cafii acifa
The Canadian Association of Financial Institutions in Insurance | L'association canadienne des institutions financières en assurance

255-55 St. Clair Ave W, Toronto, ON M4V 2Y7
☎ (416) 494-9224 (416) 967-6320
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CAFII Board of Directors Meeting
Tuesday, April 7, 2015
Location: CIBC Insurance
Commerce Court West, 199 Bay Street, 56th Floor, Toronto, ON
2:00 – 4:45 pm
Conference call dial-in information: 416.764.8662 or 1.888.884.4534
participant passcode: 771017#, moderator passcode: 7661560

Agenda

Item	Presenter	Document	Action
1. Call to Order and Welcome:	R. D'Onofrio		
1.1. Approval of Agenda		✔	Approval
2. Adoption of Minutes:			
2.1. Draft Board Meeting Minutes, December 2, 2014	All	✔	Approval
2.2. Summary of Board & EOC Action Items	G. Grant	✔	Review
3. Financial Update:			
3.1. Financial Statements as at February 28, 2014	R. Rajaram	✔	Approval
3.2. 2014 Draft Audited Financial Statements	R. Rajaram, B. Wycks	✔	Approval
4. Strategy and Governance:			
4.1. Balanced Scorecard	G. Grant, B. Wycks	✔	Update
5. Regulatory:			
5.1. CCIR Working Group on Travel Insurance	B. Wycks, G. Grant	✔	Update & Info
5.2. BC 10-Year Review of Financial Institutions Act	B. Wycks, G. Grant		Update
5.3. ON Review of FSCO Mandate	B. Wycks, G. Grant		Update
5.4. Regulatory Update	B. Wycks	✔	Update
5.5. Regulator and Policy-Maker Visit Plan	B. Wycks	✔	Update
6. Committee Reports Addressing CAFII Priorities:			
6.1. Media Advocacy Committee	C. Blaquiere		Update
6.2. Market Conduct Committee	R. Beckford		
6.2.1. Saskatchewan Bill 177	B. Wycks, G. Grant	✔	Update
6.3. Research & Education Committee			
6.3.1. CAFII Value Proposition Project *(3:00–3:45 pm)* *Presentation by Helene Pouliot, Towers Watson*	S. Manson	✔	Presentation
6.3.2. Travel Insurance Project	E. Brown	✔	Update
6.4. Licensing Efficiency Issues Committee			Update
6.4.1. Invest New Brunswick (attachment)	M. Gill		Update
6.5. Events and Networking Committee			Update
6.5.1. Events & Speakers: Apr 7, Jun 9, Oct 6, Dec 8	M. Sanchez-Chung		
7. Other Business			
7.1. CAFII Website and Regulatory Issues & Perspectives	G. Grant	✔	Update
7.2. Manitoba Residency Requirement	R. D'Onofrio	✔	Discussion
7.3. LLQP Harmonization Efforts	R. D'Onofrio		Discussion
8. In-Camera Session	R. D'Onofrio		

Next Board Meeting: Tuesday, June 9, 2015 hosted by ScotiaLife Financial in Toronto, ON.

255-55 St. Clair Ave W, Toronto, ON M4V 2Y7
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CAFII Board Meeting Minutes
Tuesday, December 2, 2014
Location: Arcadian Loft
401 By St., Simpson Tower, 8th Floor, Toronto, ON

DRAFT

Present:	Joane Bourdeau	National Bank Insurance Co.	
	Darrell Bruce	ScotiaLife Financial	
	Rino D'Onofrio	RBC Insurance	*Chair*
	Linda Fiset	Desjardins Financial Security Life Assurance *(present by teleconference)*	
	Vivianne Gauci	AMEX Bank of Canada	
	Chris Knight	TD Insurance	
	Todd Lawrence	CIBC Insurance *(present for part)*	
	Robert Zanussi	Assurant Solutions	
EOC Present:	Derek Blake	RBC Insurance	
	Charles Blaquiere	Canadian Premier Life Insurance Co.	
	Emily Brown	BMO Insurance	
	Andre Duval	Desjardins Financial Security Life Assurance	
	Moira Gill	TD Insurance *(present for part)*	
	Greg Grant	CIBC Insurance	*Secretary*
	John Lewsen	BMO Insurance	
	Sue Manson	CIBC Insurance	
	Maria Sanchez-Chung	TD Insurance	
	Paul Yeung	RBC	
Also Present:	Leya Duigu	T•O Corporate Services	*Recording Secretary*
	Joshua Whittingham	RBC	
	Brendan Wycks	CAFII	*Executive Director*
Regrets:	Peter McCarthy	BMO Insurance	
	Isaac Sananes	Canadian Premier Life Insurance Co.	
	Kelly Tryon	The CUMIS Group	
	Carol Allen	Assurant Solutions	
	Rose Beckford	ScotiaLife Financial	
	Eleanore Fang	TD Insurance	
	Rosemary Pulla	BMO Insurance	
	Raja Rajaram	CIBC Insurance	*Treasurer*
	Brian Wise	Assurant Solutions	

1. Call to Order

The meeting was called to order at 2:05 p.m. R. D'Onofrio acted as Chair; G. Grant acted as Secretary; and L. Duigu acted as Recording Secretary.

1.1. Approval of Agenda

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The Meeting Agenda be approved as circulated.

1.2. Confirmation of New CAFII Regular Member

A written resolution in lieu of meeting was conducted in order to approve the admission to membership of The CUMIS Group Limited, as sponsored by BMO Insurance. Unfortunately, representatives from The CUMIS Group were unable to attend today's meeting, but they look forward to attending future CAFII meetings.

1.3. Appointment of Director from The CUMIS Group Ltd.

With the addition of a new member and as per the CAFII bylaw, a new director from The CUMIS Group shall be appointed to the CAFII Board. The CUMIS Group is recommending Kelly Tryon and she has accepted the appointment, in writing.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

Kelly Tryon from The CUMIS Group Ltd. be appointed to the CAFII Board of Directors until the next Annual Meeting in June 2015.

2. Adoption of Minutes:

2.1. Draft Board Meeting Minutes, October 7, 2014

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The Minutes of the meeting of the Board of Directors held October 7, 2014 be and are adopted in the form presented, and that a copy of these Minutes be signed and placed in the Minute Book of the Corporation.

2.2. Summary of Board and EOC Action Items

G. Grant reviewed each action item for the Board, providing comments on the following:

- Item #12. Ontario Credit Unions 5 year review. This submission, if any, will be led by the EOC members from Desjardins and The CUMIS Group.
- Item #14 and #15. Letters to Nova Scotia and Invest New Brunswick shall be delivered by December 31, 2014 and in January 2015, respectively.
- Item #20. CAFII Letter to new ministers is outstanding and shall be reconsidered.
- Item #24. Develop list of relevant policy-makers is still outstanding.

All other items will be addressed in today's' agenda or have been completed.

3. Financial Update:

3.1. Financial Statements as at October 31, 2014

B. Wycks provided an update on the financials as Treasurer R. Rajaram was unable to attend today's meeting. B. Wycks noted that Revenues are as expected whereas expenses are under budget. He also noted that our reserves are well above our maximum target of 50% but confirmed that our auditor is not concerned with this (although suggested that we consider a plan to reduce them).

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The financial statements for CAFII as at October 31, 2014 be and are approved in the form presented.

3.2. 2015 CAFII Operating Budget

G. Grant and B. Wycks presented the 2015 Operating Budget to the Board. The forecasted level of financial reserves for the 2015 year end is 65% and will be the start of addressing the number of years CAFII has consistently under-spent its budget.

B. Wycks reviewed the details of the 2015 budget noting that revenue will be slightly higher with the addition of new member The CUMIS Group. As mentioned earlier, CAFII plans to hold a strategy session and a budget has been set aside for this purpose.

The Board was in favour of the provisions that are being made toward reducing the reserves.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The proposed 2015 Operating Budget be and are approved in the form presented.

T. Lawrence arrived at 2:20 pm.

3.3. Revised Expense Reimbursement Policy Proposal

The Expense Reimbursement Policy was last revised in 2007 and an updated policy was presented to the Board for approval. The main change was to increase maximum reimbursement for Board hosting from $4,500 to $7,500 to reflect the cost of more recent events.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The Expense Reimbursement Policy be adopted in the form presented.

4. Strategy and Governance

4.1. Transition Arising from Board Direction on Media Advocacy

The CAFII Board held an in-camera session during the last meeting in which it was agreed that CAFII shall adopt a new approach to its media advocacy. G. Grant provided a progress report summarising the state of the committees before and after the change including:

- Media & Advocacy Strategy Committee. This committee provided oversight to CAFII media advocacy and regulator relations. Moving forward, media advocacy will be supported by the new *Media Communications Committee* and regulator relations will be supported by the Executive Director with guidance from the EOC and Board.

- Distribution & Market Conduct Committee to be divided into two committees:
  - *Market Conduct* (Regulatory Submissions)
  - *Research & Education*. It was suggested that we could reach out to members (as we did with the new Media Communications Committee) to nominate individuals with a background in research.

- Ad hoc *Quebec* committee comprised of Quebec-based members will provide guidance on issues related to the AMF.

Given the expanded number of the committees, B. Wycks' role on each will need to be reconsidered as he simply does not have the time to actively contribute to all of them. Also, further consideration shall be given to whether CAFII has the resources to address all of the issues it faces or whether additional resources are required to support such issues as Financial Literacy.

4.2. Balanced Scorecard

B. Wycks provided an update on Balanced Scorecard items achieved, not completed, deferred, and removed.

In the area of Regulatory Advocacy, it was noted that in addition to completing a number of high-quality regulatory submissions over the course of the year, relationship building with allied industry Associations had been deepened and broadened. In particular, the relationship with the CLHIA has proven to be reciprocally beneficial, with much valuable information being shared in both directions. As well, the Travel Insurance Pan-Industry Project Group (TIPIP) has provided valuable insight into the travel sector and created a new relationship with THiA.

5. Regulatory:

5.1. Travel Insurance Pan-Industry Project Group (TIPIP)

B. Wycks and G. Grant confirmed that CCIR has struck a new working group on travel insurance, led by Harry James of BC's FICOM. CCIR is expected to approve terms of reference for the working group in early 2015.

H. James has expressed a desire to begin work early and has therefore scheduled a preliminary meeting with TIPIP for December 10, 2014. TIPIP members are preparing for this meeting by developing a list of tough questions that may be encountered.

5.2. FSCO Panel

CAFII was invited to participate on a FSCO Panel along with representatives from CLHIA, Advocis, OLHI and CAILBA, held during FSCO's annual Symposium for the Life & Health Insurance Sector.

Members were informed that B. Wycks did an excellent job on the panel, answering questions based on the outline discussed at a MAC meeting, and taking a pass on questions not within CAFII's mandate.

5.3. BC Roundtable Discussion on 10 Year Review of Financial Institutions Act

G. Grant attended the BC Roundtable Discussion recently along with 15 other representatives, including the Minister of Finance as well as national and provincial broker organizations. G. Grant provided a quick summary of CAFII for the benefit of the meeting, focusing on access and consumer choice. Overall, the meeting went well and the Minister was interested in what we had to say.

G. Grant was thanked for representing CAFII at this meeting.

M. Gill arrived at 3:25 pm.

5.4. Stakeholder Meeting with CCIR: January 28, 2015

These meetings have been rescheduled for late January. The CAFII delegation includes directors R. D'Onofrio, D. Bruce, C. Knight and P. McCarthy.

5.5. Regulatory Update

B. Wycks provided highlights of the written Regulatory Update with a special focus on:

- AMF. Eric Stevenson is coming to Toronto for the CCIR Stakeholder meetings and wishes to meet with CAFII regarding the next phase of Quebec's e-commerce consultation and next steps in its Distribution Guide Template consultation.
- Nova Scotia. CAFII's plan to submit a letter to Service Nova Scotia about the province's Direct Sellers Regulation Act was superseded by its release of a short consultation document that proposes nine exemptions from the Act. The regulator is already working toward an exemption for the insurance industry, which is a positive outcome.
- Ontario Five-Year Review of Credit Unions and Caisses Populaires Act. The CUMIS Group is submitting a response to this consultation and will be working with the EOC on whether to submit a CAFII response.

5.6. 2015 Regulator and Policy-Maker Visit Plan

In collaboration with G. Grant, B. Wycks developed a new Regulator and Policy-Maker Visit Plan for 2015. The key approach will be to visit regulators that have an active review underway in 2015, e.g. British Columbia and Saskatchewan Act reviews; and visits regarding representation for restricted licence holders on the Saskatchewan and Alberta Insurance Councils will also be considered. No visit to Atlantic Canada is planned in 2015, as we met those regulators on September 30, 2014.

Otherwise, meetings will be arranged when regulators are in Toronto. Meeting attendees shall be decided on a case-by-case basis. However, in general, meetings with regulators shall be attended by B. Wycks and one or two individuals from the EOC and/or Board.

6. Committee Reports Addressing CAFII Priorities:

6.1. Media Communications Committee

6.1.1. Update on Media Outreach

This new committee chaired by C. Blaquiere shall oversee CAFII's communications with media. CAFII recently held an education session with a Toronto Star reporter, and P. Yeung provided a report on its outcomes. In preparation for the media session, B. Wycks underwent a repeat media training session as a refresher. Overall, the media session helped us understand who we are and that we still have some work to do. Next steps are to schedule a meeting of this new committee.

6.2. Distribution and Market Conduct Policy Committee

6.2.1. CAFII Value Proposition Project

S. Manson provided the Board with the preliminary CAFII member results from the Customer Value Proposition Project conducted by Towers Watson. Results for individual life insurers will be available at the next meeting. Reporting on the survey results has taken longer to complete than anticipated as CAFII members completed the survey a few weeks later than planned and getting responses from individual insurers took much longer than expected.

Action: A copy of the final results deck from the CAFII Value Proposition Project to be emailed to CAFII Directors in advance of the formal presentation by Towers Watson on April 7, 2015. [DMC Working Group; as soon as available]

6.3. Licensing Efficiency Issues Committee

M. Gill reported that CAFII's follow-up letter of support for LLQP modernization is in the process of being finalized. The committee is also working on phase two of the Saskatchewan proposal for Council representation and to ease the process of adopting the changes directly into legislation, we have requested that our legal counsel redraft the Terms of Reference for an Advisory Committee.

6.4. Media and Communications Committee

J. Lewsen reported that most of this committee's work is now complete and oversight for media advocacy is being transitioned to the new committee chaired by C. Blaquiere. The committee held its last meeting a few weeks ago to review the remaining work and it was confirmed that there isn't enough to support an active committee and therefore MAC doesn't have a future role in CAFII.

The technical challenges of posting testimonials on the CAFII site were brought forward by L. Duigu and an approach was recently approved. The matter now rests with each FI's respective legal departments to approve their testimonials prior to their being posted online.

Directors acknowledged the tremendous amount of work that was accomplished under the MAC Committee, the winding up of which is indicative of a job well done.

6.5. Networking and Event Hosting Committee

M. Sanchez-Chung reported on plans for this evening's Year-End Reception and that 94 people, including regulators, were expected to attend.

7. Other Business

7.1. Draft 2015 Meeting Calendar

The 2015 Calendar of Meetings was included in the meeting materials for review. Desjardins is proposing to host the October Board meeting in Quebec City so that a liaison meeting could be arranged with the Autorité des marchés financiers (AMF) that same day.

8. *In Camera* Discussion

The Board of Directors met *in camera* from 4:15 to 4:54 p.m. Following this, members of the EOC, B. Wycks and L. Duigu were invited back.

9. Termination

With nothing further to discuss, the meeting was terminated at 4:56 pm. The next CAFII Board of Directors meeting will be held on April 7, 2015, in Toronto.

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Date Chair

____

Recording Secretary

2015 Summary of Meeting Action Items: BOARD & EOC

	Source	Action Item	Responsible	Deadline	Status as of 01-Apr-15
BALANCED SCORECARD / PERFORMANCE MANAGEMENT					
FINANCIAL MANAGEMENT					
1	EOC Mar 24, 2015	• Revision to be requested and the updated draft audited financial statements to be presented to the Board of Directors on April 7, 2015.	Raja, Brendan	30-Mar-15	Completed
MEMBERSHIP					
GOVERNANCE AND ADMINISTRATION					
REGULATOR / POLICY-MAKER RELATIONS AND ADVOCACY					
		Central Canada: MB, ON, QC			
2	EOC Mar 24, 2015	• Ontario Review of FSCO Mandate: Draft a preliminary plan regarding the ON Review of FSCO's Mandate for board consideration.	Moira, EOC	28-Apr-15	Pending
3	EOC Feb 17, 2015	• CAFII to investigate the merits of sending a letter to Laura Albanese, leader of the Ontario 5-Year Review of the Credit Unions and Caisses Populaires Act, to address any misinformation contained in other industry Association submissions and providing facts that may be of interest.	Brendan	27-Feb-15	Not making submission
4	EOC Nov 18, 2014	• CAFII to consider making a submission on the Ontario Credit Unions 5-Year Review Review (Deadline Jan 15, 2015). Follow-up on Greg's email suggesting our two credit union members lead this initiative and report back to EOC.	Brendan, Greg	13-Jan-15	Not making submission
		Eastern Canada: NB, NL, NS			
5	EOC- June 19, 2014	• Submit a letter on the potential changes to the New Brunswick Insurance Act to Invest New Brunswick.	LEIC	Jan 2015	In progress
		Western Canada: BC, AB, SK			
6	EOC Jan 13, 2015	• Draft CAFII response to Saskatchewan Bill 177. EOC to be provided with draft response before it is submitted to the province	Market Conduct, B. Wycks	16-Feb-15	Completed
7	EOC Nov 18, 2014	• Request legal counsel to develop draft ~~by-law~~ terms of reference for RIA Advisory Committee to Executive Director, ICS.	LEIC, Moira	TBA	Not proceeding
8	EOC June 19, 2014	• Make recommendation to EOC on BC representation for banks-in-insurance sector.	LEIC	15-Sep-14	In progress

	Source	Action Item	Responsible	Deadline	Status as of 01-Apr-15
9	EOC Mar 24, 2015	• Draft CAFII response to Insurance Council of BC's proposal – to be put forward during the 10-Year Review of the Financial Institutions Act -- that a dollar limit ceiling be imposed on the amount of coverage that can be sold under the province's licensure exemption for CGI; and determine how our position should be communicated and to whom.	Greg, Brendan	tba	Pending
		• Investigate potential regulatory visit opportunities with licensing regulators from CISRO members during the CISRO LLQP Stakeholder Information Sessions that will be held in Toronto in June and September 2015, and add them to the Regulator and Policy-Maker Visit Plan.	Brendan	21-Apr-15	In progress
		New Ministers			
10	EOC Feb 17, 2015	• A congratulatory letter to be sent to Roger Sobotkiewicz, Interim Chairperson of the Financial Consumer Affairs Authority and Superintendent of Insurance in Saskatchewan, including a high level reference to CAFII's submission on Bill 177, The Insurance Act (Saskatchewan).	Brendan	asap	Completed
		LLQP Modernization			
11	EOC July 22, 2014	• Draft letter of support for LLQP modernization for review at the July 30 MAC meeting	Brendan	30-Jul-14	Completed
12	Ad Hoc	• Present final LLQP letter to EOC for approval	Brendan, Moira	13-Jan-15	Completed
13	Board June 10, 2014	• Develop a list of relevant policy-makers and legislators; and drafting a letter to them in support of the LLQP modernization	Brendan, EOC	13-Jan-15	Completed
		• Continue to monitor developments on this issue and consider scheduling follow-up meetings with the recipients of the letter.	EOC	Ongoing	In progress
		Regulator and Policy-Maker Visit Plan			
14	EOC Feb 17, 2015	• Review the list of regulators attending the CLHIA Compliance and Consumer Complaints Annual Conference for opportunities to meet with regulators who will be in attendance, and build that into the Regulator and Policy-Maker Visit Plan.	Brendan	tba	Completed
		• Investigate a potential meeting with Gerry Matier in Toronto, around the CISRO Stakeholder Information Sessions (Feb 27/15), to discuss BC's 10-Year Review of the Financial Institutions Act and any other CAFII issues in this jurisdiction.	Brendan	asap	Completed
INDUSTRY RESEARCH					
		Travel Insurance			
15	EOC Mar 24, 2015	• The Travel Insurance Action Items/Priorities to be presented to the board of directors on April 7th and members advised that the EOC will be proceeding under the existing subcommittee structure, working through the issues on the list.	Emily, Sue	7-Apr-15	In progress

	Source	Action Item	Responsible	Deadline	Status as of 01-Apr-15
16	EOC Feb 17, 2015	• CAFII to form an internal travel insurance project group, led by the Research & Education committee. Travel insurance resources and expertise to be sourced from Desjardins, CIBC, TD, RBC and a request to be issued to the remaining member companies by email.	Sue	tba	In progress
		CAFII Value Proposition Project			
17	EOC Oct 28, 2014	• An interim report to be presented to the EOC (November 18) and Board (December 2) at their upcoming meetings. The final results to be presented at the Board meeting in April 2015.	DMC	2-Dec-14	In progress
MEDIA AND COMMUNICATIONS					
		Media Outreach			
18	Board Oct 7, 2014	• Key Messages Map and Key Messages to be provided to the board for approval.	Brendan, Greg	2-Dec-14	Completed
19	EOC Sep 23, 2014	• Hold lunch education session with Toronto Star reporter. CAFII's key messages and Q&A portion of an educational meeting to be finalised for use at the sessions.	Brendan, Greg, Paul	19-Nov-14	Completed
20	EOC July 22, 2014	• A plan to be developed leading to a future lunch meeting with Ms. Roseman, including documenting key messages and collecting data and, if appropriate, recommending an alternate media contact(s) to engage	Brendan, Charles	30-Jul-14	Under review
21	Ad Hoc	• Schedule and hold additional media outreach sessions with other media, e.g. Ellen Roseman, Toronto Star; Rob Carrick, Globe and Mail; Gary Marr, National Post; Gail Vaz-Oxlade, independent consumer financial literacy writer, etc.	Brendan, Charles	TBD	Under review
EVENTS AND NETWORKING					
22	EOC Feb 17, 2015	Follow-up on the potential speakers for April 7/15 including Brian Mills, Interim CEO and Superintendent of Insurance at FSCO.	Maria	asap	In progress

C A F I I

55 St Clair Ave West, Suite 255
Toronto, ON M4V 2Y7

Statement of Operations
As at February 28, 2015

	Current Month	Current YTD	Budget 2015	% Used
Revenue				
Membership Fees	70,666.00	70,666.00	424,000.00	17%
Interest Revenue	32.76	69.03	500.00	14%
TOTAL REVENUE	**70,698.76**	**70,735.03**	**424,500.00**	**17%**
Expenses				
Management Fees	21,898.65	43,804.41	249,264.00	18%
CAFII Legal Fees/Corporate Governan	0.00	0.00	5,000.00	0%
Audit Fees	0.00	0.00	14,000.00	0%
Insurance	432.00	864.00	5,368.00	16%
Website (incl translation)	1,567.50	1,624.87	6,260.00	26%
Telephone/Fax/Internet	590.05	707.51	8,000.00	9%
Postage/Courier	0.00	0.00	500.00	0%
Office Expenses	17.91	269.35	3,000.00	9%
Bank Charges	0.00	0.00	60.00	0%
Miscellaneous Expenses	0.00	0.00	0.00	
Amortization Expense	0.00	0.00	300.00	0%
Depreciation Computer/Office Equipm	38.89	77.78	0.00	
Board/EOC/AGM				
Annual Members Lunch	8,559.13	8,559.13	7,000.00	122%
Board Hosting (External)	0.00	0.00	9,000.00	0%
Board/EOC/Meeting Expenses	0.00	1,499.69	10,000.00	15%
Industry Events	0.00	0.00	805.00	0%
EOC Annual Lunch	0.00	0.00	2,000.00	0%
Sub Total Board/EOC/AGM	***8,559.13***	***10,058.82***	***28,805.00***	
Provincial Regulatory Visits	204.53	204.53	10,000.00	2%
Research/Studies	0.00	0.00	90,000.00	0%
Regulatory Model(s)	0.00	0.00	12,000.00	0%
Federal Financial Reform	0.00	0.00	2,000.00	0%
Media Outreach	0.00	0.00	8,500.00	0%
Marketing Collateral	0.00	0.00	1,500.00	0%
Networking Events				
Speaker fees & travel	0.00	0.00	3,000.00	0%
Gifts	0.00	0.00	1,000.00	0.00
Sub Total Networking & Events	***0.00***	***0.00***	***4,000.00***	0%
15th Anniversary Event	0.00	0.00	0.00	
TOTAL EXPENSE	**33,308.66**	**57,611.27**	**448,557.00**	**13%**
NET INCOME	**37,390.10**	**13,123.76**	**-24,057.00**	**-55%**

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

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Toronto, ON M4V 2Y7

Membership Fees

As At February 28, 2015

	Jan-15 Billed	Received	Jul-15 Billed	Received
BMO Bank of Montreal	$ 23,500.00		$ 23,500.00	
CIBC Insurance	$ 23,500.00	Mar13,2015	$ 23,500.00	
RBC Insurance	$ 23,500.00		$ 23,500.00	
ScotiaLife Financial	$ 23,500.00	Mar6,2015	$ 23,500.00	
TD Insurance	$ 23,500.00	Mar13,2015	$ 23,500.00	
AMEX Bank of Canada	$ 11,750.00		$ 11,750.00	
Assurant Solutions	$ 11,750.00	Mar6,2015	$ 11,750.00	
Canadian Premier Life Insurance Company	$ 11,750.00	Mar13,2015	$ 11,750.00	
Desjardins Financial Security Life Assurance Company	$ 11,750.00		$ 11,750.00	
National Bank Insurance Company	$ 11,750.00	Mar13,2015	$ 11,750.00	
Cumis Group Ltd	$ 11,750.00		$ 11,750.00	
Aimia	$ 4,800.00			
Avalon Actuarial	$ 4,800.00	Mar13,2015		
Collins Barrow Toronto Actuarial Services	$ 4,800.00			
CSI Brokers Inc.	$ 4,800.00			
KPMG	$ 4,800.00			
Laurentian Bank of Canada	$ 4,800.00			
Munich Re	$ 4,800.00			
Optima Communications	$ 4,800.00	Feb27,2015		
RGA Life Reinsurance Company of Canada	$ 4,800.00			
The Canada Life Assurance Company	$ 4,800.00	Mar13,2015		
January Invoices	**$236,000**		**$188,000**	
July Invoices	**$188,000**			
Total Membership Fees	**$424,000**			
Total amount to reallocate monthly Jan-Dec	$35,333			

C A F I I

55 St Clair Ave West, Suite 255
Toronto, ON M4V 2Y7

Balance Sheet

As at February 28, 2015

	Current 2015
ASSETS	
Current Assets	
Bank Balance	$246,530
Investments [A]	$53,381
Accounts Receivable	$231,200
Interest Receivable	$304
Prepaid Expenses	$1,296
Computer/Office Equipment	$2,334
Accumulated Depreciation -Comp/Equp	($1,050)
Intangible Assets-Trademarks	$0
Accumulated Amortization-Trademark	$0
Total Current Assets	**$533,994**
TOTAL ASSETS	**$533,994**
LIABILITIES	
Current Liabilities	
Account Payable [B]	$47,845
Deferred Revenue	$165,334
Total Current liabilities	$213,179
TOTAL LIABILITIES	**$213,179**
UNRESTRICTED NET ASSETS	
Unrestricted Net Assets, beginning of year	$307,691
Excess of revenue over expenses	$13,124
Total Unrestricted Net Assets	$320,815
Total Unrestricted Net Assets	**$320,815**
TOTAL LIABILITIES AND UNRESTICTED NET ASSETS	**$533,994**

Financial Reserves Targets:		
Minimum 3 months (25%) of Annual Operating Expenses =	**$**	**112,139**
Maximum 6 months (50%) of Annual Operating Expenses =	**$**	**224,279**
Current Level of Financial Reserves:		**$320,815**
Current Level of Financials Reserve (%):		**72%**

C A F I I
55 St Clair Ave West, Suite 255
Toronto, ON, M4V 2Y7
Balance Sheet Items
As at February 28, 2015

Item A

Investment Portfolio

Investment Type	Issue Date	Principal	Rate	Deemed Interest	Maturity Date
Cashable GIC #0087-8019718-12	June-17-14	$53,380.92	0.80%	$427.05	June-17-15
Total		**$53,380.92**		$427.05	

Item B

Accounts Payable

	Total
	590.05
	6,571.02
	1,567.50
	13,560.00
	556.69
	25,000.00
Total outstanding:	**47,845.26**

DRAFT #3
March 31, 2015

Financial Statements of

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

Year ended December 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Members of the Canadian Association of Financial Institutions in Insurance

We have audited the accompanying financial statements of the Canadian Association of Financial Institutions in Insurance, which comprise the statement of financial position as at December 31, 2014, the statements of operations and changes in unrestricted net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Association of Financial Institutions in Insurance as at December 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

____

Toronto, Canada

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Statement of Financial Position

As at December 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	$ 284,302	$ 241,349
Short-term deposits	53,381	52,852
Interest receivable	235	344
Prepaid expenses	12,255	9,672
Capital assets (note 4)	1,362	1,828
	$ 351,535	$ 306,045
Liabilities and Unrestricted Net Assets		
Current liabilities:		
Accounts payable	$ 43,843	$ 17,754
Unrestricted net assets (note 2)	307,692	288,291
	$ 351,535	$ 306,045

The accompanying notes are an integral part of the financial statements.

On behalf of the Board:

______________________________ Director

______________________________ Director

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Statement of Operations and Changes in Unrestricted Net Assets

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Revenue:		
Membership fees	$ 400,500	$ 400,500
Interest	420	607
	400,920	401,107
Expenses:		
Association operating	279,257	244,889
Distribution and market conduct committee	59,474	8,059
Networking and events committee	29,694	33,667
Licensing efficiency issues committee	7,578	992
Media and advocacy strategy committee	5,516	4,633
	381,519	292,240
Excess of revenue over expenses	19,401	108,867
Unrestricted net assets, beginning of year (note 2)	288,291	179,424
Unrestricted net assets, end of year	$ 307,692	$ 288,291

The accompanying notes are an integral part of the financial statements.

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

DRAFT Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 19,401	$ 108,867
Amortization of capital assets	466	467
Change in non-cash operating working capital	23,615	(52,138)
	43,482	57,196
Increase in cash position	43,482	57,196
Cash position, beginning of year	294,201	237,005
Cash position, end of year	$ 337,683	$ 294,201
Represented by:		
Cash and cash equivalents	$ 284,302	$ 241,349
Short-term deposits	53,381	52,852
	$ 337,683	$ 294,201

The accompanying notes are an integral part of these financial statements.

The Canadian Association of Financial Institutions in Insurance ("CAFII") is a not-for-profit association incorporated under the Canada Not-for-Profit Corporations Act on August 25, 2014. CAFII was originally incorporated under the Canada Corporations Act on October 29, 1997 and commenced operations on January 1, 1998. CAFII was established to provide an industry-based forum to represent a range of financial institutions in insurance in Canada and to work in partnership with regulators to create an efficient and effective regulatory framework that provides consumer choice in the purchase of insurance products and services. CAFII's members provide life, property and casualty, travel and credit insurance, reinsurance and other products and services through a wide variety of distribution systems. CAFII is exempt from income taxes under paragraph 149(1)(i) of the Income Tax Act (Canada).

1. Significant accounting policies:

(a) General:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the Canadian Professional Accountants of Canada Handbook.

(b) Revenue recognition:

CAFII derives its revenue primarily through membership fees. Fees are recognized as revenue in the membership period to which they relate.

Deferred membership fees represent fees received in advance of the membership period to which they relate.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and deposits which are highly liquid with original maturities of less than three months.

1. Significant accounting policies (continued):

(d) Capital assets:

Capital assets are recorded at cost. When a capital asset no longer contributes to CAFII's ability to provide services, its carrying amount is written down to its residual value.

Capital assets consist of computer equipment and are amortized on a straight-line basis over five years.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. CAFII has not elected to carry any such financial instruments at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, CAFII determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount CAFII expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

2. Unrestricted net assets:

It is the policy of CAFII's Board of Directors to maintain unrestricted net assets (financial reserves) within a target range of between 25% of total annual operating expenses and 50% of total annual operating expenses. Management intends to utilize unrestricted net assets on CAFII-mandated projects, as determined by the Board of Directors.

3. Financial instruments:

The carrying amounts of financial assets and liabilities approximate their fair values due to the short-term nature of these financial instruments.

4. Capital assets:

2014	Cost	Accumulated amortization	Net book value
Computer equipment	$ 2,334	$ 972	$ 1,362

2013	Cost	Accumulated amortization	Net book value
Computer equipment	$ 2,334	$ 506	$ 1,828

5. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that CAFII will be unable to fulfill its obligations on a timely basis or at a reasonable cost. CAFII manages its liquidity risk by monitoring its operating requirements. CAFII prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2013.

5. Financial risks and concentration of credit risk (continued):

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. CAFII is exposed to credit risk with respect to the accounts receivable. CAFII assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

CAFII - 2015 Executive Director Balanced Scorecard - March 31, 2015

Priority	Objectives	Measures	Timing	Status As At March 30/15	Outcome
	H = High Priority; M = Medium; L = Low				
	Regulatory and Advocacy (50% of ED and EOC focus/time)				
#1 H	Draft and deliver highly quality regulatory submissions and follow-up with regulators and policy-makers, as appropriate.	Regulatory submissions are well-written, comprehensive and produced on time; Board and EOC have sufficient time to review and provide input, which is given due and equitable consideration and included where appropriate; submissions reflect consultation with allied industry Associations where appropriate	Ongoing		
H		Bill 177, The Insurance Act (Saskatchewan)	Q1 2015 thru Q3 2016	Submission sent on Feb. 23/15; follow-up teleconference with Saskatchewan leaders on March 2/15 to address CAFII issues. Each party to get back to other side on two to three issues.	
H		British Columbia Consultation on 10-Year Review of Financial Institutions Act (FIA)	Q1 thru Q4 2015	Formal consultation paper finalized. FICOM awaiting approval from Ministry of Finance to release.	
H		BC FICOM's 'effecting' of creditor's group insurance issue	Q1 thru Q4 2015	File transferred from Harry James to Kristine Wright, FICOM's new Executive Director responsible for market conduct supervision. Directive letter on 'effecting' issue delayed due to transition.	
H		AMF's new consultation on E-Commerce in Insurance	Q2 thru Q4 2015	Position paper to be released early in Q2 2015 for 60 day industry consultation. E-commerce principles to be codified in a Regulation by end of 2015.	
H		AMF's Distribution Guide template initiative	Q2 thru Q4 2015	Draft Regulation on Distribution Guide to be circulated to industry for brief consultation, likely in Q3 2015, with goal being to finalize it by end of 2015.	
M		Ontario government review of FSCO's mandate	Q2 thru Q1 2016	Expert panel appointed to assist in review. Consultation paper to be posted online for public comment on FSCO mandate issues. Review to be completed early in winter of 2015-16.	
M		Quebec government review of "An Act Respecting the AMF" (empowering and governing the AMF)	Q2 thru Q4 2015	Announced as part of Quebec provincial budget on March 26/15	
M		Letter to Invest New Brunswick re changes necessary to Insurance Act and regulatory processes to facilitate efficient business operations in the province.	Q1 2015	Draft letter sent to LEIC on March 11/15, and feedback received on March 27/15. Finalization and dissemination imminent.	
M		New Brunswick Consultation on Rule INS-001 Fees, In Relation To The Insurance Act	Q1 and Q2 2015	Released Feb. 25/15 by FCNB. April 27/15 deadline for submissions	
M		Conditions are amenable to smooth transition by CAFII members to Manitoba's new RIA Regime	Ongoing	In process	
M		Nova Scotia Direct Sellers' Regulation Act (DRSA)	Ongoing	CAFII made submission in Dec/14 in support of proposed insurance xemption language. Monitoring and liaising with Service Nova Scotia to ensure favorable exemption is enacted.	
L		Possible Nova Scotia review of life insurance sections of Insurance Act in 2015	Q1 thru Q4 2015	Monitoring and liaising with Superintendent of Insurance to find out if this review will occur in 2015; and, if so, during what timeframe	
L		Possible PEI review of life insurance sections of Insurance Act in 2015	Q1 thru Q4 2015	Monitoring and liaising with Superintendent of Insurance to find out if this review will occur in 2015; and, if so, during what timeframe	
#2 H	Develop and execute on Regulator and Policy-Maker Visit Plan in support of CAFII positions on legislative and regulatory issues	CAFII investments in regulator and policy-maker visits are appropriately scheduled; well-organized and executed, including briefing/preparation of CAFII participants. These meetings successfully support and advance CAFII's positions on legislative and regulatory issues	Ongoing	On Target	
#3 H	Maintain ongoing monitoring of and liaison/communications with regulators, policy-makers, allied Associations, and other industry stakehholders for relationship-building and intelligence gathering	EOC and Board members are kept well-informed of hot button, urgent, time-sensitive issues	Ongoing	On Target	
H		CAFII "Alerts" sent to EOC and Board members on hot button, urgent, time-sensitive issues	Ongoing	On Target	
#4 H	Monitor and report key developments in CCIR's review of travel insurance (including CCIR Working Group on Travel Insurance; CISRO; CLHIA high level committee on travel insurance; and THiA) ; and support related work of CAFII internal group on travel insurance (in conjunction with Research & Education Committee)	Intelligence gathered through monitoring and work of internal group on travel insurance put CAFII in a position of readiness and strength, to make a regulatory submission or otherwise make its views known, as distributors of travel insurance, should the need arise	Ongoing	Underway	

	H = High Priority; M = Medium; L = Low				
Priority	**Objectives**	**Measures**	**Timing**	**Status As At March 30/15**	**Outcome**
H		CAFII internal group on travel insurance completes review; addresses issues and concerns identified by CCIR project	Ongoing	CAFII internal group on travel insurance formed, and work now underway	
#5 M	Secure Representation for CAFII members as Restricted Insurance Agents in Saskatchewan, Alberta, and Manitoba	CAFII's proposed model for a Restricted Insurance Agent Advisory Committee to ICS Executive Director is adopted in Saskatchewan	Ongoing	CAFII has opportunity to submit proposed Terms of Reference for Advisory Committee, to augment submission made by CLHIA on December 19/14 (led by LEIC)	
M		CAFII's interests are advanced in shaping of a model for representation of Restricted Insurance Agents with Joanne Abram, CEO of the Alberta Insurance Council	Ongoing	CAFII has opportunity to submit a proposal for representation to Joanne Abram, in follow-up to preliminary discussions with her and before CLHIA becomes aware that this initiative is underway (led by LEIC)	
M		Insurance Council of Manitoba calls upon CAFII members, as appropriate, when requiring subject matter expert advice to its ISI Subcommittee	Ongoing	ICM has formed new ISI Subcommittee, comprised of five Council members, but is forming a roster of subject matter experts who can be called upon on "as needed" basis (led by LEIC)	
	Media and Communications (20% of ED and EOC focus/time)				
#1 (H)	Move CAFII into a position of readiness and confidence to respond to media opportunities re Creditor's Group Insurance and Alternate Distribution	Successful execution of tactics within specified timelines	Q1 and Q2 2015	Drafts of three documents completed and currently under review by Media Communications Committee	
H	Monitor media coverage re CGI, travel insurance, and alternate distribution	Any hot button issues related to media coverage are identified and dealt with in a timely, appropriate manner	Ongoing	In process, in concert with Media Committee	
#2 H	Make CAFII web site more robust and audience-friendly for members; regulators and policy-makers; the media (pending Media Committee approval); and the public	Content and navigation of CAFII site are reviewed and overhauled; information updates are posted on a timely and consistent basis;and site becomes a "go to" resource for key audiences	Q1 thru Q4 2015	Underway	
#3 H	Monitor Consumer Interest Groups	Include intelligence on Consumer Interest Groups' issues and activities in Regulator Updates for EOC and Board meetings	Ongoing	On Target	
#4 M	Consumer Financial Literacy (CFL): Move CAFII into a position of readiness and confidence to engage proactively with regulators, the public, and consumer interest groups in support of CFL (Medium/long term objective: CAFII and its members are seen as advocates for CFL; and a "go to" industry Association in that area)	Three-year plan developed and approved by Media Committee, EOC, and Board for CAFII to become incrementally engaged in CFL activities	Q1 thru Q4 2015	Pending	
		CAFII web site content on CFL made more specific and compelling	Q2 2015	Underway	
TBD		CAFII gets involved in Financial Literacy Month (November) in 2014 through an event or initiative; and has specific plans for continued participation in future years	Q1 thru Q4 2015	Pending	
TBD		Plan developed and approved by Media Committee, EOC, and Board for CAFII to be involved in Fraud Prevention Month (March) in 2016, as directly related to CFL	Q1 thru Q4 2015	Pending	
	Association Oversight and Management (30% of ED and EOC focus/time)				
#1 H	Produce an "industry intelligence" Regulatory Update monthly, for each EOC and Board meeting	Regulatory Update is produced for each EOC and Board meeting, containing outside-of-the-public-domain information on regulatory actions, pronouncements, trends and leading indicators	Ongoing	On Target	
#2 H	Efficient, effective CAFII meetings: with EOC Chair and standing committee Chairs, ensure agendas are focused and goal-oriented and meetings are well managed	Agendas and meeting materials are distributed with appropriate lead time. Board and committee members are engaged in meeting discussions and feel meetings are productive and advance CAFII's objectives	Ongoing	In process	
#3 H	Ensure that CAFII prepares an annual operating budget that is wel grounded in approved strategic and operational plans; funds are spent according to plan; and financial control policies and procedures -- including monthly financial statements -- are adhered to	Play a leadership role in development, management, and tracking/monitoring of CAFII's annual operating budget, and committee and project budgets. Budget target are met, except for explainable/approved variances	Ongoing	On Target	
#4 H	Provide strategic and operational support to the EOC Chair in management of CAFII priorities and activities, and accountability reporting thereon	Engaged strategic and operational support to EOC Chair; escalates appropriate matters to EOC Chair for review and decision-making	Ongoing	In process	

cafii acifa
The Canadian Association of Financial Institutions in Insurance | L'association canadienne des institutions financières en assurance

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Agenda Item 5.1
April 7, 2015 Board Meeting

Regulator Meeting Notes
Confidential: Not For Distribution

Regulator:	Harry James, Chair, CCIR Working Group On Travel Insurance
Date:	March 24, 2015 (during first 1.5 hours of CAFII EOC Meeting)
Purpose:	Provide feedback on preliminary draft of CCIR's "Industry Survey – Data Request Regarding Travel Insurance"
EOC Attendees:	Greg Grant, CIBC Insurance; Rose Beckford, ScotiaLife Financial; Charles Blaquiere, Canadian Premier Life Insurance (by phone, for part); Emily Brown, BMO Insurance; Andre Duval, Desjardins Financial Security; Eleanore Fang, TD Insurance (by phone); Moira Gill, TD Insurance; Sue Manson, CIBC Insurance (by phone); Rosemary Pulla, BMO Insurance; Maria Sanchez-Chung, TD Insurance; Jodi Skeates, CUMIS (by phone); Brendan Wycks, Executive Director
Visitor Attendees:	Isabelle Forget, RBC Insurance (by phone); Brigitte Gougeon, TD Insurance; John Thain, Assurant Solutions (current Past-President of Travel Health Insurance Association)

Executive Summary
The purpose of this meeting – requested by Harry James, Chair of CCIR's Working Group On Travel Insurance -- was to discuss the Working Group's draft survey of Canadian travel health insurance underwriters and the challenges that there might be in obtaining the requested information, so that the survey can be fashioned into an efficient and effective data gathering instrument for both regulators and the industry.

CAFII EOC members provided comments and suggestions, with the two key points of feedback being

- getting travel insurance-related consumer complaint data from OLHI, GIO, and the FCAC, as a first step, would be helpful to CCIR in narrowing the focus of the survey; and
- as currently drafted, the survey will be a massive job for insurer respondents, simply to gather and collate the data. It's larger than any regulator survey the industry has encountered before, and it will take months for many insurers to be able to respond.

Concluding Comments by Harry James: based on the feedback received in this meeting, it's clear that a fundamental discussion needs to occur at the CCIR meeting on Thursday, March 26, including on what steps need to be taken to help refine and better align the objectives before the survey is disseminated. If the Working Group is going to take some other steps first, then that will impact the timing of the survey. After listening to your feedback, my sense is that we're going to have to moderate our timetable and rethink our approach somewhat, so the plan to get the survey out to insurers in April may have to be pushed back. And I'll probably want to come back to the industry Associations with another iteration of the survey before it is sent out to the insurers.

Next Steps: CAFII to get back to Harry James with specific, written feedback on the draft survey.

Opening Statement By Harry James

The Terms of Reference for the CCIR Working Group on Travel Insurance were approved in the Council's winter conference call. And in the CCIR meeting coming up on Thursday, March 26, one of the key agenda items is to go over the draft survey, which I've shared with you on a confidential basis, and get it approved.

The purpose of this meeting is to discuss the survey. The survey is to be completed by travel health underwriters, which applies only to a handful of CAFII members. But because the member FIs are all distributors of travel health insurance, you'll probably be called upon to provide information to help your underwriter respond to the survey. It's important for us as regulators to have comfort that underwriters will have ready access to the data we're requesting.

The mandate of the Working Group is to focus on travel health insurance, and also the portion of trip cancellation coverage that is due to health reasons.

There was a recent case that came to BC FICOM that related to a denial of claim for trip cancellation due to health reasons, and it ended up in the Minister's Office. As the media stories about denied travel insurance claims continue to come through, there is an increasing risk that a government somewhere in the country may decide to take unilateral action. So we want to work with the industry to find effective, lasting solutions to problems that, in our view, boil down to an erosion in consumer confidence about travel health coverage.

In taking a risk- and principles-based approach to regulatory activity, we want to focus our resources on the areas of primary concern. We need the data from this survey to know where to focus attention.

This survey will be a fairly deep dive. We recognize that the survey and the whole travel insurance review will be burdensome for the industry, but it's necessary. Through the survey, we hope to identify target areas right away in order to minimize the burden as much as possible.

We fully recognize that there are other elements under the travel insurance umbrella that require attention and improvement – such as consumer education – but we're initially focusing on the hypothesis that deep-seated issues with the product have caused a major waning in consumer confidence.

So we'll start with the insurer survey, which will help validate/confirm the hypothesis of low consumer confidence.

The survey will not be issued by CCIR itself but rather by one of the provincial regulators that has self-evaluative privilege.

Questions/Feedback On Draft Survey; And Responses (Where Provided)

Question/Feedback: The survey doesn't seem to ask any questions that will get at data about how people buy travel insurance and whether or not they have confidence in the coverage they've purchased.

Response: CCIR recently put out a Media Release inviting consumers to submit information on their experiences with travel insurance; and the purpose of that was to collect more anecdotal information. In addition to the survey, we'll be contacting the various Ombuds services – OLHI, GIO, FCAC, BC Consumer Protection Agency, etc. – with the goal of getting data regarding consumer experiences with travel health insurance.

It is possible that the vast majority of purchasers are satisfied with their coverage, in part because they haven't had to make a claim. But this is about more than denials. It's more about the misunderstandings; and it's very possible that enhancing consumer education is a critical component of the solution. But when there are licensed agents who aren't confident in selling the product because they themselves aren't confident their clients will be covered, there is cause for concern. Still, as regulators, we don't want to remove products from the market or narrow consumer choice.

At this time, we aren't planning on conducting a consumer survey. But we may be open to doing a survey of consumers at a subsequent stage. We aren't seeing a lot of issues in any particular distribution channel, so we'd rather focus on areas that are more problematic.

Question/Feedback: Would getting the data from OLHI, GIO, and the FCAC first not be helpful to CCIR in narrowing the focus of the survey?

Response: That's a useful suggestion. Changing the sequence of events may be a better way to start.

Question/Feedback: This survey will be one massive job for insurer respondents, simply to gather and collate the data. It's larger than any regulator survey the industry has encountered before, and it will take months for many insurers to be able to respond. **(No direct response provided by Harry.)**

Question/Feedback: With respect to the medical portion of trip cancellation/interruption insurance, the elements of this coverage are sold as an aggregated package for which a single, integrated premium is collected. It will be difficult to disaggregate this coverage and provide information solely for the medical/health portion.

Response: Okay, it's good for us to be aware of that constraint.

Question/Feedback: Can you clarify what you're referring to in the questions that relate to "Agreements"?

Response: In the CCIR's guidelines paper on MGA relationships, there was a substantive section that talked about the need for insurers to have robust relationships with outsourced providers, as well as a monitoring and audit process. We are looking for information from those sorts of Agreements. An issue that we as regulators have had in the past in this area is related to unlicensed parties and the roles that they're performing. It was clear that these parties were adjusting claims but yet they weren't assigned those responsibilities under the Agreement, so that is something that is of concern.

Question/Feedback: Some companies have Agreements that are hundreds of pages long and it would be onerous for regulators to have to sift through it all. Is there a plan for dealing with that?

Response: We aren't interested in the business side of the Agreements. Of the hundreds of pages, much of it is probably related to financial terms, which is not our focus. We're interested in the Roles and Responsibilities, and Oversight. We're also open to receiving representative samples of standardized Agreements.

Question/Feedback: Perhaps the survey should be broken up into smaller segments and sequential chunks.

Response: We're open to that as a suggestion if it helps to reduce the burden and produce a more optimal outcome for both the industry and us as regulators. The Working Group is intuitively expecting that we may need to focus on an older age demographic, perhaps 55 and older, and whether they are medically scored or not, so perhaps that is one segment that we might end up dealing with on its own.

Question/Feedback: CAFII members have a lot of internal expertise in research and data analysis of this sort, so if you can take the time to take a methodical approach, we can help you focus your research objectives. **(No direct response provided by Harry.)**

Question/Feedback: Have you given some thought to perhaps using third party professional expertise, particularly to assist in the questionnaire design and data analysis phases of the survey?

And we encourage you to use a survey software that will allow respondents to attach documents and provide explanations in their responses, versus just being able to choose from answer option responses.

Response: We have given some thought to perhaps using a professional survey research firm or an independent actuarial firm, but we're not there yet. We don't want to engage one until there is more certainty around what the survey will be targeting.

Notes:

- This survey is about health related travel insurance only – baggage insurance, non-health related trip cancellation, and other travel coverages are not dealt with here. We have included trip cancellation when the cause of the cancellation is health related as this coverage appears to share many similarities with the inter-provincial and out-of=Canada health coverages.
- The questions set out just describe the bare data we are considering asking for: this is not the finalized form of the questions or the format we will use for the survey.
- We intend all data and documents to be applicable to the 2014 calendar year, not the policy year, to simplify some of the answers. For instance, we are asking for number of claims reported in 2014, regardless of the year of loss. This will give us a snapshot of 2014, not an actual underwriting year of premiums-claims matching. We will confirm whether industry feels this is the easiest option for them.
- We are also considering how to deal with travel insurance that is part of an employer benefits package recognizing the number of such plans. We hope to get some useful input from the industry on this question.
- We are also considering whether to give choices of specified answers on more of the questions rather than just a blank, to improve comparability and ease of analysis. Again, this will be discussed with industry, including working out what the choices should be.
- The survey will be prepared in both official languages.
- Several terms will need definitions which we will add to the instructions to the survey.
- Other industry input to be sought will include:
    - Who to send it to – which companies and who in those companies
    - Timelines
    - Format and refinement of questions

	Suggested survey question/ data request	Reason for asking (outcome sought)	Comments/questions
1	Company name, H.O. address, Canadian address, type of licence and contact information	Basic identification	Probably FOI-able
2a	Do you underwrite inter-provincial or out-of-Canada travel health insurance? Yes □ No □		
2b	Do you underwrite trip cancellation insurance? Yes □ No □		
2c	If "No" to both 2a and 2b, please sign and return the survey: you are done.	To knock out any insurers who don't, but with a response so we know whether we are still waiting for insurers to reply.	Everything from now on is "if yes."
3a	Which provinces and territories are you doing travel health business in? BC □ AB □ SK □ MB □ ON □ QC □ NB □ NS □ PE □ NL □ YK □ NT □ NU □	To assist regulators in knowing who is doing business where.	We may want a numerical indication of the proportion of business done in each jurisdiction, unless we decide to ask for jurisdictional breakdowns on questions 9 and thereafter.
3b	What types of travel health products do you provide directly through your company? • Individual • Affiliation branded (e.g. CARP, Automobile Association etc.) • Credit Card	To better refine who is in which markets. Can be multiple selections	Sub-categories to be agreed to with industry and defined in instructions to assure comparability.

	Suggested survey question/ data request	Reason for asking (outcome sought)	Comments/questions
	• Employer Group • Other - specify		
3c	What types of travel health products do you provide through an underwriting agreement with a program supplier (e.g.White labelers such as Travel Underwriters, Medipac etc.) • Individual • Affiliation branded (e.g. CARP, Automobile Association etc.) • Credit Card • Employer Group • Other - specify	To better refine who is in which markets. Can be multiple selections If multiple program suppliers, answer separately for each.	We will confirm with industry if this wording will be understandable for industry or if they use other terms to refer to these arrangements.
4a	For agreements noted in 3c, List and attach a copy of the agreements in force in 2014.	We need to have a better idea of how these arrangements are set up as we might well want to come up with some best practices around them.	Depending on how we format the above, we will need to rework this question Agreements may have to go to a CCIR member organization with legislative authority to ask for them. We would have to fight is someone tried to FOI these. (Do we want agreements with the affiliation business or just for those with program suppliers/white labellers? How about with the 24/7 call centres?)
4b	Outline the oversight provisions that are included in your underwriting agreements with each program supplier and how this oversight is carried out.	How does the insurer protect its reputation and confirm that customers are being treated fairly by the program suppliers?	
5	Distribution Methods - What channels do you distribute policies (through?	Getting a feel for the shape of the industry – so we have a known base-line.	These breakdowns will have to be discussed with industry to make sure they are

	Suggested survey question/ data request	Reason for asking (outcome sought)	Comments/questions

	• Licensed Life Agents (not in phone center)
	• Licensed P&C Agents (not in phone center)
	• Holders of restricted certificates
	• For jurisdictions w/o restricted certificates:
	  ○ Travel Agents/Agencies
	  ○ Other Exempt sellers (bank employees, credit union employees)
	• Phone Centre
	• Online – its own website
	• Online – through an affiliation association website
	• Direct marketing by affiliation (such as mail)
	• Other - specify
		Also, we will be trying to determine if distribution method correlates positively or negatively to number/amount of claims and number/amount of denials and ab initio voids.	available and correct. We have some questions like: Are phone centres the only telephone sales? Where would the sales done by "gift card" in grocery stores and such show up?
			Also, we have to work out the descriptions and definitions of the distribution categories to make sure they work for the Quebec regulations.

6	**Instructions:** **For the rest of these requests, please provide separate data for the company's own products, affiliation products, and each of your white label agreements. Also for individual policies, group plan policies, and credit card policies.** **All asks are for 2014 data.**	So we see who's doing what. Do program suppliers have comparable results as insurers selling directly? Last full year of data – should give us the baseline we need while being easier for industry.	Insurers may need to get data from the White Labelers, but CCIR should only deal with the insurers as that's who we regulate. An insurer with many underwriting agreements would have to set up a separate survey for each one. However, we want the insurers, not the "white labelers" to answer the questions as they are the regulated entities.
7	Attach copies of a representative sample of the policies sold in 2014	We plan to scrutinize these to look for answers to questions such as: • Pre-existing clause wording clarity • Changes in medications/health clause	"Need to discuss with industry what a good sample would be. Perhaps something like: list in order of premium volume and send those representing 75%.

	Suggested survey question/ data request	Reason for asking (outcome sought)	Comments/questions
		wording/clarity. • Wording around "utmost good faith" • Wording around "at the discretion of the insurer" or "as interpreted by the insurer." These protect the insurer from fraud, but are they used fairly? • What's your pre-existing coverage/exclusion wording?	Consider what we need for group contracts and certificates, info packages, etc.
8a	Attach copies a representative sample of the applications used in 2014	We plan to scrutinize these to look for answers to questions such as: • How many health questions are there on the application? How clear are the definitions of terms used? How clear is the language used?	See notes for #7
8b	Outline the training you provide for your various types of distributers. (use same breakdown as for #5)		We may add additional asks for sales materials and/or training materials too. We would have to consider what media we ask for (paper, pdf, url links, etc.)
9	Number of policies sold (Gross and net of voided) In 2014 (breakdowns to be decided – see comments)	Again, to get a feel for the shape of the industry – so we have a known base-line. And a basis for comparisons to premium and claim numbers. Breakdowns by age ranges will allow us to answer a question that consumers have raised about whether seniors are more likely to have their claims denied than other groups. Length of coverage will tell us about what's really out there: continuing, annual, or per trip	Breakdowns: By age, by policy type, by length of coverage, by distribution channel. Others? Whatever we choose, the same breakdowns should be used for all the rest of the data points for comparisons and ratio analysis.

	Suggested survey question/ data request	Reason for asking (outcome sought)	Comments/questions
		insurance. Getting the same information for claims will show if one kind of coverage appears markedly better for the consumer.	
10	Gross Written Premiums before voids written in 2014 (with consistent breakdowns – see #9)	Will give us an idea as to the comparative costs – are there deals out there? Also needed for claims ratios.	We need to specify gross premium not net. We also need to do this by product line and distribution channel. The numbers should be the total charged and not netted for those voided. We will need to ask for a separate breakdown, again by line and channel for voided policies. We may want a breakdown around duration of coverage as well (per trip, days, weeks, months, annual, etc.)
11a	Number of claims made in 2014 regardless of year of occurrence (with consistent breakdowns – see #9)	Gives us a basis to see if there are unexpected differences based on any of our breakdown criteria. We would expect costs to be higher for older people, but is that really the case? Are there significant differences in claims ratios by company of by any of our breakdown criteria?	"
11b	Amount of claims made in 2014 regardless of year of occurrence (with consistent breakdowns)	"	"
12	Commissions/fees (with consistent breakdowns – see #9)	Again, are there significant differences between companies or from distribution methods?	" Actual wording will have to be robust enough to capture wholesale/group markup. For group policies, companies may say that they don't know the actual fee charged to the consumer by the policyholder's representative.

	Suggested survey question/ data request	Reason for asking (outcome sought)	Comments/questions
13	Number of policies voided *ab initio* in 2014 including amount originally claimed and reason for voiding (with consistent breakdowns – see #9)	Looking for trends as well as being able to do comparisons. These actions are often the basis for bad press. We need to know how prevalent they are if we are to restore consumer confidence. We need to know what goes on so we focus on reality rather than assumptions based on media accounts.	To be decided: should we give choices on the reason for voiding or insist on the actual details so we can decide on the groupings ourselves later.
14	Number of claims denied in 2014 including amount originally claimed and reason for denial (with consistent breakdowns – see #9)	"	" We may also add further categories such as pre-existing condition, misrepresentation, etc.
15	Number of cases referred to company complaint resolution process – reasons and outcomes (settled, in progress, etc.) (with consistent breakdowns – see #9)	We need to be able to gauge the frequency of consumer dissatisfaction with the product and follow the flow of the resolution process.	
16	Number of court cases filed relating to travel health claims and status/outcome (settled, in progress, etc.) (with consistent breakdowns – see #9)	Are consumers using the courts to settle disputes, and if so, what have the outcomes been?	Just in case some things that were going to be denied get settled instead. Correlated to product line and distribution
17	Which OmbudService does the company use?	Can be either GIO or OLHI, would be useful to know who goes where.	Wording needs to be adapted to capture QC system appropriately.
18	Number of claims OmbudService was involved in and outcomes (with consistent breakdowns –	Useful to track the complaints resolution continuum.	"

	Suggested survey question/ data request	Reason for asking (outcome sought)	Comments/questions
	see #9)		
19	Outline the process for complaints to move from each program provider to the underwriter. Please include discussions on: • Under what circumstances is the underwriter made aware of a complaint? • Are there written policies/procedures for complaint escalation? • When are consumers made aware of the underwriter's complaint process? • When are consumers told about third party OmbudService option (and who tells them)?	To ensure appropriate complaint escalation processes are in place and followed.	

Strategic Plan 2014-2017

Foreword

Carolyn Rogers
Chair
Canadian Council of Insurance Regulators

On behalf of all members of the Canadian Council of Insurance Regulators (CCIR), it is my pleasure to present our Strategic Plan for the period April 1, 2014 to March 31, 2017.

The CCIR traces its history back to 1914 when the Superintendents of Insurance from the four western provinces met "to discuss ways and means to secure uniformity in the laws relating to contracts of insurance." Over the past century, the focus of CCIR has changed and evolved many times. With legislation long in place, we now focus on improving the insurance regulatory and supervisory system in Canada to make it more efficient and effective in serving the public interest.

This Strategic Plan reflects the latest round of evolution in market conduct supervision and regulation. This evolution has been brought about both through increasing expectations by consumers around the protection they receive and through a heightened awareness of the importance to the stability of the financial system of proactively protecting consumers from unfair or abusive business practices.

While CCIR members have always been active in market conduct regulation and supervision, this renewed interest in fair treatment of consumers and recent changes to international supervisory standards have caused us to revisit what we do, how we work together, and what we expect from CCIR.

We have a lot of work to do, but, taken altogether, we are confident that we will be building a better regulatory system that is more closely harmonized and better meets the needs of all our stakeholders.

Carolyn Rogers

Chair

Mandate – Who We Are

CCIR is a forum for Canadian insurance regulators to collaborate to improve insurance supervision and regulation to serve the public interest.

Mission

We work collaboratively to find solutions to common regulatory issues and promote harmonization in conjunction with financial services regulators, policy makers and stakeholders.

Vision

Efficient and effective regulation that supports consumer protection and enhances confidence in the Canadian insurance marketplace.

Values

Organizations are driven by the shared values of their members.
We have a shared commitment to:

- Cooperation
- Accountability
- Responsiveness
- Respect
- Integrity
- Accessibility
- Creativity

Approach

- We coordinate our regulatory activities and share information.
- We conduct ongoing market intelligence to keep abreast of emerging consumer issues.
- We undertake research to stay informed.
- We engage with our stakeholders to understand key issues facing the industry.

Strategic Priorities

In setting our overall direction and strategic priorities for the next three years, we have considered the relative risks among all the challenges we have identified and used this assessment to focus on the directions that will drive the organization for the next three years.

As a result, we have established three equally important strategic priorities, one priority each focused on consumers, regulators, and industry:

- Align supervision with international best practices to enhance consumer protection.
- Work collaboratively with regulatory partners to grow and leverage national regulatory capacity.
- Partner with industry stakeholders to identify opportunities to reduce inter-jurisdictional barriers.

Strategic Initiatives

In order to pursue our strategic priorities, we will work with stakeholders to undertake or to continue the following initiatives over the next three years:

Priority: Align supervision with international best practices to enhance consumer protection

- **Develop and Implement Market Conduct Supervisory Framework**

  Development a Supervisory Framework based on shared responsibility, where CCIR members work together in a manner similar to a Supervisory College (as described in ICP 25). The framework will be built on the following principles:
  - Comprehensive with respect to international standards;
  - Cost effective for CCIR members;
  - Efficient in regard to administrative burden on the regulated industry; and
  - Equitable in terms of the distribution of responsibility among participating jurisdictions.

Priority: Work collaboratively with regulatory partners to grow and leverage national regulatory capacity

- **Improve Market Intelligence Gathering**

  Develop processes with industry to keep regulators informed of changes and trends in the industry

Priority: Partner with industry stakeholders to identify opportunities to reduce inter-jurisdictional barriers.

- **Identify Harmonization Opportunities**
  - Work with stakeholders to identify barriers to trade and look at how the barriers could be eliminated.
  - Work with CISRO to harmonize licensing requirements.

- **Complete current strategic initiatives and undertake new initiatives related to:**
  - ***Travel Insurance***

    Review of the industry including the activities of call center support providers, policy wording and pre-existing condition exclusions, and adequacy of information being provided to consumers in both on-line sales and in-person sales.

  - ***Electronic commerce***

    Review and address issues arising from evolving use of technology e.g. electronic pink cards for auto, telematics, claims handling, underwriting, data collection.

  - ***Financial Literacy***

    Consider messages and delivery methods to help consumers make informed insurance choices.

  - ***Segregated Funds***

    Review the regulatory landscape and assess potential regulatory arbitrage.

  - ***Longevity Risk Transfer Markets***

    Work with pension regulators, policy makers and pension and insurance stakeholders to develop a common understanding of longevity risk transfer markets in Canada.

  - ***Property Insurance***

    Review property insurance policy wording and disclosure issues relating to natural disaster coverage.

Ongoing CCIR Responsibilities

We also pursue our mission and vision by carrying out the following responsibilities:

- **Identify and Address Common Emerging Issues in a Timely Manner**

  Although we cannot predict what these issues will be, we know they will arise and we will strive to identify them early and deal with them promptly.

- **Oversee Insurance OmbudServices**

  CCIR has assumed responsibility to ensure that third party dispute resolution systems in the insurance sector, including General Insurance OmbudService (GIO) and the OmbudService for Life and Health Insurance (OLHI), fulfill the public interest objectives of complaint resolution as an important component of a well-functioning consumer protection policy framework.

- **Review Industry proposed standards and guidelines**

  With the increased focus on risk-based regulation, regulators are putting increased emphasis on industry continuing the development and implementation of sound governance practices, standards and guidelines. As CCIR wishes to encourage industry's efforts, our Standards of Practice Standing Committee was formed to allow both thorough reviews and responses in a timely fashion to such documents that are submitted to us.

- **Develop Regulatory Responses to Assuris and the Property and Casualty Insurance Compensation Corporation (PACICC)**

  In accordance with the governance bylaws of both Assuris and PACICC, the compensation corporations for life and general insurers respectively, any regulator may reject a proposed bylaw change but must register its objection in a timely manner. Our Assuris-PACICC Committee ensures that all such changes are reviewed on a timely basis and all regulators have the information they need to make appropriate decisions.

  The Committee also advises Assuris and PACICC of any changes that we would like to see them make.

- **Liaise with the Facility Association**

  Our Facility Association Standing Committee has been established to streamline the communications between regulators and the Facility Association, the provider of automobile insurance to drivers who are unable to obtain automobile insurance through the voluntary insurance market.

- **Update Forms and Instructions**

  Chaired by OSFI, the Forms Committee is charged with updating as required the annual and interim return forms and instructions for both P&C and Life required from every insurer registered in Canada.

- **Review Capital Requirements**

  Chaired by OSFI, the Capital Requirements Information Committee is charged with sharing information regarding developments in regulatory capital requirements.

- **Hold Powers of Attorney and Undertakings (PAUs)**

  The CCIR Secretariat maintains and provides access to the repository of PAUs filed by insurance companies all over North America. This function means that insurers filing PAUs with respect to private automobile insurance do not have to file that document in each province or territory the policyholder might visit.

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Regulatory Update –March 18, 2015
For April 7, 2015 CAFII Board of Directors Meeting,
Prepared By Brendan Wycks, CAFII Executive Director

Introduction

Federal/National

Provincial

Federal/National

Canadian Council of Insurance Regulators (CCIR)

CCIR Working Group On Travel Insurance To Review Draft Survey With CAFII

Harry James, Director, Policy Initiatives with BC's FICOM and Chair of CCIR's Working Group on Travel Insurance, has arranged a meeting with CAFII representatives to review and receive feedback on an early draft of his working group's planned survey of travel insurance underwriters in Canada.

That meeting will take place during the first 60 to 90 minutes of the CAFII Executive Operations Committee meeting on March 24/15.

Harry has provided CAFII with an advance copy of the draft survey, which has been shared with EOC members via the meeting materials posted to the CAFII members' only site. He has placed an embargo on the draft survey, such that it not be distributed beyond CAFII EOC members themselves at this time.

Carol Shevlin Outlines Vision For Working Group On Travel Insurance

In a liaison lunch with Brendan Wycks on February 23/15, Carol Shevlin provided the following comments with respect to how the work of the CCIR Working Group On Travel Insurance will likely unfold:

- *we need to find out if there is a solid rationale and a firm underlying reason for the crisis of confidence in travel insurance coverage, which we've heard so much about anecdotally;*
- *we're going to have to do a very comprehensive data call to get at the information we're looking for. You need the facts first; and then we can figure what we need to do, if anything. Hence, the industry survey of travel insurance underwriters.*
- *we can see the work of the Working Group taking a full two years to be completed, but the plan is to have a substantive progress report in the form of an Issues Paper released before the end of 2015.*

So the steps in the Working Group's plan as Carol sees them are

(i) conduct the industry survey of travel insurers;
(ii) analyze the survey data and figure out what it's telling us;
(iii) write an Issues Paper and provide it to CCIR by the Fall of 2015;
(iv) release a revised/refined Issues Paper to the industry, for consultation, in the Winter of 2016;
(v) Spring 2016 and thereafter: it will take until Spring 2016, when we have feedback from industry on the consultation document, before we're ready to arrive at substantive conclusions, and to start to work with the industry on long-term solutions.

Travel Insurance Pan-Industry Project Group

TIPIP No Longer Meeting

In an e-mail notification to CAFII Board and EOC members on February 26/15, Greg Grant, EOC Chair, communicated the following:

On Tuesday, the CHLIA informed CAFII and THiA that it would be forming a high-level CLHIA member working group to address the CCIR's concerns around travel insurance. As a result, the TIPIP group will no longer be meeting.

As you know, I have expressed some concern around TIPIP's efficacy and I'm actually relieved that the CLHIA has taken this direction. TIPIP itself was a committee comprised of representatives of three industry associations all of which are answerable to their own members and it was proving difficult to address the CCIR's concerns in timely manner. By forming a high-level member committee, the CLHIA will be better able to drive the work required to provide solutions to the concerns the CCIR has identified. The decision we made at our last EOC meeting to form a CAFII Travel working group was therefore very timely and will allow us to do the same with regard to the issues of concern to CAFII members.

In terms of addressing Travel issues with the CCIR, rather than working through TIPIP, CAFII will address Travel issues with them directly through our ongoing meetings and other interactions.

In an update provided to Brendan Wycks on March 18/15, Karen Voin of CLHIA advised that the "senior-level member task force" was still in the process of being formed and that the Association was receiving a number of favourable responses and acceptances from company executives invited to serve on it.

Travel Health Insurance Association (THiA)

<u>THiA Issues Media Release On March Break Travel</u>

On March 3/15, the Travel Health Insurance Association (THiA) – a member with CAFII and CLHIA in TIPIP, which recently stopped meeting in favour of a high level CLHIA member task force – issued the following media release titled "Travel health insurance experts have advice for the busy March Break travel period: industry association wants all travellers to have carefree vacations":

As Canadians pack their bags and prepare to escape this brutal winter over March Break, the Travel Health Insurance Association (THiA), wants travellers to be sure they're covered in the event of unexpected health emergencies.

Alex Bittner, President of THiA, is available to talk on how Canadians can travel with confidence this year. He can speak to:

- *The golden rules of travel insurance*
    1. *Know your trip*
    2. *Know your health*
    3. *Know your travel insurance policy*
- *Why travel insurance contributes to a carefree holiday*
- *Explaining what provincial health plans cover outside of one's province*

THiA is pleased to support the recent announcement by The Canadian Council of Insurance Regulators (CCIR) to make the examination of travel insurance one of its key priorities in 2015. THiA is pleased that consumers and all segments of the industry will be brought into the conversation about travel insurance to solve issues which have long been in the forefront of THiA's mission to resolve.

"We are very supportive of the initiative. Our Association has been working tirelessly on behalf of the industry and consumers to ensure that the travelling Canadian is protected," said THiA President Alex Bittner.

"We need to work harder to ensure that more Canadians are travelling smart. Travelling without appropriate coverage can cause a lot of stress given that the cost of a broken limb in the United States can be up to $25,000."

The THiA website has a guide available to help Canadians understand their travel insurance needs before they investigate policies.

British Columbia

10-Year Review Of Financial Institutions Act (FIA): **Insurance Council To Propose Dollar Limit On Amount Of Creditor's Group Insurance That Can Be Sold Under Licensure Exemption**

In a February 27/15 meeting with Gerry Matier, Executive Director of the Insurance Council of BC, CAFII learned that as part of the imminent 10-Year Review of the province's FIA, the Council will be raising the prospect of imposing a dollar amount ceiling on the value of creditor's group insurance that can be sold under the FIA's existing licensure exemption for creditor's group insurance.

This Insurance Council proposal is to be advanced at the behest of current Chair Ruth Hoyte, who is owner of Vernon-based insurance brokerage A.E. Berry Insurance and a past treasurer of the Insurance Brokers Association of BC.

Gerry indicated that the *quid pro quo* that the Council will be recommending – as part and parcel of a package – is that there would no longer be a prohibition against sales of insurance in financial institution branches.

The two key points in the Council's rationale/argument in favour of this recommendation are

- there is currently no real monitoring of or disciplinary process associated with those who are selling insurance under the licensure exemption that CGI currently has in the FIA; and
- with the imposition of a fairly low dollar amount ceiling, the net effect of this change would be to force anyone selling CGI in BC to be LLQP-licensed.

Gerry said that while this proposal will definitely be raised and put forward by the Council, he will be surprised, personally, if it advances beyond initial consideration by FICOM and the Minister's office.

In a related update provided to Brendan Wycks on March 17/15, Harry James, Director, Policy Initiatives at BC's FICOM, advised that FICOM is awaiting approval from the Office of the Minister of Finance to release the discussion paper that has been drafted to launch the formal consultation phase of the FIA Review. FICOM's Finance and Corporate Sector Policy Branch (FCSPB) has the lead role in co-ordinating the 10-Year Review, in consultation with the Minister's office, and will be releasing the document imminently and disseminating it to industry stakeholders. The consultation paper will be sent to all industry stakeholders that participated in the November 21/14 pre-consultation roundtable discussion in Vancouver with Finance Minister Michael De Jong, where EOC Chair Greg Grant represented CAFII.

FICOM Directive Letter On CGI Delayed As New Staff Executive Taking Over File
BC FICOM's directive letter on the 'effecting' of CGI issue has been further delayed, as the file has been transferred to a new Executive Director on the Commission's management team who is heading up the market conduct supervision group. The new Executive Director, Kristine Wright, is currently on vacation.

Harry James, FICOM's Director, Policy Initiatives, who had previously been responsible for this file, provided that update to Brendan Wycks on March 17/15.

Earlier in January and February, Harry had advised that he was working on a draft communique on the effecting of creditor's group insurance issue in concert with counterpart regulators from the other three Western Canada provinces. The letter would ultimately be issued by FICOM, with or without the endorsement of the other three jurisdictions. Harry indicated that the letter would clarify FICOM's position on 'effecting'; expectations about ensuring appropriate controls and oversight are in place over CGI; and about the structure of CGI contracts.

FICOM Issues Report On BC Credit Union Continuance Under Federal Jurisdiction
On February 25/15, FICOM issued the results of its Credit Union Continuance Working Group's analysis of the impacts of a BC credit union's continuance to federal jurisdiction.

The Working Group's study was prompted by the federal government's passage of Bill C-9 and related regulations in 2010, which permit the creation of a federal credit union through amendments to the Bank Act and Canada Deposit Insurance Corporation Act.

The Working Group made four recommendations to the Superintendent of Financial Institutions with respect of the principles and process that a BC credit union must follow in order to transition into a federal credit union.

However, there is currently no framework in place through which FICOM can grant approval for such a credit union continuance. Therefore, FICOM will now begin to develop a decision-making framework to apply in the event it receives an application from a credit union seeking continuance as a federal credit union.

Alberta

Insurance Council Issues Regulatory Reminder To RIA Certificate Holders

The Alberta Insurance Council has recently posted on the home page of its website an "Important Regulatory Reminder" to holders of Restricted Insurance Certificates in the province. The reminder is a call to action based on the fact that all restricted certificates of authority will expire on June 30/15 and must be renewed on or before that date.

Insurance Council Invites CAFII Feedback On Latest Beta Version Of CIPR
The Alberta Insurance Council has invited CAFII to provide feedback on the latest beta version of its Canadian Insurance Participant Registry (CIPR), which has been updated with the needs of registrants for the new, nationally harmonized LLQP in mind.

In that connection, the Council has created a video to illustrate the functionality of the most recent beta version of CIPR. Brendan Wycks has forwarded an e-mail from AIC Chief Operating Officer Anthonet Maramieri to CAFII EOC members, in which she invites member FI licensing experts to watch the video and provide feedback on the current version of CIPR at any time.

Anthonet Maramieri has succeeded Tom Hampton, the AIC's long-serving COO who retired at the end of 2014. Originally from Ontario, Anthonet was previously a member of the executive team at Western Financial Group.

Manitoba

Insurance Council Issues Notification To All Potential RIA Stakeholders

On March 13/15, the Insurance Council of Manitoba sent a *Notification To All Potential Restricted Insurance Agent Stakeholders* to Brendan Wycks, for forwarding to CAFII members. Targeted recipients of the Notification are all organizations identified as requiring a restricted licence to sell incidental insurance products in Manitoba and/or stakeholders connected to such organizations.

After setting out the background context to the province's newly established Incidental Sellers of Insurance (ISI) regime, the Notification's key message is that further detailed information with respect to the new licensing regime, including a listing of the named entities that require licensing, the classes or types of insurance for which an RIA may be issued, the application form and all mandatory requirements such as professional liability insurance and the applicable fee(s), is available on the Insurance Council of Manitoba (ICM) website.

The ICM is requesting that all applications be submitted to our office by April 30, 2015 to allow our office time to add the information to the database for licensing effective June 1, 2015.

Ontario

Province To Review of FSCO's Mandate
Charles Sousa, Ontario Minister of Finance, has announced a review of the mandates of FSCO and the Deposit Insurance Corporation of Ontario (DICO) which it expects to be completed by early in the winter of 2015-15.

The review will include broad consultations with the financial services sectors regulated by these two agencies, such as the insurance sector, pension plans and credit unions. As well, a consultation paper will be posted online and the public will be invited to comment on the issues being examined. The government will consider any necessary legislative changes based on the outcomes of the review.

To assist in the review, the government has appointed the following three-member expert panel:

- George Cooke - former president and CEO of The Dominion of Canada General Insurance Company, and current chair of the board of directors of OMERS Administration Corp.
- James Daw - former Toronto Star personal finance columnist who has written extensively about all facets of Ontario's financial system.
- Larry Ritchie - Osler, Hoskin & Harcourt LLP partner and former vice-chair of the Ontario Securities Commission.

Canadian Bankers Association Responds To Ontario's CUCPA Review; Encourages Credit Unions To Transition To Federal Jurisdiction

In a February 5/15 submission to Ontario's Five-Year Review of the province's Credit Unions and Caisses Populaires Act, 1994, the Canadian Bankers Association recommended that "credit unions, particularly those that are large and systemically important, should be encouraged to transition to the federal credit union regime."

Quebec

AMF Confirms Plans For Position Paper Consultation On E-Commerce In Insurance

In an update provided to Brendan Wycks on March 18/15, Eric Stevenson, the AMF's Superintendent, Client Services and Distribution Oversight, confirmed that the previously communicated work plan for a new position paper consultation on e-commerce in insurance remains in place. He expects to release that position paper within the next several weeks for a 60 day consultation period with the industry.

The intent behind the position paper is to outline principles with respect to e-commerce that can ultimately be codified by the AMF in a Regulation related to the Distribution Act by the end of 2015.

AMF Confirms Plans To Develop Regulation On Distribution Guide Template

In an update provided to Brendan Wycks on March 17/15, Louise Gauthier, the AMF's Director, Distribution Practices and Self-Regulatory Organisations, confirmed that the previously communicated work plan for the Distribution Guide template remains in place.

Taking into account feedback received from industry in the Fall of 2014, the AMF plans to develop a draft Regulation on the Distribution Guide – under the auspices of the current Distribution Act if necessary. The draft Regulation will then be put out to the industry for a brief consultation period, with the goal of finalizing it before the end of 2015.
Louise advised that the AMF is currently prioritizing the regulatory changes that it needs to make to introduce the nationally harmonized LLQP on January 1, 2016; and then the Distribution Guide (Distribution Without Representation) Regulation will be next in line.

New Brunswick

FCNB Releases Proposed Insurance Act-Related Rule For Consultation

On February 25/15, New Brunswick's Superintendent of Insurance published proposed Rule INS-001, which relates to provisions on insurance licence fees and procedures currently set out in the Insurance Act, for industry feedback by April 27/15.

Under this proposal, the Financial and Consumer Services Commission (FCNB) is proposing to transfer the governance of insurance licensure fees from various Regulations under the Insurance Act to a Rule adopted by the Commission.

The Commission is also proposing increases to the fees, which have not been adjusted since the 1980s, as well as changes to the licensing application process. The purpose of many of the proposed changes is to improve the efficiency of the license application process and shorten the turnaround time for issuance of a licence.

The consultation document indicates that "the FCNB is working on developing an online licensing system, which would enable applicants to complete the whole application process online, including applications and payments." This is something that CAFII has been advocating for, in all jurisdictions, for many years.

CAFII Regulator and Policy-Maker Visit Plan 2015

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 26/15
British Columbia				
Gerry Matier, Executive Director, Insurance Council of BC	Feb. 27/15 meeting in Toronto addressed review of BC FIA; representation for banks-in-insurance on Insurance Council; new CE requirements for new licensees; LLQP support; CCIR travel insurance initiative	When Gerry is in Toronto for CISRO/CCIR/related meetings	-10 yr. Review of BC Financial Institutions Act (FIA) -Representation for banks-in-insurance sector on Council -LLQP modernization -Update on Council priorities -Update on CCIR travel insurance review -Communicate CAFII issues -Maintain and strengthen relationship	Completed
Carolyn Rogers , CEO, FICOM & Superintendent of Insurance (CCIR Chair)	January 28/15 stakeholder meeting with CCIR Informal discussion on October 7/14 during CAFII Speaker Reception May 6/14; liaison dinner in Ottawa	**Dinner meeting in Quebec City on April 28/15 or April 29/15, in connection with CLHIA Conference**; or when Carolyn is in Toronto for CCIR/related meetings	See above	**Pending**
Doug McLean, Deputy Superintendent of Insurance, FICOM	No contact/meeting for at least past two years	When Doug is in Toronto for CCIR/related meetings	See above	Pending
Harry James, Director, Policy Initiatives, FICOM; Chair of CCIR's new Working Group on Travel Insurance	January 28/15 stakeholder meeting with CCIR Nov. 21/14: G. Grant chatted with H. James during FIA Review roundtable discussion Jul 28/14: call with CAFII reps re: "effecting" CGI	March 24/15 meeting with CAFII EOC	See above	Completed

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 26/15
Michael de Jong, Minister of Finance	Nov. 21/14: G. Grant represented CAFII at FIA Review roundtable discussion	If necessary, Q1 or Q2 2015	- follow up on CAFII issues/concerns re: 10-year Review of Financial Institutions Act; announcement re formal consultation phase of FIA Review expected imminently	Pending
Alberta				
Alberta Insurance Council: Joanne Abram, CEO; Ron Gilbertson, Chair (2012-15) Anthonet Maramieri, COO (succeeded retired Tom Hampton at beginning of 2015) Warren Martinson, Legal Counsel (member of CISRO LLQP Ctte)	Nov 20/14: CLHIA COSS seminar (B. Wyccks); Mar 17/14; Toronto, ON Mar 17/14; Toronto, ON Feb 27/15: Toronto: B. Wycks met A. Maramieri and had get acquainted chat at CISRO LLQP Stakeholder Info Session Feb 10/14: Toronto, ON	When Joanne, Anthonet, or Warren is in Toronto for CISRO/CCIR/related meetings	-Representation for Restricted Licence Holders - -Licensing for 3rd party providers: business number registration system -LLQP modernization -Update on CCIR travel insurance review - Update on Council priorities -Communicate CAFII issues -Maintain and strengthen relationship	Pending Completed
Mark Prefontaine, Superintendent of Insurance	Sep 30/14; Fredericton, NB (informal meeting)	When Mark is in Toronto for CCIR/related meetings; or if attending CLHIA Spring Conference, April 29-May 1 in Quebec City	See above	Pending
David Sorensen, Deputy Superintendent of Insurance	No contact - *appointed Sep 15/14*	When David is in Toronto for CCIR/related meetings	See above - and introduce CAFII	Pending
Laurie Balfour, Director, Financial Compliance, Insurance Regulation and Market Conduct Branch	Sep 30/14: Fredericton, NB (informal meeting) Jul 28/14: call with CAFII reps re: “effecting of CGI”	When Laurie is in Toronto for CCIR/related meetings	See above	Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 26/15
Robin Campbell, President of Treasury Board and Minister of Finance	No contact – appointed Sep 15/14	TBD	TBD until CAFII has a "direct ask"	Pending
Saskatchewan				
Ron Fullan, Executive Director**,** Insurance Councils of Saskatchewan and CISRO Chair April Stadnek, Director of Licensing	February 27/15 CISRO LLQP Stakeholder Info Session January 28/15 stakeholder meeting with CCIR Sep 30/14; Fredericton, NB (informal meeting) Sep 30/14; Fredericton, NB (informal meeting)	**Liaison meeting around RIA Advisory Ctte and other Sask. licensure issues when Ron is in Toronto for June and September 2015 LLQP Stakeholder Info Sessions** When April is in Toronto for CISRO/CCIR/related meetings	-Restricted Insurance Agents Advisory Ctte. - LLQP modernization -Update on TIPIP initiative - Update on ICS and CISRO priorities -Communicate CAFII issues -Maintain and strengthen relationship	**Pending** Pending
Roger Sobotkiewicz, former Director of Financial Consumer Affairs Authority (FCAA)'s Legal Branch, became Interim Chairperson and Superintendent of Insurance, effective Feb. 1/15	-no previous contact; congratulatory letter on appointment sent March 4/15 -	**Q1 or Q2 2015 meeting in Regina if necessary, as follow-up teleconference with J. Hall and J. Seibel on CAFII submission occurred on March 2/15**	-introduce CAFII and build relationship ***-Bill 177, The Insurance Act*, posted on SK website on Dec. 8/14. Bill serving as consultation document with industry, with Feb. 16/15 deadline for submissions. When passed and proclaimed, will replace current SK Insurance Act.** -ISI: Representation for Restricted Licence Holders -LLQP modernization -Update on TIPIP initiative - Update on Superintendent's priorities -Communicate CAFII issues	**Pending**
Ian McIntosh, Deputy Superintendent of Insurance	Jul 28/14 call with CAFII reps re: "effecting CGI"	Same as above	See above	Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 26/15
Consultant (ex-Superintendent) Jim Hall and Janette Seibel, Lawyer, FCAA, are point persons for review of SK Insurance Act	- teleconference meeting on CAFII submission on Bill 177, on March 2/15	**Same as per Roger Sobotkiewicz**	Bill 177, The Insurance Act (Saskatchewan)	**Pending**
Manitoba				
Ministry of Finance: Jim Scalena, Superintendent ***Retired at end of 2014*** Scott Moore, Deputy Superintendent, currently serving as Interim Superintendent of Insurance Greg Dewar, Minister of Finance	 April 29/14; Winnipeg, MB April 29/14: Winnipeg, MB; No contact – appointed Nov/14	 When successor or Scott is in Toronto for CCIR/related meetings TBD	-Introduce CAFII and build/maintain relationship -Implementation of ISI regime -Representation for Restricted Licence Holders -Update on Insurance Act Review -LLQP modernization -Update on TIPIP initiative -Update on Superintendent's and Council's priorities -Communicate CAFII issues TBD until CAFII has "direct ask"	 Pending Pending
Erin Pearson, Executive Director, Insurance Council of Manitoba:	Sept. 30/14: dinner in Fredericton, NB re: ISI implementation Apr 29/14; Winnipeg, MB	When Erin is in Toronto for CISRO/related meetings	Same as above	Pending
Ontario				
FSCO: Brian Mills, appointed Interim CEO and Superintendent on October 18/14	 January 28/15 stakeholder meeting with CCIR November 21/14 at FSCO Life and Health Insurance Symposium	 **Q2 2015: follow-up lunch or dinner**	(i)-Introduce CAFII and build/maintain relationship (ii) -next steps, if any, in Life Insurance Product Suitability Review (iii)-LLQP modernization (iv)-enhancing the national CRS (v)-Update on CCIR review of travel insurance (vi)-Update on Superintendent's priorities (vii) "Agency Review" of FSCO's mandate (viii)-communicate CAFII issues	 **Pending**

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 26/15
Anatol Monid, Interim Executive Director, Licensing and Market Conduct Division	January 28/15 stakeholder meeting with CCIR November 21/14 at FSCO Life and Health Insurance Symposium April 9/14 re: Interim Report of Life Insurance Product Suitability Review	Meeting, if required re (ii)		Pending
Isabel Scovino, appointed Director, Market Conduct Regulation Branch in Nov/14	Nov 21/14 FSCO Life & Health Insurance Symposium Nov. 20/14 Networking Dinner following CLHIA CCOS Seminar Nov 13/14 re: Report on Joint Review (FSCO and AMF) of National Complaint Reporting System (CRS)	Meeting, if required re (iv)	Item (iv) above	Pending
Quebec				
AMF: Louis Morisset, CEO; Patrick Dery, Eric Stevenson, Julien Reid, Stephane Langlois, Louise Gauthier	Apr 8/14: Montreal, QC January 30/15 meeting in Toronto with E. Stevenson and L. Gauthier re (i) and (ii)	**October 6/15 CAFII Board meeting to be hosted by Desjardins in Quebec City** **Possible breakfast meeting with E. Stevenson and/or L. Gauthier in Quebec City on May 1/15, during CLHIA Conference, re (i) and (ii)**	-(i)Further round of AMF consultation re electronic commerce in insurance -(ii)Distribution Guide template and implementation timelines -LLQP modernization -enhancing the national CRS -Update on TIPIP initiative -Update on AMF priorities -Communicate CAFII issues -Maintain and strengthen relationship	**Pending** **Pending**

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 26/15
Atlantic Canada				
Joint Forum of Insurance Regulators (four provinces)	Oct 1/14: Fredericton, NB	spring or fall 2016	TBD	Deferred to 2016
New Brunswick				
Angela Mazerolle, Superintendent of Insurance	Oct 1/14: Fredericton, NB	None planned for 2015	TBD	Deferred to 2016
David Weir, Deputy Superintendent of Insurance	Oct 1/14: Fredericton, NB	**Liaison meeting around New Brunswick licensure issues if David is in Toronto for June and September 2015 LLQP Stakeholder Info Sessions**	TBD	**Pending**
Adam Mitton, Attractiveness Executive, Invest New Brunswick	Jun 3/14: Toronto, ON	Q1 2015 when Adam is in Toronto or, if necessary, in Fredericton	- highlight and discuss CAFII submission re: Insurance Act and regulatory process changes necessary to support business efficiency and further inbound investment and additional jobs in New Brunswick	Pending
Ronald Godin, Consumer Advocate for Insurance (NB govt. decision announced in Spring 2014 to eliminate Consumer Advocate, effective Jan 1/15, apparently reversed two weeks later)	No contact		-Introduce CAFII and build relationship -Position CAFII as an information resource	Pending
Nova Scotia				
Doug Murphy, Superintendent	January 28/15 stakeholder meeting with CCIR Oct 1/14: Fredericton, NB	To Be Determined	- possible Insurance Act Review in 2015	Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 26/15
PEI				
Superintendent Robert Bradley	Oct 1/14: Fredericton, NB	Q2 or Q3 2015 in PEI or Toronto	-Review of life and accident & sickness provisions of Insurance Act, previously communicated as a definite priority for 2015 -LLQP modernization -Update on TIPIP initiative -Update on Superintendent's priorities -Communicate CAFII issues -Maintain and strengthen relationship	Pending
Newfoundland				
Craig Whalen, Deputy Superintendent	Oct 1/14: Fredericton, NB	None in 2015	N/A	Deferred to 2016
FEDERAL/NATIONAL				
Carol Shevlin, Policy Manager, **CCIR** *Retiring end of 2015	-Liaison lunch with B. Wycks on Feb. 23/15 -January 28/15 stakeholder meeting with CCIR	**-December 2015 CAFII Holiday Season Reception: Recognition and tribute to Carol Shevlin, upon her imminent retirement at end of 2015 (confirmed as agreeable to her)**	-Update on CCIR 2014-17 Strategic Plan and related priorities -possible CAFII webinar(s) for CCIR in 2015 -succession plans for CCIR Policy Manager given upcoming retirement -opportunity to thank and acknowledge C. Shevlin at CAFII Reception later in 2015	**Pending**
Carolyn Rogers, **CCIR Chair** (CEO, FICOM & Superintendent of Insurance)	January 28/15 stakeholder meeting with CCIR Oct 7/14: Toronto, ON at CAFII Regulator Reception	**Dinner meeting in Quebec City on April 28 or 29/15, in connection with CLHIA Conference**; or when Carolyn is in Toronto for CCIR/related meetings	-Update on CCIR 2014-17 Strategic Plan and related priorities -CCIR review of travel insurance -LLQP modernization -Communicate CAFII issues	**Pending**
Harry James, Chair, CCIR Working Group on Travel Insurance (Director, Policy Initiatives, BC FICOM)	January 30/15 and December 10/14, CAFII participated in TIPIP meeting with CCIR Working Group on Travel Insurance	March 24/15 meeting with CAFII EOC re draft industry survey of travel insurance underwriters	-Regulator concerns re travel insurance	Completed

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status March 26/15
Ron Fullan Chair (SK); G. Matier (BC); J. Abram (AB), W. Martinson (AB); D. Weir (NB) **CISRO**	Feb 27/15: CISRO LLQP Stakeholder Info Session Feb 10/14: Toronto, ON	When Ron is in Toronto for CISRO LLQP or related meetings	-LLQP modernization -possible CISRO Strategic Plan	Completed
Jeremy Rudin, Superintendent, Office of the Superintendent of Financial Institutions	No contact – appointed June/14	Q2 2015 “get acquainted” meeting in Ottawa or Toronto	-introduce/educate about CAFII, CGI and alternate distribution -build relationship -**invite to be speaker at CAFII Reception in December 2015**	Pending
Doug Melville, Ombudsman, OBSI **(resignation announced March 2015: departs OBSI at end of May 2015 for similar position in Channel Islands)**	None	None	TBD	Watch/monitor
Financial Consumer Agency of Canada (FCAC):				
Lucie Tedesco, Commissioner	No contact		-CAFII proposed enhancements to FAQs and other content on FCAC web site re creditor insurance	Pending
Brigitte Goulard, Deputy Commissioner	Jun 10/14		-CAFII involvement in consumer financial literacy initiatives, including Financial Literacy Month	Pending
Jane Rooney, Financial Literacy Leader	Feb 10/15 (presentation at CAFII Annual Luncheon)			
Jeremie Ryan, Director, Financial Literacy and Consumer Education	Feb. 10/15	Q2 2015 (either in-person in Ottawa or Toronto; or via teleconference)		
Karen Morgan, Marketing Officer	Jan 9/14			

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Agenda Item 6.2.1
April 7, 2015 Board Meeting

Regulator Meeting Notes
Confidential: Not For Distribution

Regulator: Saskatchewan Ministry of Justice and Attorney General
Date: March 2, 2015
Purpose: Follow-up Teleconference on CAFII's Submission on Bill 177, The Insurance Act
CAFII Attendees: Greg Grant, Brendan Wycks, Tamara Steinberg, Maria Sanchez-Chung, Chris McClaren (TD Insurance, for part), Derek Blake, Sue Manson
Saskatchewan Attendees: Jim Hall, Janette Seibel

<u>Feedback/Reassurance Re CAFII's Overarching Concerns</u>

- **Existing RIA Regime Not Being Changed**. If you look at clauses 5-4 and 5-73 (1), which address related licensing requirements, there is an exclusion for the employees of Restricted Insurance Agents such that they will not have to be individually licensed. We're not intending to monkey with the existing RIA regime in the slightest. So CAFII should have no concerns here.

- **5-5(1) and 5-5(2), Insurer's Representative's Licence Required:** Again, if you're an individual working for a Restricted Insurance Agent, you're exempted and do not have to be licensed.

- **5-18(4) to (6): Recommendations for Insurance Agents and Insurer's Representatives – Life Insurance:** CAFII seems to view this clause as prohibiting an agent from representing more than one insurer. However, from a CAFII member perspective, this restriction is for individual insurance agents only, not the employees of Restricted Insurance Agents. Our intention is simply to have the same process in place as we do now. For example, for the first few years as a novice agent, an agent would only be permitted to act for one insurer. And this will be covered in the Regulations, rather than both the Act and the Regulations, as is currently the case.

- **Comprehensive Consultation On Regulations:** Saskatchewan wants to limit the number of changes to Bill 177 and the legislation itself. However, necessary adjustments can be addressed through the Regulations or a Superintendent's Directive. And they are planning a thorough, comprehensive consultation on the Regulations. They also have the ability to adopt industry standards, if CAFII has some available.

<u>Scheduling/Procedural Update</u>

The following legislative timetable was outlined with respect to Bill 177:

- Provincial legislature resumed sitting today, Monday, March 2. To date, the Bill has received Second Reading on the government side only.
- Late April/early May 2015: legislative debate
- May 14, 2015: Bill expected to be passed as legislative session ends on this date
- Summer 2015: work on the Regulations
- November 2015: beginning of comprehensive consultation period on the draft Regulations
- latter half of 2016: expected time that Bill 177 will be proclaimed

- Jim Hall is working as Senior Crown Counsel on Bill 177 as a post-retirement appointment. But his contract ends on May 31, 2015 and he'll be departing then. Janette Seibel will continue on Bill 177 and take over as lead on the file after Jim's departure

Feedback/Dialogue On Other Issues In CAFII's Submission

- **Re TPA licensing:** Saskatchewan intends to regulate all major players in the insurance sector. To that end, we have been meeting with the Third Party Administrators Association of Canada (TPAAC). Bill 177 stipulates that TPAs will have to be licensed but we still need to define what a TPA is. The definition was deliberately left out because we need to better understand the role of TPAs first. There will be lots of opportunity to define it first, and a fair amount of flexibility in the development of that definition in the Regulations.

  In our meetings with TPAAC , we've found that this Association is not looking to have its members licensed but neither do they have any strong objections to our doing so.

  The reason we are moving to licenseTPAs and MGAs is that those entities are taking on responsibilities for an insurer. So we want to be able to scrutinize the full chain of accountability.

- **5-11 (f) and (g), Application for License:** Any documents that Saskatchewan receives must be held in confidence. That is a statutory requirement. We're not flippant; we respect confidentiality. The only reason we would release something is if there was a regulatory issue, such as an investigation of fraud. And we would never release documents to a competitor.

  And if we're going to license an entity such as a TPA or MGA, we want to see what it is that they're supposed to be doing so that's why need to be able to see the contract.

- **5-12, Superintendent May Require Other Information:** CAFII is opposed to the modifier "any other" in front of the word "information." However, this is a standard provision in the current Insurance Act. We need the ability to get information when we need it, and our position on that is quite firm. That said, we aren't looking at going through FI businesses.

- **5-38, Representative's Duty of Disclosure:** Jim Hall and Jan Seibel requested clarification from CAFII on this point.

  A CAFII member outlined the group's issue with the expectation of written disclosure. The section indicates that the "in writing" part must be provided in advance, potentially before an individual has even purchased the product and is even a customer.

  Action: Jim Hall now has a better understanding of this CAFII concern and will review this clause again and get back to CAFII on it.

- **8-103 & 8-159, Issuance of Policy:** Saskatchewan believes that 8-103(8) covers off the consumer privacy exemption that CAFII believes is missing. Claimants' access to the documents extends only to information that is relevant under the contract. Bill 177 wasn't intending to deal with privileged personal information; this was for very limited purposes.

  Action: CAFII to follow-up on this item and get back to Jim and Janette as to whether we agree that 8-103(8) suffices; or, if not, why not.

- **8-05, Particulars in Group and Creditor's Group Policy:** Saskatchewan intends to define "Restrictions" in the Regulations. Anything that we can fix via the Regulations or a "Superintendent's Directive" is the way we want to address things rather than amending the legislation.

- **8-133 and 8-191, Enforcement of Right Re Creditor's Group Insurance:** Saskatchewan is confused about what happened in Alberta re its December 2013 provision that was passed. Earlier, Saskatchewan was part of multi-province discussions on this with Alberta and BC. It seems that Alberta went ahead and amended their Act's provisions on creditor's group insurance without seeking a harmonized approach with the other Western provinces. Jim Hall indicated that Saskatchewan is reluctant to make such a change which hasn't been agreed to by a number of other provinces.

- **8-165, Exclusions, exceptions or reductions:** This proposed Saskatchewan clause is the same as Ontario's. Jim questioned why Alberta had included an exemption for group insurance and creditor's group insurance. There is no such exclusion in the current Saskatchewan Act. And if we bring in an amendment that appears to be contrary to consumer protection, the legislators need to know why and currently we don't have that information.

Action: CAFII to get back to Jim and Janette on the rationale for Alberta's introduction of an exclusion for group insurance and creditor's group insurance in this area.

<u>Final/Concluding Comments</u>

Overall, Bill 177 will not be introducing any major changes to the province's existing Restricted Insurance Agent/ISI regime.

CAFII was thanked for making its submission on Bill 177. It was very helpful and it's good to understand the Association's issues and address any concerns early on in the process.

Should anything further come up in the next few weeks in terms of issues and questions, Jim and Janette would be happy to schedule another call with CAFII members.

CAFII Draft Report

Comparison of the Customer Value Proposition of Creditor's Group Insurance on Mortgages with Individual Insurance Products

A report to the Canadian Association of Financial Institutions in Insurance ("CAFII")

by Hélène Pouliot

April 1, 2015

TOWERS WATSON

Table of Contents

1. Introduction

1. Introduction

1.1 Reliances and Limitations

- This draft report is intended for discussion purposes only, and should not be distributed to third parties without Towers Watson’s express written consent. We will issue a final report which will replace this draft
- The document has been prepared in conformity with its intended use by persons technically competent in the areas addressed and for the stated purposes only Judgments as to the information contained in the report should be made only after studying the document in its entirety. Furthermore, members of Towers Watson’s staff are available to explain and/or amplify any matters presented herein and it is assumed that the user of this report will seek such explanation and/or amplification as to any matter in question
- Towers Watson did not independently verify the data and information provided by the survey participants, but, when practical, we reviewed it for reasonableness and consistency with our knowledge of the insurance industry
- All individual survey responses are kept strictly confidential. Results are published in aggregate form only

1. Introduction (continued)

1.2 Background and Scope

- The Canadian Association of Financial Institutions in Insurance (“CAFII”) is a not-for-profit association dedicated to the development of an open and flexible insurance marketplace. CAFII members are involved in all major lines of the insurance business and they provide insurance through call centres, agents and brokers, travel agents, direct mail, branches of deposit taking institutions and the Internet. CAFII members offer a variety of insurance products including Travel, Life, Health, Property and Casualty and Creditor’s group insurance
- In accordance with a letter dated April 23, 2014, CAFII engaged Towers Watson (“we”, “us”) to conduct an independent study to compare the customer value proposition of Creditor’s group insurance on mortgages (or “Creditor Insurance”) with Individual Insurance products. The study covered Life, critical illness (“CI”) and disability (“DI”) insurance products
- This report provides a summary of the study results and our key findings

2. Approach

2. Approach

The customer value proposition analysis was based on data collected from surveys of CAFII members and individual insurers, and from industry sources

Collect information on Creditor Insurance

- From a survey conducted during the summer of 2014
- From industry sources:
  - Canadian Mortgage and Housing Corporation ("CMHC")
  - CAFII members' websites

Collect information on Individual Insurance

- From a survey conducted during the fall of 2014
- From industry sources:
  - LifeGuide by CompuOffice Software Inc.
  - Individual Insurers' websites
- Target Individual Insurance products most comparable to Creditor Insurance products:
  - Life and CI: 20 Year Term Renewable & Convertible* ("T20R&C") and 10 Year Term Renewable & Convertible ("T10R&C")
  - DI: Accident & Sickness - 24 or 36 months benefit period

* Renewable: A type of term life insurance that can be renewed at the end of the term, without evidence of insurability. When the insurance renews, the premium rate increases

Convertible: A right that a policyholder has to exchange their Term policy for a Permanent insurance policy , without giving proof of good health

2. Approach (continued)

Surveys

- Two separate surveys, one tailored to Creditor Insurance companies and the other tailored to Individual Life Insurance companies, included questions concerning the product features, application process, and claims management of Life, Critical Illness and Disability Income insurance products
- CAFII member survey was completed online by all 7 CAFII members* offering Creditor Insurance products
- Individual insurer survey was sent to 24 insurance companies and was completed online by 13 companies* offering Individual Insurance products
- TW reviewed all data submissions for completeness. Additional data was requested from the participants where necessary to resolve incongruities
- The survey focused on 21 key customer profiles (see next slide)

* See Appendix A for list of participants

2. Approach (continued)

Customer profiles selection

- The analysis focused on key customer profiles representing Creditor Insurance consumers
- Creditor Insurance (as defined in this report) is associated with the purchase of a mortgage
- Based on a Statistics Canada Article on “The distribution of mortgage debt in Canada” (published in 2011), the overall mean value of dwellings* was $303,700. The average value of a home varied across areas of residence and regions; the lowest value was $170,100 in the Atlantic region and the highest value was $458,900 in British Columbia
- In discussion with CAFII, it was agreed that mortgage consumers were likely to be the younger generation workforce; age 25 & 35 were chosen as representative and age 50 was added for completeness of this study

* Mean value of dwelling is the mean of current market prices of dwellings as reported by home-owning households in the 2008 Survey of Household Spending

2. Approach (continued)

- The following key customer profiles were selected

Key Customer Profiles

Profile	Detail
Issue Age	25, 35, 50
Gender	Male, Female
Coverage Type	Single, Joint (Male Age 35 and Female Age 32)
Issued Amount	Sum Insured/mortgage origination amount (Life and CI): • \$100,000 • \$250,000 • \$500,000 Monthly Insured Mortgage Payment (DI): • \$600 • \$1,500 • \$3,000

2. Approach (continued)

Customer value proposition analysis

- Compiled and analyzed the results obtained from surveys data and industry sources
- CAFII member survey provided insight on the Creditor Insurance market
  - The statistics were compiled based on information provided for the in force as of fiscal year-end 2013 and new mortgage issued (“new business”) during the fiscal year 2013
- Comparison of main product features, average premium rates as well as application and claims approval process for Creditor Insurance and Individual Insurance, when available
  - The product features and premium rates were those available for a new application at time of the data collection (Summer of 2014)
  - The statistics on the application and claims process were compiled based on applications received and claims submitted during 2013

3. Creditor Insurance Market

3. Creditor Insurance Market

- As of year-end 2013, CAFII members had a total number of 4.6 million mortgages for a total in-force mortgage origination amount of approximately $930 billion
- The average size of all in-force mortgages was $202,000
- Based on mortgage origination amount, 35% of those mortgages were insured with at least one Creditor Insurance product (Life, CI or DI)
- The average size of the insured mortgages ($153,000) was lower than the uninsured mortgages ($242,000)

In-Force Creditor Insurance Market – Year-End 2013

In-Force Mortgages	Number of Mortgages (million)	Mortgage Origination Amount ($ billion)	Average Mortgage Size ($)
Insured	2.1	322	153,000
Not insured	2.5	608	242,000
Total	4.6	930	202,000

3. Creditor Insurance Market (continued)

- The new mortgages issued during 2013 accounted for approximately 20% of the in-force mortgages
- Based on mortgage origination amount, 27% of those new mortgages were insured with at least one Creditor Insurance product
- The average size of all new mortgages ($230,000) was higher than that of all in-force mortgages ($202,000), reflecting the rising market value of dwellings in recent years
- For new mortgages, the average size of the insured and uninsured mortgages was $222,000 and $236,000 respectively, again showing that insured mortgages are on average smaller than uninsured mortgages

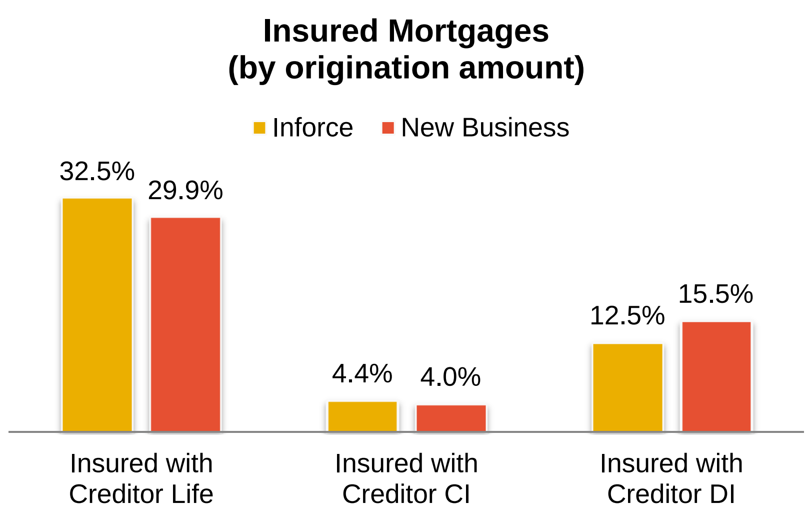
New Creditor Insurance Market – Issued in 2013

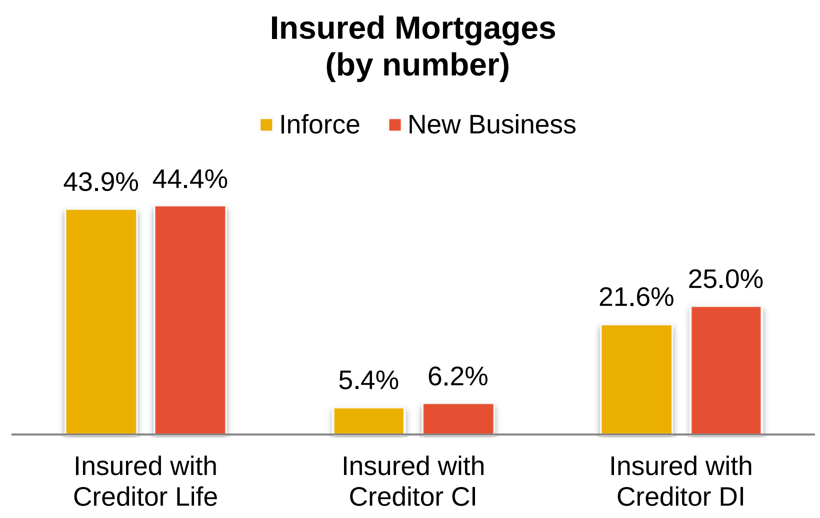
New Mortgages	Number of Mortgages (thousand)	Mortgage Origination Amount ($ billion)	Average Mortgage Size ($)
Insured	385	85	222,000
Not insured	485	114	236,000
Total	870	200	230,000

3. Creditor Insurance Market (continued)

- Age-eligibility is based on consumer age at the time of mortgage or insurance application; CI has lower maximum age-eligibility
- It was assumed that all mortgages eligible for Creditor Life insurance were also eligible for CI and DI insurance (defined as “eligible for insurance”)
- Based on origination amount, approximately 30% of the eligible mortgages are insured with Creditor Life insurance, about 15% are insured with Creditor DI insurance and less than 5% are insured with Creditor CI
- The percentage of insured mortgages by number is higher than by amount, reflecting the fact that smaller mortgages tend to be more insured than larger ones

Percentage of Mortgages Insured with Each Creditor Insurance Product for In-Force Mortgages as of Year-End 2013 and New Mortgages Issued in 2013





4. Individual Insurance Market

4. Individual Insurance Market

According to the Canadian Life and Health Insurance Association,

- By year-end 2013, the in-force Individual Life insurance for Term and Permanent insurance combined was $2,370 billion. Of the total amount in force, 58% ($1,375 billion) was Term and 42% ($995 billion) was Permanent
- During 2013, Canadians purchased $222 billion of Individual Life Insurance. More than 60% of the new face amount was some form of Term policies. Because of their relatively large size, Term accounted for more than 75% of the total amount of Individual Life Insurance (approximately $166 billion)
- The average insured amount for new issued Individual Life Insurance (Term and Permanent in total) was $309,400
- There is no comparable statistics for the Individual CI and DI market

4. Individual Insurance Market (continued)

Based on the Individual Insurance Survey Responses,

- As of year-end 2013, Individual Insurers who participated in the survey had approximately 1.3 million policies for Term Life, CI and DI products combined
- Based on the Term Life face amount, the Individual Insurers who participated in the survey represent approximately 27% of the in-force Individual Insurance Market

In-Force Individual Insurance Market (survey participants) – Year-End 2013

In-Force	Number of Policies (thousands)	Insured Amount ($ billion)	Average Insured Amount ($)
Individual Life Term	970	375	387,400
Individual CI	88	5	57,400
Individual DI	276	1	4,700

4. Individual Insurance Market (continued)

Based on the Individual Insurance Survey Responses,

- Based on the Term Life face amount, the Individual Insurers who participated in the survey represent approximately 38% of the 2013 new business
- For Individual Life and CI products, the average insured amount of new policies issued by the Individual Insurer Survey participants during 2013 was higher than that of in-force policies
- For Individual DI, the average insured amount of new business was similar to that of in- force policies

New Individual Insurance Market (survey participants) – Issued in 2013

New	Number of Policies (thousands)	Insured Amount ($ billion)	Average Insured Amount ($)
Individual Life Term	151	63	417,900
Individual CI	17	1	71,200
Individual DI	16	Less than 1	4,500

4. Individual Insurance Market (continued)

Comparing the average insured amount of the Individual Insurance survey participants to the Creditor Insurance market,

- The average insured amount for Individual Life products is significantly higher than the average insured mortgage origination amount for Creditor products, both in-force and new business
- For CI, the average Creditor amount is higher
- Data was not available to compare the DI average coverage

In-Force and New Business Average Insured Amount

	Individual Life Term (Average Insured Amount $)	Individual CI (Average Insured Amount $)	Creditor (Average Insured Mortgage Origination Amount $)
In-Force as of YE2013	**387,400**	**57,400**	**153,000**
New Business during 2013	**417,900**	**71,200**	**222,000**

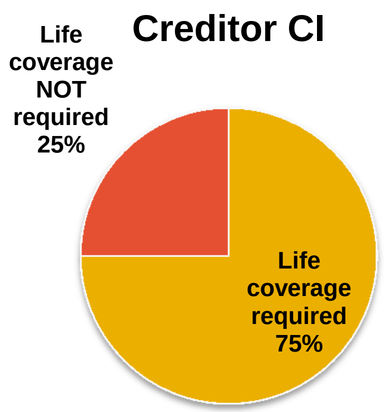
5. Key Findings

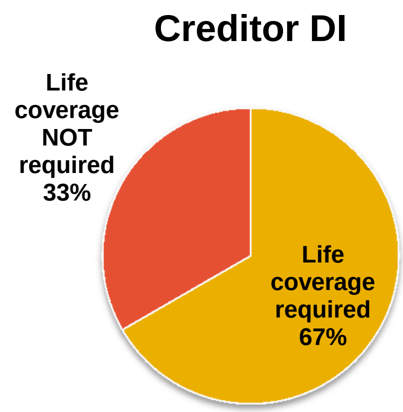
5.1 Key Findings – Eligibility

5.1 Key Findings – Eligibility

- In terms of product offering, 100% of the CAFII members that participated in the survey offer Creditor Life insurance, 86% offer Creditor DI and only 57% offer Creditor CI
- More than 65% of the participating CAFII members who offer Creditor CI or DI require the purchase of Life Insurance coverage as a pre-requisite
- In comparison, among the Individual Insurers offering Term Life Insurance, 32% offer DI and 86% offer CI. The majority of the CI and DI products are offered on a stand-alone basis

Creditor Life Coverage Required to Obtain Creditor CI or DI





5.1 Key Findings – Eligibility (continued)

- For the majority of participating CAFII members, the minimum age for an applicant to be eligible to apply for Creditor Insurance is 18
- The maximum age to be eligible for coverage ranges from 64-70 for Creditor Life and 64-65 for Creditor DI. For Creditor CI, the maximum age is lower, in the range of 55 to 64

Maximum Eligible Age Range to Apply for Coverage
Percentage of CAFII Members

Maximum Eligible Age Range to Apply	Creditor CI	Creditor DI
55-60	50%	0%
61-65	50%	100%
66-70	0%	0%

- The minimum and maximum ages for eligibility for Creditor Insurance are similar to Individual Insurance
- For DI products, 86% of the participating CAFII members and 78% of the individual insurers have working condition requirements for applicants to be eligible to apply for the coverage

5.2 Key Findings – Application & Underwriting Process

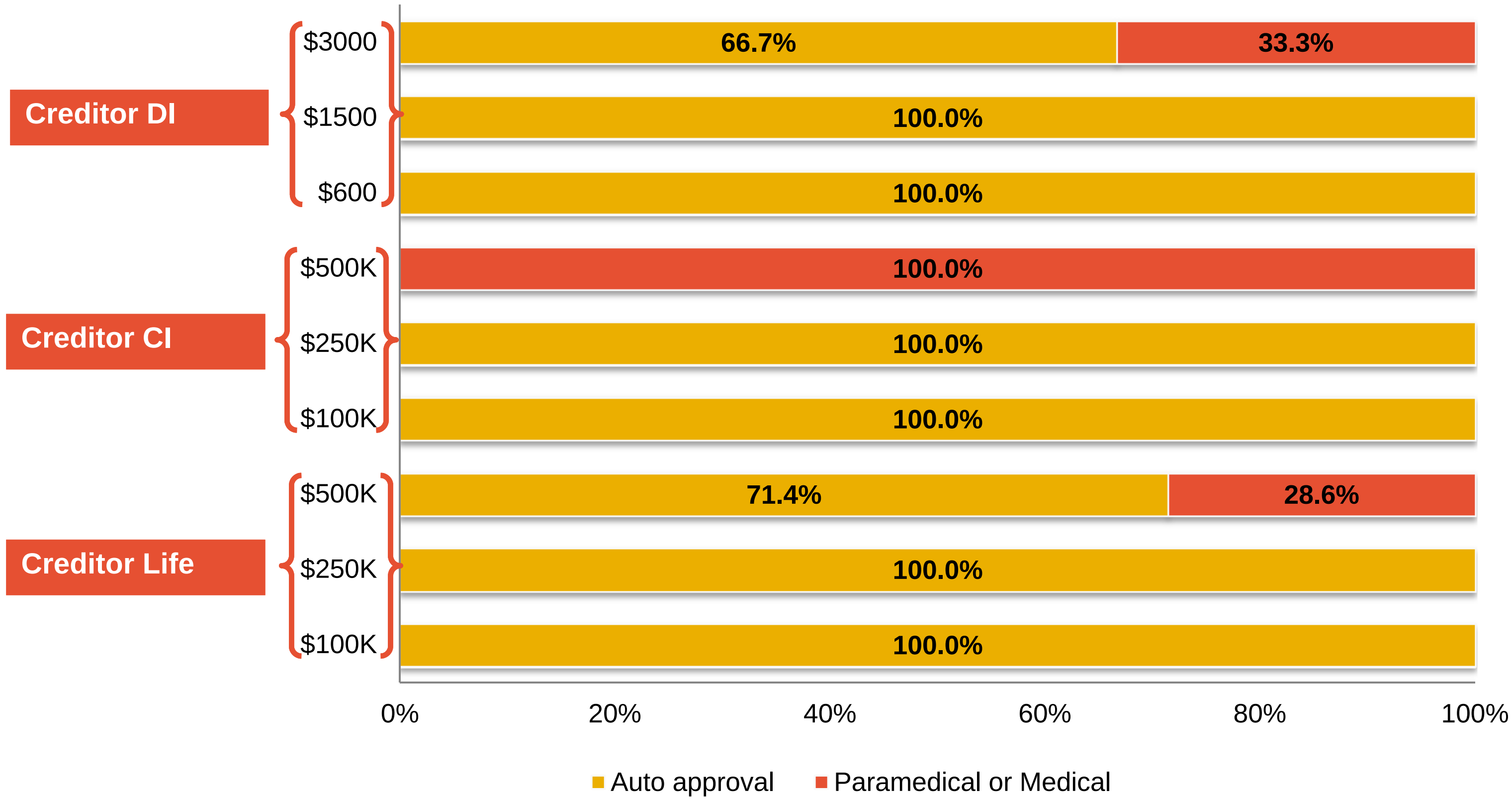
5.2 Key Findings – Application & Underwriting Process

- In this section, the following definitions are used:
  - **Guaranteed Issue**: Automatic approval without any health question(s)
  - **Auto approval (or Simple Issue)**: The application is automatically approved if the applicant answered “no” to all the simple health questions
  - **Paramedical Underwriting**: Long health questionnaire, blood pressure, urine specimen
  - **Medical Underwriting**: Paramedical & blood testing, ECG, etc.
- The next two slides show the minimum underwriting requirements to approve an application
  - For each Creditor Insurance and each Individual Insurance product (Life, CI or DI)
  - By insured amount

5.2 Key Findings – Application & Underwriting Process (continued)

- For all three Creditor Insurance products, Paramedical/ Medical underwriting is only required for high insured amounts, i.e. Creditor Life or CI insured amount $500,000 or Creditor DI monthly payment $3,000

Minimum Underwriting Requirements by Insured Amount* - Percentage of CAFII Members

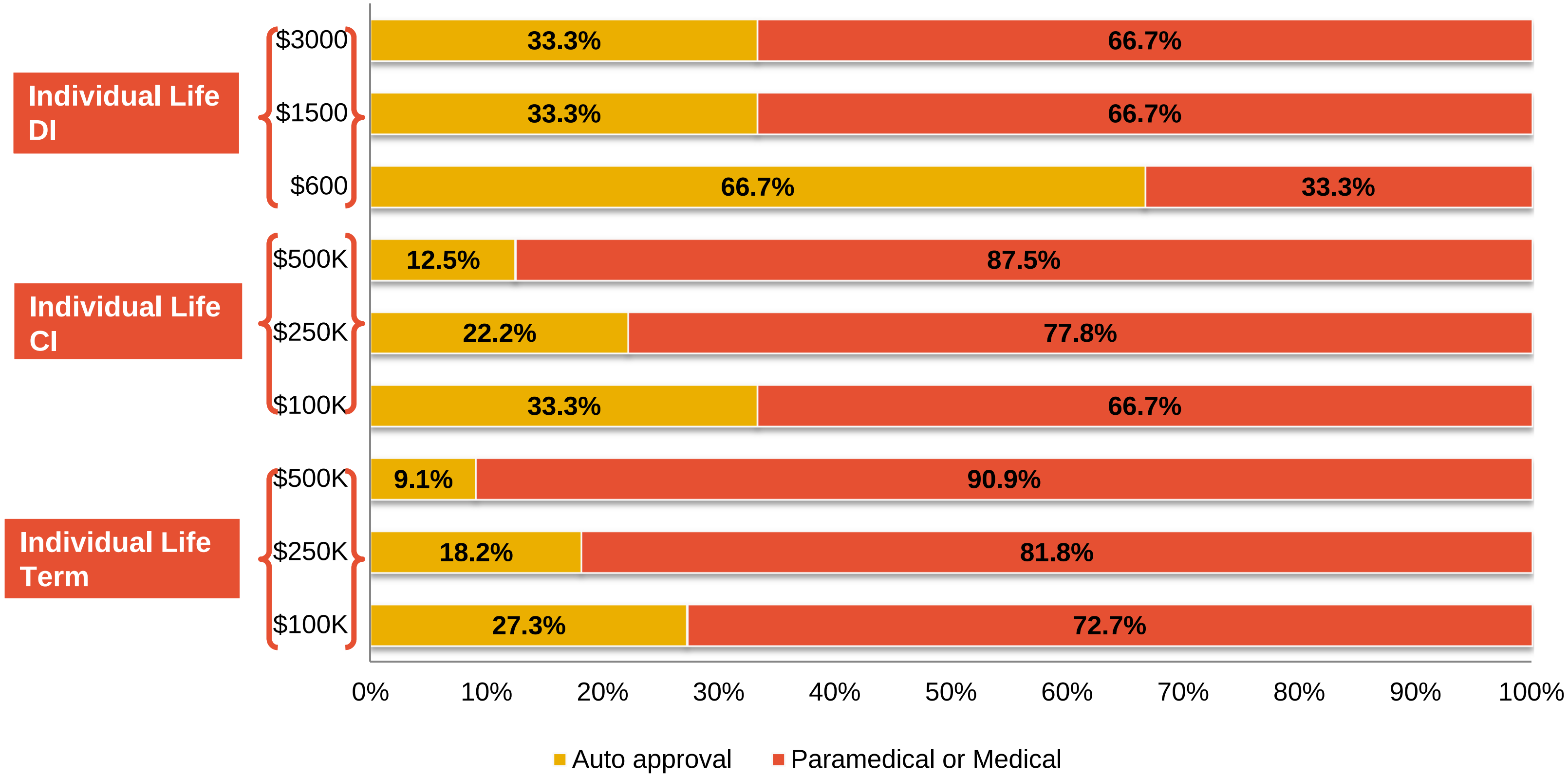


* Guaranteed issue does not apply to the key profiles

5.2 Key Findings – Application & Underwriting Process (continued)

- In comparison, individual insurers have higher underwriting requirements. For Individual Life and CI, more than 66% of the individual insurer participants respond that Paramedical or Medical underwriting is required even for insured amount of $100,000

Minimum Underwriting Requirements by Insured Amount* - Percentage of Individual Insurers

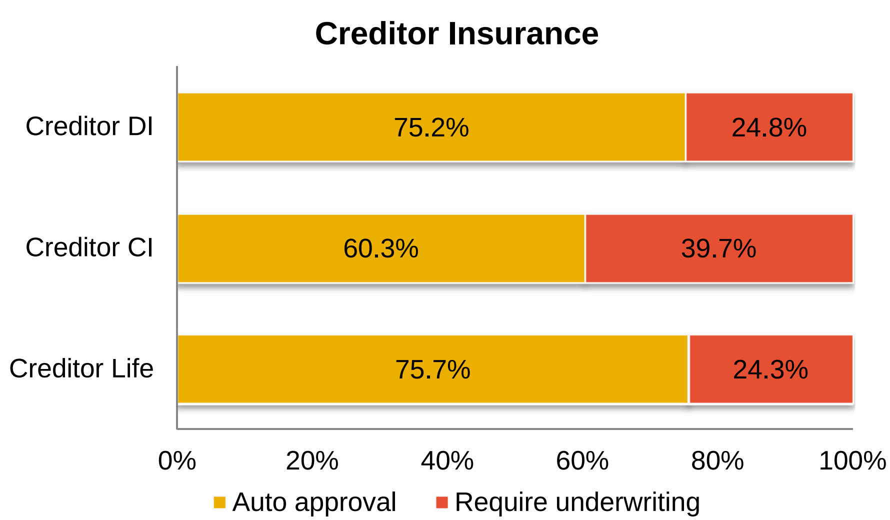


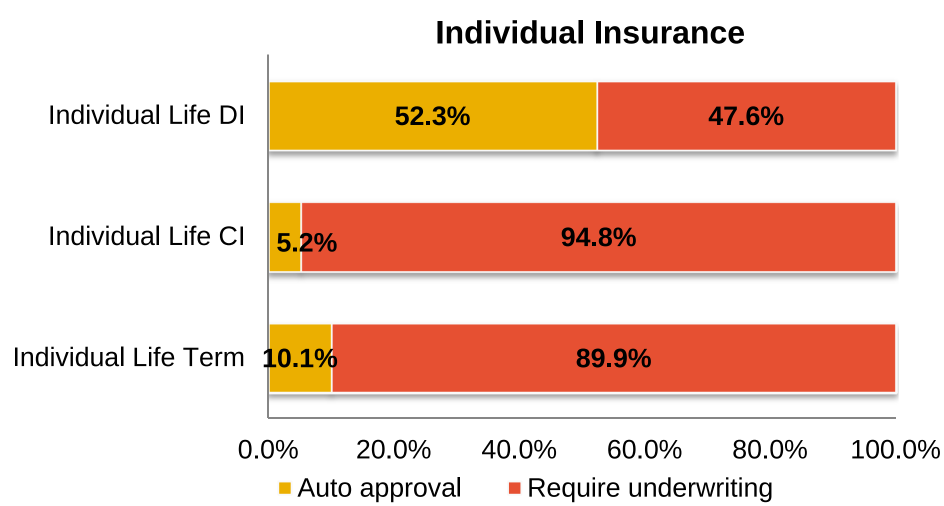
* Guaranteed issue does not apply to these profiles

5.2 Key Findings – Application & Underwriting Process (continued)

- For Creditor Insurance applications received during 2013, more than 60% were auto-approved (or simple issued) and did not require further underwriting (Paramedical or Medical)
- For Individual Insurance, the percentage of applications auto-approved (simple issue) was significantly lower, particularly for Life and CI (10.1% for Life and 5.2% for CI). For DI, 52.3% were auto-approved compared to 75.2% for Creditor Insurance
- Applications for Creditor Insurance are more likely to be auto-approved and consumers don't have to go through the more complex and time-consuming underwriting process

2013 Applications – Percentage by Underwriting Level

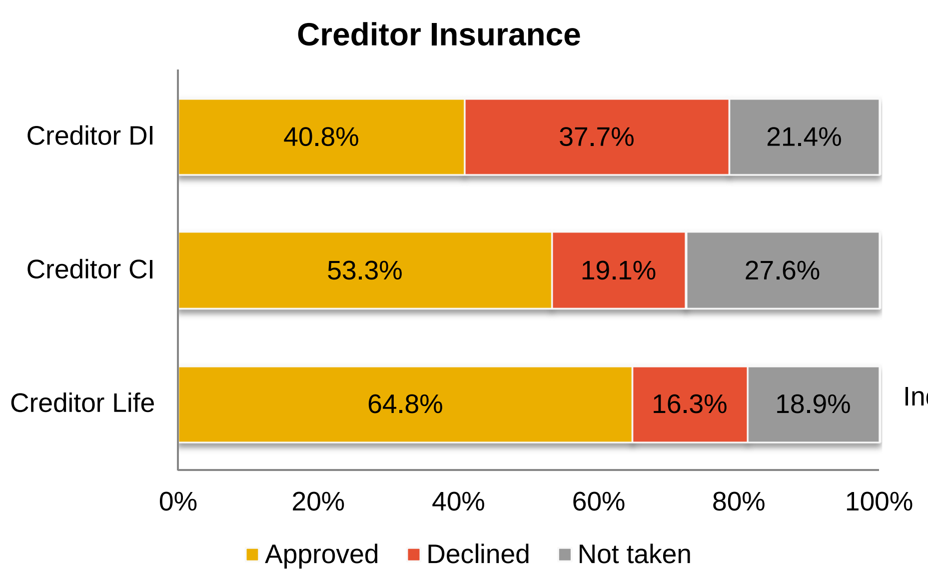


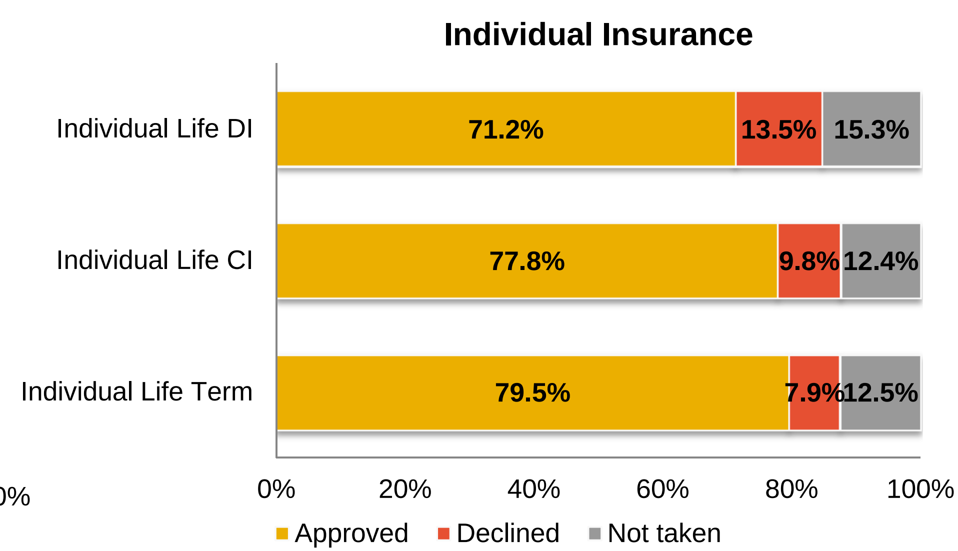


5.2 Key Findings – Application & Underwriting Process (continued)

- When Paramedical or Medical underwriting is required, the approval rate in 2013 for Creditor Insurance was 40 - 65%, compared to 70 - 80 % for Individual Insurance
- The declined rate for Creditor Insurance is significantly higher than for Individual Insurance

2013 Applications with Paramedical or Medical Underwriting – Approval Rate (by number)

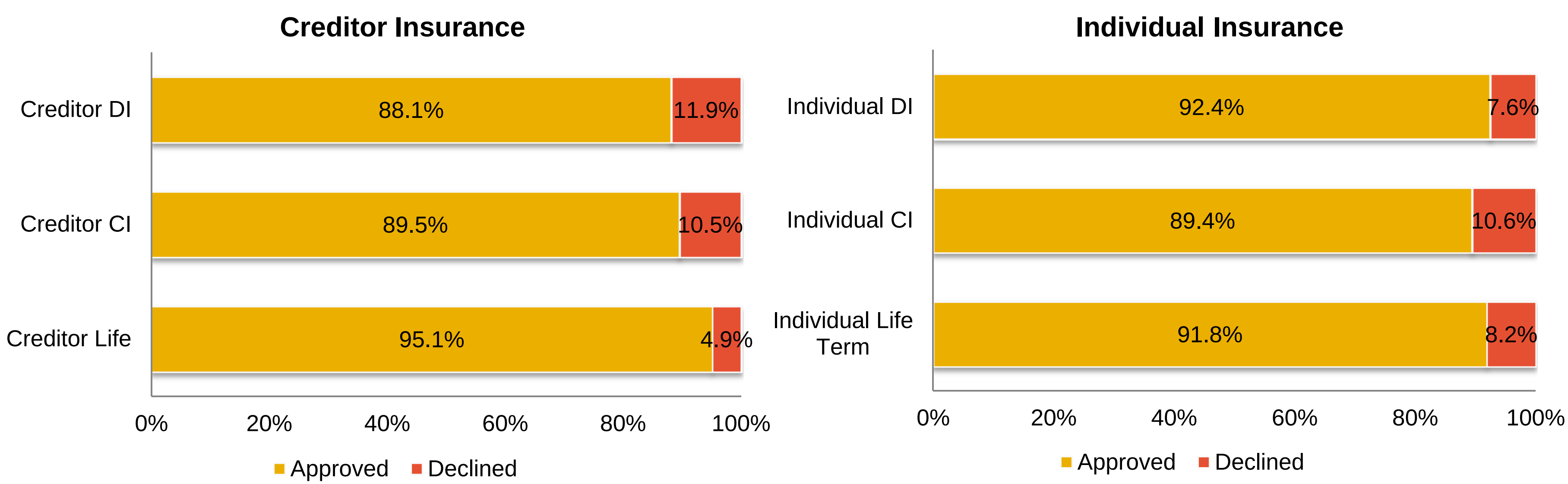




5.2 Key Findings – Application & Underwriting Process (continued)

- When looking at all the applications received in 2013, the proportion that were approved for Creditor Insurance and Individual Insurance (either auto-approved or after Paramedical/Medical underwriting) was very similar for DI and CI
- For Life insurance, the approval rate was higher (95.1%) for Creditor Insurance relative to Individual Insurance (91.8%)

2013 Applications by Number– Total Approval Rate



5.2 Key Findings – Application & Underwriting Process (continued)

- Based on the survey responses, Creditor Insurance products offer standard rates only and do not accept extra premium on substandard lives; Individual Insurers offer coverage to substandard lives with extra premium
- The average maximum mortality/morbidity rating without extra premium is slightly higher for Creditor Life and CI products compared to Individual Life and CI products
- For Individual DI, there are typically no extra premium and premium rates vary by occupational class

Comparison of Average Maximum Mortality/Morbidity Rating

	Maximum Rating without Extra Premium		Maximum Rating with Extra Premium	
	Creditor	Individual	Creditor	Individual
Life Insurance	186%	175%	Not applicable	364%
CI Insurance	162%	150%	Not applicable	231%

5.3 Key Findings – Product Features

5.3 Key Findings – Comparison of General Product Features

The following is a comparison of product features where there is significant difference between Creditor Insurance and Individual Insurance. See Appendix B for a full list of product features

	Creditor Insurance	Individual Insurance
Premium Rate Guarantee	• The insurance premium rates are subject to change and not guaranteed for all three products	• Premium rates are guaranteed for the Life and CI insurance contracts • DI premium rates are subject to change
Cancellation (by insurer)	• Group policy • More than 83% of the participating CAFII members can cancel coverage*	• Life and CI insurance coverages are non-cancellable • Some DI products may be cancelled by the insurer
Benefit	• The benefit is the outstanding balance of the mortgage for Life or CI products • The benefit is the principal and interest portions of the mortgage payments plus the insurance premium, for DI products	• The individual insurance benefit is level and set at issue

* None of the CAFII members have cancelled the coverage in the past few years

5.3 Key Findings – Comparison of Life Product Features (continued)

	Creditor Life Insurance	Individual Life Insurance
Premium by Risk Class	• Premium rates are not gender or smoking status distinct (only one CAFII member has gender distinct premium rates) • Generally, premium rates do not vary by insured amount • No policy fee	• Premium rates vary by gender, smoking status and underwriting risk class* • Preferred underwriting** is offered for higher insured amounts • With policy fee
Convertibility	• Not applicable	• Can be converted to Permanent Life Insurance products up to age 65-70
Joint Coverage	• Available, some products have restriction of maximum of 2 people in one policy • Premium discount on joint coverage	• Available, number of individuals allowed in a policy is generally more than 2 • Premium discount
Additional Benefits	• Limited number of products offer additional benefits such as Job Loss and Accidental Death Benefit	• Other benefit coverages, i.e. Waiver of Premium, Accidental Death Benefit, Child Rider are commonly offered at extra cost

* Underwriting risk class: a group of individuals that have similar characteristics which is used to determine the risk associated with underwriting a new policy and the premium that should be charged for coverage

** Preferred underwriting: Individuals in the preferred group have lower rates

5.3 Key Findings – Comparison of CI Product Features

	Creditor CI Insurance	Individual CI Insurance
Illness Covered	• 3 to 4 illnesses*	• Majority of products cover more than 20 illnesses
Survival Period	• For most of the CI products, there is no minimum survival period after diagnosis for a valid critical illness claim	• 80% of the products require a 30-day elimination period on Individual CI insurance
Additional Benefits	• Majority of the CI products do not offer additional benefits	• Additional benefits such as early detection benefit and best doctor services are commonly included in the CI products (no additional cost) while return of premium is available for purchase

* The three illnesses commonly covered by Creditor CI Insurance products are: cancer, heart attack and stroke. According to the Munich Re Individual Insurance Survey based on individual policy claims paid in Canada until the end of 2009, cancer, heart attack and stroke are the most common types of illnesses for which benefits are paid under Individual CI policies. These 3 illnesses account for 86% of paid claims

5.3 Key Findings – Comparison of DI Product Features

	Creditor DI Insurance	Individual DI Insurance
Benefit Payment Period	• 83% of the companies offer benefit payments up to 24 months	• 24 months, 60 months and coverage to age 65 or 70 are generally offered by individual insurers
Definition of disability	• Own Occupation	• Own Occupation for the first 24 months. After 24 months, definition changes to Any Occupation
Waiting Period	• 60 days waiting period is offered by all products except one which has waiting period of 30 days	• Most companies provide various waiting period options, i.e. 14, 30, 60, 90, 120. Waiting period has to be elected at time of issue

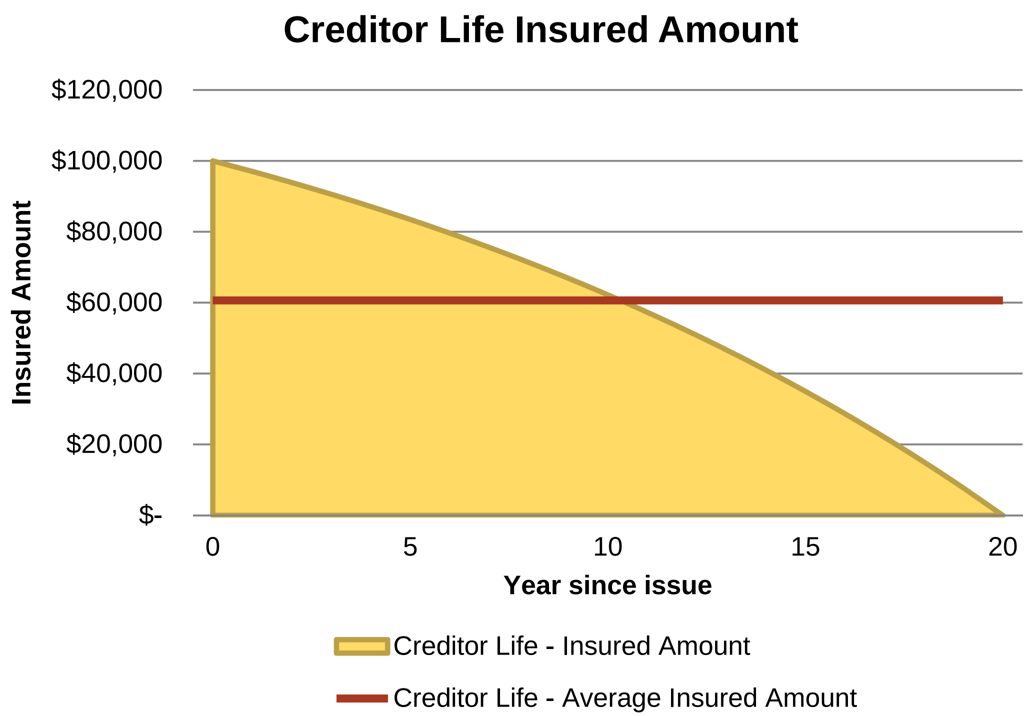
5.4 Key Findings – Premium Rates

5.4 Key Findings – Life Premium Rates

- The average mortgage amortization period is about 20 years:
  - Creditor Life Insurance premium rates were compared to Individual Life T20R&C premium rates (standard risk class)
  - Creditor Life Insurance premium rates were also compared to Individual Life T10R&C using average premium rates over 20 years, assuming one renewal
  - Premium rates for Individual Life were expressed as a percentage of Creditor Life premium rates
  - The rate comparison and averages were done ignoring the difference in benefits paid; Creditor Insurance coverage is decreasing relative to a level coverage for Individual Insurance
  - The adjusted average rate comparison took into account the difference in coverage

5.4 Key Findings – Life Premium Rates (continued)

- The chart below illustrates the Creditor Life insured amount assuming:
  - Original mortgage amount = $100,000
  - Interest Rate = 5%
  - Amortization period = 20 years with monthly payments
- The average insured amount over 20 years under Creditor Life is $61,000



5.4 Key Findings – Life Premium Rates (continued)

- Compared to Individual Life T20R&C premiums per $1,000:
  - For Smokers, Creditor Life premium rates are lower for Males, Females and Joint, on average basis. On adjusted average basis, Creditor Life premium rates are lower for Males only
  - For Non-Smokers, Individual Life premium rates are lower for Males, Females and Joint, on average and adjusted average basis

- Compared to Individual Life T10R&C premiums per $1,000:
  - For Smokers and Non-Smokers, Creditor Life premium rates are lower for Males, Females and Joint, on average basis
  - On adjusted average basis, Individual Life premium rates are lower for Males, Females and Joint Non-Smokers; Creditor life premiums rates are lower for Smokers
  - In general, the T10R&C initial premium rates (for the first 10 years) are lower than Creditor Life premium rates and T10R&C renewal premium rates are higher than Creditor Life premium rates

5.4 Key Findings – Life Premium Rates (continued)

Male Premium Rate per $1,000
Creditor Life vs. Individual Life T20 R&C

Age	Insured Amount	Creditor Life	Individual Life (Non-Smoker) As % of Creditor Life	Individual Life (Smoker) As % of Creditor Life
25	$100K	0.10	125%	175%
	$250K	0.09	85%	138%
	$500K	0.09	76%	127%
35	$100K	0.14	103%	178%
	$250K	0.13	74%	155%
	$500K	0.12	63%	149%
50	$100K	0.45	87%	203%
	$250K	0.38	84%	215%
	$500K	0.37	79%	206%
		Average	86%	172%
		Adjusted Average	52%	105%

Notes:

- Creditor Life: Monthly premium rate per $1,000 is the average of rates from the participating CAFII member , provided in the survey responses
- Individual Life: Monthly premium rate per $1,000 is the average of all the products available in the market including policy fee, as extracted from the LifeGuide software

5.4 Key Findings – Life Premium Rates (continued)

Female Premium Rate per $1,000
Creditor Life vs. Individual Life T20 R&C

Age	Insured Amount	Creditor Life	Individual Life (Non-Smoker) As % of Creditor Life	Individual Life (Smoker) As % of Creditor Life
25	$100K	0.10	110%	135%
	$250K	0.08	75%	102%
	$500K	0.08	59%	84%
35	$100K	0.13	95%	149%
	$250K	0.12	63%	126%
	$500K	0.12	49%	116%
50	$100K	0.42	67%	133%
	$250K	0.36	61%	127%
	$500K	0.36	53%	122%
		Average	70%	122%
		Adjusted Average	43%	74%

Notes:

- Creditor Life: Monthly premium rate per $1,000 is the average of participating CAFII member products as provided in the survey responses
- Individual Life: Monthly premium rate per $1,000 is the average of all the products available in the market including policy fee, as extracted from the LifeGuide software

5.4 Key Findings – Life Premium Rates (continued)

Joint Life Premium Rate per $1,000
Creditor Life vs. Individual Life T20 R&C

Age	Insured Amount	Creditor Life	Individual Life (Non-Smoker) As % of Creditor Life	Individual Life (Smoker) As % of Creditor Life
Male Age 35 & Female Age 32	$100K	0.23	86%	156%
	$250K	0.21	69%	145%
	$500K	0.20	58%	139%
		Average	71%	147%
		Adjusted Average	43%	90%

Notes:

- Joint: Male Age 35 and Female Age 32
- Creditor Life: Monthly premium rate per $1,000 is the average of participating CAFII member products as provided in the survey responses
- Individual Life: Monthly premium rate per $1,000 is the average of all the products available in the market including policy fee, as extracted from the LifeGuide software

5.4 Key Findings – Life Premium Rates (continued)

Male Premium Rate per $1,000
Creditor Life vs. Individual Life T10 R&C

Age	Insured Amount	Creditor Life	Individual Life (Non-Smoker) As % of Creditor Life	Individual Life (Smoker) As % of Creditor Life
25	$100K	0.10	162%	229%
	$250K	0.09	121%	189%
	$500K	0.09	106%	179%
35	$100K	0.14	173%	298%
	$250K	0.13	138%	261%
	$500K	0.12	128%	259%
50	$100K	0.45	160%	355%
	$250K	0.38	167%	386%
	$500K	0.37	164%	387%
		Average	147%	282%
		Adjusted Average	89%	172%

Notes:
- Creditor Life: Monthly premium rate per $1,000 is the average of participating CAFII member products as provided in the survey responses
- Individual Life: Monthly premium rate per $1,000 is the average of all the products available in the market including policy fee for 20 years, as extracted from the LifeGuide software

5.4 Key Findings – Life Premium Rates (continued)

Female Premium Rate per $1,000
Creditor Life vs. Individual Life T10 R&C

Age	Insured Amount	Creditor Life	Individual Life (Non-Smoker) As % of Creditor Life	Individual Life (Smoker) As % of Creditor Life
25	$100K	0.10	130%	176%
	$250K	0.08	104%	153%
	$500K	0.08	84%	135%
35	$100K	0.13	144%	235%
	$250K	0.12	109%	201%
	$500K	0.12	95%	190%
50	$100K	0.42	122%	220%
	$250K	0.36	117%	221%
	$500K	0.36	113%	219%
		Average	113%	194%
		Adjusted Average	69%	119%

Notes:
- Creditor Life: Monthly premium rate per $1,000 is the average of participating CAFII member products as provided in the survey responses
- Individual Life: Monthly premium rate per $1,000 is the average of all the products available in the market including policy fee for 20 years, as extracted from the LifeGuide software

5.4 Key Findings – Life Premium Rates (continued)

Joint Life Premium Rate per $1,000
Creditor Life vs. Individual Life T10 R&C

Age	Insured Amount	Creditor Life	Individual Life (Non-Smoker) As % of Creditor Life	Individual Life (Smoker) As % of Creditor Life
Male Age 25 & Female Age 32	$100K	0.23	146%	256%
	$250K	0.21	125%	244%
	$500K	0.20	119%	240%
		Average	130%	247%
		Adjusted Average	79%	150%

Notes:

- Joint: Male Age 35 and Female Age 32
- Creditor Life: Monthly premium rate per $1,000 is the average of participating CAFII member products as provided in the survey responses
- Individual Life: Monthly premium rate per $1,000 is the average of all the products available in the market including policy fee for 20 years, as extracted from the LifeGuide software

5.4 Key Findings – CI Premium Rates

- Creditor CI premium rates were compared to Individual CI T10R&C and T20R&C (standard risk class) for each Key Customer Profile. Joint premium rates were not available from Lifeguide
  - Premium rates for Individual CI are expressed as a percentage of Creditor CI premium rates
- Compared to Individual CI T10R&C and Individual CI T20R&C premiums per $1,000:
  - For Smokers & Non-Smokers, Males & Females, Creditor CI premium rates are much lower, on average and adjusted average basis
  - According to the Munich Re survey, Individual CI covers more illnesses than the Creditor CI. There are also additional benefits included under Individual CI

5.4 Key Findings – CI Premium Rates (continued)

Male Premium Rate per $1,000
Creditor CI vs. Individual CI T20 R&C

Age	Insured Amount	Creditor CI	Individual CI (Non-Smoker) As % of Creditor CI	Individual CI (Smoker) As % of Creditor CI
25	$100K	0.12	224%	274%
	$250K	0.12	194%	245%
	$500K	0.13	163%	208%
35	$100K	0.17	238%	425%
	$250K	0.17	225%	417%
	$500K	0.19	194%	365%
50	$100K	0.66	200%	444%
	$250K	0.63	203%	454%
	$500K	0.59	215%	483%
		Average	206%	368%
		Adjusted Average	126%	225%

Notes:
- Creditor CI: Monthly premium rate per $1,000 is the average of participating CAFII member products as provided in the survey responses
- Individual CI: Monthly premium rate per $1,000 is the average of all the products available in the market including policy fee, as extracted from the LifeGuide software

5.4 Key Findings – CI Premium Rates (continued)

Female Premium Rate per $1,000
Creditor CI vs. Individual CI T20 R&C

Age	Insured Amount	Creditor CI	Individual CI (Non-Smoker) As % of Creditor CI	Individual CI (Smoker) As % of Creditor CI
25	$100K	0.12	226%	285%
	$250K	0.12	196%	256%
	$500K	0.13	165%	217%
35	$100K	0.17	245%	400%
	$250K	0.17	232%	393%
	$500K	0.19	200%	343%
50	$100K	0.66	169%	339%
	$250K	0.62	172%	354%
	$500K	0.57	185%	379%
		Average	199%	329%
		Adjusted Average	121%	201%

Notes:

- Creditor CI: Monthly premium rate per $1,000 is the average of participating CAFII member products as provided in the survey responses
- Individual CI: Monthly premium rate per $1,000 is the average of all the products available in the market including policy fee, as extracted from the LifeGuide software

5.4 Key Findings – CI Premium Rates (continued)

Male Premium Rate per $1,000
Creditor CI vs. Individual CI T10 R&C

Age	Insured Amount	Creditor CI	Individual CI (Non-Smoker) As % of Creditor CI	Individual CI (Smoker) As % of Creditor CI
25	$100K	0.12	249%	351%
	$250K	0.12	221%	325%
	$500K	0.13	184%	271%
35	$100K	0.17	289%	550%
	$250K	0.17	276%	543%
	$500K	0.19	237%	466%
50	$100K	0.66	254%	583%
	$250K	0.63	258%	593%
	$500K	0.59	269%	623%
		Average	248%	478%
		Adjusted Average	152%	292%

Notes:
- Creditor CI: Monthly premium rate per $1,000 is the average of participating CAFII member products as provided in the survey responses
- Individual CI: Monthly premium rate per $1,000 is the average of all the products available in the market including policy fee for 20 years, as extracted from the LifeGuide software

5.4 Key Findings – CI Premium Rates (continued)

Female Premium Rate per $1,000
Creditor CI vs. Individual CI T10 R&C

Age	Insured Amount	Creditor CI	Individual CI (Non-Smoker) As % of Creditor CI	Individual CI (Smoker) As % of Creditor CI
25	$100K	0.12	249%	330%
	$250K	0.12	220%	295%
	$500K	0.13	183%	244%
35	$100K	0.17	289%	485%
	$250K	0.17	276%	464%
	$500K	0.19	237%	401%
50	$100K	0.66	198%	396%
	$250K	0.62	202%	404%
	$500K	0.57	218%	435%
		Average	230%	384%
		Adjusted Average	140%	234%

Notes:
- Creditor CI: Monthly premium rate per $1,000 is the average of participating CAFII member products as provided in the survey responses
- Individual CI: Monthly premium rate per $1,000 is the average of all the products available in the market including policy fee for 20 years, as extracted from the LifeGuide software

5.4 Key Findings – DI Premium Rates

- Most Creditor DI products offered by CAFII members have a 60-day waiting period. We used the Individual DI with a 60-day and 30-day waiting period for the premium rate comparison. Rates for occupational class 2A were used in this comparison
  - Creditor DI premium rates were compared to Individual DI premium rates for each Key Customer Profile
  - Neither Creditor insurers nor Individual insurers offer joint DI coverage
  - Premium rates for Individual DI are expressed as a percentage of Creditor DI premium rates
- Compared to Individual DI with a 60-day and 30-day waiting period, premiums per $1,000:
  - For Smokers and Non-Smokers, Creditor DI premium rates are lower for Males and Females

5.4 Key Findings – DI Premium Rates (continued)

Male Premium Rate per $1,000
Creditor DI vs. Individual DI (60-Day Waiting Period)

Age	Monthly Insured Payment	Creditor DI	Individual DI (Non-Smoker) As % of Creditor DI	Individual DI (Smoker) As % of Creditor DI
25	$600	14.30	152%	171%
	$1,500	14.28	135%	153%
	$3,000	14.26	128%	146%
35	$600	18.70	145%	163%
	$1,500	18.65	132%	149%
	$3,000	18.62	126%	143%
50	$600	36.44	166%	187%
	$1,500	36.17	160%	181%
	$3,000	35.98	156%	176%
		Average	144%	163%

Notes:
- Creditor DI: Monthly premium rate per $1,000 is the average of participating CAFII member products as provided in the survey responses
- Individual DI: Monthly premium rate per $1,000 is the average of participating Individual Insurer products as provided in the survey responses

5.4 Key Findings – DI Premium Rates (continued)

Female Premium Rate per $1,000
Creditor DI vs. Individual DI (60-Day Waiting Period)

Age	Monthly Insured Payment	Creditor DI	Individual DI (Non-Smoker) As % of Creditor DI	Individual DI (Smoker) As % of Creditor DI
25	$600	14.30	188%	205%
	$1,500	14.28	171%	196%
	$3,000	14.26	164%	188%
35	$600	18.70	183%	208%
	$1,500	18.65	169%	194%
	$3,000	18.62	163%	188%
50	$600	36.44	180%	203%
	$1,500	36.17	174%	196%
	$3,000	35.78	171%	193%
		Average	174%	197%

Notes:

- Creditor DI: Monthly premium rate per $1,000 is the average of participating CAFII member products as provided in the survey responses
- Individual DI: Monthly premium rate per $1,000 is the average of participating Individual Insurer products as provided in the survey responses

5.4 Key Findings – DI Premium Rates (continued)

Male Premium Rate per $1,000
Creditor DI vs. Individual DI (30-Day Waiting Period)

Age	Monthly Insured Payment	Creditor DI	Individual DI (Non-Smoker) As % of Creditor DI	Individual DI (Smoker) As % of Creditor DI
25	$600	14.30	166%	189%
	$1,500	14.28	149%	171%
	$3,000	14.26	141%	164%
35	$600	18.70	157%	179%
	$1,500	18.65	143%	165%
	$3,000	18.62	137%	159%
50	$600	36.44	185%	211%
	$1,500	36.17	179%	204%
	$3,000	35.98	175%	200%
		Average	159%	182%

Notes:
- Creditor DI: Monthly premium rate per $1,000 is the average of participating CAFII member products as provided in the survey responses
- Individual DI: Monthly premium rate per $1,000 is the average of participating Individual Insurer products as provided in the survey responses

5.4 Key Findings – DI Premium Rates (continued)

Female Premium Rate per $1,000
Creditor DI vs. Individual DI (30-Day Waiting Period)

Age	Monthly Insured Payment	Creditor DI	Individual DI (Non-Smoker) As % of Creditor DI	Individual DI (Smoker) As % of Creditor DI
25	$600	14.30	212%	240%
	$1,500	14.28	195%	223%
	$3,000	14.26	187%	215%
35	$600	18.70	202%	230%
	$1,500	18.65	189%	217%
	$3,000	18.62	183%	210%
50	$600	36.44	202%	228%
	$1,500	36.17	195%	222%
	$3,000	35.78	192%	219%
		Average	195%	223%

Notes:
- Creditor DI: Monthly premium rate per $1,000 is the average of participating CAFII member products as provided in the survey responses
- Individual DI: Monthly premium rate per $1,000 is the average of participating Individual Insurer products as provided in the survey responses

5.4 Key Findings – Bundled Premium Rates

- To protect against multiple risks, consumers often purchase more than one type of insurance coverage under one policy, i.e. “bundled products”
  - Bundled Individual Insurance premium rates were not available in LifeGuide
  - Bundled Creditor Life & CI premium rates were compared to Individual CI stand-alone premium rates for each Key Customer Profile
  - Premium rates for Individual CI are expressed as a percentage of bundled Creditor Insurance premium rates
  - Bundled Creditor Life & CI offers Life or CI benefit, whichever occurs first, while Individual CI doesn’t cover Life coverage
- Compared to Individual CI T20R&C stand-alone products:
  - For Non-Smokers, Bundled Creditor premium rates are lower for Males and Females on average basis; Individual CI premium rates are lower on adjusted average basis
  - For Smokers, Bundled Creditor rates are more competitive for Males and Females, on average and adjusted average basis
- Data was not available to make a similar comparison using Bundled Creditor Life & DI

5.4 Key Findings – Bundled Premium (continued)

Male Premium Rate per $1,000
Creditor Life & CI vs. Individual CI T20R&C

Age	Insured Amount	Creditor Life & CI	Individual CI T20R&C (Non-Smoker) As % of Creditor Life & CI	Individual CI T20R&C (Smoker) As % of Creditor Life & CI
25	$100K	0.22	120%	146%
	$250K	0.21	105%	132%
	$500K	0.18	120%	153%
35	$100K	0.31	134%	239%
	$250K	0.29	127%	234%
	$500K	0.29	124%	233%
50	$100K	1.08	122%	270%
	$250K	1.02	125%	279%
	$500K	0.97	130%	291%
		Average	123%	220%
		Adjusted Average	75%	134%

5.4 Key Findings – Bundled Premium Rates (continued)

Female Premium Rate per $1,000
Creditor Life & CI vs. Individual Life & CI T20R&C

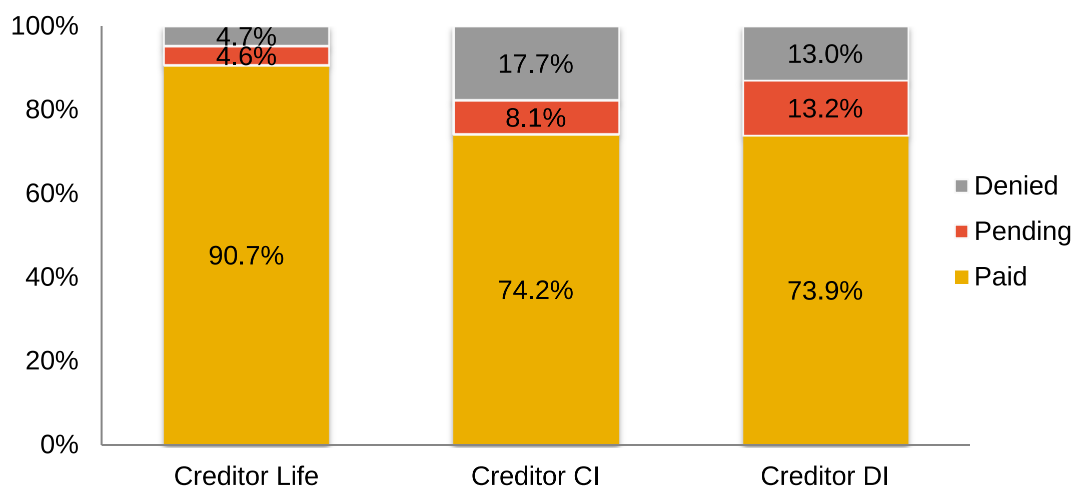
Age	Insured Amount	Creditor Life & CI	Individual CI T20R&C (Non-Smoker) As % of Creditor Life & CI	Individual CI T20R&C (Smoker) As % of Creditor Life & CI
25	$100K	0.22	121%	152%
	$250K	0.20	111%	145%
	$500K	0.17	128%	170%
35	$100K	0.31	138%	225%
	$250K	0.29	133%	226%
	$500K	0.28	132%	226%
50	$100K	1.08	103%	206%
	$250K	0.99	107%	220%
	$500K	0.93	113%	231%
		Average	121%	200%
		Adjusted Average	74%	122%

5.5 Key Findings – Claims Process

5.5 Key Findings – Claims Process

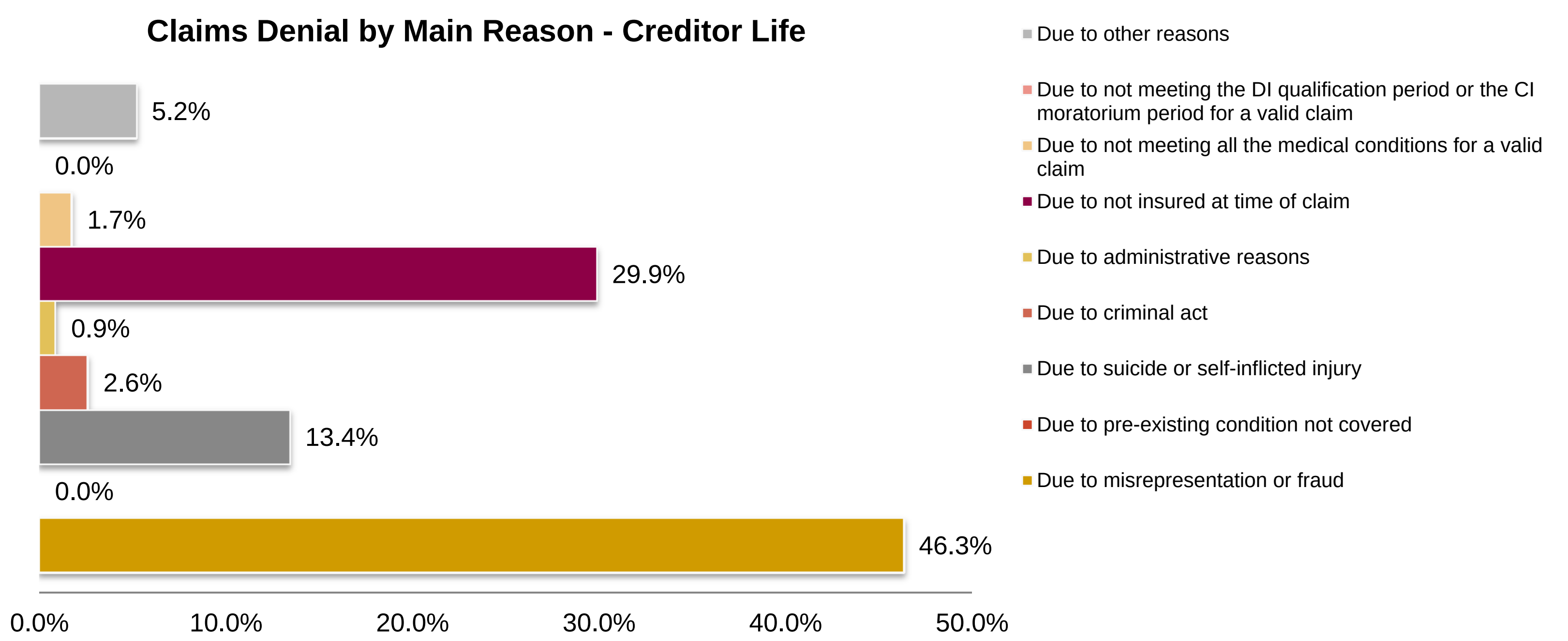
- At the end of 2013, the proportion of submitted claims that were pending or denied for Creditor Life was relatively low compared to the other Creditor Insurance products
- Over 70% of claims were paid by Creditor Insurers
- Due to limited data received from Individual Insurer survey, detailed claims process analysis could not be performed for Individual Insurance products

**Percentage of Submitted Claims
Paid, Pending or Denied – End of 2013**



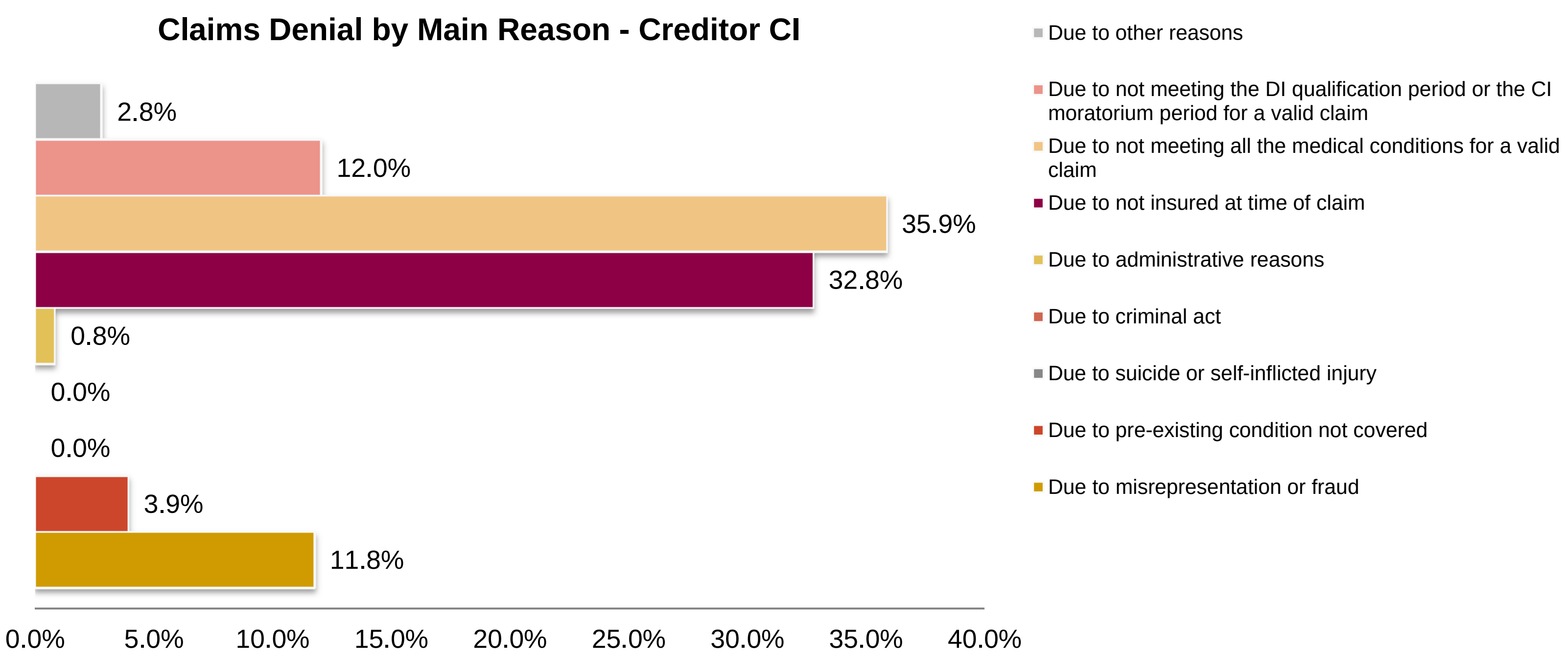
5.5 Key Findings – Life Insurance Claims Process (continued)

- The two main reasons for claims denial under Creditor Life are: misrepresentation or fraud and coverage is not insured at time of claim. The latter is due to no coverage in force at time of claim or the insured is beyond his 70th birthday etc.



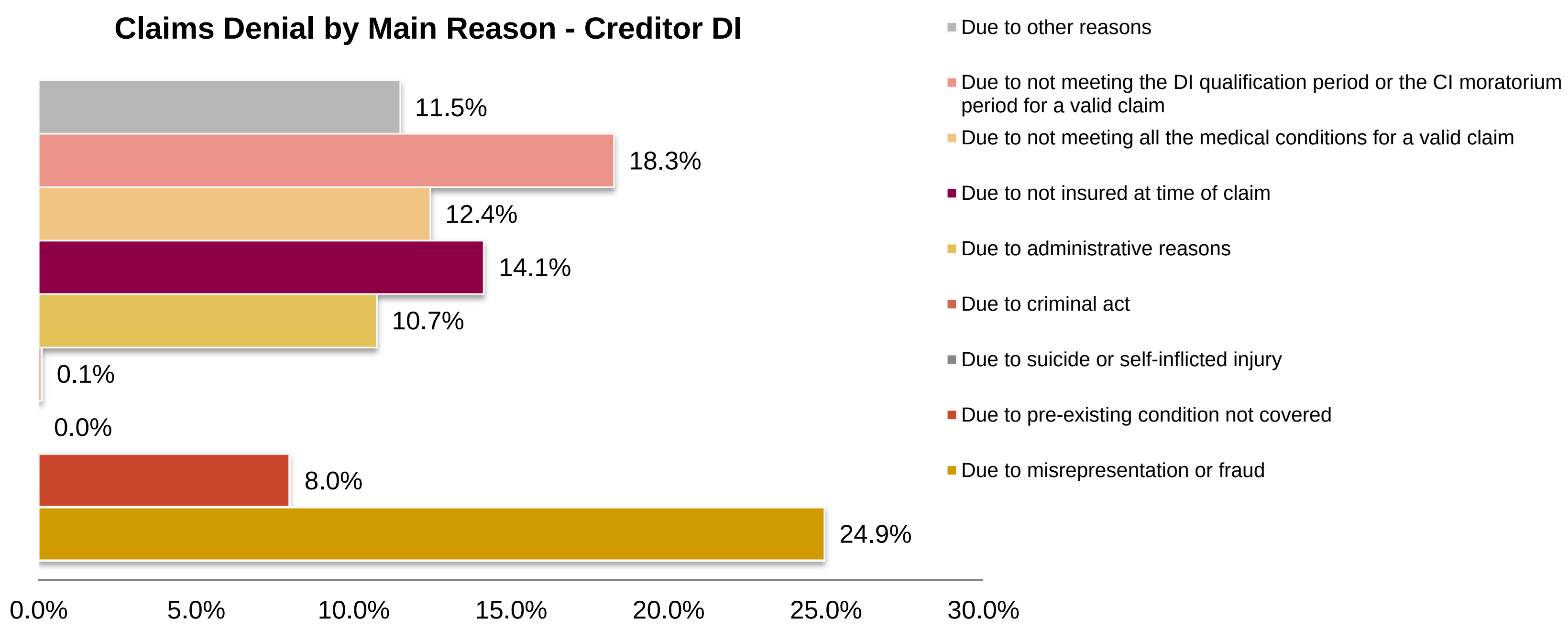
5.5 Key Findings – CI Insurance Claims Process (continued)

- The two main reasons for claims denial for Creditor CI are: illness is not covered and coverage is not insured at time of claim



5.5 Key Findings – DI Insurance Claims Process (continued)

- The two main reasons for claims denial for Creditor DI are: misrepresentation or fraud and coverage does not meet the DI qualification period for a valid claim



6. Conclusions

6. Conclusions

- At year-end 2013, CAFII members had a total number of 4.6 million mortgages in force with a total mortgage origination amount of $930 billion. Close to a third of the in-force mortgages ($322 billion) were insured under Creditor Insurance
- At the same date, Individual Insurers (total market) had approximately $1,375 billion of Term Life insurance in force
- During 2013, CAFII members insured 385,000 of mortgages with a total of $85 billion of mortgage origination amount; Individual Insurers insured approximately $166 billion of Term Life insurance
- Consumers have a variety of insurance needs which can be met with Creditor Insurance and/or Individual Insurance. In this report, we have highlighted the differences between the two product offerings
- Creditor Insurance is designed to protect consumers who purchase a mortgage from a financial institution. It is conveniently offered at the time the mortgage is issued
- Individual Insurance offers a broader range of products

6. Conclusions (continued)

- Creditor Insurance is designed to provide basic coverage at an affordable price
  - The coverage for Life and CI reduces overtime, mirroring the mortgage amortization schedule
  - Applications for Creditor Insurance are more likely to be auto-approved and more consumers don't have to go through the more complex and time-consuming underwriting process; the proportion of Creditor applications that were approved (either auto-approved or after Paramedical/Medical underwriting) was higher for Life coverage but very similar to Individual applications for DI and CI
  - The average maximum mortality/morbidity rating without extra premium is slightly higher for Creditor Life and CI products compared to Individual Life and CI products
  - Generally, pricing is in aggregate (for Males & Females and for Smokers & Non-Smokers)
  - Based on the result of our survey, pricing (standard risk class) is lower than Individual insurance, particularly for:
    - Male Smoker purchasing Life and Bundled Life & CI
    - Female Smoker purchasing Life (relative to T10 R&C) and Bundled Life & CI
    - Male and Female Non-Smoker purchasing Life (relative to T20 R&C)

6. Conclusions (continued)

- Individual Insurance products offer a wider range of coverage with more comprehensive features
  - The coverage for Life and CI is level; CI coverage is broader, covering more illnesses
  - Consumers can purchase CI or DI on a stand-alone basis (without Life)
  - Individual Insurance applications with Paramedical or Medical underwriting are more likely to be approved; the proportion of Individual Insurance applications that were approved (either auto-approved or after Paramedical/Medical underwriting) was very similar to Creditors applications for DI and CI
  - Pricing is specific by class of risk (smoking status and gender) and preferred discount is offered; Life and CI premium rates are guaranteed
  - Based on the result of our survey, pricing (standard risk class) is lower than Creditor insurance, particularly for:
    - Female Smoker purchasing Life (relative to T20 R&C)
    - Male and Female Non-Smoker purchasing Life (relative to T10 R&C) and Bundled Life &CI

Appendices

Appendix A

- The following companies participated in the CAFII member survey:
  - Bank of Montreal
  - Bank of Nova Scotia
  - Canadian Imperial Bank of Commerce
  - Desjardins Group
  - National Bank of Canada
  - Royal Bank of Canada
  - Toronto-Dominion Bank

Appendix A (continued)

- The following individual insurers participated in the Individual Insurance survey:
  - Blue Cross Life Insurance Company of Canada
  - BMO Life Insurance Company
  - Desjardins Financial Security Life Assurance Company
  - Equitable Life Insurance Company of Canada
  - Excellence Life Insurance Company
  - Humania Assurance Inc.
  - La Capitale Insurance and Financial Services Inc.
  - RBC Life Insurance Company
  - SSQ, Life Insurance Company Inc.
  - Sun Life Assurance Company of Canada
  - Transamerica Life Canada
  - Union Life, Mutual Assurance Company
  - Wawanesa Life Insurance Company

Appendix B – Detailed Product Comparison

Product Features	Creditor Life Insurance	Individual Life Term Insurance
Eligibility	• Borrower or co-borrower of mortgage loan • Minimum issue age is 18 • Maximum issue age is mostly 65 (one product offers to age 69)	• Minimum issue age is mostly around 18 (some products offered from age 0) • For T10R&C, the maximum issue age is mostly 70 or 75 • For T20R&C, the maximum issue age range is 60 to 70
Insured Amount Limit	• The maximum insured amount is in the range from $500,000 to $1,000,000	• The maximum insured amount is more than $750,000 • The minimum insured amount is between $10,000 and $100,000
Benefit Level	• The benefit is the outstanding balance of the mortgage which is declining	• The individual insurance benefit is level
Expiry Date	• Coverage expires at insured age 70	• Commonly, coverage expires at insured age 80 or 85
Underwriting	• In general, the application will be automatically approved if the insured answered "no" to the health questions in the application • Otherwise, underwriting would be required	• Depends on insured amount, underwriting is often required
Mortality / Morbidity Rating	• Offer standard rates only, most companies accept rating up to 200% without extra premium	• Without extra premium, companies accept rating up to range from 125% to 400% • With extra premium, most companies accept rating up to 300% or 400%
Joint Coverage	• Joint coverage is available, some products have restriction of maximum 2 people • Premium discount on joint coverage	• Available, number of individuals allowed in a policy is generally more than 2 • Premium discount

Appendix B – Detailed Product Comparison (continued)

Product Features	Creditor Life Insurance	Individual Life Term Insurance
Premium Rate	• Premium rates are subject to change • Premium rates generally are not gender or smoking status distinct • Premium rates generally do not vary by insured amount • No policy fee	• Premium rates (initial and renewal) are guaranteed at issue • Premium rates vary by gender, smoking status and underwriting risk class • Preferred underwriting is offered for higher insured amounts • With policy fee
Prior Coverage Recognition	• People will need to reapply for insurance coverage when refinance or apply for new mortgage to replace an existing insured mortgage. In case the new application is declined, the prior coverage will be granted on the new or refinanced mortgage • Premium rates based on the age at new application	• To increase existing Individual Insurance coverage, re-underwriting would be required
Cancellation (by Insurer)	• In general, coverage can be cancelled by the bank or the insurer	• Coverage is non-cancellable
Convertibility	• Not available	• Coverage can be converted to Permanent Life Insurance products up to age 65-70 • Conversion is not subject to underwriting
Additional Benefits	• Additional benefits include CI, DI, job loss, and Accidental Death Benefit are available for purchase	• Variety of other benefits are offered, i.e. CI, DI, Waiver of Premium, Accidental Death Benefit, Child Rider at additional cost

Appendix B – Detailed Product Comparison (continued)

Product Features	Creditor CI Insurance	Individual CI Insurance
Eligibility	• Borrower or co-borrower of mortgage loan • Minimum issue age is 18 • Maximum issue age is 55 or 64	• Minimum issue age is mostly around 18 (some products offered from age 0) • For CI10R&C, the maximum issue age is in the range from 55 to 65 • For T20R&C, the maximum issue age is 55 or 60
Insured Amount Limit	• The maximum insured amount is generally in the range from $300,000 to $1,000,000	• The maximum insured amount for most products is $2,000,000 • The minimum insured amount is mostly $10,000 or $25,000
Illness Covered	• 3 to 4 illnesses, all products cover Cancer, Stoke and Heart Attack	• Majority of products cover more than 20 illnesses
Benefit Amount	• The benefit is the outstanding balance of the mortgage which is declining	• The individual insurance benefit is level
Expiry Date	• Coverage expires at insured age 65 or 70	• Generally, coverage expires at insured age 75
Survival Period	• For most of the CI products, there is no minimum survival period after diagnosis of a valid critical illness claim	• Survival period is generally 30 days
Underwriting	• In general, for insured amount no more than $250,000, the application will be automatically approved if the insured answered "no" to the health questions in the application • Otherwise, underwriting would be required	• Depends on insured amount, underwriting is often required

Appendix B – Detailed Product Comparison (continued)

Product Features	Creditor CI Insurance	Individual CI Insurance
Mortality / Morbidity Rating	• Offer standard rates only, most companies accept rating up to 150% or 200% without extra premium	• Without extra premium, most companies do not accept rating • With extra premium, companies accept rating up to range from 150% to 400%
Premium Rate	• Premium rates are subject to change • Premium rates generally are not gender or smoking status distinct • Premium rates generally do not vary by insured amount • No policy fee	• Premium rates (initial and renewal) are guaranteed at issue • Premium rates vary by gender, smoking status and underwriting risk class • Premium rates vary by insured amount • With policy fee
Prior Coverage Recognition	• People will need to reapply for insurance coverage when refinance or apply for new mortgage to replace an existing insured mortgage. In case the new application is declined, the prior coverage will be granted on the new or refinanced mortgage • Premium rates based on the age at new application	• To increase existing Individual Insurance coverage, re-underwriting would be required
Cancellation (by Insurer)	• In general, coverage can be cancelled by the bank or the insurer	• Coverage is non-cancellable
Stand-alone	• Purchase of Credit Life insurance is often required	• Majority of the products are offered on a stand-alone basis

Appendix B – Detailed Product Comparison (continued)

Product Features	Creditor CI Insurance	Individual CI Insurance
Convertibility	• Not available	• CI T10R&C or T20R&C coverage can be converted to longer term products if offered by the insurer, i.e. Term to age 75, Term to age 100 up to age 60 - 70 • Conversion is not subject to underwriting
Additional Benefits	• Majority of the products do not offer additional benefits	• Additional benefits such as early detection benefit and best doctor services are commonly included in the CI products (no additional cost) offered by Individual Insurers while return of premium is available for purchase • Waiver of Premium, Accidental Death Benefit, and Child CI Rider are also available for purchase

Appendix B – Detailed Product Comparison (continued)

Product Features	Creditor DI Insurance	Individual DI Insurance
Eligibility	• Borrower or co-borrower of mortgage loan • Minimum issue age is 18 • Maximum issue age is 65 • Applicants need to meet certain working conditions	• Minimum issue age is 16 to18 • Maximum issue age is generally 60 or 65 • Generally, applicants need to meet certain working conditions
Insured Amount Limit	• The maximum insured amount is $3,000 to $7,500 per month	• Depends on occupational class, the maximum insured amount range from $3,000 to $25,000 per month
Benefit Amount	• The benefit is the principal and interest portions of the mortgage payments plus the insurance premium	• The benefit is level and selected at issue
Benefit Payment Period	• Generally, the benefit period is 24 months	• 24 months, 60 months and coverage to age 65 or 70 are generally offered by Individual Insurers. The longer the benefit period, the higher the premium rate
Definition of Disability	• Own Occupation	• Own Occupation for the first 24 months. After 24 months, the definition changes to Any Occupation
Waiting Period	• Majority of the products have waiting period of 60 days (one product has 30 days)	• Most companies provide various waiting period options, i.e. 14, 30, 60, 90 or 120. The shorter the waiting period, the higher the premium rate • Waiting period has to be elected at issue

Appendix B – Detailed Product Comparison (continued)

Product Features	Creditor DI Insurance	Individual DI Insurance
Underwriting	• In general, the application will be automatically approved if the insured answered "no" to the health questions in the application • Otherwise, underwriting would be required	• Depends on insured amount, underwriting is often required
Premium Rate	• Premium rates are subject to change • Premium rates generally are not gender or smoking status distinct • Premium rates generally do not vary by insured amount • No policy fee	• Premium rates are subject to change • Premium rates vary by gender, smoking status and occupational class • Premium rates vary by insured amount • With policy fee
Prior Coverage Recognition	• People will need to reapply for insurance coverage when refinance or apply for new mortgage to replace an existing insured mortgage. In case the new application is declined, the prior coverage will be granted on the new or refinanced mortgage • Premium rates is based on the age at new application	• To increase existing Individual Insurance coverage, re-underwriting would be required
Cancellation (by Insurer)	• In general, coverage can be cancelled by the bank or the insurer	• Some products may be cancelled by the insurer
Stand-alone	• Purchase of Credit Life insurance is often required	• Majority of the products are offered on a stand-alone basis
Additional Benefits	• Job loss insurance may be available	• Recovery Benefits, Death Benefit, Waiver of Premium, and Return of Premium rider are commonly available at extra cost

Travel Insurance Action Items/Priorities

Potential Activity/Action Item	BMO	CIBC	Desjardins	RBC	TD
1) a) Proceed with the CAFII sub-committee on Travel Insurance. b) Consider how we can work with the CLHIA to optimize CAFII member efficiency and effectiveness.	Agree Need to set clear objectives.	Agree	a) Agree b) Yes, as long as it does not differ from what a CAFII position would be…	Agree	Agree
2) Third party to conduct travel survey of CAFII members (members provide data and response to survey) to determine baseline of how CAFII measures up on hot button issues. Travel expertise required in drafting of questions.	Disagree	Disagree I believe each member would know where they stand and should be able to provide their own updates.	Agree – if rules of confidentiality require it	Disagree I believe each member can provide an update on how they measure up to hot button issues	Agree on basis survey is targeted and lean vs. previous CAFII member survey if deemed critical to developing standards
3) Third party to conduct consumer research, e.g. to validate if hot buttons identified, are in fact, top of mind with consumers and to see if consumer are aware of who/where they purchase insurance. More discussion required on research objectives.	Agree to jointly conduct this with CLHIA.	Agree. Priority	Agree I don't know if working with the CLHIA means that it could impede having a separate CAFII position. Could have to be discussed.	Agree. Priority We could jointly conduct this with CLHIA as this was a proposal made to them as well. We would like independent consumer research on travel insurance	Agree
4) Create principles-based "Code of Conduct" of best practices that CAFII members support (either already practicing or improving towards) of some of the hot buttons items (which ones to be included still to be determined).	Agree. Priority	Agree. Priority	Agree	Agree. Priority	Agree. Priority
5) Offer assistance to CCIR in terms of their survey creation and analysis (similar to our work with FSCO on their Life Insurance Suitability Review) to help ensure results are actionable and as unbiased as possible.	Agree	Agree	Agree	Agree	Agree

COMMUNICATIONS PLAN 2015 - 2016

PROJECT	NEWS & MEDIA; AND REGULATORY ISSUES & PERSPECTIVES NEWSLETTER
ORGANIZER	LEYA DUIGU

NEWSLETTER PHASE	STARTING	ENDING
News & Media posts – Mar	3.12.2015	3.13.2015
Reg. Issues & Perspectives – Mar	3.16.2015	3.19.2015
News & Media postings – Apr	4.23.2015	4.27.2015
News & Media postings – May	5.21.2015	5.25.2015
Reg. Issues & Perspectives – May	5.21.2015	5.27.2015
News & Media postings – Jun	6.18.2015	6.22.2015
Reg. Issues & Perspectives - Jul	7.13.2015	7.16.2015

NEWSLETTER PHASE	STARTING	ENDING
News & Media postings – Sep	9.17.2015	9.21.2015
Reg. Issues & Perspectives – Sep	9.17.2015	9.23.2015
News & Media postings – Oct	10.22.2015	10.26.2015
News & Media postings – Nov	11.12.2015	11.16.2015
Reg. Issues & Perspectives – Nov	11.12.2015	11.18.2015
News & Media postings – Jan/16	1.7.2016	1.11.2016
Reg. Issues & Perspectives – Jan/16	1.7.2016	1.13.2016

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**EOC meetings represented by green shading*

News & Media

Method: Stories posted online in News & Media section

Frequency: Same as Regulatory Update or monthly

Distribution List: Public online. *Possible future addition – RRS Feed*

Regulatory Issues & Perspectives

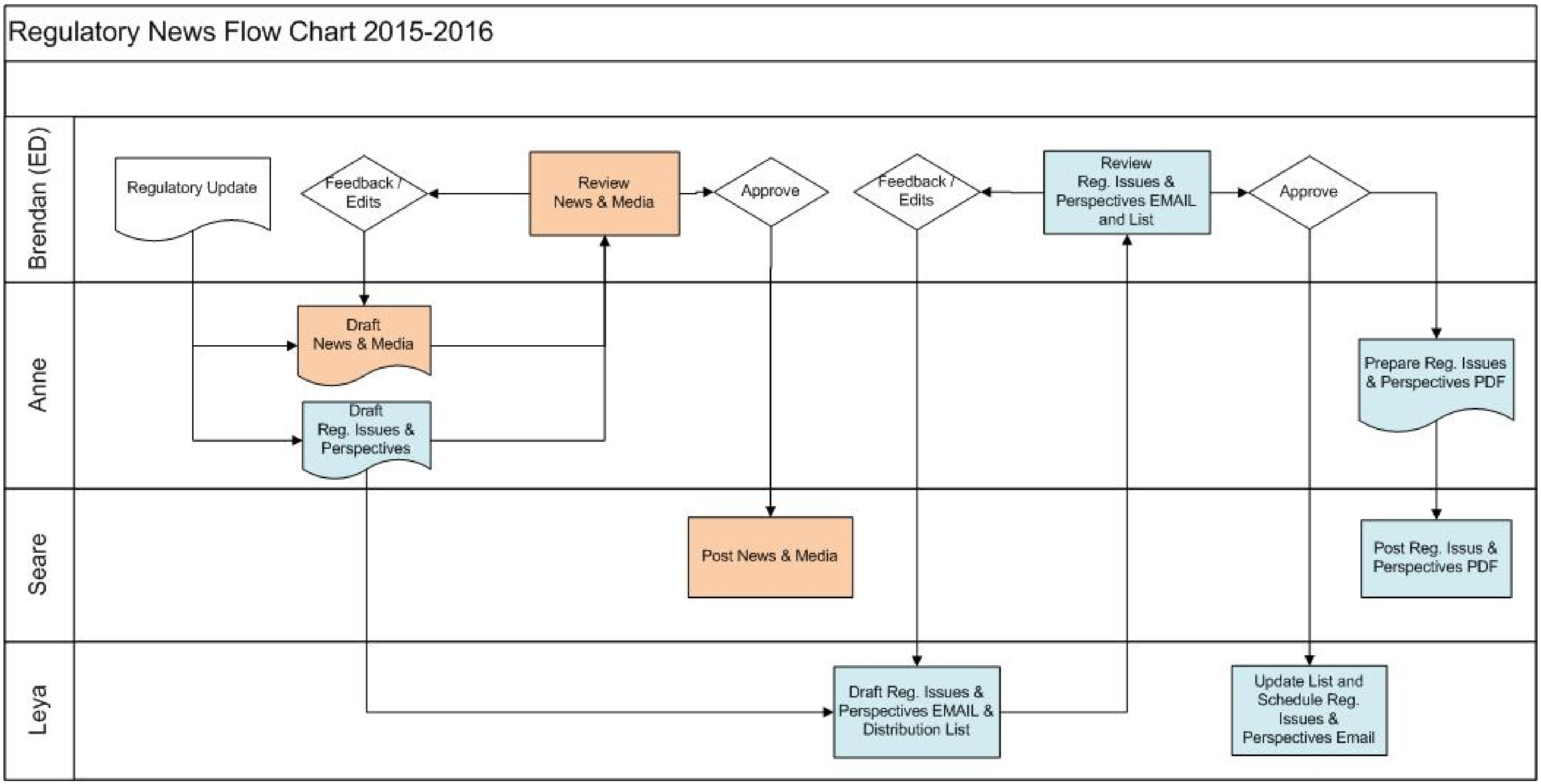
Method:

1. Email to stakeholders
2. PDF posted online within 1 week of email distribution

Frequency: Bi-monthly or every 2 months on Wednesday's

Distribution list:

1. Regulators and policy-makers across Canada
2. CAFII Board, EOC, Committee Members and anyone from a member co.
3. Associates



cafii
The Canadian Association of Financial Institutions in Insurance

Regulatory Issues and Perspectives

March 2015

Volume 1, Issue 1

In this issue:

National

CISRO- New Life License Qualification Program under Development

A new Life License Qualification Program (LLQP) is being developed by insurance regulators through the Canadian Insurance Services Regulatory Organizations (CISRO) and is scheduled for implementation in January 2016. The new LLQP will be a common standard for use by all provinces for entry-level training of new life insurance agents and will replace the two programs currently in use – the existing LLQP and the Quebec program. The new program will focus on preparation for four exam modules: life insurance, accident & sickness insurance, segregated funds and annuities, and ethics. There will be a mandatory pre-exam course and open book exams for each of the four modules. Candidates may write the exams for all four modules on one day, if they wish to do so, or space them out over two to four sittings. The course materials are expected to be distributed in the first quarter of 2015. Information sessions are being held for agents, companies and course providers.

FCAC – National Strategy for Financial Literacy Update

The Financial Consumer Agency of Canada (FCAC) is working with stakeholders to develop a National Strategy for Financial Literacy that takes into consideration ways to meet the needs of Canadians at different stages of their lives. In November, the FCAC issued a consultation paper entitled *Toward a National Strategy for Financial Literacy, Phase 3: Young Canadians and Adults*. This follows from two previous consultations held earlier in 2014- *Toward a National Strategy for Financial Literacy, Phase 1: Strengthening Seniors' Financial Literacy*; and *"Toward a National Strategy for Financial Literacy, Phase 2: Priority Groups*" looking specifically at Aboriginal peoples, newcomers to Canada, persons with disabilities and Canadians with low incomes. The full National Strategy for Financial Literacy will be released in 2015.

FCAC- Stakeholder Engagement and Consultation Framework for Compliance and Enforcement Issues

On February 6, 2015, the FCAC sought input from stakeholders on Stakeholder Engagement and Consultation Framework for Compliance and Enforcement Issues. One of the FCAC's key strategic priorities for 2014-19 is to "strengthen collaboration and engagement with stakeholders." In order to be proactive and transparent, the Agency has proposed a framework that its Compliance and Enforcement Branch will follow to engage stakeholders and strengthen and formalize its consultation process. Comments were due by March 6, 2015.

British Columbia

10-Year Review of BC Financial Institutions Act

According to section 109 of the *Financial Institutions Act*, the government must review the Act every 10 years to determine what changes, if any, should be made. Industry is expecting a discussion paper in the near future which will launch the formal consultation phase of the review.

BC Insurance Council - Conflict Of Interest Guidelines

The Insurance Council of BC has developed new Conflict of Interest Guidelines for Insurance and added them to its code of conduct. One key area of the Conflict of Interest Guidelines is "Other Employment or Business Activities Held by Licensees." The Council has published a list of Business Activities that give rise to potential conflicts of interest and how it has decided to address each situation. The list will be updated as new decisions on Business Activities are made.

Saskatchewan

New Insurance Legislation Introduced

Bill 177, *The Insurance Act,* was introduced in the Saskatchewan legislature in December 2014. When passed, the Act will replace the current *Saskatchewan Insurance Act*. The province notes that the new Act is intended to update and modernize insurance legislation and strengthen consumer protection. It is the first major revision to Saskatchewan insurance legislation in five decades. The Act is modelled after Alberta's legislation which is similar to British Columbia's insurance legislation.

Saskatchewan notes the following proposed changes:

- Better protection for consumers through market conduct standards, which identify unfair practices;
- Streamlining the appeal process;
- Restructuring the Saskatchewan Insurance Councils and allowing them to conduct audits and investigations;
- Requiring insurance companies to recommend and screen those applying to be intermediaries as well as supervise them once approved;
- Updating licensing categories and requirements including licensing employees that sell insurance as insurer's representatives, which requires the same level of training as insurance agents. (This includes requiring managing general agents to be licensed);
- Permitting insurance agents to adjust insurance claims up to a prescribed amount; and
- Requiring insurers to point to specific clauses in a policy where there are limits on the amount payable.

Insurance companies will be required to complete an insurance compliance self- evaluative audit at the request of the Superintendent. Electronic communication is permitted with the exception of policy cancellations and changes to beneficiaries. Group insureds will be allowed to see relevant sections of the policy of group insurance. Regulations pursuant to the *Insurance Act* have not yet been drafted.

Manitoba

Restricted Licenses Coming into Effect June 1, 2015

The requirement for a restricted license for incidental sellers of insurance will come into effect on June 1, 2015. Incidental sellers of insurance (ISI) include deposit-taking institutions, travel agencies, automobile dealers, sales finance companies, mortgage brokers and funeral homes. The Insurance Council of Manitoba has published two new documents on its website related to the province's new RIA/ISI licensing regime:

- a license application form for "Restricted Insurance Agent (RIA) Employees of Other Entities": and
- an FAQs document re "Incidental Sale of Insurance" which contains answers to 20 questions related to the RIA regime.

Applications for restricted licenses were permitted effective February 1, 2015, but must be received before April 30, 2015 to ensure licenses are issued in time for the June 1 start date. The notice can be found on the Manitoba Insurance Council website at http://www.icm.mb.ca/files/Bulletin/Incidental_Sale_of_Insurance_-_Restricted_Insurance_Agents.pdf

Insurance Council Establishes Incidental Sellers of Insurance (ISI) Sub-Committee

In a notice published on its web site in December 2014, the Insurance Council of Manitoba announced that it has established an ISI Sub-Committee, comprised of five Council members, to oversee regulatory matters relating to ISI. The Committee invited representatives from organizations that market incidental insurance products to participate and provide input to the Committee on an "as needed" basis.

Participation is voluntary and any expenses incurred would be the responsibility of the incidental seller of insurance or related organization. Nominations closed on February 13, 2015.

Staff Changes in Manitoba Financial Institutions Regulation Branch

Superintendent of Insurance Jim Scalena retired in December 2014. No replacement has been announced. Scott Moore continues as Deputy Superintendent of Insurance.

Ontario

Staff Changes at Financial Services Commission of Ontario (FSCO)

On October 17, 2014, Phillip Howell retired as Head of FSCO. Brian Mills has been appointed as CEO and Superintendent of Financial Services on an interim basis. Mr. Mills was previously Deputy Superintendent, Pensions. Mr. Mills has been at FSCO for 6 years.

On October 18, 2014, Anatol Monid was appointed Interim Executive Director, Licensing and Market Conduct Division following the retirement of Grant Swanson from that role. In 2004, Anatol joined FSCO as Director of the Market Regulation Branch within the Licensing and Market Conduct Division. He worked previously at the Office of the Superintendent of Financial Institutions and for a number of insurance companies.

Credit Unions and Caisses Populaires Act (CUCPA) 5 year Review

In the fall of 2014, Ontario began a review of the Credit Unions and Caisses Populaires Act, 1994. The review, which takes place every five years, includes consultations and input from the public on ways to strengthen the regulatory framework, protect consumers and enable credit unions and caisses populaires to continue to meet the needs of their members. The Consultation paper can be found at http://www.fin.gov.on.ca/en/consultations/cu-cp/cu-cp-5year.html

All submissions are public and will be made available on the Ontario Finance website. Submissions were due by February 5, 2015.

New Legislation Modernizing the Disciplinary Process for Insurance Agents

In November, Ontario passed Bill 15, *the Fighting Fraud and Reducing Automobile Insurance Rates Act*, 2014. The Bill amended sections of the *Insurance Act* to improve the agent disciplinary process. The changes streamline the disciplinary process and improve consumer protection by ensuring that agents who contravene the *Insurance Act* will be dealt with in an expeditious manner. They also reinforce the positive image and professionalism of insurance agents. The changes came into force on January 1, 2015.

FSCO to Undergo Mandate Review In Early 2015

Charles Sousa, Minister of Finance, has announced a review of the mandates of FSCO and the Deposit Insurance Corporation of Ontario (DICO) during the first half of 2015. The mandate review will include broad industry consultations. In addition, a consultation paper will be posted online and the public will be invited to comment on the issues being examined. To assist in the review, the government has appointed the following three-member expert panel:

- George Cooke - former president and CEO of The Dominion of Canada General Insurance Company, and current chair of the board of directors of OMERS Administration Corp.
- James Daw - former Toronto Star personal finance columnist who has written extensively about all facets of Ontario's financial system.
- Larry Ritchie - Osler, Hoskin & Harcourt LLP partner and former vice-chair of the Ontario Securities Commission.

Notice of the review can be found at http://news.ontario.ca/mof/en/2015/03/ontario-to-review-key-financial-regulatory-agencies.html

Nova Scotia

Direct Sellers Regulatory Amendments Consultation Document

In November 2014, Service Nova Scotia issued a consultation document seeking input on regulations under the amended Direct Sellers' Regulation Act (DSRA). The DRSA has been in place since 1975. Amendments to the DRSA, made in 2014, updated and clarified the definition of direct selling.

The DSRA will now apply to most situations where a contract is signed in a person's home. Salesperson permits are being eliminated for most direct sellers. The changes will remove some exemptions from the DSRA, and place more exemptions in the regulations.

One proposed new regulation provides that the DSRA does not apply, amongst other exemptions, to:

- "A person carrying on the business he or she is authorized to perform under the Cemetery and Funeral Services Act, Insurance Act, Legal Professions Act, Mortgage Brokers and Lenders Act, Motor Vehicle Act, Real Estate Trading Act, or Securities Act".
- "Sales of goods or services by a bank, trust company, or credit union, except in cases of lending products used to finance the direct sale of goods or services. "

Service Nova Scotia is also proposing to exempt telemarketers from the permit requirement when they are offering goods or one-time services and there is no other contact with a consumer. The consumer's 'cooling-off' cancellation rights would continue to apply.

Canadian Council of Insurance Regulators (CCIR)

New Working Groups Formed To Implement 2014-17 CCIR Strategic Plan

The CCIR approved its new strategic plan at its October 2014 meeting in Fredericton. The strategic plan includes new initiatives related to:

- **Travel Insurance**

  Review of the industry including the activities of call center support providers, policy wording and pre-existing condition exclusions, and adequacy of information being provided to consumers in both on-line sales and in-person sales.
- **Electronic Commerce**

  Review and address issues arising from evolving use of technology e.g. electronic pink cards for auto, telematics, claims handling, underwriting, data collection.
- **Financial Literacy**

  Consider messages and delivery methods to help consumers make informed insurance choices.
- **Segregated Funds**

  Review the regulatory landscape and assess potential regulatory arbitrage.
- **Longevity Risk Transfer Markets**

  Work with pension regulators, policy makers and pension and insurance stakeholders to develop a common understanding of longevity risk transfer markets in Canada.
- **Property Insurance**

  Review property insurance policy wording and disclosure issues relating to natural disaster coverage.

CCIR has established working groups for travel insurance, segregated funds, property insurance, and electronic commerce.

CCIR Issues Call for Public Input on Travel Insurance

In February, the CCIR issued a news release inviting input from the public on travel insurance. The travel insurance working group is comprised of members from every province and territory in Canada. The new group intends to work with the Canadian Insurance Services Regulatory Organizations (CISRO) and with the insurance industry on the travel insurance issue. The working group expects to release its first report in the fall of 2015.

IAIS Core Principles Implementation Update

At CCIR's October 2014 Fall Meeting, the Council's IAIS Insurance Core Principles Implementation Committee (ICPIC) presented a workplan for a new Co-operative Market Conduct Supervisory Framework. The purpose of the framework is to assist CCIR member jurisdictions in improving their compliance with the International Association of Insurance Supervisors' (IAIS) Insurance Core Principles (ICPs). ICPIC was also charged with operationalizing CCIR's "Keeping Regulators Informed" initiative - part of the market intelligence gathering work that will be necessary to support the new framework.

CCIR 2015 Meetings Schedule

Spring Meeting on March 26 and 27 in Toronto; and Fall Meeting on October 1 and 2 in Newfoundland.

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Agenda Item 7.2,
April 7, 2015 Board Meeting

Concern With Respect To Clause Found In Manitoba's Insurance Act
Re Restricted Insurance Agent Licensing Regime

The following clause – which includes an apparent residency requirement that is not favourable to CAFII members' call centre operations -- is found in *Part XV; Agents, Brokers and Adjusters; Insurance Agents* of Manitoba's amended *Insurance Act*, which has been in effect since March 1, 2015:

Effect of licence

380.1(3) Subject to the regulations, a restricted insurance agent licence authorizes the holder, ***through its employees in Manitoba****, to act or offer to act as an agent in respect of the class or type of insurance specified in the licence.*

In contrast, the following clauses, without a similar residency requirement, are found in Manitoba's new Insurance Agents and Adjusters Regulation, which has been in effect since January 1, 2015:

Persons and entities eligible for restricted licence
24 For the purpose of section 380.1 of the Act, the following persons and entities may apply for and hold a restricted insurance agent licence
(a) a deposit-taking institution;
(b) a sales finance company;
(c) a person or entity that provides transportation service for people or goods;
(d) a person or entity that carries on the business of a travel agency;
(e) a person or entity that carries on the business of an automobile dealership, watercraft dealership, recreational vehicle dealership, farm implement dealership or construction equipment dealership;
(f) a mortgage broker that carries on business in Manitoba in accordance with The Mortgage Brokers Act;
(g) a person or entity that carries on the business of a customs brokerage;
(h) a person or entity that carries on the business of freight forwarding;
(i) a person or entity that carries on the business of renting vehicles to the public;
(j) a funeral director who holds a licence under The Prearranged Funeral Services Act;
(k) a portable electronics vendor.

Employees of other entities
27(1) Without limiting the application of subsection 380.1(3) of the Act, a restricted insurance agent licence authorizes the holder, through the employees of another entity that qualifies under subsection (2) (referred to in this regulation as a "qualified entity"), to act or offer to act as an agent in respect of the class or type of insurance specified in the licence.