financial services industry — banking, securities, even insurance — while delivering services to consumers that, at best, have been shown to lack transparency."

For example, in the securities dealer space, the IFB notes that the presence of the banks has led to a drastic decline in the number of independent firms. Furthermore, the IFB suggests that it's often not clear to consumers whether they're dealing with a bank branch or a representative of the bank's securities arm.

Also "troubling," according to IFB, have been recent cases involving the banks in which clients have been overcharged over the course of many years, leading to "no-contest" settlements with the Ontario Securities Commission.

The review of the financial sector framework, currently underway at Finance Canada, represents an opportunity for the government to strengthen consumer protection, the IFB says. "Canada's lack of a statutory financial consumer protection policy, in comparison to some other countries," the IFB's submission concludes, "has been cited as a fundamental weakness in oversight."

British Columbia

Janet Sinclair Appointed New Executive Director of Insurance Council Of BC

In October, the Insurance Council of BC announced that Janet Sinclair will become its new Executive Director, succeeding Gerry Matier who is retiring as the Council's chief executive at the end of 2017. Her first day in her new job will be November 1/17.

Ms. Sinclair has a strong background in regulatory affairs, having most recently been the Chief Operating Officer of the Association of Professional Engineers and Geoscientists of British Columbia. Council Chair Michael Connors said that her strong background, with over 16 years of regulatory and management experience, will be a huge asset to Council as it implements its new strategic plan. While Ms. Sinclair has no direct insurance industry experience, she comes from a family of general insurance professionals.

Insurance Council Of BC Suspends 21 Surrey Life Insurance Agents

In early October, the Insurance Council of BC announced that twenty-one (21) life insurance agents in Surrey were under investigation for allegedly colluding to cheat on their Life Life Qualification Program (LLQP) modular exams.

Insurance Council Executive Director Gerry Matier said that an audit of exams written over the past year found a highly dubious distribution of multiple-choice exams with near-identical right and wrong answers. The set of suspiciously similar answers were written between October 2016 and June 2017.

The Council's investigation into the matter revealed that those exams were all written by agents affiliated with a particular Surrey branch of World Financial Group. Matier declined to reveal which branch was involved.

"So many people coming from the same location having pretty well the exact same answers — particularly on the ones that were wrong — that's what kind of makes it look very unusual," he said. "We've never encountered it before.... we've caught the odd person cheating, but we've never found it at this level where there appears to be collusion involving more than one person."

Matier believes that the cheating, while a low-tech effort, was co-ordinated. The Insurance Council suspects that one person took the exams first, memorized what he/she had answered, then gave the sequence to the other alleged cheaters.

There are four versions of the licensing exams, which means one or more people were involved in the scheme. The cheating scheme, however, was not foolproof. Some of the test-takers used the wrong answer sequences on some sections of their exams, Matier noted.

The agents accused of cheating are entitled to hearings to prove that they did not cheat — those who cannot prove their innocence will lose their licenses.

Saskatchewan

Premier Candidate Vows To Rescind Provincial Sales Tax On Insurance Premiums

Meadow Lake MLA Jeremy Harrison has revealed that if he wins the Saskatchewan Party leadership, he would roll back the provincial sales tax (PST) levied on insurance premiums.

Harrison had originally supported the tax, which was part of the March 22 provincial budget. However, he claimed he has changed his tune on the policy after hearing feedback from the public. “Many individuals use life insurance as a savings mechanism, while others use it as a way to transition their small business from one generation to the next,” he said in a news release. “Insurance is often another way of saying ‘savings.’”

Harrison also added that the 6% PST rate is also affecting farmers. “Many producers expect to see thousands, if not tens of thousands, in increased insurance costs for crop insurance, for instance,” he noted.

Quebec

Finance Minister Tables Omnibus Bill 141 To Modernize Financial Services Sector

On October 5/17, Quebec Finance Minister Carlos Leitão introduced a long-awaited omnibus Bill in the National Assembly to improve the framework for Quebec's financial sector and strengthen protection of consumers.

Bill 141, An Act to substantially improve the supervision of the financial sector, the protection of deposits of money and the functioning of financial institutions, is a follow-up to recent reviews of various Acts governing the industry.

Most importantly for CAFII members, Bill 141 introduces a framework for the online distribution of insurance products “in order to offer Quebecers the opportunity to transact within a regulatory framework which protects them”; and, in addition, the structure of the framework for the distribution of financial products and services will be revised “to improve its effectiveness and better protect the public and strengthen its confidence in the system.”

Among the proposed changes, the AMF Act would become the Financial Sector Supervision Act; and an advisory committee of consumers and users of financial products and services would be established. Amendments would also be made to the Act to improve the accessibility and effectiveness of the Administrative Tribunal for Financial Markets. To increase the protection of investors against fraud, the Financial Services Compensation Fund would have its coverage expanded and compensation decisions would be approved by an independent compensation committee.

The Insurance Act and the Act respecting trust companies and savings companies would also be replaced in order to update the law relating to the internal operation of these financial institutions and the supervision of their operations.

In addition, the laws governing Mouvement Desjardins would be reviewed in order to adapt it to international rules aimed at institutions of systemic importance.

With the proposed changes, the government intends to strengthen its existing provincial regulatory model which is based on an integrated regulator (the AMF) with a comprehensive view of the activities of financial sector stakeholders and providing a one-stop shop for consumers to handle complaints.

"The proper functioning of the financial sector must be based on modern laws leading to effective supervision that takes account of business developments and reinforces public confidence. It is in this spirit that we have drafted this Bill, which proposes the revision of all the laws of the financial sector in an integrated and coherent way. The interests of consumers and their protection have been at the centre of our concerns throughout the preparation of this Bill," Minister Leitão said.

Research, Thought Leadership, and Innovation

Boston-Based FinTech Sandbox To Expand Its Model Into Ontario

Toronto-based Ontario Centres of Excellence Inc. (OCE) and Boston-based FinTech Sandbox signed a memorandum of understanding (MOU) in June to collaborate and expand the FinTech Sandbox model into Ontario. As a part of the agreement, OCE, a member of the Government of Ontario-funded Ontario Network of Entrepreneurs, will provide initial access to FinTech Sandbox in Ontario for qualifying financial technology (fintech) small and medium enterprises (SMEs) and start-ups at no cost, including those located at incubators and accelerators throughout the province.

The partnership between OCE and FinTech Sandbox, a nonprofit that promotes fintech innovation globally, will establish a shared resource to promote fintech. It will also provide the Ontario-based fintech start-ups and SMEs that meet eligibility criteria to participate in the FinTech Sandbox with free access to data feeds for development, cloud hosting and an opportunity to engage with a diverse network of fintech entrepreneurs and finance professionals.

CAFII Regulator and Policy-Maker Visit Plan 2017-18

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 20/17
British Columbia				
Insurance Council of BC: Gerry Matier, Executive Director (outgoing)	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -June 2/17 CAFII presentation to CISRO in Saskatoon -May 5/17 liaison breakfast in London, Ontario -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session -Feb. 27/15 liaison breakfast in Toronto	None at this time	-Council's current view on 10-Year Review of Financial Institutions Act -Representation of alternate distribution/non-resident sellers on Council -Update on Council priorities	
Janice Sinclair, Executive Director (incoming on November 1/17)	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	None at this time		
FICOM: Frank Chong, Acting Superintendent of Financial Institutions (effective August 1/16)	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Nov 10/15 in Vancouver re CGI Information Bulletin	None at this time	-FICOM Information Bulletin on CGI ('effecting' of CGI in BC issue: ED and EOC to monitor re need for meeting/ dialogue around any member or industry issues re compliance with CGI Info Bulletin -Monitoring for appt. of interim or permanent FICOM CEO successor -10 yr. Review of BC Financial Institutions Act (if appropriate)	
Doug McLean, Deputy Superintendent of Insurance	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	None at this time	-See F. Chong above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 20/17
Chris Carter, Acting Superintendent, Real Estate and Acting Registrar, Mortgage Brokers (effective August 1/16)	-April 14/16 teleconference re CAFII follow-up letter - Follow-up letter, seeking clarification on CGI Info Bulletin key issues, sent March 15/16 - Nov 10/15 in Vancouver re CGI Information Bulletin	None at this time	-See F. Chong above	
Michael McTavish, Acting Executive Director, Market Conduct (joined FICOM in Spring 2017) Lorena Dimma, Director, Market Conduct (assuming Harry James' former policy advisor role re 'effecting' of CGI issue)	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin	None at this time None at this time	-See F. Chong above	
Harry James, Senior Regulatory Advisor (Chair of CCIR's Travel Insurance Working Group)	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -Dec. 8/16 cordial reply email to E. Fang, agreeing with CAFII's request that auto dealers are creditors for a moment-in-time issue be closed. -April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin	None at this time	-See F. Chong above	
Molly Burns, Analyst, Policy Initiatives Erin Morrison, Regulatory Analyst, Policy Initiatives	-April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin -Nov 10/15 in Vancouver -August 10/16 in Toronto, accompanied Harry James and participated in CCIR TIWG meeting with CAFII	None at this time None at this time	-See F. Chong above -See F. Chong above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 20/17
Ministry of Finance: Carole James, Minister of Finance	-None to date. Appointed Minister of Finance in July 2017, with change in BC government. Delivered first provincial budget on September 11/17	None at this time	TBD until CAFII has a “direct ask” at Ministerial level	
Lori Wanamaker, Deputy Minister of Finance	-None to date. Appointed July 2017	None at this time	-See E. Cole below	
Elizabeth Cole, Executive Director, Strategic Projects & Policy (head of 10-Year Review of FIA) (on personal leave until sometime in mid- to late 2018)	-April 20/17 and June 23/16 telephone conversations with B. Wycks re updates on expected release date of Policy Paper and other FIA Review timelines -November 10/15 in Vancouver along with Dan Ashton; and separate meeting along with Brian Dillon and Kari Toovey	None at this time	-Policy Paper emerging from 10-Year Review of Financial Institutions Act, making proposals for change, now due to be released in early 2018	
Brian Dillon, Director, Financial Institutions		None at this time	-See E. Cole above	
Kari Toovey, Acting Executive Director, Strategic Projects & Policy (head of 10-Year Review of FIA); normally Senior Policy Advisor	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	None at this time	-See E. Cole above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Alberta				
Alberta Insurance Council: Joanne Abram, CEO	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -June 2/17 CAFII presentation to CISRO in Saskatoon -May 4/17 liaison lunch in London, Ontario -December 21/16 letter to CAFII confirming definition of CGI critical illness insurance approved by Life Council to include selling of CI under existing RIA licence -Oct 31/16 CAFII submission of letter proposing definition of CGI critical illness insurance to be adopted for inclusion under existing RIA licence -Sept 16 & 28/16 and Oct 11/16 e-mail correspondence with B. Wycks re LIC decision on allowing CI to be sold under an RIA licence	None at this time	-AIC's implementation of approved definition and process for CI to be sold under existing RIA licence -Representation for Restricted Licence Holders on Life Insurance Council	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Anthonet Maramieri, COO	<p>-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers</p> <ul style="list-style-type: none"> -March 8/17 email to B. Wycks advising of Life Council's further look at definition of credit-related insurance approved to be offered under a Restricted Certificate, at April 12/17 meeting. -Sept 12/16 teleconference with G. Grant and B. Wycks -July 12/16 teleconference with G. Grant and B. Wycks - April 11/16 informal discussion with B. Wycks, at CISRO LLQP Info Session - Feb 27/15: Toronto: B. Wycks met A. Maramieri and had get acquainted chat at CISRO LLQP Stakeholder Info Session 	None at this time	-See J. Abram above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Warren Martinson, Legal Counsel	<p>-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers</p> <p>-June 2/17 CAFII presentation to CISRO in Saskatoon</p> <p>-W. Martinson in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG</p> <p>-May/June 2016 telephone discussion with J. McCutcheon (on CAFII's behalf) re legislative and regulatory underpinnings of selling of CI benefits as credit-related insurance under an RIA licence</p> <p>-Feb 10/14: Toronto, ON (with B. Wycks, as W. Martinson then on LLQP Governance Ctte.)</p>	None at this time	-See J. Abram above	
Sylvia Boyetchko, Director of Licensing	<p>-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers</p>	None at this time	-See J. Abram above	
<p>Treasury Board and Ministry of Finance:</p> <p>Nilam Jetha, Superintendent of Insurance (made permanent at beginning of 2017, following one year interim period)</p>	<p>-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers</p>	None at this time	<p>-Update on Superintendent's priorities</p> <p>-Communicate CAFII issues; build and strengthen relationship</p>	
David Sorensen, Deputy Superintendent of Insurance	<p>-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers</p>	None at this time	-See N. Jetha above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Laurie Balfour, Director, Financial Compliance, Insurance Regulation and Market Conduct Branch (Chair of CCIR Insurance Core Principles Implementation Ctte)	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -CAFII 20 th Anniversary: April 5/17 -Sep 30/14: Fredericton, NB (informal meeting) -Jul 28/14: call with CAFII reps re: “effecting of CGI”	None at this time	-See N. Jetha above	
Wayne Maday, Director, Insurance Policy	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	None at this time	-See N. Jetha above	
Joe Ceci, President of Treasury Board and Minister of Finance	No contact – appointed May 24/15	-None at this time	TBD until CAFII has a “direct ask” at Ministerial level	
Saskatchewan				
Insurance Councils of Saskatchewan: Ron Fullan, Executive Director, (CISRO Chair)	-June 2/17 liaison meeting in Saskatoon -CAFII 20 th Anniversary: April 5/17 -R. Fullan in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session	-October 27/17 three-way brainstorming, consensus-building, and planning meeting in Toronto -- involving ICS (R. Fullan and A. Stadnek), CAFII, and CLHIA -- re “Representation for RIA Licence Holders in Saskatchewan” as per CAFII discussion with R. Fullan and A. Stadnek on June 2/17	-timing of renewed focus on establishing a Restricted Insurance Agents Advisory Committee -ICS-relevant aspects of implementation of new Saskatchewan Insurance Act and Regulations -Sask. RIA regime and licensure issues	-Confirmed

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
April Stadnek, Director of Compliance	-June 2/17 liaison meeting in Saskatoon -Sept 22/15 CISRO LLQP Stakeholder Info Session in Toronto (B. Wycks) - Sep 30/14; Fredericton, NB (informal meeting) - November/13 in Toronto when April attended CLHIA CCOSS Seminar	-See R. Fullan above	-See R. Fullan above	-Confirmed
Financial Consumer Affairs Authority (FCAA): Roger Sobotkiewicz, former Director of FCAA Legal Branch, became Interim Chairperson and Superintendent of Insurance, effective Feb. 1/15	-June 1/17 get acquainted and liaison meeting in Regina	-See J. Seibel below	-see J. Seibel below; and -introduce CAFII and build relationship -Regulations being developed following passage of <i>Bill 177, The Insurance Act (Saskatchewan)</i> -ISI: Representation for Restricted Licence Holders -Sask's imposition of PST on all insurance premiums - Update on Superintendent's priorities	-Pending (see J. Seibel below)
Ian McIntosh, Deputy Superintendent of Insurance	-Jul 28/14 call with CAFII reps re: "effecting CGI"	-see J. Seibel below	-see J. Seibel below; and -see R. Sobotkiewicz above	-Pending (see J. Seibel below)

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
<p>Janette Seibel, Lawyer, became lead on Bill 177 and Regulations file effective June 1/15</p> <p>Ministry of Finance Kevin Doherty, Minister of Finance</p>	<p>-June 1/17 get acquainted and liaison meeting in Regina -March 2017 email exchange with B. Wycks re invitation to CAFII to provide feedback on FCAA-proposed definition of TPA, for inclusion in Insurance Regulations -February 17/17 call to B. Wycks advising that “in force” date for new Insurance Act and Regulations had been deferred to Spring 2018 -Jan 2017 email exchange with B. Wycks re timing of “in force” date for new Saskatchewan Insurance Act and related Regulations -Nov and Dec. 2016 email exchanges with B. Wycks re Insurance Regulations Consultation and TPAs sub-consultation.</p> <p>-June 1/17 get acquainted and CAFII profile-raising meeting in Regina with Minister and Ministry officials re Sask’s imposition of PST on insurance premiums</p>	<p>-teleconference meeting in Q4 2017, if necessary, following release of final Regulations and Insurance Act on June 29/17 (timeline for their coming into force still to be announced)</p> <p>-March or September 2018 meeting, if warranted, following CAFII’s gathering and submission of six months and one year of data on impact of 6% PST on consumer purchases of CGI and other life and health insurance policies</p>	<p>-timing of “in force” date for new Saskatchewan Insurance Act and related Regulations -CAFII’s response submissions on FCAA’s Insurance Regulations Consultation document (submitted Dec. 2/16) and TPAs sub-consultation (submitted Dec. 9/16) -Sask’s imposition of PST on all insurance premiums</p> <p>-further introduce CAFII and build relationship -Sask’s imposition of PST on all insurance premiums</p>	<p>-Pending</p> <p>-Pending</p>

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

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Barbara Palace Churchill, Executive Director, Insurance Council of Manitoba (appointed late November 2016)	-liaison meeting on October 19/17 in Winnipeg, hosted by ICM, as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -June 2/17 CAFII presentation to CISRO in Saskatoon -May 4/17 short get acquainted/liaison meeting in London, Ontario	None at this time	-Introduce CAFII and build/maintain relationship -Representation for Restricted Licence Holders on Life Insurance Council -Insurance Council's "ISI items for further review and development" -communicate CAFII issues	
Heather Winters, Director, Licensing & Compliance	-liaison meeting on October 19/17 in Winnipeg, hosted by ICM, as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	None at this time		
Lee Roth, Investigator	-liaison meeting on October 19/17 in Winnipeg, hosted by ICM, as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	None at this time		
Ontario				
FSCO: Brian Mills, appointed Interim CEO and Superintendent on October 18/14. Will likely be FSCO's last CEO, as Ontario Government transitions to a new Financial Services Regulatory Authority (FSRA) over next two years (2017 and 2018), as stated by B. Mills at FSCO Symposium on November 25/16.	-May 3/17: informal chat with K. Martin during CLHIA Conference -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -January 28/15 stakeholder meeting with CCIR	-liaison discussion at FSCO 2017 Life and Health Insurance Symposium on November 6/17	(i)Build/maintain relationship (ii) Ontario government review of FSCO's mandate (iii) next steps in Life Insurance Product Suitability Review (iv)CCIR review of travel health insurance (v)Update on Superintendent's priorities (vi)communicate CAFII issues	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Anatol Monid, Executive Director, Licensing and Market Conduct Division	<ul style="list-style-type: none"> -June 2017 liaison lunch with M. Gill and J. Lewsen re CAFII advice on FSCO's planned survey of bank insurers re sales practices -June 2/17: questions raised by A. Monid, on the phone, at end of CAFII presentation to CISRO in Saskatoon -May 3/17: informal chat with K. Martin during CLHIA Conference -CAFII 20th Anniversary event: April 5/17 -June 7/16, December 8/15 and June 9/15: informal update conversations at CAFII Reception events -January 28/15 stakeholder meeting with CCIR 	-liaison discussion at FSCO 2017 Life and Health Insurance Symposium on November 6/17	<ul style="list-style-type: none"> -next steps in Life Insurance Product Suitability Review -other FSCO initiatives re life insurance agent and/or insurer compliance -initiatives of FSCO LII Working Group 	-Pending
Izabel Scovino, appointed Director, Market Conduct Regulation Branch in Nov/14	<ul style="list-style-type: none"> -Oct. 8/15 at CLHIA CCOS Fall Seminar (B. Wycks) -Nov 21/14 at FSCO Life & Health Insurance Symposium -September 12/17 second meeting of FSCO Life Insurance Industry Working Group (LII Working Group) of which Izabel Scovino is a member (K. Martin and H. Pabani) 	<p>-liaison discussion at FSCO 2017 Life and Health Insurance Symposium on November 6/17</p> <p>-further meeting of LII Working Group on November 21/17</p>	-see A. Monid above	<p>-Pending</p> <p>-Pending</p>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
<p>Heather Driver Director, Licensing Branch Licensing and Market Conduct Division (assumed position in Jan 2016, following retirement of Shonna Neil)</p>	<p>-September 12/17 second meeting of FSCO Life Insurance Industry Working Group (LII Working Group), of which H. Driver is Chair (K. Martin and H. Pabani) -June 2/17 CAFII presentation to CISRO in Saskatoon -May 30/17 initial meeting of LII Working Group (K. Martin and H. Pabani) - -Oct. 14/16 email exchange with B. Wycks following CAFII's delivery of input, requested by FSCO in Oct. 7/16 meeting, re optimal wording to use in FSCO communications re life insurance agent and insurer relationship -Oct. 7/16 meeting with CAFII reps, at FSCO's invitation, re FSCO initiatives around life agent and insurer compliance, particularly re E&O insurance (also attended by Richard Tillman, Allan Amos, Kelly Picard, and Abina Rogers of FSCO)</p>	<p>-liaison discussion at FSCO 2017 Life and Health Insurance Symposium on November 6/17</p> <p>-further meeting of LII Working Group on November 21/17</p>	<p>-see A. Monid above</p>	<p>-Pending</p> <p>-Confirmed</p>
<p>Richard Tillman, Senior Manager, Insurance and Deposit Institutions Policy (currently seconded to FSRA Implementation Secretariat)</p>	<p>-Oct. 7/16 meeting with CAFII reps re life agent and insurer compliance</p>	<p>None at this time</p>	<p>-see A. Monid above</p>	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Reena Vora, Manager, Market Regulation Branch, Licensing and Market Conduct Division	-December 8/16 with CAFII reps for feedback on draft questionnaire for life insurer examination visits (one pilot test visit planned in Q1 2017), as next phase in Life Insurance Product Suitability Review	-liaison discussion at FSCO 2017 Life and Health Insurance Symposium on November 6/17	-Life insurer examination visits	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
<p>Ministry of Finance: -Sandy Roberts, Director, FSRA Implementation Secretariat (appointed Nov 2016)</p> <p>-Stuart Wilkinson, Senior Manager, FSRA Implementation Secretariat (transferred from previous MOF role in Nov 2016)</p> <p>-David McLean, Policy Advisor</p> <p>Paul Braithwaite, Policy Advisor</p>	<p>-congratulatory letter on appointment sent; no in-person contact to date. Was a no-show for June 29/17 CAFII stakeholder meeting with FSRA Implementation Secretariat; and April 5/17 CAFII 20th Anniversary Celebration</p> <p>-June 29/17 CAFII stakeholder meeting with FSRA Implementation Secretariat -CAFII 20th Anniversary Reception: April 5/17 (regular attendee at CAFII Receptions)</p> <p>-June 7/16 and April 12/16 informal conversations with B. Wycks at CAFII Receptions -July 30/15 life & health insurance sector roundtable -May 21/15 informal meeting: insurance sector round table</p> <p>-June 29/17 CAFII stakeholder meeting with FSRA Implementation Secretariat -September 12/17 second meeting of FSCO Life Insurance Industry Working Group (LII Working Group) of which Paul Braithwaite is an attendee for the MOF (K. Martin and H. Pabani)</p>	<p>-None at this time (awaiting release of further information and/or Regulations for consultation re FSRA structure, governance, and operating model)</p> <p>-See S. Roberts above</p> <p>-See S. Roberts above</p> <p>-See S. Roberts above</p> <p>-further meeting of LII Working Group on November 21/17</p>	<p>-Ontario Government's replacement of FSCO with a new Financial Services Regulatory Authority (FSRA) over next two years (2017 and 2018); and Regulations to implement FSRA -FSRA's regulation of life and health insurance sector.</p>	<p>-Pending</p>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Quebec				
AMF: Louis Morisset, CEO;	-AMF 2016 Rendez-Vous on November 14/16 in Montreal -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -Apr 8/14: CAFII liaison lunch and Industry Issues Dialogue with AMF in Montreal	-AMF 2017 Rendez-Vous in Montreal on November 13/17	- (i) draft omnibus Bill to modernize Quebec's financial services sector, including Distribution Act (expected release by Ministry of Finance in Q4 2016) - (ii) AMF final paper on electronic commerce in insurance, setting out Orientations/expectations - (iii) Distribution Guide template and implementation timelines - (iv) Update on AMF priorities - (v) Communicate CAFII issues - (vi) Maintain and strengthen relationship	-Confirmed
Patrick Dery, Superintendent, Solvency (appointed CCIR Chair effective April 1/15)	-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -Liaison lunch and industry issues dialogue on October 6/15 in Levis, Quebec	-CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17	-see L. Morisset above	-Confirmed
Phillip Label, Director General of Legal Affairs	-Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF	-CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17	-see L. Morisset above	-Confirmed
Nathalie Sirois, Senior Director, Supervision of Insurers and Control of Right to Practise	-Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF	-CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17	-see L. Morisset above	-Confirmed

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Eric Stevenson, Superintendent, Client Services and Distribution Oversight (leaving the AMF's employ in late 2017 or early 2018 to "re-orient career in the financial services sector)	-CAFII 20 th Anniversary event: April 5/17 -AMF 2016 Rendez-Vous on November 14/16 in Montreal -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -Liaison lunch and industry issues dialogue on October 6/15 in Levis, Quebec	-CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17	-See L. Morisset above	-Confirmed
Louise Gauthier, Senior Director, Distribution Policies and Compensation (member of CCIR TIWG). Lead on AMF's Distribution Guide rewrite initiative.	-CAFII 20 th Anniversary event: April 5/17 -L. Gauthier in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -AMF 2016 Rendez-Vous on November 14/16 in Montreal -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper -Liaison lunch and industry issues dialogue on October 6/15 in Levis, Quebec	-CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17	-See L. Morisset above	-Confirmed
Maryse Pineault, Senior Director, Distribution Framework	-June 2/17 CAFII presentation to CISRO in Saskatoon -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto -AMF 2016 Rendez-Vous on November 14/16 in Montreal	-See L. Morisset above	-See L. Morisset and L. Gauthier above	-Confirmed

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
<p>Ministry of Finance: Carlos Leitao, Minister</p> <p>Richard Boivin, Assistant Deputy Minister, Financial Institution Policy and Corporate Law</p> <p>Guillaume Caudron, Chief of Staff</p> <p>Yann Nachabé, Policy Advisor</p>	<p>-Feb. 25/16 phone call between B. Wycks and Yann Nachabé, Policy Advisor, Ministry of Finance, resulting from CAFII request for April 2016 in-person follow-up meeting with Richard Boivin and Guillaume Caudron</p>	<p>-in-person or teleconference meeting with Ministry officials – following October 5/17 release of omnibus Bill 141 -- in Q4 2017 or Q1 2018, if necessary</p>	<p>-Omnibus Bill expected to modernize financial sector, incl. the Distribution Act (Minister Leitao in response to question at legislative committee meeting on April 28/16)</p> <p>-Ministry’s direction on online distribution of insurance without involvement of an advisor</p> <p>-CAFII submission in response to Report on the Application of the Act respecting the distribution of</p>	<p>-Pending</p>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
New Brunswick				
Financial and Consumer Services Commission (Insurance Division): Angela Mazerolle, Superintendent of Insurance	<ul style="list-style-type: none"> -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -May 4/16 dinner meeting with Atlantic Canada regulators in Halifax -Oct 1/14: Fredericton, NB 	-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in Spring 2018	<ul style="list-style-type: none"> -refreshed “Seven Point Guide to The Creditor Insurance Regulatory Regime,” to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -implementation of further phases of online licensing system -legislative/regulatory change to support electronic beneficiary designations -other New Brunswick licensing issues 	-Pending
David Weir, Deputy Superintendent of Insurance	<ul style="list-style-type: none"> -June 2/17 CAFII presentation to CISRO in Saskatoon -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto -May 4/16 dinner meeting with Atlantic Canada regulators in Halifax - April 11/16 informal discussion with B. Wycks, at CISRO LLQP Info Session - Feb. 19/16 re CAFII feedback on online insurance licensing system - Sept. 22/15 CISRO LLQP Info Session in Toronto (B. Wycks) -Oct 1/14: Fredericton, NB 	-liaison meeting as part of CAFII tour of Atlantic Canada regulators and policy-makers, in Spring 2018	<ul style="list-style-type: none"> -see A. Mazerolle above -timing of final recommendations on reforming licensing framework for other-than-life agents and brokers -CAFII feedback on New Brunswick online insurance licensing system 	-Pending
Opportunities New Brunswick: Jay Reid, Investment Attraction Officer	<ul style="list-style-type: none"> -Jun 3/14: Toronto, with Adam Mitton of predecessor organization Invest New Brunswick 	None at this time	<ul style="list-style-type: none"> -CAFII submission re: Insurance Act and regulatory process changes necessary to support business efficiency and further inbound investment and additional jobs in New Brunswick -Introduce CAFII and build relationship -Position CAFII as an information resource 	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
Consumer Advocate for Insurance: Ronald Godin, Consumer Advocate	No contact	None at this time		

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

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

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

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
FEDERAL/NATIONAL				
<p>CCIR:</p> <p>Martin Boyle, Policy Manager</p>	<ul style="list-style-type: none"> -liaison lunch on June 23/17 -informal chats during May 3-5 CLHIA Conference -liaison lunch on April 24/17 -CAFII 20th Anniversary event: April 5/17 -March 1/17 CCIR webinar presentation for CAFII members on CCIR expectations for insurer completion of Annual Statement on Market Conduct (presented by L. Balfour and M. Boyle) -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -November 29/16 CAFII Holiday Season Reception -October 24/16 CAFII liaison lunch with CCIR Policy Managers -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper -May 19/16 CCIR ICPiC teleconference/webinar meeting with CAFII members (L. Balfour and M. Boyle) -May 4/16 lunch meeting in Halifax (with C. Rogers and S. Jacobs) 	<ul style="list-style-type: none"> -CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto -liaison lunch in late October or November 2017, following CCIR Fall Meeting on October 5-6/17 in Halifax (scheduled October 20/17 meeting canceled by M. Boyle) 	<ul style="list-style-type: none"> -CCIR Annual Statement on Market Conduct -Framework for Cooperative Market Conduct Supervision -CCIR review of travel health insurance -Possible CCIR speakers/panelists at CAFII events -Update on CCIR 2017-20 Strategic Plan and related priorities -Communicate CAFII issues; and maintain and strengthen relationship -possible CAFII webinar(s) for CCIR audience 	<p>-Confirmed</p> <p>-Pending</p>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
<p>Tony Toy, Policy Manager</p> <p>Sean Jacobs, Policy Manager (left CCIR/FSCO employ in August 2017 for Risk Manager position with CPPIB Investment Board; Martin Boyle receiving interim support from Tony Toy)</p>	-See M. Boyle above	-See M. Boyle	-See M. Boyle above	-Pending
<p>Patrick Déry, Chair (Superintendent, Solvency, AMF)</p> <p>Harry James, Chair, CCIR Travel Insurance Working Group (TIWG)</p>	<p>-Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -</p> <p>-May 10/17 teleconference with CAFII reps re CCIR TIWG Communications Plan for release of Travel Health Insurance Position Paper</p>	<p>-CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto</p> <p>-Q1 2018 meeting with Harry James and TIWG members following May 27/17 release of Travel Health Insurance Products Position Paper (awaiting invitation from CCIR; delayed due to departure of S. Jacobs and CLHIA “consumer testing” of industry’s policy wording reforms)</p>	<p>-CCIR review of travel health insurance -Update on CCIR 2017-20 Strategic Plan and related priorities -Communicate CAFII issues; maintain and strengthen relationship</p> <p>-CCIR Travel Health Insurance Products Position Paper (expected May 2017) and CAFII response to same</p>	<p>-Confirmed</p> <p>-Pending</p>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
<p>Laurie Balfour, Chair, CCIR Insurance Core Principles Implementation Committee (ICPiC)</p>	<ul style="list-style-type: none"> -CAFII 20th Anniversary event: April 5/17 -March 1/17 CCIR webinar presentation for CAFII members on CCIR expectations for insurer completion of Annual Statement on Market Conduct (presented by L. Balfour and M. Boyle) -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference) -May 19/16 CCIR ICPiC webinar presentation for CAFII members (L. Balfour and M. Boyle) 	<p>-CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto</p>	<ul style="list-style-type: none"> -Harmonized Annual Statement on Market Conduct -Framework for Co-operative Market Conduct Supervision in Canada -ICPiC work on IAIS' Insurance Core Principles 	<p>-Confirmed</p>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Oct 18/17
CISRO: Ron Fullan, Chair (SK); G. Matier (BC); J. Abram (AB), W. Martinson (AB); D. Weir (NB)	-June 2/17 CAFII presentation to CISRO in Saskatoon -CAFII 20 th Anniversary event: April 5/17 -R. Fullan in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto	-CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto (R. Fullan attends in capacity as CISRO Chair)	-national, online licensing system for insurance and related harmonization issues -possible CISRO Strategic Plan and opportunity for stakeholders to provide input	-Confirmed
Financial Consumer Agency of Canada (FCAC): Lucie Tedesco, Commissioner Brigitte Goulard, Deputy Commissioner Jane Rooney, Financial Literacy Leader	-May 1/15: B. Wycks made self-introduction and chatted with L. Tedesco, following her speech at CLHIA Conference -Jun 10/14: B. Goulard was speaker at CAFII event -Feb 10/15 (presentation at CAFII Annual Luncheon)	-None at this time -None at this time -None at this time	-FCAC consultation on its Proposed Supervision Framework and Publishing Principles for FCAC Decisions (released September 29/16 with November 14/16 deadline for submissions) of document expected). CAFII decided not to respond to this consultation, as out-of-scope	
Jeremie Ryan, Director, Financial Literacy and Consumer Education Karen Morgan, Marketing Officer	-Feb. 10/15 (with J. Rooney for presentation at CAFII event) -Jan 9/14 (meeting with M. Gill and B. Wycks in Ottawa)	-None at this time -None at this time		

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September 19/17 EOC Meeting
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**Analysis of Alberta Life Insurance Council's July 2017 Approved Definitions of Credit-Related Insurance
Distributed Under A Restricted Certificate of Authority;
Versus LIC's December 2016 Approved Definitions and
CLHIA's "Industry feedback on December 2016 Creditor's Group Insurance Definitions"**

(See Appendix A for July 2017 LIC-Approved Definitions of Creditors' disability insurance; Creditors' Critical Illness Insurance; Creditors' life insurance; and Creditors' loss of employment insurance)

Definition of Creditors' disability insurance: the July 2017 approved definition of this type of credit-related insurance is noticeably changed from the LIC's December 2016 approved definition. The newly approved definition appears to address CLHIA/CAFII's concerns re language that had the potential to confuse consumers, while also blending in nicely previous AIC language which was not of concern to the industry.

Definition of Creditors' critical illness insurance: CAFII and CLHIA were happy with the December 2016 approved definition of this type of credit-related insurance; and did not raise any concerns about it. The July 2017 approved definition has been altered very slightly from the December 2016 approved version. However, the change is of a housekeeping nature only and not material. The change is simply that the final sentence has been made a sentence unto itself, rather than being a final element of the previous sentence. CAFII should be happy with and reassured by the approved definition.

Definition of Creditors' life insurance: the July 2017 approved definition of this type of credit-related insurance is noticeably changed from the LIC's December 2016 approved definition. The newly approved definition appears to address CLHIA/CAFII's concerns re language that had the potential to confuse consumers, while also blending in nicely previous AIC language which was not of concern to the industry.

Definition of Creditors' loss of employment insurance: the July 2017 approved definition of this type of credit-related insurance is noticeably changed from the LIC's December 2016 approved definition. The newly approved definition appears to address CLHIA/CAFII's concerns re language that had the potential to confuse consumers, while also blending in nicely previous AIC language which was not of concern to the industry.



July 14, 2017

Mr. Brendan Wycks
Co-Executive Director
Canadian Association of Financial Institutions in Insurance
802-21 St. Clair Avenue East
Toronto, ON M4T 1L9

Dear Mr. Wycks:

I am writing to follow up on our previous discussions and communications regarding credit related insurance distributed under a restricted certificate of authority.

The Life Insurance Council (LIC) appreciates the assistance you have provided in reviewing proposed definitions and sharing your feedback and recommendations.

The LIC has approved the following definitions for publication on the Alberta Insurance Council website:

Creditors' disability insurance: This is group insurance under which an insurer undertakes to pay all or part of a loan if a debtor becomes disabled. The insurance proceeds are paid to the creditor to pay down or pay off the debt. The amount of the insurance usually corresponds to the amount of the payments that fall due during the period of disability;

Creditors' Critical Illness Insurance: This is a group insurance policy under which an insurer undertakes to pay off credit balances or debts of a person, in whole or in part, if the insured individual is diagnosed with a covered illness or medical condition. The insurance proceeds are paid to creditor to pay down or pay off the debt;

Creditors' life insurance: This is a group insurance policy under which an insurer undertakes to pay off, in whole or in part, credit balances or debts of a person. The insurance proceeds are paid to the creditor; and the amount of the insurance is the amount of the loan outstanding from time to time, subject to any limits in the policy; and

Creditors' loss of employment insurance: This is a group insurance policy under which an insurer undertakes to pay off, in whole or in part, credit balances or debts of a person if the insured individual becomes unemployed. The insurance proceeds are paid to the creditor to pay down or pay off the debt.

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Thank you again for your assistance throughout this process. Please let me know if you have any questions or concerns.

Yours truly,

A handwritten signature in blue ink, appearing to read 'Joanne L. Abram', is written over the typed name and title.

Joanne L. Abram (Mrs.)
Chief Executive Officer
Alberta Insurance Council

JA/cm

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

Background

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

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

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

General Observations, Executive Summary, and Key Learnings

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 October 2017—British Columbia Ministry of Finance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 October 2017--Alberta Treasury Board and Finance

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

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

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

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

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

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

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

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

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

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

18 October, 2017--Alberta Insurance Council

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

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

An ongoing issue that we have been interfacing with the AIC on is their intention to publish definitions on their website of the four types of credit-related insurance that can be offered under a Restricted Certificate of Authority in Alberta. Both CAFII and CLHIA have shared some recommendations on alternative wording on some of the definitions, which were largely incorporated into a new July 2017 draft of the proposed definitions. However, in a recent conversation with CLHIA, we learned that there is still concern within that Association about some of the proposed wordings, and a desire for the definitions to not be published by the AIC.

Joanne Abram, in updating us on this issue, explained that with a relatively new government in Alberta, there was a desire to review the governance process for appointments to public agencies and Councils such as the AIC. As a result, while the Council currently has adequate insurance industry representation to meet quorum requirements and make decisions, both of the two public representative seats on the Council are currently vacant. Joanne feels that it is important for public representatives to be part of the deliberations on her recommendations to Council on this issue; and, as a result, this agenda item is in limbo and being held on the back burner until two new public representatives are appointed and have had a chance to familiarize themselves with this issue.

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

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

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

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

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

19 October, 2017--Insurance Council of Manitoba

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

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

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

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

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

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

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

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

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



359832

September 1, 2017

Dear Stakeholder:

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

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

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

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

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

.../2

Thank you for your participation in this important review.

Sincerely,

A handwritten signature in blue ink that reads "Lori Wanamaker". The signature is written in a cursive style with a large initial "L".

Lori Wanamaker
Deputy Minister

October 13, 2017

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

Dear Sir/Madam:

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

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

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

General Comments and Observations

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

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

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

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

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

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

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

Specific Comments and Observations

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

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

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

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

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

Sincerely,



Peter Thorn
Board Secretary and Chair, Executive Operations Committee

ABOUT CAFII

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

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

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

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

CAFII Consultations/Submissions Timetable 2017-18

Regulatory Issue	Deliverable	Deadline	Accountable
BC FICOM 10-Year Review of FIA (consultation paper released June 2, 2015)	<ul style="list-style-type: none"> CAFII Response to Initial Consultation Paper Meetings with Ministry of Finance officials Public Report on input received on Initial Consultation Paper Policy Paper on proposals for change CAFII Response to Policy Paper <i>Meeting with Ministry of Finance officials, if necessary</i> Amendments to Act and drafting of Regulations 	<ul style="list-style-type: none"> Sep 15, 2015 Nov 10, 2015 Issued March 23, 2016 Expected Q1 2018 Q1 or Q2 2018 <i>Q2 or Q3 2018</i> Q4 2018 or Q1 2019 	<ul style="list-style-type: none"> Joint Market Conduct/Licensing Committee; ED to monitor
QC Ministry of Finance Review of Distribution Act	<ul style="list-style-type: none"> CAFII Response to June 12/15 Consultation Report Dialogue with Ministry re meeting re online distribution CAFII secures specialized legal counsel, in preparation for draft Bill <u>Omnibus Bill 141 tabled; industry consultation uncertain</u> <i>Meeting with Ministry of Finance officials, if necessary</i> CAFII Submission on Bill 141; or on Regulations in support of Bill 	<ul style="list-style-type: none"> Sep 30, 2015 Completed March 2016 Nov 2016 <u>Oct 5, 2017</u> <u>Q4 2017 or Q1 2018</u> Q1 thru Q4 2018 	<ul style="list-style-type: none"> Joint Mkt Conduct/Licensing Committee; ED to monitor
QC AMF Issues Paper on “Managing Conflict of Interest in Relation to Incentives”	<ul style="list-style-type: none"> CAFII Response to Issues Paper 	<ul style="list-style-type: none"> Submitted Oct 13, 2017 	<ul style="list-style-type: none"> Market Conduct Cttee; ED to monitor
CCIR Annual Statement on Market Conduct	<ul style="list-style-type: none"> Access to AMF-developed system for data submissions provided Insurers submit “best attempts” data based on 2016 fiscal year CCIR consultation with industry on changes to Year 3 (2019) version of Annual Statement 	<ul style="list-style-type: none"> March 28, 2017 May 1, 2017 Q3 2017 	<ul style="list-style-type: none"> Market Conduct Cttee; ED to monitor
CCIR Review of Travel Health Insurance	<ul style="list-style-type: none"> CAFII Response to Issues Paper Meeting with CCIR TIWG re draft Recommendations in Position Paper CAFII Submission on draft Recommendations in Position Paper Meeting with CCIR TIWG re Communications Plan for Position Paper CCIR THI Products Position Paper Released <i>Meeting with TIWG Re Position Paper (CAFII awaiting CCIR invitation)</i> 	<ul style="list-style-type: none"> Sep 30, 2016 Feb 22, 2017 March 10, 2017 May 10, 2017 May 31, 2017 Q4 2017 	<ul style="list-style-type: none"> EOC; ED to monitor
SK Bill 177	<ul style="list-style-type: none"> FCAA releases Draft Regulations for industry consultation CAFII Responses to Draft Regulations & TPA Sub-consultation CAFII Response to FCAA-proposed definition of TPA Meeting with FCAA officials re CAFII submissions Final Regulations released along with new Insurance Act New Saskatchewan Insurance Act and Regulations come into force 	<ul style="list-style-type: none"> Oct 7, 2016 Dec 2 and 9, 2016 March 13, 2017 June 1, 2017 June 29, 2017 Spring 2018 or later 	<ul style="list-style-type: none"> Market Conduct Cttee; ED to monitor
“Modernizing the New Brunswick Insurance Licensing Framework”	<ul style="list-style-type: none"> CAFII Response to Position Paper on aspects related to life agents FCNB delivers final recommendations to Minister 	<ul style="list-style-type: none"> Jan 22, 2016 ? 	<ul style="list-style-type: none"> Licensing Committee; ED to monitor

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

CAFII Strategic Options Proposal to the Board of Directors

October 2017



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High Level CAFII Strategic Plan Recap

- Three documents have been developed—the **Strategic Plan Background**, the **Strategic Prioritization Exercise**, and the **Strategic Options and Prioritization** document
- We have reviewed and discussed these documents at three EOC meetings—*20 June 2017, 25 July 2017, and 22 August 2017*



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CAFII Strategic Plan Timeline to Date

Preliminary discussions with EOC members on strategic options

Discussion on Strategic Review Background
20 June 2017 EOC Meeting

Survey of EOC members around Strategic Options

Review of the Prioritization Document based on EOC Survey
25 July 2017 EOC Meeting

Review of Prioritization and Strategic Initiatives
22 August 2017 EOC Meeting

Review of Strategic Process and Recommendations from EOC
23 October, 2017 Board Meeting

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EOC Recommendation: Full Review and Discussion at 23 Oct. Board Meeting; Approval Deferred to 28 Nov. Board Meeting

23 October 2017 Board Meeting

Review process

Highlight key documents

Summarize Recommendations

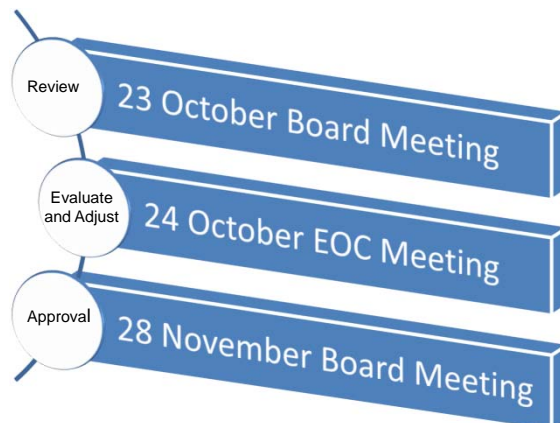
Leave time for Discussion and Feedback

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Possible Process for Board Approval of the Strategy

5



CAFII Strategic Plan Process and Analysis

We Identified 9 Strategic Options to Explore

- Maintain regulatory expertise
 - Build on regulatory competency
 - Enhanced networking and communications program
 - Significant research program
 - More meetings and events
 - Develop Thought Leadership in Insurtech/Innovation/Technology
 - Website best in breed
 - Attract More Associates
 - Create a Certification program



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We explored and discussed each in detail

Maintain regulatory expertise →

Maintaining our strength in regulator and policy-maker monitoring and submissions

- We have this expertise already
- Developing a relationship strategy where we have an in-person touchpoint with every key regulator and policy-maker at least once every 18 months
- Could supplement our regulatory strategy on avoiding or deflecting undesired regulatory developments, by having a stronger and more proactive focus on achieving our key long-term regulatory objectives

Build on regulatory competency →

Enhanced Networking and Communications program →

An assertive communications program that broadens CAFIF's sphere of influence beyond regulators and policy-makers ...

Build on existing contacts to have ongoing set of meetings to promote CAFIF members and their businesses

Leverage our knowledge of the changing environment with new products, services

Meet the leaders of Human Resources of our members and the leaders of their learning institutes, to identify ways CAFIF can develop internal learning modules to increase the strategic, regulatory, and external environment expertise of the staffs of our members ...



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We explored and discussed each in detail

Significant Research Program

A significant research program that both generates and synthesizes / interprets third party data and research reports, thereby producing insights and actionable intelligence which allows CAFII to tell its story both externally and internally (within our FI parent banks)



More Meetings and Events

An assertive thought leadership program that builds upon our research program, with seminars, symposia, and workshops ...



Thought Leadership in Technology and Innovation

Develop a demonstrated commitment to innovation by partnering with and supporting Insurtech initiatives and sharing leading potential new technology opportunities both internally and externally with key stakeholders



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We explored and discussed each in detail

Website Best in Breed

Building on a revamped website that is ever-more consumer / media-focused, easy to navigate, and visually pleasing – over time, explore building on this with a social media presence

- Phase 1: We are revamping our publicly facing website and changing our look and feel to make it more consumer friendly, with a target date for internal review of June 2017 and a public release in the Fall of 2017
- Phase 2: We could make a series of ongoing enhancements in the new more-friendly WordPress environment, over time, including videos and tools



Attract More Associates

Sell the benefits of this new Value Proposition to drive an increase in the number of Associates joining CAFII



Develop a Certification Program

Development of a certification program for member staff who sell creditors group / incidental insurance products and services, with the potential for a new revenue stream for CAFII

- Intelligence gathering – what sorts of programs are available, how were they developed, what resources were required
- Strategic options around types of certification programs we could develop, time commitment to make it happen, associated expenses
- Check all options to ensure, develop a business and implementation plan, including identifying partners who we could work with in developing the program



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What We Did with these Options



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12

First, We Explored “Where Are We?” as an Association?

Focus on Regulator and Policy-Maker Relationship-Building, Communications, and Advocacy



Limited Research and Public Relations



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Then we Asked “Where Do We Want to Go?”

13

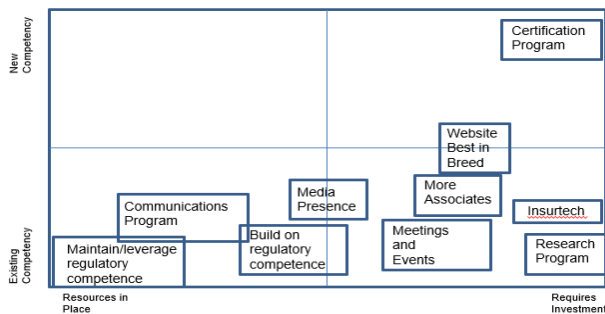
To Explore this Question, We Reviewed Possible Strategic Options

- Maintain strength in regulatory affairs
- Develop new products and services in the regulatory sphere
- Develop a significant new research stream
- Hold more meetings, symposia, workshops to showcase our research
- Develop a proactive media relations program
- Develop our capacity in understanding Insurtech by partnering with organizations in this space
- Continue to invest in our website
- Enhance the Value Proposition for Associates
- Develop a Certification Program

We Also Asked “How Do We Get There?”

14

To Understand “How Do We Get There?” We Reviewed the Implications of the Strategic Options by Reviewing a Matrix of Development Challenges for Competencies and Resources



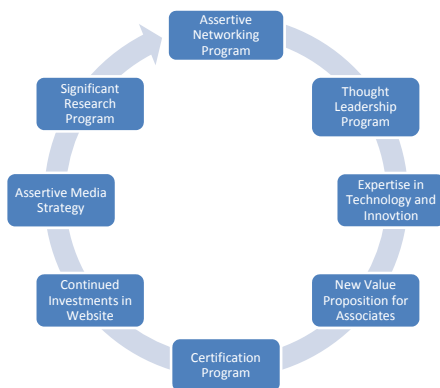
How do We Get There?

We Identified Specific Initiatives we could Pursue—related to our existing regulatory focus



How do We Get There?

We Identified Specific Initiatives we could Pursue—based on new initiatives



Prioritization Exercise



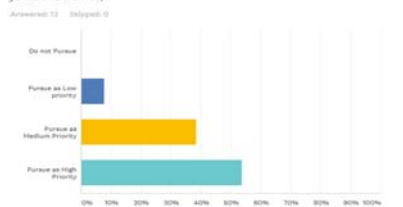
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We Surveyed EOC Members to Prioritize the Initiatives

18

We asked EOC Members to Respond to the Strategic Options with a Choice—“Do not Pursue” “Pursue as a Low Priority” “Pursue as a Medium Priority” “Pursue as a High Priority”

Q4
Complement our response to current regulatory developments with proactive, long-term regulatory objectives that align with our long-term goals as an Association. (An example of a long-term goal could be increased regulatory standardization across different jurisdictions.)

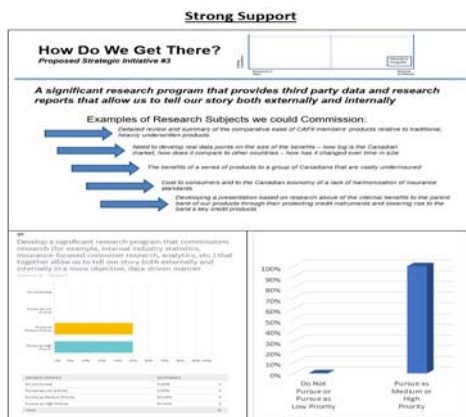


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We Surveyed EOC Members to Prioritize the Initiatives

19

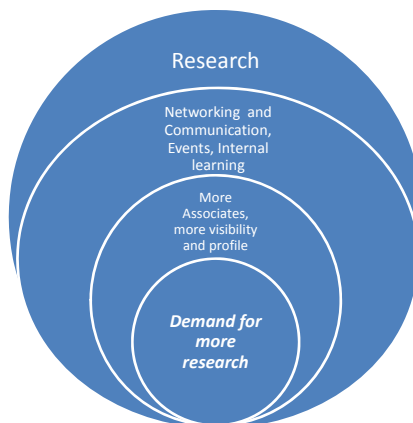
We Discussed the Results at a portion of our July 2017 EOC Meeting, reviewing the Results in a Strategic Prioritization Exercise document



We Were Not Mechanical in our Ordering of Priorities

20

We noted that prioritizing between options in the second and third quadrants is not mechanical—for example, expensive research is higher priority because it is a catalyst for other strategic initiatives like meetings, communication, more events, a better website, and an enhanced value proposition...




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We Applied Strategic Methodologies to our Analysis

We Noted the Sequencing Traditionally Associated with a Matrix for Competencies and Resources

New Competency	#2 Do Second	#4 Do Last... or not at all
Existing Competency	#1 Do First	#2 Do Second
	Resources in Place	Requires Investment



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Summary of the Survey Results

Unanimous Support

Maintain Regulatory Focus

↓

Strong Support

Significant Research Program	Develop Long Term Regulatory Positions	Continue to Invest in Website	Assertive Communications and Networking Program with Influencers
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↓


Medium Support

New Value Proposition for Associates	Insurtech Partnerships	Thought Leadership Program—more meetings, panels, etc	Internal presentations on our regulatory, research knowledge
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Low Support

More CAFII Committees	Develop a Newsletter	Certification Program
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Bundling and Prioritizing the Strategic Options



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Where there Was Clarity—Areas of Unanimous or High Support

24

- 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



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Where there Was Clarity—Areas of No Support

25



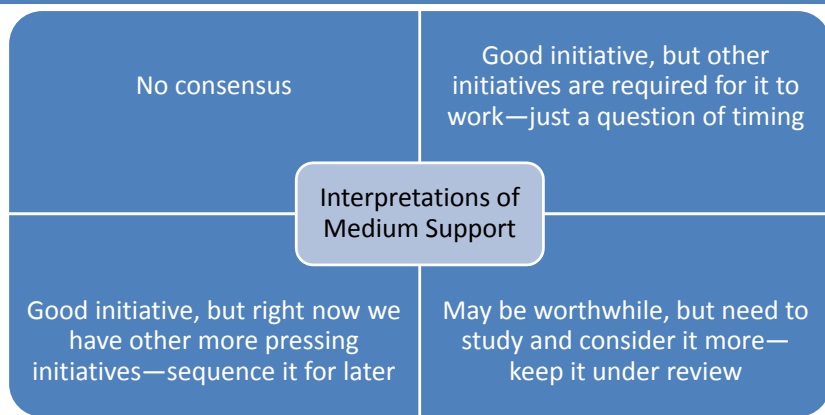
Where there Was Less Clarity—Areas of Medium Support

26



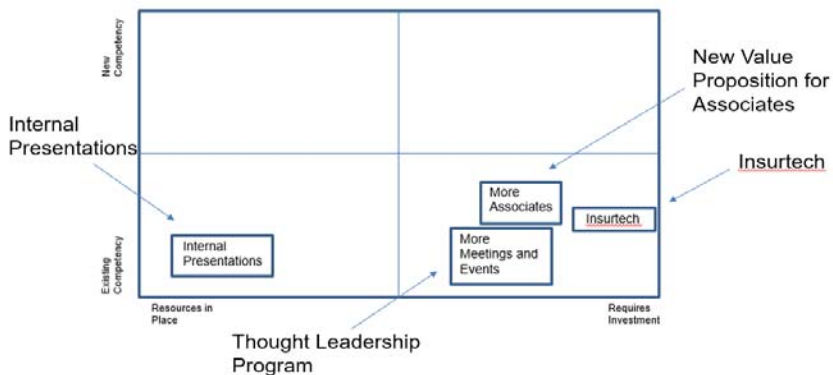
There are Many Ways to Interpret Medium Support

27



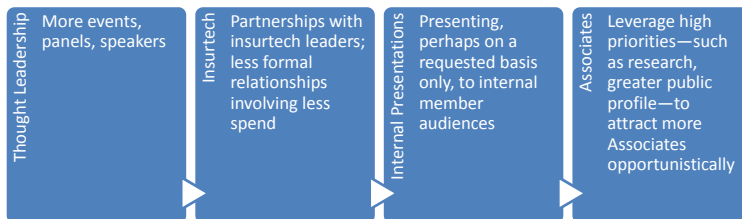
Medium Support Initiatives Were Reviewed in the Matrix of Competencies and Resources







28



We Needed to Determine an Approach to Medium Priorities

29



-  Strategically remove them
-  Keep them but don't allocate budget to them
-  Keep them on a "watching brief" for later review, re-evaluation
-  Keep them and prioritize them, but behind high priorities
-  Sequence them to do later
-  Keep them only if they don't incur money, resources, time

Strategic Options—Prioritization Core Statement

The EOC Developed a Proposed Core Strategic Prioritization Statement

Core Statement

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.



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Where Things Stand



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We Utilized a Methodology around Current State and Future State

Where are We? Where do We Want to Go? How do We Get There?

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We Agreed on “Where Are We?”

Focus on Regulator and Policy-Maker Relationship-Building, Communications, and Advocacy

Limited Research and Public Relations

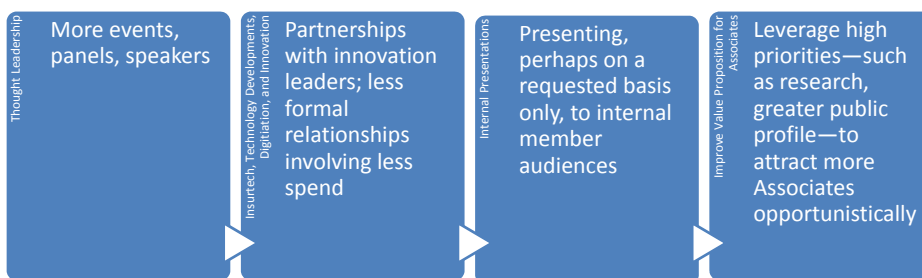
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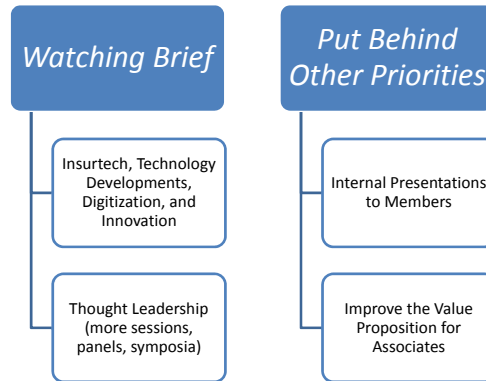
We Agreed on “Where do we Want to Go?”



We Discussed our Approach to Medium Priorities



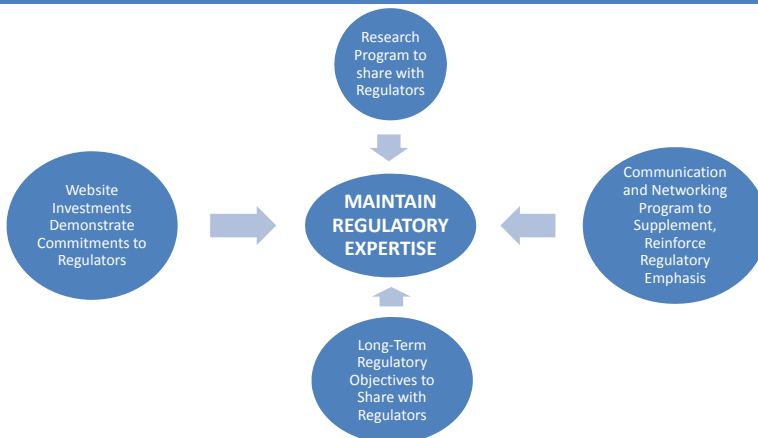
We Agreed to Retain these Medium Priorities, but to Focus on Top Priorities



A Key Observation: Research is a Foundation for the Success of the Strategy



We Noted that Areas of Strong Support Reinforce each Other



Strategic Options—Budgetary Implications

41

The Largest Proposed Investment in the Strategic Plan is for Research

Partnered Research with other organizations can lower costs

Anonymous Internal Data Summary
 (premiums written, number of employees):
 \$35-50K

Detailed white paper
 on a specific issue or subject, by an expert
 involving original research \$75K-125K

Custom Surveys
 (Pollara): \$30-50K

Syndicated/omnibus
 research: \$10-20K

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We Explored Options to Find Additional Funds for Research

Prioritize
 Try to reallocate funds from other priorities; find savings and apply to research

Increase Membership Fees--General
 Increase membership dues generally with the intention of using the additional resources for research

Increase Membership Fees--Dedicated
 Increase Membership dues one-time, under special assessment for dedicated research fund

Request Funds for Specific Research
 "Pass the Hat" for dedicated research—models may include some members, more interested in a particular topic, giving more for that research effort

Sponsors
 Secure sponsors / partners for CAFII research (would take time to build out this approach)

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We Examined 2018 Budgetary Implications of the Strategic Plan

Priority	Budgetary Implication 2018
Maintain Regulatory Expertise	Limited additional travel budget to support commitment to meet each regulator and policy-maker in-person at least once every 18 months
Significant Research Program	\$50K budget in 2017 to be expanded in 2018
Developing Long-Term Proactive Regulatory Positions	Dovetail with research Should not have major budgetary implications
Continue to Invest in Website	\$35K budget in 2017 achieved much
Assertive Communications, Networking, Media Program	Minimal budgetary requirements Some investment possible in Media Training Refresher (\$2K - \$5K) If choose to participate as speakers in more conferences, speaking opportunities may require some budget allocation
New Value Proposition for Associates	Depends on strategic decision Can dovetail off existing research and other initiatives to make case to Associates with no additional budgetary implications Could reset Associate dues to attract more Associates – budgetary implications are mostly around potential new revenue
Insurtech Partnerships	Depends on strategic decision Could form more informal, ad hoc relationships More formal partnerships would involve a cost along a spectrum depending on how important a priority this is
Thought Leadership Program – more meetings, events	Depends on strategic decision More meetings would involve a cost along a spectrum depending on how many events, how large, how often Could involve staff / resourcing costs
Internal presentations to members based on our regulatory and research knowledge	Minimal budgetary implications Some travel costs if this was pursued with out of town members to enhance their value proposition (Quebec, Western based members)



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An Initial Review was Conducted of Where we could Find Funds for Research

	Budget	Proposed 2018 Adjustments	
	Approved 2017		
Revenue			
Membership Fees	518,125		
Interest Revenue	250		
TOTAL REVENUE	559,375		
Expenses			
Management Fees	500,115		
CAFI Legal Fees/Corporate Governance	7,000		
Audit Fees	14,500		
Insurance	15,500		
Website (incl translation)	11,700	-15000	Should continue to invest in website but expense overall should go down
Telephone/Fax/Internet	5,000		
Postage/Courier	375		
Office Expenses	1,300		
Bank Charges	40		
Miscellaneous Expenses	-		
Amortization Expense	-		
Depreciation Computer/Office Equipm.	468		
Board/ROCC/AGM			
Annual Members Luncheon	11,200	-3000	only spent \$10000 in 2017
Board Meeting (External)	15,000		
Board/ROCC Meeting Expenses	11,000		
Industry Events	2,000	3000	Anticipate more spend for thought leadership/conferences in 2018
EOC Annual Luncheon	2,200		
Sub-Total Board/EOC/AGM	43,400		
Provincial Regulatory Visits	8,000	2000	Continued investment in this activity a 2018 priority
Research/Studies	50,000		
Regulatory Model(s)	20,000	-10000	Anticipate \$10000 may be sufficient
Federal Financial Reform	2,000		
Media Outreach	20,000	25000	Annual fees for media consultant are \$45000
Marketing/Collateral	7,000		
Technical Communications Strategy			
Networking Events			
Speaker fees & travel	4,000		
Gifts	500		
Sub-Total Networking & Events	4,500		
20th Anniversary Event	27,685	-27000	Not an expense in 2018 – could be realized
TOTAL EXPENSE	752,643		
		-25000	We could free up \$25,000 for research bringing total budget to \$75,000
NET INCOME	-193,268		

Budget Item	Adjustment
Website	Reduce budget from \$33,700 by \$15,000
Annual Members Luncheon	Reduce budget by \$3000
Regulatory Models	Reduce budget by \$10,000
20th Anniversary Event	\$27,685 2017 Spend – Not a 2018 Expense



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What Comes Next?



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After Approval, a Business and Implementation Plan is Next

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A successful strategy requires exquisite execution



Establish timelines for the Strategic Objectives



Develop a Budget and Implementation Plan



Establish Metrics to Measure Success



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We will Develop Detailed Timelines and Goals with Measures

Research
Long-term regulatory priorities
Communication and Networking with Influencers
Continue to invest in website
Desire for More Research, More Input from CAFII

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Key CAFII Committees will be Critical to the Successful Implementation of the Strategy


Research & Education Committee – Chaired by Diane Quigley, CUMIS / Co-operators Group	Media Advocacy Committee— Chaired by Charles Blaquiere, Valeyo	Licensing Efficiency Issues Committee – Chaired by Moira Gill, TD Insurance	Market Conduct Committee – Chaired by Rose Beckford, Scotialife Financial
Will be critical to recommending research priorities	Will be focused on our media strategy, website enhancements, and identifying key influencers to share our message with	Will play a key role in our long-term regulatory objectives and will input into research priorities	Our regulatory priority means a continued key role for this Committee, including input into research topics
<i>This Committee focuses on: CAFII Value Proposition IAIS Core Principles Complaint Statistics Underserved Market Research</i>	<i>This Committee focuses on: Media Relations Public Advocacy Website</i>	<i>This Committee focuses on: LLQP Modernization Representation on Provincial Councils ISI Regime / Restricted Licensing</i>	<i>This Committee focuses on: Regulatory Submissions Distribution Guide E-Commerce Insurance Act & Related Legislative / Regulatory Reviews</i>

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How do we Measure Success after 6 / 12 / 18 Months? ...did we choose the Right Initiatives?

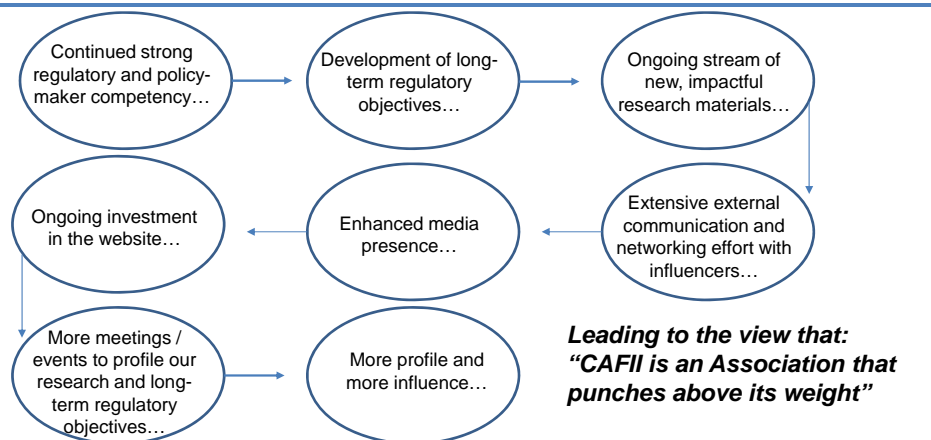
A successful execution requires measures



Possible Measures of Success

- Retention of Members
- New Members, Associates
- Surveys of Members, Associates, Participants at Events
- Return on investment
- Speaking opportunities
- Media presence
- What is perception of CAFII among key stakeholders/audiences?
- Research results (number of studies, how often quoted)

If this Strategic Plan is Successful...What Might CAFII Look Like...in 2021?



Thank You

Letter to the Editor (V8 updated October 20)

Following are some proposed responses to negative media columns/articles, a collaborative effort between CAFIL's Co-Executive Directors and Media Consultant David Moorcroft. Our Media Consultant has made the latest edit with the following objectives in mind:

- 1. Meet the Globe and Mail's policy for letters to the editor, which states: The Globe and Mail welcomes letters on any subject but reserves the right to condense and edit them. Brevity counts. All letters should be less than 150 words, and must include the name, mailing address and daytime phone number of the writer.*
- 2. Refrain from repeating the negative criticism, and where possible, use the letter as an opportunity to list the positive aspects of creditor insurance and the institutions that provide it.*
- 3. Use simple language to make the arguments advanced in the letters more readable and understandable.*
- 4. Where possible, use data and information to support the central message of the letter.*

ISSUE 1: *General Criticism of Creditors Insurance*

Re: headline of article (date): I'm writing in response to your story about creditor insurance published on (insert date). Your article failed to mention many of the positive aspects of creditor insurance sold by financial institutions across Canada for products such as mortgages, personal loans, lines of credit and credit cards.

For example, creditor insurance is available for a wide range of options, some of which such as job loss insurance may be hard to obtain elsewhere. It is also available in small coverage amounts, which is not always the case with other types of insurance such as individual term life, critical illness, or disability insurance. In fact, lower-income Canadians seeking moderate levels of insurance represent one of the most under-served segments in the overall insurance marketplace.

Further, all types of creditor insurance are provided under a group policy, which means more Canadians are accepted for coverage and they benefit from economical standard group rates. In fact, a 2015 independent actuarial study found that for several types of coverage, creditor insurance was less expensive than an identical amount of individual insurance, for many types of consumers. In addition, creditor insurance is the most accessible insurance in the country, with Canadians enjoying coast-to-coast access to it through more than 8,000 branches, telephone contact centres, and the internet.

Perhaps most important of all, the availability of creditor insurance through banks and credit unions across Canada provides consumers with one more option, which is good for competition.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 2: Customers Do Not Understand What They Purchased

Re: headline of article (date): Thank you for pointing out the need for consumers to understand the type of coverage they are buying when they purchase insurance. We agree.

Members of the Canadian Association of Financial Institutions in Insurance (CAFII) take great pride in helping clients choose the coverage that best meets their needs. For example, our members employ highly trained, salaried personnel who are available to explain all the coverages and the exceptions to coverage. They encourage all policy purchasers to carefully read what they will be covered for, and the policy documents are written in clear, easy-to-understand language.

In addition, CAFII recently launched a new website that is designed to help consumers become more aware of the range of insurance options available in Canada and to understand more about them.

While it is always disappointing to hear about a consumer who didn't understand his or her coverage and had a claim denied, such situations are very uncommon. For example, according to a 2015 independent actuarial study, 95% of claims made under Mortgage Life Insurance policies are paid.

So while more work remains to be done to educate consumers about insurance, I believe we are heading in the right direction.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 3: Customers Pressured into Purchasing Product and Cannot Easily Cancel Coverage

Re: headline of article (date): Financial institutions in Canada that sell creditor insurance adhere to a strict code of conduct that prohibits the use of pressure tactics to sell insurance.

In addition, coercive tied selling, which means making the obtaining of one product contingent upon the purchase of another, is against the law. Negative option marketing, which is automatically selling you something unless you proactively decline, is also illegal.

These practices are not permitted and are not used by our member financial institutions. Furthermore, our members' insurance advisors and agents are bound by their respective codes of conduct and/or license responsibilities, breaches of which could result in disciplinary action, monetary penalties, etc.

In addition, customers have a “free look” period (typically 30 days) during which they have insurance coverage but can cancel with a full refund of the premium paid. After the free look period is over, customers can cancel their coverage at any time and pay no further premiums.

Every week, employees at our member institutions sell creditor insurance to thousands of Canadians based on these principles, and their track record of high levels of customer satisfaction suggests it is largely working the way it should. It is unfortunate that your article implied otherwise.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 4: Premiums do not Decline over Term, while Mortgage Debt Does

Re: headline of article (date): Your article failed to mention many of the positive features of mortgage life insurance, a form of creditor insurance offered by banks and credit unions across Canada.

For example, unlike with individual term life insurance where a customer’s premium will substantially increase whenever he or she has to renew the policy at an advanced age, the premium for mortgage life insurance remains stable over the full duration of the mortgage with the customer’s financial institution. This provides customers with a predictable, constant and affordable premium throughout the entire life of the mortgage.

Furthermore, should a customer’s mortgage balance reach a level where they no longer feel the cost of having life insurance on it is worthwhile, they can always cancel the coverage without penalty and pay no further premiums.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 5: Insurance Claim Paid to Bank, not Customer

Re: headline of article (date): Your article suggests that since the death benefit from mortgage life insurance – a form of creditor insurance offered by banks and credit unions across Canada-- goes toward paying off a mortgage debt rather than to the surviving heirs, it mainly benefits the mortgage holder. Nothing could be further from the truth.

The reality is that for many Canadians, their home represents their most cherished asset, and their mortgage is their largest debt obligation. When people take out mortgage life insurance through their financial institution, it’s because they want that debt to be taken care of in the event of their untimely death, making it easier for their family to remain in the home. This

'peace of mind' is important during a difficult time, especially if the family has lost their primary income earner.

The bottom line is that mortgage life insurance provides Canadians with an additional means of providing financial security for their loved ones, and can complement other types of insurance coverage.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 6: Strict Underwriting Makes Product Hard to Get

Re: headline of article (date): Contrary to what your article implied, creditor insurance – offered by banks and credit unions across the country-- is among the easiest, fastest, and most convenient insurance coverage for Canadians to obtain.

Most applicants for this type of coverage are insured immediately without the need for additional health questions or medical tests. Further, a 2015 independent actuarial study showed that 80% of mortgage life insurance applications in Canada are approved at the time of initial application.

As well, all types of creditor insurance are provided under a group policy, which means more Canadians are accepted for coverage and they benefit from economical standard group rates. In fact, the same 2015 independent actuarial study found that for several types of coverage, creditor insurance was less expensive than an identical amount of individual insurance, for many types of consumers. In addition, creditor insurance is the most accessible insurance in the country, with Canadians enjoying coast-to-coast access to it through more than 8,000 branches, telephone contact centres, and the internet.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 7: Product is Too Expensive

Re: headline of article (date): Contrary to what your article suggested, creditor insurance offers good value and very competitive rates for Canadians.

In fact, a 2015 independent actuarial study found that for many types of coverage -- including disability, critical illness and life -- creditor insurance was less expensive than an identical amount of individual insurance, for many types of consumers.

For example, the study found that creditor insurance for critical illness was less expensive than individual critical illness insurance for all ages, amounts and genders. Furthermore, the study

showed that creditor life insurance is less expensive than individual Term 10 life insurance (renewed once over 20 years) for almost all (94%) of the customer profiles covered in the study; and it's less expensive than Term 20 life insurance for more than half (55%) of the customer profiles covered in the study.

The bottom line is that creditor insurance is a fairly priced, competitive product and an important insurance option available to Canadians through banks and credit unions across the country.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 8: Difficult to Complain about Product

Re: headline of article (date): Contrary to what your article suggested, financial institutions that sell creditor insurance take great pride in providing excellent customer service and have put in place robust procedures for receiving, investigating, responding to, and resolving consumer enquiries and complaints.

These procedures include clear information on how to make a complaint, what information to provide, and contact information for submitting a complaint. Furthermore, many of these institutions have a process in place for escalating unresolved complaints to their own Ombudsperson, and onwards to an industry Ombudservice should the situation warrant.

While there is always room for improvement, the demonstrable evidence shows that employees at the banks and credit unions across Canada that sell creditor insurance are working hard to ensure their customers are well-served.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

ISSUE 9: Difficult to Complain about Travel Insurance Product

Re: headline of article (date): Contrary to what your article suggested, financial institutions that sell travel insurance take great pride in providing excellent customer service and have put in place robust procedures for receiving, investigating, responding to, and resolving consumer enquiries and complaints.

These procedures include clear information on how to make a complaint, what information to provide, and contact information for submitting a complaint. Furthermore, many of these institutions have a process in place for escalating unresolved complaints to their own Ombudsperson, and onwards to an industry Ombudservice should the situation warrant. This process ensures a thorough and unbiased review of the consumer's concern.

In addition, research has shown that consumers of travel insurance give the industry high marks for customer satisfaction. For example, a study by Pollara Strategic Insights in 2015 that looked at the satisfaction levels of consumers who purchased travel medical insurance showed that 94% gave their purchase experience a very high rating.

While there is always room for improvement, the demonstrable evidence shows that employees at the banks and credit unions across Canada that sell travel insurance are working hard to ensure their customers are well-served.

Keith Martin

Co-Executive Director, Canadian Association of Financial Institutions in Insurance

Media Protocol Process—Modified From Media Protocol II

Responding to Negative Media Columns/Articles

- Once the CAFII Board approves the content of the proposed responses to negative columns/articles, this material will be the pre-approved source material for a Letter to the Editor response
- Such a Letter to the Editor would be based on this pre-approved content, with necessary modifications to respond to the specific column/article
- Approval for a Letter to the Editor response would come from a Committee comprising
 - The CAFII Co-Executive Directors;
 - The Chair of the CAFII Board;
 - The Chair of the CAFII EOC; and
 - CAFII's Media Consultant
- The Letter to the Editor would be signed by Co-Executive Director Keith Martin and would not require further approvals, if the Committee above approves it

Website Key Launch Dates—Proposal to the Board of Directors

- The website should be completed by 27 October 2017
- A small internal group (Co-Executive Directors Keith Martin and Brendan Wycks, EOC Chair Pete Thorn, Media Consultant David Moorcroft, Media Advocacy Chair Charles Blanquiere) will review the completed site (one week)
- In early November 2017 there will be a soft launch for internal CAFII people to familiarize themselves with the site:
 - Board of Directors
 - EOC
 - CAFII Committees
 - Media Consultant
 - CAFII Staff
- The formal, public launch of the site is proposed for **14 November 2017**. A press release will accompany the hard launch. On the date of the hard launch, all of the content of the site will populate www.cafii.com

News release

**NEW WEBSITE AIMS TO MAKE INSURANCE INFORMATION
SIMPLE AND ACCESSIBLE FOR CANADIANS**

Toronto, November 14, 2017 – A new [website](#) designed to help consumers become more aware of the range of insurance options available in Canada and to understand more about them was launched today.

Created by the Canadian Association of Financial Institutions in Insurance (CAFII), the [website](#) explains how more than a dozen types of insurance work including Mortgage Default Insurance and Life Insurance, as well as a wide range of Creditor’s Group and Travel Insurance products. These products include Mortgage Life Insurance, Mortgage Disability and Critical Illness Insurance, Job Loss Insurance, Payment Protection Insurance, Travel Medical Insurance, and Trip Cancellation and Interruption Insurance.

In addition, the [website](#) provides a number of helpful resources including a handy list of Frequently Asked Questions, and information on how consumers can make an enquiry or complaint to their CAFII-member insurance provider. It also includes Association and industry news.

According to Keith Martin, co-executive director of CAFII, the new [website](#) is the latest step in helping to fulfill the organization’s goal of making insurance simple and accessible for Canadians.

“Consumers benefit from having a wide choice of insurance products and distribution channels in Canada, but many are not familiar with them or how they work,” Mr. Martin said. “While our new website is still a work in progress, we hope that consumers will find it useful in helping them make more informed choices.”

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About CAFII:

The Canadian Association of Financial Institutions in Insurance is a not-for-profit Association dedicated to the development of an open and flexible insurance marketplace. CAFII was established in 1997 to provide a voice for financial institutions involved in selling insurance through a variety of distribution methods. CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services.

Media contact:
David Moorcroft, Public Affairs Advisor
Email: david@strategy2communications.com
Tel: +1-416-727-1858

ASSOCIATE STATUS APPLICATION FORM

Company/Organization Name: DGA Careers

Representative's Name and Title: Gerald Legrove, President

Address: 20 Toronto Street, Suite 420

City: Toronto

Province: ON

Postal Code: M5C 2B8

Office Phone - Main: 416-868-6711 Representative's Direct Phone Number: 416-902-6140

Fax: 416-868-6329

Email: info@dgacareers.com

Website: www.dgacareers.com

Parent Company, if applicable:

Description and Annual Dues:

I. Associate \$4,800

\$1,200 (pro-rated) 2017

Organizations that are business partners of CAFII members or otherwise support the Association's goals are eligible to apply for Associate status. Associates receive periodic CAFII communications and invitations to CAFII events. Associates pay \$4,800 per annum in one instalment.

Associate Status is valid from January 1 to December 31 each year.

Gerald Legrove
Signature of Applicant:

August 30, 2017
Date:

As a signing authority, I hereby acknowledge that as an applicant for Associate status in CAFII, my company/organization supports the Association's mission, objectives, and policy positions.