

CAFII Board of Directors Virtual Meeting Agenda

Date: Tuesday, October 5, 2021
Chair: C. Lobbezoo
Location: [Virtual MSTEams Meeting](#)

Time: 2:00 to 4:00 p.m. EDT
Dial-in: 437-703-4263
Phone Conference ID: 965 295 258#

1. Welcome, Call to Order, and Meeting Confirmation	2:00 p.m.	Presenter	Action	Document
a. Declaration of Meeting Properly Called and Constituted		C. Lobbezoo		
b. Approval of Agenda		C. Lobbezoo	Approval	✓
c. Appointment of a New CAFII Director		C. Lobbezoo	Approval	✓
d. Welcome to and Self-Introduction by New CAFII Director Ian Oncea, CIBC Insurance		C. Lobbezoo		

2. Consent Items	2:06 p.m.			
a. Draft Board Meeting Minutes, June 8/21		C. Lobbezoo		✓
b. Draft Special Purpose Board Meeting Minutes, June 29/21				✓
c. Summary of Board and EOC Action Items				✓
d. Regulatory Update				✓
e. Consultations/Submissions Timetable				✓
f. Regulator and Policy-Maker Visit Plan				✓
g. Board-Approved CAFII 2021 Schedule of Meetings and Events				✓

3. Governance Matters	2:09 p.m.	Presenter	Action	Document
a. Decision to Confirm That December 7/21 CAFII Board Meeting Will Be A Virtual-Only Meeting, and Cancel Plans To Also Hold An In-Person Holiday Season Reception	2:09 p.m.	B. Wycks	Update	
b. Negotiations Around Possible Renewal of CAFII's Association Management Services Contract with Managing Matters	2:12 p.m.	K. Martin	Update	
c. Proposed CAFII 2022 Schedule of Meetings and Events	2:16 p.m.	B. Wycks	Update/ Approval	✓

4. Financial Management Matters	2:20 p.m.	Presenter	Action	Document
a. CAFII Financial Statements as at August 31/21	2:20 p.m.	T. Pergola	Approval	✓
b. Forecast for CAFII 2021 Fiscal Year as at August 31/21	2:24 p.m.	T. Pergola	Update	✓
c. Critical Path for Development of 2022 CAFII Operating Budget	2:28 p.m.	B. Wycks	Update	✓
d. Updating CAFII's Cheque Signing Authorities	2:30 p.m.	B. Wycks	Approval	Briefing Note Only

5. Strategic and Regulatory Matters	2:32 p.m.	Presenter	Action	Document
a. CAFII's Next Steps on AMF Credit Card-Embedded Insurance Benefits Issues	2:32 p.m.			
i. CAFII Follow-up Thank You Letter Sent to AMF to Confirm Fact Sheet and Notice of Rescission Concession Outcome of September 10/21 Meeting; and Transmit Legal Arguments Excerpts (on Norton Rose Letterhead)	2:32 p.m.	K. Martin/ B. Wycks	Update/ Discussion	✓
ii. Possibility of Re-Attempting to Secure CBA's Engagement in This Issue, Especially Re AMF-Led Pan-Industry Working Group on Modifying Fact Sheet and Notice of Rescission	2:42 p.m.	C. Lobbezoo	Discussion	
iii. CAFII Working Group on Industry Alignment Around Compliance with AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits	2:52 p.m.	K. Kasperski/ K. Martin	Update	
b. Preparation for October 14/21 Industry Issues Dialogue with AMF Staff Executives, Including CAFII's Two Mini-Presentation Topics	3:00 p.m.	K. Martin/ B. Wycks	Update/ Discussion	✓
c. Desire to Have Canadian Tire Bank Participate in CAFII's Quarterly CPI Benchmarking Study with RSM Canada: Issue Related to Financial Institution Anonymity	3:05 p.m.	K. Martin	Update/ Discussion	

d.	Implications for CAFII of Just-Released Regulations In Support of Federal Financial Consumer Protection Framework Aspects of Bill C-86 3:10 p.m.	R. Dobbins/ K. Martin	Update/ Discussion	✓
e.	CAFII Working Group On Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance 3:15 p.m.	M. Boyle/ K. Martin	Update	
f.	CAFII-Commissioned Research/Thought Leadership Paper by Deloitte Canada on "Best Practices In The Digitization Of Credit Protection Insurance" 3:20 p.m.	A. Stuska/ K. Martin	Update	✓
g.	Insights Gained from September 21/21 Meeting of Saskatchewan Restricted Insurance Agent Advisory Committee 3:30 p.m.	M. Gill/ B. Wycks	Update	
h.	Insights Gained From CAFII/CLHIA/THIA Weekly Meetings Re Impact of COVID-19 on Travel and Travel Insurance Industry 3:35 p.m.	B. Wycks	Update	

6.	Read Only Items	3:40 p.m.		Read Only	Document
a.	Insights Gained from September 10/21 CAFII <i>Get Acquainted and Dialogue Meeting</i> with Eric Jacob, AMF's New Superintendent, Client Services and Distribution Oversight				✓
b.	AMF Consultation on Draft Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector (Submission Deadline: November 8/21)				✓ (2)
c.	Summary of Options In Response to Proposal from CAFII Director Z. Fuerstenberg That CAFII Investigate Development and Launch of an Education/Master Class/Certification Program for Member Company Employees on "CPI Legislative and Regulatory Principles and Environment" (To Be Discussed At December 7/21 CAFII Board Meeting)				✓
d.	July 9/21 CAFII Response Submission to CISRO on Proposed Principles of Conduct for Intermediaries				✓
e.	August 11/21 CAFII Submission In Response to FSRA Follow-up Consultation on Revised UDAP Rule				✓
f.	September 22/21 CAFII Response Submission to CCIR/CISRO on Draft Incentive Management Guidance				✓
g.	September 24/21 CAFII Response Submission to FSRA on Proposed Approach Guidance Around Publishing Information Arising From Enforcement Proceedings and Investigations				✓
h.	Development of Two New CAFII Motion Graphics Website Videos on (i) Results of Research Project On Insurance Consumers' Digitization Preferences; and (ii) Job Loss CPI				✓
i.	CAFII 2021 Virtual Annual Members and Associates Luncheon: Tuesday, November 9/21 with a Panel of Three Insurance Law Experts: Jill McCutcheon, Torys LLP; Stuart Carruthers, Stikeman Elliott; and Marc Duquette, Norton Rose Fulbright Corporation				✓
j.	September 29/21 CAFII Webinar on Climate Change and Its Implications for Life Insurance				✓
k.	CAFII Webinars Planned for October and November 2021				✓

7.	In Camera Session	3:40 p.m.	Presenter	Action	Document
a.	Members' Contributions to CAFII's Advancement Through Contribution of Volunteer Resources to Committee Chair, Committee Vice-Chair, and Committee Member Roles		R. Dobbins	Discussion	✓
b.	Other Business		C. Lobbezoo	Discussion	

CAFII "Industry Issues Dialogue" With AMF Staff Executives: Thursday, October 14/21, 12:30 to 2:00 p.m. EDT

2021 CAFII Annual Members' and Associates' Luncheon: Tuesday, November 9/21, 1:00 to 2:30 p.m. EST

Next Board Meeting: Tuesday, December 7/21, 2:00 to 4:00 p.m. EST (Virtual MSTEams Meeting)

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 1(a) Declaration of Meeting Properly Called and Constituted

Purpose of this Agenda Item

Chris Lobbezoo will open the meeting.

Background Information

Formality.

Recommendation / Direction Sought

Opening meeting.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 1(b) Approval of Agenda

Purpose of this Agenda Item – Approval

CAFII Board Chair Chris Lobbezoo will ask Board Members to approve the Agenda for this meeting.

Background Information

Approval of Agenda.

Recommendation / Direction Sought -- Approval

Approval of meeting Agenda.

Attachments Included with this Agenda Item

One attachment.

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 1(c) Appointment of a New CAFII Director

Purpose of this Agenda Item – Approval

CAFII Board Chair Chris Lobbezoo will seek the Board's appointment of a new Director from CIBC Insurance, Ian Oncea.

Mr. Oncea will join the Board meeting once his appointment has been completed by the Board.

Background Information

CAFII Member CIBC Insurance has nominated a new Director to represent it on the CAFII Board, succeeding Mica Sweet.

Recommendation / Direction Sought -- Approval

Appointment of a new Board member.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 1(c)
October 5/21 Board Meeting

Appointment of a New CAFII Director: Ian Oncea, CIBC Insurance

From: Bains, Anuraj <Anuraj.Bains@cibc.com>

Sent: July-27-21 1:43 PM

To: Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>

Cc: Oncea, Ian <Ian.Oncea@CIBC.com>; D'Ippolito, Bianca <Bianca.DIppolito@CIBC.com>

Subject: Ian Oncea new CAFII Board member representing CIBC.

Hi Brendan and Keith,

I'm happy to share with you that Ian Oncea is the new VP for CIBC Insurance and he will now be representing CIBC on CAFII's Board.

Could you kindly add him to future Board meeting invites and share any 'onboarding' type of information? For instance, I believe he'll need to have an ID set up to access the CAFII site. I've also c.c.'d Ian's Executive Assistant, Bianca, for any scheduling/administrative assistance.

Thank you,
Anu

Anuraj (Anu) Bains | Senior Compliance Officer - Insurance, COPS, Channels | Canadian Retail Banking Compliance
| CIBC | 21 Melinda Street, 9th Floor (CCE-9) | Toronto ON | M5L 1A2 | Tel: (416)306-8959 | Anuraj.Bains@cibc.com



*Ian Oncea, CMA, CPA
Vice-President, Insurance, CIBC; and
President & CEO, CIBC Life Insurance Company*

Ian Oncea is Vice-President of Insurance on the Personal Lending & Insurance Leadership team at CIBC.

Ian has spent 18 years with CIBC across a range of disciplines often focused on divisional goal setting, overseeing the development and execution of strategic initiatives, and leading operational turnarounds.

In his community, Ian spends most of his free time at local hockey rinks coaching minor hockey for his three boys.

On the ice or in the office, Ian is focused on building collaborative relationships, leveraging data to make thoughtful decisions, and building top performing teams to drive results.

Ian holds an undergraduate degree in Political Science and Economics from the University of Western Ontario; and is a Certified Management Accountant (CMA) and Chartered Professional Accountant (CPA).

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 1(d)

Welcome to and Self-Introduction by New CAFII Director Ian Oncea, CIBC Insurance

Purpose of this Agenda Item

CAFII Board Chair Chris Lobbezoo will welcome new Board member from CIBC Insurance, Ian Oncea, who will join this meeting in-progress, after his appointment has been completed by the Board.

Background Information

A new Director from CIBC Insurance is joining the CAFII Board. Ian Oncea will introduce himself to his Board colleagues.

Recommendation / Direction Sought

No action required.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 2 (a-g) Consent Items

Purpose of this Agenda Item

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

Background Information

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

- a. Draft Board Meeting Minutes, June 8/21
- b. Draft Special Purpose Board Meeting Minutes, June 29/21
- c. Summary of Board and EOC Action Items
- d. Regulatory Update
- e. Consultations/Submissions Timetable
- f. Regulator and Policy-Maker Visit Plan
- g. Board-Approved CAFII 2021 Schedule of Meetings and Events

Recommendation / Direction Sought

Approval of a motion receiving five (5) of the seven (7) Consent Items for the record, while approving the draft minutes of the June 8/21 Board Meeting and the draft minutes of the June 29/21 Special Purpose Board Meeting.

Attachments Included with this Agenda Item

Seven (7) attachments.

**BOARD VIRTUAL MEETING VIA MS TEAMS
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE**

Tuesday, June 8, 2021, 2:20-4:30pm

MINUTES

Board Present:	Chris Lobbezoo	RBC Insurance (Chair)
	Peter Thompson	National Bank Insurance (Vice-Chair)
	Nicole Benson	Valeyo
	Paul Cosgrove	Assurant Canada
	Janice Farrell-Jones	TD Insurance
	Zack Fuerstenberg	ScotiaLife Financial
	Louie Georgakis	The Canada Life Assurance Company
	Peter McCarthy	BMO Insurance
	Sophie Ouellet	Sun Life
	Mica Sweet	CIBC Insurance
	Wally Thompson	Manulife
	Kelly Tryon	CUMIS/The Co-operators
	Rob Robinson	Canadian Premier Life Insurance Company
	Chantal Gagné	Desjardins Insurance
	Adam Vespi	Canadian Tire Financial Services (for part)

Also Present: Brendan Wycks, *Co-Executive Director*
Keith Martin, *Co-Executive Director*
Lyn Wallington, *Managing Matters* (Recording Secretary)

1. Welcome, Call to Order, and Priority Matters

C. Lobbezoo welcomed all to this meeting of the CAFII Board of Directors, which was held virtually on the Microsoft Teams platform, and called the meeting to order at 2:20 p.m. Lyn Wallington acted as Recording Secretary.

Rob Dobbins, Board Secretary, confirmed that notice of the meeting had been sent to all Directors in accordance with the Association's By-Law; and that a quorum of Directors was present.

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

1.a. Welcome to New CAFII Member; and to Two New CAFII Directors

C. Lobbezoo thanked André Langlois, en absentia, for his service to CAFII as a Director from Desjardins. Mr. Langlois is stepping down as the Director from Desjardins, and Mr. Lobbezoo welcomed his successor Chantal Gagné, Senior Vice-President, Individual Insurance Division, Desjardins Financial Security. Ms. Gagné then briefly introduced herself to the other members of the Board.

1.b. Approval of Agenda

C. Lobbezoo noted that the agenda for this meeting included a “Read Only” section which members were expected to review but which would not require discussion in the meeting. Combined with the “Consent Items” section, these sections allow the meeting itself to focus on items that require Board discussion and/or decision-making.

Mr. Lobbezoo noted that two inter-related items would be added as agenda items 1(c) and 1(d). He indicated that those two items could be titled 1(c) *“Recommendation on Canadian Tire Bank’s Application for CAFII Initiation Membership”*; and then, assuming Board approval of that item, 1(d) would be *“Appointment of Canadian Tire Bank’s First Director on the CAFII Board.”*

If the Board agreed to add those two items, the items that were 1(c) and 1(d) as displayed on the originally circulated agenda would become items 1(e) and 1(f), Mr. Lobbezoo advised.

Mr. Lobbezoo also noted that it had been decided to defer one further agenda item which could have been added to today’s agenda – on a Bylaw Amendment to permit “Voting By Electronic Means, Outside of a Board Meeting” – to a Special Purpose Board Meeting that would likely occur in late June, around the legal arguments being developed for CAFII by Norton Rose.

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

1.c. Recommendation on Canadian Tire Bank’s Application for CAFII Initiation Membership

On a motion duly made, seconded and unanimously carried **IT WAS RESOLVED** to approve the recommendation from the CAFII Membership Applicant Review Committee that Canadian Tire Bank be admitted to CAFII Initiation Membership.

1.d. Appointment of Canadian Tire Bank’s First Director On The CAFII Board

On a motion duly made, seconded and unanimously carried **IT WAS RESOLVED** that Adam Vespi, Associate Vice-President, Insurance & Services, at Canadian Tire Bank, be appointed as Canadian Tire Bank’s first Director on the CAFII Board.

Following passage of the motion, Mr. Vespi joined the meeting and Mr. Lobbezoo welcomed him to the CAFII Board. Mr. Vespi then briefly introduced himself to the other members of the Board.

1.e. Review and Acceptance of CAFII Competition Law Policy

C. Lobbezoo noted that the CAFII Competition Law Policy provided in today’s Board meeting package was adopted by the Association’s then-Board of Directors on April 3, 2008. The Association’s practice has been to highlight the key principles set out in the Competition Law Policy annually, at this first Board meeting in a new CAFII governance year.

Mr. Lobbezoo noted that the CAFII Competition Law Policy commits the Association’s Directors and other Member representatives who participate in the Association’s affairs to avoidance of the following:

- Making or discussing any agreement on prices, premiums, fees, or products;
- Exchanging cost information (with intent to fix prices or reduce competition);

- Restricting independent dealing with industry suppliers; and
- Precluding, arbitrarily, participation in CAFII in a manner that may limit competition.

1.f. Appointment of 2021-2022 CAFII Volunteer Officers

Mr. Lobbezoo noted that as this was the first Board meeting following the election of the Association's Directors for 2021-22, the Board must now appoint the volunteer Officers of the Association for 2021-22, with those volunteer Officer positions being Board Chair; Board Vice-Chair; Board Secretary & Executive Operations Committee Chair; Vice-Board Secretary & Executive Operations Committee Chair; and Treasurer.

Mr. Lobbezoo noted that the position of Vice-Board Secretary & Executive Operations Committee Chair was a new Officer role which the EOC had recommended the Board create; and the EOC was also recommending a candidate as the first appointee into that position.

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

Therefore, the following slate of volunteer Officers was nominated for appointment by the Board:

Board Chair: Chris Lobbezoo, RBC Insurance Holdings Inc.
Board Vice-Chair: Peter Thompson, National Bank Insurance
Board Secretary & EOC Chair: Rob Dobbins, Assurant Canada
Vice-Board Secretary & EOC Chair: Karyn Kasperski, RBC Insurance Holdings Inc.
Treasurer: Tony Pergola, ScotiaLife Financial

On a motion duly made, seconded and unanimously carried **IT WAS RESOLVED** that the nominated slate of CAFII volunteer Officers for 2021-22 be appointed by the Board.

2. Consent Items

Mr. Lobbezoo advised that the following Consent Items would not require any discussion during the meeting:

- a. Draft Board Meeting Minutes, April 13, 2021;
- b. Draft Board Meeting Minutes, May 19, 2021;
- c. Summary of Board and EOC Action Items;
- d. Regulatory Update;
- e. Consultations/Submissions Timetable;
- f. Regulator and Policy-Maker Visit Plan;
- g. Committee Reports Addressing CAFII Priorities;
- h. Board-Approved CAFII 2021 Schedule of Meetings and Events.

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

And further, **IT WAS RESOLVED** that the minutes of the meeting of the Board of Directors held April 13, 2021 and the minutes of the meeting of the Board of Directors held May 19, 2021 be and are adopted in the form presented, and that copies of those minutes be signed and placed in the minute book of the Corporation.

3. Governance Matters

3.a. Results of Recent Outreach To EOC Members To Create Succession Pipeline Of Committee Chairs and Vice-Chairs

CAFII EOC Chair and Board Secretary R. Dobbins noted that CAFII had engaged in an effort to attract new members to the various CAFII Committees, including identifying a Vice-Chair for each committee, such that the Vice-Chairs would be in line to succeed the Chair when that person stepped down. This effort had been very successful and had resulted in most Committees now having a Vice-Chair, along with a significant addition of new Committee and Working Group members.

3.b. Plans For Negotiating A Renewal of CAFII's Association Management Services Contract With Managing Matters

K. Martin noted that CAFII, as a small Association, relied on an Association Management Company (AMC) support to meet most of its support services needs, such as administrative support, accounting services, and event management. Four years ago, CAFII chose Managing Matters in an RFP process. One year thereafter, CAFII was sufficiently pleased with the service levels provided by Managing Matters that the Association negotiated a three-year extension, with cost concessions offered to CAFII in exchange for the longer-term contract.

CAFII management feels that Managing Matters is continuing to provide exemplary service and is well-aligned with CAFII's priorities and values. It has recommended to the EOC that a recommendation should be made to the Board that it give CAFII management the authority to negotiate the terms of a three-year extension to the contract, which expires 31 December, 2021, which would then be presented to the Board for approval, and the EOC supported that recommendation.

On a motion duly made, seconded and unanimously carried **IT WAS RESOLVED** to empower Keith Martin and Brendan Wycks, the CAFII management team, to proceed with negotiating proposed terms for renewal and extension of CAFII's Association management services contract with Managing Matters, which would then be brought back to the Board for approval at the 5 October, 2021 Board meeting.

[Action Item: Negotiate terms for a three-year contract renewal with Managing Matters, to present to the Board at the October 2021 Board meeting; K. Martin, B. Wycks, Summer 2021.]

4. Financial Management Matters

4.a. CAFII Financial Statements as at April 30/21

CAFII Treasurer Tony Pergola noted that CAFII's financial situation is very healthy. In April 2021, revenues were \$78K, expenses were \$65K, and there was a monthly surplus of \$14K. Year-to-date, CAFII's revenues were \$313K, expenses were \$233K, and the surplus was \$79K, which is a positive variance from the budget of \$25K. That was partly caused by higher revenues due to securing four new Associates being onboarded, as well as timing around expenses. The level of financial reserves as at May 31/21 was 55% of annual operating expenses, which was slightly above the 25 to 50% range which the Association targets.

4.b. Forecast for CAFII 2021 Fiscal Year as at April 30/21

CAFII Treasurer Tony Pergola reported that the current forecast through to the end of CAFII's 2021 fiscal year was positive, with projected revenue of \$939K, expenses of \$836K, and a surplus of \$102K. The projected level of financial reserves as at December 31/21 was 58% of annual operating expenses.

5. Strategic and Regulatory Matters

5.a. Proposal That CAFII Investigate Development and Launch of an Education/Master Class/Certification Program For Member Company Employees On "CPI Legislative and Regulatory Principles and Environment"

Zack Fuerstenberg, Board member for ScotiaLife Financial, presented some ideas he had on how to build on the many educational materials that CAFII offers. He felt that it might be beneficial for CAFII to develop standards around the staff training that CAFII members offer their credit protection insurance (CPI) employees, which would ensure an industry minimum standard and also be a positive message to share with regulators. He also felt that a curated set of educational modules on various strategic and regulatory matters could be developed and offered to head office staff of CAFII members.

In discussing this proposal, many Board members felt that there could be value to such an initiative, but that it could be a very large undertaking and could distract CAFII from some of its other strategic priorities. It was also felt that there was a significant pipeline of regulatory and strategic initiatives already being undertaken by CAFII and its members at this time; and that, as such, it could be difficult to find the resources for moving forward on such an initiative.

The Board felt that it would be worthwhile for CAFII management to develop a high-level summary of the options available around this proposal, including the pros, the cons, the costs, and the resource implications, and to present this to the Board at its next meeting on October 5, 2021.

[Action Item: Develop a summary of the pros, cons, and costs of different options related to the CAFII education program, for presentation to the Board at the October, 2021 Board meeting; K. Martin, B. Wycks, September 28, 2021.]

5.b. Norton Rose's Development of Legal Arguments That Could Be Used To Counter AMF's Position On RADM's Applicability To Credit Card-Embedded Insurance Benefits

Keith Martin updated the Board on the status of CAFII's engagement of law firm Norton Rose to develop legal arguments that could be used to counter the AMF's position on the applicability of Quebec's *Regulation respecting Alternative Distribution Methods (RADM)* to credit card-embedded insurance benefits, an engagement decision which the Board had taken recently at a Special Purpose Board Meeting on May 19/21.

K. Martin noted that the Board had not indicated that it would necessarily use any legal opinion to challenge the AMF, but rather wanted to know its legal standing and options. Norton Rose was currently developing the legal arguments and it was expected to be ready in late June or early July 2021. A Special Purpose Board Meeting will be called for Norton Rose to present its findings to the Board and to answer any questions.

[Action Item: Organize a 90 minute Special Purpose Board Meeting at which Norton Rose will present the legal arguments from its AMF RADM legal analysis in relation to credit card-embedded insurance benefits; K. Martin, B. Wycks, June 30, 2021.]

5.c. CAFII Submission Of Deadline Extension Request Letter To AMF Re September 17/21 Deadline For Affected Insurers To Submit Product Summaries and An Action Plan

Keith Martin updated the Board on CAFII's recent submission of a deadline extension request letter to the AMF with respect to its stipulated September 17, 2021 deadline for affected insurers to submit, to it, Product Summaries and an Action Plan with respect to the RADM's applicability to credit card-embedded insurance benefits.

K. Martin noted that the letter had been sent on June 7/21 and CAFII was now awaiting an answer. If the AMF did not answer within the next few weeks, Mr. Martin planned to call Mario Beaudoin at the AMF and inquire about when an answer might be forthcoming.

5.d. CAFII Outreach To CBA That It Engage In AMF Credit Card-Embedded Insurance Benefits Issue, Given Implications For Core Credit Card Offerings In Quebec

K. Martin updated the Board on the status of CAFII's outreach to the Canadian Bankers Association to request that it engage in the AMF credit card-embedded insurance benefits issue, given the implications of the AMF's position for core credit card offerings in Quebec.

Mr. Martin noted that although the CBA had not updated CAFII on its view of the request, several CAFII Board members had previously indicated that the CBA was exploring the request.

In Board discussion of this matter, several Board members indicated that they were aware that the CBA was in discussions internally on this matter.

5.e. CAFII Working Group On Industry Alignment Around Compliance With AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits

K. Martin updated the Board on the work and progress to date of the recently formed *CAFII Working Group on Industry Alignment Around Compliance With AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits*.

Mr. Martin noted that the Working Group was co-chaired by Karyn Kasperski of RBC Insurance and Scott Kirby of TD Insurance, and had a strong membership including many representatives from members' credit card operations. The Working Group was focusing on how to develop the required Product Summaries, and the meetings to date had been extremely productive, with much important information being shared and discussed about the expectations of the AMF and how to best respond to them.

5.f. CAFII Working Group On Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance

K. Martin updated the Board on the work and progress to date of the recently formed *CAFII Working Group on Industry Alignment Re Interpretation of the FCAC's Appropriateness Guideline's Application to Credit Protection Insurance Products; and Potential Approaches to Compliance*.

K. Martin noted that the Working Group, which meets every second week and is chaired by Martin Boyle of BMO Insurance, was challenged in that it was attempting to respond to a document that was not publicly available at this time. But the Working Group was still making progress by looking at what could be appropriate, and what might not be appropriate, in the credit protection insurance space, so that when the FCAC Appropriateness Guideline is made public, CAFII and its members will be readily able to offer a detailed feedback response on an advanced draft of the document.

5.g. CISRO Consultation On "Principles of Conduct For Intermediaries"

B. Wycks updated the Board on a new consultation which the Canadian Insurance Services Regulatory Organisations (CISRO) had recently launched, on May 25, on "Principles of Conduct for Intermediaries." Mr. Wycks noted that the consultation was relevant to CAFII and that the Association's Market Conduct & Licensing Committee would be working on a submission.

[Action Item: Develop with Market Conduct Committee the CAFII submission to CISRO on its consultation on "Principles of Conduct For Intermediaries"; B. Wycks, K. Martin, July 9, 2021.]

5.h. Launch Of Saskatchewan Restricted Insurance Agent Advisory Committee

B. Wycks updated the Board on the Insurance Councils of Saskatchewan's plans for the launch of a Saskatchewan Restricted Insurance Agent Advisory Committee, which will be the first of its kind in Canada, with seven (7) industry representatives who have been nominated by CAFII and CLHIA working in collaboration.

5.i. Insights Gained From June 3/21 CAFII Webinar On "RIA Regimes In Canada"

K. Martin noted that the 3 June, 2021 CAFII webinar on "RIA Regimes in Canada" had been highly successful, with over 100 registrants including over a dozen regulators and policy-makers. The panelists were very engaged and much positive feedback on the webinar had been received.

B. Wycks noted that Joanne Abram, CEO of the Alberta Insurance Council, specifically said in her comments that she felt that credit protection insurance products were positive for consumers by offering a simple, affordable insurance option for those taking out a loan instrument, and that the other two panelists (April Stadnek, Director of Compliance & Enforcement, Insurance Councils of Saskatchewan, and Barbara Palace Churchill, Executive Director, Insurance Council of Manitoba) echoed that sentiment. Mr. Wycks noted that such a positive statement from regulators would have been very unlikely five years ago, demonstrating that CAFII's communication strategy is working.

5.j. Next Steps Arising From Results Report From CAFII Research Project On Insurance CPI Consumers' Digitization Preferences: Webinar For Regulators and Policy-Makers; Public Release; and Media Release

K. Martin noted that with the Board having recently approved, via a Written Resolution, the public release of the results of CAFII's recent research on digitization, the Association was now preparing the next steps. A webinar with regulators and policy-makers will be held on 15 June, 2021 to present to them the key findings of the study, with Lesli Martin, Vice-President at Pollara making the presentation. A day or so later, there will be a press release issued on the study, and the high-level results will be posted in English and French on the Association's website.

5.k. New Motion Graphics Website Video On Consumers' CPI Digitization Preferences

K. Martin noted that CAFII was preparing a video on the recent CAFII research on CPI consumers' digitization preferences, for posting on the CAFII website.

Mr. Martin added that about a year ago, CAFII had developed a script for a video on job loss CPI, but some Board members felt, at the time, that with the claims experience of consumers with job loss insurance in the context of the pandemic not being clear, the timing for releasing such a video might be premature. With the passage of a year, and given that job loss CPI had not been subject to criticism in that time period, Mr. Martin asked if the Board would be comfortable with releasing that video now. The Board expressed strong support for so doing.

5.l. Insights Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact of COVID-19 on Travel Insurance Industry

Mr. Wycks noted that CLHIA and THIA meetings with Global Affairs Canada had recently been cancelled. He also noted that the key COVID-19 issue currently being discussed by this group is when the Canada-US border will re-open.

6. Meeting Termination

B. Wycks updated the Board on plans for the next regularly scheduled CAFII Board meeting, on October 5, 2021.

Then, on a motion duly made, seconded and unanimously carried, **IT WAS RESOLVED** to terminate the meeting.

SPECIAL PURPOSE VIRTUAL MEETING VIA MS TEAMS
BOARD OF DIRECTORS
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
Tuesday, June 29, 2021
MINUTES

Board Present:	Chris Lobbezoo	RBC Insurance; Chair
	Peter Thompson	National Bank Insurance; Vice-Chair
	Paul Cosgrove	Assurant Canada
	Janice Farrell-Jones	TD Insurance
	Zack Fuerstenberg	ScotiaLife Financial
	Louie Georgakis	Canada Life Assurance
	Peter McCarthy	BMO Insurance
	Mica Sweet	CIBC Insurance
	Wally Thompson	Manulife Financial
	Kelly Tryon	CUMIS/The Co-operators
	Rob Robinson	Canadian Premier Life Insurance Company
	Chantal Gagné	Desjardins Insurance
Regrets:	Sophie Ouellet	Sun Life
	Adam Vespi	Canadian Tire Bank
	Nicole Benson	Valeyo
Also Present:	Marc Duquette	Norton Rose Fulbright Corporation (<i>for part</i>)
	Dominic Dupoy	Norton Rose Fulbright Corporation (<i>for part</i>)
	Brendan Wycks	CAFII
	Keith Martin	CAFII

1. Call to Order and Meeting Confirmation

C. Lobbezoo welcomed all to this meeting of the CAFII Board of Directors, which was held virtually on the Microsoft Teams platform, and called the meeting to order at 12:31 p.m. Lyn Wallington acted as Recording Secretary.

1.a. Declaration of Meeting Properly Called and Constituted

R. Dobbins, Board Secretary, confirmed that notice of the meeting had been sent to all Directors in accordance with the Association's By-Law; and that a quorum of Directors was present.

C. Lobbezoo 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.b. Approval of Agenda

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

2. Strategic and Regulatory Matters

2.a. CAFII's Next Steps On AMF Credit Card-Embedded Insurance Benefits Issue

C. Lobbezoo asked K. Martin to provide an update to begin the meeting, by summarizing recent developments at the AMF on the credit card-embedded insurance benefits issue.

Mr. Martin advised that there appeared to be some softening of positions at the AMF. Two consultations which the AMF was planning had been postponed to the Fall of 2021, seemingly to allow for a summer vacations hiatus. Mr. Martin received a phone call on 18 June, 2021 from AMF staff executive M. Beaudoin who indicated that the AMF was planning to grant CAFII its requested three-month extension to the deadline for affected insurers to submit Product Summaries and Action Plans for credit card-embedded insurance benefits; and on 23 June, 2021, a formal AMF letter granting the extension was received.

As well, CAFII had learned that Richard Ollier, President of the Travel Health Insurance Association of Canada (THIA) had spoken to Mr. Beaudoin, who indicated that the AMF was open to discussions about the Fact Sheet which could lead to its being modified in a way that made it more appropriate for credit card-embedded insurance benefits, and the regulator would aim to do that by 1 May, 2022.

Mr. Martin noted that these were significant changes and that while this was speculative, it was interesting that they had all occurred since Eric Jacob was appointed as the new Superintendent, Client Services and Distribution Oversight.

Mr. Lobbezoo then welcomed and thanked Marc Duquette and Dominic Dupoy from Norton Rose for their efforts on behalf of CAFII in preparing a legal arguments/opinion to counter the AMF's views on the applicability of Quebec's Regulation respecting Alternative Distribution Methods (RADM) to credit card-embedded insurance benefits, and turned the meeting over to Mr. Duquette.

Norton Rose had produced a 17-page legal opinion, and Mr. Duquette spoke to the major points in it. He noted that the legislation supporting the RADM does not mandate a Fact Sheet, and that the specific requirements of the Regulation are based on the AMF's efforts. As such, the AMF can freely revise the Regulation without any requirement that the source legislation be changed. He said that this might require a request to the Quebec Minister of Finance, but otherwise is within the jurisdiction of the AMF.

Mr. Duquette also noted that some of the requirements of the RADM, such as presentation of a Fact Sheet to customers that contains misleading and false information, contradict other regulatory requirements upon CAFII members. As such, such requirements are not appropriate, which is a view that a Court would likely support. Regulations cannot lead to absurd or impracticable consequences, which was surely the case with the RADM as currently drafted.

Mr. Duquette felt that it was within the power of the AMF to revise the RADM appropriately and, as well, the AMF could issue a "Staff Notice" which would indicate that it was not enforcing certain provisions of the Regulation.

In response to a Board question, Mr. Duquette opined that the AMF had presented interpretations of the RADM that were not appropriate; and that there seemed to be inadequate oversight of the activities of some of the AMF's personnel.

Mr. Duquette and Mr. Dupoy then departed the meeting, to allow CAFII Board members to discuss CAFII's next steps with respecting to utilizing the just-presented Norton Rose legal arguments/opinion.

Next step options were:

- Do nothing with the legal opinion at this time — with a new AMF Superintendent, Client Services and Distribution Oversight (Eric Jacob) in place, focus solely on relationship-building;
- In an early/imminent relationship-building meeting with Eric Jacob, ask whether the AMF might be interested in receiving a brief CAFII-sponsored legal presentation from Norton Rose (based on a legal opinion it has prepared for CAFII) or in receiving just a copy of the written legal opinion (abridged version) on the AMF's ability to change the RRADM and/or Fact Sheet without requiring a change to the parent legislation (ARDFPS);
- Write to the AMF and use excerpts from Norton Rose legal opinion to indicate that certain aspects of the RRADM (e.g. Rights of Rescission) and the Fact Sheet continue to be an issue for CAFII and the industry re credit card-embedded insurance benefits, such that we request formal, written amendment(s) which remove the likelihood of misleading or confusing consumers;
- Write to the AMF with some/all of the legal opinions developed by Norton Rose and indicate that we are considering all of our legal options;
- Court challenge; and/or
- Some mix of the above options.

In Board discussion, a strong consensus emerged that CAFII should initially take a "soft" approach that focuses on relationship-building with Eric Jacob, the AMF's recently appointed new Superintendent, Client Services and Distribution Oversight. It was suggested that a Get Acquainted and Dialogue Meeting involving Mr. Jacob and CAFII's Co-Executive Directors be set up, at which CAFII management would mention that its members intend to comply with the Regulation; are still concerned about the Fact Sheet; and had had a legal analysis done by Norton Rose. CAFII would then ask Mr. Jacob if he was interested in some of the findings of the Norton Rose legal analysis, which could be presented by Norton Rose in a virtual meeting, alternatively in a written summary only, or via both methods.

2.b. Insights Gained From Conversation With Stephen Frank, CLHIA Re CAFII-Relevant Federal Bank Act Matter

Peter McCarthy reported that he had recently spoken with Stephen Frank, CEO of the Canadian Life and Health Insurance Association (CLHIA), with respect to how its members would respond to an effort by CAFII and/or the Canadian Bankers Association to obtain amendments to the Federal Bank Act to allow banks and other federally regulated financial institutions (FRFIs) to distribute non-Authorized Insurance Products in their branches. Mr. Frank said that he was of the view that many of CLHIA's major insurer members would oppose such an effort.

3. Governance Matters

3.a. Board Motion To Amend CAFII Bylaw To Allow Email Votes of the Board of Directors, Outside of Board Meetings, on Time-Sensitive Approval and/or Decision Matters

On a motion duly made, seconded and unanimously carried **IT WAS RESOLVED** that the CAFII Board hereby amends the Association's Bylaw No. 1 through the addition of the following new clause 5.13:

5.13 Voting By Electronic Means, Outside Of A Board Meeting

At the discretion of the board chair – or in his/her absence, the board vice-chair – and in lieu of 5.13, a resolution in writing may be proposed to the directors via electronic means, outside of a properly constituted board meeting, for approval via electronic means. Where this option is exercised, a simple affirmative vote response by a director shall suffice and be as valid as if it had been cast at a board meeting. A two-thirds majority vote of all directors entitled to vote shall be required for approval of the resolution -- absent any vote against the resolution by a director entitled to vote, the occurrence of which shall immediately void the voting on the resolution by electronic means, outside of a board meeting. Voting by electronic means outside of a board meeting shall be reserved for matters requiring board approval which are of particular time-sensitivity and urgency. A copy of every such resolution in writing proposed to directors for voting by electronic means, outside of a board meeting, shall be kept with the minutes of the proceedings of the board or committee of directors.

4. Meeting Termination

On a motion duly made, seconded and unanimously carried **IT WAS RESOLVED** to terminate the meeting at 1:55 p.m.

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status July 20, 2021
		Association Strategy and Governance			
1	EOC and Board: October 2019	Launch CAFII EOC Working Group to Explore a New Lower Dues Category of CAFII Membership, via a first meeting and a draft Terms of Reference for this Working Group.	B. Wycks/K. Martin	31-Dec-21	In progress/ See #2
2	BOD: June 9, 2020	Revisit the launch of the CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership once the economic environment stabilizes, via a first meeting and a draft Terms of Reference for this Working Group.	K. Martin	31-Dec-21	In progress
3	EOC May 29, 2018	Develop a summary job description for the CAFII EOC Chair role and circulate it to EOC Members.	B. Wycks/K. Martin	31-Dec-21	In progress
4	EOC February 27, 2018	Document in writing the process for reviewing, approving, and admitting applicants for CAFII Members and Associate status	B. Wycks	31-Dec-21	In progress
5	BOD June 8, 2021	Negotiate terms for a three-year contract renewal with Managing Matters, to present to the Board at the October 2021 Board meeting.	K. Martin/B. Wycks	28-Sep-21	In Progress
		Regulatory Initiatives			
6	EOC March 30, 2021	Organize a virtual meeting for CAFII with David Weir, FCNB around the in-development Rule and its provisions addressing the creation of a Restricted Insurance Agent licensing regime in New Brunswick	B. Wycks	15-Mar-21	In Progress
7	BOD June 8, 2021	Develop a short summary of the pros, cons, and costs of different options related to a CAFII education program, for presentation to the Board at the October 5, 2021 Board meeting	B. Wycks/K. Martin	28-Sep-21	Completed
		Research and Education; and Media Communications			
8	EOC July 20, 2021	Share with EOC and Board members Deloitte Canada's proposal for a thought leadership paper on industry best practices to meet the digitization expectations of Canadian CPI consumers once it is received from Deloitte's Melissa Carruthers.	K. Martin	July/August 2021	Completed
9	EOC May 25, 2021	Develop with Operatic Agency a new motion graphic website video on the Pollara consumers' digitization preferences	B. Wycks/K. Martin	Summer 2021	In progress
10	EOC June 22, 2021	Offer EOC members the opportunity to comment on two new motion graphic website video on the Pollara consumers' digitization preferences and job loss	B. Wycks/K. Martin	Summer 2021	In progress

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Regulatory Update – CAFII Executive Operations Committee, September 10, 2021

Prepared By Brendan Wycks, CAFII Co-Executive Director

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Federal/National

Financial Consumer Agency of Canada (FCAC)

FCAC Releases “Make Change That Counts”: National Financial Literacy Strategy

On July 14/21, the FCAC released a new national financial literacy strategy -- a five-year plan to help Canadians build financial resilience -- called “Make Change That Counts.” In a related news release, the Agency said that strengthening the financial literacy of Canadians is essential to protect financial consumers and central to the mandate of the FCAC.

The national strategy builds on FCAC’s first national financial literacy strategy released in 2015. It reflects the economic impact of the pandemic on many Canadians, the diverse needs of consumers, especially the most vulnerable, and the evolving expectations of Canadians in an increasingly digital financial marketplace. Input from stakeholders across Canada, combined with new insights from research conducted by FCAC and external researchers, were foundational to the development of the strategy.

The national strategy emphasizes the need for an evolution of the financial ecosystem to be more accessible, inclusive, and effective for Canadians. It provides a framework to reduce barriers, catalyze action, and help consumers develop their skills, capacity, and behaviours, with the ultimate the goal of building financial resilience.

The national strategy supports a vision for a Canada where everyone can build financial resilience in an increasingly digital world. It is a roadmap to guide stakeholders in the financial ecosystem – including FCAC, community organizations, the financial industry, governments and regulators, and other key players – in support of this goal.

The national strategy identifies three areas of focus:

1. Reducing barriers that prevent people from accessing, understanding, and using appropriate financial products, services, and information. Priorities include communicating in ways people understand, building and providing for diverse needs, and supporting increased digital access and literacy.
2. Catalyzing action to help Canadians achieve positive financial outcomes and addressing biases and misunderstandings. Priorities include improving access to trustworthy and affordable financial help, using behavioural design to simplify financial decisions, and strengthening consumer protections.
3. Helping Canadians develop the skills, capacity, and behaviours that are the consumer building blocks to financial resilience. These building blocks include the skills to navigate the financial marketplace, just-in-time knowledge, and managing expenses, debt, and savings.

The FCAC stated that over the coming months, it intends to continue to engage with stakeholders to establish measures of success and identify initiatives that will advance the ultimate goal of the national strategy—helping Canadians build financial resilience.

Ombudservice For Life and Health Insurance (OLHI)

OLHI Looking For Two New Board Members

On September 3/21, the Ombudservice for Life and Health Insurance (OLHI) announced on its website that it was looking for two new Board members: one from Ontario and one from Atlantic Canada.

OLHI's free, bilingual services are available to any consumer whose life or health insurer is an OLHI member; currently, 99% of Canadian life and health insurers are OLHI members.

The Board of Directors is the legal authority for OLHI. As a member of the Board, a Director acts in a position of trust and is responsible for the effective governance of the organization. Each Director is expected to become an active participant in a Board that functions effectively as a whole.

There are four in-person meetings per year that Directors are expected to attend. Directors also sit on at least one committee which meets virtually. Directors are paid an annual stipend and *per diems* for meetings. Directors are elected annually at the Annual General Meeting of member companies and their board performance is assessed annually by fellow Directors.

Directors should have prior experience in sitting on or working with a board and should have knowledge of and commitment to sound governance practices. Experience with the not-for-profit, public, or regulatory bodies/sectors/institutions/environments would be an asset. Board members are expected to demonstrate personal qualities of integrity, sound judgment, collegiality, and respect for the views of others. OLHI's bylaws state that independent Directors should not be perceived to have a bias in favour of or against financial service providers.

As an enterprise that provides a public service to Canadian life and health insurance consumers, OLHI is committed to equity, diversity and inclusion, welcoming applicants from diverse backgrounds. Our search process ensures confidentiality while upholding an unbiased respectful process for our candidates.

The deadline for applications is October 13, 2021.

Canadian Life and Health Insurance Association (CLHIA)

CLHIA Reacts To Federal Liberals' Corporate Tax Proposal

In an August 27/21 article, HomeNews reported that CLHIA has responded to a Liberal Party of Canada federal election platform announcement concerning corporate taxes levied on the country's large banks and insurers. In an election campaign stop in BC, Prime Minister Justin Trudeau said that if re-elected, his party would act to raise corporate tax rates on big Canadian banks and insurance companies.

“Our financial institutions did very well during this pandemic, partially because Canadians pulled together and did the right thing and got the support they needed from their government,” Trudeau said, according to reports. “Given our banks have posted extraordinarily large profits and continue to be incredibly successful while others had to tighten their belts, we are going to ask them to do a little bit more.”

Under the proposal, large institutions – including the likes of Sun Life, Manulife, and Canada Life – would see their tax rate on corporate earnings above \$1 billion increase from 15% to 18%. The measures are expected to add \$2.5 billion annually to Canada’s coffers over the next four years.

Following the announcement, CLHIA President and CEO Stephen Frank issued a statement highlighting how life and health insurers are already helping Canadians and contributing to the economy.

“Canada’s life and health insurance industry provides over 29 million Canadians with products that support their financial security,” Frank said. “The industry directly employs over 157,000 Canadians in all provinces and territories.”

Last year, Frank said, life and health insurers paid more than \$8 billion in provincial and federal taxes. “If a future government were to introduce new tax measures, we expect that the government would consult broadly with all stakeholders,” he said. “We remain committed to working with government, today and in the future, to ensure the public policy objectives and implications of any tax changes for Canadians’ access to affordable financial solutions are clear.”

CLHIA Urges Ontario To Reconsider New Privacy Legislation

In a September 9/21 article, the Insurance Portal reported that CLHIA is encouraging the Ontario government to refrain from rushing the development of privacy legislation in the province.

“We understand that the Ontario government intends to move quickly on this issue and is aiming to draft and implement legislation in a very short period of time. We believe that having a short consultation period in the middle of the summer on something so significant and important to the people of Ontario could result in insufficient feedback. We would caution the government on moving ahead too quickly,” the CLHIA wrote in its comments to the Ontario Ministry of Government and Consumer Services on its white paper entitled *Modernizing Privacy in Ontario: Empowering Ontarians and Enabling the Digital Economy*.

“We believe a new privacy regulatory framework in Ontario is not needed and instead, it is essential to ensure that modernization is coordinated with the federal government’s framework for privacy. Our industry generally supports the direction established by the federal government in its recently tabled legislation (Bill C-11) to update the privacy framework,” CLHIA added. “It strikes a balance between an individual’s right to control how their personal information is used and the reality that organizations often require personal information in order to provide new and innovative services to Canadians.”

CLHIA asserted that having separate and potentially incompatible rules in Ontario will hinder an insurance company's ability to operate in the province. "Should the Ontario government decide to move ahead with its own legislation in this area, we would strongly encourage the province to focus on areas that are not currently captured by the federal legislation," the industry Association wrote, pointing out that the federal legislation is currently limited to commercial activities.

"Therefore, organizations such as charities, unions, associations and other non-profits would not be covered. We support the province's approach to close the gap by creating privacy legislation in the province that focuses on oversight of these organizations to ensure Ontarians' personal information is adequately covered."

"We do not believe additional provincial legislation is required but rather that Ontario, and all provinces, should work with the federal government to continue to amend its federal legislation in a manner that would take into consideration provincial concerns." "Should the province of Ontario see a need to otherwise protect its constituents, we suggest that the province focus on those areas not captured by federal legislation."

Provincial/Territorial

British Columbia

British Columbia Financial Services Authority (BCFSA)

BCFSA Publishes Updated Supervisory Framework

On September 7/21, the BC Financial Services Authority ("BCFSA") published on its website an updated Supervisory Framework to reflect changes in the financial marketplace over the past decade as well as the evolution of future financial products and services. The Supervisory Framework sets out the rationale, principles, concepts, and core processes that BCFSA uses to guide its supervision of provincially regulated financial institutions.

Insurance Council of BC

Updates To Insurance Council's Rule 5: Council Fees Receive Ministerial Approval

On August 17/21, the Insurance Council of BC announced on its website that amendments to its Council Rule 5, the Rule governing fees for Insurance Council activities, had recently been approved by the province's Minister of Finance. The updated Rule includes modernization and housekeeping changes to the structure that defines which activities the Insurance Council collects fees for and their amount.

The proposed Rule change was submitted for Ministerial approval earlier in summer 2021, following a period of licensee and public feedback between March and May 2021.

The updated Rule 5 will be effective September 20, 2021, but it does not trigger any immediate changes to fees currently being charged as its purpose is to establish the parameters for fees. Any changes would be introduced over time in alignment with the Insurance Council's operational budget.

In brief, the amendments:

- clarify what certain fees are for and remove references to outdated practices.
- provide the Insurance Council with the discretion to charge or not charge fees for the items/activities named in the rule.
- differentiate between fees for individual licences versus corporate licences, as well as between different types of corporate licence.
- increase the upper limit for licence application and annual filing fees.
- enable the Insurance Council to charge for courses that it develops and offers.
- enable the Insurance Council to charge for processing trainee registrations.
- specify fees for corporate ownership amendments and remove the requirement to charge for other more common amendments.

Ontario

Financial Services Regulatory Authority of Ontario (FSRA)

Former State Farm Canada Head Barbara Bellissimo Joins FSRA Board

In an August 17/21 article, Canadian Underwriter reported that Barbara Bellissimo, former chief agent for State Farm Canada, had joined FSRA's board of directors. FSRA announced on August 16/21 that Bellissimo became a member of its board of directors effective August 12.

Bellissimo joined State Farm Canada as an underwriter in the 1980s, and was chief agent from 2009 through 2014.

In 2015, Quebec City-based Desjardins Group closed its acquisition of State Farm's operations in Canada. After the acquisition, Bellissimo stayed on as senior vice-president of the Desjardins Agent Network, a position she held until she retired in 2019. Her successor at Desjardins is Benaaz Irani.

Bellissimo was previously chair of the board of the Institute for Catastrophic Loss Reduction.

Bellissimo "has overseen all aspects of property & casualty insurance and had a leadership role in one of its largest transitions," FSRA said on Monday, August 16 in a release.

"Barbara is a high-calibre leader who will bring significant insights to the Board as FSRA aims to enhance consumer choice, and promote innovation and competition in the auto insurance marketplace," FSRA chairwoman Joanne De Laurentiis said in a statement.

FSRA replaced the Financial Services Commission of Ontario (FSCO) as the Ontario's insurance industry regulator in June 2019. FSRA's other board members are Kathryn Bouey, Blair Cowper-Smith, Joseph Iannicelli, Dexter John, Stewart Lyons, Lawrence Ritchie, and Brent Zorgdrager.

FSRA Seeks Feedback On Proposed Approach To Communicating Enforcement Actions

On August 10/21, FSRA announced that, with a view to improving the transparency of its enforcement actions, it had just launched a consultation on its proposed approach guideline which summarizes when and how FSRA will publish information on its enforcement procedures and investigations. The proposed guideline describes how FSRA communicates its Proposal Notices, Proposed Decision Notices, Final Orders and Transaction Minutes through press releases to better inform the public and industry. FSRA states that its proposed approach will improve access to information about who and what type of behaviour is being sanctioned. In this way, the public, industry and other regulators can be better informed. The deadline for consultation submissions is September 24/21.

In an August 10 article on this FSRA initiative, Investment Executive reported that FSRA's sees increased transparency and public awareness of this activity as intended to bolster consumer protection and deter future misconduct.

"Our proposed approach will provide greater access to information about who and what type of conduct is being sanctioned. As a result, the public, industry and other regulators can be better informed," FSRA stated.

To that end, the guidance sets out when FSRA will publicly disclose enforcement activity in the various sectors it oversees.

For example, in the insurance sector, the regulator will release information when it disciplines an insurer, imposes a penalty, revokes or suspends or refuses a license, among other actions.

It generally doesn't report imposing summary administrative penalties, revoking a license where a notice of proposal is not required, or when undertakings are agreed upon.

However, the guidance indicates that it may exercise its discretion to release information in certain circumstances that aren't usually made public.

The decision to release information in these cases is made on a case-by-case basis, weighing "the benefits of transparency against any potential harms of publication" to determine whether publication is appropriate.

For example, the guidance indicates that FSRA may publish information on enforcement actions involving credit unions and their personnel to address misconduct or compliance issues, and settlements that result in licensing conditions or other undertakings.

Similarly, under the proposed guidance, FSRA will not typically disclose, or confirm the existence of, an ongoing investigation, or an investigation that's closed without taking action.

However, the regulator may exercise its discretion to disclose the existence of an investigation in certain cases.

“This will be limited to exceptional circumstances where FSRA is of the view that disclosure is necessary to protect consumers and that consideration outweighs the usual reasons for non-disclosure,” the regulator said.

FSRA Releases Findings On Life Insurers' Compliance With MGA Supervision Responsibilities

In a July 29/21 Insurance Business Canada article, Insurance Business Canada reported that FSRA had completed a review of the life insurance companies operating in the province – more specifically, how they supervise the managing general agents (MGA) they work with.

Although there is no separate licence required to operate as an MGA in Ontario, most life and health MGAs perform services that require them to be licensed as insurance agents or corporate agencies. Thus, FSRA has stated that life and health MGAs are required to comply with the legal obligations that apply to agents.

FSRA conducted its review between September 2020 and March 2021, surveying companies that comprise approximately 50% of the Ontario life insurance market share. The regulator found the following:

- the most prevalent way life insurance is sold is through agents who may represent more than one insurer and who are contracted with an MGA.
- contracts between insurers and MGAs do not explain in detail what actions MGAs are required to take, and what standards they are required to meet, for screening, training, and monitoring insurance agents.
- insurers lack an in-depth process to assess the risks associated with their MGAs. A comprehensive risk assessment helps insurers to identify higher risk MGAs that may require more attention.
- insurers do not conduct a meaningful volume of agent reviews to assess if they comply with regulatory obligations and industry best practices.

FSRA also offered a reminder that insurers must maintain a system to oversee agents acting on their behalf to make sure that they comply with the Insurance Act, its regulations, and the agent's licence requirements. Insurers are obligated to do this for all agents, including insurer-contracted MGAs, FSRA advised.

FSRA Launches Consultation On Life Agent Reporting Forms

On September 9/21, FSRA announced that it was launching a consultation on proposed guidance on licensing information that life agents must report under the *Insurance Act* (Act).

The proposed guidance also outlines insurers' related obligations to ensure agent suitability, even if they delegate oversight functions to third parties. The proposed guidance provides FSRA's Interpretation of legal requirements under the Act and its Approach to monitoring and enforcing compliance with these requirements.

FSRA collects licensing information to assess if an agent is suitable and qualified to continue conducting insurance business. FSRA also uses this information to determine where to focus its compliance review efforts. This aligns with the Authority's risk-based approach to supervision.

The deadline for consultation submissions is October 8, 2021.

Québec

Autorité des marchés financiers (AMF)

AMF Releases Draft Regulation Respecting Complaint Processing For 60 Day Consultation

On September 9/21, the AMF published a Draft Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector for consultation.

"Through this initiative, which fits with our 2021-2025 Strategic Plan, we wish to optimize and standardize the way complaints are processed, to the benefit of all financial consumers," said AMF President and CEO Louis Morisset. "This Draft Regulation was developed taking into account insights from an array of internal and external stakeholders as well as international best practices."

The Draft Regulation defines what constitutes a complaint and establishes a common set of rules, obligations, and practices for the financial sector with respect to the process and timelines to be followed in handling consumer complaints.

In its September 10/21 report on this AMF initiative, Investment Executive reported that the AMF had launched a consultation on proposed measures that would set tougher standards for processing consumer complaints and resolving disputes in Quebec's financial industry.

The proposed new rules aim to harmonize and enhance complaint-handling standards in the various sectors regulated by the AMF, including securities dealers and advisers, independent representatives and financial planners, insurers, and co-operatives.

Among other things, the proposals would set requirements for documenting and dealing with client complaints. They would require firms to publish their complaint-handling policies and provide disclosure, as well as resolve complaints within 60 days (starting as soon as the complaint is received by the firm).

The proposals also would prevent firms from imposing gag orders on clients as a condition of paying compensation to harmed clients. And the proposals would prohibit firms from using the word “ombudsman” in their internal complaint-handling processes.

The deadline for consultation submissions is November 8, 2021.

Last month, the federal government adopted new complaint-handling regulations for banks that will take effect in June 2022. In addition, the government is currently engaging in a review of the current framework for external dispute resolution in the banking sector.

Research, Technology Advancements, and Thought Leadership

Research Shows Canadians Interested In Receiving Embedded Insurance Offers From Banks

A recent survey sought to understand how customers of banks, digital banks and other fintech apps would react to embedded insurance offers based on real time transaction data. The survey of 504 Canadian bank customers was conducted by Momentive.ai (the research company of SurveyMonkey), and commissioned by Cover Genius. The question asked:

Suppose your bank, with your permission, monitored your transactions and offered a prompt for purchasing protection products based on your purchase history inside of your banking app. Please indicate how interested you would be in allowing them to make these offers.

The findings show that 67% of Canadian digital bank customers would be highly interested in receiving embedded insurance offers based on their transaction data, as would 57% of traditional bank customers. ‘Trust in banks to protect personal data’ is the primary driver for their interest, stated by 40%.

“The data show unequivocally that consumers are not aligned with government regulation prohibiting banks from offering embedded insurance in real time with financial transactions,” said Michael Fitzgibbon, Director of Insurance for Cover Genius Canada.

“Canadians are indicating that current restrictions on bank-embedded insurance that would sit alongside mortgages and auto loans and the like are outdated in a highly digitized, post-pandemic economy where consumers increasingly appreciate the relevance and timeliness of embedded offers.”

Fitzgibbon, who is based in Toronto, recently joined Cover Genius to further bolster the global insurtech’s activity in the Canadian market where he will oversee and manage partnerships, insurer engagement, and customer experience. With over 30 years experience in the insurance space, Fitzgibbon has held key executive leadership roles with regional and global insurance brokers and sees a great growth opportunity in Canada, coupled with disruption in the insurance industry.

“Cover Genius has seen a significant increase in demand for embedded insurance offerings from their network of global partners – a growth that was intensified in the past 15 months due to the shift to conducting everything online. Canadian companies across a variety of business verticals are eager to embed truly personalized protection at checkout or sign-up or based on transaction feeds.”

The research mirrors surveys of 3,551 Americans commissioned by Cover Genius published last month, and 12 other countries, which similarly examined 14 life events or activities or major purchases that lead to insurance consideration, such as childbirth, purchases of car, property, pets and expensive items, contracting for a wage and becoming a lessee or landlord. Across the globe, the data points to significant demand for timely and relevant transaction-based insurance offers, with dramatically higher preferences if they’ve recently had major purchases or life events, or if they used a traditional insurer in the last 12 months, or if they purchased insurance from their bank.

The authors note the significant gap between an insurtech approach and the “bancassurance” reality, where traditional banks partner with traditional insurers for offerings that are typically divorced from underlying activities.

The survey of Canadian customers also confirms that there’s broad support for bank-embedded offers for property insurance such as Renters, Homeowners and/or Landlords (39% of respondents are highly interested), auto insurance (28%), travel insurance (26%) and a range of warranties for high value personal and household items (38%).

The role and nature of traditional insurers as a “second step” in the buying process is also examined in the paper. Digital bankers and younger demographics are more likely to purchase insurance, however the data also points to a healthy future for banks as insurance distributors: 75% of Canadians who chose a traditional insurer or broker in the last 12 months would prefer bank-embedded offers for next time.

While recent experience purchasing insurance is one way to identify early adopters, another is identifying users of popular fintech apps. The breakthrough findings show that 72% of 114 customers who use mobile wallets, 91% of Instalment payment users, 69% of investment account/app users, and 84% of accounting software users are highly interested in receiving insurance offers. Interest is also high for small business operators (90%).

“This desire for a frictionless end-to-end experience has enabled Cover Genius to add partners like Intuit, Wayfair, Booking Holdings, eBay, Descartes ShipRush and gig economy and mobility companies”, Fitzgibbon adds.

“Why limit the choice to traditional insurers when more than half of Canadians want their banks, fintechs and other financial service providers to tailor embedded insurance offerings for their needs?”

Download the full report: [“The Embedded Insurance Report: A consumer-focused case for transaction-based offers from Banks, Neobanks and Fintechs”](#), or the [report for Canada](#).

CAFII Consultations/Submissions Timetable 2021-22

Regulatory Issue	Deliverable	Deadline	Accountable
BC Ministry of Finance 10-Year Review of FIA (Initial Public Consultation Paper released June 2, 2015)	<ul style="list-style-type: none"> Revised Financial Institutions Act (FIA) tabled in the legislature <i>CAFII Follow-up Meeting (Virtual) with Ministry officials Re CPI Sales Practices and Related Fair Treatment of Consumers Considerations</i> CAFII submissions on draft Regulations in support of Revised FIA 	<ul style="list-style-type: none"> October 21/19 Q3 or Q4 2021 Q3 through Q4 2021 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-EDs to monitor
AMF Consultation On Strategic Priority Objective 2.3: Burden Reduction	<ul style="list-style-type: none"> AMF sends letter to Keith Martin, inviting CAFII to respond to its consultation on Strategic Priority Objective 2.3: Burden Reduction CAFII submission on AMF Strategic Priority Objective 2.3: Burden Reduction 	<ul style="list-style-type: none"> June 18/21 October 18/21 	<ul style="list-style-type: none">
AMF Sound Commercial Practices Guideline Update	<ul style="list-style-type: none"> AMF releases consultation document for 60 day period CAFII submission on updated Sound Commercial Practices Guideline 	<ul style="list-style-type: none"> <u>Q4 2021 (expected)</u> <u>Q4 2021 or Q1 2022</u> 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
Quebec Bill 141 and Related Regulations (including Regulation Respecting Alternative Distribution Methods, RADM)	<ul style="list-style-type: none"> CAFII sends AMF “creative solutions” submission on degree to which industry can meet AMF’s requirements on RADM’s applicability to credit card-embedded insurance AMF responds to CAFII’s “creative solutions” submission CAFII implements 3 Board directives in response to AMF’s March 30/21 response <u>AMF launches consultation of Draft Regulation Respecting Complaint Processing</u> <u>CAFII submission on Draft Regulation Respecting Complaint Processing</u> 	<ul style="list-style-type: none"> July 7/20 March 30/21 Q2 2021 <u>September 9/21</u> <u>November 8/21</u> 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Committee; Co-EDs to monitor
CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers	<ul style="list-style-type: none"> CAFII sends letter to CCIR/CISRO FTC Working Group asking it to obtain information on incentives and compensation models used by member distributors directly and privately, to avoid Competition Act violations <i>CCIR/CISRO FTC Working Group accepts proposal in CAFII’s July 2/20 letter</i> <i>CAFII meets virtually with CCIR/CISRO FTC Working Group to provide preliminary feedback on its Draft “Incentives Management Guidance”</i> <u>CAFII submission on CCIR/CISRO Draft “Incentives Management Guidance”</u> 	<ul style="list-style-type: none"> July 2/20 August 31/20 July 21/21 <u>September 17/21</u> 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
FCNB Insurance Act Rewrite and Introduction of RIA Regime	<ul style="list-style-type: none"> FCNB launches industry consultation on RIA licensing regime model CAFII submission on FCNB’s RIA Regime licensing regime model <i>FCNB launches informal stakeholder consultation on applicability of A&S insurance provisions of various provincial Insurance Acts to New Brunswick</i> <i>CAFII responds to FCNB consultation on A&S Insurance Act provisions</i> CAFII/CLHIA send joint response to FCNB’s further Insurance Act Rewrite questions (received November 6/20) FCNB announces tabling of <i>An Act to Amend The Insurance Act</i> in NB legislature; and that implementation Rule will follow in late 2021 (with 60 day public consultation) CAFII responds to David Weir follow-up questions re legislative constraints which prevent bank branch employees from being individually licensed to sell travel insurance 	<ul style="list-style-type: none"> November 29, 2019 January 31, 2020 July 2020 October 22/20 December 22/20 March 17/21 May 19/21 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
Financial Services Regulatory Authority of Ontario (FSRA) Regulatory Consultations	<ul style="list-style-type: none"> CAFII speaks to its submission on FSRA’s FY 2021-22 Statement of Priorities and Budget at Stakeholder Advisory Committee meeting with FSRA Board CAFII responds to FSRA consultation on Unfair and Deceptive Practices (UDAP) Rule CAFII meets with FSRA and CLHIA virtually re follow-up questions arising from UDAP Rule submissions CAFII responds to two follow-up UDAP Rule-related questions posed by FSRA FSRA releases Revised UDAP Rule, for further consultation CAFII responds to FSRA’s further consultation with submission on Revised UDAP Rule Keith Martin provides qualitative interview input to Environics in response to FSRA consultation on Stakeholder Advisory Committee structure, possible renewal/revision 	<ul style="list-style-type: none"> November 25/20 March 18/21 March 24/21 May 4/21 July 14/21 August 11/21 July 2021 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor

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

Agenda Item 2(f)
October 5, 2021 Board Meeting

CAFII Insurance Regulator and Policy-Maker Meetings/Interactions
From July 20/21 To September 10/21

<u>Date</u>	<u>Event/Occasion/Issue</u>	<u>Who</u>
July 21, 2021	CAFII Pre-Consultation/Kickoff Virtual Meeting With CCIR/CISRO Fair Treatment of Consumers Working Group On Its Draft "Incentives Management Guidance"	Approximately 15 CAFII EOC and Market Conduct & Licensing Committee members met virtually with members of the CCIR/CISRO Fair Treatment of Consumers Working Group (FTCWG), including Co-Chairs Louise Gauthier and Ron Fullan
July 28, 2021	Saskatchewan's <i>The Financial Planners and Financial Advisors Act</i>	Jan Seibel, Director, Insurance and Real Estate Licensing Division, Saskatchewan Financial and Consumer Affairs Authority (FCAA) reaches out to Brendan Wycks re a consultation on draft Regulations to support that province's <i>The Financial Planners and Financial Advisors Act</i> , which has an October 1/21 response deadline. CAFII decides not to respond to this consultation, as it is out-of-scope for our Association.
August 5, 2021	PEI Proposed "Class Proceedings Act"	Robert Bradley, PEI Superintendent of Insurance, reaches out to Keith Martin with a link to the announcement of a proposed <i>Class Proceedings Act</i> in his province, as well as to the related consultation paper (with an August 31/21 response deadline). CAFII determines that this consultation is only tangentially relevant to the Association's mandate and therefore out-of-scope.

August 9, 2021	CAFII Follow-up Letter to Eric Jacob, new AMF Superintendent, Client Services and Distribution Oversight	Brendan Wycks sends CAFII Follow-up Letter to Eric Jacob, new AMF Superintendent, Client Services and Distribution Oversight requests scheduling of 2021 CAFII Industry Issues Dialogue With AMF Staff Executives. Louise Gauthier responds on behalf of Eric Jacob and this virtual meeting is ultimately scheduled for Thursday, October 14/21 from 12:30 to 2:00 p.m.
August 19, 2021	Scheduling of Presentation and Dialogue Meeting with Erica Hiemstra, Director, Financial Services Regulatory Authority of Ontario (FSRA)	Brendan Wycks sends reminder email to Nadine Willock, Executive Assistant to Erica Hiemstra at FSRA, to propose some alternate dates for a Presentation and Dialogue Meeting for Ms. Hiemstra with CAFII (as per her request) Re "Introduction to Life and Health Agent Team and Sharing of Highlights of Life Agent Reporting Form (LARF) Report" (scheduled for September 14/21).
September 10, 2021	CAFII Get Acquainted and Dialogue Meeting With Eric Jacob, Newly Appointed AMF Superintendent, Client Services and Distribution Oversight	Keith Martin and Brendan Wycks participate in this introductory meeting with Eric Jacob (along with his AMF direct reports/colleagues Louise Gauthier and Mario Beaudoin) which also provides an opportunity to discuss CAFII members' concerns about providing inaccurate and misleading Fact Sheet and Notice of Rescission information to holders of credit cards with embedded insurance benefits.

CAFII Board-Approved 2021 Schedule of Meetings and Events
(Approved by Board at October 15/20 Meeting)

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

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

Board Meetings:

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

2021 Annual Members Luncheon:

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

2020 Board meetings Hosted by:

None, due to COVID-19 pandemic situation

2019 Board meetings Hosted by:

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

2018 Board Meetings Hosted by:

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

2017 Board Meetings Hosted by:

TD Insurance; CAFI; Desjardins; CIBC Insurance

2016 Board Meetings Hosted by:

CUMIS Group; Assurant Solutions; RBC Insurance; BMO Insurance

2015 Board Meetings Hosted by:

CIBC Insurance; ScotiaLife Financial; Desjardins; Canadian Premier

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

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

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

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

Venue: Virtual-Only Webinar

2019 Annual Members Luncheon

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

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

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

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

2018 Annual Members Luncheon

Topic: "Leading For Success in A Volatile World"

Speaker: Richard Nesbitt, CEO, the Global Risk Institute

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

2017 Annual Members Luncheon

Topic: Tomorrow is Today: Insurtech Disruption in the Life and Health Insurance Sector

Speaker: Keegan Iles, Director, Insurance Consulting Leader, PwC Canada

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

2016 Annual Members Luncheon

Topic: Innovation in Insurance: Opportunities in a Changing Market

Speaker: Alison Salka, Ph.D, Senior Vice President and Director Research, LIMRA

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

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 3(a)

Governance Matters--Decision to Confirm That December 7/21 CAFII Board Meeting Will Be A Virtual-Only Meeting, and Cancel Plans To Also Hold An In-Person Holiday Season Reception

Purpose of this Agenda Item – Update

To share the decision, in light of continuing COVID-19 restrictions, to not hold an in-person Board meeting on 7 December, 2021, and to cancel plans to hold an in-person Holiday Season Reception immediately following that Board meeting.

Background Information

CAFII has consulted with the Board Chair and Board Vice-Chair and determined that it is not possible to hold an in-person Board meeting or an in-person Holiday Season Reception on 7 December, 2021.

Recommendation / Direction Sought – Update

No action required.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 3(b)

Governance Matters--Negotiations Around Possible Renewal of CAFII's Association Management Services Contract with Managing Matters

Purpose of this Agenda Item – Update

To update the Board on negotiations with CAFII's Association Management Company Managing Matters around a contract renewal.

Background Information

CAFII is negotiating terms of a possible renewal with Managing Matters. We are exploring different options with the preferred approach being a three-year extension. Managing Matters has suggested that the labour market has markedly changed due to COVID-19, leading to increased labour costs. CAFII is also negotiating the costs of additional event planning time in order to offer six webinars in 2022, in addition to the usual slate of in-person events that CAFII holds annually.

The intention is to bring a contract renewal recommendation to an upcoming EOC meeting, and to then bring a resulting recommendation the 7 December, 2021 Board meeting.

Recommendation / Direction Sought – Update

No action required.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 3(c) Proposed CAFII 2022 Schedule of Meetings and Events

Purpose of this Agenda Item – Update/Approval

To seek Board approval of the Proposed CAFII 2022 Schedule of Meetings and Events.

Background Information

This is the proposed annual calendar of Board meetings, EOC meetings, and other CAFII events including the 2022 Members and Associates Luncheon.

Recommendation / Direction Sought – Update/Approval

Board approval is requested.

Attachments Included with this Agenda Item

One attachment.

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 4(a) Financial Management Matters—CAFII Financial Statements as at August 31/21

Purpose of this Agenda Item – Approval

To request Board approval of CAFII's financial statements as at August 31, 2021.

Background Information

CAFII Treasurer Tony Pergola will present the CAFII financial statements as at August 31, 2021.

Recommendation / Direction Sought – Approval

Board approval is requested.

Attachments Included with this Agenda Item

One attachment.

CAFII

411 Richmond Street E, Suite 200
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Statement of Operations As at August 31st 2021

	Current Month	Budget Aug-21	Variance to Monthly Budget	Current YTD	Budget '21 YTD	Variance Budget to YTD	Budget 2021
Revenue							
Membership Dues	79,664	\$76,540	\$3,124	\$637,313	\$612,317	\$24,997	\$918,475
Interest Revenue	20	\$25	(\$5)	157	\$200	(\$43)	\$300
TOTAL REVENUE	79,684	\$76,565	\$3,120	\$637,470	\$612,517	\$24,954	\$918,775
Expenses							
Management Fees	39,815	\$40,648	\$834	327,284	\$325,187	(\$2,097)	\$487,780
CAFII Legal Fees/Corporate Governan	-	\$4,167	\$4,167	-	\$33,333	\$33,333	\$50,000
Audit Fees	1,187	\$1,395	\$209	8,478	\$11,162	\$2,684	\$16,743
Insurance	519	\$504	(\$15)	3,801	\$4,033	\$233	\$6,050
Website Ongoing Maintenance	745	\$596	(\$149)	4,752	\$4,771	\$19	\$7,156
Telephone/Fax/Internet	104	\$477	\$374	4,288	\$3,820	(\$468)	\$5,730
Postage/Courier	-	\$13	\$13	-	\$100	\$100	\$150
Office Expenses	654	\$417	(\$237)	2,220	\$3,333	\$1,113	\$5,000
Bank Charges	174	\$39	(\$135)	562	\$313	(\$249)	\$470
Miscellaneous Expenses	-	\$42	\$42	-	\$333	\$333	\$500
Depreciation Computer/Office Equipm	95	\$95	\$0	757	\$757	\$0	\$1,136
Provincial Regulatory Visits	-	\$0	\$0	-	\$0	\$0	\$0
Research/Studies	-	\$0	\$0	29,230	\$30,000	\$770	\$60,000
Website SEO and Enhancements	4,250	\$3,496	(\$754)	31,577	\$27,967	(\$3,610)	\$41,950
Regulatory Model(s)	-	\$0	\$0	-	\$0	\$0	\$0
Federal Financial Reform	-	\$0	\$0	-	\$0	\$0	\$0
CAFII Benchmarking Study/RSM Canada	-	\$0	\$0	33,900	\$33,900	\$0	\$67,800
FCAC Presentation	-	\$0	\$0	-	\$0	\$0	\$0
Media Outreach	-	\$500	\$500	6,572	\$4,000	(\$2,572)	\$6,000
Media Consultant Retainer	2,260	\$2,260	\$0	20,679	\$18,080	(\$2,599)	\$27,120
Marketing Collateral	-	\$417	\$417	622	\$3,333	\$2,711	\$5,000
Contingency Fund	-	\$0	\$0	1,417	\$0	(\$1,417)	\$50,000
CAFII Reception Events	-	\$0	\$0	-	\$0	\$0	\$0
TOTAL EXPENSE	49,801	55,065	5,264	476,139	504,423	28,285	838,585
NET INCOME	29,883	21,499	8,384	161,332	108,093	53,238	80,190

Explanatory Notes:

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

CAFII

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Balance Sheet As at August 31st 2021

	CAFII Operations			CCBPI Project			Combined		
ASSETS	31-Aug 2021	31-Jul 2021	31-Dec 2020	31-Aug 2021	31-Jul 2021	31-Dec 2020	31-Aug 2021	31-Jul 2021	31-Dec 2020
Current Assets									
Bank Balance	\$748,973	\$732,853	\$308,624	\$0	\$0	\$0	\$748,973	\$732,853	\$308,624
Savings Account	\$102,435	\$102,415	\$102,278	\$12,151	\$12,151	\$12,151	\$114,587	\$114,566	\$114,429
Accounts Receivable	\$18,294	\$95,404	\$0	\$0	\$0	\$0	\$18,294	\$95,404	\$0
Prepaid Expenses	\$6,246	\$11,015	\$14,037	\$0	\$0	\$0	\$6,246	\$11,015	\$14,037
Computer/Office Equipment	\$8,014	\$8,014	\$8,014	\$0	\$0	\$0	\$8,014	\$8,014	\$8,014
Accumulated Depreciation -Comp/Equip	(\$7,635)	(\$7,540)	(\$6,878)	\$0	\$0	\$0	(\$7,635)	(\$7,540)	(\$6,878)
Total Current Assets	\$876,327	\$942,161	\$426,075	\$12,151	\$12,151	\$12,151	\$888,479	\$954,312	\$438,226
TOTAL ASSETS	\$876,327	\$942,161	\$426,075	\$12,151	\$12,151	\$12,151	\$888,479	\$954,312	\$438,226
LIABILITIES									
Current Liabilities									
Accrued Liabilities	\$9,492	\$8,306	\$32,852	\$0	\$0	\$0	\$9,492	\$8,306	\$32,852
Credit Card	\$1,348	\$949	\$352	\$0	\$0	\$0	\$1,348	\$949	\$352
Account Payable	\$1,640	\$19,277	\$9,012	\$0	\$0	\$0	\$1,640	\$19,277	\$9,012
Deferred Revenue	\$318,657	\$398,321	\$0	\$12,151	\$12,151	\$12,151	\$330,808	\$410,472	\$12,151
Total Current liabilities	\$331,137	\$426,853	\$42,216	\$12,151	\$12,151	\$12,151	\$343,288	\$439,004	\$54,367
TOTAL LIABILITIES	\$331,137	\$426,853	\$42,216	\$12,151	\$12,151	\$12,151	\$343,288	\$439,004	\$54,367
UNRESTRICTED NET ASSETS									
Unrestricted Net Assets, beginning of year	\$383,859	\$383,859	\$230,223	\$0	\$0	\$0	\$383,859	\$383,859	\$230,223
Excess of revenue over expenses	\$161,332	\$131,449	\$153,636	\$0	\$0	\$0	\$161,332	\$131,449	\$153,636
Total Unrestricted Net Assets	\$545,191	\$515,308	\$383,859	\$0	\$0	\$0	\$545,191	\$515,308	\$383,859
Total Unrestricted Net Assets	\$545,191	\$515,308	\$383,859	\$0	\$0	\$0	\$545,191	\$515,308	\$383,859
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$876,327	\$942,161	\$426,075	\$12,151	\$12,151	\$12,151	\$888,479	\$954,312	\$438,226
Financial Reserves Targets as per 2019 Budget:									
Minimum 3 months (25%) of Annual Operating Expenses=			\$209,646						
Maximum 6 months (50%) of Annual Operating Expenses=			\$419,293						
Current Level of Financial Reserves (total unrestricted net assets):			\$545,191						
Current Level of Financials Reserve (%) :			65%						

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Membership Fees

		Feb-21		Jul-21	
		<u>To be billed</u>	<u>Received</u>	<u>To be billed</u>	<u>Received</u>
BMO Bank of Montreal	2021 Upper Tier Member	\$ 38,555	18-Mar-21	\$ 38,555	16-Aug-21
CIBC Insurance	2021 Upper Tier Member	\$ 38,555	24-Feb-21	\$ 38,555	27-Jul-21
RBC Insurance	2021 Upper Tier Member	\$ 38,555	2-Mar-21	\$ 38,555	30-Jul-21
ScotiaLife Financial	2021 Upper Tier Member	\$ 38,555	18-Feb-21	\$ 38,555	12-Jul-21
TD Insurance	2021 Upper Tier Member	\$ 38,555	12-Feb-21	\$ 38,555	29-Jul-21
Desjardins Financial Security Life Assurance Company	2021 Upper Tier Member	\$ 38,555	29-Mar-21	\$ 38,555	5-Aug-21
National Bank Life Insurance Company	2021 Upper Tier Member	\$ 38,555	12-Feb-21	\$ 38,555	21-Jul-21
Manulife Financial	2021 Upper Tier Member	\$ 38,555	3-Mar-21	\$ 38,555	12-Jul-21
The Canada Life Assurance Company	2021 Upper Tier Member	\$ 38,555	24-Feb-21	\$ 38,555	28-Jul-21
Assurant Solutions	2021 Lower Tier Member	\$ 19,278	3-Mar-21	\$ 19,277	8-Jul-21
Canadian Premier Life Insurance Company	2021 Lower Tier Member	\$ 19,278	25-Feb-21	\$ 19,277	16-Jul-21
Cumis Group Ltd/Co-operators Life Insurance Co.	2021 Lower Tier Member	\$ 19,278	26-Feb-21	\$ 19,277	8-Jul-21
Valeyo	2021 Lower Tier Member	\$ 19,278	16-Apr-21	\$ 19,277	16-Jul-21
Sun Life Financial	2020 Initiation Members (Upper Tier)	\$ 23,133	12-Mar-21	\$ 23,133	29-Jul-21
Canadian Tire Bank	2021 Initiation Members (Lower Tier)	\$ -	N/A	\$ 13,494	
Norton Rose Fulbright Canada	Associate	\$ -	N/A	\$ 4,800	19-Sep-21
RSM Canada	Associate	\$ 4,800	29-Mar-21		
Willis Towers Watson	Associate	\$ 4,800	25-Feb-21		
KPMG MSLP	Associate	\$ 4,800	25-Feb-21		
Optima Communications	Associate	\$ 4,800	10-Mar-21		
RGA Life Reinsurance Company of Canada	Associate	\$ 4,800	24-Feb-21		
Torys LLP	Associate	\$ 4,800	11-Feb-21		
Dog and Pony Studios	Associate	\$ 4,800	11-Feb-21		
Stikeman Elliott LLP	Associate	\$ 4,800	29-Mar-21		
RSA	Associate	\$ 4,800	12-May-21		
Feb Invoices		\$490,440		\$465,530	
July Invoices		\$465,530			
Total Membership Fees		\$955,970			
Total amount to realocate monthly Jan-Sept		\$79,664			
Total amount to realocate monthly Oct-Dec		\$79,664			

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 4(b)

Financial Management Matters—Forecast for CAFII 2021 Fiscal Year as at August 31/21

Purpose of this Agenda Item – Update

To update the Board on the Association's 2021 fiscal year forecast as at August 31/21.

Background Information

CAFII Treasurer Tony Pergola will update the Board on the forecast for the Association's 2021 fiscal year as at August 31, 2021.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

One attachment.

2021 CAFII Budget

	2018 Actuals	2019 Actuals	2020 Actuals	Reference Only		2021 YTD August 2021	2021 Forecast	Comment/Rationale
				CAFII 2021 Operating Budget Pre Tax	CAFII 2021 Operating Budget HST			
Revenue								
Membership Dues	\$695,545	\$734,664	\$884,721	\$918,475	\$0	\$918,475	\$637,313	\$955,969
Annual Members' Luncheon "Additional Seats" Revenue	\$0	\$195	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$0	\$982	\$399	\$300	\$0	\$300	\$157	\$209,71
TOTAL REVENUE	\$ 695,545	\$ 735,841	\$ 885,120	\$ 918,775	\$ -	\$ 918,775	\$ 637,470	\$ 956,179
EXPENSE								
Management Fees	\$460,299	\$465,134	\$476,844	\$474,468	\$13,312	\$487,780	\$327,284	\$487,780
Legal and consulting costs associated with regulatory submissions and initiatives	\$563	\$0	\$28,975	\$44,248	\$5,752.21	\$50,000	\$0	\$50,000
Audit Fees	\$14,432	\$14,799	\$16,743	\$14,817	\$1,926	\$16,743	\$8,478	\$14,238
Insurance	\$5,258	\$5,338	\$5,385	\$5,354	\$696	\$6,050	\$3,801	\$5,878
Website Ongoing Maintenance	\$6,461	\$10,022	\$5,765	\$6,333	\$823	\$7,156	\$4,752	\$7,156
Telephone/Fax/Internet	\$5,939	\$6,494	\$5,808	\$5,071	\$659	\$5,730	\$4,288	\$5,730
Postage/Courier	\$458	\$159	\$53	\$133	\$17	\$150	\$0	\$50
Office Expenses	\$2,423	\$2,025	\$2,158	\$4,425	\$575	\$5,000	\$2,220	\$5,000
Bank Charges	\$23	\$112	\$236	\$470	\$0	\$470	\$562	\$687
Depreciation Computer/Office Equipment	\$1,136	\$1,136	\$1,136	\$1,136	\$0	\$1,136	\$797	\$1,136
Miscellaneous Expense	\$0	\$0	\$0	\$500	\$0	\$500	\$0	\$500
Board/EOC/AGM								
Annual Members Luncheon	\$10,503	\$12,052	\$0	\$0	\$0	\$0	\$0	\$0
Board Hosting (External)	\$19,515	\$14,001	\$0	\$0	\$0	\$0	\$0	\$0
Board/EOC Meeting Expenses	\$20,715	\$35,419	\$4,676	\$0	\$0	\$0	\$0	\$0
Industry Events	\$1,170	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EOC Annual Appreciation Dinner	\$763	\$2,193	\$4,244	\$0	\$0	\$0	\$0	\$0
Speaker fees & travel	\$191	\$1,189	\$0	\$0	\$0	\$0	\$0	\$0
Gifts	\$0	\$200	\$0	\$0	\$0	\$0	\$0	\$0
Networking Events	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CAFII Reception Events	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CAFII 25th Anniversary Celebration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Board/EOC/AGM	\$52,957	\$65,053	\$8,920	\$0	\$0	\$0	\$0	\$0
Provincial Regulatory Visits and Relationship-Building	\$11,230	\$16,833	\$983	\$0	\$0	\$0	\$0	\$0
Federal Regulatory Visits and Relationship-Building	\$0	\$442	\$540	\$0	\$0	\$0	\$0	\$0
Research/Studies	\$77,345	\$5,368	\$28,646	\$13,097	\$6,903	\$60,000	\$29,230	\$60,000
Website SEO and Enhancements	\$21,702	\$40,914	\$31,144	\$37,124	\$4,826	\$41,950	\$31,577	\$41,950
Regulatory Model(s)	\$6,490	\$7,555	\$0	\$0	\$0	\$0	\$0	\$0
CAFII Benchmarking Study/RSM Canada	\$0	\$0	\$68,365	\$60,000	\$7,800	\$67,800	\$33,900	\$67,800
FCAC Presentation	\$0	\$0	\$20,905	\$0	\$0	\$0	\$0	\$0
Media Outreach	\$6,883	\$5,683	\$350	\$5,310	\$690	\$6,000	\$6,572	\$6,672
Media Consultant Retainer	\$31,639	\$27,120	\$27,685	\$24,000	\$3,120	\$27,120	\$20,679	\$27,120
Marketing Collateral	\$557	\$1,629	\$845	\$4,425	\$575	\$5,000	\$622	\$5,000
Tactical Communications Strategy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contingency For Possible Resumption Of In-Person Meetings/Events, Etc. in 2021	\$0	\$0	\$0	\$50,000	\$0	\$50,000	\$1,417	\$5,000
TOTAL EXPENSE	\$ 705,793	\$ 675,816	\$ 731,485	\$ 790,909	\$ 47,675	\$ 838,585	\$ 476,139	\$ 791,697
Excess of Revenue over Expenses	(\$10,248)	\$60,025	\$153,636			\$80,190	\$161,332	\$164,482
Unrestricted Net Assets (beginning of year)	\$180,447	\$170,198	\$230,223			\$383,859	\$383,859	\$383,859
Unrestricted Net Assets (end of year)	\$170,198	\$230,223	\$383,859			\$464,049	\$545,190	\$548,341

Explanatory Notes:

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

Actual/Forecasted Financial Reserves	2018 Actuals	2019 Actuals	2020 Actuals	2021 Operating Budget	2021 Forecast
Minimum 3 months (25%) of Annual Operating Expenses =	\$176,448	\$168,954	\$182,871	\$209,646	\$197,924
Maximum 6 months (50%) of Annual Operating Expenses =	\$352,897	\$337,908	\$365,742	\$419,293	\$395,848
Actual/Forecasted Level of Financial Reserves:	\$170,198	\$230,223	\$383,859	\$464,049	\$548,341
Actual/Forecasted Level of Financial Reserves %:	24%	34%	52%	55%	69%

2019 Operational Budget - Member Dues Breakdown

2018 Member Dues Breakdown

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

2019 (Base) Member Dues Breakdown

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

2019 Operational Budget - Member Dues Breakdown - Revised

2019 Member Dues Breakdown

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

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

2020 Member Dues Breakdown

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

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

2020 Member Dues Breakdown

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

2020 Upper Tier Member

BMO Bank of Montreal
CIBC Insurance
RBC Insurance
ScotiLife Financial
TD Insurance
Desjardins Financial Security Life Assurance Company
National Bank Life Insurance Company
Manulife Financial
The Canada Life Assurance Company

2020 Lower Tier Member

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

2020 Initiation Members (Upper Tier)

Sun Life Financial

2020 Associate

RSM Canada
Willis Towers Watson
KPMG MSLP
Optima Communications
RGA Life Reinsurance Company of Canada
Torys LLP
*TBC
*TBC

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

Did not renew in 2020

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

2021 Operational Budget - Member Dues Breakdown - No Dues Increase

2021 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	4	154,219.80
Initiation Members (Upper Tier)	46,266	1	46,265.94
Initiation Members (Lower Tier)	23,133	0	0.00
Associate	4,800	5	24,000.00
			918,474.84

2021 Upper Tier Member

BMO Bank of Montreal
CIBC Insurance
RBC Insurance
ScotiLife Financial
TD Insurance
Desjardins Financial Security Life Assurance Company
National Bank Life Insurance Company
Manulife Financial
The Canada Life Assurance Company

2021 Lower Tier Member

Assurant Solutions
Canadian Premier Life Insurance Company
Valeyo
Cumis Group Ltd/Co-operators Life Insurance Co.

2021 Initiation Members (Upper Tier)

Sun Life Financial 2 Year

2021 Associate

RSM Canada
Willis Towers Watson
KPMG MSLP
Optima Communications
RGA Life Reinsurance Company of Canada
Torys LLP

2021 Forecast

2021 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	4	154,219.80
Initiation Members (Upper Tier)	46,266	1	46,265.94
Initiation Members (Lower Tier)	13,494	1	13,494.00
Associate	4,800	10	48,000.00
			955,968.84

2021 Upper Tier Member

BMO Bank of Montreal
CIBC Insurance
RBC Insurance
ScotiLife Financial
TD Insurance
Desjardins Financial Security Life Assurance Company
National Bank Life Insurance Company
Manulife Financial
The Canada Life Assurance Company

2021 Lower Tier Member

Assurant Solutions
Canadian Premier Life Insurance Company
Valeyo
Cumis Group Ltd/Co-operators Life Insurance Co.

2021 Initiation Members (Upper Tier)

Sun Life Financial 2 Year

2021 Associate

RSM Canada
Willis Towers Watson
KPMG MSLP
Optima Communications
RGA Life Reinsurance Company of Canada
Torys LLP
Dog and Pony Studios
Stikeman Elliott LLP
RSA
Norton Rose Fulbright Canada

Initiation Members (Lower Tier)

Canadian Tire Bank

CTB is joining CAFil in early June, we will prorate CTB's 2021 Initiation Member Dues to 7/12 of the full year amount

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 4(c) Financial Management Matters—Critical Path for Development of 2022 CAFII Operating Budget

Purpose of this Agenda Item – Update

To update the Board on the Critical Path timelines for development of the Association's 2022 Operating Budget.

Background Information

The Board will be presented with the next steps towards the development of a 2022 Operating Budget.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

One attachment.

Critical Path for Development and Approval of 2021 CAFII Operating Budget

Task	Responsible	Timing/Deadline
Reach out to CAFII Committee Chairs and Vice-Chairs, on behalf of Co-Executive Directors, with request for input submissions on individual portfolio 2022 Operating Budget spending requests, along with related rationale, by October 8/21	T. Moran (CAFII Controller)	September 24/21
Provide input submissions on individual portfolio 2022 Operating Budget spending requests, along with related rationale, to Controller T. Moran (with c.c. to T. Pergola, B. Wycks, and K. Martin)	Committee Chairs and Vice-Chairs	October 8/21
Prepare Draft 1 of 2022 Operating Budget, in consultation with B. Wycks and K. Martin	T. Moran	October 12/21
Meet virtually to review and amend, as necessary, Draft 1 of 2022 Operating Budget	T. Pergola, B. Wycks, K. Martin, T. Moran	October 13 or 14/21
Produce Draft 2 of 2022 Operating Budget based on October 13 or 14/21 review meeting.	T. Moran	October 15/21
Review and refine Draft 2 of 2022 Operating Budget, to ready it for posting for October 26/21 EOC Meeting.	T. Pergola, B. Wycks, K. Martin	October 19/21
Post Draft 2 of 2022 Operating Budget for October 26/21 EOC Meeting and incorporate it into consolidated package of meeting materials.	J. Becker, B. Wycks, K. Martin	October 22/21
Provide feedback on Draft 2 of 2022 Operating Budget in EOC meeting.	EOC Members	October 26/21
Communicate EOC budget feedback input to T. Moran, coming out of October 26/21 EOC meeting.	B. Wycks, K. Martin	October 27/21
Prepare Draft 3 of 2022 Operating Budget, based on EOC input, with oversight from B. Wycks and K. Martin	T. Moran	October 28/21
Meet virtually to review and amend, as necessary, Draft 3 of 2022 Operating Budget	T. Pergola, B. Wycks, K. Martin, T. Moran	November 1/21
Prepare Draft 4 of 2022 Operating Budget, with oversight from B. Wycks and K. Martin	T. Moran	November 3/21
Send Draft 4 of 2022 Operating Budget to Committee Chairs and Vice-Chairs, on behalf of B. Wycks and K. Martin, with request for review and feedback by November 12/21	T. Moran	November 3/21
Provide feedback on Draft 4 of 2022 Operating Budget to Controller T. Moran (with c.c. to T. Pergola, B. Wycks, and K. Martin)	Committee Chairs and Vice-Chairs	November 15/21
Prepare Draft 5 of 2022 Operating Budget, if necessary, for posting for November 23/21 EOC Meeting.	T. Moran	November 18/21
Post Draft 5 of 2022 Operating Budget for November 23/21 EOC Meeting and incorporate it into consolidated package of meeting materials.	J. Becker, B. Wycks, K. Martin	November 19/21
Review and endorse Draft 5 of 2022 Operating Budget, in November 23/21 EOC meeting, for presentation to the Board for approval at its December 7/21 meeting.	EOC Members	November 23/21
Post Draft 5 of 2022 Operating Budget for December 7/21 Board of Directors Meeting and incorporate it into consolidated package of meeting materials.	J. Becker, B. Wycks, K. Martin	November 29/21
Present Draft 5 of 2022 Operating Budget to Board of Directors with rationale/case for approval.	T. Pergola	December 7/21
Review, discuss, and approve Draft 5 of 2022 Operating Budget (must be in open Board meeting so the approval decision can be minuted.)	Board of Directors	December 7/21

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 4(d)

Financial Management Matters—Updating CAFII's Cheque Signing Authorities

Purpose of this Agenda Item – Approval

To request Board approval of new CAFII cheque signing authorities.

Background Information

At this time, CAFII requires Board approval to update its designated Cheque Signing Authorities in order to

- add Karyn Kasperski, RBC Insurance, whom the Board recently appointed as Vice-Board Secretary and Vice-Executive Operations Committee Chair;
- delete Tara Moran, CAFII's former Accountant/Controller at Managing Matters (MM), whose last day at MM was October 1/21; and
- add Maria Saqib, who was trained by Tara Moran between September 21/21 and October 1/21 and who took the reins as CAFII's new Accountant/Controller at MM effective October 4/21.

Following Board approval, a CAFII letter of direction will be sent to TD Canada Trust to execute the above-noted changes.

Recommendation / Direction Sought – Approval

This is a request for Board approval.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 5(a)

Strategic and Regulatory Matters—CAFII's Next Steps on AMF Credit Card-Embedded Insurance Benefits Issues-- CAFII Follow-up Thank You Letter Sent to AMF to Confirm Fact Sheet and Notice of Rescission Concession Outcome of September 10/21 Meeting; and Transmit Legal Arguments Excerpts (on Norton Rose Letterhead)

Purpose of this Agenda Item – Update / Discussion

To update the Board; and then receive Board input on next steps following the 10 September, 2021 CAFII meeting with new AMF Superintendent Eric Jacob.

Background Information

CAFII has sent a follow-up letter to the AMF's Eric Jacob thanking him for meeting with CAFII; noting the concession made around not requiring the Association's affected insurer members to distribute a Fact Sheet and Notice of Rescission by the 17 December, 2021 deadline; noting the intention to strike a an AMF-led pan-industry working group to determine how to modify the Fact Sheet and Notice of Rescission so as to remove inaccurate and misleading statements; and sharing some of the highlights of the Norton Rose legal opinion on this file.

Recommendation / Direction Sought – Update / Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 5(a)(i)
October 5/21 Board Meeting

27 September, 2021

Mr. Éric Jacob
Superintendent, Client Services and Distribution Oversight
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1

c.c. Ms. Louise Gauthier, Senior Director, Distribution Policies
Mr. Mario Beaudoin, Director, Alternative Insurance Distribution Practices

Dear Mr. Jacob:

On behalf of our Association's Board of Directors, member companies, and ourselves, we are writing to thank you for the very productive *Get Acquainted and Dialogue Virtual Meeting* we had with you and your AMF colleagues Louise Gauthier and Mario Beaudoin on 10 September, 2021.

It was a pleasure to make your acquaintance, and we very much appreciated your sharing of your priorities as the AMF's new Superintendent, Client Services and Distribution Oversight. It is CAFII's strongly held view that regular, recurring, open, and transparent dialogue between industry Associations and regulatory authorities allows for candid sharing of information that is conducive to better regulation; and, as such, to better outcomes for consumers and the industry alike.

We want to express again CAFII's appreciation for the AMF's recent granting, at our Association's request, of a three-month deadline extension to 17 December, 2021 for the industry's compliance with the AMF's expectations around the *Regulation respecting Alternative Distribution Methods (RADM)*'s application to credit card-embedded insurance benefits.

Further, related specifically to our 10 September dialogue, CAFII and its Members want to thank you for your engaged listening and consideration; and the mutually beneficial, "finding the right balance" flexibility you demonstrated. In particular, we are very appreciative of the willingness you expressed to have the AMF work with the industry on possible modifications to the Fact Sheet and the Notice of Rescission in order to make the wording of those documents fit with the realities of credit card-embedded insurance benefits -- i.e. make them not inaccurate and misleading for credit card holder consumers -- and in that connection, to allow sufficient time for an AMF-led pan-industry working group process to occur towards that objective.

Coming out of our 10 September meeting, we thank you and your AMF colleagues for extending the following concession (our summary of what was proposed and agreed-upon):

With respect to the Regulation respecting Alternative Distribution Methods (RADM) and its application to credit card-embedded insurance benefits, the AMF will not expect affected insurers to provide the Fact Sheet and Notice of Rescission to relevant Québec credit card holders by 17 December, 2021.

Rather, affected insurers should indicate in the Action Plans which they submit to the AMF by 17 December, 2021 that, at this time, they are working through CAFII and with the AMF to find a solution for the distribution of the Fact Sheet and Notice of Rescission to relevant Québec credit card holders.

In addition, in the near future, the AMF will lead a pan-industry working group tasked with identifying mutually agreeable wording modifications to the Fact Sheet and the Notice of Rescission in order to create versions of those documents which fit the realities of credit card-embedded insurance benefits.

In that connection, CAFII is currently working with our internal stakeholders in order to be ready to make a meaningful and impactful contribution to the AMF-led pan-industry working group on the Fact Sheet and Notice of Rescission. As you may appreciate, credit card-embedded insurance benefits are a unique product set, in that the insurance coverages are embedded within separate financial products: i.e. credit cards, which are typically administered by a unit within the financial institution (FI) which is separate and distinct from the insurance distribution arm. Therefore, we are seeking out subject matter experts in our FI members' credit card businesses to ensure that we have suitable expertise available for the pan-industry working group discussions.

Éric, at our 10 September meeting, we also shared some of the highlights of the legal opinion which CAFII obtained earlier this year from Norton Rose Fulbright Corporation (NRFC) on the *RADM's* applicability to credit card-embedded insurance benefits -- along with related considerations such as the Fact Sheet and Notice of Rescission -- which we sought out in order to better understand the legal foundation and underpinnings of these matters while not altering our Association's compliance mindset. We offered to arrange for NRFC to provide you with an executive summary of relevant excerpts from its legal opinion to CAFII. You indicated that you would be pleased to receive that NRFC summary and would read it with interest.

Please find the NRFC legal opinion executive summary attached to this email.

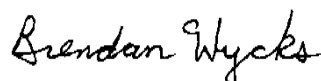
As further mentioned in our 10 September meeting, we would also be pleased to arrange for a virtual meeting in which NRFC's Marc Duquette and Dominic Dupoy could verbally highlight and elaborate upon their legal opinion findings for you and any AMF colleagues whom you would like to attend such a meeting, and answer any questions which the AMF may have. Please do not hesitate to let us know if that would be of interest.

Please accept again our sincere appreciation for your open dialogue with us and the consideration and flexibility you have offered to CAFII and the industry. We extend our personal regards to you and your colleagues.

Sincerely,



Keith Martin, Co-Executive Director, CAFII
647.460.7725



Brendan Wycks, Co-Executive Director, CAFII
647.218.8243

About CAFII

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

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

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

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

Briefing Note

**CAFII Board Meeting 5 October, 2021—Agenda Item 5(a)(ii)
Strategic and Regulatory Matters—CAFII's Next Steps on AMF Credit Card-Embedded Insurance
Benefits Issues—Possibility of Re-Attempting to Secure CBA's Engagement in This Issue, Especially Re
AMF-Led Pan-Industry Working group on Modifying Fact sheet and Notice of Rescission**

Purpose of this Agenda Item –Discussion

To secure Board input on the next steps on the AMF credit-card embedded insurance file.

Background Information

While the Fact Sheet and Notice of Rescission are insurance-type documents, credit card-embedded insurance relates to a product, credit cards, that is unique and has implications for an entirely separate FI unit from insurance.

It has been suggested that CAFII should consider enlisting subject matter expertise from the credit card departments, and to engage the CBA, to ensure that any discussions and commitments with the AMF are made by those who are directly affected by decisions around how credit card departments need to deal with credit card-embedded insurance benefits in Quebec.

Recommendation / Direction Sought –Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

One attachment.

Briefing Note

CAFII Board Meeting, 5 October, 2021—Agenda Item 5(a)(iii) Strategic and Regulatory Matters—CAFII's Next Steps on AMF Credit Card-Embedded Insurance Benefits Issues— CAFII Working Group on Industry Alignment Around Compliance with AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits

Purpose of this Agenda Item –Update

To update the Board on the activities of the CAFII Working Group on Industry Alignment Around Compliance with AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits.

Background Information

CAFII's Working Group on Industry Alignment Around Compliance with AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits has held regular and productive meetings. The meetings have allowed members to compare notes, and to strategize about how best to respond to the AMF's expectations.

Members of the Working Group

<u>Individual</u>	<u>Member Organization</u>
Karyn Kasperski, Chair	Royal Bank Insurance
Silvana Capobianco	BMO Insurance
Greg Caers	BMO Insurance
Mandy Rutten	CIBC Insurance
Benita Chan	RBC
Susan Johnston	RBC
Penelope Cordogiannis	RBC
Trish Facciolo	RBC
Yael Lipman	RBC
Marie Nadeau	BNC Insurance
Michelle Butler	Scotiabank
Peter Thorn	TD Insurance
Tracey Torkopoulos	Assurance
Jennifer Russell	Assurant
Nadine Roy	Assurant
Isabelle Choquette	Desjardins
Monika Spudas	Manulife
Sherri Kuzio	Scotiabank
Marie Skrelji	TD Insurance

Meetings of the Working Group

6 March, 2021
13 March, 2021
20 May, 2021
27 May, 2021
3 June, 2021
10 June, 2021
17 June, 2021
24 June, 2021
8 July, 2021
15 July, 2021
16 September, 2021
23 September, 2021

Recommendation / Direction Sought –Update

This is an update item only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII Board Meeting 5 October, 2021—Agenda Item 5(b)
Strategic and Regulatory Matters— Preparation for October 14/21 Industry Issues Dialogue with AMF
Staff Executives, Including CAFII's Two Mini-Presentation Topics**

Purpose of this Agenda Item –Update / Discussion

To update the Board and secure feedback on the upcoming 14 October, 2021 Industry Issues Dialogue with the AMF, including the two mini-presentation topics that CAFII may wish to present to the AMF.

Background Information

CAFII's annual liaison meeting with AMF staff executives will be held virtually on 14 October, 2021. The AMF will make two short presentations, as will CAFII as well. The Board will be given an update on plans for this meeting, and feedback will be requested on possible topics for CAFII to present on.

Recommendation / Direction Sought –Update / Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 5(b)
October 5/21 Board Meeting

CAFII Board Members (c.c. EOC Members):

*Please accept this invitation as confirmation that you will be attending a **CAFII Industry Issues Dialogue virtual MTeams meeting with AMF staff executives on Thursday, October 14/21 from 12:30 to 2:00 p.m. EDT.***

Several members of the relevant AMF staff executives group – including the particularly CAFII-relevant new Superintendent, Client Services and Distribution Oversight Eric Jacob -- are unavailable on Tuesday, October 5/21, the date of the next regularly scheduled CAFII Board meeting – so it was necessary to book this Industry Issues Dialogue for a separate day.

Here is the preliminary agenda for the meeting:

Agenda (Shared Agenda Approach) For CAFII and AMF “Industry Issues Dialogue”
Thursday, October 14, 2021; 12:30 to 2:00 p.m. EDT Virtual Meeting Via Microsoft Teams

- 12:30 to 12:35 p.m.: Welcome and Introductions (facilitated/moderated by CAFII Co-Executive Director Brendan Wycks)
- 12:35 to 12:47 p.m.: CAFII Presentation #1 on “TBA”
- 12:47 to 12:55 p.m.: Q&A/Dialogue on CAFII Presentation #1
- 12:55 to 1:07 p.m.: AMF Presentation #1 on “New of Modified Travel Insurance Products”
- 1:07 to 1:15 p.m.: Q&A/Dialogue on AMF Presentation #1
- 1:15 to 1:27 p.m.: CAFII Presentation #2 on “TBA”
- 1:27 to 1:35 p.m.: Q&A/Dialogue on CAFII Presentation #2
- 1:35 to 1:47 p.m.: AMF Presentation #2 on “AMF 2021-2025 Strategic Plan and Annual Statement of Priorities, including:
 - Declaration of operational incidents
 - Management of incentives
 - Complaints handling
 - Protection of vulnerable clients
- 1:47 to 1:55 p.m.: Q&A/Dialogue on AMF Presentation #2
- 1:55 to 2:00 p.m.: Wrap-Up; Next Steps (if any); and Adjournment

A final agenda and further details will be provided as October 14 draws closer.

Below is the AMF-provided MTeams link for connecting to this meeting.

Please respond to this invitation to confirm your attendance intentions for this Thursday, October 14/21 Industry Issues Dialogue With AMF Staff Executives.

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 5(c)

Strategic and Regulatory Matters— Desire to Have Canadian Tire Bank Participate in CAFII's Quarterly CPI Benchmarking Study with RSM Canada: Issue Related to Financial Institution Anonymity

Purpose of this Agenda Item –Update / Discussion

To update the Board on the RSM Canada quarterly benchmarking study and an issue that has arisen with respect to having new CAFII Member Canadian Tire Bank participate in the study.

Background Information

Member companies which distribute CPI are participants in the RSM Canada Quarterly Benchmarking Study. However, all CAFII members have access to the results report.

New CAFII member Canadian Tire Bank (CTB) is interested in participating in the study and gaining access to the results. However, CTB is a smaller CPI player and is a monoline credit card balance protection insurance (CCCBPI) distributor, as it does not offer any other forms of loans/consumer debt obligations.

Because a much larger set of data is provided by the six large Canadian banks that are CAFII members, along with Desjardins Insurance, CAFII wants to make sure that the study's participating members are aware that CTB is interested in joining the study and are comfortable with its doing so and gaining access to the results.

Recommendation / Direction Sought –Update / Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 5(d) Strategic and Regulatory Matters— Implications for CAFII of Just-Released Regulations In Support of Federal Financial Consumer Protection Framework Aspects of Bill C-86

Purpose of this Agenda Item –Update / Discussion

To update the Board on recent some developments around federal Bill C-86 and its Financial Consumer Protection Framework (FCPF); and to request Board input.

Background Information

The application of certain elements of Bill C-86 to CPI is not entirely clear due to certain technical and legal wording in the Regulations, just released in August 2021, to support the Bill. This will be an update on these matters and a request for Board input.

Recommendation / Direction Sought –Update / Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 5(d)
October 5/21 Board Meeting

The Wait Is Over: Federal Government Releases Regulations For Financial Consumer Protection Framework

By Craig Bellefontaine, Kathleen Butterfield, Koker Christensen, and Nicolas Faucher, Fasken

Financial Services Bulletin

AUGUST 25, 2021

On August 17, 2021, the Department of Finance published the *Financial Consumer Protection Framework Regulations* (the “Regulations”) in the [Canada Gazette](#). This comes almost three years after the government introduced Bill C-86, *Budget Implementation Act, 2018, No. 2* (“Bill C-86”), which laid the foundation for the government’s new financial consumer protection framework (the “Framework”).

Background to the Regulations

In 2018, two reports by the Financial Consumer Agency of Canada (the “FCAC”) highlighted areas where improvements could be made to better protect consumers and further strengthen regulatory oversight of banks in Canada (see [Report on Best Practices in Financial Consumer Protection](#), which assessed the best practices in provincial and territorial consumer protection regimes, and [Domestic Bank Retail Sales Practices Review](#), which reviewed the sales practices employed by Canada’s six largest banks).

In response to the FCAC reports, the government introduced Bill C-86 which, among other things, strengthened the FCAC’s mandate and powers and introduced the Framework, which contained some of the most sweeping consumer protection provisions ever proposed for banks and authorized foreign banks (“institutions”) operating in Canada (see Fasken Bulletin: [Federal Government Introduces Significant New Consumer Protection Framework for Customers of Banks – Bill C-86](#)).

On December 13, 2018, Bill C-86 received royal assent. Since then, industry has been waiting with bated breath for the release of the Regulations in order to understand the full scope of the Framework. The wait is finally over.

Final Piece of the Puzzle

The Regulations largely streamline and consolidate existing requirements for institutions that are found in 23 different existing regulations. That said, the Regulations do contain new obligations for institutions.

Of the new obligations contained in the Regulations, the five key elements are:

- access to basic banking;
- improving the timeliness of institutions' complaint-handling process;
- clarifying the scope of the Framework;
- updating disclosure requirements with respect to liability for unauthorized credit card transactions; and
- prescribing new disclosure requirements for deposit type instruments at renewal.

Access to Basic Banking Services

The Regulations will raise the maximum amount of a Government of Canada cheque that a member bank (i.e., a bank that is a member of the Canada Deposit Insurance Corporations) must cash, free of charge, for a consumer from \$1,500, to \$1,750. According to the government, this is being done to reflect rising benefit levels for minimum income programs (e.g. Old Age Security, Canada Pension Plan). Since the maximum amount that must be cashed is increasing, Public Services and Procurement Canada has started to update the indemnification rules to reflect this change.

Complaints Handling Processes

Currently, there are no requirements on institutions to deal with customer complaints in a specific number of days, only FCAC guidance that request institutions resolve such complaints within 90 days from the day a complaint is escalated to an employee designated to deal with complaints. During the consultation process, institutions had expressed a preference for a complaint handling period that was longer than 60 days. However, the Regulations will require institutions to deal with consumer complaints within 56 days following the day a complaint is made. This is intended to improve the timeliness of the complaint-handling process for consumers and, according to the Department of Finance, align Canada with international best practices for bank complaint handling. A 56 day time period is consistent with the standard set by the United Kingdom.

Clarifying the Scope of the Framework

The Framework includes a number of general requirements that apply to all "products and services" offered or sold by an institution. To ensure that this expression does not inadvertently capture derivatives and eligible financial contracts (financial instruments that are not captured by the current legislative framework), the Regulations clarify that for the purposes of Part XII.2 (Dealings with Customers and the Public), a "derivative" as defined in subsection 415.2(2) of the *Bank Act* and an "eligible financial contract" as defined in subsection 415.2(3) of the *Bank Act* are not included in the expression "products or services".

Liability for Unauthorized Credit Card Transactions

The Framework made changes to the limits on the liability of a customer for unauthorized use of a credit card. To reflect these changes, the Regulations prescribe the following updated information that must be disclosed to consumers:

- an institution cannot hold a consumer liable for more than \$50 for unauthorized credit card transactions unless the consumer has demonstrated gross negligence or, in Quebec, gross fault in protecting their card, PIN, or their account; and
- a consumer is not liable for fraudulent transactions that occurred after reporting to their institution that credit card information or personal authentication information has been lost or stolen or is otherwise at risk of being used in an unauthorized mannered risk.

Disclosure of the Interest Rate for Deposit Type Instruments on Renewal

The Framework imposed a new requirement on institutions to disclose the interest rate for a deposit type instrument (e.g., GICs) 21 days and five days before renewal. The Regulations clarify that institutions can disclose this rate by directing the consumer to a website or telephone number where they can obtain the current rate.

Other Changes

The Regulations do not contain the requirements under the existing *Cost of Borrowing Regulations* that prescribed certain font sizes and formatting that must be used in the information boxes. The Regulations also contain new exceptions for what will be considered prescribed information in the case of a prescribed affiliate that is an insurance company for the purposes of a Canadian bank's public accountability statement.

Looking Ahead

The Regulations are scheduled to come into force June 30, 2022, giving institutions just over 10 months to implement these new requirements.

While these Regulations have been eagerly awaited for several years, the bulk of the changes do not result in any substantive policy change to the financial consumer protection regulations to which institutions are currently subject. Institutions will continue to be required to comply with federal and/or provincial consumer protection laws as they apply to their operations.

New regulations complete overhaul of *Bank Act* consumer provisions

August 19, 2021

[Brigitte Goulard](#), [Peter A. Aziz](#), and [Marissa A. Daniels](#), *Torys LLP*

On August 18, more than two years after amendments to the *Bank Act* consumer provisions introduced in Bill C-86 as the Financial Consumer Protection Framework (the Framework) received Royal Assent, the government published the Financial Consumer Protection Framework Regulations (the Regulations). Together, the *Bank Act* amendments and the Regulations consolidate and replace existing *Bank Act* consumer provisions and 13 sets of regulations that apply to banks and authorized foreign banks with a view to enhancing consumer protection.

What you need to know

- The *Bank Act* amendments and regulations establish a new financial consumer protection framework and will come into force on June 30, 2022.
- The Regulations will apply to banks, but not trust and loan companies. The existing regulations will continue to apply to trust and loan companies.
- There are few substantive policy changes. The more important changes are identified in this bulletin.
- More consumer protections are extended to large businesses, despite provisions to limit this.
- Banks will be required to deal with customer complaints within 56 days of receipt of the complaint.

Previous Torys bulletins reported on the key features of the Framework¹, including the introduction of responsible business conduct obligations and cooling-off periods for certain consumer agreements, as well as onerous complaint management and whistleblowing requirements.

Although many of the obligations that were previously found in existing regulations can now be found in the *Bank Act* provisions, several details were revealed in the Regulations. This bulletin sets forth, at a high level, some of the more impactful aspects of the Regulations.

1) Application to businesses

Historically, the *Bank Act*'s "consumer protection" requirements have only applied to natural persons and not corporate entities such as businesses or non-profits. This will no longer be the case as many of the Framework's provisions will now apply to businesses customers. These include the "prohibited conduct" provision², the express conduct provision³, and the requirement to list charges or penalties⁴, amongst others, will now apply to businesses.

There have been attempts to limit the Framework's application to businesses. A legislative amendment was tabled in spring 2021 to ensure that only natural persons and eligible enterprises (small- to medium-sized enterprises) would benefit from the "cooling off" cancellation right in section 627.1 of the Framework, thereby exempting large businesses from the right.

Concerns had also been raised that the generic term "borrower" could result in the application of the new, more onerous credit card liability provisions to commercial credit cards. Although the regulations do specifically address this concern, the Regulatory Impact Analysis Statement (RIAS) to the Regulations does clarify that the intent was not to change the scope of the term "borrower" to include corporate borrowers, and as such, the new liability provision will continue to apply only to non-commercial credit cards. Although concerns had been raised regarding the application of other provisions to businesses, the regulations nor the RIAS provide any other exemptions or clarifications.

2) Optional products or services

One of the more important, and confusing, changes in the Framework is the new definition of "optional product or service". To qualify as an "optional product or service" under the new definition, the product or service must be "provided" by the institution whereas under the existing framework, the optional product or service can be "offered or provided". Based on comments made by the Department of Finance, we understand this change has been interpreted to mean that a third-party optional insurance product (such as creditor insurance) no longer qualifies as an "optional product or service" as such products are not "provided" by the institution or an affiliated insurer.

The expectation, and hope, has been that the publication of the Regulations would answer many of the questions that this new definition raised. Unfortunately, section 35 of the Regulations—which identifies the information that must be disclosed for optional services—has further muddled the waters, providing that the prescribed information must be disclosed "in relation to optional services, including insurance services, that are offered on an ongoing basis". This raises the question as to when insurance services are or are not to be considered "optional services". Further analysis will be required to understand the extent to which this reference impacts the interpretation that the definition of optional services does not include third-party insurance services not provided by the bank.

3) Telephone agreements

Banks welcomed the introduction of section 627.55(2) of the amended *Bank Act*, which allows a bank to enter into a product or service agreement over the telephone on the condition that the prescribed information be disclosed orally by telephone and then subsequently be sent in writing. However, the usefulness of this provision has been somewhat dampened by the amount of information that the Regulations require to be disclosed over the telephone.

Upcoming webinar: [Register for our upcoming webinar and join our lawyers as they examine the important aspects of the regulations, what they mean for banks and how they can best prepare for when the new requirements come into force.](#)

Although section 627.55(2)(a)(i) of the Act would have allowed for only a “prescribed portion of the information” to be disclosed, the Regulations have not taken advantage of this drafting and require the disclosure of a significant amount of information, and in the case of certain products such as deposit-type instruments, the disclosure of more information than is required under the existing framework.

Banks will need to closely analyze the required disclosures should they wish to enter into agreements over the telephone.

4) Principal Protected Notes and Deposit Type Instruments

Section 627.78 of the *Bank Act*, as amended, combines the previous disclosure requirements for the issuance of principal protected notes (PPNs) and deposit type instruments DTIs currently found under *Principal Protected Notes Regulations* and the *Deposit Type Instruments Regulations* (DTI Regulations).

This approach led to several issues, including the fact that it did not appear that all existing disclosure requirements had been transferred to section 627.78. It had been expected that these omissions would be addressed in the Regulations. Although section 27 of the Regulations does add the disclosure requirement for PPNs that were missing in section 627.78 (when compared to existing requirements), it did not resolve issues with respect to the required disclosures when issuing DTIs. For example, two of the disclosure requirements under the existing DTI Regulations (paragraphs 3(1)(f) and (h)) are no longer required for the issuance of DTIs but are required when DTIs are sold by telephone (section 25 of the Regulations) or when a bank issues a new DTI following the DTI’s maturity (section 29).

The requirements pertaining to PPNs and DTIs are convoluted and will require special attention from the banks.

5) Other key regulations

- Information boxes: Information boxes are still required and their content is prescribed, but information box presentation requirements currently found in the *Cost of Borrowing Regulations* (subsection 6(2.4) and the schedules thereto) have been eliminated. The elimination of specified font size and the prescribed form of information boxes should alleviate some of the challenges associated with disclosing in a digital format.
- Credit card solicitations: The *Cost of Borrowing Regulations* require the same information to be disclosed by the bank in making credit card solicitations, whether they are done in person, by phone, by mail or by any electronic means. Under the new Framework⁵, credit card solicitations by telephone are subject to additional disclosure requirements to those made in person by mail, or by electronic means.
- Complaints process: Section 14 of the Regulations states that the prescribed period for dealing with a complaint is 56 days after the day on which it is received.

Also noteworthy are the Framework's provisions that remain inoperative as the Regulations did not prescribe the necessary details. Some of these may serve as "placeholders" for future requirements

- Section 627.16, which imposes requirements (to be prescribed by regulations) if the institution acts in the capacity of a representative, agent or other intermediary for another entity in respect of a product or service provided by that entity.
- Section 627.17(3), which requires an institution to open a retail deposit account for any natural person who requests it in a prescribed manner and who meets prescribed conditions.
- Section 627.62, which requires the disclosure of prescribed information to prescribed amendments.
- Section 627.89(2), which imposes requirements (to be prescribed by regulations) when an institution is entering into a credit agreement with a person for business purposes.
- Section 627.88, which requires the institution to disclose information (to be prescribed by regulations) with respect to credit agreement by making it available at branches and websites.

The RIAS indicates that "the majority of the regulatory requirements result in no substantive policy change to the financial consumer protection regulations that banks and authorized foreign banks must currently follow." However, banks should be wary of taking too much comfort from this statement as a small change in a requirement that would not qualify as "substantive policy change" may still have a significant impact on a bank's operations, and in particular, its information systems.

¹ See our other related commentary:

- *Roadmap for the new financial consumer protection framework, available [here](#).*
- *Mandatory naming, greater penalties and clarified objectives: the new FCAC provisions, available [here](#).*
- *Bill C-86 Set to Strengthen Financial Consumer Protection, available [here](#).*

² Section 627.04 of the Bank Act.

³ Section 627.08 of the Bank Act.

⁴ Section 627.12 of the Bank Act.

⁵ As a result of the application of section 627.57 of the Act, and sections 59, 61 and 65(1) of the Regulations.

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 5(e)

Strategic and Regulatory Matters— CAFII Working Group On Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance

Purpose of this Agenda Item –Update

To update the Board on the deliberations of the CAFII Working Group on Industry Alignment around the FCAC's Appropriateness Guideline.

Background Information

CAFII has a Working Group On Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI which meets every second week. This will be an opportunity to provide an update on the deliberations of the Working Group.

Members of the Working Group

<u>Individual</u>	<u>Member Organization</u>
Martin Boyle, Chair	BMO Insurance
David D'Amico	BMO Insurance
Fernando Heleno	RBC Insurance
Penelope Cordogiannis	RBC Insurance
Bradley Kuiper	Scotiabank
Anu Bains	CIBC Insurance
Marie Nadeau	BNC Insurance
Pete Thorn	TD Insurance
Derek Andrews	Scotiabank
Ivana Veljovic	Assurant
Emily Brown	Sunlife
Sara Motamedi	TD Insurance
Tejal Harri-Morar	BMO Insurance
Nusrat Rahman	CIBC Insurance

Meetings of the Working group

25 August, 2021
11 August, 2021
28 July, 2021
14 July, 2021
16 June, 2021
2 June, 2021
19 May, 2021

Recommendation / Direction Sought –Update

This is an update item only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII Board Meeting 5 October, 2021—Agenda Item 5(f)
Strategic and Regulatory Matters— CAFII-Commissioned Research/Thought Leadership Paper by
Deloitte Canada on “Best Practices In The Digitization Of Credit Protection Insurance”**

Purpose of this Agenda Item –Update

To update the Board on the next steps on CAFII’s 2021 research project.

Background Information

CAFII has now moved forward on the Board-approved 2021 project with Deloitte Canada to produce a Research/Thought Leadership Paper on best practices in the digitization of credit protection insurance.

Several meetings have been held with Deloitte Canada; a Statement of Work along with other project documentation has been shared with CAFII; weekly touchpoints will be held with CAFII Management and the Research & Education Committee’s Chair Andrea Stuska and Vice-Chair Michelle Costello; and a kick-off meeting will soon be held with the entire Research & Education Committee.

Recommendation / Direction Sought –Update

This is an update item only.

Attachments Included with this Agenda Item

One attachment.



SEPTEMBER 2021

The Canadian Association of Financial Institutions in Insurance

Digitization of CPI – Kickoff Discussion

cafii
The Canadian Association of
Financial Institutions in Insurance

Deloitte.

Objective & Agenda

Today's Objectives

Align on approach, timelines & stakeholder engagement model for the successful completion of the 'Digitizing CPI' research report

Agenda

Section	Key Questions Answered
Context and Background	<ul style="list-style-type: none"> What are the desired outcomes of our work together? What key questions should the report look to address?
Engaging the R&E Committee	<ul style="list-style-type: none"> How can we best engage the CAFII R&E Committee and select CAFII members upfront in defining 'success criteria' for the report?
High Level Timeline	<ul style="list-style-type: none"> What are the planned activities we will complete in order to develop the report?
Key Engagement Dates	<ul style="list-style-type: none"> What is the proposed scheduling of the activities & meetings needed to develop the report?
Next Steps	<ul style="list-style-type: none"> What are immediate next steps for kicking off our research?

Our Team



Melissa Carruthers

Partner, Monitor Deloitte
Life and Health Insurance
Strategy

Role: Project Leadership



Marc Lewis

Senior Manager, Monitor
Deloitte

Role: Insurance Strategy








Mike Clark

Senior Consultant, Monitor
Deloitte

Role: Insurance Strategy

Context and Background

The Canadian Association of Financial Institutions in Insurance is seeking a reputable and credible partner to develop an independent perspective on the digitization of CPI and how the industry is responding

Focus Area	What will be required for the Canadian CPI industry to offer best-in-class digitally-enabled client experiences?	
Engagement Outcomes	<ol style="list-style-type: none"> 1 Develop a perspective on what digital capabilities will be required to respond to and meet evolving customer needs and create a best-in-class digitally-enabled client experiences for their CPI customers 2 Provide a perspective on how the Canadian industry compares in its digital maturity relative to its global peers and identify key considerations (e.g., regulatory) that the Canadian industry should consider in its evolution to a digitally-enabled business model for CPI 3 Summarize insights into an independent perspective report to be shared with the CAFII Board, the public and industry regulators and on the Association's website 	
Key Deliverables	 <p>CAFII Commissioned Deloitte Perspective Paper</p> <p><i>The Digitization of CPI in Canada</i></p> <p><i>Format and length to be discussed with CAFII</i></p>	 <p>Three 60-minute Presentations</p> <ul style="list-style-type: none">  Presentation 1: Board of Directors  Presentation 2: Regulators  Presentation 3: General Public <p><i>Additional Material:</i> Presentation materials summarizing research paper insights</p>

Engaging the Research & Education Committee

Deloitte will engage with the Research and Education(R&E) committee to understand how they perceive the requirements of a successful report for their members ensuring alignment on objectives

In order to ensure the research report is aligned to the R&E Committee's objectives, Deloitte will:

1. Send out a short survey (sample questions below) to CAFII R&E committee members at the onset of the engagement
2. Play back survey results and key insights during a virtual session with core working group*

DEFINING SUCCESS

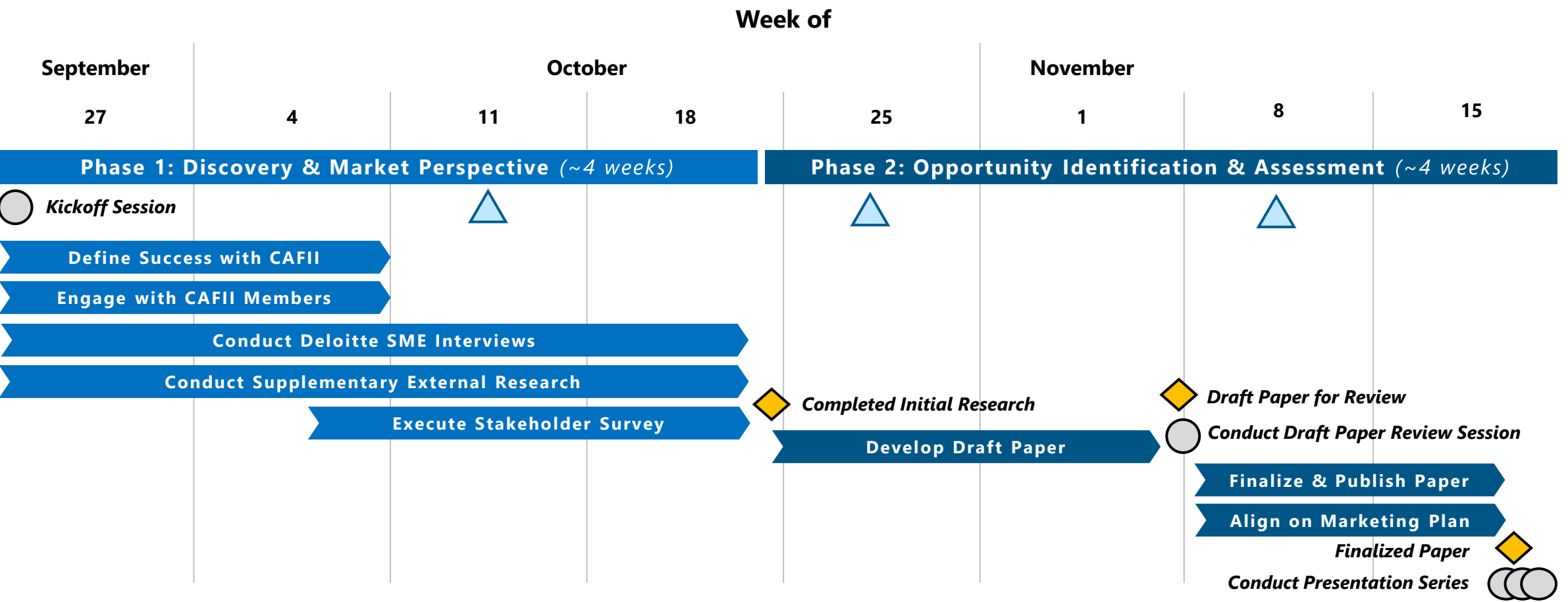
In your opinion...

1. Who are the key stakeholders who will benefit from the insights generated throughout this report?
2. What key questions would you like to see the report address?
3. Do you believe there is value in exploring lessons learned and best practices of insurance digital transformations globally and outside of creditor protection?
4. How do you foresee the output of this research being utilized by your members?
5. What key challenges are you interested in exploring with respect to the digitization of CPI?
6. What type of "actionable / implementable" insights would you want to see as part of the final report?
7. How would you prioritize the focus of the report across front-end customer experience, sales & channel optimization, process automation, technology modernization?

Potential to realign questions and engagement approach with select CAFII Members for initial input and direction on report.

High Level Timeline

Over the course of eight weeks, we will work together to gather perspectives across the association and within the Deloitte network to publish “The Digitization of CPI in Canada” paper and deliver a series of presentations



Key Engagement Dates

Deloitte will actively engage with CAFII Members to develop a shared definition of success, understand industry views of digitization of CPI products and test theories as they arise

Session(s)	Week of	Description	Timing	CAFII Attendees
Kickoff Meeting	September 23rd	Deloitte to host virtual Kick-off session with Core Working Group to provide an overview of the engagement plan and objectives and align on stakeholder engagement model/ ways of working	60 minutes	CAFII Core Working Group**
CAFII R&E Survey	September 27th	Distribute survey to collect perspectives on "What does success look like" with select CAFII Research & Education Committee board members	n/a Survey	Select CAFII R&E Members
Validation of Objectives	October 4th	Review outputs and insights of CAFII R&E survey to ensure alignment of objectives and definition of success for research report	30 minutes	CAFII Core Working Group**
1:1s with CAFII Members*	TBD	Host meetings with select CAFII Members to discuss their views on the digitization of their CPI products as well as an assessment of their digital maturity	30 to 60 minutes*	Select CAFII Members
CAFII Stakeholder Survey	TBD	Distribute survey to collect anonymous perspectives from 6 to 8 members regarding the current digital maturity of the Canadian CPI industry leveraging the DMM as a framework	n/a Survey	Select CAFII Members
Reviews with CAFII Core Working Group	Biweekly starting the week of October 11th	Review meetings can be used to discuss Member feedback, insights gathered, actions completed and plans for the upcoming weeks	30 minutes	CAFII Core Working Group**
Draft Review	TBD	Facilitation of a formal review session intended to present the draft paper for discussion and share insights and gather feedback	60 minutes	CAFII Core Working Group**
Presentation 1: CAFII Board of Directors	TBD	Facilitation of a webinar or live presentation to the CAFII Board of Directors to provide an overview of the insights and perspectives shared	60 minutes	CAFII Board of Directors
Presentation 2: Regulators	TBD	Facilitation of a webinar or live presentation to select regulatory bodies to provide an overview of the insights and perspectives shared	60 minutes	TBD Regulatory Bodies
Presentation 3: General Public	TBD	Creation of a webinar that could be published to the Association's site and accessible to the general public containing an overview of insights and perspectives	60 minutes	TBD

* To be determined based on need

** CAFII Core Working Group – Keith Martin, Brendan Wykes, Andrea Stuska, Michelle Costello

Next Steps

Working with the CAFII Core Working Group and CAFII Members, Deloitte will work to accomplish the objectives of the engagement and will continue to do so through the actions listed below

1

Confirm R&E Committee members and approach for gathering input on **criteria for research report success**

2

Identify CAFII Members to engage during survey and potential 1:1s to support **perspectives on CPI digitization and develop maturity assessment**

3

Schedule all appropriate sessions with Core Working Groups and CAFII Members as required

Appendix

Activity & Session Details

Over the course of eight weeks, we will work together to gather perspectives across the association and within the Deloitte network to publish “The Digitization of CPI in Canada” paper and deliver a series of presentations

Key Activities Phase 1

- **Kickoff Session:** Prepare and execute kick-off session with key CAFII stakeholders to align on scope, timelines, and share draft outline of paper
- **Define Success with CAFII:** Align on “What does success look like” with CAFII Research & Education Committee board members, defining key outcomes and validating key research areas
- **Conduct Deloitte SME Interviews:** Engage relevant Deloitte subject matter experts (i.e., Global Insurance, Risk, Technology, Data & Analytics) to gather perspectives on the future of digitization in CPI and opportunities in the Canadian market
- **Conduct Supplementary External Research:** Augment Deloitte expertise with additional secondary research as required to capture additional input to inform ‘best-in-class’ client purchasing and servicing experiences and the supporting capabilities
- **Leverage the Deloitte Insurance Digital Maturity Model (DMM):** Augment the DMM to reflect research on the Canadian CPI journey (i.e., product specifics, regulatory environment) to define the leading capabilities for the digitization of CPI
- **Execute Stakeholder Survey:** Distribute survey to collect anonymous perspectives from 6 to 8 members regarding the current digital maturity of the Canadian CPI industry leveraging the DMM as a framework. Work with CAFII to confirm survey inputs, identify participants, and ensure timely completion. Collate and synthesize results to be incorporated for report insights



Key Sessions

Kickoff: Week of September 27th

Draft Paper Review: Week of November 8th

Presentation Series: Week of November 15th

Key Activities Phase 2

- **Develop Draft Paper:** Synthesize findings and perspectives to develop first draft of the paper. Conduct working session with select CAFII stakeholders to share key findings and gather feedback
- **Finalize & Publish Paper:** Reflect feedback and finalize the paper, gaining input from Deloitte subject matter experts during final reviews
- **Align on Marketing Plan:** Work with CAFII to align on marketing plan for distributing the paper (i.e., published on the Association’s website and, possibly with insurance industry trade press and other media) and Presentation Series
- **Presentation Series:** Prepare and execute **three presentations** to share the key findings from the paper; Presentations will be made to CAFII Board of Directors, insurance industry regulators, and general public



Bi-Weekly Reviews

Bi-Weekly 1: Week of October 11th

Bi-Weekly 2: Week of October 25th

Bi-Weekly 3: Week of November 8th

Briefing Note

**CAFII Board Meeting 5 October, 2021—Agenda Item 5(g)
Strategic and Regulatory Matters— Insights gained from September 21/21 Meeting of Saskatchewan
Restricted Insurance Agent Advisory Committee**

Purpose of this Agenda Item –Update

To update the Board on the second meeting of the Saskatchewan RIA Advisory Committee, held on September 21/21.

Background Information

The second meeting of this Committee was held on 21 September, 2021.

This Agenda item will provide an opportunity to share learnings from that meeting.

Recommendation / Direction Sought –Update

This is an update item only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 5(h) Strategic and Regulatory Matters— Insights gained from CAFII/CLHIA/THIA Weekly Meetings Re Impact of COVID-19 on Travel and Travel Insurance Industry

Purpose of this Agenda Item –Update

To update the Board on learnings from the weekly meetings of the three industry Associations on COVID-19's impact upon travel and travel insurance.

Background Information

CAFII, CLHIA, and THIA hold weekly meetings to discuss the impact of COVID-19 on travel and the travel insurance industry. This will be an opportunity to update the Board on key learnings from recent such meetings.

Recommendation / Direction Sought –Update

This is an update item only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 6(a)

Read Only Items-- Insights Gained from September 10/21 CAFII *Get Acquainted and Dialogue Meeting* with Eric Jacob, AMF's New Superintendent, Client Services and Distribution Oversight

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

CAFII held a meeting on 10 September, 2021 with Eric Jacob, the AMF's new Superintendent, Client Services and Distribution Oversight. A summary note on this meeting is included in the Board meeting materials.

Recommendation / Direction Sought –Read Only Item

This is a read only item.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 6(a)
October 5/21 Board Meeting

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

Sent: September-13-21 11:26 AM

To: CAFII Board, EOC, and Other Committee Members

Subject: Insights Summary From Friday, September 9, 2021 Get Acquainted and Dialogue Virtual Meeting Between Eric Jacob, AMF Superintendent, Client Services and Distribution Oversight, and CAFII

Insights Summary From

Friday, September 9, 2021 *Get Acquainted and Dialogue Virtual Meeting* Between

Eric Jacob, Superintendent, Client Services and Distribution Oversight; Louise Gauthier, Senior Director, Distribution Policies (reports into Mr. Jacob); and Mario Beaudoin, Alternative Insurance Distribution Policies (reports into Antoine Bédard who in turn reports into Mr. Jacob), all of the AMF; and Keith Martin and Brendan Wycks, CAFII

KEY TAKEAWAY: THE AMF MADE THE CONCESSION THAT WITH RESPECT TO THE REGULATION RESPECTING ALTERNATIVE DISTRIBUTION METHODS (RADM) AND ITS APPLICATION TO CREDIT CARD-EMBEDDED INSURANCE BENEFITS, THEY WILL NOT EXPECT THE FACT SHEET AND THE NOTICE OF RESCISSION TO BE PROVIDED TO AFFECTED CREDIT CARD HOLDERS BY THE 17 DECEMBER, 2021 DEADLINE; INSTEAD, INSURERS SHOULD INDICATE IN THEIR ACTION PLANS THAT AT THIS TIME, THEY ARE WORKING THROUGH CAFII AND WITH THE AMF TO FIND A SOLUTION FOR THE DISTRIBUTION OF THOSE DOCUMENTS.

Insights Summary of Meeting

The CAFII Board asked CAFII management to meet with Eric Jacob, the new Superintendent of Client Services and Distribution Oversight at the AMF, in order to explore a possible “reset” of the relationship and to share ongoing concerns about distribution of the Fact Sheet and the Notice of Rescission to consumers as part of CAFII’s compliance approach with respect to the AMF’s expectations around the Regulation Respecting Alternative Distribution Methods (RADM)’s applicability to credit card-embedded insurance benefits.

This *Get Acquainted and Dialogue Meeting* was held virtually on Friday, 10 September, 2021 (the earliest date and time offered in response to CAFII’s meeting request in early July), with fellow AMF staff executives Louise Gauthier and Mario Beaudoin – members of Mr. Jacob’s team in the area of insurance distribution -- also participating.

After Mr. Jacob had provided a self-introduction by highlighting from his capsule biography (see below, beneath my signature block), Keith Martin and Brendan Wycks similarly introduced themselves.

Mr. Jacob began by sharing his priorities at the AMF, which he said were driven by and well-aligned with AMF's new and recently published 2021-2025 Strategic Plan [AMF Strategic Plan 2021-2025](#). He said that he "wanted to make life easier for industry" and wanted to focus on "optimizing compliance" which he said meant "reducing the burden on industry" and looking at ways to make compliance simpler—whether through improved administrative mechanisms, through Rule adjustments, etc.

He was open, friendly, transparent, and listened carefully, and seem genuinely engaged.

Mr. Martin then shared the priorities of CAFII—to engage with insurance regulators and policy-makers across Canada through information-sharing, dialogue, and relationship-building; to focus on fair treatment of customers and consumer choice in insurance purchases, and developing related consumer education content, including through our consumer-facing website; to engage in research to better understand the needs and expectations of CAFII members' customers, which Mr. Jacob found interesting (we said we would provide him with a copy of the Executive Summary of the results of our recent Pollara Strategic Insights' research on CPI consumers' digitization preferences, and he said he would follow up with us on this); and webinars and other opportunities to share CAFII learnings with regulators, policy-makers, and other stakeholders.

We also spoke about our upcoming 14 October, 2021 *CAFII Industry Issues Dialogue With AMF Staff Executives* -- which Mr. Jacob said he was looking forward to, as the lead AMF participant.

We then turned to issues related to the RADM and its applicability to credit card-embedded insurance benefits.

Mr. Martin thanked the AMF for granting CAFII's three-month deadline extension request to 17 December, 2021 for affected insurers' submission of Action Plans, noting that CAFII members were entirely focused on compliance. He emphasized that the three-month extension was greatly appreciated, especially since compliance with the RADM in the case of credit card-embedded insurance benefits was quite complicated for industry.

He cited the example of one CAFII member's indication that in order to comply, it had to change 120 processes, and that such a volume of changes also had spillover implications for policies and procedures, training, customer communications, IT changes etc. He also pointed out that credit card offerings are national in scope, but the RADM requires unique approaches for Quebec. For example, a kiosk at Toronto Pearson or any other airport seeking to enrol an interested traveler in a new credit card will have to use a process for an applicant who resides in Quebec which is different from the one used for a person from any other jurisdiction in Canada. Similarly, a bank or credit union branch in Ottawa that is working with a credit card applicant will have to follow a different process if that applicant resides in Gatineau, Quebec rather than in Ontario.

The AMF executives acknowledged the relevance of the background context provided by Mr. Martin, indicated that they found the examples to be interesting scenarios, and said they appreciated the RADM-compliance challenges which the industry is facing.

With carefully worded positioning, Mr. Martin then shared that CAFII had recently obtained a legal opinion from Norton Rose in order to understand the legal framework around the RADM's applicability to credit card-embedded insurance benefits and the related powers, flexibility and options for making adjustments, particularly with respect to the Fact Sheet and the Notice of Rescission. He emphasized that the legal opinion had been sought not to resist compliance, but rather solely to understand the legal framework better.

Mr. Jacob responded that such a legal opinion initiative on CAFII's part made perfect good sense, and said "I would probably have done the same thing in your shoes."

Mr. Martin highlighted that the Norton Rose legal opinion indicates that the AMF does indeed have the power to modify regulations without requiring changes to the underlying legislation, including the ability to modify the Fact Sheet and the Notice of Rescission; and Norton Rose also opines that existing Quebec legislation related to the accuracy and transparency of consumer communications, which impinges upon the fair treatment of customers, could be seen as conflicting with the RADM's requirement to provide consumers with a Fact Sheet and a Notice of Rescission that contain inaccurate and misleading information.

CAFII offered to share the relevant sections of the legal opinion with the AMF staff executives, as well as to have Marc Duquette of Norton Rose present the findings to them. Mr. Jacob said he would welcome receiving a copy of the relevant sections of the legal opinion from CAFII, and he would follow up afterwards around a presentation, if desired after reading the document.

Mr. Martin then shared that while CAFII members were currently focusing intently on compliance with the AMF's expectations around the RADM's applicability to credit card-embedded insurance benefits and related implementation measures, the need to distribute the Fact Sheet and the Notice of Rescission was a major concern for our members; and the uncertainty about how that would unfold, given that the implementation date of 17 December, 2021 is fast approaching, was creating a major dilemma and challenge.

In response, the AMF staff executives expressed sympathy with the concerns being expressed by affected CAFII members; and they indicated that they had a sincere desire to launch imminently "a serious discussion between CAFII and the industry and the AMF on how best to deal with the Fact Sheet and the Notice of Rescission."

Mr. Martin advanced the discussion by noting that while it was appreciated that the AMF understood the industry's concerns, it was difficult for the industry to know how to deal with this issue in the immediate and near-term given that CAFII members are always extremely diligent about complying with legislation and Regulations. By wanting to treat consumers fairly and therefore giving serious consideration to the implications of providing an inaccurate and misleading Fact Sheet and Notice of Rescission to affected credit card holders on or before 17 December, 2021 -- in the absence of a formal AMF advisory or declaration on this matter -- affected CAFII members find themselves in an untenable position, Mr. Martin emphasized.

Louise Gauthier said that she understood the concern and asked if industry was hoping for an “exemption” with respect to distributing the Fact Sheet and the Notice of Rescission to credit card holders whose cards include embedded insurance benefits, which she said would be practically impossible to achieve.

Mr. Martin responded that the industry’s hoped-for solution was a modified Fact Sheet and a modified Notice of Rescission – customized to the unique circumstances of credit card-embedded insurance benefits – which would not contain inaccurate, misleading information for consumers.

Ms. Gauthier said that the AMF was willing to be flexible and discuss possible solutions and a resolution to this issue with CAFII and the industry, in response to which Mr. Martin proposed the following: **“Would the AMF accept that in their Action Plans due on 17 December, 2021, affected CAFII member insurers should state that at this time, the Fact Sheet and Notice of Rescission are not being shared with consumers who are holders of credit cards with embedded insurance benefits; and instead, they are working through CAFII and with the AMF to find a solution for the distribution of those documents?”**

In response, Ms. Gauthier said yes, she thought that would be acceptable. Mr. Jacob also immediately indicated his agreement, saying “I can live with that; yes, I can definitely live with that.”

There was further discussion on CAFII and the AMF following-up in the near future to launch a solution-focused dialogue around the applicability of the Fact Sheet and the Notice of Rescission to credit card-embedded insurance benefits, noting however that it would very likely not be resolved by 17 December, 2021. It was agreed that we would attempt to engage THIA and CLHIA in this consultation and dialogue process, so that a pan-industry solution could be identified and implemented.

The meeting concluded with pleasantries and good wishes, and overall the meeting was characterized by a high level of collaboration, dialogue, and co-operation.

Keith Martin

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

L'association canadienne des institutions financières en assurance

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Éric Jacob, Superintendent, Client Services and Distribution Oversight, AMF



Éric Jacob was appointed Superintendent, Client Services and Distribution Oversight in May 2021. With the assistance of over 150 employees, Mr. Jacob supervises the activities of representatives and firms in the insurance of persons, damage insurance, claims adjustment and financial planning sectors. He also administers the eligibility requirements related to and rules governing distribution activities, while overseeing the issuance of representative certificates and the registration of firms.

AMF Client Services and Distribution Oversight also groups together the AMF's financial consumer assistance services, the Strategic Financial Education, Outreach and Research Partnerships Program, the Fonds d'indemnisation des services financiers (financial services compensation fund), and the AMF Information Centre, in addition to supervising the activities of the Chambre de l'assurance de dommages (damage insurance chamber) and the Chambre de la sécurité financière (financial security chamber). Since May 1, 2020, it has been responsible for supervising representatives and firms in the mortgage brokerage sector.

Mr. Jacob joined the AMF in 2008 as Manager, Complaint Examination and Assistance. In 2010, he was appointed Director, Case Assessment and Cybersurveillance and interim Manager, Economic Crimes. He was appointed Director, Inspection in 2012 and promoted to Senior Director, Inspection in 2014. In 2020, he became Senior Director, AMF Monitoring, Risks and Performance. Throughout these years, he was an active member of the Canadian Securities Administrators' Enforcement Committee and chair of that organization's Compliance Committee.

Mr. Jacob has in-depth knowledge of the financial markets and the distribution of financial products and services. Prior to joining the AMF, he worked in the banking sector, including from 2006 to 2008 at BNP Paribas Canada, where, as Vice-President, International Trade Financing from 2006 to 2008, he oversaw bank syndication and corporate and institutional financing and was also given responsibility for a specialized special loans and recovery mandate. From 1994 to 2006, he managed various functions at RBC Royal Bank, including administrative services and business development in the small and medium-sized businesses sector and commercial sector. He was also chair of the board of directors of Collège de Montréal from 2016 to 2019.

Mr. Jacob holds a Bachelor of Laws from the Université de Montréal and a Master of Business Administration from the Université de Sherbrooke.

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 6(b)

Read Only Items-- AMF Consultation on Draft Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector (Submission Deadline: November 8/21)

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

The AMF has launched a public consultation on its new draft regulation respecting complaint processing and distribution resolution in the financial sector.

CAFII will make a response submission on this consultation. Materials relating to the consultation are included in the Board meeting materials.

Recommendation / Direction Sought –Read Only Item

This is a read only item.

Attachments Included with this Agenda Item

Two attachments.

Draft Regulation

Credit Assessment Agents Act
(chapter A-8.2, ss. 66 and 73)

Insurers Act
(chapter A-32.1, s. 485, par. 1, and s. 496)

Act respecting financial services cooperatives
(chapter C-67.3, ss. 601.1 and 601.9)

Act respecting the distribution of financial products and services
(chapter D-9.2, ss. 216.1, 223, pars. 8, 11, 12 and 13.1)

Deposit Institutions and Deposit Protection Act
(chapter I-13.2.2, s. 43, par. u, and s. 45.9)

Derivatives Act
(chapter I-14.01, s. 175, pars. 13, 16 and 19.1)

Trust Companies and Savings Companies Act
(chapter S-29.02, ss. 277 and 286)

Securities Act
(chapter V-1.1, s. 331.1, pars. 8, 26 and 27.0.4)

Regulation respecting complaint processing and dispute resolution in the financial sector

Notice is hereby given by the Autorité des marchés financiers (the “AMF” or the “Authority”) that, in accordance with section 67 of the *Credit Assessment Agents Act*, CQLR, c. A-8.2 (the “CAAA”), section 486 of the *Insurers Act*, CQLR, c. A-32.1, section 601.2 of the *Act respecting financial services cooperatives*, CQLR, c. C-67.3 (the “AFSC”), section 217 of the *Act respecting the distribution of financial products and services*, CQLR, c. D-9.2 (the “Distribution Act”), section 45 of the *Deposit Institutions and Deposit Protection Act*, CQLR, c. I-13.2.2 (the “DIDPA”), section 175 of the *Derivatives Act*, CQLR, c. I-14.01, section 278 of the *Trust Companies and Savings Companies Act*, CQLR, c. S-29.02 (the “TCSCA”) and section 331.2 of the *Securities Act*, CQLR, c. V-1.1, the following regulation (the “Draft Regulation”), the text of which is published hereunder, may be made by the AMF and subsequently submitted to the Québec Minister of Finance for approval, with or without amendment, after 30 days have elapsed since its publication in the Bulletin of the Authority:

- *Regulation respecting complaint processing and dispute resolution in the financial sector.*

The Draft Regulation is also available under “Public consultations” on the AMF’s website at www.lautorite.qc.ca.

Background

The Draft Regulation is intended to harmonize and strengthen the fair processing of complaints in Québec’s financial sector. It includes requirements drawn from national and international FTC (fair treatment of customers) principles and was drafted taking into account input from various AMF advisory committees and the comments of multiple financial sector stakeholders.

The Draft Regulation applies to the following financial institutions, financial intermediaries and credit assessment agents:

Financial institutions

- Insurers authorized under the *Insurers Act*;
- Deposit institutions authorized under the DIDPA;
- Financial services cooperatives within the meaning of the AFSC; and
- Trust companies authorized under the TCSC.

Financial intermediaries

- Firms, independent representatives and independent partnerships registered under the Distribution Act; and
- Dealers or advisers registered under the *Derivatives Act* or the *Securities Act*.

Credit assessment agents

- Credit assessment agents designated by the AMF under the CAAA.

The Draft Regulation proposes a framework complementing the already existing complaint processing and dispute resolution obligations imposed on financial institutions, financial intermediaries and credit assessment agents under the laws governing their respective activities and practices.

These obligations include adopting a complaint processing and dispute resolution policy and publishing a summary of the policy on their website or disseminating it by any appropriate means, keeping a complaints register and notifying the consumer of the complaint registration date within 10 days of such registration, and notifying the consumer of his or her right to request to have the complaint record examined by the AMF.

The Draft Regulation proposes a common set of complaint processing and dispute resolution requirements for financial institutions, financial intermediaries and credit assessment agents. It also differentiates, based on the various enabling statutes, between financial institutions, financial intermediaries and credit assessment agents, in the application of certain provisions.

Purpose of the Draft Regulation

The Draft Regulation establishes a common set of rules and practices to be followed by financial institutions, financial intermediaries and credit assessment agents in processing complaints and resolving disputes. These rules and practices also cover the keeping of complaint records and the sending of such records to the AMF for examination. The Draft Regulation would also prohibit certain practices.

The Draft Regulation identifies the elements to be included in a financial intermediary's complaint processing and dispute resolution policy.

Finally, it sets out the monetary administrative penalties that may be imposed on financial institutions or credit assessment agents by the AMF in the event of non-compliance with the Regulation's provisions applicable to their practices.

I. Provisions common to financial institutions, financial intermediaries and credit assessment agents

The Draft Regulation would apply from the moment a complaint is received by a financial institution, financial intermediary and credit assessment agent.

Under the rules and practices proposed in the Draft Regulation, a financial institution, financial intermediary or credit assessment agent would, among other things, be required to enter in its complaints register any complaint received by it without delay. The Draft Regulation also sets out the documents and

information that the complaints register and the complaint record would have to contain as a minimum. The financial institution, financial intermediary or credit assessment agent would also be required to provide a complaint drafting assistance service to any person expressing a need for it.

The Draft Regulation proposes a framework for the sending of an acknowledgement of receipt of a complaint and the final response following the financial institution's, financial intermediary's or credit assessment agent's analysis of the complaint. It determines the content of such communications and the time periods within which they are to be sent to the consumer.

i. Definition of a “complaint”

The Draft Regulation proposes a definition of a “complaint.” This definition is a critical element of the Draft Regulation as it specifies the types of dissatisfaction and reproach that must be processed in accordance with the Draft Regulation.

The definition was developed to respond to the needs of Québec financial consumers—who want their dissatisfactions or reproaches to be processed in a fair and diligent manner—while taking into account the realities of financial institutions, financial intermediaries and credit assessment agents.

This definition excludes dissatisfactions or reproaches that can be resolved at the time they are expressed by the consumer (e.g., when a consumer calls the financial institution's, financial intermediary's or credit assessment agent's client service department with a reproach and the reproach is addressed to the consumer's satisfaction during the call). Furthermore, to support this definition, the Draft Regulation includes examples of what does not constitute a complaint. Such situations would not need to be entered in the complaints register or processed in accordance with the Draft Regulation.

ii. Complaint processing time period

All complaints would have to be processed promptly and efficiently within no more than 60 days. The 60-day period would be non-extendable. This period would be calculated from the time the financial institution, financial intermediary or credit assessment agent receives the complaint until the time the final response is sent to the consumer.

This amount of time is sufficient for financial institutions, financial intermediaries and credit assessment agents to ensure that the complaints are processed fairly and, for consumers, would provide a tangible indicator for complaint follow-up.

Where there is an offer to resolve the complaint (which would be presented to the consumer in the final response), the consumer's assessment and acceptance of the offer, if applicable, and the financial institution's, financial intermediary's or credit assessment agent's resolution of the complaint would be steps separate and distinct from the processing of the complaint. As a result, they would be excluded from the calculation of the proposed time period and could be completed after the 60-day period set out in the Draft Regulation is over.

iii. Simplified process for certain complaints

The AMF is aware that certain complaints may be resolved more quickly than others, with some being resolved within a few days of receipt. The Draft Regulation therefore proposes a simplified process for situations where a complaint is processed and the offer to resolve it is accepted within 10 days following the complaint registration date. For these kinds of situations, the financial institution, financial intermediary or credit assessment agent would be able to send the consumer a single notice that would combine the information relating to the receipt, processing and resolution of the complaint.

iv. Prohibitions

The Draft Regulation proposes prohibiting the use of the term “ombudsman” or similar qualifiers in referring to the complaint process of a financial institution, financial intermediary or credit assessment agent.

The Draft Regulation also proposes prohibiting certain practices with respect to the offer presented to a consumer to resolve his or her complaint. Under the Draft Regulation, no condition could be attached to such an offer that, in particular, would prevent the complainant from exercising the right to make a request to have the complaint record examined by the AMF, require the complainant to withdraw another complaint that he or she has filed, or prevent the complainant from contacting the AMF or from reporting an ethical breach to a self-regulatory organization.

II. Specific provisions applicable to financial institutions and credit assessment agents

The Draft Regulation sets out the monetary administrative penalties that the AMF may impose on financial institutions or credit assessment agents that contravene certain provisions.

The Financial Markets Administrative Tribunal may impose administrative penalties on financial intermediaries that contravene those provisions.

III. Specific provisions applicable to financial intermediaries

The Draft Regulation specifies the elements of a financial intermediary’s complaint processing and dispute resolution policy, including:

- Establishment of a complaint process
- Training on the complaint process for financial intermediary staff
- Designation of a complaints officer and the functions of the designee
- Assignment of complaints to the staff responsible for processing them
- Periodic reporting regarding the complaint process

A financial intermediary’s complaint processing and dispute resolution policy would also have to provide that the underlying causes of complaints that are processed will be analyzed to identify the causes common to the complaints, if any, and to address the issues that they raise.

Finally, the complaint processing and dispute resolution policy would require that the reasons supporting a complaint be analyzed to determine whether they could have repercussions for other persons who are members of the financial intermediary’s clientele and to take measures to remedy them, if necessary.

These requirements would not apply to financial institutions governed by a similar prudential framework, set out in the Sound Commercial Practices Guideline, or to credit assessment agents for which the AMF has established a prudential framework tailored to their activities.¹

¹ Notice relating to the development and implementation of a new guideline applicable to credit assessment agents (section 28 et seq. of the Credit Assessment Agents Act (S.Q. 2020, c. 21)): <https://lautorite.qc.ca/fileadmin/lautorite/reglementation/agents-evaluation-credit/avis/2021fev04-avis-aec-en.pdf>.

Comments

Comments regarding this Draft Regulation may be made in writing before **November 8, 2021**, to the following:

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la cité, tour Cominar
2640, boulevard Laurier, 3^{ième} étage
Québec (Québec) G1V 5C1
Fax: 418-525-9512
E-mail: consultation-en-cours@lautorite.qc.ca

Unless otherwise noted, comments will be posted on the AMF's website at www.lautorite.qc.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

Additional Information

For additional information, send an e-mail to questions-projetRTPRD@lautorite.qc.ca.

September 9, 2021

REGULATION RESPECTING COMPLAINT PROCESSING AND DISPUTE RESOLUTION IN THE FINANCIAL SECTOR

Credit Assessment Agents Act
(chapter A-8.2, ss. 66 and 73)

Insurers Act
(chapter A-32.1, s. 485, par. 1, and s. 496)

Act respecting financial services cooperatives
(chapter C-67.3, ss. 601.1 and 601.9)

Act respecting the distribution of financial products and services
(chapter D-9.2, ss. 216.1, 223, pars. 8, 11, 12 and 13.1)

Deposit Institutions and Deposit Protection Act
(chapter I-13.2.2, s. 43, par. *u*, and s. 45.9)

Derivatives Act
(chapter I-14.01, s. 175, pars. 13, 16 and 19.1)

Trust Companies and Savings Companies Act
(chapter S-29.02, ss. 277 and 286)

Securities Act
(chapter V-1.1, s. 331.1, pars. 8, 26 and 27.0.4)

CHAPTER I PURPOSE, SCOPE AND INTERPRETATION

1. The purpose of this Regulation is to ensure the fair processing of consumer complaints in the financial sector. It sets out the elements that must be included in the complaint processing and dispute resolution policy adopted under subparagraph 3 of the second paragraph of section 35 of the Credit Assessment Agents Act (chapter A-8.2), subparagraph 2 of the second paragraph of section 50 of the Insurers Act (chapter A-32.1), subparagraph 2 of the second paragraph of section 66.1 of the Act respecting financial services cooperatives (chapter C-67.3), subparagraph 1 of the first paragraph of section 103 of the Act respecting the distribution of financial products and services (chapter D-9.2), subparagraph 2 of the second paragraph of section 28.11 of the Deposit Institutions and Deposit Protection Act (chapter I-13.2.2), subparagraph 1 of the first paragraph of section 74 of the Derivatives Act (chapter I-14.01), subparagraph 2 of the second paragraph of section 34 of the Trust Companies and Savings Companies Act (chapter S-29.02) or subparagraph 1 of the first paragraph of section 168.1.1 of the Securities Act (chapter V-1.1), as the case may be.

This Regulation also sets out the rules governing complaint processing activities and practices.

2. This Regulation applies, with the necessary modifications, to persons and partnerships registered as firms, independent partnerships or independent representatives under the Act respecting the distribution of financial products and services and to legal persons registered as dealers or advisers under the Derivatives Act or the Securities Act.

Except for the provisions of Chapter II, it also applies to credit assessment agents designated under the Credit Assessment Agents Act, insurers authorized under the Insurers Act, financial services cooperatives within the meaning of the Act respecting financial services cooperatives, deposit institutions authorized under the Deposit Institutions and Deposit Protection Act, and trust companies authorized under the Trust Companies and Savings Companies Act.

3. For the purposes of this Regulation,

“complaint” means any dissatisfaction or reproach in respect of a service or product offered by a financial institution or financial intermediary, or in respect of a practice of a credit assessment agent, that is communicated by a person who is a member of the clientele of the financial institution or financial intermediary, or, in the case of a credit assessment agent, by a person concerned by a record held by the credit assessment agent, that cannot be remedied immediately and for which a final response is expected.

The following do not constitute complaints: a claim for an indemnity or any other insurance claim, a request to access or correct a record held by a credit assessment agent and an initial request for information or documents made, in the case of a credit assessment agent, by a person concerned by a record held by the credit assessment agent or, in the case of a financial institution or financial intermediary, by a person who is a member of the clientele of a financial institution or financial intermediary in respect of an offered product or service;

“financial institution” means an insurer authorized under the Insurers Act, a financial services cooperative within the meaning of the Act respecting financial services cooperatives, a deposit institution authorized under the Deposit Institutions and Deposit Protection Act, and a trust company authorized under the Trust Companies and Savings Companies Act;

“financial intermediary” means a person or partnership registered as a firm, independent partnership or independent representative under the Act respecting the distribution of financial products and services and a legal person registered as a dealer or adviser under the Derivatives Act or the Securities Act.

CHAPTER II

COMPLAINT PROCESSING AND DISPUTE RESOLUTION POLICY

4. A financial intermediary must establish a complaint process in its complaint processing and dispute resolution policy that:

- (1) objectively takes into account the interests of the complainant;
- (2) is simple to follow and without cost to the complainant; and
- (3) is documented in detail, including by procedures for analyzing complaints.

5. The complaint processing and dispute resolution policy must provide that the financial intermediary will identify needs for the implementation, application and periodic review of the complaint process and assign the required persons thereto.

For this purpose, the policy must include the following rules:

(1) to ensure that its complaint process is known and understood by the persons assigned to implement, apply and review it, the financial intermediary will provide such persons with training at least once a year and at the following times:

- (a) upon their assignment; and
- (b) when, following a review, a change is made to the complaint process;

(2) the financial intermediary will ensure that the complaints officer referred to in section 6 and the staff responsible for processing complaints referred to in section 7 are able, in carrying out their respective functions, to act with independence and avoid any situation in which they would be in a conflict of interest.

6. The financial intermediary must include in its complaint processing and dispute resolution policy elements pertaining to the designation and functions of the person acting as complaints officer within its organization, including:

(1) the integrity, competence and solvency requirements for such designation, in this case professional qualifications, knowledge of the laws and regulations governing the intermediary's activities, required work experience and the absence of a judicial or disciplinary record, as applicable;

(2) the functions of the complaints officer, including:

(a) ensuring that the complaint process is applied and reviewed and that the complaint processing and dispute resolution policy is applied;

(b) documenting and reporting the issues referred to in paragraph 3 of section 8, the common causes and issues referred to in section 9, and the reasons referred to in section 10;

(c) ensuring that complaints are assigned to the staff responsible for processing complaints;

(d) acting as official respondent with the financial intermediary's clientele and with the Autorité des marchés financiers for complaint records sent to it for examination.

7. The financial intermediary must include in its complaint processing and dispute resolution policy elements pertaining to staff responsible for processing complaints and to the assignment of complaints to them, including:

(1) the integrity, competence and experience requirements for staff responsible for processing complaints, in this case detailed knowledge of the products and services offered by the financial intermediary;

(2) access at all times to information essential to the performance of the functions of this staff;

(3) instructions to ensure that clear and plain language is used in any interactions with complainants and that complainants understand the complaint process.

8. The complaint processing and dispute resolution policy must provide that periodic reports covering the following elements must be made to the financial intermediary's officers:

(1) the number of complaints received and processed and the reasons for and underlying causes of the complaints;

(2) the outcomes of the complaints;

(3) issues related to the implementation, application and review of the complaint process.

9. The complaint processing and dispute resolution policy must provide that the underlying causes of complaints that are processed will be analyzed periodically to identify causes common to the complaints and address the issues that they raise.

10. The complaint processing and dispute resolution policy must provide that the reasons supporting a complaint will be analyzed to determine whether they may have repercussions for other persons who are members of the financial intermediary's clientele and to take measures to remedy them, if necessary.

CHAPTER III COMPLAINT PROCESSING RULES AND PRACTICES

DIVISION I GENERAL PROVISIONS

11. A financial institution or financial intermediary must provide a complaint drafting assistance service to any person expressing a need for it who is a member of the clientele of the financial institution or financial intermediary.

A credit assessment agent must do likewise in respect of any person concerned by a record that it holds.

12. A financial institution, financial intermediary or credit assessment agent must process any complaint it receives in a diligent manner.

Accordingly, it must, in particular:

(1) adequately document the processing of the complaint and establish a complaint record in accordance with section 16;

(2) enter the complaint in the complaints register and update the register based on the information set out in section 18;

(3) provide the complainant, in the manner set out in section 20, with the acknowledgement of receipt referred to in section 19;

(4) provide the complainant with a final response referred to in section 21 as soon as possible but not later than the 60th day following receipt of the complaint.

13. If, upon completing its analysis, the financial institution, financial intermediary or credit assessment agent presents the complainant with an offer to resolve the complaint, it must give the complainant a minimum of 20 days to assess and respond to the offer.

The amount of time given must be sufficient to allow the complainant the opportunity to seek advice for the purpose of making an enlightened decision.

If the complainant accepts the offer, the financial institution, financial intermediary or credit assessment agent must give effect to the offer no later than the 30th day following receipt of such acceptance.

14. The financial institution, financial intermediary or credit assessment agent must, in due time, continue to manage any further exchanges with the complainant until no further action is required with respect to the complaint.

It must particularly do so in the following situations:

(1) upon completing its analysis, it does not present the complainant with an offer to resolve the complaint;

(2) the complainant refuses the offer to resolve the complaint; or

(3) the complainant files an application or motion pertaining to elements of the complaint with a court or adjudicative body.

15. If a complaint concerns several financial institutions, financial intermediaries or credit assessment agents, the institution, intermediary or agent receiving the complaint must notify the complainant in writing within 10 days following receipt of the complaint, stating that the complainant must also file the complaint with the other financial institutions,

financial intermediaries or credit assessment agents concerned and providing the complainant with their contact information.

DIVISION II

COMPLAINT RECORDS AND COMPLAINTS REGISTER

16. The complaint record that the financial institution, financial intermediary or credit assessment agent must open for any complaint received by it must contain the following documents and information:

- (1) the complaint and, if the complainant requested the complaint drafting assistance service, the complainant's initial communication;
- (2) a copy of the acknowledgement of receipt referred to in section 19 sent to the complainant;
- (3) any document or information used in analyzing the complaint, including any exchanges with the complainant; and
- (4) a copy of the final response provided to the complainant.

The complaint record must be established such that the documents and information it contains are in a precise form that is comprehensible to any person who is allowed to access it.

17. The financial institution, financial intermediary or credit assessment agent must keep the complaint record for a period of at least 7 years from the date the complaint is received.

18. The financial institution, financial intermediary or credit assessment agent must enter in its complaints register any complaints received by it without delay.

It must enter the following information in the complaints register as soon as it becomes available:

- (1) the complaint record identification code;
- (2) the date of receipt of the complaint and the complaint registration date;
- (3) the reason for the complaint;
- (4) the underlying cause of the complaint;
- (5) the product or service that is the subject of the complaint and the method of distribution thereof, or, in the case of a credit assessment agent, the practice that is the subject of the complaint;
- (6) if applicable, the class of insurance of the product that is the subject of the complaint;
- (7) the date the final response was provided to the complainant;
- (8) the outcome of the complaint and, if applicable, of the offer to resolve it;
- (9) if applicable, the date the complaint record was sent to its federation;
- (10) if applicable, the date the complaint record was sent to the Authority; and
- (11) the date the complaint record was closed.

DIVISION III

COMMUNICATIONS TO THE COMPLAINANT

19. For the purposes of this Regulation, the acknowledgement of receipt will constitute the notice stating the complaint registration date, sent to the complainant under section 39 of the Credit Assessment Agents Act, section 53 of the Insurers Act, section 131.2 of the Act respecting financial services cooperatives, section 103.2 of the Act respecting the distribution of financial products and services, section 28.14 of the Deposit Institutions and Deposit Protection Act, section 76 of the Derivatives Act, section 37 of the Trust Companies and Savings Companies Act, and section 168.1.3 of the Securities Act, as the case may be.

20. The acknowledgement of receipt must be sent in written form to the complainant and, in addition to stating the complainant's right to request to have the complaint record examined by the Authority or, where applicable, a federation, include the following information:

- (1) the complaint record identification code;
- (2) the date on which the complaint was received by the financial institution, financial intermediary or credit assessment agent;
- (3) the name and contact information of the member of the staff responsible for processing the complaint, referred to in section 7 or the Sound Commercial Practices Guideline or a guideline applicable to credit assessment agents in this matter (*indicate here the title of the guideline*) established by the Authority;
- (4) a statement to the effect that the complainant may contact the person referred to in paragraph (3) of this section to find out the status of the complaint;
- (5) the next steps in the complaint process and the date by which the final response must be sent to the complainant; and
- (6) the signature of the complaints officer referred to in section 6 or the Sound Commercial Practices Guideline or a guideline applicable to credit assessment agents in this matter (*indicate here the title of the guideline*) established by the Authority.

21. The financial institution, financial intermediary or credit assessment agent must be detailed in the final response referred to in subparagraph 4 of the second paragraph of section 12, which must include such information as the following:

- (1) a summary of the complaint received;
- (2) the conclusion of the analysis, including the reasons for the conclusion, and the outcome of the complaint;
- (3) a statement of the complainant's right to request to have the complaint record examined by the Authority or, where applicable, by a federation;
- (4) if an offer to resolve the complaint is presented to the complainant, the time period within which the complainant may accept the offer;
- (5) the signature of the complaints officer.

22. For any complaint resolved within 10 days following the complaint registration date, the financial institution, financial intermediary or credit assessment agent may provide the complainant with a final response containing the information referred to in paragraphs 1, 2 and 3 of section 20 and paragraphs 1, 2, 3 and 5 of section 21, as well as a statement to the effect that the complainant has accepted the offer to resolve the complaint.

The acknowledgement of receipt referred to in section 19 will be considered to have been sent by a financial institution, financial intermediary or credit assessment agent where a final response is provided to the complainant in accordance with the first paragraph.

CHAPTER IV

SUMMARY OF THE COMPLAINT PROCESSING AND DISPUTE RESOLUTION POLICY

23. A financial institution's, financial intermediary's or credit assessment agent's summary of its complaint processing and dispute resolution policy must include, among other elements, the following information:

- (1) a description of the procedure for filing a complaint and the complainant's right to obtain assistance in drafting the complaint;
- (2) a statement that a complaint may be validly filed with it using the complaint form available on the Authority's website, together with a reference or link to the form;
- (3) the name and contact information of the complaints officer;
- (4) the complaint processing time period specified in subparagraph (4) of the second paragraph of section 12; and
- (5) a statement of the complainant's right to request to have the complaint record examined by the Authority or, where applicable, by a federation.

24. A financial institution's, financial intermediary's or credit assessment agent's summary of its complaint processing and dispute resolution policy must be written in a clear and simple manner and using terms that are not confusing or misleading.

It must be readily accessible to any person who is a member of its clientele or, in the case of a credit assessment agent, to any person concerned by a record that it holds.

CHAPTER V

SENDING A COMPLAINT RECORD TO THE AUTORITÉ DES MARCHÉS FINANCIERS FOR EXAMINATION

25. The financial institution, financial intermediary or credit assessment agent must send the complaint record, as established pursuant to section 16, to the Authority in accordance with the terms specified on the Authority's website and within 15 days following receipt of the complainant's request to have the complaint record examined by the Authority.

CHAPTER VI

PROHIBITIONS AND MONETARY ADMINISTRATIVE PENALTIES

26. A financial institution, financial intermediary or credit assessment agent may not:

- (1) when it presents the complainant with an offer to resolve the complaint, attach a condition to the offer that:
 - (a) prevents the complainant from exercising the right to request to have the complaint record examined by the Authority or, where applicable, its federation;
 - (b) requires the complainant to withdraw any other complaint that the complainant has filed;
 - (c) prevents a complainant from communicating with the Authority, a self-regulatory organization recognized under section 59 of the Act respecting the regulation of the financial sector (chapter E-6.1) or with the Chambre de la sécurité financière or the

Chambre de l'assurance de dommages, established under section 284 of the Act respecting the distribution of financial products and services.

(2) in any representation or communication intended for the public, use in referring to its complaint process or the persons assigned to implement, apply or review its complaint process the term “ombudsman” or any other qualifier of the same nature that suggests that such persons are not acting on behalf of the financial institution, financial intermediary or credit assessment agent.

27. A monetary administrative penalty in the amount of \$1,000 may be imposed on an authorized financial institution that:

(1) in contravention of the first paragraph of section 16, fails to establish a complaint record containing the documents and information referred to in that paragraph;

(2) in contravention of the second paragraph of section 18, fails to enter in its complaints register the information referred to in that section;

(3) in contravention of section 20, sends the complainant an acknowledgement of receipt that does not include the information set out in that section;

(4) in contravention of section 21, provides the complainant with a final response that does not include the detailed information set out in that section;

(5) in contravention of the first paragraph of section 22, provides the complainant with a final response that does not include the information set out in that section;

(6) whose complaint processing and dispute resolution policy summary does not include, in contravention of section 23, the information referred to in that section.

28. A monetary administrative penalty in the amount of \$2,500 may be imposed on a financial institution or a credit assessment agent that:

(1) in contravention of the first paragraph of section 11, fails to offer, in the case of a financial institution, a complaint drafting assistance service to any person expressing a need for it who is a member of its clientele;

(2) in contravention of the second paragraph of section 11, fails to offer, in the case of a credit assessment agent, a complaint drafting assistance service to any person expressing a need for it who is concerned by a record that the credit assessment agent holds;

(3) in contravention of the first paragraph of section 13, fails to give the complainant a minimum of 20 days to assess and respond to the offer to resolve the complaint;

(4) in contravention of the third paragraph of section 13, fails, where a complainant accepts an offer to resolve the complaint, to give effect to the offer no later than the 30th day following receipt of the offer;

(5) in contravention of section 15, fails to notify the complainant within 10 days following receipt of the complaint;

(6) in contravention of section 17, fails to keep a complaint record for a period of at least 7 years from the date the complaint is received;

A monetary administrative penalty in the same amount may also be imposed on a financial institution or credit assessment agent that, in contravention of section 25, fails to send the complaint record, as established pursuant to section 16, to the Authority in accordance with the terms and conditions set out on its website or within 15 days of receiving a request from the complainant to have the complaint record examined by the Authority.

29. A monetary administrative penalty in the amount of \$5,000 may be imposed on a financial institution or credit assessment agent that:

(1) in contravention of subparagraph a of paragraph 1 of section 26, attaches a condition to its offer that prevents the complainant from exercising the right to have the complaint record examined by the Authority or, where applicable, its federation;

(2) in contravention of subparagraph b of paragraph 1 of section 26, attaches a condition to its offer that requires the complainant to withdraw any other complaint that the complainant has filed;

(3) in contravention of subparagraph c of paragraph 1 of section 26, attaches a condition to its offer that prevents the complainant from communicating with the Authority, a recognized self-regulatory organization, the Chambre de sécurité financière or the Chambre de l'assurance de dommages;

(4) in contravention of paragraph 2 of section 26, uses in referring to its complaint process or the persons assigned to implement, apply or review its complaint process, in any representation or communication intended for the public, the term “ombudsman” or any other qualifier of the same nature that suggests that that such persons are not acting on behalf of the financial institution or credit assessment agent.

A monetary administrative penalty in the same amount may also be imposed on a financial institution or a credit assessment agent that, in contravention of paragraph 2(4) of section 12, fails to provide a final response to the complainant.

CHAPTER VII COMING INTO FORCE

30. This Regulation comes into force on (*indicate here the date of coming into force of this Regulation*).

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 6(c)

Read Only Items-- Summary of Options In Response to Proposal from CAFII Director Z. Fuerstenberg That CAFII Investigate Development and Launch of an Education/Master Class/Certification Program for Member Company Employees on “CPI Legislative and Regulatory Principles and Environment” (To Be Discussed At December 7/21 CAFII Board Meeting)

Purpose of this Agenda Item – *Read Only Item*

This is a read only item.

Background Information

CAFII is investigating the options around some form of education or certification program.

The intention is to discuss the options with the EOC, and then bring an EOC recommendation to the 7 December, 2021 CAFII Board meeting.

Recommendation / Direction Sought –*Read Only Item*

This is a read only item.

Attachments Included with this Agenda Item

One attachment.

*Agenda Item 6(c)
October 5/21 Board Meeting*

**Summary of Options for Development and Launch of a
CAFII Education/Certification Program for Member Company Representatives
on Credit Protection Insurance Legislative and Regulatory Principles and
Environment**

Option 1—Annotated Self-Study Materials

Details—CAFII has many resources on its website which could be organized into an annotated series of self-study modules/courses, to which CAFII member companies would be able to give their new and/or other employees access.

Implementation—would require an IT investment, along with staff and/or consultant time to organize materials into integrated subject matter modules.

Option 2—Dedicated Webinar Modules/Courses

Details—CAFII would commission industry experts to produce one-hour webinars on key topics (e.g., Jill McCutcheon on the regulatory regime in Canada; Marc Duquette on the unique characteristics of the Quebec regulatory regime), to which CAFII member companies would be able to give their new and/or other employees access.

Implementation— this would require the considerable expense of having the webinars developed by industry experts, who would need to be paid for their time, under CAFII management oversight.

Option 3—Certification Program

Details—CAFII would develop -- with the assistance of an e-learning professional services firm -- a certification program composed of a series of online modules/courses. CAFII members would pay for their new and/or other employees to access this certification program. There would be tests of information/knowledge retention of the course material; and upon passing the full set of modules/courses in the program, a CAFII-branded certification/accreditation would be granted to the successful student.

Implementation—this would be a considerable financial investment and other resources undertaking for CAFII, requiring the ongoing partnership assistance of a professional e-learning firm such as Oliver's.

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 6(d)

Read Only Items-- July 9/21 CAFII Response Submission to CISRO on Proposed Principles of Conduct for Intermediaries

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

Included in the Board meeting materials is the submission CAFII made to CISRO on its Proposed Principles of Conduct for Intermediaries.

Recommendation / Direction Sought –Read Only Item

This is a read only item.

Attachments Included with this Agenda Item

One attachment.

July 9, 2021

Mr. Ron Fullan, Chair
Canadian Insurance Services Regulatory Organisations
c/o: cisro-ocra@fsrao.ca

Dear Mr. Fullan:

CAFII thanks CISRO for the opportunity to provide input on its draft *Principles of Conduct for Intermediaries*. Our Association strongly supports CISRO's efforts to codify principles and guidance around the fair treatment of customers.

We have organized this feedback submission around High Level Feedback Points; followed by Specific CAFII-Relevant Feedback Points.

High Level Feedback Points

CAFII strongly supports the premise that fair treatment of customers expectations must apply to intermediaries. Our Association is therefore generally comfortable with the 10 Principles set out in *CISRO's Principles of Conduct for Intermediaries*, and the expectation that intermediaries should conduct their business in accordance with the Principles that are relevant and applicable to them.

As an industry Association whose members must comply with the legislative and regulatory expectations of 18 federal and provincial/territorial insurance regulators and policy-makers across Canada, CAFII is strongly supportive of regulatory harmonization. We therefore applaud and thank CISRO for (i) deciding to set out high level, harmonized-to-the-degree-possible Principles which reflect the minimum regulatory conduct standards for intermediaries that are common across Canada regarding the fair treatment of customers; and (ii) designing the Principles with the intent of supplementing, complementing, and building upon the intermediary elements in the CCIR/CISRO *Guidance: Conduct of Insurance Business and Fair Treatment of Customers* (FTC Guidance) and aligning them with the Insurance Core Principles of the International Association of Insurance Supervisors.

CAFII appreciates that in the Principles' definition of intermediary, CISRO has taken pains to stipulate that the definition includes "business entities that distribute insurance products and services . . . It also applies to all distribution methods, including the internet." We agree with and support CISRO's specifying a relatively broad definition of intermediary. The definition's provisions which we highlighted above are directly relevant to CAFII, given that many of our members are Restricted Insurance Agent licence holders (i.e., business entity/corporate licensees) in those provinces which have RIA licensing regimes; and we focus as an Association on direct-to-consumer distribution of credit protection insurance (CPI) and travel insurance, including the internet channel, rather than on traditional face-to-face distribution by an individually licensed advisor.

That said, we note that the CISRO Principles' definition of intermediary includes "adjuster." Adjusters are not included, however, in the definition of "intermediary" found in the CCIR/CISRO FTC Guidance. Therefore, because adding "adjuster" to the CISRO definition of "intermediary" has the potential to cause confusion, without significant offsetting value to be gained in doing so, CAFII recommends the deletion of adjusters from the scope of the CISRO Principles' definition of "intermediary."

In addition, CISRO's Principles of Conduct for Intermediaries uses the term "must" to describe many of the Principles. Given that the Principles will not have the same legal status and enforceability as a Regulation, we recommend that CISRO harmonize with the language used in the FTC Guidance by using the words "are expected to" or other variations on the verb "expect" -- or alternatively the verb "should" -- rather than "must."

Specific CAFII-Relevant Feedback Points

CAFII has two feedback points to offer with respect to *Principle #4 Advice*.

First, with respect to this Principle's stipulation that "Advice must be suitable for the needs of the Customer based on the Customer's disclosed circumstances," CAFII would like to remind CISRO that while the federal *Bank Act* and section 5(1) of the federal *Insurance Business (Banks and Bank Holding Companies) Regulations* (IBBRs) permit banks and other federally regulated financial institutions (FRFIs) to offer advice regarding Authorized Insurance Products/CPI, the offering of that advice is significantly tempered by provincial and territorial regulatory and licensing requirements.

The nature of the advice that banks/FRFIs are permitted to provide around Authorized Insurance Products/CPI is strictly limited to the product itself and must not include suitability-related measures such as a needs-based financial/insurance assessment, Know Your Client tools, or holistic advice.

In the case of Authorized Insurance Products/CPI, because the consumer is enrolling in optional insurance related to a single and specific borrowing need such as a mortgage or line of credit – and that scenario falls within the scope of activity permitted to occur through a non-advisory sales channel (i.e. banks/FRFIs must provide consumers with sufficient information, which meets provincial or territorial regulations and industry commitments and guidelines, to enable them to make an informed decision) – Authorized Insurance Products/CPI are typically offered by non-licensed individuals throughout Canada.

Non-licensed individuals are strictly prohibited from offering advice and recommending an insurance product as "suitable."

That said, CAFII does not believe that this point of clarification which we've raised, while important, necessarily dictates that an amendment must be made to CISRO's draft *Principles of Conduct for Intermediaries*. That's because (i) *Principle #4 Advice* begins with the following words: "If providing advice to or for a Customer, . . ."; and (ii) the Preamble to the Principles states the following: "Intermediaries should conduct their business following the Principles **that are relevant to them**, . . ."

As a second point of feedback with respect to *Principle #4 Advice*, CAFII notes that there is a lack of congruence between the CISRO Principles' expectation that ". . . the intermediary must seek **complete information** from the Customer" and the CCIR/CISRO FTC Guidance's requirement that ". . . **appropriate information** should be sought from Customers." In the interests of optimal alignment, CAFII recommends that CISRO harmonize its Principles with the terminology in the already established FTC Guidance.

As a parallel point of feedback with respect to *Principle #5 Disclosure*, CAFII notes that there is a lack of congruence between the CISRO Principles' expectation that intermediaries should "... provide Customers with objective, **complete**, relevant, and accurate information ...". versus the CCIR/CISRO FTC Guidance's expectation that "**appropriate information**" should be disclosed to consumers. In the interests of optimal alignment, CAFII recommends that CISRO harmonize its Principles with the terminology in the already established FTC Guidance.

As a final specific feedback point on what CAFII believes to be an inadvertent omission error, we believe that the following edit is in order in *Principle #10, Oversight*: "Intermediaries **are expected to** have tools at their disposal such as policies and procedures, ..."

Conclusion

Fair treatment of customers is, in CAFII's view, a critically important element in a regulator's expectations toolkit, as it gets at the heart of a business' organizational culture. CAFII members firmly believe in and strive to be exemplary in embedding and practising fair treatment of customers as part of their business cultures.

We thank and applaud CISRO for developing and consulting widely on its draft Principles of Conduct for Intermediaries. We see value in the Principles as a source of accessible, crisp, plain language, base-case guidance, and as a document which addresses the need for recurring reinforcement of the imperative that businesses should base their marketplace behaviours on fair treatment of customers.

Thank you again for the opportunity to provide input and feedback on CISRO's Principles of Conduct for Intermediaries. Should you require further information from CAFII or wish to meet with representatives from our Association on this or any other matter at any time, please contact Brendan Wycks, CAFII Co-Executive Director, at brendan.wycks@cafii.com or 647-218-8243.

Sincerely,



Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

CAFII's diverse membership enables our Association to take a broad view of the regulatory regime governing the insurance marketplace. We work with government and regulators (primarily provincial/territorial) to develop a legislative and regulatory framework for the insurance sector 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's members include the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players Assurant; Canada Life Assurance; Canadian Premier Life Insurance Company; Canadian Tire Financial Services; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Sun Life; and Valeyo.

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 6(e)

Read Only Items-- August 11/21 CAFII Submission In Response to FSRA Follow-up Consultation on Revised UDAP Rule

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

Included in the Board meeting materials is the submission CAFII made to FSRA on its follow-up consultation on a revised Unfair or Deceptive Acts or Practices (UDAP) rule.

Recommendation / Direction Sought –Read Only Item

This is a read only item.

Attachments Included with this Agenda Item

One attachment.

August 11, 2021

Mr. Mark White, CEO
Financial Services Regulatory Authority of Ontario (FSRA)
25 Sheppard Avenue West, Suite 100
Toronto, Ontario
M2N 6S6
mark.white@fsrao.ca; and
<https://www.fsrao.ca/engagement-and-consultations/fsra-releases-its-revised-proposed-unfair-or-deceptive-acts-or-practices-udap-rule-public-consultation>

Dear Mr. White:

Re: Notice of Changes and Request for Further Comment -- Proposed Rule 2020-002: Unfair or Deceptive Acts or Practices

The Canadian Association of Financial Institutions in Insurance (CAFII) thanks FSRA for the opportunity to comment on the changes recently made to the Authority's *Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices (UDAP)*.

We appreciate FSRA's efforts to engage industry stakeholders -- including our Association -- in a further, second phase consultation on the *Proposed Rule*.

Our Association is supportive of the amendments, clarifying changes, and other adjustments which FSRA has made to the *Proposed Rule*, based on stakeholder feedback and other inputs.

In particular, we thank FSRA for the helpful amendment made to the definition of "Incentives" found in clause 7(1) and clause 7(1)(i), as follows:

7(1) Payment, rebate, consideration, allowance, gift or thing of value being offered or provided, directly or indirectly, to an insured or person applying for insurance,

(i) as an incentive or inducement for a person to take an action or make a decision ~~that would encourage that person relating to buy a~~ an insurance product which would not, considering the options generally available in the marketplace, be recommended as a suitable ~~insurance product~~ insurance product action or decision by a reasonable person licensed to sell such an insurance product, . . .

We believe that the above-noted amendment adequately addresses the concern expressed in our submission of March 18, 2021 -- under the heading "Issue of Noteworthy Concern For CAFII Members" -- with respect to problematic issues arising from use of the term "suitable insurance product."

CAFII also appreciates the clarifying amendment that has been introduced to the definition of “contract of insurance” found in section 1(1)(v) -- to properly reference the life insurance and accident and sickness insurance definitions found in Ontario’s Insurance Act – which makes it clear that the *Proposed Rule* does capture creditor’s group insurance.

Finally, CAFII acknowledges and accepts the fundamental decision that FSRA has made to pivot and to retain, at least for the time being, the current prohibition on the offering of incentives in the life and health insurance sector. We understand that that change was made in response to life and health insurance stakeholder concerns regarding potential consumer harms associated with removing the Regulation’s prohibition against incentives. We concur with FSRA’s determination that further stakeholder input and discussion are required in order to assess and address potential consumer risks in this area fully.

Conclusion

Thank you again for the opportunity to provide further input on FSRA’s revised *Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices (UDAP)*. Should you require further information from CAFII or wish to meet with representatives from our Association on this or any other matter at any time, please contact Keith Martin, CAFII Co-Executive Director, at keith.martin@cafii.com or 647-460-7725.

CAFII and its members remain committed to supporting FSRA in its critically important mission and mandate; and we look forward to continuing our involvement as key stakeholder contributors to the Authority’s ongoing success.

Sincerely,



Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 6(f)

Read Only Items— September 22/21 CAFII Response Submission to CCIR/CISRO on Draft Incentive Management Guidance

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

Included in the Board meeting materials is the submission CAFII recently made to CCIR/CISRO on its jointly developed Draft Incentive Management Guidance.

Recommendation / Direction Sought –Read Only Item

This is a read only item.

Attachments Included with this Agenda Item

One attachment.

September 22, 2021

Ms. Louise Gauthier, Co-Chair, CCIR/CISRO Fair Treatment of Customers (FTC) Working Group; and
Mr. Ron Fullan, Co-Chair, CCIR/CISRO Fair Treatment of Customers Working Group
c/o Messrs. Tony Toy and Munir Chagpar, CCIR Policy Managers/Secretariat; and
Ms. Adrienne Warner, CISRO Policy Manager/Secretariat

Dear Ms. Gauthier and Mr. Fullan:

Re: CAFII Comments on CCIR/CISRO Draft Incentive Management Guidance

Dear Ms. Gauthier and Mr. Fullan:

CAFII thanks CCIR and CISRO for the opportunity to review and provide feedback comments on the CCIR/CISRO Fair Treatment of Customers Working Group's Draft *Incentive Management Guidance*.

We also appreciate and support CCIR/CISRO's efforts to augment the jointly developed *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*, with specific Guidance on its implications for the Incentive Management programs utilized by the insurance industry. We are pleased that this work is being done at a national level, with the two national co-ordinating bodies of provincial and territorial regulators working together, which helps to foster a harmonized approach across jurisdictions.

We also thank CCIR and CISRO for recognizing and respecting – as demonstrated by both the *Guidance: Conduct of Insurance Business and Fair Treatment of Customers* and the new Draft *Incentive Management Guidance* -- the importance of balancing the primary objective of fair treatment of customers, on the one hand, with a regulatory framework that does not impede consumer choice in accessing and purchasing insurance products, on the other hand.

Below are our feedback comments on specific sections of the Draft *Incentive Management Guidance*, followed by some concluding observations.

Definitions/Concepts

CAFII draws your attention to an inconsistency between a key definition found in the Draft *Incentive Management Guidance* versus the earlier, foundational *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*.

In the Draft *Incentive Management Guidance*, what were formerly two separate definitions of "Consumer" and "Customer" have now been combined into one single definition of "Customer," which "includes all actual and potential Customers for insurance products and also includes any policyholder (which, as the case may be, includes certificate holder) or prospective policyholder with whom an insurer or Intermediary interacts, . . ."

CAFII views the new, all-encompassing definition of "Customer" as being inaccurate because it includes components that define a "Consumer" who is not yet a "Customer."

For that reason and to avoid vulnerability to misinterpretation, we recommend that CCIR/CISRO revert to the approach found in the *Guidance: Conduct of Insurance Business and Fair Treatment of Customers* and make the appropriate distinction between “Consumer” and “Customer” in the Definitions/Concepts section of the Draft *Incentive Management Guidance*.

CAFI is comfortable with the other definitions and concepts set out in this section.

Preamble

To acknowledge a legislative and regulatory reality in Canada – particularly with respect to federally regulated financial institutions (FRFIs) which offer Authorized Insurance Products/credit protection insurance (CPI) to consumers across the country -- and thereby to be more precise and accurate, CAFI recommends that the following edit be made to the first sentence of the final paragraph in this section:

“In Canada, the conduct of business in insurance is regulated by individual provinces and territories, -- and in the case of federally regulated financial institutions which offer insurance, by the federal government as well -- where each jurisdiction has its own regulatory approach based on its legal framework and culture.”

In that connection, CAFI is of the view that the Financial Consumer Agency of Canada (FCAC) and CCIR/CISRO should recognize each other’s authority, and CCIR/CISRO’s inclusion of the modest edit proposed above would be a step in the right direction toward that end.

CAFI also encourages CCIR to strengthen its efforts to engage and work co-operatively with FCAC, with a view to arranging for the Agency to secure Associate Member status in CCIR and a seat at the Council’s meeting table. We note that the federal Office of the Superintendent of Financial Institutions (OSFI) has been a long-standing Associate Member of CCIR, which fosters information-sharing and co-operation with respect to prudential regulation matters. In contrast, FCAC’s absence from the CCIR table and deliberations means that the same degree of information-sharing and co-operation is not currently occurring with respect to market conduct matters.

Governance: CCIR and CISRO expect Incentive arrangements aligned with fair treatment of Customers to be a core component of the governance and business culture of Insurers and Intermediaries.

CAFI recommends that the word “core” should be deleted from the above-quoted premise statement that opens this section, because in our view that descriptor renders the statement inaccurate.

Using the word “core” as a modifier of “component” implies “absolutely essential” and “key strategic driver,” i.e. that Incentive arrangements drive everything to do with governance and business culture. CAFI strongly believes that such is not the case for any insurance industry player that utilizes Incentives, and we do not foresee Incentives ever achieving such “core” status. Therefore, we recommend the following modest edit:

CCIR and CISRO expect Incentive arrangements to be aligned with fair treatment of Customers to be and a core component of the governance and business culture of Insurers and Intermediaries which use them.

We are also of the view that CCIR/CISRO's stated expectations regarding the obligation of Boards of Directors to oversee business strategy, risk appetite, and culture in relation to the design and implementation of Incentive arrangements, and to oversee internal controls should be modified somewhat. In most organizations operating in the financial and insurance sectors, it is not the mandate nor purview of Boards of Directors to provide oversight of operational issues such as the implementation of Incentive arrangements and internal controls. Good stewardship and balanced risk postures (Board oversight responsibilities) are quite distinct from senior management's responsibility for oversight of operations.

Design and management of Incentive arrangements: CCIR and CISRO expect Insurers and Intermediaries to design and implement Incentive arrangements that include criteria ensuring fair treatment of Customers

CAFII supports the expectations set out in this section, as we concur that if incentive arrangements are properly designed, implemented, monitored, and reported upon, the risk of unfair outcomes for customers is greatly reduced.

However, we do find clause 2.1.4 to be confusing. If the point being made applies to all distribution methods, we recommend removing the reference to "incidental selling or incidental product." The clause should be rewritten to indicate clearly that regardless of distribution method, customers should not be negatively impacted.

In addition, we find use of the word "feedback" to be confusing in clause 2.6. Therefore, we propose the following edit:

"Ensure adequate **feedback remediation measures are taken** when the controls detect inappropriate practices or behaviours with Customers."

Risks of negative outcomes to Customers: CCIR and CISRO expect Insurers and Intermediaries to identify and assess on a regular basis the risks of negative outcomes to Customers that may arise from Incentive arrangements so that they can either introduce appropriate controls or adjust their Incentive arrangements

CAFII is comfortable with the expectations set out in this section, as we concur that industry players should regularly review their incentive practices to ensure that they are meeting objectives, including fair treatment of customers.

Post sales controls: CCIR and CISRO expect Insurers and Intermediaries to establish effective post sales controls to identify unsuitable sales, resulting from Incentive arrangements

CAFII cautions against a blanket and unqualified use of the term "unsuitable sales" throughout this section, as it is not applicable to Authorized Insurance Products/CPI offered by banks and other FRFIs.

In an insurance context in Canada, the concept of "suitability" (and variations on that word) – which implies the provision of "advice" to customers -- is not applicable to Authorized Insurance Products/CPI.

The issue around “suitability” stems from the fact that while the federal *Bank Act* and section 5(1) of the federal *Insurance Business (Banks and Bank Holding Companies) Regulations* (IBBRs) permit banks and other federally regulated financial institutions (FRFIs) to offer advice regarding Authorized Insurance Products/CPI, the offering of that advice is significantly tempered by provincial/territorial regulatory and licensing requirements.

The nature of the advice that banks/FRFIs are permitted to provide around an Authorized Insurance Product/CPI is strictly limited to the Authorized Insurance Product itself and must not include suitability-related measures such as a needs-based financial/insurance assessment, Know Your Client tools, or holistic advice.

In the case of Authorized Insurance Products/CPI, because the consumer is purchasing/enrolling in optional insurance related to a single and specific borrowing need such as a mortgage, line of credit, or credit card – and that scenario falls within the scope of activity permitted to occur through a non-advisory sales channel, i.e. the business must provide consumers with sufficient information, which meets provincial/territorial regulations and industry commitments and guidelines, to enable them to make an informed decision – Authorized Insurance Products/CPI are typically offered by non-licensed individuals in most provinces and territories. Non-licensed individuals are strictly prohibited from offering advice and recommending an insurance product as “suitable.”

With respect to Authorized Insurance Products/CPI, given the prohibition against holistic advice engendered by the combination of the federal *Bank Act* and *IBBRs* with provincial/territorial regulatory and licensing requirements, FRFIs legally can only ascertain a consumer’s “eligibility” for coverage and to make a claim at the time that an Authorized Insurance Product/CPI is being offered as optional insurance. FRFIs therefore prioritize establishing certainty of the consumer’s “eligibility” for coverage and to make a claim under the group CPI master policy.

This situation makes Authorized Insurance Products/CPI a unique product set – a product set to which the concept of product suitability does not apply due to legal constraints; but a product set to which the more limited concept of “eligibility” for coverage and to make a claim does indeed apply as a Fair Treatment of Customers (FTC) consideration.

As a proposed solution to deal with the problematic application of the words “unsuitable sales” in the Draft *Incentive Management Guidance*, CAFII recommends that those words be precisely defined within the Guidance – perhaps through an approach which uses a superscript number and corresponding footnoted definition below -- and that the definition expressly state that “unsuitable sales” does not apply to Authorized Insurance Products/CPI as defined by the federal *Bank Act* and the federal *Insurance Business (Banks and Bank Holding Companies) Regulations*.

CAFII otherwise concurs with and supports the expectations set out in this section, particularly since CAFII members have had comprehensive post-sales controls in place for many years, to ensure that their incentive programs are meeting their objectives, both qualitative and quantitative.

Appendix: Examples of Incentive arrangement features that may increase the risks of negative outcomes to Customers

We note that Bonuses have been classified in the Appendix as a potentially high risk incentive. We caution, however, that regarding Bonuses as such is not always accurate, particularly when they are 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 also includes qualitative dimensions such as Fair Treatment of Customers and related customer satisfaction objectives.

Final Observations

CAFII believes that there is no inherent conflict between the offering of incentives to insurance sales and customer service personnel and the best interests of customers. The old adage that insurance is sold, not bought, is true. Life and health insurance protection, in particular, because it is completely optional and not a product(s) that people readily think about and pursue, is not easily sold. Therefore, offering incentives to sales personnel, in a well-designed, executed, and monitored manner, can facilitate insurance coverage being secured by more consumers -- which is ultimately in their best interests and in the best interests of society.

CAFII members have extensive controls in place around their sales practices and related incentive programs, including training, scripts, sales reviews, and a variety of post-sales monitoring and control tools, which together help prevent inappropriate sales practices from occurring.

With respect to training, 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 customers. That training provides client service representatives 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.

Conclusion

Thank you again for the opportunity to provide feedback comments on CCIR/CISRO's Draft *Incentive Management Guidance*. Should you require further information from CAFII or wish to meet with representatives from our Association on this or any other matter at any time, please contact Brendan Wycks, CAFII Co-Executive Director, at brendan.wycks@cafii.com or 647-218-8243.

CAFII and its members remain committed to supporting CCIR and CISRO in their critically important independent and joint work; and we look forward to continuing our involvement as a key stakeholder contributor to your efforts.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rob Dobbins', with a long horizontal line extending to the right.

Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 6(g)

**Read Only Items— September 24/21 CAFII Response Submission to FSRA on Proposed Approach
Guidance Around Publishing Information Arising From Enforcement Proceedings and Investigations**

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

CAFII recently made a one-point submission to FSRA around its proposed approach for publishing information from enforcement proceedings and investigations.

That CAFII submission is included in the Board meeting materials.

Recommendation / Direction Sought –Read Only Item

This is a read only item.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 6(g)
October 5/21 Board Meeting

From: Brendan Wycks

Sent: September-24-21 6:04 PM

To: 'mark.white@fsrao.ca' <mark.white@fsrao.ca>; 'Huston Loke' <Huston.Loke@fsrao.ca>

Cc: 'Glen Padassery' <Glen.Padassery@fsrao.ca>; 'erica.hiemstra@fsrao.ca' <erica.hiemstra@fsrao.ca>; 'stuart.wilkinson@fsrao.ca' <stuart.wilkinson@fsrao.ca>; Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>; 'chris.caldarelli@fsrao.ca' <chris.caldarelli@fsrao.ca>; 'peter.burston@fsrao.ca' <peter.burston@fsrao.ca>; 'swati.agrawal@fsrao.ca' <swati.agrawal@fsrao.ca>; 'Judy Pfeifer' <Judy.Pfeifer@fsrao.ca>; 'thera.medcof@fsrao.ca' <thera.medcof@fsrao.ca>; 'hannah.rose@fsrao.ca' <hannah.rose@fsrao.ca>; 'Jennifer Chan' <Jennifer.Chan@fsrao.ca>; 'Benny Cheung' <Benny.Cheung@fsrao.ca>; 'taryn.pimento@fsrao.ca' <taryn.pimento@fsrao.ca>; 'marlena.labieniec@fsrao.ca' <marlena.labieniec@fsrao.ca>; 'Vicki Lam' <Vicki.Lam@fsrao.ca>; tim.mifflin@fsrao.ca

Subject: CAFII Submission On FSRA's Proposed Approach Guidance Around Publishing Information Arising From Enforcement Proceedings and Investigations

Hello, Mark and Huston.

CAFII would like to bring to your direct attention our Association's brief submission on FSRA's *Proposed Approach Guidance Around Publishing Information Arising From Enforcement Proceedings and Investigations*, in addition to filing it via the Authority's engagement portal.

Please find below our single-point-for-consideration submission, beneath my signature block.

Thanks for this consultation opportunity and best regards,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

Brendan.wycks@cafii.com

Response from: Canadian Association of Financial Institutions in Insurance (CAFII)

Response to: Financial Services Regulatory Authority of Ontario (FSRA)

Subject: Consultation On *Proposed Approach Guidance Around Publishing Information About Enforcement Proceedings And Investigations*

Background

The Financial Services Regulatory Authority of Ontario (FSRA) has launched a public consultation on a *Proposed Approach Guidance* which outlines how and when FSRA intends to publish information arising from enforcement proceedings and investigations, including the sharing of Notices of Proposals, Notices of Intended Decisions, Final Orders, and Minutes of Settlement through News Releases to increase public and industry awareness.

CAFII Comments

In principle, CAFII supports FSRA's intention to be transparent and publish information about the actions it has taken in response to an industry player's misbehaviour or lack of compliance with legislation and/or Regulations. We generally concur that transparency in enforcement actions increases public awareness of misconduct and of the sanctions taken to improve consumer protection and deter future misconduct in the regulated sectors; and that a consistent and clear approach to transparency of enforcement also helps to ensure that non-compliant regulated entities and individuals are treated equitably and know in advance when and how FSRA will inform the public that it is taking action for non-compliant activity.

However, we are making this submission to draw out one particular concern. CAFII is concerned that implementation of FSRA's *Proposed Approach Guidance*, as currently worded, may lead to the publication of information arising from an enforcement proceeding or action taken against an industry player even when that business has proactively self-reported an issue to FSRA, taken prompt corrective action, and made restitution to any harmed customers to make them whole.

CAFII members are strongly of the view that when it comes to industry players with a strong track record of regulatory compliance, a policy of publishing information arising from enforcement proceedings and investigations should not penalize nor create a disincentive for such companies to come forward proactively, self-report, and correct the situation when they discover a lapse in regulatory compliance.

When such a lapse does occur and is discovered internally, CAFII members give careful and due consideration to self-reporting the matter to the relevant regulatory authority. Furthermore, such an incident is promptly self-corrected, with a focus on rectifying the situation for any affected customers.

In CAFII's view, to have a 'naming and shaming' publication result from responsible and proactive self-reporting of a regulatory compliance lapse seems inconsistent with the overarching intent of FSRA's *Proposed Approach Guidance*.

We therefore urge FSRA to give careful consideration to the scenario described above; to possible unintended consequences that might arise from "letter of the law" implementation of the *Proposed Approach Guidance*; and to the wisdom of giving itself flexibility and room for judgment to take into account case-by-case circumstances in applying the final *Approach Guidance*.

Sincerely,



Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 6(h)

Read Only Items— Development of Two New CAFII Motion Graphics Website Videos on (i) Results of Research Project On Insurance Consumers' Digitization Preferences; and (ii) Job Loss CPI

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

CAFII is finalizing the development of two new motion graphic videos, one on the results of CAFII's recent Pollara research project, the other on job loss CPI.

The storyboards for these two videos are included in the Board meeting materials.

Recommendation / Direction Sought –Read Only Item

This is a read only item.

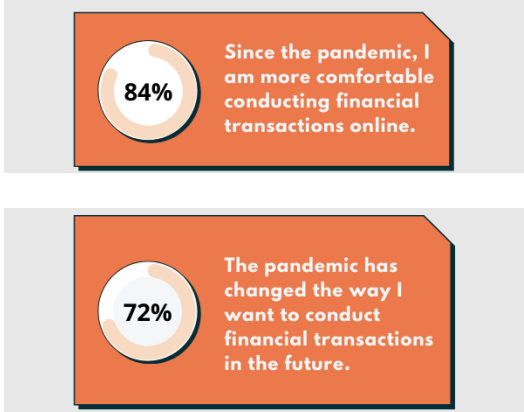
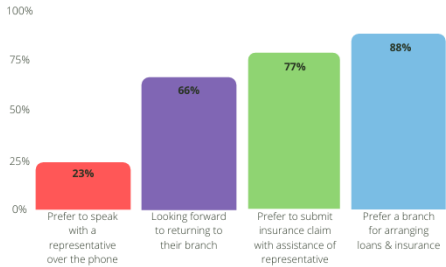
Attachments Included with this Agenda Item



One attachment.

WEBSITE VIDEO – Pollara Research

“COVID-19 has impacted how Canadians conduct financial and insurance transactions”

Final – June 25, 2021

Audio	Story Board Description	Time	Comment
The COVID-19 pandemic changed the way many Canadians prefer to handle their financial and insurance transactions.		7 sec	
According to a survey of Canadians with Credit Protection Insurance, or CPI, 8 in 10 say the pandemic has made them more comfortable conducting financial and insurance transactions online. And 7 in 10 say it has changed the way they want to conduct those transactions in future.	<p>Show words that say: Pollara Strategic Insights survey, March, 2021</p> 	17 sec	
However, the study also shows that consumers still put a high value on personal contact, especially for arranging loans and buying insurance. Almost two-thirds of Canadians with CPI are looking forward to returning to their bank or credit union branch at some point. And 9 in 10 say their branch is where they want to obtain insurance coverage.	<p style="text-align: center;">PERSONAL CONTACT STILL VALUED</p>  <p style="text-align: center;"><small>Source: Pollara Strategic Insights/CAPII</small></p>	20 sec	
Furthermore, 3 in 4 Canadians say they would prefer to submit an insurance claim with the assistance of a branch representative.		7 sec	


The pandemic has also increased consumer interest in obtaining CPI, with almost 7 in 10 respondents saying they are more likely to obtain it now for a mortgage or Home Equity Line of Credit than before the pandemic.		12 sec	
In terms of customer experience during the pandemic, a full 96% of people who purchased CPI say they are somewhat or very satisfied with the process, a 9 percentage points increase over a similar survey conducted in 2018.		15 sec	
The Pollara survey was commissioned by CAFII to help its members better understand the expectations, preferences, and satisfaction levels of insurance consumers.	 <p>See the full survey results at https://www.cafii.com/research/</p>	9 sec	
CAFII: Making insurance simple, accessible and affordable	 <p>www.cafii.com</p>	6 sec	
Total:		1 min, 33 seconds	

CAFII WEBSITE VIDEO – JOB LOSS INSURANCE

“What is job loss credit protection insurance?”

Final Draft, June 28, 2021 @ 1:30 pm

Audio	Story Board Description	Time	
Like many families, Dev and Carina have debt obligations and a number of payments to make each month. These include mortgage, car loan, home equity line of credit, and credit card.	Put the names <i>Dev and Carina on the screen.</i> They should be holding a boy’s hand whose name is Neel , also appearing on the screen. They should look like Canadians of heritage from India.	12 sec	
As the main income earner, Dev is worried that if he lost his full-time job, his family wouldn’t be able to make its monthly debt payments. So, he asks his financial institution about Job Loss Credit Protection Insurance.		13 sec	
Dev learns that this type of insurance may be available with balance protection coverage, which he can purchase for his credit cards. He also learns that some banks and credit unions also offer job loss protection as an “add on” to life or disability insurance on mortgages and some types of personal loans.		19 sec	
Job loss insurance can help people like Dev make certain debt payments for a period of time, should he involuntarily lose his full-time job.		9 sec	
Dev’s financial institution offers job loss insurance on some loan and credit products. So he buys balance protection coverage on his credit card, and adds job loss coverage to his life insurance on his mortgage.		12 sec	
Should Dev involuntarily lose his employment, his job loss insurance will cover some or all of the monthly payments on his insured mortgage and credit card. These payments will continue for a specific period of time, or until Dev returns to work – whichever comes first.		16 sec	

Knowing they have Job Loss Credit Protection Insurance in place gives Dev and Carina peace of mind. And they are not alone.		7 sec	
According to research, consumer interest in credit protection insurance is growing. This includes Job Loss Insurance, with 41% of people surveyed saying they had purchased it during the past year, an increase of 17% over 2018.	Show image of Pollara Strategic Insights and title of study with date to show source of this information.	18	
CAFII: Making insurance simple, accessible and affordable		5 sec	
Total:		1 min, 51 sec	

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 6(i)

Read Only Items— CAFII 2021 Virtual Annual Members and Associates Luncheon: Tuesday, November 9/21 with a Panel of Three Insurance Law Experts: Jill McCutcheon, Torys LLP; Stuart Carruthers, Stikeman Elliott; and Marc Duquette, Norton Rose Fulbright Corporation

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

CAFII's 2021 Annual Members and Associates Luncheon will be a virtual event with three leading lawyers sharing their thoughts on the insurance law regulatory environment.

Information about this event is included in the Board meeting materials.

Recommendation / Direction Sought –Read Only Item

This is a read only item.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 6(i)
October 5/21 Board Meeting

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

Sent: August-19-21 5:35 PM

To: Duquette, Marc <marc.duquette@nortonrosefulbright.com>; Stuart Carruthers
<scarruthers@stikeman.com>; Jill McCutcheon <jmccutcheon@torys.com>

Cc: Brendan Wycks <brendan.wycks@cafii.com>; Jake Becker <jake.becker@cafii.com>; Jake Becker
<info@cafii.com>

Subject: RE: Invitation to Join a CAFII Panel For Annual Members' and Associates' Luncheon on Tuesday,
9 November, 2021 (1-2.30pm, via Zoom webinar) CONFIRMATION

Marc, it was a pleasure speaking to you earlier today on the phone and I want to sincerely thank you for rearranging your schedule to make yourself available for our legal panel on **Tuesday 9 November, from 1-2.30pm (via Zoom webinar).**

I can now confirm that we are on for a panel with the three of you—Stuart Carruthers, Jill McCutcheon, and Marc Duquette; and I will be your moderator.

Our colleagues at Managing Matters will book this into all of our respective calendars soon, and Meighan Pears will reach out to the three of you for a very short preparatory meeting on Zoom in the weeks prior to the session, to prepare and do final technical checks. As well, we will be following up via emails on process, topics etc. and we will make sure you are fully supported and given all the required information for the meeting.

We will soon be sending a “save the date” eblast to our membership and will share the content with each of you beforehand to get your approval. We are very excited about this session and thank each of you for making yourselves available.

Personal regards,

--Keith

Keith Martin

Co-Executive Director / Co-Directeur général
Canadian Association of Financial Institutions in Insurance

Note to:

Stuart Carruthers, Stikeman Elliott; Jill McCutcheon, Torys; Marc Duquette, Norton Rose

From:

Keith Martin, Brendan Wycks, CAFII

Re: Invitation to Join a CAFII Panel For Annual Members' and Associates Luncheon on Tuesday, 9
November, 2021 (1-2.30pm, via Zoom webinar)

Hello Stuart, Jill, and Marc,

I hope that you are having a productive and enjoyable summer.

CAFII holds an Annual Members' and Associates' Luncheon (this year to be held virtually so no actual lunch or in-person event) once a year, at which we have a prominent guest speaker or panel address senior members of our membership. This is a session for members and associates only (no regulators or media) where we share leading-edge insights with our members, and is a key perk for our Member and Associate representatives; and an opportunity for the speaker / panelists to gain exposure to senior executives in the Bancassurance space.

We alternate our luncheon approach annually between a single/solo speaker one year, followed the next year by a panel with industry-leading insurance law experts who provide perspectives on the emerging trends, issues, and challenges in the regulatory environment. Two years ago, we convened such a insurance law experts panel for this CAFII annual event, in which two of you – Stuart Carruthers and Jill McCutcheon – participated.

This event is usually held in-person in March, but due to the pandemic we held the 2020 session (with Teresa Frick of FCAC) virtually in the fall of 2020; and we plan to have a virtual meeting again this year, in the fall of 2021.

As leading industry lawyers and as CAFII Associates, **Brendan and I would like to invite the three of you to join the 2021 lawyer panel** (with me as moderator), on **Tuesday 9 November, from 1-2.30pm (via Zoom webinar)**. Prior to the meeting we will share thoughts on possible topics and themes, and we will provide pre-meeting opportunities to prepare and share notes.

We would expect for the CAFII 2021 Annual Members' and Associates Luncheon about 100 to 150 Member and Associate attendees. Along with 15 CAFII Board members who are senior executives within the insurance arms of CAFII member financial institutions (mainly bank/credit union distributors of credit protection insurance, travel insurance, and other forms of life and health insurance; but also some insurer underwriters/manufacturers of those insurance products), a majority of the audience will be management and professional staff from CAFII member organizations who typically work in the following areas: regulatory compliance; legal compliance; consumer complaints handling/ombudsman roles; strategy; product design; marketing; and operations.

I very much hope that you are able to participate in this event panel, and are available on the proposed date/time (if not, we will look at alternatives). Please let Brendan and me know at your earliest convenience, and thank you for your consideration.

Warm personal regards,

--Keith

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 6(j)

Read Only Items— September 29/21 CAFII Webinar on Climate Change and Its Implications for Life Insurance

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

As part of its fall 2021 webinar series, CAFII is holding a 29 September, 2021 webinar on climate change and its implications for life insurance -- with a team of two guest presenters from RGA Reinsurance.

Recommendation / Direction Sought –Read Only Item

This is a read only item.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 6(j)
October 5/21 Board Meeting



Dear Brendan,

We are pleased to invite you to attend our first Fall 2021 CAFII Webinar on

Climate Science, Our Changing Planet, and Implications for Life Insurance

***A Virtual Fireside Chat with
Georgiana Willwerth-Pascutiu, MD, DBIM, Vice-President and Global Medical Director,
RGA Reinsurance Company (Canada); and
Christopher Falkous, MSc, FIA, Vice-President and Senior Biometric Insights Actuary,
RGA Reinsurance Company (UK).***

Wednesday, September 29, 2021
from 1:00 to 2:15 pm EDT
via Zoom Webinar

Georgiana Willwerth-Pascutiu, MD, DBIM,
Vice-President and
Global Medical Director,
RGA Reinsurance
Company (Canada)



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

Christopher Falkous
MSc, FIA, Vice-President
and Senior Biometric
Insights Actuary, RGA
Reinsurance Company
(UK)



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

***In this webinar, our co-panelists from RGA Reinsurance Company will dialogue with
moderator Keith Martin on topics including***

- Climate Change Background and Evidence;
- Causes and Consequences;
- Mortality and Morbidity Outcomes;
- “Insurance Industry Perspectives on Regulatory Approaches to Climate Risk Assessment”: Insights from the Geneva Association Task Force; and
- Risk Management Challenges for the Industry.

[Click Here to Register](#)

For further information or assistance, please email events@cafii.com or call 416-494-9224 ext. 3.

We look forward to welcoming you to this Fall 2021 CAFII webinar.

Sincerely,

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Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 6(k)

Read Only Items— CAFII Webinars Planned for October and November 2021

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

Background information is included in the Board meeting materials around CAFII's plans for webinars in October and November 2021.

Recommendation / Direction Sought –Read Only Item

This is a read only item.

Attachments Included with this Agenda Item

One attachment.

Agenda Item 6(k)
October 5/21 Board Meeting

Fall 2021 Webinar #2 (October):

Title: Regulatory Priorities and Issues Across the Country As Canada Emerges From COVID-19

Time: 1:00 pm -2:00 pm (TBD)

Suggested Dates: October 13 & 14 (preferred dates), 20 & 21 (alternative dates)

Brendan's Date Recommendation: Thursday, October 14/21

Fall 2021 Webinar #3 (November):

Title: The Ins and Outs of Wellness Incentivization Programs At Major Life and Health Insurers (Programs That Incentivize Healthy Lifestyle Decisions and Behaviours By Insureds)

Time: 1:00 pm – 2:00 pm (TBD)

Suggested Dates: November 24 or 25 (TBD)

Brendan's Date Recommendation: Thursday, November 25/21

Briefing Note

CAFII Board Meeting 5 October, 2021—Agenda Item 7(a)

In Camera Session-- Members' Contributions to CAFII's Advancement Through Contribution of Volunteer Resources to Committee Chair, Committee Vice-Chair, and Committee Member Roles

Purpose of this Agenda Item – *In Camera Session*

This is an *in camera* session item.

Background Information

CAFII has worked to get Vice-Chairs for all Committees and Working Groups in the Association.

This is an opportunity for the Board to review and discuss – in a confidential, unminuted *in camera* setting -- which members are committing volunteer leadership resources to the Association; and to seek additional leadership engagement from member companies.

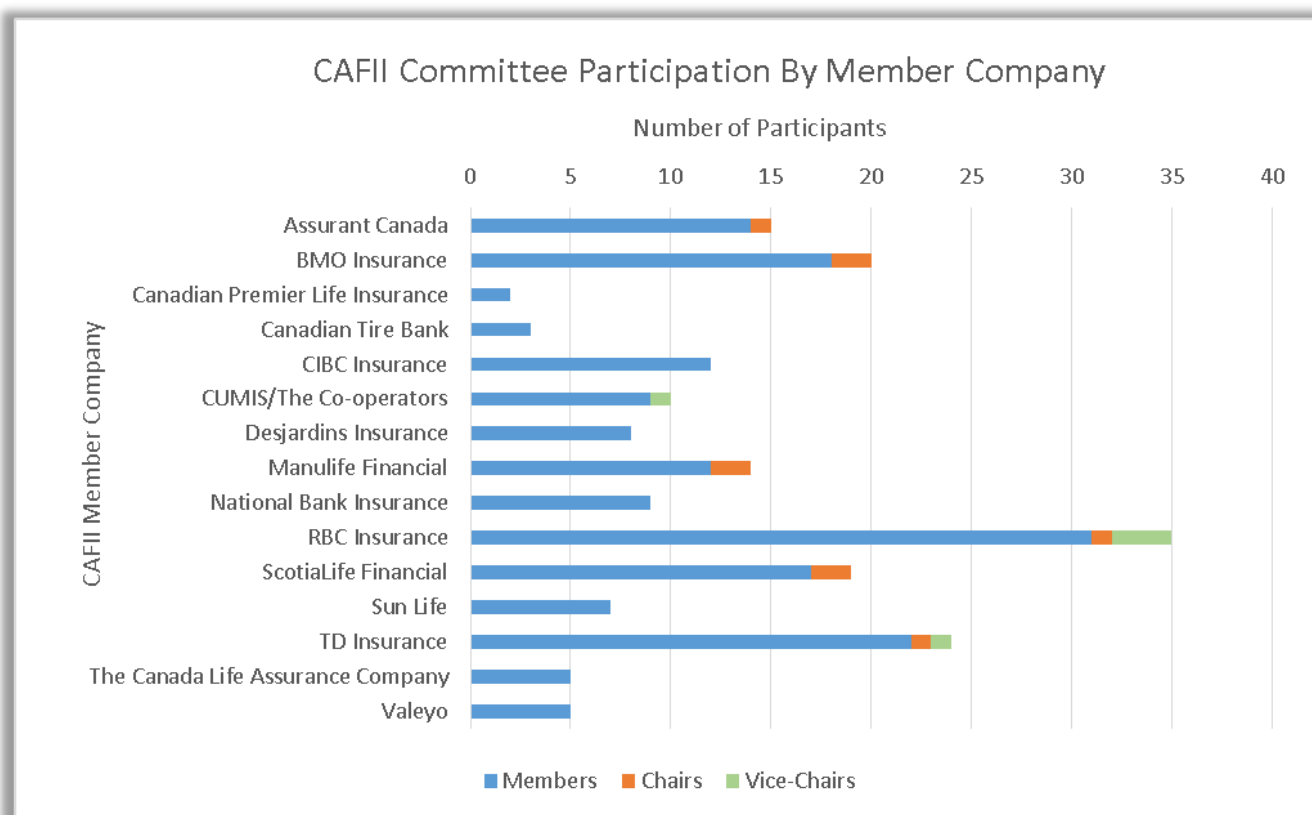
Recommendation / Direction Sought –*In Camera Session*

This is an *in camera* session item.

Attachments Included with this Agenda Item

One attachment.

CAFII Member Company Committee & Working Group Involvement



Notes: Acting Chairs and Vice-Chairs of Committees & Working Groups were also counted as Members of that same Committee or Working Group. See below the raw data count of each Member company's Committee/Working Group participation.

Company	Members	Chairs	Vice-Chairs	Total
Assurant Canada	14	1	0	15
BMO Insurance	18	2	0	20
Canadian Premier Life Insurance	2	0	0	2
Canadian Tire Bank	3	0	0	3
CIBC Insurance	12	0	0	12
CUMIS/The Co-operators	9	0	1	10
Desjardins Insurance	8	0	0	8
Manulife Financial	12	2	0	14
National Bank Insurance	9	0	0	9
RBC Insurance	31	1	3	35
ScotiaLife Financial	17	2	0	19
Sun Life	7	0	0	7
TD Insurance	22	1	1	24
The Canada Life Assurance Company	5	0	0	5
Valeyo	5	0	0	5