

CAFII Board of Directors Meeting

Tuesday, October 6, 2015

Location: Desjardins Financial Security

150, rue des Commandeurs, 15th floor, Lévis, Québec

2:50 – 4:15 pm

Conference call dial-in information: 416.764.8662 or 1.888.884.4534

participant passcode: 8504948#, moderator passcode: 2551109#

Agenda

Item	Presenter	Document	Action
1. Call to Order and Welcome: 1.1. Approval of Agenda 1.2. Appointment of New Director 1.3. Appointment of Vice-Chair	P. McCarthy	✓	Information Approval Approval
2. Consent Items 2.1. Draft Board Meeting Minutes, June 9, 2015 2.2. Summary of Board & EOC Action Items 2.3. Balanced Scorecard 2.4. Regulatory Update 2.5. Regulator and Policy-Maker Visit Plan	P. McCarthy	✓ ✓ ✓ ✓ ✓	Approval Receipt Receipt Receipt Receipt
3. Financial Statements as at August 31, 2015	B. Wycks	✓	Approval
4. Regulatory Consultations/Submissions Timetable: 4.1. ON Review of FSCO Mandate 4.2. CCIR Review of Travel Health Insurance * 4.3. QC Review of Distribution Act ** 4.4. BC FICOM 10-Year Review of FIA 4.5. BC 'Effecting' of CGI Issue ** 4.6. SK Bill 177 4.7. ON Insurance Act Parts V and VII	B. Wycks	✓ ✓ ✓ ✓	Review Discussion
5. Committee Reports Addressing CAFII Priorities: 5.1. Research & Education 5.1.1. Travel Insurance Project ** 5.2. Media Advocacy * 5.3. Market Conduct 5.4. Licensing Efficiency Issues 5.5. Events and Networking	S. Manson C. Blaquiere R. Beckford M. Gill M. Sanchez-Chung	✓ ✓	Update Update Update Update Update
6. Other Business			
7. In-Camera Session	P. McCarthy		

* *Important Topic*

** *Priority Topic*

Next Board Meeting: Tuesday, December 8, 2015 hosted by Canadian Premier Life at the National Club, 303 Bay St., Toronto, ON.

CAFII Board Meeting Minutes

Tuesday, June 9, 2015

Location: ScotiaLife Financial

Scotia Plaza, 40 King Street West, 63rd Floor, Toronto, ON

DRAFT

Present:	Darrell Bruce	ScotiaLife Financial
	Joane Bourdeau	National Bank Insurance Co.
	Rino D'Onofrio	RBC Insurance <i>Chair</i>
	Chris Knight	TD Insurance
	Todd Lawrence	CIBC Insurance
	Peter McCarthy	BMO Insurance
	Isaac Sananes	Canadian Premier Life Insurance Co.
	Robert Zanussi	Assurant Solutions
EOC Present:	Derek Blake	RBC Insurance
	Charles Blaquiere	Canadian Premier Life Insurance Co.
	Isabelle Choquette	Desjardins Financial Security Life Assurance (<i>by teleconference</i>)
	Moira Gill	TD Insurance
	Greg Grant	CIBC Insurance <i>Secretary</i>
	John Lewsen	BMO Insurance
	Sue Manson	CIBC Insurance
	Sari Scherer	BMO Insurance
	Diane Quigley	The CUMIS Group
	Raja Rajaram	CIBC Insurance <i>Treasurer</i>
	Jodi Skeates	The CUMIS Group (<i>by teleconference</i>)
Also Present:	Leya Duigu	T•O Corporate Services <i>Recording Secretary</i>
	Brendan Wycks	CAFII <i>Executive Director</i>
Regrets:	Linda Fiset	Desjardins Financial Security Life Assurance
	Kelly Tryon	The CUMIS Group

1. Call to Order

The meeting was called to order at 2:10 p.m. R. D'Onofrio acted as Chair; G. Grant acted as Secretary; and L. Duigu acted as Recording Secretary.

1.1. CAFII Competition Guidelines

R. D'Onofrio reminded members that the Competition Guidelines provided in the package were first adopted on April 3, 2008 and last updated October 7, 2014. The practice of reviewing the guidelines annually, at the beginning of the first Board meeting after the Annual Meeting of Members, was adopted to ensure that the Board's deliberations adhere to the guidelines, which were briefly summarized.

1.2. Approval of Agenda

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The Meeting Agenda be approved with the following amendment: *Addition of 6.3.2 CAFII Value Proposition (Updated)*

1.3. Appointment of Officers

R. D'Onofrio informed the Board that he will be stepping down as Chair of the Association today but will continue as a Director on the Board. P. McCarthy, BMO Insurance, had agreed to succeed him as Chair of the Association.

On motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The following slate of Officers be and is hereby appointed by the Board for a one year period:

Chair:	Peter McCarthy, BMO Insurance
Vice-Chair:	Isaac Sananes, Canadian Premier Life Insurance Co.
Secretary & EOC Chair:	Greg Grant, CIBC Insurance
Treasurer:	Raja Rajaram, CIBC Insurance

2. Consent Items

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

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

- Summary of Board & EOC Action Items
- Regulatory Update
- Regulator and Policy-Maker Visit Plan

IT WAS FURTHER RSOLVED that:

The Minutes of the meeting of the Board held on April 7, 2015 be and are adopted in the form presented, and that a copy of these minutes be signed and placed in the Minute Book of the Corporation.

3. Financial Statements as at April 30, 2015

R. Rajaram reported on the financial statements as at April 30, 2015. He noted that the Statement of Operations is showing a small surplus at this time. There is a healthy bank balance of almost \$400K and unrestricted net assets are well above the minimum requirements at \$336K.

G. Grant advised that, at this time, there are three outstanding Associate renewals, and Regular Member AMEX Bank of Canada has yet to confirm whether it will renew its membership for 2015. He commented

that their delay in renewing is a matter of having lost in-house familiarity with CAFII and not necessarily an indication that they wish to cancel their Regular Member status. B. Wycks has reached out to a new senior executive contact at AMEX to discuss the CAFII initiatives that are directly relevant to their lines of business.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that:

The CAFII financial statements as at April 30, 2015 be and are approved in the form presented.

4. Balanced Scorecard

G. Grant reported that the first half of 2015 was busy due to a large number of regulatory consultations, e.g. SK Bill 177, the AMF ecommerce paper and the FSCO review. The summer and fall will focus more on the next phase of CAFII's initiatives including the follow-up on our submission on Saskatchewan's Bill 177.

B. Wycks added that coming up next is the 10-Year Review of the BC Financial Institutions Act and we will also focus on other priorities including media communications over the summer.

5. Regulatory:

5.1. CCIR Working Group on Travel Insurance

B. Wycks reported that Harry James, Chair of the CCIR Travel Insurance Working Group (TIWG), informed him that its survey of travel health insurers would be sent out in the first half of June, but nothing has been released at this time. Harry had also confirmed the TIWG had not taken up CAFII's suggestion to consult with OLHI and OBSI to obtain data on travel insurance complaints but that it would do so at a later stage in its process.

Members discussed the nature of the issues that have sparked CCIR's review of travel insurance. CAFII's internal committee of travel insurance experts will continue to work on this from a distributor perspective in concert with the CLHIA's efforts.

5.2. BC 10-Year Review Of Financial Institutions Act

B. Wycks advised that in the recently released public consultation paper pages 29 to 31 regarding the Insurance Sector are of particular relevance to CAFII. The discussion of licensing exemptions and regulation of insurance intermediaries in that section relates directly to creditor's group insurance and travel insurance. Based on the manner in which the issues are framed it appears that BC is open to bringing in an RIA/ISI regime. CAFII will be making a submission on this consultation by the September 15/15 deadline.

5.3. BC "Effecting" of CGI Issue

B. Wycks reported that when CAFII met with Carolyn Rogers in Quebec City recently she advised that FICOM had decided to issue an Information Bulletin to the industry on the "Effecting" of CGI issue, rather than a Directive Letter. More recently, Kristine Mactaggart Wright, Executive Director, Conduct Supervision at FICOM, had indicated that the target date for issuing the Information Bulletin had been pushed back to late June.

5.4. Ontario Review of FSCO Mandate

B. Wycks reported that a CAFII delegation had a preliminary, informal meeting on May 21/15 with the expert panel advising the Ministry of Finance on the review of FSCO's mandate. In CAFII's written submission made on June 5/15, we supported a number of points made by the CLHIA in its submission, and provided specific comments on three regulatory model issues of special relevance to CAFII members. We also addressed the possible merger between FSCO and the Ontario Securities Commission as the panel raised this issue in our meeting with them.

CAFII will be invited to participate in a stakeholder roundtable meeting in late July or August, and we may decide to pursue a further one-on-one meeting with the panel as well. In terms of CAFII representation at these meetings, it was agreed that Board-level involvement would be most appropriate.

6. Committee Reports Addressing CAFII Priorities:

6.1. Media Advocacy Committee

C. Blaquiere, Chair, reported that as a result of all the new members the committee had to "hit the reset button" earlier in the year but added that the newly assembled group will serve CAFII well. An initial meeting was held to provide new members with an overview of CAFII and to develop a strategy and priorities moving forward. New members recognized their lack of knowledge and awareness of the issues and have all undertaken the task of reviewing the landscape and familiarising themselves with what their FI's do currently. Goals for this review were to determine what is being communicated as well as to find out more about the types of complaints being received. During the committee's most recent meeting, the issues were categorized and the next step is to develop key messaging around these hot buttons.

At this time, we need to provide members with more information on what has been done in the past. Given that the new committee members work in the area of media advocacy all the time, they are approaching some of the same issues from a different perspective, which has been good.

G. Grant added that the idea for this committee began in a past meeting of the Board and since then it has rolled out a little differently than expected. Engaging members outside the EOC has been a good process because it has shown that perhaps we need to do better at defining the issues. In any case, the media's current focus is on travel insurance and this has meant that creditor insurance has not appeared in the news of late so there have been no media articles requiring a response.

B. Wycks advised the Board that Megan Harman, the insurance reporter for Investment Executive, is writing a story on the AMF "internet insurance offerings" report and asked CAFII to comment. The Board agreed noting that CAFII is happy with Quebec's approach and that there would be benefits to participating. CAFII has a good relationship with the AMF and members agreed that this would be a good opportunity to get the CAFII name out there. B. Wycks will consult with Brian Smith (BMO), a Media Advocacy Committee member, for his advice and guidance in preparing for the interview.

Action: CAFII shall respond to the media request from Megan Harman of Investment Executive.
[Brendan, Greg; tba]

6.2. Market Conduct Committee

6.2.1. Saskatchewan Bill 177

B. Wycks reported that Saskatchewan's Bill 177 was passed on May 6 but won't be proclaimed into force until supporting Regulations have been drafted and a comprehensive consultation with the industry has taken place. Saskatchewan's timetable calls for the Regulations to be finalized and approved by the Cabinet in May or June 2016, and for the revised Act and the Regulations to be proclaimed into force in late 2016 or early 2017 following a six-month industry transition period. Jan Seibel, a lawyer with the Financial Consumer Affairs Authority, is now leading this initiative as Jim Hall retired and departed at the end of May.

6.2.2. Ontario: Regulations to Insurance Act Consultation

B. Wycks reported that, subsequent to the last Board meeting, CAFII learned of Ontario's consultation on Regulations to the Insurance Act. This consultation provided the opportunity to comment on Parts IV and V of the Insurance Act and we were able to make some salient points on providing flexibility in dealing with prescribed language.

6.3. Research and Education Committee

6.3.1. Travel Insurance Project

S. Manson updated the Board on CAFII's new committee on travel insurance, comprised of travel experts from member companies. In March, the committee agreed to develop a principles-based code of conduct on travel insurance for CAFII members. The work began with research on "hot button" issues and outlining best practices for dealing with them. This work will underlie and inform development of a CAFII Travel Insurance "Code of Conduct".

The committee is also working with Pollara on a consumer satisfaction survey regarding customer purchase and claims experiences with travel insurance.

6.3.2. CAFII Value Proposition Project

The CAFII Value Proposition Project is coming to a close. CAFII regrouped and went back to Towers Watson regarding a final report. Once the final report is received, the committee will be pulling out what we've learned and gathering points for use by other CAFII Committees. The final step will be to obtain permissions from Towers Watson for quoting excerpts from the report in future.

6.4. Licensing Efficiency Issues Committee

6.4.1. New Brunswick Proposed Rule INS-001 Fees

B. Wycks provided highlights from a call earlier today with David Weir, New Brunswick's Deputy Superintendent of Insurance. Mr. Weir commented that the development of an online registration system (announced in June 2014), which remains in the planning phases with IT as the online system for pensions was of higher priority. In any case, he was reasonably confident that an online registration system for insurance licensing would be up and running by late Fall 2015.

CAFII was also informed that a new consultation on a revised Rule related to insurance licence fees would be conducted because it had been determined that some of the proposals made in the recent Rule INS-001 Fees were not legislatively permissible. The timing of the further consultation was up to the government so was not known at this time.

With respect to CAFII's recommendation that the New Brunswick Insurance Act be amended to allow electronic beneficiary designations, Mr. Weir encouraged CAFII to send a letter recommending that change to the Superintendents of Insurance in each of the four Atlantic Canada provinces, as that issue was one that would definitely be dealt with on a harmonized basis by the four provinces in the region.

Action: CAFII to write letters in support of Insurance Act amendments to allow electronic beneficiary designations, to the four Superintendents of Insurance in Atlantic Canada.
[Brendan; tba]

6.5. Networking and Event Hosting Committee

Sixty four people have confirmed their attendance at tonight's reception event. The next speaker event will be the Annual Members Luncheon in 2016 and there are no planned speakers for the remainder of 2015.

7. In Camera Discussion

The Board of Directors met *in camera* from 3:35 to 4:10 p.m. Following this, members of the EOC, B. Wycks and L. Duigu were invited back.

8. Termination

The Board thanked Rino D'Onofrio for his commitment and service as Chair of the Board over the past year.

There being no further business to discuss, the meeting was terminated at 4:15 pm. The next CAFII Board of Directors meeting will be held on October 6, 2015, in Levis (QC).

Date

Chair

Recording Secretary

2015 Summary of Meeting Action Items: BOARD & EOC

	Source	Action Item	Responsible	Deadline	Status as of 16-Sep-15
BALANCED SCORECARD / PERFORMANCE MANAGEMENT					
		<i>no action items</i>			
FINANCIAL MANAGEMENT					
		<i>no action items</i>			
MEMBERSHIP					
		<i>no action items</i>			
GOVERNANCE AND ADMINISTRATION					
1	EOC Aug 25, 2015	• Investigate the potential of sending a token gift to Andre Duval for his many contributions to CAFII.	Leya	tba	In progress
REGULATOR / POLICY-MAKER RELATIONS AND ADVOCACY					
		Central Canada: MB, ON, QC			
2	EOC Jun 23, 2015	• Circulate copy of the FSCO letter regarding the launch of a new program for agents to members of the Licensing Committee and Derek	Brendan	tba	Completed
		Ontario Review of FSCO Mandate			
3	EOC Aug 25, 2015	• CAFII to send follow-up letter to the FSCO Mandate review committee, re-iterating our position.	Brendan	September	In progress
4	EOC Jun 23, 2015	• Monitor Ontario government site to confirm CAFII's submission is published.	Brendan	tba	Completed
5		• Confirm timing and details the meetings and prepare briefing notes highlighting key CAFII positions and those of other relevant organizations.	Brendan	tba	Completed
6		• Contact David McLean regarding a one-on-one meeting with the review panel.	Brendan	tba	Completed - no 1-on-1 meetings being entertained until Preliminary Position Paper published
7	EOC May 26, 2015	• Reach out to Erica Hiemstra and connect with Frank Zinatelli and Peter Goldthorpe at CLHIA, with a view to securing agreement on a transparent, reciprocal approach to aligning the Associations' respective submissions; and, if agreement is obtained, draft the CAFII submission based upon the approach outlined by the EOC to drafting.	Brendan	tba	Completed
8		• Seek Rino D'Onofrio's views on CAFII's response to the FSCO Mandate Review, and provide them to Brendan.	Derek	tba	Completed
9	Board Apr 7, 2015	• Develop list of potential issues, important to CAFII members, which could come forward in the Ontario Review of FSCO's mandate and draft the industry's position for board consideration.	LEIC	tba	Completed
10	EOC Mar 24, 2015	• Draft a preliminary plan regarding the ON Review of FSCO's Mandate for board consideration.	Moira, EOC	28-Apr-15	Completed

	Source	Action Item	Responsible	Deadline	Status as of 16-Sep-15
		Quebec Review of DWR			
11	EOC Aug 25, 2015	• Draft submission to consultation on QC Review of DWR to be circulated with EOC members	Brendan	28-Aug-15	Completed
12	EOC Jun 23, 2015	• Obtain 2011 CAFII submission on DWR to ensure our messaging is consistent and if it isn't confirm rationale for changing it.	Brendan	tba	Completed
13		• Schedule two meetings of the Market Conduct and Licensing Committees starting with July 21st, in lieu of the EOC meeting, and another date approximately two weeks later.	Leya	asap	Completed
		Eastern Canada: NB, NL, NS			
		<i>no action items</i>			
		Western Canada: BC, AB, SK			
14	Board Apr 7, 2015	• Develop an education campaign on creditor's group insurance and the underserved market for regulators and policy-makers in the BC ministry	EOC	tba	Not started
15	EOC Aug 25, 2015	• A further review of the Alberta Miscellaneous Provisions consultation to be completed to determine if a submission should be made.	Brendan	3-Sep-15	No submission made
		BC FICOM 10-Year Review of FIA			
16	EOA Aug 25, 2015	• Review draft submission re. BC FICOM 10-Year Review of FIA and provide feedback to Brendan. Rose and Moira shall have the authority to approve the final document in the event there are no	EOC Members	4-Sep-15	Completed
17	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
		Regulator and Policy-Maker Visit Plan			
18	EOC Jun 23, 2015	• Provide notes from the Quebec City regulator meetings in April 2015 to EOC members.	Brendan	tba	Completed
19	EOC May 26, 2015	• Set up lunch meeting for CAFII representatives with Carol Shevlin (and her successors) in the Fall 2015.	Brendan	Fall 2015	Pending
INDUSTRY RESEARCH					
		<i>no action items</i>			
MEDIA AND COMMUNICATIONS					
		<i>no action items</i>			
EVENTS AND NETWORKING					
		<i>no action items</i>			

CAFIL - 2015 Executive Director Balanced Scorecard - September 16, 2015

CAFIL - 2015 Executive Director Balanced Scorecard - September 16, 2015					
	H = High Priority; M = Medium; L = Low				
Priority	Objectives	Measures	Timing	Status As At September 16/15	Outcome
	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 Q4 2016	CAFIL submission sent on Feb. 23/15; follow-up teleconference on March 2/15 to address CAFIL issues; CAFIL follow-up letter sent May 13/15.	Bill passed May 6/15 but won't be "proclaimed in force" until Regulations drafted and a thorough consultation with industry has occurred. Some sections of Act of concern to CAFIL to be amended or repaled via Regulations.
H		British Columbia Consultation on 10-Year Review of Financial Institutions Act (FIA)	Q1 2015 thru Q2 2016	CAFIL response to Consultation Paper sent Sept 9/15.	
H		BC FICOM's 'effecting' of creditor's group insurance issue	Q1 thru Q4 2015	FICOM released Information Bulletin on CGI in BC on Sept. 14/15. CAFIL response to be determined.	
H		AMF's final E-Commerce in Insurance position paper	Q2 thru Q4 2015	CAFIL met with AMF executives on April 29/15 and received clarification on implementation plans for "Orientations" in paper.	Final E-Commerce Report released April 2/15.
H		AMF's Distribution Guide template initiative	Q2 thru Q4 2015	Pending	Draft Regulation on Distribution Guide to be circulated to industry for brief consultation, likely in Q4 2015, with goal being to finalize it by end of 2015.
		Ontario Ministry of Finance consultation on "Proposed Regulations Related to Parts V and VII of the Insurance Act"	Q2 2015	CAFIL submission sent May 19/15.	Regulations expected to be passed in October 2015, with 'in force' date of July 1, 2016.
M		Ontario government review of FSCO mandate	Q2 2015 thru Q1 2016	Peter McCarthy & Greg Grant (due to Rino's illness) participated in life & health sector roundtable meeting with Expert Panel on July 30/15; May 21/15 informal meeting with Expert Panel; made written submission on June 5/15.	Debrief meeting with P. McCarthy and G. Grant following July 30/15 roundtable, and provided highlights at August 25/15 EOC meeting. Followed up with D. McLean for one-on-one meeting for CAFIL, but was advised that Expert Panel not holding further meetings with any stakeholders at this time.
		Quebec Ministry of Finance consultation on "Report on the Application of the Act respecting the Distribution of Financial Products and Services" (Bill 188)	Q2 thru Q4 2015	CAFIL submission well-advanced; to be reviewed by EOC on Sept. 22/15. Deadline for submissions: Sept. 30/15	
M		Quebec government review of "An Act Respecting the AMF" (empowering and governing the AMF)	Q2 thru Q4 2015	Intention to review Act announced as part of Quebec provincial budget on March 26/15, but no consultation launched yet.	
M		Letter to Opportunities New Brunswick re changes necessary to Insurance Act and regulatory processes to facilitate efficient business operations in the province.	Q1 2015	Letter sent April 16/15, with copy to Superintendent of Insurance. Possible follow-up meeting with Jay Reid of Opportunities New Brunswick to be considered.	Government of New Brunswick and FCNB made deadline commitments in August 2015 re launch of online insurance licensing system.
M		New Brunswick Consultation on Rule INS-001 Fees, In Relation To The Insurance Act	Q2 thru Q4 2015	CAFIL submission sent May 1/15. Had follow-up teleconference with David Weir, Deputy Superintendent, on June 9/15.	June 9/15 teleconference with David Weir revealed that some proposals made in Rule INS-001 were not legislatively permissible. New consultation to be launched but he had no idea when the government will act on this.
M		Conditions are amenable to smooth transition by CAFIL members to Manitoba's new RIA Regime	Ongoing	Monitoring through liaison with Erin Pearson, Insurance Council of Manitoba	New RIA/ISI regime launched June 1/15.
M		Nova Scotia Direct Sellers' Regulation Act (DRSA)	Ongoing	CAFIL 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	On April 22/15, Superintendent of Insurance advised that NS unlikely to initiate this review in 2015 (continuing to monitor).
L		Possible PEI review of life insurance sections of Insurance Act in 2015	Q1 thru Q4 2015	Monitoring	On April 23/15, Superintendent of Insurance advised that PEI may initiate this review in late 2015 (continuing to monitor).
#2 H	Develop and execute on Regulator and Policy-Maker Visit Plan in support of CAFIL positions on legislative and regulatory issues	CAFIL investments in regulator and policy-maker visits are appropriately scheduled; well-organized and executed, including briefing/preparation of CAFIL participants. These meetings successfully support and advance CAFIL'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 stakeholders 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		CAFIL "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 CAFIL internal group on travel insurance (in conjunction with Research & Education Committee)	Intelligence gathered through monitoring and work of internal group on travel insurance put CAFIL 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		CAFIL internal group on travel insurance completes review; addresses issues and concerns identified by CCIR project	Ongoing	CAFIL internal group on travel insurance formed, and work now underway	

	H = High Priority; M = Medium; L = Low				
Priority	Objectives	Measures	Timing	Status As At September 16/15	Outcome
#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	Draft 2 of CAFII letter of support re proposed Terms of Reference for Advisory Committee, to augment submission made by CLHIA on December 19/14, is in development.	
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	Pending submission of Saskatchewan letter	
M		Insurance Council of Manitoba calls upon CAFII members, as appropriate, when requiring subject matter expert advice to its ISI Subcommittee	Ongoing	Monitoring	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
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 Regulatory 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 2015 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 well-grounded in approved strategic and operational plans; funds are spent according to plan; and financial control policies and procedures -- including monthly financial statements -- are adhered to	Play a leadership role in development, management, and tracking/monitoring of CAFII's annual operating budget, and committee and project budgets. Budget targets are met, except for explainable/approved variances	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	

Regulatory Update – CAFII Executive Operations Committee, September 15, 2015

Prepared By Brendan Wycks, CAFII Executive Director

Introduction

Federal/National

- **CCIR:**
 - Timeline For Travel Health Insurance Issues Paper Pushed Back To Early 2016 **(page 2)**
 - Seven Provinces Now Signatories To CCIR's Memorandum Of Understanding **(page 2)**
 - Electronic Commerce Committee Reconstituted **(page 2)**
 - Updated Ombuds Oversight Framework Approved **(page 2)**
 - Policy Manager Retirement And Succession Unfolding **(page 2)**
- **CISRO:**
 - Initial Exam Fees For Nationally Harmonized Life Licence Qualification Program Set **(page 3)**

Provincial

- **British Columbia:**
 - FICOM Releases Information Bulletin On Creditor's Group Insurance **(page 3)**
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Federal/National

Canadian Council of Insurance Regulators (CCIR)

Timeline For Travel Health Insurance Issues Paper Pushed Back To Early 2016

On August 25/15, Harry James, Chair of CCIR's Travel Insurance Working Group (TIWG), advised Brendan Wycks that the TIWG's timeline for release of an Issues Paper on travel health insurance had been pushed back to early 2016, possibly as late as April 2016.

Earlier, Harry had indicated that the Issues Paper would likely be released in November 2015, with a February 2016 deadline for response submissions.

The first phase of CCIR's review of travel insurance is the TIWG's survey of travel health insurers, which was disseminated in early July 2015 with an early September response deadline. The results of the survey will then inform the content for the Issues Paper.

Seven Provinces Now Signatories To CCIR's Memorandum of Understanding

Over the course of the summer, three additional provincial insurance regulators – Saskatchewan, Nova Scotia, and PEI – have signed on to CCIR's new Memorandum of Understanding, bringing the total to seven.

BC, Alberta, Ontario and Quebec were the first provinces to sign the MOU, which sets out the terms for co-operation and information exchange among provincial and territorial insurance regulators.

The information to be shared under the MOU relates mainly to insurance entities that carry on business in more than one province or territory, with the objective of allowing more consistent handling of consumer complaints, more effective risk surveillance, and greater collaboration on market conduct issues. The MOU also sets out specific protocols for ensuring the protection of confidential information and is part of the CCIR's broader Supervisory College initiative to create a harmonized framework for market conduct regulation and supervision to replace the current fragmented system.

Electronic Commerce Committee Reconstituted

During its June 26/15 conference call, CCIR approved terms of reference for a reconstituted Electronic Commerce Committee. Its first two priorities are to address electronic proof of automobile insurance cards; and a common regulatory approach to telematics/usage-based insurance.

Updated Ombuds Oversight Framework Approved

During its June 26/15 conference call, CCIR approved an updated *Insurance OmbudServices Cooperation and Oversight Framework*. This framework outlines principles for ongoing collaboration among the OmbudService for Life & Health Insurance (OLHI), the General Insurance Ombudservice (GIO), and the CCIR as their regulatory oversight body.

Policy Manager Retirement and Succession Unfolding

In keeping with CCIR's earlier indication that it would be expanding its Secretariat resources, CAFII has been advised that there will be two new Policy Managers succeeding Carol Shevlin in that role.

Sean Gamble joined CCIR as Policy Manager in July, having previously worked at the Insurance Bureau of Canada, Deloitte Canada, and Stikeman Elliott.

And towards the end of September, Martin Boyle, currently Policy Manager with the Mortgage Brokers Regulatory Council of Canada (administered by FSCO), will be moving over to CCIR and becoming its second Policy Manager.

Carol Shevlin will be facilitating training/orientation for Sean and Martin and introducing them to industry contacts over the next two to three months before she takes her retirement.

CCIR will be presenting a retirement/mementoes scrapbook to Carol during its Fall Meeting in St. John's on October 1 and 2. CAFII has been invited to provide a letter and/or signed card for inclusion in the scrapbook, and we have decided to provide both. The September 22/15 CAFII EOC meeting provides an opportunity for members to sign a retirement card for Carol for inclusion in the CCIR scrapbook.

While the end of November is currently the target date for Carol's retirement from CCIR, Sean Gamble indicated that that timing is still tentative and her last day may get carried over into December. Regardless of whether Carol is still at CCIR or not in early December, it will still be appropriate for CAFII to proceed with plans to invite her to attend our Holiday Season Reception on December 8/15, where we can recognize her and wish her well in her retirement.

Canadian Insurance Services Regulatory Organisations (CISRO)

Initial Exam Fees For Nationally Harmonized Life Licence Qualification Program Set

Ron Fullan, Chair of CISRO and its LLQP Committee, has advised that registration fees to write the new, nationally harmonized LLQP will be the following for 2015-16:

- to write exam modules to obtain a full life licence: \$90
- to write exam modules to obtain an accident & sickness licence only: \$54 (60% of full licence)
- top-up from accident & sickness licence: \$36
- ethics module only: \$18 (20% of full licence)

In an update sent to agents in July, Ron stressed that the harmonized LLQP will remain an entry level program, and that both the pre-exam course and the modular examinations will have proficiency standards that are comparable in both their length and level of difficulty to the current LLQP.

Provincial

British Columbia

FICOM Releases Information Bulletin On Creditor's Group Insurance

On September 14/15, FICOM distributed a long awaited Information Bulletin on Creditor's Group Insurance to life and accident & sickness insurers; CGI exempt sellers; and CGI creditors operating in the province, along with a transmittal letter from Carolyn Rogers, FICOM CEO and Superintendent of Insurance.

The Bulletin's purpose is to provide regulatory direction to the industry to address concerns related largely to the 'effecting' of CGI, which FICOM first identified in March 2014.

The four-page Bulletin contains sections on Background Information; Expectations of Insurers; Expectations of Exempt Sellers; and Creditor Involvement in Initiation of CGI.

The transmittal letter from Carolyn Rogers, FICOM CEO and Superintendent of Insurance, indicates that FICOM expects insurers, creditors, and exempt sellers to be compliant with the Bulletin by March 31, 2016. Both the letter and the Bulletin stress that failure to comply with the Bulletin's requirements could result in regulatory action.

On September 17/15, Harry James, FICOM's Director, Policy Initiatives advised Brendan Wycks that Kristine Mactaggart Wright, Executive Director, Conduct Supervision since March 2015, left FICOM's employ in August. Chris Carter has become Acting Head, Market Conduct Supervision and assumed leadership responsibility for the 'effecting of CGI' file. Mr. Carter's full-time role is as Deputy Superintendent, Real Estate and Deputy Registrar, Mortgage Brokers.

CAFII Makes Submission To BC's Review Of Financial Institutions Act

On September 9/15, CAFII made its submission in response to the BC Ministry of Finance's preliminary consultation paper on the 10-year review of the province's Financial Institutions Act. The following acknowledgement response was received from the Ministry's Policy & Legislation Division:

Thank you for your submission to the Financial Institutions Act (FIA) and Credit Union Incorporation Act (CUIA) review. The review will consider the regulatory tools British Columbia has to oversee credit unions, insurers and intermediaries, and trust companies, and whether changes to the regulatory framework are needed.

Input from stakeholders in the financial services sector, and other interested parties and members of the public, is an important component of the FIA/CUIA review. Ministry of Finance staff will be reviewing submissions and comments received in response to the initial public consultation paper, and may follow up with stakeholders for further information.

Now that the consultation period has ended, the Ministry will prepare and release a public report on the stakeholder input received, and further public consultation will occur in a later phase of the review.

Insurance Council Amends Criminal Record Check Requirements

In July, Gerry Matier, Executive Director of the Insurance Council of BC, advised CAFII that the Council had amended its policy for licence applicants who reside in another Canadian jurisdiction (non-resident licence applicants) and who are subject to criminal record check requirements in their home province or territory.

Going forward, non-resident licence applicants who hold an insurance licence that is in good standing in their home province or territory are no longer required to provide a criminal record check when they submit their licence application to the Insurance Council of BC.

This change is a positive development, one which CAFII has been advocating for with jurisdictions across the country for several years.

Saskatchewan

Drafting of Bill 177 Regulations Progressing Slowly; Consultation May Be Delayed

On September 16/15, Jan Seibel, Legal Counsel with Saskatchewan's Financial and Consumer Affairs Authority, advised Brendan Wycks that progress over the summer months on the drafting of Regulations for Bill 177 (Insurance Act) has been steady, but not as extensive or quick as had been hoped. That being the case, the timing of the promised thorough consultation period with the industry, following completion and publication of the draft Regulations, is now less certain. The consultation period could still begin in the late Fall of 2015 or it could be pushed back into the first quarter of 2016.

Jan promised to get back to CAFII once she has more certainty around timing for release of the draft Regulations and the ensuing industry consultation period.

In an earlier conversation, Jan clarified that once the Regulations are completely final, following a thorough consultation period, they only need to be approved and accepted by the Cabinet of the government and will not require review and approval by the legislature.

Manitoba

Launch Of Restricted Insurance Agent/ISI Regime Goes Smoothly

On September 15/15, Erin Pearson, Executive Director of the Insurance Council of Manitoba, advised Brendan Wycks that the launch of the province's new RIA/ISI regime had gone relatively smoothly, with few hiccups and the vast majority of applicant licences issued prior to the June 1/15 "in force" date.

Two issues that did have an initial impact on the application review process were (i) the requirement for applicants to having errors and omissions insurance coverage in place that met Manitoba requirements; and (ii) the registration of business names, where required.

To date, the new regime has resulted in the issuance of 427 restricted licenses, with most applicants being automobile dealerships, travel agencies, and deposit-taking institutions.

Following an Insurance Council ISI Committee meeting on September 17/15, Erin will provide CAFII with an update on the "ISI regime items for further review and development" matter that is on the committee's agenda.

Ken Lofgren Appointed Acting Superintendent of Insurance

The Insurance Council of Manitoba's 2015 Annual Report, submitted by Executive Director Erin Pearson on May 31, indicates that Ken Lofgren has been appointed Acting Superintendent of Insurance for the province, succeeding Jim Scalena who retired at the end of 2014. Mr. Lofgren also continues to serve as Deputy Superintendent, Deposit-Taking, while Scott Moore remains Deputy Superintendent, Insurance.

Ontario

Expert Panel On FSCO Mandate Review To Release Preliminary Position Paper

On August 24/15, David McLean, Senior Policy Advisor with the Ontario Ministry of Finance and Secretary to the Expert Panel reviewing FSCO's mandate, advised Brendan Wycks that following completion of sectoral roundtable meetings with stakeholder groups in late July, the Expert Panel's next step will be to release a Preliminary Position Paper sometime this Fall. There is currently no firm release date for the paper (previously referred to as a "Trial Balloon Report").

On September 14, David confirmed that the release date for the Preliminary Position Paper had still not been set, but promised to alert CAFII once it was established.

David also indicated that the Panel would not be holding any additional meetings with stakeholder groups at this time.

In CAFII's May 21/15 preliminary, informal meeting with the Expert Panel, David provided the following timetable and work plan:

- June 5/15: Deadline for response submissions to the consultation paper
- Summer 2015: Panel holds stakeholder roundtable meetings with respondent groups
- Early Fall 2015: Panel drafts and releases for comment "trial balloon report" based on written submissions and roundtable meetings
- Late Fall 2015: Panel assimilates stakeholder input on trial balloon recommendations; and drafts final report
- Winter 2016: Panel delivers final report to Minister of Finance.

FSCO Conducting On-Site Examinations Of Life Agents

Stemming from the findings of its 2014 Life Insurance Product Suitability Review, FSCO is now conducting on-site examinations of life agents to verify their compliance with the Insurance Act and related Ontario Regulation 347/04.

The examinations will look at how agents are assessing product suitability for consumers, as well as confirm that they have valid E&O insurance in place and have completed their required continuing education (CE) credits.

FSCO may apply various regulatory tools, depending on an agent's examination findings, to achieve a desired regulatory outcome. The type of regulatory action taken will be proportionate to the findings and may include Administrative Monetary Penalties and/or licence suspension or revocation.

FSCO To Develop Life Insurer Compliance Examination Program

FSCO has indicated that it plans to develop a life insurer compliance examination program, as an outgrowth from its current on-site examinations of life agents. This will be facilitated by the fact that reviews of agent compliance with the Insurance Act and related Ontario Regulation 347/04 will include an examination of the level of oversight of agent activities by insurers.

FSCO Updates Licensing Link for Agents' Errors & Omissions Insurance

To make it easier for insurance agents to advise FSCO of any changes to their errors and omissions insurance information, the regulator has added two new features to its *Licensing Link* portal. Agents can now update their E&O insurance information online, and they will also receive a reminder before their policies expire.

FSCO's Annual Life and Health Sector Symposium: Friday, November 20/15

On August 17/15, FSCO's Symposium Organizing Committee advised Brendan Wycks that its 8th Annual Symposium for the Life and Health Insurance Sector will be held on Friday, November 20/15 from 8:00 a.m. to 12 Noon at Novotel Hotel, North York. Invitations and the symposium agenda will be sent to industry stakeholders closer to the date.

Insurance Brokers Association of Ontario Appoints New CEO

In July, the IBAO announced that Jim Murphy had been appointed its new CEO. Murphy comes to IBAO from the Canadian Association of Accredited Mortgage Professionals (CAAMP), where he served 11,500 members as president and CEO since 2007.

Prior to leading CAAMP, he served as the senior director of government relations and communications for the Association. He also worked as the director of government relations for the Greater Toronto Home Builders Association (now BILD) from 1999-2005, where he coordinated all advocacy and research efforts.

Quebec

AMF Releases Results of Insurer Commercial Practices Self-Assessments

On July 16/15, the AMF released the results of its 2014 self-assessment questionnaire on insurer implementation of its 2013 Sound Commercial Practices Guideline. The results report is published on the AMF web site at <https://www.lautorite.qc.ca/en/press-releases-2015-autre.html> [2015 results-of-insurer-commercial-practices-self-assessment17-07-2015-00-0.html](https://www.lautorite.qc.ca/en/press-releases-2015-autre.html).

In May 2014, the AMF sent a self-assessment questionnaire on expectations set out in the Sound Commercial Practices Guideline to 219 insurers licensed to operate in Quebec.

The general findings of the results report indicate that self-assessment scores in the eight theme areas explored varied greatly from one insurer to another; and that implementation of the Sound Commercial Practices Guideline's fair treatment of consumers requirements is still a work-in-progress for many insurers. In the report's Conclusions, the AMF stresses that an insurer's commercial practices must take fair treatment of consumers into account at every phase of a product's life cycle.

The report's findings will help shape the AMF's future actions on sound commercial practices, particularly with respect to off-site and on-site supervisory activities carried out under its Supervisory Framework.

The AMF indicates that it will conduct industry consultations and undertake specific work in the coming months related to some of the areas discussed in the report that will require ongoing vigilance, such as Incentives Management; Design and Marketing of Products; and Disclosures to Consumers.

New Brunswick

FCNB Updates Plans For Online Insurance Licensing System

On August 7/15, the Insurance Division of New Brunswick's Financial and Consumer Services Commission issued an Insurance Stakeholder Notice which provided an update on the province's plans for introducing an online insurance licensing system.

Phase 1 of the new system, targeted for launch in the early Fall of 2015, will allow new applicants for an intermediary licence to complete their application online; and the status of previously submitted applications will also be viewable.

Phase 2, scheduled to be launched at some point in 2016, will include functionality to complete intermediary and insurer licence renewal processes and new insurer applications online.

Upon full implementation, the online system will enable insurance agents, brokers, adjusters, damage appraisers, and insurers to interact with FCNB online for the majority of their regulatory registration needs.

Nova Scotia

William Ngu Appointed Acting Superintendent of Insurance

In July, Jennifer Calder, Nova Scotia's Deputy Superintendent of Insurance, advised CAFII that William Ngu had been appointed Acting Superintendent of Insurance following Doug Murphy's retirement from that role on May 30/15. William also continues to serve as Deputy Superintendent, Financial Institutions.

When CAFII disseminated its letter encouraging the four Atlantic Canada provinces to move forward with the legislative and/or regulatory changes necessary to permit electronic beneficiary designations, William replied to Brendan Wycks as follows: "thank you for your email and letter outlining CAFII's position on electronic commerce and beneficiary designations. We will continue to work with the Atlantic Provinces to harmonize where appropriate."

CAFII Regulator and Policy-Maker Visit Plan 2015

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 16/15
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/related meetings	-10 yr. Review of BC Financial Institutions Act (if appropriate) -LLQP modernization -Update on Council priorities -Update on CCIR travel insurance review -Communicate CAFII issues -Maintain and strengthen relationship	Pending
Carolyn Rogers , CEO, FICOM & Superintendent of Insurance (CCIR Vice-Chair)	Lunch meeting in Quebec City on April 30/15	When Carolyn is in Toronto for CCIR/related meetings	-FICOM Information Bulletin on CGI ('effecting' of CGI in BC issue) -10 yr. Review of BC Financial Institutions Act (if appropriate) -Update on CCIR travel insurance review -Update on FICOM priorities -Communicate CAFII issues; maintain and strengthen relationship	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		Pending
Chris Carter, Acting Head, Market Conduct Supervision (replaced K. Mactaggart Wright in Aug./15). Full-time job is Deputy Superintendent, Real Estate and Deputy Superintendent, Mortgage Brokers	No previous contact with CAFII	Sept/15 follow-up call to set up teleconference for CAFII members to discuss issues/concerns with Information Bulletin; followed, if necessary, by Q4 2015 meeting in Vancouver	- FICOM Information Bulletin on CGI, ie. 'effecting' of CGI in BC issue (C. Carter has leadership responsibility for this issue)	Pending
Harry James, Director, Policy Initiatives, FICOM (Chair of CCIR's Travel Insurance Working Group)	Nov. 21/14: G. Grant chatted with H. James during FIA Review roundtable discussion Jul 28/14: call with CAFII reps re: "effecting" CGI	Not directly involved in current CAFII-relevant FICOM issues		N/A

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 16/15
<p>Michael de Jong, Minister of Finance</p> <p>Dan Ashton, Parliamentary Secretary for Finance (elected MLA)</p> <p>Elizabeth Cole, Executive Director, Strategic Projects & Policy (head of 10-Year Review of FIA)</p> <p>Heather Wood, Assistant Deputy Minister</p> <p>Marcus Gill, Executive Director</p>	<p>Nov. 21/14: G. Grant represented CAFII at FIA Review roundtable discussion hosted by Minister</p>	<p>Sept/15 follow-up call to Ministry officials re publication of stakeholder submissions, timing of public report on initial input received, etc.; followed, if necessary, by Q4 2015 meeting in Victoria with Ministry of Finance officials and Dan Ashton</p>	<p>-10-year Review of Financial Institutions Act: follow-up on CAFII issues/concerns</p>	<p>Pending</p>
Alberta				
<p>Alberta Insurance Council: Joanne Abram, CEO;</p> <p>Ron Gilbertson, Chair (2012-15)</p>	<p>Nov 20/14: CLHIA COSS seminar (B. Wycks); Mar 17/14; Toronto, ON</p> <p>Mar 17/14; Toronto, ON</p>	<p>When Joanne, Anthonet, or Warren is in Toronto for CISRO/CCIR/related meetings</p>	<p>-Representation for Restricted Licence Holders -Licensing for 3rd party providers -Canadian Insurance Participant Registry (CIPR) -LLQP modernization - Update on Council priorities -Communicate CAFII issues -Maintain and strengthen relationship</p>	<p>Pending</p>
<p>Anthonet Maramieri, COO (succeeded retired Tom Hampton at beginning of 2015)</p> <p>Warren Martinson, Legal Counsel (member of CISRO LLQP Ctte)</p>	<p>Feb 27/15: Toronto: B. Wycks met A. Maramieri and had get acquainted chat at CISRO LLQP Stakeholder Info Session</p> <p>Feb 10/14: Toronto, ON</p>			

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 16/15
Mark Prefontaine, Superintendent of Insurance	Sep 30/14; Fredericton, NB (informal meeting)	When Mark is in Toronto for CCIR/related meetings	See above	Pending
David Sorensen, Deputy Superintendent of Insurance	No face-to-face contact to date - <i>appointed Sep 15/14; CAFII congratulatory letter sent</i>	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
Robin Campbell, President of Treasury Board and Minister of Finance	No contact – appointed Sept 15/14	TBD	TBD until CAFII has a "direct ask"	Pending
Saskatchewan				
Ron Fullan, Executive Director, Insurance Councils of Saskatchewan and CISRO Chair	June 5/15 CISRO LLQP Stakeholder Info Session	When Ron is in Toronto for September 22/15 CISRO LLQP Stakeholder Info Session	-Restricted Insurance Agents Advisory Cttee. -Sask RIA regime and licensure issues -LLQP modernization - Update on ICS and CISRO priorities -Communicate CAFII issues -Maintain and strengthen relationship	R. Fullan requested a short meeting with B. Wycks on Sask. issue, following Sept. 22/15 LLQP mtng.
April Stadnek, Director of Licensing	Sep 30/14; Fredericton, NB (informal meeting) November/13 in Toronto when April attended CLHIA CCROSS Seminar	When April is in Toronto for CISRO/CCIR/related meetings		Pending
Roger Sobotkiewicz, Interim Chairperson and Superintendent of Insurance	-no previous contact; congratulatory letter on appointment sent March 4/15	See J. Seibel below. If necessary, Q4 2015 or Q1 2016 meeting in Regina	-introduce CAFII and build relationship -Regulations being developed following passage of Bill 177, The Insurance Act (Saskatchewan) -ISI: Representation for Restricted Licence Holders -LLQP modernization - Update on Superintendent's priorities -Communicate CAFII issues	Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 16/15
Ian McIntosh, Deputy Superintendent of Insurance	Jul 28/14 call with CAFII reps re: "effecting CGI"	Same as above	See above	Pending
Janette Seibel, Lawyer, FCAA, became lead on Bill 177 and Regulations file effective June 1/15	-teleconference meeting, along with Jim Hall, on CAFII submission on Bill 177, on March 2/15 -(subsequent telephone discussion between J. Hall and B. Wycks on May 7/15 re passage of Bill 177; and plans for Regulations to effect changes to sections of Insurance Act via "not proclaimed in force." J. Seibel did not participate in call but received report from J. Hall)	Q4 2015 or Q1 2016 follow- up call to set up teleconference for CAFII members to discuss issues/concerns with Draft Regulations published; followed, if necessary, by Q4 2015 or Q1 2016 meeting in Regina	-Regulations being developed following passage of Bill 177, The Insurance Act (Saskatchewan)	Pending
Manitoba				
Ministry of Finance: Jim Scalena, Superintendent *Retired at end of 2014 Ken Lofgren, Acting Superintendent of Insurance	April 29/14; Winnipeg, MB Appointed Spring 2015; no previous CAFII contact		-Introduce CAFII and build/maintain relationship -Implementation of ISI regime -Representation for Restricted Licence Holders -Update on Insurance Act Review -LLQP modernization -Update on Superintendent's and Council's priorities -Communicate CAFII issues	Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 16/15
Scott Moore, Deputy Superintendent of Insurance	April 15/15 teleconference with three CAFII reps re concern about amended Insurance Act's apparent residency requirement for employees of Restricted Insurance Agents April 29/14: Winnipeg, MB	When Ken or Scott is in Toronto for CCIR/related meetings		
Greg Dewar, Minister of Finance	No contact – appointed Nov/14	TBD	TBD until CAFII has “direct ask”	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; and Insurance Council's “ISI items for further review and development”	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	Possible meeting in conjunction with FSCO Life & Health Insurance Symposium: Friday, Nov. 20/15 Q4 2015: get acquainted lunch or dinner meeting	(i)-Introduce CAFII and build/maintain relationship (ii) Ontario government review of FSCO's mandate (iii) next steps, if any, in Life Insurance Product Suitability Review (iv)-CCIR review of travel insurance (v) LLQP modernization (vi)-enhancing the national CRS (vii)-Update on Superintendent's priorities (viii)-communicate CAFII issues	Pending Pending unqualified appointment as CEO and Supt.

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 16/15
Anatol Monid, Interim Executive Director, Licensing and Market Conduct Division	June 9/15: B. Wycks had informal update conversation with A. Monid at CAFII Reception January 28/15 stakeholder meeting with CCIR November 21/14 at FSCO Life and Health Insurance Symposium	Possible meeting in conjunction with FSCO Life & Health Insurance Symposium: Friday, Nov. 20/15	Same as above; and on-site examinations of life agents and life insurer compliance examination program	Pending
Isabel Scovino, appointed Director, Market Conduct Regulation Branch in Nov/14	Nov 21/14 at FSCO Life & Health Insurance Symposium Nov 13/14 re: Report on Joint Review (FSCO and AMF) of National Complaint Reporting System (CRS)	Possible meeting in conjunction with FSCO Life & Health Insurance Symposium: Friday, Nov. 20/15	Item (vi) above	Pending
Ministry of Finance Charles Sousa, Minister	CAFII made submission to OMAF on "Proposed Regulations Related to Parts V and VII of the Insurance Act" on May 19/15			
Three-member Expert Panel advising on Government's review of FSCO's mandate	July 30/15 life & health insurance sector roundtable meeting (P. McCarthy and G. Grant) May 21/15 informal meeting	Seek exclusive, one-on-one meeting for CAFII (Board member representation) with Expert Panel in Fall 2015, following release of Preliminary Position Paper	-discuss positions outlined in Position Paper; follow-up on CAFII's written submission; ask questions; dialogue.	Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 16/15
Quebec				
AMF: Louis Morisset, CEO; Patrick Dery, Superintendent, Solvency (appointed CCIR Chair effective April 1/15) Eric Stevenson, Superintendent, Client Services and Distribution Oversight	Apr 8/14: Montreal, QC April 29/15 meeting in Quebec City, along with AMF staff executives Eric Stevenson, Nathalie Sirois, and Louise Gauthier January 28/15 stakeholder meeting with CCIR January 30/15 meeting in Toronto, along with L. Gauthier, re (i) and (ii)	Liaison lunch and meeting in conjunction with October 6/15 CAFII Board meeting, to be hosted by Desjardins in Levis, Quebec Oct/15 follow-up call to Ministry officials re publication of stakeholder submissions, next steps and their timing; followed, if necessary, by Q4 2015 meeting in Quebec City with Ministry officials	-(i)AMF final paper on electronic commerce in insurance, setting out Orientations/expectations -(ii)Distribution Guide template and implementation timelines -LLQP modernization -enhancing the national CRS -Update on AMF priorities -Communicate CAFII issues -Maintain and strengthen relationship	Confirmed
Ministry of Finance Carlos Leitao, Minister Richard Boivin, Assistant Deputy Minister, Financial Institution Policy and Corporate Law Guillaume Caudron, Chief of Staff	N/A		CAFII submission in response to Report on the Application of the Act respecting the distribution of financial products and services	Pending
Atlantic Canada				
Joint Forum of Insurance Regulators (four provinces)	Oct 1/14: Fredericton, NB	Spring or Fall 2016	TBD	Deferred to 2016

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 16/15
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	June 9/15 teleconference re New Brunswick licensing issues Oct 1/14: Fredericton, NB	When David is Toronto for CISRO/related meetings	-Development of online licensing system -renewed consultation on Rule re licensing fees -other New Brunswick licensing issues	Pending
Jay Reid, Investment Attraction Officer, Opportunities New Brunswick	Jun 3/14: Toronto, with Adam Mitton of predecessor organization Invest New Brunswick	Q3 2015 when Jay is in Toronto; or alternatively via teleconference	- 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	No contact		-Introduce CAFII and build relationship -Position CAFII as an information resource	Pending
Nova Scotia				
William Ngu, Acting Superintendent	Appointed June 2015; no previous CAFII contact	When William is in Toronto for CCIR/related meetings	-Review of life and accident & sickness provisions of Insurance Act (D. Murphy confirmed on April 22/15 that this is unlikely to occur in 2015)	Pending
PEI				
Superintendent Robert Bradley	Oct 1/14: Fredericton, NB	Q4 2015 or Q1 2016 in PEI or Toronto, if necessary	-Review of life and accident & sickness provisions of Insurance Act (on April 23/15, R. Bradley advised that this may get underway in late 2015) -LLQP modernization -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

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 16/15
FEDERAL/NATIONAL				
<p>Carol Shevlin, Policy Manager, CCIR *Retiring at end of 2015</p> <p>Sean Gamble, Policy Manager, appointed July 2015</p> <p>Martin Boyle, Policy Manager, appointed September 2015</p>	<p>-Liaison lunch with B. Wycks on Feb. 23/15</p> <p>-January 28/15 stakeholder meeting with CCIR</p>	<p>-Q4 2015 liaison lunch for B. Wycks, EOC Chair, and one additional EOC rep. with C. Shevlin and two CCIR Policy Manager successors (S. Gamble and M. Boyle)</p> <p>-December 8/15 CAFII Holiday Season Reception</p>	<p>-CCIR review of travel health insurance -Update on CCIR 2014-17 Strategic Plan and related priorities -Communicate CAFII issues; and maintain and strengthen relationship -possible CAFII webinar(s) for CCIR audience</p> <p>-Recognition and tribute to Carol, upon her imminent retirement at end of 2015 (confirmed as agreeable to her)</p>	<p>Pending</p> <p>Confirmed</p>
<p>Patrick Dery, Chair, CCIR (Superintendent, Solvency, AMF)</p> <p>Carolyn Rogers, CCIR Past-Chair and current Vice-Chair (CEO, FICOM & Superintendent of Insurance)</p>	<p>April 29/15 meeting in Quebec City, along with CCIR Vice-Chair Carolyn Rogers</p> <p>April 29/15 in Quebec City, along with CCIR Chair Patrick Dery</p> <p>January 28/15 stakeholder meeting with CCIR Oct 7/14: Toronto, ON at CAFII Regulator Reception</p>	<p>When Patrick is in Toronto for CCIR/related meetings</p> <p>When Carolyn is in Toronto for CCIR/related meetings</p>	<p>-CCIR review of travel health insurance -Update on CCIR 2014-17 Strategic Plan and related priorities -Communicate CAFII issues; and maintain and strengthen relationship</p> <p>See above</p>	<p>Pending</p>
<p>Harry James, Chair, CCIR Travel Insurance Working Group (TIWG) (Director, Policy Initiatives, BC FICOM)</p>	<p>March 24/15 meeting with CAFII EOC re draft industry survey of travel insurance underwriters</p> <p>January 30/15 and December 10/14, CAFII participated in TIPI meetings with CCIR Working Group on Travel Insurance</p>	<p>Q4 2015 or Q1 2016 meeting when Harry is in Toronto for CCIR/related meetings</p>	<p>-highlights/findings of CCIR survey of travel health insurers -issues/positions to be included in Issues Paper for industry consultation in Q1 or Q2 2016</p>	<p>Pending</p>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status Sept 16/15
Ron Fullan Chair (SK); G. Matier (BC); J. Abram (AB), W. Martinson (AB); D. Weir (NB) CISRO	June 5/15 CISRO LLQP Stakeholder Info Session Feb 27/15: CISRO LLQP Stakeholder Info Session	When Ron is in Toronto for September 22/15 LLQP Stakeholder Info Session	-LLQP modernization -possible CISRO Strategic Plan	Confirmed
Jeremy Rudin, Superintendent, Office of the Superintendent of Financial Institutions	No contact – appointed June/14	None	-introduce/educate about CAFII, CGI and alternate distribution -build relationship -invite to be speaker at a CAFII Reception event	Watch/ monitor
Sarah Bradley, Ombudsman, OBSI (appointed Sept. 14/15)	None	None	TBD	Watch/ monitor
Financial Consumer Agency of Canada (FCAC): Lucie Tedesco, Commissioner Brigitte Goulard, Deputy Commissioner Jane Rooney, Financial Literacy Leader Jeremie Ryan, Director, Financial Literacy and Consumer Education Karen Morgan, Marketing Officer	May 1/15: B. Wycks made self-introduction and chatted with L. Tedesco, following her speech at CLHIA Conference Jun 10/14 Feb 10/15 (presentation at CAFII Annual Luncheon) Feb. 10/15 Jan 9/14	Q4 2015 (either in-person in Ottawa or Toronto; or via teleconference)	-CAFII proposed enhancements to FAQs and other content on FCAC web site re creditor insurance -CAFII involvement in consumer financial literacy initiatives, including Financial Literacy Month	Pending

CAFII

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

Statement of Operations As at August 31, 2015

	Current Month	Current YTD	Budget 2015	% Used
Revenue				
Membership Fees	35,333.00	282,664.00	424,000.00	67%
Interest Revenue	22.85	248.64	500.00	50%
TOTAL REVENUE	35,355.85	282,912.64	424,500.00	67%
Expenses				
Management Fees	20,937.65	172,063.72	249,264.00	69%
CAFII Legal Fees/Corporate Governan	0.00	248.60	5,000.00	5%
Audit Fees	0.00	0.00	14,000.00	0%
Insurance	436.50	3,469.50	5,368.00	65%
Website (incl translation)	0.00	7,814.87	6,260.00	125%
Telephone/Fax/Internet	244.14	2,810.62	8,000.00	35%
Postage/Courier	0.00	172.81	500.00	35%
Office Expenses	0.00	1,539.93	3,000.00	51%
Bank Charges	0.00	25.00	60.00	42%
Miscellaneous Expenses	0.00	0.00	0.00	
Amortization Expense	0.00	0.00	300.00	0%
Depreciation Computer/Office Equipm	38.89	311.12	0.00	
Board/EOC/AGM	0	0		
Annual Members Lunch	0	9,754.99	7,000.00	0%
Board Hosting (External)	0	2,597.26	9,000.00	0%
Board/EOC/Meeting Expenses	175.76	2,239.62	10,000.00	0%
Industry Events	0	0	805.00	0%
EOC Annual Lunch	0	0	2,000.00	0%
Sub Total Board/EOC/AGM	175.76	14,591.87	28,805.00	
Provincial Regulatory Visits	0.00	2,007.01	10,000.00	20%
Research/Studies	0.00	11,513.19	90,000.00	13%
Regulatory Model(s)	845.23	1,229.97	12,000.00	10%
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	0.00	0.00		
Speaker fees & travel	0	0	3,000.00	
Gifts	0	0	1,000.00	
Sub Total Networking & Events	0.00	0.00	4,000.00	0%
15th Anniversary Event	0.00	0.00	0.00	
TOTAL EXPENSE	22,678.17	217,798.21	448,557.00	49%
NET INCOME	12,677.68	65,114.43	-24,057.00	-271%

Explanatory Notes:

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

CAFII

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

Membership Fees As At August 31, 2015

	<u>Jan-15</u>		<u>Jul-15</u>	
	<u>Billed</u>	<u>Received</u>	<u>Billed</u>	<u>Received</u>
BMO Bank of Montreal	\$ 23,500.00	April 24, 2015	\$ 23,500.00	
CIBC Insurance	\$ 23,500.00	Mar13,2015	\$ 23,500.00	12-Aug-15
RBC Insurance	\$ 23,500.00	Mar26,2015	\$ 23,500.00	13-Aug-15
ScotiaLife Financial	\$ 23,500.00	Mar6,2015	\$ 23,500.00	1-Sep-15
TD Insurance	\$ 23,500.00	Mar13,2015	\$ 23,500.00	12-Aug-15
AMEX Bank of Canada	\$ 11,750.00		\$ 11,750.00	
Assurant Solutions	\$ 11,750.00	Mar6,2015	\$ 11,750.00	12-Aug-15
Canadian Premier Life Insurance Company	\$ 11,750.00	Mar13,2015	\$ 11,750.00	12-Aug-15
Desjardins Financial Security Life Assurance Company	\$ 11,750.00	April 24, 2015	\$ 11,750.00	01-Sep-15
National Bank Insurance Company	\$ 11,750.00	Mar13,2015	\$ 11,750.00	12-Aug-15
Cumis Group Ltd	\$ 11,750.00	April 8, 2015	\$ 11,750.00	12-Aug-15
Aimia	\$ 4,800.00	April 8, 2015		
Avalon Actuarial	\$ 4,800.00	Mar13,2015		
Collins Barrow Toronto Actuarial Services	\$ 4,800.00	June 24, 2015		
CSI Brokers Inc.	\$ 4,800.00	April 8, 2015		
KPMG	\$ 4,800.00			
Laurentian Bank of Canada	\$ 4,800.00	April 24, 2015		
Munich Re	\$ 4,800.00	June 24, 2015		
Optima Communications	\$ 4,800.00	Feb27,2015		
RGA Life Reinsurance Company of Canada	\$ 4,800.00	April 8, 2015		
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 realocate monthly Jan-Dec	\$35,333			

CAFI

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

Balance Sheet As at August 31, 2015

ASSETS	Current 2015
Current Assets	
Bank Balance	\$387,520
Investments ^A	\$53,808
Accounts Receivable	\$87,050
Interest Receivable	\$57
Prepaid Expenses	\$3,929
Computer/Office Equipment	\$2,334
Accumulated Depreciation -Comp/Equip	(\$1,283)
Intangible Assets-Trademarks	\$0
Accumulated Amortization-Trademark	\$0
Total Current Assets	\$533,413
TOTAL ASSETS	\$533,413
LIABILITIES	
Current Liabilities	
Account Payable ^B	\$19,272
Deferred Revenue	\$141,336
Total Current liabilities	\$160,608
TOTAL LIABILITIES	\$160,608
UNRESTRICTED NET ASSETS	
Unrestricted Net Assets, beginning of year	\$307,691
Excess of revenue over expenses	\$65,114
Total Unrestricted Net Assets	\$372,806
Total Unrestricted Net Assets	\$372,806
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$533,413

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:	\$372,806
Current Level of Financials Reserve (%):	83%

C A F I I
21 St Clair Ave east, Suite 802
Toronto, ON, M4T 1L9
Balance Sheet Items
As at August 31, 2015

Item A

Investment Portfolio

Investment Type	Issue Date	Principal	Rate	Deemed Interest	Maturity Date
Cashable GIC #0087-8019718-13	June-17-15	\$53,807.97	0.50%	\$269.04	June-16-16
Total		\$53,807.97		\$269.04	

Item B

Accounts Payable

	Total
	2,486.00
	-8,214.49
	25,000.00
Total outstanding:	<u>19,271.51</u>

CAFII Consultations/Submissions Timetable 2015-16

Regulatory Issue	Deliverable	Deadline	Accountable
ON Review of FSCO Mandate (consultation paper released April 21, 2015)	<ul style="list-style-type: none"> Life & health sector stakeholder roundtable meeting Expert Panel releases Preliminary Position Paper Response to Preliminary Position Paper Panel delivers final report to Minister 	<ul style="list-style-type: none"> Held July 30/15 Fall 2015 Late Fall 2015 Feb/Mar 2016 	<ul style="list-style-type: none"> EOC
CCIR Review of Travel Health Insurance	<ul style="list-style-type: none"> CCIR TIWG releases Discussion Paper Response to Discussion Paper due Meeting with TIWG and/or CCIR CCIR releases Position Paper 	<ul style="list-style-type: none"> March/April 2016 May/June 2016 June or Sep 2016 Fall 2016 	<ul style="list-style-type: none"> EOC, ED to monitor
QC Review of Distribution Act – (consultation Report released June 12, 2015)	<ul style="list-style-type: none"> Response to Report Meeting with Ministry of Finance officials re CAFII submission 	<ul style="list-style-type: none"> Sep 30, 2015 Oct/Nov, 2015 	<ul style="list-style-type: none"> Joint Market Conduct/Licensing Committee
BC FICOM 10-Year Review of FIA (consultation paper released June 2, 2015)	<ul style="list-style-type: none"> Response to consultation paper Meeting with Ministry of Finance officials re CAFII submission 	<ul style="list-style-type: none"> Sep 15, 2015 Oct/Nov 2015 	<ul style="list-style-type: none"> Joint Market Conduct/Licensing Committee
BC “Effecting” of CGI Issue	<ul style="list-style-type: none"> FICOM Information Bulletin on CGI Meeting with FICOM officials re Bulletin’s directives 	<ul style="list-style-type: none"> Issued Sep 14, 2015 Sep 2015 (tentative) 	<ul style="list-style-type: none"> EOC, ED to monitor
SK Bill 177	<ul style="list-style-type: none"> FCAA publishes Draft Regulations Response to Draft Regulations Meeting with FCAA officials re CAFII submission 	<ul style="list-style-type: none"> Oct/Nov 2015 Jan 2016 Feb/Mar 2016 	<ul style="list-style-type: none"> Market Conduct Committee, ED to monitor
Ontario Insurance Act Parts V and VII	<ul style="list-style-type: none"> CAFII Comments submitted Regulations approved Regulations comes into force 	<ul style="list-style-type: none"> May 19, 2015 End Oct 2015 July 1, 2016 	<ul style="list-style-type: none"> ED to monitor

September 29, 2015

M. Richard Boivin

Sous-Ministre Adjoint Aux Politiques Relatives Aux Institutions Financières et Au Droit Corporatif
Ministère des Finances
8, rue Cook, 4e étage Québec (Québec)
G1R 0A4

Dear Sir:

Subject: *Report on the Application of the Act respecting the distribution of financial products and services*

CAFII is pleased to provide input in response to the Proposals and questions put forward in the above-referenced report. Our responses are offered from the perspective of insurers and distributors that:

- offer creditor's group insurance and travel insurance in Québec and across Canada;
- offer insurance products primarily through alternate, non-traditional distribution channels such as direct mail, contact centres, branches of financial institutions, and the internet; and
- for the most part, are federally incorporated and subject to both federal and provincial regulation.

CHAPTER 2: TRENDS IN THE REALM OF DISTRIBUTION

Proposal 1: *Draw on the recommendations of the Canadian Council of Insurance Regulators to put in place a flexible legal framework that will enable insurers to offer their products online.*

We endorse the recommendations set out in the CCIR's final position paper on *Electronic Commerce in Insurance Products* and are pleased that Québec is proposing to use them to modernize its own framework. We congratulate the AMF on playing a leadership role in the CCIR consultation on electronic commerce and note that the consumer protection expectations set out in the final position paper are satisfied by current industry standards.

On a related point, we encourage Québec to move forward on the legislative and/or regulatory changes necessary to permit electronic beneficiary designations and electronic termination of insurance contracts, where both the insurer and the individual insured agree to those options.

Proposal 2: *Establish a legislative framework for distribution without a representative that applies directly to insurers, which must ensure that the mandataries (now called distributors) abide by the rules.*

CAFII believes that insurers already shoulder adequate responsibility for their mandataries/distributors and that the current distribution without a representative (DWR) system is working well for most such relationships. We believe that section 436 of the existing *Act respecting the distribution of financial products and services* sufficiently addresses the legal requirements of the insurer under the DWR regime.

CAFII would like to point out that the majority of CAFII member client service representatives are salaried staff and are supervised both in branch and in client contact centres. All CAFII member client service representatives are required to undergo comprehensive and recurring training to ensure that they provide consumers with accurate and reliable information. This training ensures that representatives offering insurance have the knowledge and skills to do their jobs and serve clients well.

Our members adhere to CLHIA Guideline G7, Creditor's Group Insurance, which requires insurers to a) establish reasonable procedures to train those offering their insurance products; and b) establish reasonable procedures to monitor the activities of those handling enrolments. With respect to travel insurance, members adhere to Guideline G5, Travel Insurance which sets out practices for providing consumers with information that will enable them to make an informed decision about the coverage being made available. Our members also follow Guideline G9, Direct Marketing.

In the case of most CAFII members, the selling of creditor's group and travel insurance, in addition to being subject to provincial regulation, is federally regulated. Consumers are well-protected through the financial institutions' compliance with the CBA Code of Conduct for Authorized Insurance Activities. This Code – part of the CBA's suite of Voluntary Commitments and Codes of Conduct – applies to all authorized insurance products promoted in Canada. The CBA's Voluntary Commitments and Codes of Conduct are non-legislated commitments that banks have made to their consumers in a number of areas. The banks' federal consumer regulator, the Financial Consumer Agency of Canada, oversees the banks' compliance with them.

As CAFII has said in past submissions, by and large, our members have delivered DWR products on a relatively complaint-free basis in Québec and we urge the AMF to take a principles- and risk-based approach focusing on ensuring compliance by any distributors that are causing concern.

Proposal 3: *Examine all approaches to ease the regulatory and financial burden of registrants, while maintaining adequate oversight of the distribution of financial products and services.*

CAFII members have not encountered any particular issues with the current oversight structure and have no comments to offer at this time. However, we commend the Ministry of Finance for initiating this review and, if specific proposals for change are brought forward in the future, we would like to have the opportunity to comment at that time.

Conclusion

CAFII appreciates the opportunity to provide our comments and recommendations in this important review of the *Act respecting the distribution of financial products and services*. We look forward to providing further input on any proposed changes to the *Act* which may result from this consultation.

Should you require further information from CAFII or wish to meet with our Association at any time as the review progresses, please contact Brendan Wycks, our Executive Director, at brendan.wycks@cafii.com or 647-218-8243.

Sincerely,



Greg Grant, MBA, FLMI, ACS
Board Secretary and Chair, Executive Operations Committee
Canadian Association of Financial Institutions in Insurance

Links To Other Regulatory and Self-Regulatory Documents Cited In This Submission

- CCIR Electronic Commerce in Insurance Products Position Paper: http://www.ccir-ccra.org/en/init/Elec_Commerce/ECC_position_paper_2013_EN_final.pdf
- CLHIA Guidelines: https://www.clhia.ca/domino/html/clhia/clhia_lp4w_ind_webstation.nsf/page/E0DABC49378B65DE85257A5B0062D156
- CBA Code of Conduct for Authorized Insurance Activities: http://www.cba.ca/contents/files/misc/vol_20090000_authorizedinsuranceactivities_en.pdf

ABOUT CAFII

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

CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services.

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

In addition, CAFII has 10 Associates that support the role of financial institutions in insurance.

CAFII members offer travel, life, health, property and casualty, and creditor's group insurance across Canada. In particular, creditor's group insurance and travel insurance are the product lines of primary focus for the Association as our members' common ground. In addition, we advocate on behalf of alternate distribution of insurance – through channels such as direct mail, contact centres, and the internet including mobile devices -- and in support of regulatory structures that foster an open marketplace where consumers can freely choose how and where to purchase coverage.

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

September 9, 2015

FIA & CUIA Review
Policy & Legislation Division
Ministry of Finance
PO Box 9470 Stn Prov Govt
Victoria, BC V8W 9V8
Email: fiareview@gov.bc.ca

Subject: Financial Institutions Act & Credit Union Incorporation Act Review

CAFII is pleased to provide the following input in response to the issues and questions raised in the Initial Public Consultation Paper that are relevant to our members' insurance-related activities. Our responses are offered from the perspective of insurers and distributors that

- offer creditor's group insurance and travel insurance in BC and across Canada;
- offer insurance solutions through alternate, non-traditional distribution channels such as direct mail, contact centres, and the internet; and
- for the most part, are federally incorporated and subject to both federal and provincial regulation.

OVERALL/FRAWORK ISSUES

Issue 1: Financial Consumer Protection

Q1. Should BC consider adopting a market conduct code for fair treatment of consumers that would apply to financial institutions? If so, should there be one code for all financial institutions or separate codes for different types of financial institution?

With respect to insurance, CAFII believes that there should be one national, principles-based code for fair treatment of consumers (FTC), developed by the CCIR, which all jurisdictions would adopt. We also note that the Financial Consumer Agency of Canada (FCAC) concluded a consultation on a proposed federal financial consumer code in early 2014, the results of which have not yet been announced.

Q3. Should ombudservices be mandated for addressing consumer complaints against mutual insurers and/or insurance agents and brokers?

In this area, we note that CAFII members have robust processes in place which operate under a "company first" approach to review and resolve/escalate complaints. If consumers are not satisfied, they have recourse to the financial institution's (FI) own Ombudsperson. FIs have well-established policies and procedures to receive, investigate, and respond to consumer complaints with respect to the products they offer. The FI informs consumers of these procedures, which are easy to understand and use. These procedures set out a clear complaint resolution process and identify appropriate contacts within the organization. Information concerning these complaint procedures is available from personnel at any branch, on the FI's website and in printed brochures that explain the process in detail. Our members make every effort to respond to complaints fairly and promptly.

Should a consumer remain dissatisfied with the outcome of the complaint review, they can then escalate their case to the OmbudService for Life & Health Insurance (OLHI).

Q4. Should authorization requirements for financial institutions and licensing requirements for insurance agents and brokers specifically require fair treatment of consumers?

CAFII's view is that fair treatment of consumers is a point-of-sale issue and not a point-of-authorization/licensure issue and it would not be appropriate to include FTC in licensing requirements. In addition, embedding FTC directly in authorization/licensure documents and/or screening processes would be impractical and add unnecessary red tape while not enhancing consumer protection. That said, if a FTC code is introduced, requiring applicants to promise to adhere to it as part of the authorization/licensure process would be a positive step.

In the case of most CAFII members, the selling of creditor insurance products is federally regulated and consumers are well-protected through the financial institutions' compliance with the CBA Code of Conduct for Authorized Insurance Activities. This Code – part of the CBA's suite of Voluntary Commitments and Codes of Conduct – applies to all authorized insurance products promoted in Canada. The CBA's Voluntary Commitments and Codes of Conduct are non-legislated commitments that banks have made to their consumers in a number of areas. The banks' federal consumer regulator, the Financial Consumer Agency of Canada, oversees the banks' compliance with them.

All CAFII members also follow relevant CLHIA Guidelines, including Guideline G7 Creditor's Group Insurance, G9 Direct Marketing, and G5 Travel Insurance.

Q6. Does BC have the correct framework for use of corporate and business names and logos, and the disclosure of identity for financial institutions?

CAFII believes that BC's current legislative framework for use of corporate and business names and logos works well, and ensures that the identities of the financial institutions are clear and transparent to consumers. However, to provide additional flexibility for industry participants, we would encourage BC to consider Quebec's approach where applicants are allowed to have both the company name and the brand name on the license. This approach recognizes that some distribution models have more than one brand operating under a corporate licence.

Issue 2: Market Discipline/Public Disclosure of Key Financial Risk Information

Q1. Should BC financial institutions be required to make additional financial and risk information available publicly, including online? If so, which types of information? What are the benefits and risks or issues associated with more stringent public disclosure requirements?

The public availability of financial and risk information related to our members is addressed in both federal and provincial Insurance legislation and/or regulations, including in BC. As BC considers disclosure of financial and risk information for FIs incorporated in the province, we would encourage harmonization, to the extent possible, with parallel provisions in other jurisdictions.

Q2. Should FICOM be permitted to publish information it collects from financial institutions online? Are there certain types of information that should not be published or exemptions that should be provided (e.g., to particular types or sizes of institution)?

CAFII believes that the current requirements in the FIA are appropriate and that FICOM's disclosure powers do not need to be extended to online posting.

In this connection, CAFII members want to reserve the right to provide privileged responses to regulator surveys or other information requests, where appropriate. Legislating a self-evaluative privilege protection for insurers in BC would promote open and transparent self-assessments by companies and ultimately contribute to consumer protection improvements that could be achieved through regulators' use of such assessments.

Q3. Should financial institutions in BC be required to provide information to national databases for regulatory purposes, and should FICOM be allowed to do so?

We encourage BC to join and participate in the National Complaint Reporting System (NCRS) for life and health insurance.

With respect to national databases, CAFII would also like to impress upon FICOM and the Insurance Council of BC the compelling need for an integrated national database to facilitate licensing and monitoring of insurance agents across all jurisdictions. A nationally integrated electronic licensing system could become the foundation for a system of mutual recognition for vetting of applications and for ongoing supervision.

Issue 3: Financial Literacy

CAFII believes that financial literacy can be well-supported under existing federal and provincial legislation. However, if there are to be new financial literacy obligations for the life and health insurance sector, we would like to see a nationally co-ordinated approach, one which builds upon the work being led by the FCAC's National Financial Literacy Leader.

CAFII members have been focused on consumer financial literacy for many years by using plain language and clear communication in offering insurance products. Members adhere to the FCAC's *Commissioner's Guidance on Clear Language (CG-3)* and the CLHIA's reference document *A Model Demonstrating Clear Communication Principles and Techniques Using Examples From Insurance Policies*.

Our Association's tag line is "Making Insurance Simple and Accessible for Canadians" and our members focus on achieving that.

CAFII member client service representatives use plain language and clear communication to help consumers understand exactly what they are buying. Their objective is to give consumers the information they need to make an informed and sound decision. They are trained to point out features and limitations of the insurance and answer consumer questions. In addition, information is available on member websites and consumers are given a toll-free phone number to call with any questions they may have.

CAFII members provide marketing materials and insurance policies and certificates, detailing coverages and exclusions in a manner that is easy to understand; and they are always working to improve clarity. Consumers can take their time to do a full review of all materials during the "free look" period - typically 30 days - during which time they can cancel and receive a full premium refund.

Issue 4: Technological Change

CAFII believes that the future of the life and health insurance industry will be marked by continued innovation and an increase in consumer demand for electronic commerce.

As such, CAFII members utilize electronic commerce extensively to distribute authorized and other life and health insurance products and we share regulators' objective of ensuring that consumers are protected while purchasing products through their channel of choice.

At the same time, many regulatory requirements were designed for traditional paper-based and personal interaction sales practices and they will need to be revisited to ensure that they do not create inadvertent obstacles for innovation in alternate distribution models.

Q1. Are there any barriers or impediments to using new technology in the current legislative and regulatory framework (e.g., for member engagement, provision of products and services, etc.)? What changes are needed to ensure the regulatory framework continues to enable and accommodate technological change, now and in the future?

CAFII believes that the current legislative and regulatory framework in BC provides the flexibility needed to support technological innovation and improvements in consumers' insurance purchase experiences.

We compliment BC for being a leader in supporting technological innovation, e.g. the inter-related changes made to the Electronic Transactions Act and the Insurance Act to allow for electronic beneficiary designations. One further area in which BC could lead by removing a barrier to innovation would be to allow for online/electronic termination of an insurance contract, where both the insurer and the individual insured agree to that option.

With respect to legislative or regulatory changes, CAFII requests that lead time of 12 to 18 months be provided to facilitate our members' implementation of the changes. These changes inevitably give rise to major information systems projects within member companies and it takes time to ensure that necessary systems changes are made, forms revised, staff trained, and consumers notified of how the changes affect them.

Q2. Are any changes needed to ensure consumers continue to be protected and provided with the information they need to make informed choices?

The existing legislative and regulatory framework in BC, along with the CBA Code of Conduct for Authorized Insurance Activities and CLHIA Guidelines, works well to ensure that consumers are adequately protected and have access to the information they need to make informed decisions in their channel of choice.

The CCIR's final position paper on *Electronic Commerce in Insurance Products*, issued in October 2013, sets out a number of consumer protection expectations that are satisfied by current industry standards. CAFII strongly recommends that any changes be aligned with CCIR's recommendations. Indeed, Quebec's Ministry of Finance, in its current consultation report on the province's *Act Respecting the Distribution of Financial Products and Services*, is proposing to take that approach.

Q3. Are there certain financial products or services that should not be available for purchase directly by consumers online without using a professional broker or financial advisor at a regulated institution?

CAFI does not believe that it is appropriate to limit consumer choice. Our view is that the focus should be on clear, plain language disclosure so that consumers can make informed choices and CAFI members are committed to providing consumers who choose to shop online with access to a licensed representative, where not prohibited by law.

Q4. Are there consumer protection and regulatory issues related to record storage or retention? Should there be limits on what kinds of data can be entrusted to a third party service provider for storage and/or processing?

CAFI does not believe that any legislative and/or regulatory changes are required in this area, as the current FIA contains provisions requiring insurers to maintain facilities that the Superintendent considers adequate for FICOM to be able to obtain access to records. As well, insurance industry participants are required to comply with the province's Personal Information Protection Act (PIPA). PIPA's Part 9 – Care of Personal Information sets out requirements for the protection and retention of such information.

With respect to federally-incorporated insurers, they must also adhere to the Personal Information Protection and Electronic Documents Act (PIPEDA) and follow the rules set out in sections 260 to 270 of the Insurance Companies Act. Records can be outsourced but the Superintendent of OSFI can require records processing to be done in Canada if that is seen to be appropriate. OSFI Guideline B-10 sets out expectations for financial institutions related to outsourcing, including outsourcing to providers outside of Canada. Insurers are required to ensure that OSFI can readily access in Canada any records necessary to fulfill its mandate. If legislative changes are contemplated, we encourage consideration of OSFI's approach, with a view to adapting and incorporating the expectations in place at the federal level.

Issue 5: Out of Province Business

Q3. Are changes to the current legislative framework needed to address the use of technology by out-of-province entities providing financial products and services to British Columbians? Do the current definitions of what constitutes "carrying on business in BC" need to be revisited in light of increased e-commerce/online distribution of financial products?

CAFI's view is that all online insurance communications with residents of BC – regardless of origin location – should be afforded the protections set out in the FIA and the Insurance Act and we believe that the current legislative framework does cover such communications and transactions.

Issue 6: Regulatory Powers and Guidelines

With respect to FICOM's regulatory powers and guidelines, CAFI is not aware of any deficiencies in the existing tools that are set out in Part 7 of the current FIA.

INSURANCE SECTOR

A 2013 independent research study conducted by the Life Insurance Market Research Association (LIMRA) found that life insurance ownership in Canada is at a 30-year low with only 68% of households owning life insurance, down from 79% seven years earlier. Further, a recent actuarial report prepared by Towers Watson shows that nationally in 2013, creditor insurance on mortgages provided Canadians with \$85B of new life insurance coverage. For the same year, Canadian Life and Health Insurance Association data indicates that the amount of new term life insurance purchased by Canadians was approximately \$170B. As such, both creditor and term life insurance are important components of risk protection for Canadians.

Issue 1: Insurance Retailing and Licensing Exemptions

Q1. Are the current exemptions appropriate? Should any additional exemptions be provided?

CAFII believes that the current exemptions are appropriate and effective.

Q2. Should insurers have more responsibility for exempt sellers? Should they be required to provide more direct oversight?

CAFII believes that insurers already shoulder an appropriate level of responsibility for their exempt sellers and that the current system is working well for most such relationships.

All CAFII member client service representatives are required to undergo comprehensive and recurring product training to ensure that they provide consumers with accurate and reliable information. That training ensures that representatives offering insurance have the knowledge and skills to do their jobs and serve clients well. It also ensures that they act in accordance with the CBA Code of Conduct for Authorized Insurance Activities; the Bank Act; federal and provincial privacy legislation; and CLHIA Guidelines, including Guideline G7 Creditor's Group Insurance, G9 Direct Marketing, and G5 Travel Insurance.

CAFII member client service representatives – the majority of whom are salaried staff – are also highly supervised both in branch and in client contact centres.

Q3. Should the FIA be amended to give the Insurance Council increased powers to license and regulate incidental sellers of insurance?

From CAFII's perspective, BC's existing system of insurance retailing and licensing exemptions is working well and we are not in favour of providing the Insurance Council with increased powers in this area.

In the absence of a framework provided by a Restricted Insurance Agent licensure regime akin to those that exist in the other Western Canada provinces, it would be very challenging to establish an effective model under which the Insurance Council of BC could carry out such increased powers over incidental sellers.

As a general principle, CAFII believes that the Insurance Council of BC should be “channel neutral.” That is, the Council should be designed such that the interests of all distribution channels are well-served and the representatives of any particular channel are not in a position to make decisions which could negatively impact consumers’ access to competing distribution channels.

Q4. Should certain insurance products only be sold by licensed agents? If so, which ones?

No, CAFII believes that the existing system of insurance retailing and licensing exemptions in BC is working well and we don’t see a compelling need for change.

CAFII members adhere to the market conduct and consumer protection provisions of the province’s FIA, Insurance Act, and PIPA. In addition, the distribution of creditor insurance products is federally regulated in the case of most CAFII members. In that connection, consumers are well-protected through their compliance with the CBA Code of Conduct for Authorized Insurance Activities; and, in the case of all CAFII members, through their adherence to CLHIA Guidelines, including Guideline G7 Creditor’s Group Insurance, G9 Direct Marketing, and G5 Travel Insurance.

Q5. Should the restricted insurance agent model used by some other provinces, and applicable to travel agencies in BC, be looked at with respect to the sale of other types of incidental insurance such as credit insurance and/or product and vehicle warranties? If so, which types?

CAFII believes that BC’s current system of insurance retailing and licensing exemptions is working well. However, if the province feels that additional legislation and/or regulations are required, CAFII members would be open to the introduction of an RIA/ISI regime and we would encourage BC to harmonize with the existing regimes in the other western provinces.

Should an RIA/ISI regime be established, care must be taken to ensure that the interests of RIA licence holders are well-served in terms of representation on Council and that the representatives of competing channels are not in a position to make decisions which could negatively impact consumers’ access to alternate distribution channels.

Issue 2: Regulation of Insurance Intermediaries

Q1. Should some or all members of the Insurance Council of BC be elected?

CAFII supports a new governance model for the Insurance Council of BC that would see some of its members appointed by industry Associations.

We would also strongly recommend that the residency requirement to serve on the Insurance Council be repealed. Our members distribute creditor’s group and travel insurance largely through contact centres situated in various provinces, and the current residency requirement to be eligible to serve on the Council means that it is very difficult for a representative from a CAFII member to do so. As a result, there is no voice at Council to represent the views of alternate distribution channels that meet consumer needs.

Issue 3: Protection of Confidential Information

Q2. Would insurer self-assessment privilege provide a net public benefit by enhancing internal compliance systems and confidential disclosure to the regulator? Do the benefits outweigh the costs of limiting evidence available in court proceedings?

Yes, CAFII feels that the benefits of implementing a compliance self-evaluative privilege outweigh the costs of limiting evidence available in court proceedings.

Legislating a self-evaluative privilege protection for insurers promotes open and transparent self-assessments by companies and ultimately contributes to consumer protection improvements that can be achieved through regulators' use of such assessments.

We would also point out that providing a self-evaluative privilege protection is a position recommended by CCIR that was adopted with minimal modifications by Alberta and Manitoba in their recent Insurance Act reviews. In addition, earlier this year, Saskatchewan legislated a self-evaluative privilege into its Insurance Act re-write that will come into force at the time of the new Act's proclamation.

Conclusion

Thank you for the opportunity to share CAFII's comments and recommendations in this important legislative review. We look forward to participating in future phases of the review.

Should you require further information from CAFII or wish to meet with our Association at any time as the review progresses, please contact Brendan Wycks, our Executive Director, at brendan.wycks@cafii.com or 647-218-8243.

Sincerely,



Greg Grant, MBA, FLMI, ACS
Board Secretary and Chair, Executive Operations Committee
Canadian Association of Financial Institutions in Insurance

Links to Non-BC Regulatory and Self-Regulatory Documents Cited In This Submission

- CBA Code of Conduct for Authorized Insurance Activities:
http://www.cba.ca/contents/files/misc/vol_20090000_authorizedinsuranceactivities_en.pdf
- CLHIA Guidelines:
https://www.clhia.ca/domino/html/clhia/clhia_lp4w_lnd_webstation.nsf/page/E0DABC49378B65DE85257A5B0062D156
- Federal Bank Act and related Regulations, including Insurance Business (Banks and Bank Holding Companies) Regulations: <http://laws-lois.justice.gc.ca/eng/acts/b-1.01/>
- FCAC's Commissioner's Guidance on Clear Language (CG-3): <http://www.fcac-acfc.gc.ca/eng/forIndustry/publications/commissionerGuidance/Pages/CG3Clear-DC3Princ.aspx>
- CLHIA's A Model Demonstrating Clear Communication Principles and Techniques Using Examples From Insurance Policies:
<https://www.clhia.ca/domino/html/clhia/committees/newsletter.nsf/0/4dbad59fcc18f2aa85257d9e0057152f!OpenDocument&Click=>
- CCIR Electronic Commerce in Insurance Products Position Paper: http://www.ccir-ccra.org/en/init/Elec_Commerce/ECC_position_paper_2013_EN_final.pdf
- Quebec Ministry of Finance Report on An Act Respecting the Distribution of Financial Products and Services:
http://www.finances.gouv.qc.ca/documents/Autres/en/AUTEN_lolidistriprodservfin.pdf
- Personal Information Protection and Electronic Documents Act: <http://laws-lois.justice.gc.ca/eng/acts/p-8.6/>
- Federal Insurance Companies Act: <http://laws-lois.justice.gc.ca/eng/acts/i-11.8/>
- OSFI Guideline B-10: <http://www.osfi-bsif.gc.ca/eng/fi-if/rg-ro/gdn-ort/gl-ld/pages/b10.aspx>

ABOUT CAFII

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

CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services.

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

In addition, CAFII has 10 Associates that support the role of financial institutions in insurance.

CAFII members offer travel, life, health, property and casualty, and creditor's group insurance across Canada. In particular, creditor's group insurance and travel insurance are the product lines of primary focus for CAFII as its members' common ground.

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

September 14, 2015
File No.: 78000-03
Ref. No.: 0591

To: All Insurers Authorized to Write Life and/or Accident & Sickness Insurance in British Columbia

Re: Information Bulletin INS-15-002: Creditor's Group Insurance

The Financial Institutions Commission (FICOM) has issued an Information Bulletin, INS-15-002, setting out FICOM's expectations for insurers, exempt sellers, and creditors regarding creditor's group insurance (CGI) being offered in British Columbia. Enclosed is a copy of this bulletin for your records.

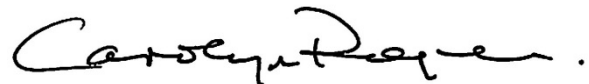
FICOM expects insurance companies to immediately take steps to ensure that the expectations set out in this bulletin will be met. FICOM recognizes insurers need time to review their existing oversight and controls over CGI and make any necessary changes. FICOM expects insurers, creditors and exempt sellers to be compliant with this bulletin by March 31, 2016. Insurers are expected to have in place by that date effective controls and oversight of their CGI products to ensure that all of the expectations set out in the bulletin are being met. Exempt sellers are expected to have sufficient knowledge and training by that date to ensure they can meet the expectations. Creditors are expected to be actively and substantively involved in the negotiation and procurement of any new or renewal CGI contract involving their debtors after March 31, 2016.

FICOM does not expect insurers to revise existing CGI group contracts set to be renewed or expire on or before December 31, 2017. However, FICOM does expect that any existing CGI contract with a duration longer than December 31, 2017, be renegotiated with the creditors involvement by March 31, 2016. Contracts do not need to be submitted to FICOM for approval.

Failure to comply with the bulletin's requirements could result in regulatory action.

If you have any questions regarding the content of the attached bulletin, please contact Frank Chong, Deputy Superintendent, Regulation, at Frank.Chong@ficombc.ca.

Regards,



Carolyn Rogers
CEO & Superintendent
Financial Institutions Commission

Enclosure

HJ/ac

- Superintendent of Financial Institutions
- Superintendent of Pensions
- Superintendent of Real Estate
- Registrar of Mortgage Brokers

2800 – 555 West Hastings
Vancouver, BC V6B 4N6
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www.fic.gov.bc.ca

BULLETIN NUMBER:	INS-15-002
TITLE:	CREDITOR'S GROUP INSURANCE
LEGISLATION:	<i>FINANCIAL INSTITUTIONS ACT INSURANCE ACT</i>
DATE:	SEPTEMBER 2015
DISTRIBUTION:	LIFE AND ACCIDENT & SICKNESS INSURERS CGI EXEMPT SELLERS CGI CREDITORS

PURPOSE

The purpose of this bulletin is to clarify the Financial Institutions Commission's (FICOM) expectations for insurers, exempt sellers and creditors regarding creditor's group insurance (CGI) being offered in British Columbia.

BACKGROUND INFORMATION

Any group product under which the lives or well-being of a number of a creditor's debtors are insured under a single contract is considered a CGI product.

FICOM has identified consumer protection concerns in relation to CGI. Those concerns include inadequate oversight and due diligence over CGI sale and distribution, insufficient training of CGI sellers, overly aggressive sales practices, inadequate disclosure practices, the use of unauthorized insurers or unlicensed agents, and insufficient creditor involvement in the initiation of a CGI product.

This bulletin sets out FICOM's expectations regarding CGI for insurers, exempt sellers and creditors¹.

Regulatory action may be undertaken against the insurer or exempt seller if they are found in contravention of the requirements stated below.

¹ Note that creditors, in some instances, may also be exempt sellers depending on their role in the sale or distribution of CGI products.

EXPECTATIONS OF INSURERS

FICOM expects insurance companies to have robust and effective oversight and controls over its CGI products, from formation of the contract to the settlement of claims.

Where an insurer uses a third party in the sale or distribution of an insurance product, the insurer must extend its oversight and control regime to the functions provided by that third party.

At a minimum, an effective oversight and control regime includes the following:

1. Ongoing monitoring, reporting and auditing procedures to ensure the insurance is being sold in the manner expected by both the insurer and the creditor, is suitable to the needs of the consumer, and is in accordance with legislative requirements. This includes ensuring that:
 - coercive sales practices are not taking place;
 - all disclosure requirements set out in legislation are being met;
 - consumers are clearly aware of the voluntary nature of the product;
 - controls are in place to mitigate against enrolment of ineligible insureds;
 - unauthorized or unlicensed insurance activity is not taking place;
 - all product materials are clear, written in plain language, and provide sufficient information on terms and conditions of the contract for the consumer to make an informed choice; and
 - all product materials indicate how to contact the insurer for information, clarification, changes and disputes.
2. Established, ongoing training programs for exempt sellers to ensure they have current and appropriate knowledge and understanding of the product offerings and materials being provided to consumers.

In particular, training programs should ensure that exempt sellers are sufficiently trained on eligibility requirements, product features and can identify instances where they should direct consumers to the insurer.

Exempt sellers that have not completed the required training should not be permitted to sell CGI to consumers.

3. Outsourcing agreements with third parties, including distributors and exempt sellers, that clearly define the roles and responsibilities of the third parties and permit the insurer to engage in effective monitoring and oversight of services being provided.

The agreements should be monitored periodically by insurers to ensure third parties are operating within the terms of the agreement and that the terms remain current and relevant. These agreements should include clear termination procedures which can be used in the event any third party does not fulfill the expectations of the insurer.

Insurers are also responsible for ensuring that only authorized or licensed persons, or appropriately exempt persons, are involved in the distribution of CGI.

EXPECTATIONS OF EXEMPT SELLERS

Pursuant to the *Insurance Licensing Exemptions Regulation*, CGI can be sold incidentally to the arranging of credit by exempt sellers that are not licensed insurance agents (e.g., mortgage brokers, bank employees, auto dealers). FICOM expects all exempt sellers of CGI to:

- possess sufficient knowledge and training on eligibility requirements and product features to ensure ineligible customers are not being enrolled;
- be able to identify instances where they should direct customers to contact the insurer for further information or clarification;
- provide clear information to customers on the terms and conditions of all CGI products;
- refrain from engaging in coercive practices or imposing undue pressure on individuals to obtain CGI coverage;
- provide proper disclosure to all customers on the voluntary nature of CGI; and
- communicate to customers how they can contact the insurance company for clarification regarding eligibility, the terms and conditions of the coverage, the claims process, or any other matters related to the coverage.²

If an exempt seller is found to be in contravention of any of the above requirements, FICOM may take regulatory action against the insurer and/or the exempt seller.

CREDITOR INVOLVEMENT IN INITIATION OF CGI

Pursuant to sections 37 and 92 of the *Insurance Act*, all CGI products offered in British Columbia must be effected by the creditor. In order for a creditor to effect a CGI contract, insurance companies must ensure that the creditor plays an active and substantial role in the following areas:

- procurement of the insurance contract;
- product design, including all related forms and materials, to ensure that the product is designed to be suitable to the needs of the creditor's debtors; and
- negotiation of the terms and conditions under which the insurance coverage will be offered to its debtors, including who will be permitted to enrol customers into the CGI program.

Note that a creditor can explicitly assign a third party agent to undertake the role of effecting a CGI product on its behalf, however the insurer and the creditor retain responsibility for ensuring regulatory expectations are met.

² Specific disclosure requirements for mortgage brokers are set out in Section 2(2)(a) of the FIA's *Insurance Licensing Exemptions Regulation*.

Continuous Oversight

In addition to the regulatory requirement that the creditor is involved in the initiation of any CGI product, FICOM recommends that the creditor continuously liaise with its insurance company to ensure that the CGI coverage being offered to its customers is suitable to their needs and specific circumstances, and that the overall program is not being provided in a manner that is harmful to its customers.

This liaison should address any concerns either party has regarding distribution, disclosure, administration, consumer protection or regulatory compliance. Examples of areas that creditors should verify with the insurer include the following:

- ensuring its customers are being provided with clear disclosure on the terms and conditions of the insurance;
- verifying that only eligible customers are being enrolled into the program;
- confirming that coercive sales practices are not taking place; and
- ensuring that its customers are being provided with sufficient information on how to contact the insurance company for further information or to file a claim.

At the Financial Institutions Commission, we issue information bulletins to provide technical interpretations and positions regarding certain provisions contained in the *Financial Institutions Act and Insurance Act*, Regulations and other pertinent legislation. While the comments in a particular part of an information bulletin may relate to provisions of the law in force at the time they were made, these comments are not a substitute for the law. The reader should consider the comments in light of the relevant provisions of the law in force at the time, taking into account the effect of any relevant amendments to those provisions or relevant court decisions occurring after the date on which the comments were made. Subject to the above, an interpretation or position contained in an information bulletin generally applies as of the date on which it was published, unless otherwise specified.



Travel Medical Insurance Study

DRAFT

Report • September 2015

POLLARA 

Study Background and Objectives

- Following broker and broker-reported, alleged consumer complaints in relation to travel medical insurance, the Canadian Council of Insurance Regulators requested that the insurance industry review the issue.
- As part of the review process, CAFII commissioned consumer research to quantitatively assess the following:
 - The general public's perceptions of the travel medical insurance sector and the level of confidence in the travel medical insurance
 - Experiences and satisfaction levels with travel medical insurance purchase process among recent buyers (past 12 months)
 - Experiences and satisfaction with travel medical claims submission process and outcomes among recent claimants (past 12 months)
- CAFII engaged Pollara, an independent market research firm, to conduct a Canada-wide study that would provide answers to the aforementioned topics.

Methodology

- The study was conducted nationally, between August 17 and 28, 2015, using an online methodology.
- It was completed by n=1,000 Canadians age 18 and over. The sample was stratified as follows:
 - Segment 1: General population – non-buyers of insurance/ non-claimants: n=400
 - Segment 2: Purchased travel medical insurance over the past 12 months, did not make a claim: n=300
 - Segment 3: Purchased travel medical insurance **and** made a claim over the past 12 months: n=300
- Given a low incidence of buyers (31%) and a very low incidence of claimants (10% of buyers), the quotas were reached by pre-screening and over-sampling of the two low incidence populations.
- The survey was approximately 16 minutes in length, and was divided into three sections, each answered by the following respondent groups:
 - Section 1: General perceptions of the travel medical insurance – completed by all respondents (n=1,000)
 - Section 2: Travel medical insurance purchase experience and satisfaction - completed by buyers of medical insurance in the past 12 months regardless of whether or not they had a claim (n=600)
 - Section 3: Experience and satisfaction with claims submission and outcomes– completed by claimants (n=300)

Methodology (cont'd)

- The study was conducted nationally, and the deployed sample was proportional to the distribution of the Canadian population (based on the 2011 Census). To ensure that the results for buyers and claimants reflected the actual travel medical insurance market place, the results were allowed to fall out naturally and no general population weighting (by region, age, and gender) was applied at the data processing stage; doing so would likely compromise the accuracy of results.
- Note on the analysis of the results:
 - Wherever applicable, the results were analyzed by various respondent segments, e.g., non-buyers, all buyers (claimants and non-claimants), buyers non-claimants, buyers-claimants, and various demographic characteristics.
 - All statistically significant differences as well as noteworthy patterns are shown and/or mentioned in the report.

Executive Summary

Travel Medical Insurance Landscape – Key Observations

- The main observation coming out of this research is that **positive attitudes** toward the industry and specific experiences with travel medical insurance **far outweigh negative ones**. **While the intensity of positive views** (including satisfaction) across various respondent groups varies, there are no obvious areas of concern across the segments.
- Positive attitudes toward the industry are much more pronounced (i.e., greater proportion of the highest scores) among buyers of private insurance than non-buyers; however, the latter group's **overall sentiment** toward the industry is **positive** (positive attitudes prevail over negative ones approximately three-to-one).
- Furthermore, **higher regard** toward travel medical insurance in general, and purchase experiences in particular, **corresponds with having a claim event** (i.e., highest satisfaction scores are more often assigned among claimants than buyers who did not make a claim).
- Lastly, fully reimbursed claimants are much more likely to view all service experiences (the purchase, claim process, outcome) in a *significantly* more positive light than those who were partially paid. While this finding in and of itself is obvious, it is worth mentioning here because **three-quarters** of claimants were **paid in full** (24% paid partially, 1% denied), and **this large group's overwhelmingly positive views in turn shape the results found in this study**.
- *Results for buyers/claimants who purchased through banks/credit unions/ caisses populaires generally parallel the aggregate results, although small sample sizes (n=78; n=41) preclude conclusive observations.*

Attitudes toward Travel Medical Insurance

- Canadians have a **good level of confidence** in the travel medical insurance industry;
 - 80% are confident they would receive the needed assistance
 - 77% are confident in the quality of service
 - 77% are confident they would be reimbursed for eligible expenses
- The top scores (“very confident”) are much higher among buyers than non-buyers and even higher claimants than non-claimants.
- A majority of Canadians also have a **good degree of trust** toward many insurance providers, particularly...
 - Associations (81% trust them, fully or somewhat)
 - Traditional insurers (78%)
 - Financial institutions – banks, credit unions, caisses populaires (74%)
- There is comparatively less trust in organizations whose core business is not in the financial services sphere (travel agencies 63%, airlines 54%, and travel companies 52%)
- Claimants are more likely than non-buyers and buyers/non-claimants to bestow a higher degree of trust (“trust fully”) on any of the institutions measured in the study.

Travel Medical Insurance Purchase Experience

- Over the past 12 months 31% of Canadians purchased travel medical insurance from a range of insurance providers. The top three include insurance companies (20%), from banks/ credit unions/caisses populaires (13%), along with associations (13%) and travel agents (12%).
- Purchases are well-spread across various channels, with phone, in-person, and online each garnering approximately a third of purchases. In terms of products, Canadians gravitate toward a single-trip medical insurance (44%), with multi-trip medical the second most frequently purchased policy type (26%). Comprehensive packages are much less popular.
- Virtually all buyers (90%) reported being aware (at the time of purchase) of potential limitations to the coverage, and a vast majority (87%) said they would know who to contact/what to do in the event of a medical emergency, with the same proportion claiming to have at least a reasonable understanding of what was/wasn't covered by the policy.
 - But “reasonable” level of understanding may not be enough. It is of note that at the time of purchase claimants who were paid in full had a **significantly more extensive knowledge of the policy terms than those whose claim was only partially covered**. This highlights how **critical the level of understanding is to the entire claim experience and outcome**, because it sets expectations right at the time of purchase. If such expectations are established upfront, there is less room for disappointment and dissatisfaction at the moment of truth associated with the experience and outcome.

Satisfaction with Travel Medical Insurance Purchase Experience

- **Satisfaction with the purchase experience is very high** (94% satisfied: 49% very, 45% somewhat), regardless of the purchase method used.
 - The strength of satisfaction is higher among those whose claim was paid in full (66% very satisfied, 33% somewhat) than those who were only partially reimbursed (22% very satisfied, 65% somewhat).
- **Satisfaction is also high across the range of measured factors that influence the overall purchase experience**, with no areas for concern. It is very similar across purchase channels.
 - The highest total satisfaction score is at 90% for *ease of transaction*, as well as *availability of comprehensive information*. In relative terms, the lowest satisfaction score of 83% is for *well explained policy details* and *ease of access to a live rep*.
 - With regards to top satisfaction ratings (“very satisfied”), the *ease of transaction* was rated the highest, at 45%, while *value for money* received the lowest rating of 33%.
 - Once again, fully reimbursed claimants once again are more likely than partially paid respondents to be “very satisfied” with all rated areas.

Travel Medical Emergency Experiences

- A vast majority of individuals who experienced travel medical emergency (83%) contacted their insurer during the emergency; only 17% did not, but most of them also submitted a claim. In effect, virtually all (98%) affected by a travel medical emergency submitted a claim. Of this group a negligible proportion (3%) didn't complete the process.
- **Overall satisfaction with the entire claim experience, from the initial contact to the final outcome, is very strong** (92% satisfied: 58% very, 34% somewhat).
 - Fully paid claimants are much more likely to be *very* satisfied (97% satisfied, 71% very) than those partially paid (84% satisfied, 20% very). Nevertheless, the latter group's experiences are still generally positive.
- **All aspects of the emergency call measured in the study receive high satisfaction scores** (mid-to-high 80 per cent).
 - While scores are lower across the measured areas among partially paid claimants (low-to-mid 70 per cent across the board), on the whole, the attitudes are positive.
- Nearly all (88%) found the actual medical emergency experience in line with what was explained to them during the initial contact, and 82% report that the support they received during the travel medical emergency met or exceeded their expectations.

Experiences with Travel Medical Emergency Claim Submission & Outcomes

- Virtually all (99%) processed claims were paid: 75% fully, 24% partially, and 1% was denied.
- Satisfaction with the various aspects of the claim submission process captured in the study is **strong** (total satisfaction scores range from 83% to 90% satisfied), and there are no areas of concern.
 - As with other measures, the strength of satisfaction is affected by the claim outcome.
- Fully 87% found the actual claim submission experience to be in line with what was explained to them during the initial contact. Indeed, a vast majority of claimants (93%) thought of the claim submission experience as positive (it met or exceeded their expectations).
 - Fully reimbursed: 96% met or exceeded (19% exceeded)
 - Partially reimbursed: 90% met or exceeded (16% exceeded)
- Nearly all (95%) reported that the claim payment was in line with respondents' expectations; 99% of those paid in full, and 84% of those partially reimbursed.
- Claimants are overall content (96%) with the explanations they received about the claim payment
 - Fully reimbursed: 65% very good, 33% good, 2% poor/very poor
 - Partially reimbursed: 13% very good, 78% good, 9% poor/very poor

Complaints

- Even though a vast majority declare satisfaction with the claim experience, **approximately one-in-four (38%) made a complaint about the claim**, including...
 - 39% of *very* satisfied with the experience
 - 38% of those who were paid in full
 - 38% of those who thought that the claim outcome exceeded their expectations
- The complaints – of which the two more common ones were related to the *timeliness of claim processing* (25%) and *policy wording* (19%) – didn't have a negative impact on the overall experiences (as is demonstrated by the strong results).
- **Most grievances were addressed to claimants' satisfaction** (89% satisfied, 47% very, 42% somewhat);
 - Fully reimbursed claimants: 62% very, 38% somewhat satisfied
 - Partially reimbursed: 17% very, 60% somewhat satisfied
- Nevertheless, this is a fairly high proportion of complaints and it signals a need to review existing practices and identify opportunities for improvement, particularly in the areas more commonly mentioned in the study (e.g., by providing updates on the claim status, replacing the legal jargon with more commonly used and easily understood phraseology, etc.).

Detailed Findings

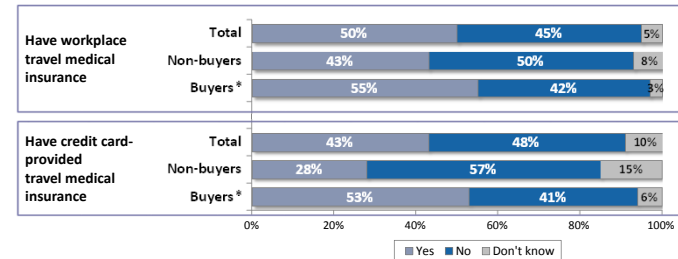
POLLARA

13

63% of Canadians have access to either work or credit card-provided travel medical insurance

- A third (30%) have access to **both** employer-provided and credit card travel medical insurance, and a fourth of Canadians (38%) do not have access to either.
- It is of note that buyers are more likely to already have access to travel medical insurance through other sources than non-buyers; the purchase decision may be driven by a certain mindset (next slide).

Access to travel medical insurance (workplace / credit cards)



*Those who purchased travel medical insurance over the past 12 months

Q1. Do you have any of the following? N=1000

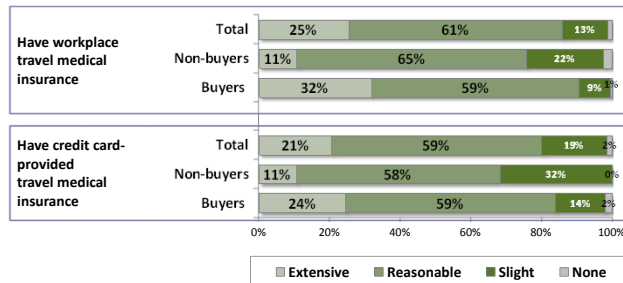
POLLARA

14

A majority of those who are covered by work / credit card insurance claim to have at least a reasonable level of understanding of what is/isn't covered by their policy terms

- Those who purchased travel medical insurance are two- to three times more likely than non-buyers to claim extensive knowledge of their work/credit card policy terms; in other words, they purchase because they recognize the limits of what they have.

Understanding of policy terms



Q2. [ASK IF ANSWERED "Yes" AT Q1a OR Q1b] What is your level of understanding of your/ spouse's travel medical insurance policy terms, i.e., what is and is not covered? N=408; N=429

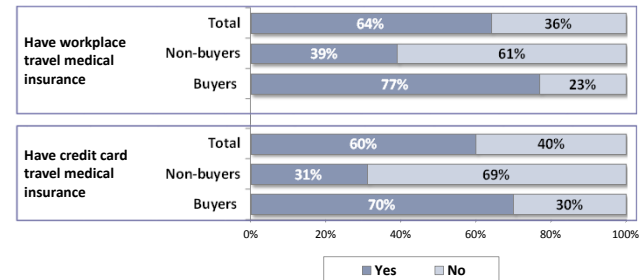
POLLARA

15

The knowledge of the maximum dollar limit on work/credit card-provided insurance is approximately twice as high among buyers as non-buyers

- Buyers' greater level of understanding of what is available through work or credit card-offered insurance is likely to be among the initial triggers of purchase.

Knowledge of coverage value



Q3. [ASK IF ANSWERED "Yes" AT Q1a OR Q1b] Do you know approximately how much you are covered for (i.e., maximum dollars limit) under your/spouse's travel medical insurance? N=408; N=429

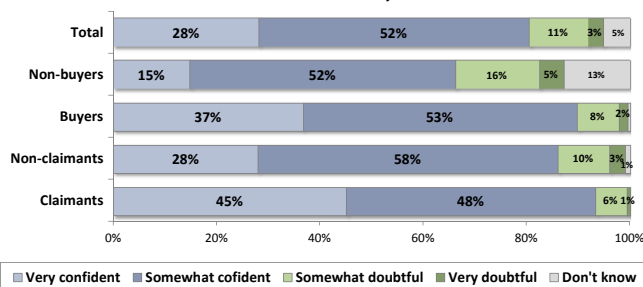
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16

Overall, Canadians are confident that the travel medical insurance industry will provide the needed assistance in the time of medical emergency

- The positive view is particularly pronounced among claimants, particularly those paid in full (97% vs. 87% among those partially paid).
- The level of certainty among non-buyers is significantly lower; however – even with 13% unable to form an opinion on the topic – the overall sentiment is still quite positive. Demographics are not a significant factor in perceptions.

Confidence in travel medical insurance –
Provide the assistance you need



Q4A. Thinking about travel medical insurance in general, how confident are you that in the event of a travel medical emergency the travel medical insurance you have or purchase will...

N=1000

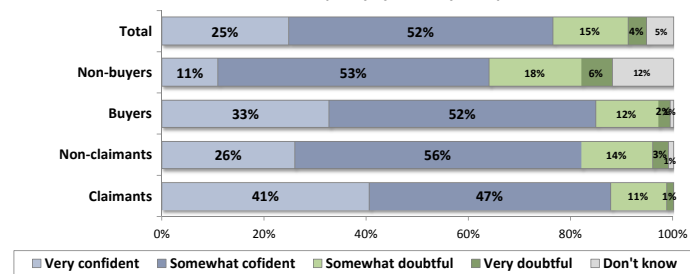
POLLARA

17

Confidence is also high in relation to the perceptions of the quality of service that would be provided by travel medical insurers

- Again, confidence is highest among those who had experienced travel medical emergency first-hand, and were fully reimbursed (92% vs. 80% among those partially reimbursed).
- Among non-buyers generally positive attitudes outweigh negative ones (64% vs. 24%); about one-in-ten not able to form an opinion.
- Confidence is higher among more frequent travelers, and those who spend longer periods outside Canada (mostly retirees).

Confidence in travel medical insurance –
Provide the quality of service you expect



Q4B. Thinking about travel medical insurance in general, how confident are you that in the event of a travel medical emergency the travel medical insurance you have or purchase will...

N=1000

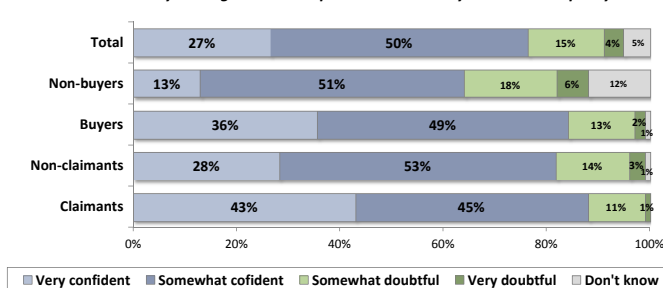
POLLARA

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The same positive views hold true with regards to being paid for eligible claim expenses

- The observations made for the quality of service (previous slide) are also true for the views on coverage.
- Among claimants, the level of confidence is understandably higher among those who were paid in full (93% confident) than those partially reimbursed (80% confident).

Confidence in travel medical insurance –
Cover your eligible claim expenses itemized in your insurance policy



Q4C. Thinking about travel medical insurance in general, how confident are you that in the event of a travel medical emergency the travel medical insurance you have or purchase will...

N=1000

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19

A plurality of respondents tend to either read through or skim through the policies prior to traveling; diligence increases significantly among buyers, especially fully reimbursed claimants

- Non-buyers also have a much more casual attitude toward reviewing insurance policy documentation.
- It is of note that the 50-64 segment is significantly less diligent with reviewing the policies than the other age groups (28% vs. 40%).

Review of travel insurance policies

		Non-Buyers	Buyers	Claim fully paid	Claim partially paid
I always read through the details of my travel medical insurance policies prior to travelling	37%	26%	45%	60%	42%
I skim through my travel medical insurance policies prior to travelling	34%	29%	37%	27%	51%
I only read the sections of my travel medical insurance policy that are important to me	14%	19%	11%	9%	4%
I don't read my travel medical insurance policies at all prior to travelling	9%	15%	5%	3%	1%
None of the above	6%	12%	1%	1%	1%

Q5. Which one of the following statements best reflects your usual behaviour when it comes to reviewing your travel insurance policies prior to travelling:

N=1000

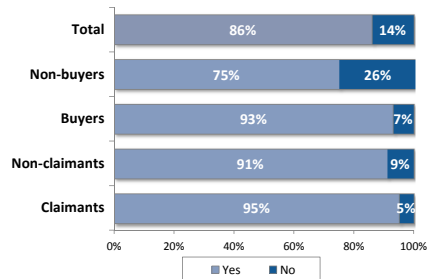
POLLARA

20

Canadians are confident they would know where to call and who to contact in the event of a medical emergency when travelling

- There are no notable differences across geo-demographic groups.

Knowledge of who to call/contact to get needed information in medical emergency



Q6. If you have a question about your travel medical insurance coverage, do you know where to call or who to contact to get the information you need?
N=1000

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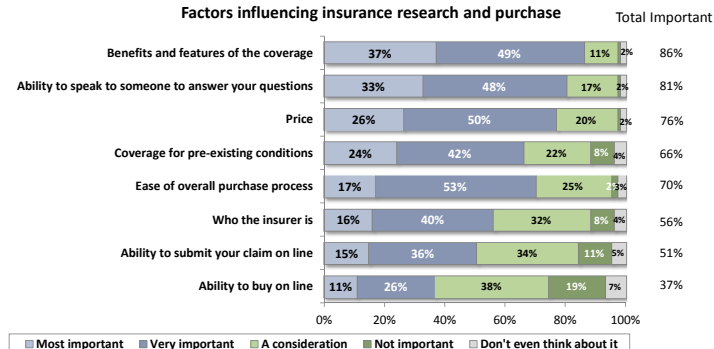
21

Insurance choice is heavily influenced by product offering and the ability to speak with someone; these factors trump all others, including price and pre-existing condition coverage

Noteworthy areas (Most Important score significantly higher):

- Ability to speak to someone is more important for those who spend more than 3 months outside Canada
- The insurer is significantly more important to immigrants (especially more recent ones).

Factors influencing insurance research and purchase



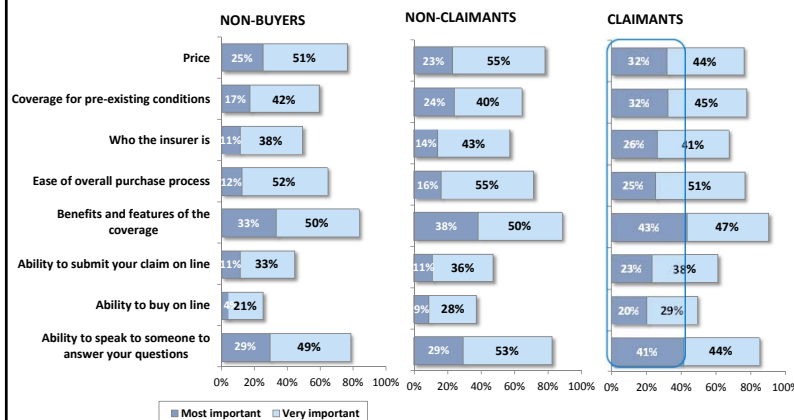
Q7. When researching or purchasing travel insurance how important are the following factors?
N=1000

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A claim event significantly heightens the importance of all measured factors, as claimants are likely to be more engaged with the purchase process

Factors influencing insurance research and purchase (Most + Very important)



Q7. When researching or purchasing travel insurance how important are the following factors?

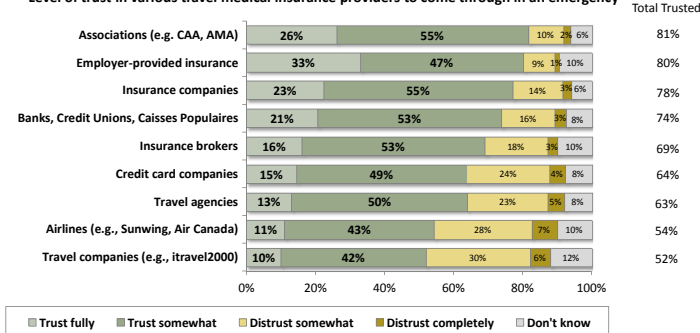
POLLARA

23

A majority of Canadians show a good degree of trust toward many insurance providers, particularly associations, traditional insurers, and financial institutions

- There is comparatively less trust in organizations whose core business is not in the financial sphere.
- The views are fairly uniform across demographic groups.

Level of trust in various travel medical insurance providers to come through in an emergency



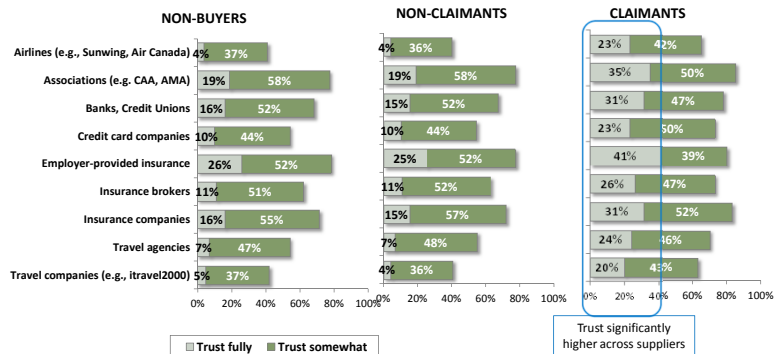
Q8. How much would you trust each of the following organizations that provide travel medical insurance to come through for you (e.g., assistance, claim payment, etc.) in the event of travel medical emergency?
N=1000

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Trust toward the industry (particularly at the top level) is positively affected by a claim event

Level of trust in various travel medical insurance providers to come through in an emergency



Q8. How much would you trust each of the following organizations that provide travel medical insurance to come through for you (e.g., assistance, claim payment, etc.) in the event of travel medical emergency?
N=1000

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Travel Medical Insurance Purchase

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26

Over the past 12 months approximately 31% of Canadians purchased travel medical insurance

Buyer Demographic Profile (vs. Non-Buyer)

- No significant differences in geography compared to non-buyers
- Significantly more likely to spend more time outside Canada (one month or more) than non-buyers, and more likely to take more trips within and outside Canada
- Slightly over-represented among the retired segment, 65+ (mean age similar to non-buyers)
- Slightly more likely to be male than non-buyers
- More likely to have higher household income than non-buyers

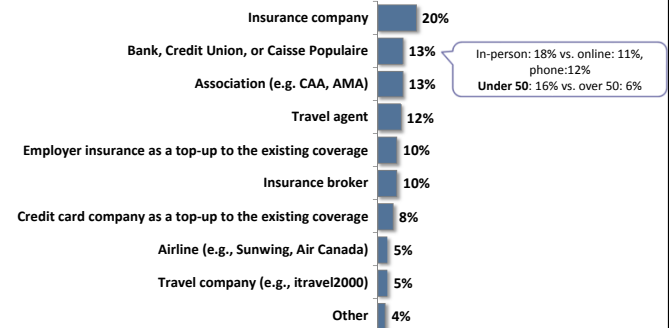
POLLARA

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Canadians purchased travel medical insurance from a range of insurance providers

- Of those who purchased, a majority (70%) already have travel medical insurance provided by at least one source (employer 55% or credit card 53%), 38% have access to travel medical insurance through both sources, and 31% of buyers had access to neither.

Purchase source



Q10. From which one of the following organizations did you buy travel medical insurance? [RANDOMIZE]
N=600

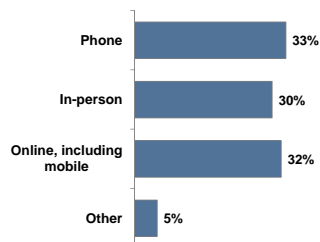
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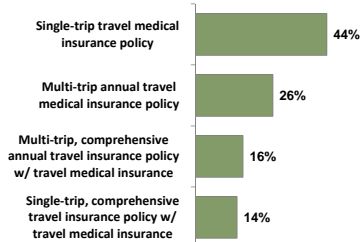
Purchases are well-spread across various channels. In terms of products, Canadians gravitate toward a single-trip medical insurance

- Phone purchases dominate in Quebec (49%), and among the oldest age group, 65 and over (42%).
- Comprehensive coverage products are considerably less popular than single or multi trip medical insurance products.
- Ontarians and BC residents are more likely to buy single trip medical (51%, 53%) as are the under 50 groups (50%), while those over 50 are more likely to purchase multi-trip comprehensive (25%) policies.

Purchase channel



Policy type



Q11. How did you complete the purchase of your travel medical insurance? N=600

Q12. Which one of the following travel medical insurance policy types did you purchase? N=600

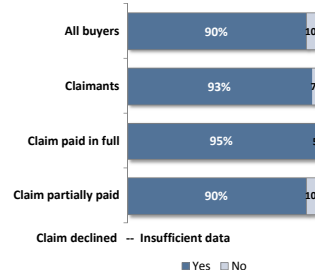
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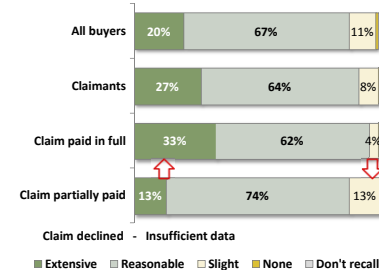
At the time of purchase, virtually all buyers were aware of potential exclusions, and a vast majority had at least a reasonable understanding of what was/wasn't covered

- Claimants who were paid in full had a significantly higher knowledge of the policy terms than those whose claim was only partially covered. The responses are uniform across demographic groups.

Understanding of potential limitations of coverage



Understanding of policy terms (what was/wasn't covered)



Q13. At the time of purchasing your travel medical insurance, did you understand that there might be limitations or exclusions of coverage, e.g., on pre-existing medical conditions? N=600

Q16. At the time of purchase, what was your level of understanding of your policy terms, i.e., what was and was not covered? N=600

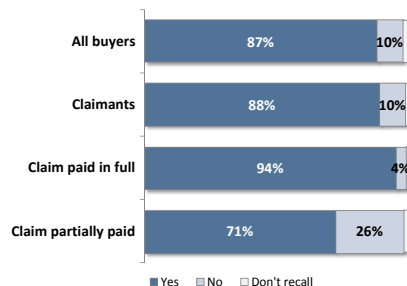
POLLARA

30

At the time of purchase, a vast majority claimed awareness of who to contact/what to do in the event of a medical emergency

- The responses do not vary across various population segments, with the exception of those few buyers (11%) who at the time of purchase had only a slight understanding of the policy coverage (previous slide): 61% knew who to contact, 35% did not.

Knowledge of who to contact/what to do in the event of medical emergency



Q17. At the time of purchase, did you know what to do and who to contact in the event of a medical emergency? N=600

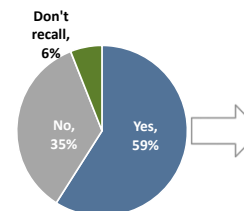
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31

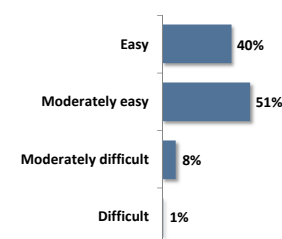
Nearly six-in-ten recall completing a medical questionnaire, which was not difficult to fill out

- Those who submitted a claim for a travel medical emergency were significantly more likely to have completed a medical questionnaire at the time of purchasing travel medical insurance than those who did not submit one (71% vs. 47% respectively).

Completed medical questionnaire



Ease of completing the questionnaire



Q14. At the time of purchasing your travel medical insurance, did you complete a medical questionnaire? N=600

Q15. [ASK IF ANSWERED "YES" AT Q.14] How would you rate the ease of completing the questionnaire? N=354

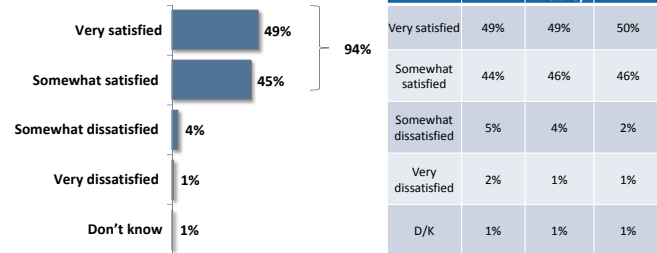
POLLARA

32

The level of satisfaction with the purchase experience is very high

- Satisfaction scores are very high across various purchase methods (phone, in-person, on line).
- It is higher among those whose claim was paid in full (**72% of claimants**) (66% very satisfied, 33% somewhat) than those who were only partially reimbursed (**23% of claimants**) (22% very satisfied, 65% somewhat). This is one of many instances seen in the data where past experiences are assessed through the prism of the claim outcome.
- The older segments (50 and up) are more likely to be *very satisfied* with the experience (62% vs. 38% among those under 50).

Satisfaction with the purchase experience



Q18: Thinking about the last time you purchased medical travel insurance, overall, how would you rate your level of satisfaction with the purchase experience?
N=600

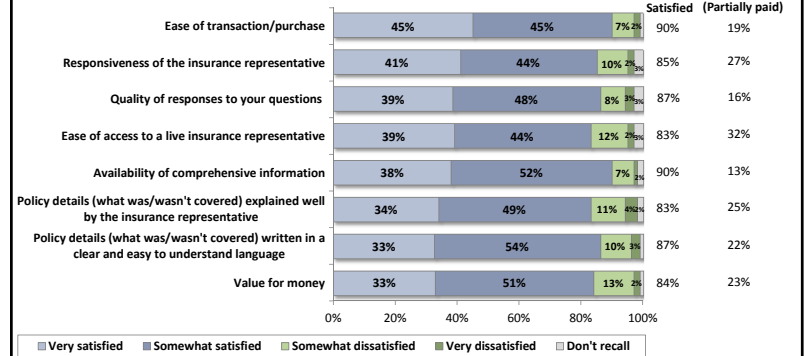
POLLARA

33

Satisfaction is equally high across the range of factors that influence the overall purchase experience

- The results don't vary much by the method of purchase, but two areas are of note: *availability of information* was rated higher by in-person buyers (compared to phone and online), and *access to a live representative* received fewer *very satisfied* responses from online buyers.

Satisfaction with specific purchase elements



Q19-26: More specifically, how satisfied were you with the following elements of the purchase process?
N=600;
Results shown recalculated excluding "N/A" responses

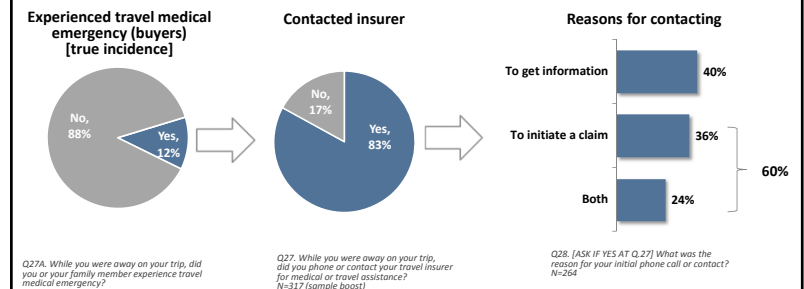
POLLARA

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Experiences with Travel Medical Emergency

About 1-in-10 buyers experienced a medical emergency while traveling, and a vast majority of them contacted their insurer

- Of those who contacted the insurer, six-in-ten initiated a claim, and four-in-ten claimed they only called for information. However, **of the latter group, nearly all (98%) actually submitted a claim**, suggesting that a considerable proportion of claimants does not perceive the initial call as part of the claim experience/ process.



Q27A: While you were away on your trip, did you or your family member experience travel medical emergency?

Q27: While you were away on your trip, did you phone or contact your travel insurer for medical or travel assistance?
N=317 (sample boost)

Q28: [ASK IF YES AT Q.27] What was the reason for your initial phone call or contact?
N=264

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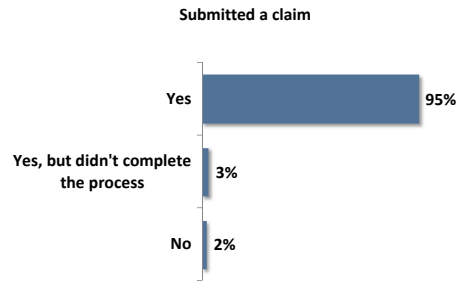
35

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36

Virtually all affected by a travel medical emergency submitted a claim

- Of the 17% who did not contact the insurer, also a majority (83%) submitted a claim.



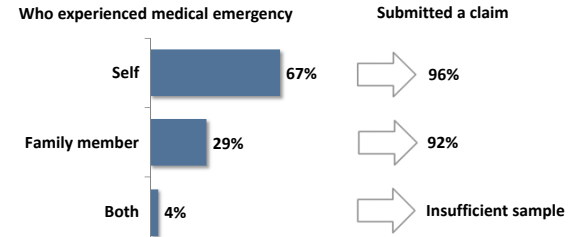
Q30. Did you submit a claim?
N=317

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37

Two-thirds of travel medical emergencies were incurred solely by respondents

- The proportion of submitted claims was generally the same for respondents and family members.



Q29. Who experienced the medical emergency during your travel?
N=317

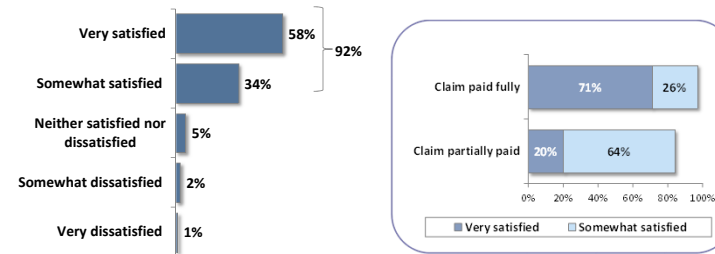
POLLARA

38

Overall satisfaction with the entire claim experience, from the initial contact to the final outcome, is very strong

- While claimants who were paid in full are significantly more likely to be very satisfied than those whose claims were partially paid, the latter group's experiences are still positive overall (side graph).
- Respondents with extensive knowledge of their coverage also report a much stronger satisfaction (81% were very satisfied, vs. 50% of those whose knowledge was just reasonable).

Satisfaction with the entire medical emergency claim experience (from the initial contact to the final outcome)



Q31. Thinking back about the entire medical emergency claim experience, from the initial contact to the final outcome, how would you rate your satisfaction with the overall experience?
Those who initially contacted the insurer N=263

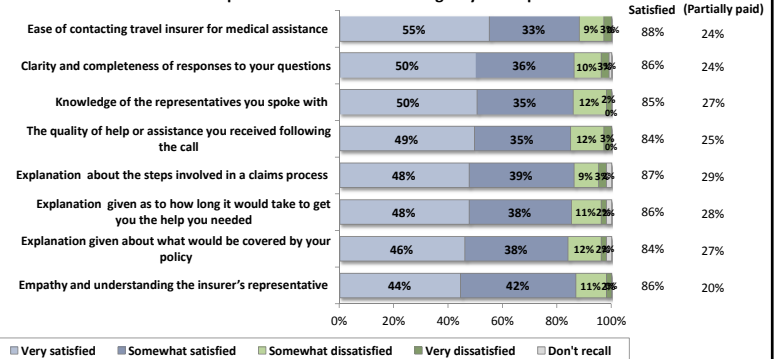
POLLARA

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There are no areas of concern in relation to the emergency call experience; all aspects of this service receive very high satisfaction scores

- Satisfaction at the top level (very satisfied) is also significantly higher across all measured variables among respondents whose claim was paid in full (mid-to-high 50%), and it falls to mid-to-high 20% among those whose claim was partially paid, gravitating to *somewhat* satisfied ratings. However, total satisfaction levels are still strong across the board for the latter group (low-to-mid 70%).

Satisfaction with specific elements of the emergency call experience



Q32-39. Thinking back to the time when you were traveling and you contacted your travel insurer for emergency medical assistance, how would you rate your satisfaction with their experience on the following characteristics?
N=256 Results shown recalculated excluding "N/A" responses

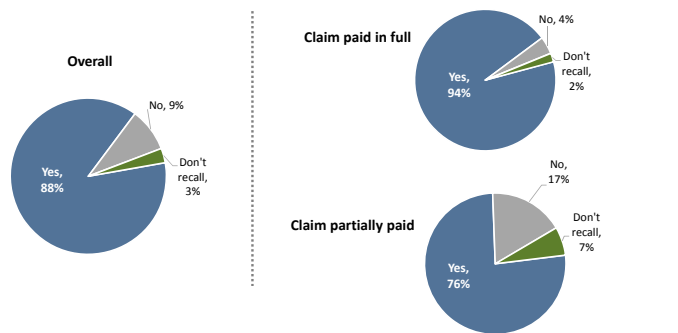
POLLARA

40

Nearly all (88%) found the actual medical emergency experience in line with what was explained to them during the initial contact

- The perceptions of the experience being inconsistent with what was initially explained is more pronounced* among those whose claim was only partially paid (17% said "no" vs. 4% among those who were paid in full).

Similarity between the actual travel medical emergency experience and initial explanations



Q40. Was your actual experience similar to what was initially explained to you?
Those who called the insurer, N=263

*Statistically significant difference

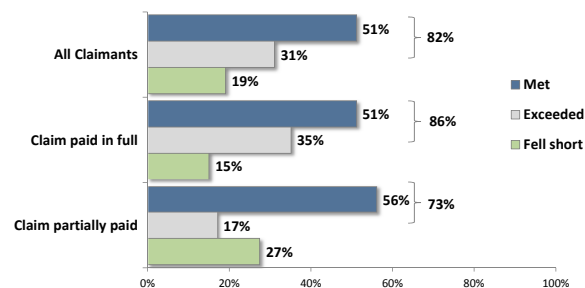
POLLARA

41

Most claimants, even those whose claim was not fully paid, felt that the support they received during the travel medical emergency met or exceeded their expectations

- Fully-compensated claimants are twice as likely to be delighted (expectations exceeded) as those who received partial compensation.
- Those who purchased their policy in person were three times more likely than those who purchased on line and two times more likely than those who purchased by phone to find the support below expectations: 30%, 10%, and 15% respectively.

Delivery on expectations re: SUPPORT received during the travel medical emergency



Q41. Overall, would you say that the support you received through your travel medical insurance during the medical emergency met, exceeded, or fell short of your expectations?
Those who contacted the insurer, N=263

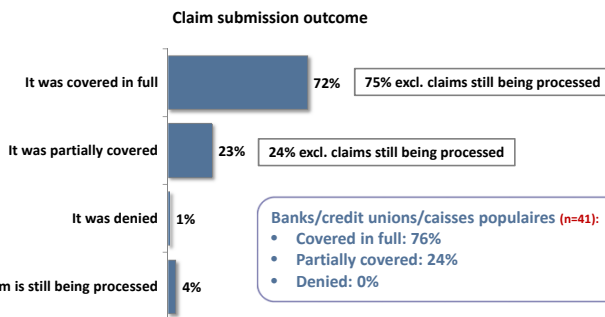
POLLARA

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Experiences with Travel Medical Emergency Claim Submission & Outcomes

Virtually all claims were paid, with a vast majority of them paid in full

- Those who claimed "extensive" understanding of the policy terms at the time of purchase were significantly* more likely to receive full payment (88%) than those whose understanding was described as "reasonable" (69%), or those whose understanding was "slight" (35%).
- Of those who were fully paid, 33% reported "extensive understanding" compared to only 13%* of those who were partially reimbursed.



Q56. What was the result of your claim submission?
N=300

*statistically significant difference

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44

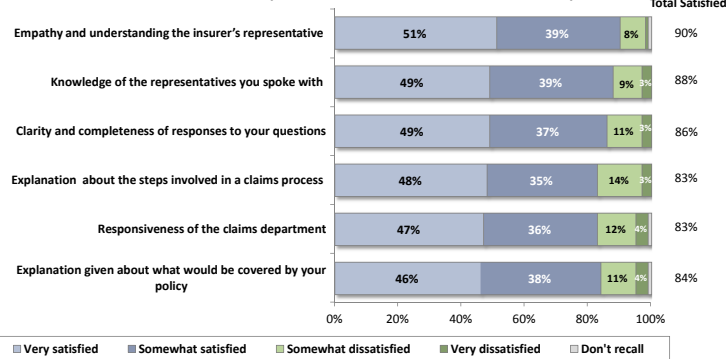
POLLARA

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Satisfaction with the various aspects of the claim submission process is also high

- Satisfaction scores (top and total) for each of these characteristics are almost the same as the scores for the corresponding measures captured for the emergency call experience.

Satisfaction with specific elements of the claim submission process



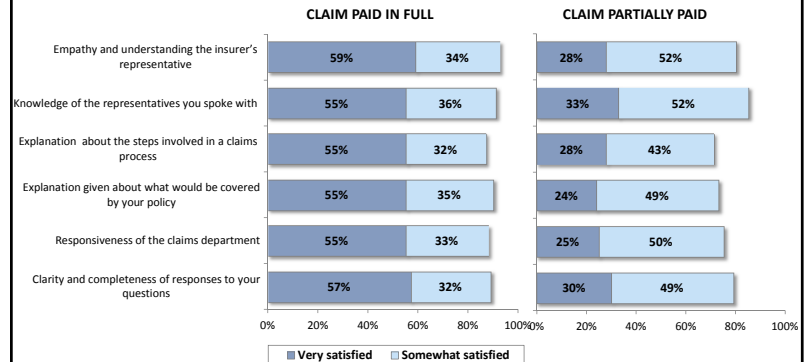
Q42-47. Thinking back to the time when you returned from your trip and submitted the claim to your travel insurer, how would you rate your satisfaction with that experience on the following characteristics?
N=300. Results shown recalculated excluding "N/A" responses

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46

The level of satisfaction is affected by the claim outcome (claimants paid in full are more likely to assign top scores than those partially paid)

Satisfaction with specific elements of the claim submission process (Very + Somewhat)



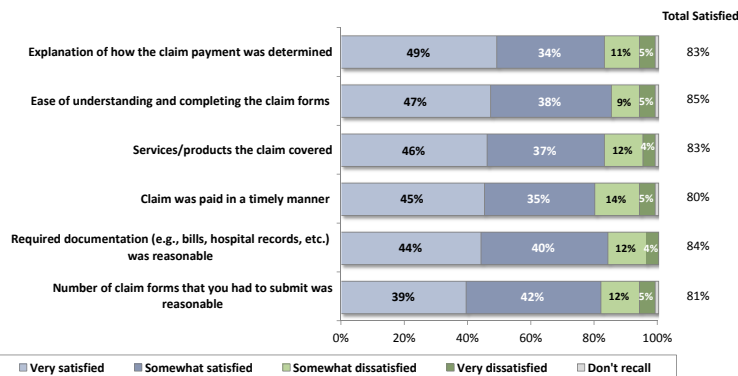
Q42-47. Thinking back to the time when you returned from your trip and submitted the claim to your travel insurer, how would you rate your satisfaction with that experience on the following characteristics?

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Satisfaction with the various aspects of the claim submission process is also high, with no significant areas of concern

Satisfaction with specific elements of the claim submission process (cont'd)



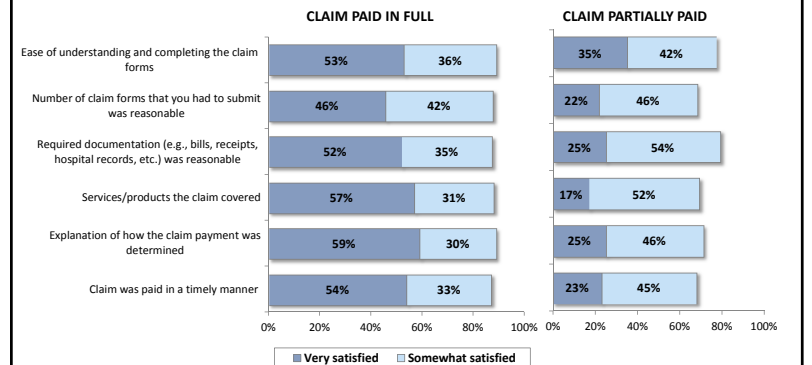
Q48-53. Thinking back to the time when you returned from your trip and submitted the claim to your travel insurer, how would you rate your satisfaction with that experience on the following characteristics?
N=300. Results shown recalculated excluding "N/A" responses

POLLARA

47

The level of satisfaction is affected by the claim outcome (claimants paid in full are more likely to assign top scores than those partially paid)

Satisfaction with specific elements of the claim submission process (cont'd) (Very + Somewhat)



Q48-53. Thinking back to the time when you returned from your trip and submitted the claim to your travel insurer, how would you rate your satisfaction with that experience on the following characteristics?

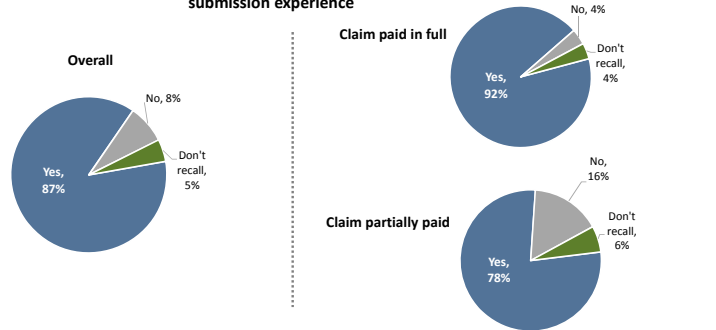
POLLARA

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As with the emergency call experience, nearly all (87%) found the actual claim submission experience in line with what was explained to them during the initial contact

- Those whose claim was only partially paid are more likely* than those who were paid in full to see discrepancies between the process and what was explained (16% said "no" vs. 4%).

Similarity between explanations and actual claim submission experience



Q54. Was your actual claim submission experience similar to what was initially explained to you?
N=300

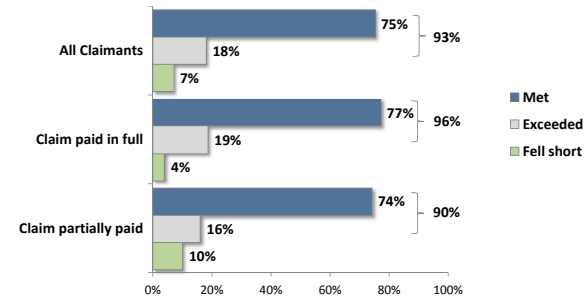
*Statistically significant difference

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A vast majority of claimants felt that the claim submission experience was positive (it met or exceeded their expectations)

- The perceptions of fully-compensated claimants are very similar to those who received partial compensation.

Delivery on expectations re: Claim SUBMISSION Experience



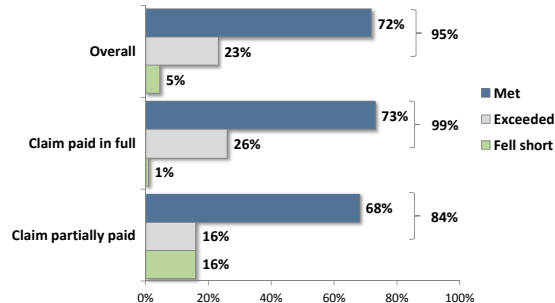
Q55. Would you say that the claim submission experience met, exceeded, or fell short of your expectations?
N=300

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Nearly all reported that the claim payment was in line with respondents' expectations; nearly a quarter thought the outcome surpassed expectations

- Of the small group of displeased customers virtually all are partially-compensated claimants.
- Claimants with multiple-medical policy were significantly more likely than those who purchased single-medical policy to be delighted with the outcome (31% vs. 18% said it exceeded expectations).

Delivery on expectations re: claim OUTCOME



Q57. [ASK IF ANSWERED a OR b AT Q 56] Would you say that the claim payment met, exceeded, or fell short of your expectations?
N=284

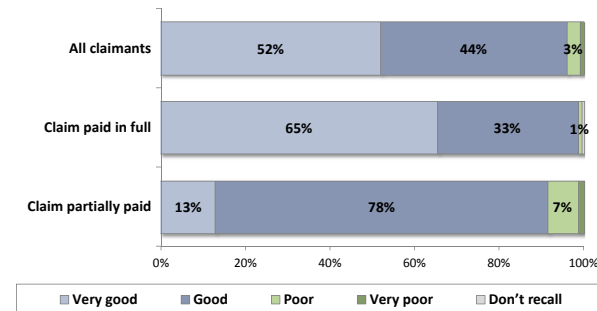
POLLARA

51

Claimants are overall pleased with the explanations they received about the claim payment

- As noted before, the strength of this positive sentiment is significantly influenced by the claim outcome, with the views of fully-paid claimants heavily skewed toward the higher rating, and the partially-paid respondents heavily skewed toward the moderate rating.
- Negative perceptions are held only by a handful of respondents of the partially paid group.

Satisfaction with the CLARITY OF EXPLANATION about the claim payment



Q58. How would you rate the clarity of explanation your travel insurer gave you about [IF Q56=a OR b] your claim payment? [IF Q56=c] the claim denial? N=287

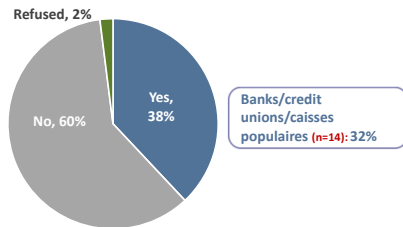
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High satisfaction notwithstanding, approximately one-in-four made a complaint. Among those, 38% were fully reimbursed and 43% partially reimbursed claimants

- Interestingly, complaints were also fairly common among very satisfied claimants, including: 39% of those who were very satisfied with the claim experience, 32% of those who found the claim submission experience exceeded expectations, as well as 38% of those who thought that the claim outcome exceeded their expectations.

Made a complaint about the claim



Q60. [ASK IF Q30=a OR b] Did you make a complaint about your claim at any point during or after the claim process?
N=300

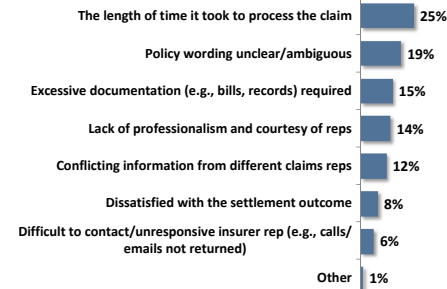
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The two more common complaints were in relation to the claim processing timeliness, and policy wording

- More complaints came from the immigrant population (52% vs. 29%), single and multiple medical insurance policy buyers (42% and 56% respectively vs. 13% and 14% of those who had comprehensive policies, both single and multiple).
- The under 50 segments were also significantly more likely to complain than those 50 and over (53% vs. 12%).

Reasons for complaint



Q61. [ASK IF ANSWERED 'Yes' AT Q60] What was the primary reason for your complaint? [RANDOMIZE]
N=118

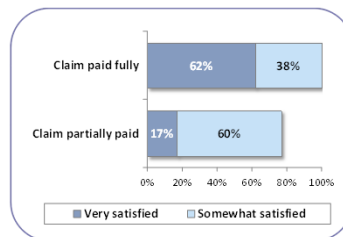
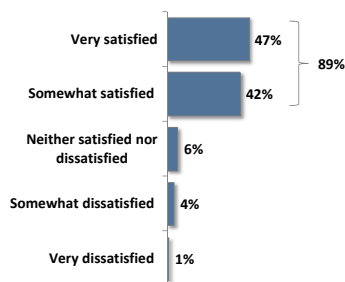
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But most complaints were addressed to claimants' satisfaction

- Complaints didn't have a negative impact on overall experiences, as demonstrated by the strong results.
- Again, the strength of satisfaction is strongly affected by the claim payment, with those who were paid in full more than three times more likely to be very satisfied than those who were not fully reimbursed.

Satisfaction with how the claim complaint was handled



Q62. [ASK IF ANSWERED 'Yes' AT Q61] Were you satisfied with how the complaint was handled?
N=118

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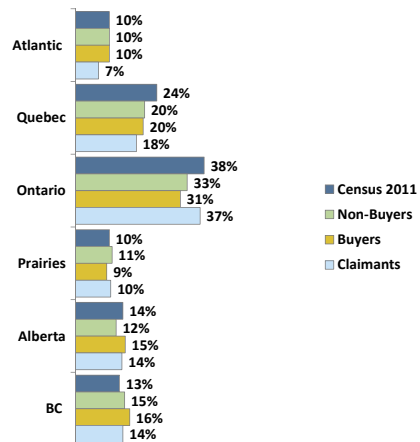
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Appendix Respondent Demographics

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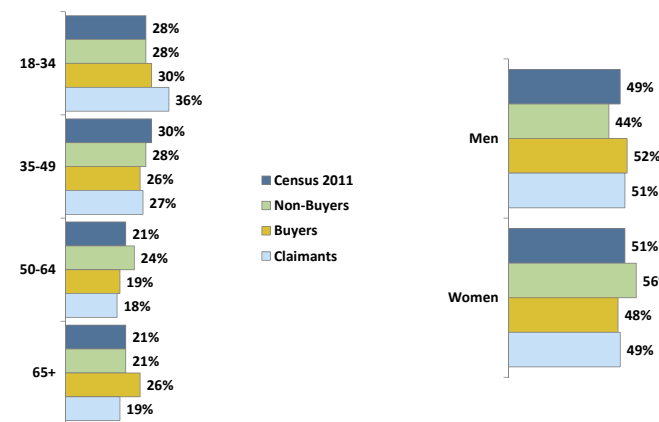
Region



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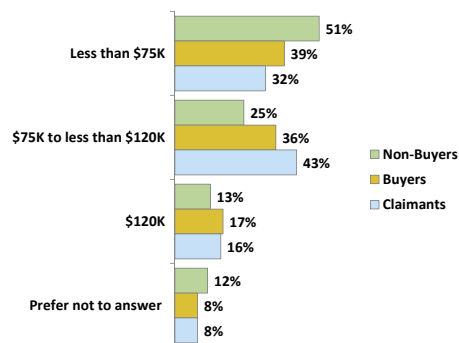
Age & Gender



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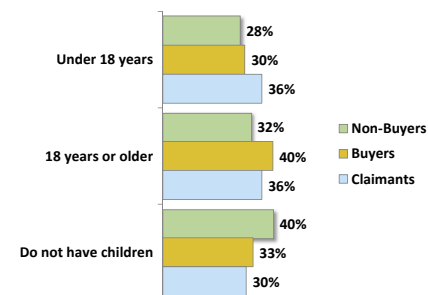
Income groups



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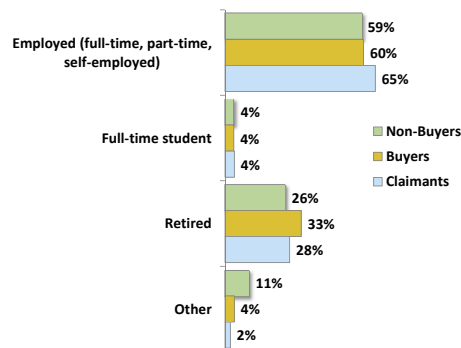
Children in the household



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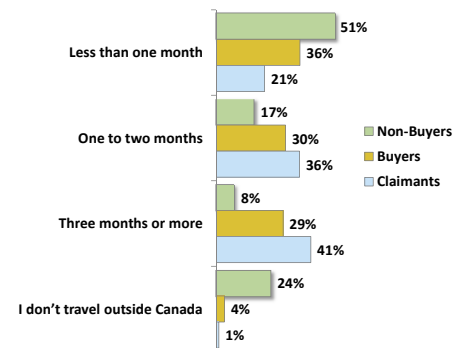
Employment Status



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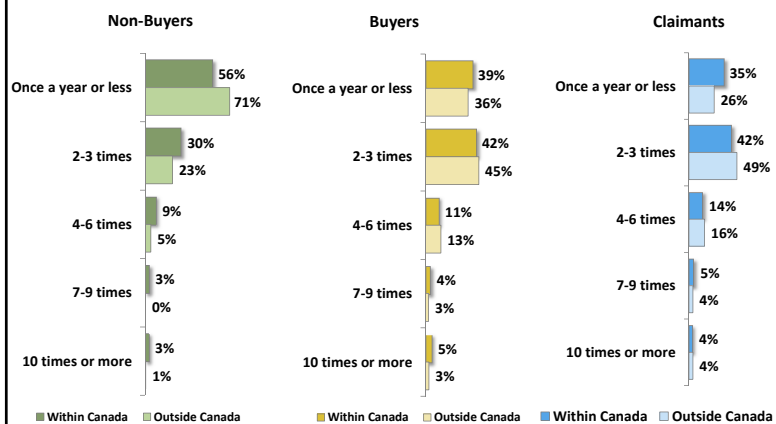
Period of time spent outside Canada (per calendar year)



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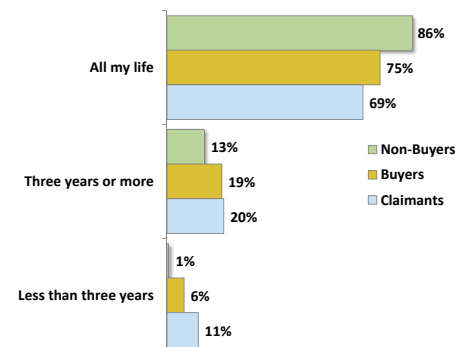
Frequency of travel outside Canada (per calendar year)



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Length of residence in Canada



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Media Committee Discussion Document

CAFII Responses/Rebuttals to Hot Button Criticisms of Creditor's Group Insurance

Issue 1: Declining Balance

With CGI mortgage life insurance, why does coverage decline as mortgage is repaid yet the premiums don't go down?

- Premiums are level by design so that they are predictable and easy to budget for and, because they are priced in a manner that perfectly matches the mortgage amount and the amortization period, they are very affordable.
- Also while the amount of coverage goes down as the mortgage balance declines, the CGI premium has the offsetting advantage of staying constant and not increasing as the customer ages
- In contrast, with individual term life insurance, the coverage remains level but premiums increase at each renewal as the customer ages and those increases can be substantial especially if the insured is not in perfect health.

Issue 2: Proceeds are paid to the financial institution.

Isn't CGI really just a product that benefits the financial institution because the payout goes to the bank or credit union?

- No, one way or another outstanding debt will need to be repaid and CGI helps make that happen.
- CGI does much more than make a payout to a bank or credit union. The insurance pays off the mortgage balance for the client, enabling the client to stay in their home (in the case of mortgage life insurance) which might not otherwise be possible if the family loses their primary income earner
- In addition, by directly covering a specific debt obligation, CGI frees up other individual and group life and disability coverage to protect a family's quality of life by covering such costs as medical, education, child care, and burial expenses; capital gains taxes, etc.

Issue 3: Post Claim Underwriting

Isn't one of the inherent flaws of CGI that it is not medically underwritten until the time a claim is made potentially leading to a denial when the consumer needs the coverage most?

- No, for products where the client is asked to attest to their medical condition such as Mortgage Life Insurance, coverage is underwritten when it is issued.
- For products where there is no medical underwriting up-front, such as credit cards and small amounts of insurance on loans and lines of credit, pre-existing condition clauses are utilized and fully disclosed in the certificate.
 - Pre-existing Condition clauses are actually beneficial as they allow people with pre-existing conditions to obtain coverage at standard premium rates and, other than for the pre-existing conditions, they can make a claim at any time. After the pre-existing condition exclusion period ends, they can make a claim for pre-existing conditions as well. With individual insurance coverage, people with pre-existing conditions would either not be able to obtain any insurance or would pay a higher premium.

- All claims are adjudicated in the same way and by the same companies that issue individual insurance policies.
- Financial institutions are interested in fostering long-term relationships with their clients and have no interest in seeing claims denied.

Issue 4: Value Proposition/Cost

Isn't CGI mortgage insurance inferior to individual term life insurance?

- No. A 2013 independent research study¹ conducted by the Life Insurance Market Research Association (LIMRA) found that life insurance ownership in Canada is at a 30-year low with only 68% of households owning life insurance, down from 79% seven years earlier. Further, a recent actuarial report prepared by Towers Watson shows that nationally in 2013, creditor insurance on mortgages provided Canadians with \$85B of new life insurance coverage. For the same year, Canadian Life and Health Insurance Association data indicates that the amount of new term life insurance purchased by Canadians was approximately \$170B. As such, new creditor life insurance coverage on mortgages (\$85B) is equivalent to one half of new term life insurance coverage (\$170B) and both are important components of risk protection for Canadians.

Approximately two-thirds of Canadian households, especially those in younger age brackets, do not have a life insurance agent or broker² and lower/middle income Canadians have not been well-served by the “traditional” insurance industry because their commission-based compensation incents the sale of larger policies.

- For many Canadians with smaller protection needs, CGI may be their only real insurance option. The average size new term life insurance policy in Canada is \$400k³ while the average new mortgage is half of that at \$230k.⁴ (Note: 4 in 10 Canadian parents say they buy life insurance just to pay off the mortgage⁵).
- As an optional benefit offered alongside a credit product, CGI is inherently timely and convenient and mitigates procrastination in securing insurance coverage.
- CGI is available coast-to-coast through more than 8,000 branches, contact centres, and via distributor websites.
- CGI features a simple product design and straightforward enrolment process with application forms typically limited to 1 page.
- CGI's group policy structure allows more Canadians to be insured at standard rates, and almost all applicants are accepted. It also covers occupational groups and vocations that individual policies may not cover.
- CGI provides benefits not readily available elsewhere. For example, job loss coverage is available on many CGI products but isn't available as an individual product.

¹ LIMRA Canadian Insurance Ownership Study 2013

² LIMRA Canadian Insurance Ownership Study 2013

³ LIMRA 2013 Canadian Individual Life Sales Technical Supplement

⁴ Towers Watson 2015 Report, A Comparison of the Customer Value Proposition of Creditor Insurance on Mortgages Compared to Individual Insurance Products (based on 2013 data)

⁵ LIMRA Fact Sheet, Canadian Families at Risk 2007

- The level of consumer satisfaction with CGI is high. An independent Pollara study found that 92% of Canadians who had purchased CGI said that the coverage gave them “peace of mind” that their family would be protected in the event of a death or disability.⁶

Issue 5: Sales Practices.

How is CGI sold? Shouldn't it be sold only by licensed insurance agents?

- CGI is sold by well-trained and supervised salaried staff at banks and credit unions who are required to undergo comprehensive and recurring training and act in accordance with:
 - The Canadian Bankers Association Code of Conduct for Authorized Insurance Activities;
 - The Bank Acts prohibition of “coercive tied selling”
 - Canadian Life and Health Insurance Association Guidelines
 - *G7 Creditor's Group Insurance*
 - *G9 Direct Marketing*
 - *G13 Compensation Structures: Managing Conflicts of Interest (??)*
 - Federal privacy legislation “PIPEDA”
 - Financial Consumer Agency of Canada (FCAC)
 - The selling practices of CAFII members are monitored by the FCAC and by the provincial insurance regulators for compliance with industry guidelines and codes of conduct. The insurer underwriters of CGI are regulated by both provincial insurance regulators and the federal Office of the Superintendent of Financial Institutions (OSFI).
 - The FCAC tracks enquiries and complaints from the public pertaining to the financial marketplace, including complaints about CGI. The negligible number of complaints about CGI to any regulator shows that it meets a consumer need and that the current mix of government regulation and industry self-regulation is working.
- CGI comes with a “free look” period, typically 20 to 30 days, during which the consumer can cancel and obtain a full refund. After the free look period, consumers can cancel coverage at any time with no penalty.

⁶ Pollara Strategic Insights in association with CAFII, Consumer Satisfaction with Secured Line of Credit and Mortgage Insurance Purchase Experience, April 2010

Additional Customer Value Proposition Of CGI Highlights From Towers Watson Study⁷

- An independent actuarial study by *Towers Watson (2015)* compared the average cost of creditor insurance to the average cost of corresponding individual insurance. It compared creditor life and critical illness insurance over 20 years to Term 20 and Term 10 (with one renewal) individual life and critical illness insurance; and also compared creditor disability insurance to individual disability insurance. For all comparisons, three ages (25, 35 and 50) and three mortgage amounts (\$100k, \$250k and \$500k) were used for both male and female insureds.
- Towers Watson found that:
 - creditor disability insurance is less expensive than individual disability insurance for all ages, amounts and genders;
 - creditor critical illness insurance is less expensive than individual critical illness insurance for all ages, amounts and genders; and
 - creditor life insurance is less expensive than individual Term 10 insurance (renewed once over 20 years) for almost all (94%) customer profiles; and is less expensive than Term 20 for more than half (55%) the customer profiles.
- Towers Watson pricing comparisons used average premium rates for a standard risk class for all individual insurance customer profiles, even though a portion of the population would be charged higher premiums due to health or lifestyle concerns and others would benefit from preferred insurance rates. All creditor insurance clients are accepted at standards rates regardless of their health or avocation.
- The insurance companies that underwrite creditor insurance accept somewhat higher mortality and morbidity risks for creditor group coverage as compared to individual insurance coverage.⁸
- The Towers Watson study shows that applications for CGI are significantly more likely to be auto-approved than are individual insurance (life, CI and disability) applications; and more consumers don't have to go through the more complex and time-consuming underwriting process

⁷ Towers Watson 2015 Report, A Comparison of the Customer Value Proposition of Creditor Insurance on Mortgages Compared to Individual Insurance Products (based on 2013 data)

⁸ Source: Avalon Actuarial, Assessing the Value Proposition of Creditor's Group Mortgage Life and Disability Insurance Presentation April 2011