

CAFII Executive Operations Committee Meeting Agenda

Date: Tuesday, April 25, 2023

Chair: R. Dobbins

Location: BMO, First Canadian Place, 100 King St. West,
68th Floor, Toronto; and [Virtual MSTeams Meeting](#)

Time: 2:00 – 4:00 p.m. EST

Dial-in: 437-703-4263

Phone Conference ID: 965 295 258#

1. Call to Order, Welcome, and Priority Matters	2:00 p.m.	Presenter	Action	Document
a. Call to Order; and Welcome to New EOC Member: -Lauren Ross, CIBC Insurance		R. Dobbins		
2. Consent Items	2:05 p.m.	Presenter	Action	Document
a. Consultations/Submissions Timetable				✓
b. CAFII Response Submission to CISRO Consultation on “Draft 2023-2026 Strategic Plan” (Submission Deadline: April 21/23)				✓ (2)
c. April 2023 Regulatory Update				✓
d. Regulator and Policy-Maker Visit Plan Recap				✓
e. Summary of Board and EOC Action Items				✓
f. Board-Approved Schedule of CAFII 2023 Meetings and Events				✓
3. Financial Management Matters	2:06 p.m.	Presenter	Action	Document
a. CAFII Financial Statements as at March 31/23		D. Hinnecke	Update	✓
b. Forecast for CAFII 2023 Fiscal Year as at March 31/23		D. Hinnecke	Update	✓
c. Next Steps in Board and Membership Approval of CAFII 2022 Audited Financial Statements		B. Wycks	Update	✓
4. Committee Updates	2:15 p.m.	Presenter	Action	Document
a. Market Conduct & Licensing				✓
i. Responses Received from FCNB Re Licensure Deadline Extension Request and Related Compliance Issues; and Direction Received From CAFII Board On April 4/23 Re Next Steps on Impasse Issue with FCNB Re Section 46 of Rule INS-001 2:15 p.m.		B. Wycks/K. Martin	Update/ Discussion	✓ (3)
ii. Insurance Council of BC Outreach for Preliminary Consultation Meeting with CAFII Re Restricted Insurance Agency Licensing Regime To Be Launched In BC 2:24 p.m.		B. Wycks/K. Martin	Update/ Discussion	✓
b. Quebec/AMF Issues 2:28 p.m.				
i. Insights Gained from March 29/23 CAFII Quebec/AMF Issues Committee Meeting 2:28 p.m.		J. Russell/K. Martin	Update	✓
c. Media Advocacy 2:34 p.m.				✓
i. Creating A Body Of Followers Of CAFII’s Newly Launched LinkedIn Page 2:34 p.m.		K. Martin	Update	✓
d. Research & Education 2:38 p.m.				✓
i. Results of CAFII 2022 Tracking Study Research with Pollara Strategic Insights on ‘Consumers’ Satisfaction with Credit Protection Insurance’ (including 2023 Follow-up ‘Deeper Dive Research’); and Requested EOC Recommendation to CAFII Board Around Utilization and Public Release of the Research Results 2:38 p.m.		A. Stuska/K. Martin	Update/ Discussion/ Approval	✓
e. Networking & Events 2:48 p.m.				
i. Plans for April 27/23 CAFII Webinar on International Regulatory Developments with Nicholas Herbert-Young, UK Financial Conduct Authority (FCA) and IAIS 2:48 p.m.		K. Martin	Update	✓
ii. Plans for Upcoming May 9/23 CAFII Annual Members and Associates Luncheon 2:51 p.m.		B. Wycks	Update	✓
iii. Plans for May 18/23 CAFII Webinar on Quebec’s Charter of the French Language with Quebec-Based Legal Experts from Stikeman Elliott and Norton Rose 2:54 p.m.		K. Martin	Update	✓
5. Recent and Upcoming Strategic and Regulatory Initiatives	2:57 p.m.	Presenter	Action	Document
a. Insights Gained from March 22/23 One-on-One Virtual Meeting Between CAFII Board Chair Peter Thompson and AMF’s Eric Jacob; and Next Steps Arising 2:57 p.m.		K. Martin	Update	✓
b. Plans for Upcoming Virtual CAFII/AMF Meetings on AMF Definition of Complaints and Related Complaints Handling Regime; and AMF Gathering of Industry Statistics on Claims Denials and ‘Return of Premium’ to Consumers, and Utilization Intentions 3:01 p.m.		K. Martin	Update	

c.	Insights Gained from April 5/23 Meeting of FSRA's Stakeholder Advisory Committee (SAC) for Life and Health Insurance 3:05 p.m.	K. Martin	Update	✓
d.	Firmed-Up Plans for CAFII Insurance Regulators and Policy-Makers Visits Tour to Western Canada in Late May/Early June 2023; and Opportunity for Member Representatives To Be Part Of Delegations For BC, Alberta, Saskatchewan, and Manitoba Visits 3:09 p.m.	B. Wycks	Update	✓
e.	Firmed-UP CAFII Liaison Meetings With Insurance Regulators During CLHIA Conference in Montreal, May 3-5/23 3:13 p.m.	B. Wycks	Update	✓

6.	Governance Matters	3:17 p.m.	Presenter	Action	Document
a.	Recent Appointments of New CAFII Board Members	3:17 p.m.	B. Wycks	Update	✓
b.	Board-Approved Principles-Based Guideline on Appointment of CAFII Board Members Into Leadership Roles of Board Chair and Board Vice-Chair; and Resulting Next Steps	3:20 p.m.	R. Dobbins/ K. Martin	Update	✓
c.	Implementation of Board-Approved 'New CAFII Management Structure' (Post-2023)	3:25 p.m.	K. Martin	Update	
d.	Further Discussion Around Issue of "CAFII Board Diversity"	3:29 p.m.	R. Dobbins/ K. Kasperski	Update/ Discussion	✓
e.	Preparation and Dissemination of June 6/23 CAFII 2023 Annual Meeting Materials Package	3:34 p.m.	B. Wycks	Update	
f.	CAFII "Thank You" Recognition of 2022-23 Committee Chairs and Vice-Chairs; and External Body Appointees, To Be Executed Prior to June 6/23 Annual Meeting of Members	3:37 p.m.	B. Wycks	Update	
g.	Draft Minutes of March 21/23 EOC Meeting	3:42 p.m.	B. Wycks	Approval	✓

7.	Read Only Items		Presenter	Action	Document
a.	BCFSA Advisory Re 2023-24 Regulatory Roadmap, Released April 4/23				✓ (2)
b.	CCIR/CISRO Incentives Management Guidance Questions & Answers Document, Released April 17/23				✓
c.	FSRA Consultation on "Proposed Guidance: Administrative Monetary Penalties" (Submission Deadline: May 31/23)				✓
d.	Insights Gained from March 23/23 AMF Virtual Presentation, in French Only, on Plans to Review the Consultation Process for the Prudential and Regulatory Framework Applicable to Financial Institutions (Optimizing the Compliance Burden) (See April 2023 Regulatory Update)				✓ (See April 2023 Regulatory Update)
e.	Insights Gained from March 30/23 CAFII Webinar on "Mental Health Issues In The Workplace" (See April 2023 Regulatory Update)				✓ (See April 2023 Regulatory Update)
f.	Insights Gained from April 4/23 CAFII Reception Event with Kartik Sakthivel, Guest Speaker (See April 2023 Regulatory Update)				✓ (See April 2023 Regulatory Update)
g.	Confirmed Speaker for June 6/23 CAFII Reception Event				Briefing Note Only

8.	In Camera Session	3:44 p.m.	Presenter	Action	Document

9.	Tracking Issues		Presenter	Action	Document
a.	AMF Consultation on Declaration of Operational Incidents				
b.	FCAC: Phase 2 of Domestic Bank Retail Sales Practices Review				

Reminder: EOC Members are requested to remain after the conclusion of the open, minuted portion of each EOC meeting for an informal, unminuted *In Camera Session* discussion involving CAFII Member representatives alone – i.e. absent CAFII management/staff – typically of 10 to 15 minutes duration

Next EOC Meeting: Tuesday, May 16/23, 2:00 to 3:30 p.m. Virtual-Only Meeting

Next Board Meeting: Tuesday, June 6/23, 3:20 to 5:15 p.m. EST, immediately following 2023 Annual Meeting of Members from 3:00 to 3:20 p.m.; and Immediately Preceding CAFII Reception Event Featuring Anthony Ostler, CEO, Canadian Bankers Association, as Guest Speaker, from 5:30 to 7:30 p.m., to be hosted by Manulife Financial at 200 Bloor St. East, Toronto

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 1a

Call to Order; and Welcome to New EOC Member: Lauren Ross, CIBC Insurance

Purpose of this Agenda Item—Start of Meeting

Start of meeting.

Background Information

The meeting will be called to order by EOC Chair Rob Dobbins. A new EOC member, Lauren Ross, CIBC Insurance, will be welcomed and will introduce herself to fellow EOC members.

Recommendation / Direction Sought—Start of Meeting

No action required.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 2(a-f) Consent Items

Purpose of this Agenda Item –Information only

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

Background Information

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

- a. Consultations/Submissions Timetable;
- b. CAFII Response Submission to CISRO Consultation on “Draft 2023-2026 Strategic Plan” (Submission Deadline: April 21/23);
- c. April 2023 Regulatory Update;
- d. Regulatory and Policy-Maker Visit Plan Recap;
- e. Summary of Board and EOC Action Items;
- f. Board-Approved Schedule of CAFII 2023 Meetings and Events.

Recommendation / Direction Sought – Information Only

No action required.

Attachments Included with this Agenda Item

6 attachments.

Mr. Éric Jacob, Chair
Canadian Insurance Services Regulatory Organisations
c/o CISRO Secretariat
25 Sheppard Avenue West, Suite 100
Toronto, Ontario M2N 6S6
E-mail: cisro-ocra@fsrao.ca

Re: CAFII Feedback on Consultation Draft of CISRO 2023-2026 Strategic Plan

Dear Mr. Jacob:

The Canadian Association of Financial Institutions in Insurance thanks the Canadian Insurance Services Regulatory Organisations for inviting our Association to provide feedback on its *Consultation Draft of CISRO Strategic Plan, 2023-2026*.

Our Association and its members regard CISRO as a critically important national co-ordinating body which plays a vital role in our industry sector, the life and health insurance sector. As well, we firmly believe that regular, transparent, candid communication between insurance regulators/policy-makers and industry stakeholders leads to better Fair Treatment of Customers (FTC) outcomes, better compliance with related regulatory expectations, and enhanced industry efficiency and effectiveness.

We are largely supportive of CISRO's proposed Mandate, Vision, and Mission; and of the resulting strategic priorities set out in the *Draft Strategic Plan, 2023-2026*. That said, we do have some constructive feedback to offer, which we have organized below in accordance with the document's sections.

Mandate, Vision, and Mission

CAFII recommends that CISRO give consideration as to whether its proposed Mandate, Vision, and Mission statements might be positioned at somewhat too high a level, given that none of the words "licensing/registration" or "licensing/registration standards" are mentioned in any of the three statements. After all, the "Our History" introduction to the *Draft Strategic Plan* emphasizes that "CISRO was established as a forum for information-sharing and collaboration among regulators with responsibility for the registration or licensing and regulatory supervision of insurance intermediaries" and, in CAFII's view, that shared focus on licensing/registration standards which initially brought the founding members of CISRO together in common cause should be reflected in CISRO's Mandate, Vision, or Mission Statements.

Priorities

With respect to the inter-related Priorities of "Promote Consumer Protection Through Harmonized Approaches To The Regulation Of Insurance Intermediaries" and "Enhance Effectiveness Of CISRO As A Forum For Information-Sharing And Regulatory Collaboration", CAFII congratulates CISRO for identifying those two priorities as areas of strong, strategic focus and a commensurate allocation of resources over the next three years.

Our strong support for the inclusion of those two inter-related priorities is rooted in our view that a lot of work remains to be done for CISRO to live up to its full potential with respect to “Harmonized Approaches.” Harmonization, from CAFII’s perspective, does not mean that a jurisdiction contemplating licensure regime change will review the definitions, rules, and requirements deployed in other, predecessor jurisdictions, and then try to align itself overall, more or less, with what came before. Rather, harmonization – in order to achieve clarity/lack of ambiguity, consistent consumer protection objectives, and to foster opportunities for industry efficiencies and effectiveness – means that a common set of RIA/RIR licensing definitions, rules, and requirements should be established.

We cite as an example the four Restricted Insurance Agent licensing regimes that now exist across the country: Alberta (established 2000), Saskatchewan (established 2010), Manitoba (established 2015), and New Brunswick (established 2023).

All four of those RIA/RIR regimes are aligned in terms of objectives, but they all differ in aspects that are typically of a minor nature; but in some instances the differences constitute more substantive, unique positioning. In an ideal world, CISRO would have been able to play a real-time and impactful harmonization role by facilitating a process through which each successive RIA/RIR regime would have been able to harmonize more fully with its predecessors. In CAFII’s view, this is a role and goal which CISRO should strive for, as it would facilitate the exact same consumer protections that each successive RIA/RIR regime province has sought, while at the same time largely eliminating the melange of unique definitions, rules, and requirements among the provincial/territorial licensing authorities.

Alternatively, but in the same vein, CISRO would, at this point in time, be ideally placed as a national co-ordinating body to engage in an exercise of identifying a common set of RIA/RIR licensing definitions, rules, and requirements – building upon the existing requirements in the four provinces with such a regime – which could then be put forward as a model for Alberta, Saskatchewan, Manitoba, New Brunswick, and any future RIA/RIR provinces/territories to adopt.

CISRO’s pursuit of either of the two RIA/RIR ‘harmonization approaches’ recommended above would not compromise provincial/territorial autonomy, as each jurisdiction would still have its own licensing authority, its own governance model, and its own priorities and supervisory plans around audits, monitoring, communication, and enforcement. But each provincial/territorial authority would be operating under the same set of definitions, rules, and regulatory requirements, allowing industry players to focus on meeting the harmonized, common expectations rather than having to engage in the significant “exception management” exercise of allocating resources to understanding, and complying with, subtle differences among jurisdictions.

What the CAFII recommendation above boils down to is our strong encouragement to CISRO to assume a heightened “Harmonized Approaches and Accountability” role, with the emphasis on accountability being that CISRO members should be accountable to each other, around the national co-ordinating body table, for prioritizing and achieving Harmonized Approaches; and we therefore recommend that this aspirational growth dimension be reflected in CISRO’s new Strategic Plan.

To return to the RIA/RIR regimes example, with a more focused “Harmonized Approaches and Accountability” lens: if one of the existing RIA/RIR regimes is clearly better than the others, CISRO would clearly be the ideal forum for conducting a comparative analysis; and, if a case can be made for the superiority of one such regime, the other regimes should be willing to align with the best approach at their first available legislative/regulatory amendment opportunity.

As a concluding point on this CAFII recommendation matter, given the inter-related nature and joint importance of the “Promote Consumer Protection Through Harmonized Approaches To The Regulation Of Insurance Intermediaries” and the “Enhance Effectiveness Of CISRO As A Forum For Information-Sharing And Regulatory Collaboration” Priorities, CAFII recommends that they be placed in succession, one after the other, in the Draft Strategic Plan, 2023-2026.

With respect to the currently second-positioned Priority of “Strengthen Regulatory Outcomes Through Collaboration And Stakeholder Engagement,” CAFII fully supports that Priority, given its obvious importance to CISRO’s successfully carrying out its Mandate and to achieving its Vision and Mission, but we encourage CISRO to consider some minor wording modifications to the Priority, in order to make it clear that

- CISRO encourages stakeholders to engage with it, reciprocally, so that there is a two-way flow of communication; and
- CISRO will accept invitations from industry stakeholders to engage with them in mutually desirable information-sharing and communication opportunities such as industry Association webinars, conferences, etc.

Standing Committees

CAFII encourages CISRO to consider the establishment of a new, dedicated Standing Committee to deal with its stated desire to “explore the use of and possible enhancements to the Canadian Insurance Regulators Disciplinary Actions (CIRDA) database” (touched upon in the Operational Plan 2023-24 implementation note re the “Enhance Effectiveness Of CISRO As A Forum For Information-Sharing And Regulatory Collaboration”). Our Association regards a strengthening of the CIRDA database as a vitally important priority for CISRO to pursue, one which can deliver benefits for both regulators and regulated entities alike.

Operational Plan 2023-24

CAFII agrees with and supports the general tenor of CISRO’s 2023-24 first year Operational Plan to implement its new 2023-2026 Strategic Plan. That said, we ask that CISRO give serious consideration to augmenting the 2023-24 Operational Plan in order to reflect the feedback we have provided above with respect to the Strategic Plan’s three Priorities, in particular our recommendation for a heightened CISRO focus on the inextricably linked elements of “Harmonized Approaches and Accountability.”

Conclusion

We thank CISRO again for the invitation to provide input and feedback on the **Consultation Draft of CISRO 2023-2026 Strategic Plan**. Should you require further information from CAFII or wish to meet with representatives from our Association on this or any other matter at any time, please contact Keith Martin, CAFII Co-Executive Director, at keith.martin@cafii.com or 647.460.7725.

Sincerely,



Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

Monsieur Éric Jacob, président
Organismes canadiens de réglementation en assurance
a/s Secrétariat des OCRA
25, avenue Sheppard Ouest, bureau 100
Toronto (Ontario) M2N 6S6
Courriel : cisro-ocra@fsrao.ca

Objet : *Rétroaction de l'ACIFA sur le Projet de consultation relatif au plan stratégique de 2023-2026 des OCRA*

Monsieur,

L'Association canadienne des institutions financières en assurance (ACIFA) remercie les Organismes canadiens de réglementation en assurance (OCRA) de l'avoir invitée à lui faire part de sa rétroaction sur son *Document de consultation relatif au plan stratégique de 2023-2026 des OCRA*.

Notre association et ses membres voient les OCRA comme un organisme national de coordination d'une importance capitale qui tient un rôle essentiel dans notre secteur d'activité, le secteur de l'assurance de personnes. De plus, nous croyons fermement qu'une communication régulière, transparente et franche entre les régulateurs ou décideurs du secteur de l'assurance et les parties prenantes du secteur permet d'améliorer le traitement équitable des clients, de mieux répondre aux attentes réglementaires et d'améliorer l'efficacité du secteur.

Nous soutenons pleinement le mandat, la vision et la mission des OCRA, ainsi que les priorités stratégiques qui en découlent et qui sont énoncées dans le *Plan stratégique préliminaire de 2023-2026*. Nous avons toutefois quelques commentaires constructifs à formuler, que nous avons classés ci-dessous dans l'ordre des sections du document.

Mandat, vision et mission

L'ACIFA recommande aux OCRA de déterminer si les énoncés de leur mandat, de leur vision et de leur mission ne se situent pas à un niveau un peu trop élevé, étant donné qu'aucun des trois énoncés ne comprend les mots « délivrance de permis/inscription » ou « normes de délivrance de permis/d'inscription ». Après tout, dans la section d'introduction, intitulée « Historique », du *Plan stratégique préliminaire* il est clairement indiqué : « Les OCRA offrent un espace d'échange d'information et de collaboration entre les responsables de l'inscription ou de la délivrance de permis ainsi que de la supervision réglementaire des intermédiaires d'assurance ». Selon l'ACIFA, cette priorité commune accordée aux normes de délivrance de permis/d'inscription, qui a au départ rassemblé les membres fondateurs des OCRA autour d'une cause commune, doit être reflétée dans le mandat ou encore dans l'énoncé de vision ou de mission des OCRA.

Priorités

En ce qui concerne les priorités interreliées « *Promouvoir la protection des consommateurs au moyen de mesures de réglementation harmonisées des intermédiaires en assurance* » et « *Améliorer leur efficacité en tant qu'espace d'échange d'information et de collaboration entre responsables de la réglementation* », l'ACIFA salue les OCRA d'avoir défini ces deux priorités comme des domaines d'importance stratégique et d'y avoir alloué des ressources proportionnelles pour les trois années à venir.

Nous soutenons fermement l'inclusion de ces deux priorités interdépendantes, car nous sommes d'avis qu'il reste beaucoup de travail à faire pour que les OCRA atteignent leur plein potentiel en ce qui concerne les « approches harmonisées ». Du point de vue de l'ACIFA, l'harmonisation ne signifie pas qu'une administration qui envisage de modifier son régime de délivrance de permis examinera les définitions, les règles et les exigences en vigueur dans d'autres administrations et tentera ensuite de suivre, plus ou moins, ce qui a été fait auparavant. Au contraire, l'harmonisation – effectuée aux fins de clarté et d'absence d'ambiguïté, de constance dans les objectifs de protection des consommateurs et d'amélioration de l'efficacité du secteur – signifie qu'un ensemble commun de définitions, de règles et d'exigences pour la délivrance de permis restreints d'agent ou de représentant d'assurance (RIA/RIR) doit être établi.

Nous citons à titre d'exemple les quatre régimes de délivrance de permis restreint d'agent d'assurance qui existent aujourd'hui dans notre pays : Alberta (créé en 2000), Saskatchewan (créé en 2010), Manitoba (créé en 2015) et Nouveau-Brunswick (créé en 2023).

Ces quatre régimes de délivrance de permis RIA/RIR ont des objectifs similaires, mais ils se distinguent par certains aspects généralement mineurs. Cependant, dans certains cas, les différences sont plus marquées et créent un positionnement unique. Dans un monde idéal, les OCRA auraient été en mesure de tenir un rôle d'harmonisation en temps réel et de façon efficace en facilitant un processus par lequel il aurait été possible d'harmoniser davantage chaque régime RIA/RIR successif aux régimes qui l'ont précédé. Selon l'ACIFA, il s'agit là d'un rôle et d'un objectif auxquels les OCRA devraient se consacrer, car il serait ainsi possible d'obtenir exactement les mêmes protections des consommateurs que celles que chaque province qui a adopté un régime RIA/RIR a recherchées. Parallèlement, il serait possible d'éliminer en grande partie la multitude de définitions, de règles et d'exigences propres aux autorités provinciales ou territoriales chargées de la délivrance des permis.

Une autre possibilité, mais toujours dans la même optique, est que les OCRA, se trouvent actuellement dans une position idéale en tant qu'organisme national de coordination pour s'engager dans un exercice de détermination d'un ensemble commun de définitions, de règles et d'exigences pour un régime de délivrance de permis RIA/RIR – à partir des exigences en vigueur dans les quatre provinces qui disposent d'un tel régime – qui pourrait ensuite être proposé comme modèle à l'Alberta, à la Saskatchewan, au Manitoba, au Nouveau-Brunswick et à toute autre province ou tout autre territoire qui adopterait un régime RIA/RIR.

Le fait que les OCRA suivent l'une ou l'autre des deux « approches d'harmonisation » recommandées en matière de RIA/RIR qui suivent ne compromettrait pas l'autonomie provinciale ou territoriale, car chaque administration conserverait son autorité de délivrance de permis, son modèle de gouvernance et ses propres priorités et plans de supervision en ce qui concerne la vérification, la surveillance, la communication et l'application de la loi. Cependant, chaque autorité provinciale ou territoriale fonctionnerait selon le même ensemble de définitions, de règles et d'exigences réglementaires, ce qui permettrait aux acteurs du secteur de se concentrer sur le respect des attentes communes harmonisées plutôt que de procéder à une importante « gestion des exceptions » et de consacrer des ressources pour comprendre les différences subtiles entre les administrations et s'y conformer.

En résumé, la recommandation de l'ACIFA consiste à encourager fortement les OCRA à assumer un rôle élargi en ce qui concerne les « approches harmonisées et la responsabilité ». La responsabilité signifie que les membres des OCRA sont responsables les uns envers les autres, lors de leurs réunions en tant qu'organisme national de coordination, pour prioriser et mettre en œuvre les approches harmonisées. Ainsi, nous recommandons que cette dimension d'aspiration à la croissance figure dans le nouveau Plan stratégique des OCRA.

Pour revenir à l'exemple des régimes RIA/RIR, dans une optique axée davantage sur les « approches harmonisées et la responsabilité » : si l'un des régimes RIA/RIR actuels est clairement meilleur que les autres, les OCRA seraient certainement le forum idéal pour effectuer une analyse comparative; et, si la supériorité d'un tel régime peut être démontrée, les autres régimes devraient être prêts à adopter la meilleure approche à la première occasion de modification des lois ou des règlements qui se présentera.

Pour conclure sur cette recommandation de l'ACIFA, compte tenu de la nature interdépendante et de l'importance conjointe des priorités « Promouvoir la protection des consommateurs au moyen de mesures de réglementation harmonisées des intermédiaires en assurance » et « Améliorer leur efficacité en tant qu'espace d'échange d'information et de collaboration entre responsables de la réglementation », l'ACIFA recommande qu'elles soient placées l'une après l'autre dans le Plan stratégique préliminaire de 2023-2026.

En ce qui concerne la priorité « Renforcer les résultats réglementaires par la collaboration et les interactions avec les parties prenantes », qui occupe actuellement la deuxième place, l'ACIFA soutient pleinement cette priorité, compte tenu de son importance évidente pour la bonne exécution du mandat des OCRA et la réalisation de leur vision et de leur mission. Cependant, nous encourageons les OCRA à envisager d'apporter quelques modifications mineures à la formulation de la priorité, afin d'indiquer clairement que :

- les OCRA encouragent les parties prenantes à dialoguer avec eux, de manière réciproque, afin que la communication fonctionne dans les deux sens;
- les OCRA accepteront les invitations des parties prenantes du secteur qui souhaitent échanger des informations et participer à des activités de communication, comme des webinaires d'associations sectorielles, des conférences, etc.

Comités permanents

L'ACIFA encourage les OCRA à envisager la création d'un nouveau comité permanent chargé de mener à bien leur projet relatif à « l'éventuel recours au RDDRCA ainsi que l'amélioration possible de ce dernier » (évoqué dans la note de mise en œuvre du Plan opérationnel de 2023-2024 sur la priorité « Améliorer leur efficacité en tant qu'espace d'échange d'information et de collaboration entre responsables de la réglementation »). Notre association voit dans le renforcement du RDDRCA une priorité essentielle pour les OCRA, qui peut être bénéfique à la fois pour les régulateurs et pour les entités réglementées.

Plan opérationnel 2023-2024

L'ACIFA approuve et soutient la teneur générale du Plan opérationnel de 2023-2024 de la première année des OCRA pour mettre en œuvre leur nouveau Plan stratégique de 2023-2026. Toutefois, nous invitons les OCRA à envisager activement d'étoffer le Plan opérationnel de 2023-2024 afin de tenir compte de la rétroaction que nous avons fournie ci-dessus en ce qui concerne les trois priorités du Plan stratégique, en particulier notre recommandation que les OCRA accordent une attention particulière aux éléments inextricablement liés que sont les « approches harmonisées et la responsabilité ».

Conclusion

Nous remercions à nouveau les OCRA de nous avoir invités à formuler nos commentaires et notre rétroaction sur le **Projet de consultation relatif au plan stratégique de 2023-2026 des OCRA**. Si vous souhaitez obtenir de plus amples renseignements de la part de l'ACIFA ou rencontrer des représentants de notre Association au sujet de ce projet ou de toute autre question, veuillez communiquer avec Keith Martin, codirecteur général de l'ACIFA, à l'adresse keith.martin@cafii.com ou au numéro 647-460-7725.

Cordialement,



Rob Dobbins

Secrétaire du conseil d'administration et président du comité exécutif des opérations

À propos de l'ACIFA

L'ACIFA est une association sectorielle à but non lucratif qui se consacre au développement d'un marché de l'assurance ouvert et flexible. Notre association a été créée en 1997 pour donner une voix aux institutions financières qui vendent des assurances par l'entremise de divers canaux de distribution. Nos membres proposent des assurances par le biais de centres d'appels, d'agents et de courtiers, d'agences de voyage, de publipostage, de succursales d'institutions financières et d'Internet.

L'ACIFA croit que les consommateurs sont mieux servis lorsqu'ils ont un choix significatif dans l'achat de produits et services d'assurance. Nos membres offrent l'assurance voyage, l'assurance vie, l'assurance maladie, l'assurance dommages et l'assurance-crédit collective dans tout le Canada. En particulier, l'assurance-crédit collective et l'assurance voyage sont les lignes de produits sur lesquelles se concentre l'ACIFA, car nos membres ont un point commun.

La diversité des membres de l'ACIFA permet à notre association d'avoir une vue d'ensemble du régime réglementaire qui régit le marché de l'assurance. Nous travaillons avec les gouvernements et les organismes de réglementation (principalement provinciaux et territoriaux) afin d'élaborer un cadre législatif et réglementaire pour le secteur de l'assurance qui contribue à garantir que les consommateurs canadiens obtiennent les produits d'assurance qui répondent à leurs besoins. Notre objectif est d'assurer la mise en place de normes appropriées pour la distribution et la commercialisation de tous les produits et services d'assurance.

Les membres de l'ACIFA comprennent les branches d'assurance des principales institutions financières du Canada - BMO Assurance, Assurance CIBC, Desjardins Assurances, Banque Nationale Assurances, RBC Assurances, Assurance Scotia, et TD Assurance - ainsi que les principaux acteurs de l'industrie : Assurant, Assurance-vie Canada, Chubb Compagnie d'Assurance-Vie du Canada, CUMIS Services Incorporated, la Banque Canadian Tire, Manuvie (La Compagnie d'Assurance-Vie Manufacturers), Securian Canada, et Valeyo.

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status Apr. 25, 2023
		Association Strategy, Governance and Financial Management			
1	EOC and Board: October 2019	Launch CAFII EOC Working Group to Explore a New Lower Dues Category of CAFII Membership, via a first meeting and a draft Terms of Reference for this Working Group.	B. Wycks/ K. Martin	31-Dec-22	In Progress/ See #2
2	BOD: June 9, 2020	Revisit the launch of the CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership once the economic environment stabilizes, via a first meeting and a draft Terms of Reference for this Working Group.	K. Martin	31-Dec-22	In Progress
3	EOC May 29, 2018	Develop a summary job description for the CAFII EOC Chair role and circulate it to EOC Members.	B. Wycks/ K. Martin	31-Dec-22	In Progress
4	EOC February 27, 2018	Document in writing the process for reviewing, approving, and admitting applicants for CAFII Members and Associate status	B. Wycks	31-Dec-22	In Progress
5	BOD October 11, 2022	Identify a CAFII Board Vice-Chair candidate for appointment at the June 2023 First Meeting of 2023-24 Board of Directors	P. Thompson/ K. Martin/ B. Wycks	15-May-23	In Progress
		Regulatory Initiatives			
6	EOC October 26, 2021	Organize a meeting of the Market Conduct and Licensing Committee to review CCIR's 2021 document on the industry's adoption of the FTC guidance	K. Martin/ B. Wycks	31-Jul-22	In Progress
7	BOD December 6, 2022	Maintain ongoing dialogue with AMF Superintendent Eric Jacob and keep CAFII management and EOC Chair and Vice-Chair informed of any developments re resolving impasse issue re RADM's applicability to credit card-embedded insurance benefits and any other CAFII Member-relevant issues	P. Thompson	Ongoing	Ongoing
		Association Operations			
8	EOC May 17, 2022	Regularly scan website videos to ensure that they are up-to-date and don't include broken links	K. Martin/ B. Wycks	31-May-22	Ongoing

Agenda Item 2(f)

April 25/23 EOC Meeting

Board-Approved Schedule of CAFII 2023 Meetings and Events

(Approved At October 11/22 CAFII Board Meeting)

EOC Meetings: *To be held virtual-only and in-person/virtual-hybrid, in alternating months*

- **Tuesday, January 17, 2023** (2:00–4:00 p.m. MS Teams virtual-only meeting)
- **Tuesday, February 14, 2023** (2:00–4:00 p.m. in-person/virtual-hybrid meeting)
(Family Day Stat Holiday in Ontario: Monday, February 20)
- **Tuesday, March 21, 2023** (2:00–3:30 p.m. MS Teams virtual-only meeting)
(Quebec Spring Break: March 6 – March 10. Ontario March Break: March 13 – March 17)
- **Tuesday, April 25, 2023** (2:00–4:00 p.m. in-person/virtual-hybrid meeting)
(Passover: Wednesday, April 5 – Thursday, April 13. Good Friday: Friday, April 7. Easter Monday: Monday, April 10)
- **Tuesday, May 16, 2023** (2:00–3:30 p.m. MS Teams virtual-only meeting)
(Victoria Day Stat Holiday: Monday, May 22)
- **Tuesday, June 20, 2023** (2:00–4:00 p.m. in-person/virtual-hybrid meeting)
- **Tuesday, July 18, 2023** tentative summer meeting (2:00–3:30 p.m. MS Teams virtual-only meeting)
- **Tuesday, August 15, 2023** tentative summer meeting (2:00–3:30 p.m. MS Teams virtual-only meeting)
(Civic Stat Holiday: Monday, August 7)
- **Tuesday, September 19, 2023** (3:00–5:00 p.m. in-person/virtual-hybrid meeting, followed by EOC Annual Appreciation Dinner)
(Labour Day: Monday, September 4. Rosh Hashanah: September 15 – 17. Yom Kippur: September 24 – 25. National Day for Truth and Reconciliation: Saturday, September 30)
- **Tuesday, October 24, 2023** (2:00–3:30 p.m. MS Teams virtual-only meeting)
(Thanksgiving Stat Holiday: Monday, October 9)
- **Tuesday, November 14, 2023** (2:00–4:00 p.m. in-person/virtual-hybrid meeting)
(Remembrance Day: Saturday, November 11. Diwali: Sunday, November 12)

Board Meetings:

- **Tuesday, April 4, 2023** (3:00–5:00 p.m. in- person/virtual-hybrid meeting, followed by ensuing Reception)
(Passover: Wednesday, April 5 – Thursday, April 13. Good Friday: Friday, April 7. Easter Monday: Monday, April 10)
HOST: Canadian Tire Bank (at private venue rental in downtown Toronto)
- **Tuesday, June 6, 2023** (2:30–5:00 p.m. in- person/virtual-hybrid meeting, preceded by 2023 Annual Meeting of Members and followed by ensuing Reception).
HOST: Manulife, 200 Bloor St. East, Toronto
- **Tuesday, October 10, 2023** (2:20–4:00 p.m. in- person/virtual-hybrid meeting, immediately following liaison lunch and Industry Issues Dialogue with AMF staff executives)
HOST: RBC Insurance (Montreal); Alternate: BMO Insurance (Montreal)
- **Tuesday, December 5, 2023** (3:00–5:00 p.m. in- person/virtual-hybrid meeting, followed by Holiday Season/Year-End Reception)
HOST: Scotia Insurance; Alternate: RBC Insurance

2023 Annual Members and Associates Luncheon:

- *Tuesday, May 9, 2023 from 11:45 a.m. EST to 2:15 p.m. EST at St. James Cathedral Centre
Event Venue, 65 Church St., Toronto*

2023 EOC Annual Appreciation Dinner:

- *Tentative Date: Tuesday, Sept 19, 2023 at 5:30 p.m. at a TBD location*

Webinars:

- January 25 or 26, 2023
- March 29 or 30, 2023
- April 26 or 27, 2023
- September 26 or 27, 2023
- October 25 or 26, 2023
- November 22 or 23, 2023

2022 Board meetings Hosted by:

TD Insurance, Desjardins Insurance, CIBC Insurance

2021 Board meetings Hosted by:

None, due to COVID-19 pandemic situation

2020 Board meetings Hosted by:

None, due to COVID-19 pandemic situation

2019 Board meetings Hosted by:

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

2018 Board Meetings Hosted by:

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

2017 Board Meetings Hosted by:

TD Insurance; CAFII; Desjardins Insurance; CIBC Insurance

Recent Years' Annual Members and Associates Luncheons

2022 Annual Members and Associates Luncheon

Date: Tuesday, November 9, 2021 from 1:00 p.m. – 2:30 p.m. EDT

Topic: “With Authority: Executing On A Bold Vision for A New Kind of Financial Services Regulator in Ontario; and Laying the Groundwork for Its Long-Term Success”

Speaker: Mark White, CEO, FSRA

Venue: St. James Cathedral Centre Event Venue, 65 Church St., Toronto, Ontario

2021 Annual Members and Associates Virtual Luncheon Webinar

Date: Tuesday, November 9, 2021 from 1:00 p.m. – 2:30 p.m. EDT

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

Panelists: Jill McCutcheon, Partner, Torys LLP; Stuart Carruthers, Partner, Stikeman Elliott LLP; Marc Duquette, Partner, Norton Rose Fulbright Corporation. Panel Moderator: Keith Martin, CAFII

Venue: Virtual-Only Webinar

2020 Annual Members and Associates Virtual Luncheon Webinar

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

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

Speakers: Frank Lofranco, Deputy Commissioner, Supervision and Enforcement, Financial Consumer Agency of Canada (Remarks actually delivered by Teresa Frick, Director, FCAC who was subbed in for Frank Lofranco at the last minute)

Venue: Virtual-Only Webinar

2019 Annual Members and Associates Luncheon

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

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

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

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

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 3(a) Financial Management Matters--CAFII Financial Statements as at March 31/23

Purpose of this Agenda Item – Update

To update the EOC on the Association's financial statements as at March 31, 2023.

Background Information

CAFII Treasurer Donald Hinnecke will provide an update on the CAFII Financial Statements as at March, 31, 2023.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 3(b)

Financial Management Matters--Forecast For CAFII 2023 Fiscal Year as at March 31/23

Purpose of this Agenda Item – Update

To provide an update on the Association's forecast through to the end of its 2023 fiscal year, as at March 31, 2023.

Background Information

CAFII Treasurer Donald Hinnecke will provide an update on the CAFII forecast as at March 31, 2023.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 3(c)

Financial Management Matters-- Next Steps in Board and Membership Approval of CAFII 2022

Audited Financial Statements

Purpose of this Agenda Item – Update

To provide an update on the next steps for the CAFII Board's and Membership's approval of the CAFII 2022 audited financial statements, as produced by KPMG MSLP.

Background Information

On April 4/23, the CAFII Board approved the 2022 audited financial statements produced by KPMG, which will now be brought to the Annual Meeting of Members on June 6, 2023 for approval by the Association's membership

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

January 13, 2023

Agenda Item 3(c)
April 25/23 EOC Meeting

Critical Path With KPMG For CAFII 2022 Audited Financial Statements

Task	Responsible	Timing/Deadline
Prepare Draft CAFII 2022 Financial Statements	R. Nason, Managing Matters	January 12/23 (Completed)
Conduct audit of Draft CAFII 2022 Financial Statements	KPMG	February and early March 2023
Provide Draft 1 of CAFII 2022 Audited Financial Statements for circulation prior to March 21/23 CAFII EOC Meeting	KPMG (reviewed and assisted/facilitated by R. Nason, B. Wycks, K. Martin, D. Hinnecke)	March 13/23
Provide feedback on Draft 1 of CAFII 2021 Audited Financial Statements	EOC	March 21/23
Provide Draft 2 of CAFII 2021 Audited Financial Statements for circulation prior to April 4/23 CAFII Board Meeting	KPMG (assisted/facilitated by R. Nason, B. Wycks, K. Martin, D. Hinnecke)	March 27/23
Approve Draft 2 of CAFII 2022 Audited Financial Statements for presentation to membership at 2023 Annual Meeting of Members	CAFII Board	April 4/23
Provide Final Draft of CAFII 2022 Audited Financial Statements for inclusion in CAFII 2023 Annual Meeting of Members Materials Package	KPMG (assisted/facilitated by R. Nason, J. Becker)	April 24/23
Circulate CAFII 2023 Annual Meeting of Members Materials Package	J. Becker	April 25/22
Approve CAFII 2022 Audited Financial Statements At 2023 Annual Meeting of Members	Membership	June 6/23

Agenda Item 4(a)
April 25/23 EOC Meeting

Market Conduct & Licensing Committee Written Update

Since our last EOC meeting, the Market Conduct & Licensing Committee met to discuss the CISRO Draft Strategic Plan 2023-2026.

The Committee was largely supportive of the contents of the draft, provided under Terms of Compliance with a CISRO Embargo.

However, we did discuss, from a wider perspective, the continued need to stress with all of our respective regulators to commit to, from a practical application standpoint, the concept of harmonization when/where they are addressing common themes/issues.

In that regard, when a particular regulator proposes changes that would make aspects of their regulations different than those of their peers, the need for those respective differences ought also be based on facts/evidence to support any such inconsistencies across jurisdictions. In other words, what are the compelling reasons 'to be different?'

Comments on the CISRO Draft Strategic Plan 2023-2026 are due by April 21, 2023.

Brad Kuiper
Chair, CAFII Market Conduct & Licensing Committee

Briefing Note

**CAFII EOC Meeting 25 April, 2023—Agenda Item 4(a)i
Committee Updates—Market Conduct & Licensing-- Responses Received from FCNB Re Licensure
Deadline Extension Request and Related Compliance Issues; and Direction Received From CAFII Board
On April 4/23 Re Next Steps on Impasse Issue with FCNB Re Section 46 of Rule INS-001**

Purpose of this Agenda Item – Update/Discussion

This is an update item with an opportunity for discussion.

Background Information

CAFII has been requesting some modifications to FCNB's Rule INS-001, which sets out the governing parameters for New Brunswick's new Restricted Insurance Representative (RIR) licensing regime, and our Association also requested an extension beyond the initially stipulated May 1, 2023 deadline for an affected business to apply for an RIR licence via the FCNB Portal. In response to industry stakeholder advocacy efforts by CAFII and CLHIA, FCNB has made some significant modifications to the compliance requirements set out in Rule INS-001, and it has also extended the deadline for completing an online application for an RIR licence by 60 days to June 30, 2023.

CAFII has strongly opposed Section 46 of Rule INS-001, which requires an RIR licensee's customer service representatives who are offering credit protection insurance (and other forms of incidentally-offered insurance) to inform consumers that they may wish to consult with an individually licensed insurance agent about the insurance product being offered by the RIR licensee.

CAFII management suggested at the 4 April, 2023 CAFII Board meeting that one possible next step would be to write a letter of protest and appeal to New Brunswick's Minister of Finance. Stikeman Elliott lawyers present at the Board meeting indicated, however, that in their opinion such an appeal would not be likely to succeed. Furthermore, the Board noted that FCNB had made a significant concession around Section 46 by allowing the disclosure mention of the option to consult with an individually licensed agent to be embedded within the written fulfilment materials package that is sent to customers, and not have to be mentioned at the time of offer, so long as that disclosure mention happens within the review period in which the insurance can be cancelled without penalty. The CAFII Board did not want the Association to proceed forward on such a letter of protest and appeal to the New Brunswick Minister of Finance, but there was support for continuing to share the benefits of credit protection insurance with New Brunswick regulators and policy-makers. There was also a request that CAFII suggest in its interactions with New Brunswick officials that FCNB consider modifying the language of Section 46 such that it would instead require a disclosure mention of the customer having the option of consulting the insurer/underwriter of the insurance product being offered, a financial advisor, or a licensed insurance agent (in that order).

Recommendation / Direction Sought – Update/Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

3 attachments.

March 30, 2023

Mr. Robert Picard, Director, Insurance (Acting);
Ms. Catherine Haines, Deputy Director – Licensing; and
Mr. David Weir, Senior Technical Advisor Insurance
Insurance (Division)
Financial and Consumer Services Commission of New Brunswick
Andal Building, 225 King Street
Fredericton, New Brunswick E3B 1E1

Re: CAFII Follow-up Letter Re FCNB Implementation Of Rule INS-001, Including Official Written Request For 90-Day Extension Beyond Existing May 1/23 Deadline For Obtaining Initial RIR Licence In New Brunswick

Dear Robert, Catherine, and David:

CAFII thanks FCNB for the licensing portal modification it recently granted to assist our member companies and other industry players, regarding the Director Disclosure section of the Restricted Insurance Representative (RIR) licence application – with respect to OSFI-regulated and FCNB-regulated entities not having to file criminal record checks for members of the Boards of Directors of parent banks/FIs – as communicated in Catherine's March 9/23 reply email to our Association, which was received with relief and gratitude by our members.

This follow-up letter has three purposes:

- to communicate an official CAFII written request for a 90-day extension beyond the existing May 1/23 deadline for relevant/affected insurance businesses to obtain their initial RIR licence in New Brunswick under Rule INS-001, via the FCNB licensing portal;
- to serve as a transmittal for our communication of a follow-up "Summary of Problem Issues/Difficulties Being Encountered By CAFII Member Companies In Applying For A Restricted Insurance Representative (RIR) Licence Via The FCNB Licensing Portal" (see Appendices A, B, and C below); and
- to alert you to a new issue of concern with respect to Rule INS-001 which our member companies have recently brought to our attention: one related to the Rule's trust account provisions (see Appendix D below).

Deadline Extension Request

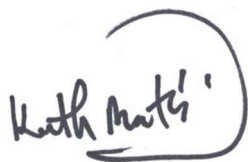
With the May 1/23 deadline (90 days after Rule INS-001's in-force date of February 1/23) fast approaching for relevant/affected insurance businesses to secure their initial RIR licence, in order to be compliant with the Rule, CAFII member companies are still encountering problem issues and difficulties on the FCNB licensing portal, which are impeding and frustrating their efforts to do so.

See Appendices A through C below for a "Summary of Problem Issues/Difficulties Being Encountered By CAFII Member Companies In Applying For A Restricted Insurance Representative (RIR) Licence Via The FCNB Licensing Portal."

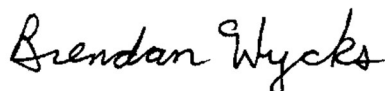
Because the problems and hurdles highlighted therein remain unresolved at this time, CAFII specifically requests that FCNB grant a 90-day extension – which request is made under the assumption that the identified licensing portal difficulties can be resolved to FCNB's and the industry's mutual satisfaction by May 1/23 – which would see July 31/23 become the new deadline for applying for and securing an initial RIR licence. We view a 90-day extension as being a reasonable and modest request under the current time-pressured circumstances; and we hope to hear back from you at your earliest convenience with an indication that the FCNB has seen fit to grant this request.

Thank you, in advance, for considering and responding to the deadline extension request and related Rule INS-001 concerns advanced in this letter; and for giving these matters the urgent attention warranted. CAFII and its members look forward to hearing back from you at your earliest convenience.

Sincerely,



Keith Martin
Co-Executive Director



Brendan Wycks
Co-Executive Director

About CAFII

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

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

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

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

Appendix A

Summary of Problem Issues/Difficulties Being Encountered By CAFII Member Companies In Applying For A Restricted Insurance Representative (RIR) Licence Via The FCNB Licensing Portal

<u>Issue</u>	<u>Description</u>	<u>Proposed Solution (If Identified)</u>
"Open date" of bank/financial institution branches	Our bank has dozens of branches in New Brunswick, some relatively new, some which have moved multiple times, and some which may have been in place for decades. There simply is not an easy way of even estimating the open date of every branch.	We are requesting the ability to "grandparent" the branches in place now and give them all an "open" date of February 1, 2023, being the date on which Rule INS-001 came into effect. We will be able to add in accurate opening dates of branches opened or relocated in the future.
Page 16 – Designated Representative	Seems difficult to submit/upload a criminal record check, as a field/functionality for doing so does not seem to be provided. See Appendix B screen shot below.	
Pages 17 and 18 – Regulatory and Licensing Details	We are unsure as to what FCNB means/intends by " insurance licence " (does it include the RIA licences that we have in AB, SK, and MB)? What does home jurisdiction mean: the province in which our bank's head office is located? See Appendix C screen shots below.	

Appendix B

46%

Designated Representative

Please provide the name and contact information for the designated representative for the Agency, Adjusting Firm, Managing General Agent or Restricted Insurance Representative.

Please review the Designated Representatives section (Part 10) of Rule INS-001 to confirm that the selected individual meets the requirements. The designated representative for an Agency, Adjusting Firm or Managing General Agent will require an appropriate New Brunswick Insurance licence. While the designated representative for a Restricted Insurance Representative does not require an Insurance licence, they must submit a disclosure form and criminal record check with the application.

Name *

Position within organization

Address *

Appendix C

53%

Regulatory and Licensing Details

Please provide the details of any insurance licence(s) that the firm currently holds or has held in any jurisdiction, including New Brunswick.

Please provide details of insurance licences held (current and past). If the firm has held a licence for several years, please only include the initial issue year and the current expiry date. E.g., the firm held an Insurance agency licence in British Columbia, first issued in January 2018 and expiring in January 2023.

- ☐ My home jurisdiction does not currently require an insurance licence for an Agency, Adjusting Firm, Managing General Agent, or Restricted Insurance Representative.
- ☐ The firm does not currently hold an insurance licence in any jurisdiction
- ☐ The firm has never held an insurance licence in any jurisdiction.

Please provide details of your insurance licensing in all jurisdictions*

Add

Jurisdiction ↑

Home jurisdiction

Licence Type

Issued In

Expires In

There are no records to display.

Has the firm ever been licensed or registered, in any jurisdiction to deal with the public in a capacity, other than insurance?

☒ No ☐ Yes

Has the firm ever had any type of registration or licensing to deal with the public refused, restricted, suspended, revoked or cancelled?

☒ No ☐ Yes

Has the firm ever been disciplined, or are you aware that the firm is currently the subject of an investigation by a regulatory body?

☒ No ☐ Yes

Regulatory and Licensing Details

Please provide the details of any insurance licence(s) that the firm currently holds or has held in any jurisdiction, including New Brunswick.

Please provide details of insurance licences held (current and past). If the firm has held a licence for several years, please only include the initial issue year and the current expiry date. E.g., the firm held an insurance agency licence in British Columbia, first issued in January 2018 and expiring in January 2023.

- ☐ My home jurisdiction does not currently require an insurance licence for an Agency, Adjusting Firm, Managing General Agent, or Restricted Insurance Representative.
- ☐ The firm does not currently hold an insurance licence in any jurisdiction
- ☐ The firm has never held an insurance licence in any jurisdiction.

Please provide details of your insurance licensing in all jurisdictions*

Add

Jurisdiction ↑ Home jurisdiction Licence Type Issued In Expires In

There are no records to display.

Has the firm ever been licensed or registered, in any jurisdiction to deal with the public in a capacity, other than insurance?

☒ No ☐ Yes

Has the firm ever had any type of registration or licensing to deal with the public refused, restricted, suspended, revoked or cancelled?

☒ No ☐ Yes

Has the firm ever been disciplined, or are you aware that the firm is currently the subject of an investigation by a regulatory body?

☒ No ☐ Yes

Appendix D

It is CAFII's understanding that CLHIA will be raising and discussing this issue around Rule INS-001's "trust account" provisions with FCNB in a meeting that has been arranged for April 11, 2023. While CAFII is content to have CLHIA be the industry emissary and discussant with FCNB on the industry's concerns about those provisions, our Association did want to summarize our members' viewpoints on the "trust account" provisions, in writing, via this letter.

The "trust account" provisions in FCNB's Rule INS-001 read as follows:

"trust money" means all monies or other consideration received or receivable by any licence holder in the course of carrying on insurance business: (a) from the public on behalf of insurers; or (b) from insurers on behalf of the public. (fonds en fiducie)

99. A licence holder that receives trust money shall, within two days, remit the trust money to the person entitled to the money or deposit the money into a trust account.

101. An agent, agency, restricted insurance representative, special insurance broker, or managing general agent is not required to have a trust account if all of the following are satisfied:

- (a) all trust money or other consideration received from the public is deposited directly into the insurance company's account within two days of receipt;
- (b) the agent, agency, restricted insurance representative, special insurance broker, or managing general agent is not able to access the trust money after it has been deposited into the insurance company's account;
- (c) the agent, agency, restricted insurance representative, special insurance broker, or managing general agent does not receive trust money from insurers on behalf of the public.

If the definition of "trust money" is interpreted to include premiums collected by a restricted license holder (bank) from its customers with respect to a creditor's group insurance policy, this appears to indicate that the money must be paid to the insurer within two days or else it must be placed in a trust account. Similarly, if "trust money" includes benefits payments made by an insurer to a bank with respect to a creditor's group insurance policy, it must be paid to the account of the insured person within two days or else be deposited into the trust account.

While a "two day deposit" happens for the most part with regard to claims payments, the general process with premiums is that they are collected from various insureds throughout the month by the bank but only submitted to the insurer once per month. This might therefore be an issue and technically require the bank to establish a trust account for that premium money.

The plain words of sections 99 and 101 and the definition of "trust money" can be interpreted as including premiums collected by a bank restricted insurance representative (RIR) from its customers with respect to a creditor's group insurance policy, and that the money must be paid to the insurer within two days or else it must be placed in a trust account (same analysis for receipt of benefits/payment of claims).

However, there is an unresolved question as to whether banks can comply with these provisions because Section 412 of the *Bank Act* (Canada) prohibits banks from acting as a trustee of a trust (e.g. trustee of a trust account). Section 412 states:

Restriction on fiduciary activities

412 No bank shall act in Canada as

- (a) an executor, administrator or official guardian or a guardian, tutor, curator, judicial adviser or committee of a mentally incompetent person; or
- (b) **a trustee for a trust.**

Federal insurance companies are also subject to the same restrictions in Section 466 of the federal *Insurance Companies Act* (Canada).

FCNB could respond to this concern by saying that Section 101 allows banks to avoid holding premiums in trust by depositing the premiums into the insurer's bank account within two days.

However, that may not be operationally feasible, given how premiums are collected and processed from thousands of loans payments from clients (this is an operational question for each bank to decide).

In any event, it is important to point out that consumers whose premiums are collected by a bank RIR and deposited into the bank's general account are ultimately in the same position as consumers whose premiums are collected by a non-bank RIR and deposited into a trust account held at a bank (i.e. the non-bank RIR is the trustee of the account).

In both cases, the ultimate risk to the consumer is the same, being the credit-worthiness/solvency of the bank.

For that reason, it's possible that the FCNB did not have a bank RIR in mind when drafting these sections.

It's more likely that the FCNB had non-bank RIRs in mind because it makes sense to require a non-bank RIR to hold the premiums in a trust account at a bank (i.e. again, the non-bank RIR is the trustee of the account) to protect the funds from a trustee in bankruptcy in the event of the RIR's bankruptcy. In that scenario, the only risk to the funds held in the bankrupt non-bank RIR's trust account would be the ultimate credit-worthiness/solvency of the bank itself.

Therefore, by way of comparison, premiums collected by a bank RIR and deposited into the bank's general account are at no greater risk - the risk is the ultimate credit-worthiness/solvency of the bank itself.

Agenda Item 4(a)(i)(2)
April 25/23 EOC Meeting

From: Brendan Wycks

Sent: Wednesday, April 12, 2023 3:58 PM

To: EOC Members, Market Conduct & Licensing Committee Members, and Board Surrogates

Cc: Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>; 'Keith Martin' <kmartin@rogers.com>; MacLennan, Darren <Darren.MacLennan@CIBC.com>; 'denise.milan@cumis.com' <denise.milan@cumis.com>; 'Marisa Hocuklik' <marisa.hocuklik@cumis.com>; 'jason.beauchamp@gwl.ca' <jason.beauchamp@gwl.ca>

Subject: FCNB Grants 60 Day Extension -- To July 1, 2023 -- For Submission Of Completed Restricted Insurance Representative (RIR) Licence Applications; and Other Updates Re Complying With FCNB Rule INS-001

CAFII EOC Members, Market Conduct & Licensing Committee Members, and Board Surrogates:

This morning, Luke O'Connor and Brent Mizzen of CLHIA graciously shared with Keith Martin and me at CAFII a written summary of the key outcomes/highlights of a virtual meeting which they had with FCNB staff executives yesterday around industry compliance with Rule INS-001 and related Restricted Insurance Representative (RIR) licence application requirements.

In the meeting outcomes highlighted below, I have paraphrased and re-oriented CLHIA's summary in order to make the outcome updates more directly relevant to CAFII members:

1. 60 Day Extension Granted – To July 1, 2023 – For Restricted Insurance Representative Licence Applicants To Submit Their Completed Applications Via The FCNB Portal

While CLHIA had not requested an RIR application deadline extension on behalf of its members (Luke O'Connor had informed CAFII in late March that that was not something which CLHIA members had asked the Association to press for) and it was, in fact, CAFII which had requested a 90 day extension on behalf of its members (see attached CAFII letter to FCNB, to which FCNB has not yet responded, save and except for a brief acknowledgement of receipt from Robert Picard, Acting Director of Insurance), FCNB shared with CLHIA on April 11/23 that it will be granting and announcing a 60-day extension for Restricted Insurance Representative (RIR) licence applicants to get their applications submitted via the FCNB portal. Previously, the stated deadline was May 1, 2023. This means that RIR licence applicants will now have until July 1, 2023 to submit their completed applications. FCNB also re-confirmed that RIR licence applicants who have submitted their applications via the FCNB portal by July 1, 2023 can continue to distribute restricted insurance products after that date while they await a licensing determination from FCNB.

2. Deposit-Taking Institutions Will Not Have To Comply With Trust Account Sections (Sections 99 and 101); and Premiums Can be Remitted To Insurers Monthly

FCNB will not be requiring deposit-taking institutions to comply with sections 99 and 101, the trust account sections of *Rule INS-001*. They are currently preparing a Bulletin that will provide for this exemption and they expect it to be ready soon. FCNB stated that deposit-taking institutions should continue 'business as usual' until the Bulletin is ready. FCNB stated that there will be some conditions imposed upon this exemption, which will be spelled out in the Bulletin granting the exemption. For example, it will stipulate that insurance premiums collected by an RIR licensee must be remitted to the insurer within 15 days of receipt of the insurer's invoice; and refunds must be issued to customers by an RIR licensee within 90 days of receipt of the money from the insurer, or within 15 days of a customer demand for the refund.

3. Director Disclosure Forms and Criminal Record Checks Will Not Be Required of RIR Licence Applicants That Are Federally Regulated By OSFI Or Already Licensed With FCNB

As was previously communicated to CAFII by Catherine Haines, FCNB's Deputy Director, Licensing, on March 9/23, FCNB confirmed to CLHIA that it will not be requiring RIR licence applicants that are federally regulated by OSFI, and those already licensed with FCNB, to upload criminal record checks and Director Disclosure Forms when applying for a licence. FCNB indicated that it is currently updating the RIR application forms on its licensing portal so as to not require Director Disclosure Forms and related criminal record checks for those categories of applicants. FCNB expects that the updated RIR application forms will be complete by later this week or early next week. In the meantime, affected RIR licence applicants should continue uploading a blank page confirming they are either federally regulated by OSFI or already licensed with FCNB.

4. FCNB To Develop and Launch An *RIR and MGA Licensee Online Search Portal*

FCNB indicated to CLHIA that it will be developing and launching a *Restricted Insurance Representative and MGA Licensee Online Search Portal*, similar to what it already makes available with respect to individual life insurance licensees. FCNB expects to have this up and running towards the end of 2023, but they do not have a target launch date yet.

5. Co-operation Assistance Requested In Socializing The New RIR Licence Requirements With Distribution Partners

FCNB requested the industry's co-operation assistance in socializing the new Restricted Insurance Representative licence requirements with distribution partners. FCNB has noted that a number of affected business entities in New Brunswick are not yet aware of the new requirements. "Please kindly ensure that when you are meeting with your distribution partners in New Brunswick that you are making them aware of the new requirement to get licensed for restricted insurance sales."

Any further updates received from FCNB (or CLHIA) will be shared promptly, including FCNB's expected response to CAFII's "Summary of Problem Issues/Difficulties Being Encountered By CAFII Member Companies In Applying For A Restricted Insurance Representative (RIR) Licence Via The FCNB Licensing Portal" set out in Appendices A, B, and C of our attached letter.

Best regards,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

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From: Brendan Wycks

Sent: Friday, April 14, 2023 3:30 PM

To: EOC Members, Market Conduct & Licensing Committee Members, and Board Surrogates

Martin' <kmartin@rogers.com>; 'MacLennan, Darren' <Darren.MacLennan@CIBC.com>;

'denise.milan@cumis.com' <denise.milan@cumis.com>; 'Marisa Hocuklik' <marisa.hocuklik@cumis.com>;

'jason.beauchamp@gwl.ca' <jason.beauchamp@gwl.ca>

Subject: FCNB Official Response To CAFII Granting 60-Day Extension On Deadline For Applying For An RIR Licence; and Clarifying Other Rule INS-001 Licensure and Compliance Matters

CAFII EOC Members, Market Conduct & Licensing Committee Members, and Board Surrogates:

FYI, see FCNB's just-received official response -- from Catherine Haines, FCNB's Deputy Director, Licensing -- to CAFII's letter of March 30/23 (attached), which is provided in two parts: (i) via the email below, directly beneath my signature block; and (ii) via the attached response PDF.

Have a great weekend,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

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From: Haines, Catherine (FCNB) Catherine.Haines@fcnb.ca

Sent: Friday, April 14, 2023 2:36 PM

To: Brendan Wycks brendan.wycks@cafii.com

Cc: Keith Martin Keith.Martin@cafii.com; Jake Becker jake.becker@cafii.com; 'Keith Martin' kmartin@rogers.com; Picard, Robert (FCNB) Robert.Picard@fcnb.ca; Weir, David (FCNB) david.weir@fcnb.ca; Haines, Catherine (FCNB) Catherine.Haines@fcnb.ca

Subject: RE: Please Respond Asap Re CAFII Follow-up Letter Re FCNB Implementation Of Rule INS-001, Including Official Written Request For 90-Day Extension Beyond Existing May 1/23 Deadline For Obtaining Initial RIR Licence In New Brunswick

Hi Brendan,

As Robert is out of the office, he asked me to follow up with you on the outstanding items. The official notice regarding the extension and bulletin regarding the exemption related to trust accounts will be coming out soon, but in the meantime you may advise your members of the following:

- The Superintendent of Insurance has granted a 60-day extension for Restricted Insurance Representatives to submit their licence application. Any Restricted Insurance Representative licence applications submitted via the [FCNB Portal](#) on or prior to June 30, 2023, will be considered compliant with insurance [Rule INS-001 Insurance Intermediaries Licensing and Obligations](#).
- The Superintendent of Insurance exempts any restricted insurance representatives who are from deposit-taking institutions (as defined in the [Rule INS-001 Insurance Intermediaries Licensing and Obligations](#)) and exempts those restricted insurance representatives who are subject to the *Insurance Companies Act*, SC 1991, c. 47, from the requirement to hold a trust account under section 364(a) of the *Insurance Act* and Part 14 of Rule INS-001.

The exemption is subject to the following terms and conditions:

- a. Premiums received from an insured for an insurance contract shall be paid to the insurer within 15 days of receiving a written demand from the insurer, less commission and any other deductions authorized in writing by the insurer.
- b. Any money or premium credit received from an insurer which represents return premium due to an insured, shall be paid along with any unearned commission or other refund to which the insured is entitled within 90 days of receipt or within 15 days after written demand from the insured, whichever is earliest.
- c. All books and records in connection with the business are to be kept current and readily distinguish:

- (i) All money received from or on behalf of and all money paid to or on behalf of each insurer and insured; and
- (ii) All money received and paid on the business's behalf.

I have also attached a document with answers to your other questions sent to our office on March 30, 2023.

Please let us know if you have any further questions.

Have a great weekend!

Catherine Haines
Deputy Director, Licensing
Tel / Tél : 506 444-4052
Catherine.haines@fcnb.ca

From: Brendan Wycks
Sent: Monday, April 17, 2023 3:58 PM
To: EOC Members, Market Conduct & Licensing Committee Members, and Board Surrogates
Cc: Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>; 'MacLennan, Darren' <Darren.MacLennan@CIBC.com>; 'denise.milan@cumis.com' <denise.milan@cumis.com>; 'Marisa Hoculik' <marisa.hoculik@cumis.com>; 'jason.beauchamp@gwl.ca' <jason.beauchamp@gwl.ca>
Subject: FCNB Issues Insurance Notice On "Restricted Insurance Representative Licensing Period Extended"; Along With "Insurance Bulletin 2023-01 - Deposit-Taking Institutions and Trust Accounts"

CAFII EOC Members, Market Conduct & Licensing Committee Members, and Board Surrogates:

FYI, see the CAFII Member-relevant FCNB Insurance Notice and the FCNB Insurance Bulletin at the links in the eblasts below, both of which were issued today.

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From: New Brunswick Financial and Consumer Services Commission (FCNB) <info@fcnb.ca>
Sent: Monday, April 17, 2023 3:42 PM
To: Brendan Wycks <brendan.wycks@cafii.com>
Subject: New Brunswick Financial and Consumer Services Commission (FCNB) - Update



The following item was posted by the New Brunswick Financial and Consumer Services Commission (FCNB)

[Insurance Notice - Restricted Insurance Representative Licensing Period Extended](#)

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FCNB
85, rue Charlotte Street
Suite/bureau 300
Saint John, (N.-B.) E2L 2J2
Canada



From: New Brunswick Financial and Consumer Services Commission (FCNB) info@fcnb.ca

Sent: Monday, April 17, 2023 3:40 PM

To: Brendan Wycks brendan.wycks@cafii.com

Subject: New Brunswick Financial and Consumer Services Commission (FCNB) - Update



The following item was posted by the New Brunswick Financial and Consumer Services Commission (FCNB)

[Insurance Bulletin 2023-01 - Deposit-Taking Institutions and Trust Accounts](#)

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CAFI – Questions from March 30, 2023

Issue	Description	Proposed Solution (If Identified)	FCNB Response
"Open date" of bank/financial institution branches	Our bank has dozens of branches in New Brunswick, some relatively new, some which have moved multiple times, and some which may have been in place for decades. There simply is not an easy way of even estimating the open date of every branch.	We are requesting the ability to "grandparent" the branches in place now and give them all an "open" date of February 1, 2023, being the date on which Rule INS-001 came into effect. We will be able to add in accurate opening dates of branches opened or relocated in the future.	<p>Applicants may enter an approximate date the branch location opened. We will also accept your proposed solution of entering Feb 1, 2023.</p> <p>Applicants should note that the date entered for the "open" date of the branch is an approximate date or the Feb 1, 2023 date of the Rule coming into force.</p> <p>FCNB will contact applicants directly should we require additional information related to this item at some point in the future.</p>
Page 16 – Designated Representative	Seems difficult to submit/upload a criminal record check, as a field/functionality for doing so does not seem to be provided. See Appendix B screen shot below.		Applicants may upload the Criminal Record Check in the "upload documents" section of the application form. The "additional documents" section may be used for this item.
Pages 17 and 18 – Regulatory and Licensing Details	We are unsure as to what FCNB means/intends by "insurance licence" (does it include the RIA licences that we have in AB,		<p>FCNB would consider the home jurisdiction to be where the bank's head office is located.</p> <p>FCNB is requesting that the applicant provide details of any insurance licences held by the</p>

	SK, and MB)? What does home jurisdiction mean: the province in which our bank's head office is located? See Appendix C screen shots below.		applicant (the company/deposit-taking institution). Yes, that would include a restricted insurance licence held in another jurisdictions like AB, SK, and MB.

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 4(a)ii

Committee Updates—Market Conduct & Licensing-- Insurance Council of BC Outreach for Preliminary Consultation Meeting with CAFII Re Restricted Insurance Agency Licensing Regime To Be Launched In BC

Purpose of this Agenda Item – Update/Discussion

This is an update item with an opportunity for discussion.

Background Information

The Insurance Council of BC has reached out to CAFII around some preliminary consultations with our Association around the Council's mandate to develop the framework for a Restricted Insurance Agency (RIA) licensing regime in BC. CAFII has some concerns that the Insurance Council of BC has referenced "competency requirements," which suggests that they may be looking at individual licensing requirements, which, if that is the case, is not the way corporate licensing regimes typically work. CAFII now has a virtual meeting set up with the Insurance Council of BC, for a preliminary discussion of these matters, on Monday, May 8/23 from 11:30 a.m. to 12:30 p.m. EST (8:30 to 9:30 a.m. PST).

Recommendation / Direction Sought – Update/Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(a)(ii)
April 25/23 EOC Meeting

Insurance Council of BC Outreach For Preliminary Consultation Meeting With CAFII Re Restricted Insurance Agency Licensing Regime To Be Launched In BC

From: Galen Aker <gaker@insurancecouncilofbc.com>
Sent: Wednesday, April 12, 2023 12:22 PM
To: Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>
Cc: Brett Thibault <bthibault@insurancecouncilofbc.com>
Subject: Restricted licence - Meeting request with your team

Good morning Brendan and Keith,

I hope this email finds you well! I'm reaching out to request your assistance to identify the appropriate person(s) within The Canadian Association of Financial Institutions in Insurance to discuss a new regulatory framework being introduced in British Columbia.

Insurance Council of BC staff would like to meet with your team to discuss the Restricted Insurance Agency licensing regime that will be introduced in BC, prompted by the introduction of regulations to be published by the Ministry of Finance. This licensing regime would require specific agencies/organizations who engage in the incidental sale of insurance products to obtain a licence to sell those products. The Insurance Council has the responsibility of developing and administering the new licence. (A link to more information about the restricted insurance agent licence is available on the Ministry of Finance's 2022 [consultation page](#).)

We would welcome the opportunity to meet with your team to introduce the concept of the restricted insurance licensing framework, discuss the proposed competency requirements, and hear any comments, concerns, or feedback you may have. This would be a one-hour meeting, and we would also provide an email with background information in advance of meeting.

Would you be able to let me know who in your organization would be best to connect with about our meeting request? I would be happy to reach out with the invitation and make arrangements.

Thank you,

Galen Aker (*he, him*) | Stakeholder Engagement Specialist | **Insurance Council of British Columbia**
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Direct Tel: 604-260-3447
Tel: 778-788-2537 Toll Free within Canada: 1-877-688-0321
gaker@insurancecouncilofbc.com | insurancecouncilofbc.com

From: Brendan Wycks <brendan.wycks@cafii.com>

Sent: April 14, 2023 12:08 PM

To: Galen Aker <gaker@insurancecouncilofbc.com>; Keith Martin <Keith.Martin@cafii.com>

Cc: Brett Thibault <bthibault@insurancecouncilofbc.com>; 'Keith Martin' <kmartin@rogers.com>; Janet Sinclair <jsinclair@insurancecouncilofbc.com>; Jake Becker <jake.becker@cafii.com>

Subject: RE: Restricted licence - Meeting request with your team

Hello, Galen and thanks for this outreach to CAFII. It's a pleasure to make your acquaintance electronically.

The right persons to contact regarding setting up a meeting with CAFII representatives with respect to BC's imminent Restricted Insurance Agency licensing regime are Keith Martin and me, as the Association's Co-Executive Directors.

We will be participants in the requested meeting ourselves, and we will invite along several representatives from our CAFII member companies who have a significant degree of industry practitioner experience and in-the-trenches expertise around the design and operation of efficient and effective RIA regimes in Canada.

Pretty well all of our 15 CAFII member companies are involved – either as a financial institution distributor of incidentally-offered credit protection insurance (CPI), and therefore as an RIA licensee; or as an insurer/underwriter partner of RIA licensees – in the four predecessor RIA regimes that exist across the country.

CAFII was a key industry stakeholder and thereby played an instrumental advisor role in the design and implementation of each of the current RIA regimes: Alberta (established in 2000); Saskatchewan (established in 2010); Manitoba (established in 2015); and New Brunswick (established in 2023).

So the meeting you're reaching out to set up is certainly an eagerly-awaited meeting from CAFII's perspective.

(See attached for CAFII's three relevant submissions to the BC Ministry of Finance since 2015, each of which contains a section related to the contemplated RIA regime in the province.; see also the relevant excerpt I've pasted in below, beneath my signature block.)

In that connection, I do want to mention and bring to your direct attention the fact that – now that the COVID-19 pandemic seems to be largely behind us in Canada in 2023 – our Association will be returning this year to its pre-pandemic commitment and habit of carrying out an *In-Person Insurance Regulators and Policy-Makers Visits Tour* to each of Western Canada and Atlantic Canada, approximately once every 18 months.

(An in-person CAFII delegation has previously visited with Insurance Council of BC representatives at the Council's Vancouver office on such a CAFII tour in October 2017, and again in October 2019.)

To that end, we will be reaching out very shortly (next week) to Janet Sinclair and Brett Thibault to arrange a meeting with Insurance Council of BC staff executives – a meeting of approximately 75 to 90 minutes duration – for one of the following days: Wednesday, May 24/23; Thursday, May 25/23; or, if necessary, the morning of Friday, May 26/23. (Our plan is to visit with five different regulatory authorities in BC and Alberta over that span of 2.5 days, so there is a fair bit of co-ordination and scheduling to be looked after.)

That being the case and depending upon the Insurance Council's optimal timing for an initial meeting around plans for a Restricted Insurance Agency regime in BC, **I would like to suggest -- particularly given that we find in-person/hybrid meetings to be more effective than totally virtual meetings – that it may make sense to kill two birds with one stone, by building the RIA regime discussion into an in-person/hybrid meeting between Insurance Council of BC and CAFII representatives on May 24, May 25, or the morning of May 26, by possibly extending the duration of our usual information-sharing and relationship-building visit to 2 or 2.5 hours, rather than the typical 75 to 90 minutes.**

However, if the Insurance Council is keen to have an initial meeting with CAFII representatives around plans for a Restricted Insurance Agency regime in BC sooner than late May, our Association would be very willing to accommodate your preferred earlier timing, via a virtual-only meeting (unless Council representatives have plans to be in Toronto in-person prior to late May).

Another timing/location alternative for the desired meeting that comes to mind is this: Wednesday, May 3/23, Thursday, May 4/23, or the morning of Friday, May 5/23 in Montreal, if Janet, Brett, and/or Galen plan to attend the 2023 CLHIA Compliance and Consumer Complaints Conference taking place in that city. Keith Martin, myself, and a fair few CAFII member RIA regime experts will be in attendance at that conference in Montreal.

We look forward to hearing back from you at your earliest convenience, Galen, with a view to getting the desired meeting set up for a mutually convenient date/time and setting.

Regards,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

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Appendix A

Recommendation #44: Expand the restricted licensing regime currently applied to travel agencies to other incidental insurance sales, similar to the approach used in Alberta, Saskatchewan and Manitoba.

While CAFII believes that BC's current system of insurance retailing and licensing exemptions is working well, our members would be open to and supportive of the introduction of a Restricted Insurance Agent (RIA) regime in the province. We would encourage BC to harmonize with the existing RIA regimes in the other Western Canada provinces, to the maximum degree possible. A thorough consultation process with the industry will help ensure that such a new regime is structured in a way that will produce the results that the recommendation seeks.

If properly and fairly implemented, an RIA regime can be an effective tool for managing the sale of certain insurance products, including creditor's group insurance and travel insurance. We welcome proper oversight of the marketplace; our members place a strong emphasis on the fair treatment of consumers; and they dedicate significant resources to training staff and others acting on their behalf, and on controls and monitoring.

In that connection, we are pleased to highlight here, for your consideration, those features of an RIA licensing regime which our Association views as optimal.

Authorization for Contractors

Third parties contracted by a restricted licensee (such as a third party administrator) – where the licensee is a federally or provincially regulated financial institution – should be considered authorized under the financial institution's RIA licence.

It is critically important to include contractors of RIA licensees as parties authorized under the licence because most financial institutions now outsource certain business activities, functions, and processes to meet the challenges of technology innovation, increased specialization, cost control pressures, and heightened competition. The contractual arrangement between the financial institution and the contractor makes the financial institution liable for the actions of the contractor. Further, federally regulated entities are subject to OSFI's outsourcing Guideline B-10 which sets standards for monitoring and oversight of the contractor, and requires the financial institution to take ultimate responsibility for outsourced activities. Including contractors under the authority granted to financial institutions holding an RIA licence would recognize the application of OSFI's outsourcing guideline and be appropriate with respect to the continued distribution of incidentally-offered insurance products by national financial institutions in BC.

Adopting this optimal RIA regime feature – which is fully in place in Manitoba and largely facilitated in Saskatchewan (third party contractors can apply for their own RIA licence, based on an agency contract with an existing RIA licence holder); but is not yet in place in Alberta, the first province to introduce an RIA regime in 2000 – would also see BC's new RIA regime remain well-aligned with the principles of the province's own legislation – i.e. (2(1)(b.1)(ii) of the Insurance Licensing Exemptions Regulation under the Financial Institutions Act) -- which provides an exemption from licensing for a service provider under contract to a trust company, credit union, extra-provincial trust corporation, extra-provincial credit union, or bank in connection with incidental insurance.

Council Composition

Insurance Councils in Canada have been designed on the basis of “peer regulation and proportional representation,” principles which are intended to remove conflict of interest and ensure that Council representatives have appropriate knowledge and experience of the business they are regulating. Given the unique nature of incidentally-offered insurance products and of alternate distribution channels, successful oversight of these products requires different expertise and relies on the effective management of competitive sensitivities relative to the matters before a Council at any given point in time. Having a Council's membership be comprised of all categories of stakeholders on a proportional basis is an important consideration and an approach that would ensure that the Council represents the interests of all stakeholders and permits a fair and informed approach to the oversight of all regulated entities.

Based on these considerations, we recommend that -- in conjunction with designing and introducing an RIA regime in BC -- the Ministry of Finance initiate an overall review of the Insurance Council of BC's structure and membership to ensure that its composition is structured appropriately, given its new oversight responsibility for incidentally-offered insurance products and to ensure that RIA licensees are represented appropriately in accordance with the principles of administrative law.

To be more specific, CAFII believes that the Insurance Council of BC should be structured and operated in a “channel neutral” manner. That is, the Council should be designed and populated 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.

This principle should, in our view, be incorporated into a Restricted Insurance Agent licensing regime in BC; and that will likely necessitate the creation, at a minimum, of an RIA Advisory Committee to the Insurance Council. CAFII is working with the Canadian Life and Health Insurance Association (CLHIA) on recommendations to the Insurance Councils of Saskatchewan on such an RIA Advisory Committee, and we would be pleased to provide additional information on our progress on this key initiative to the BC Ministry of Finance and/or the Insurance Council of BC.

Other Optimal Features of an RIA Regime

We would also highlight the following three features as being part-and-parcel of an optimal RIA regime, a regime which strikes the “right balance” between achieving consumer protection through appropriately detailed and rigorous licensing, while not burdening business with overly restrictive requirements or red tape:

- ensuring sufficient clarity as to which insurance products may be offered under each RIA licence category, including insurance products as group accident insurance and travel insurance; and
- implementing an online licensing/registration portal and digital platform, with timely electronic reminders and notifications to RIA licensees; and
- offering a “Head Office exemption,” ie. an exemption from licensing for head office employees of the RIA licensee, who perform solely administrative and support services related to the insurance products.

From: Brett Thibault <bthibault@insurancecouncilofbc.com>

Sent: Friday, April 14, 2023 5:03 PM

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

Cc: 'Keith Martin' <kmartin@rogers.com>; Janet Sinclair <jsinclair@insurancecouncilofbc.com>; Jake Becker <jake.becker@cafii.com>; Galen Aker <gaker@insurancecouncilofbc.com>; Keith Martin <Keith.Martin@cafii.com>

Subject: RE: Restricted licence - Meeting request with your team

Hi Brendan, thanks for getting back to us so promptly!

At this point we are just looking to share and get some initial feedback on the work we've been doing with respect to a competency framework for the RL regime. We will be happy to chat about other stuff as well, absolutely, but our focus will be getting CAFII's feedback re the competency piece. I think the hour or so long virtual meeting will work for what we have. If possible, we'd like to meet sometime this month?

Of course, we'll be happy to continue or expand on the RL discussion again in May, when you are out this way. FYI May 24 is looking good to connect here for the CAFII road trip.

Please let us know if you think April will work for the virtual session?

Thanks,
Brett Thibault

From: Brendan Wycks <brendan.wycks@cafii.com>
Sent: Tuesday, April 18, 2023 8:40 AM
To: Brett Thibault <bthibault@insurancecouncilofbc.com>; Galen Aker
<gaker@insurancecouncilofbc.com>
Cc: Janet Sinclair <jsinclair@insurancecouncilofbc.com>; Jake Becker <jake.becker@cafii.com>; Keith
Martin <Keith.Martin@cafii.com>
Subject: RE: Restricted licence - Meeting request with your team

Hi, Brett and Galen.

Would Thursday, April 27/23 from 4:30 to 5:30 p.m. EST (which is 1:30 to 2:30 p.m. PST) work for you and any other Insurance Council of BC colleagues whom you would like to have attend the desired one hour virtual meeting this month with CAFII representatives around your in-development competency framework for BC's coming RIA licensing regime?

Also, Brett, on a separate day at least 48 hours prior to the one hour virtual meeting that we will soon settle on, Keith and I alone would like to have a prep meeting for 15 to 30 minutes with you (and any other relevant Insurance Council colleagues), just to gain a clearer, up-front sense of what you mean by a "competency framework" for an RIA regime.

To us, "competency framework" implies and relates to "individual licensees," whereas all of the existing RIA regimes in Canada are premised and structured around the licensees being solely corporate entities and not individuals.

Having a preparatory/introductory short meeting with you about what you have in mind in terms of a competency framework will help Keith and me to ensure that the subsequent one hour virtual meeting with CAFII member representatives will be an efficient, effective, and mutually beneficial session.

We look forward to hearing back from you at your earliest convenience,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director
Canadian Association of Financial Institutions in Insurance
Brendan.wycks@cafii.com
T: 647.218.8243
Alternate T: 647.361.9465
www.cafii.com

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

From: Galen Aker <gaker@insurancecouncilofbc.com>
Sent: Tuesday, April 18, 2023 1:57 PM
To: Brendan Wycks <brendan.wycks@cafii.com>; Brett Thibault <bthibault@insurancecouncilofbc.com>
Cc: Janet Sinclair <jsinclair@insurancecouncilofbc.com>; Jake Becker <jake.becker@cafii.com>; Keith Martin <Keith.Martin@cafii.com>
Subject: RE: Restricted licence - Meeting request with your team

Good morning Brendan,

Thank you for providing a time for you and your team, unfortunately our team has a conflict with the last half hour of the time you've proposed (4:30pm-5:30pm EST / 1:30pm – 2:30pm PST), but we could meet starting at the top of that hour (4pm EST / 1pm PST). If that time is unavailable, the following times could work for our team:

- April 27 @ 3pm EST / 12pm PST
- April 28 @ 3pm or 4pm EST / 12pm or 1pm PST

We can certainly meet for a brief introduction call to help frame the discussion. In that prep call we can outline the next key steps in the development of the overall framework which might put into context what we are presenting, how it will inform other portions of the framework and why your feedback is appreciated at this stage.

Please let me know if any of the above times work for your team and we can look to book the prep discussion from there.

Thanks for your help coordinating,

Galen Aker (*he, him*) | Stakeholder Engagement Specialist | **Insurance Council of British Columbia**
1400-745 Thurlow Street, Vancouver, BC V6E 0C5
Direct Tel: 604-260-3447
Tel: 778-788-2537 Toll Free within Canada: 1-877-688-0321
gaker@insurancecouncilofbc.com | insurancecouncilofbc.com

Briefing Note

**CAFII EOC Meeting 25 April, 2023—Agenda Item 4(b)i
Committee Updates—Quebec/AMF Issues--Insights Gained from March 29/23 CAFII Quebec/AMF
Issues Committee Meeting**

Purpose of this Agenda Item – Update

This is an update item only.

Background Information

This will be an update on the issues discussed and insights gained from the most recent of the CAFII Quebec/AMF Issues Committee on March 29/23.

Recommendation / Direction Sought – Update

This is an update-only item.

Attachments Included with this Agenda Item

1 attachment.

ROLLING NOTES, CAFII QUEBEC/AMF COMMITTEE

CAFII Quebec/AMF Agenda, Wednesday, 29 March, 2023

1. Welcome and start of meeting (Jennifer Russell, All)
2. 22 March, 2023 Meeting between Peter Thompson and Éric Jacob (Keith Martin—please see Addendum A)
3. Feedback Requested—What Would Quebec Committee Members Like CAFII to Raise at the June, 2023 Meeting with Éric Jacob? (All)
4. 23 March, 2023 Meeting “*Présentation panier de solutions, échanges et questions*” (Keith Martin)
5. Bill-96, Quebec Charter of the French Language—Application to insurance contracts (contracts of adhesion) (Jennifer Russell, All)
6. Recently implemented new Quebec privacy legislation (Bill-64) and related initiatives (Jennifer Russell, All)
7. Removal of spousal cover exemption by January 1, 2025 (all)
8. Other Business

Tracking Issues

AMF initiative around statistics on Debtor Life, Health, and Employment (DLHE) Insurance claims denial rates, and return of premium to customers

Addendum A—Briefing Note from Peter Thompson on his 22 March, 2023 Meeting with Éric Jacob


CAFII-AMF quarterly discussion



Thompson, Peter <Peter.Thompson@bnc.ca>

To ○ Keith Martin; ○ Brendan Wycks; ○ Rob Dobbins; ○ karyn.kasperski@rbc.com

Cc ○ Thompson, Peter

 You forwarded this message on 2023-03-27 12:36 PM.

Hi everyone,

A short recap of my discussion with Eric Jacob on March 22nd, 2023:

- friendly discussion around how last meeting with Keith and Mario was very positive to help bring credit card embedded insurance issue to a close. I mentioned it would be good if we could each add one or two people each to our discussions depending on the issue to enable us to go deeper as needed. He agreed that could be helpful.
- I mentioned to Eric how CAFII was preparing for Brendan's retirement at the end of the year and the new structure going forward (Keith as sole Executive Director with 2 direct reports). He felt that was good planning on CAFII's part.

- Eric spoke about his added responsibilities on an interim basis (team of about 200 people responsible for "enforcement") further to JF Fortin's retirement. He has experience in this type of role which he indicated would be helpful. He expects this added responsibility would last at least 6-9 months to allow for new CEO to come on board who would then likely be looking at structures.
- I told Eric CAFII still had 2 primary issues when it came to Quebec that it had concerns about: 1) the "complaints" definition which was much broader and not harmonized with other jurisdictions (thereby leading to a significant increase in number of "reported complaints" without any real value added for consumers); and 2) the lack of clarity around the intent/objective/next steps for the claims data which the AMF had requested from CAFII members (and other insurance distributors). This is the issue which was first introduced by Mario Beaudoin last October at the AMF-CAFII meeting in Montreal.
- On the "complaints" definition issue, he said he understood our concerns and that the team was working through all the feedback received after the second round of consultations. It sounded as though they had a lot of feedback from many different constituents to work through and that it was challenging work. He did not commit to any timeline but said they would be getting back to us on this.
- On the claims data issue, he was very keen on discussing this further with us to ensure we (CAFII & AMF) have a common understanding of why data is being collected, how it should be interpreted, what are next steps, etc. He said this could be a good subject to have one or two others join the discussion. On our end, I mentioned Keith and also Rob, as head of the EOC, who should have a good understanding of most of our members questions/concerns around this issue. Although I would revert to them and see if this is what made most sense on this issue. On AMF's end, Éric mentioned Mario and possibly Christian (Mario's boss) although he too would check with them. Eric also offered to prepare a proposed agenda and schedule the meeting. He will keep us posted.

Overall, positive tone and I continue to believe we are headed in right direction with AMF.

I think I captured most of what was discussed but don't hesitate to ask any questions you may have.

Thanks and have a great week!

Peter

Notes from 29 March, 2023 Meeting

Jennifer Russell thanked everyone for participating in the meeting, and asked Keith Martin to give a summary of the most recent meeting between Éric Jacob and Peter Thompson. Keith Martin said that the meeting was very productive and positive, with discussion on the statistics being collected on claim denial rates by the AMF, as well as the AMF second consultation on complaints. Éric Jacob said he was appreciative of our sharing our thoughts on both those issues, and the AMF was working on them. There was also agreement that Keith Martin would attend these meetings going forward, along with additional participation from the AMF.

Keith Martin gave an overview of the 23 March 2023 presentation by the AMF on burden reduction, noting that it was very general, high-level, and generic, with no specific commitments beyond listening better and being more transparent. Deliska Beauregard (Securian Canada) was also at the session and agreed with Keith Martin's interpretation.

David Self (CIBC Insurance) suggested that requesting that the AMF make concrete comments on burden reduction could be a topic at a future Éric Jacob and Peter Thompson session.

Iman Muntazir (RBC Insurance) said that they were still trying to determine how to deal with the phone channel for the Charter of the French Language; Peter Thorn (TD Insurance) said that they were also trying to determine how to deal with certain elements of the implementation of the Charter's requirements, with fulfilment being one option being explored (getting customer permission to send documentation later). Elyse Lemay (Canada Life) said that the Charter has amended its language to "remit" which means that a French version needs to be sent, but an English version could be sent at the same time.

Catherine Latulippe (Canadian Tire Financial Services) said that the Charter does not require that the document be sent in French only, but to send the document in English only requires consent after the document is sent in French or in bilingual fashion. The intention is not to deny English customers access to English documents, but rather to ensure that the documents are sent in French as well. Documents have to be in French only, or bilingual, but to send them in English only can only happen if the customer explicitly requests this after having received the contract of adhesion in French. Silvana Capobianco (BMO Insurance) said that they will be fulfilling packages bilingually if the customer indicates an English preference, including for the contract of adhesion; and those who say they prefer French will be send documentation in French only. Cecillia Xiao (Assurant) said that the contract of adhesion for an insurance contract could raise some issues if there is no clarity of the language preference of the customer. This is why there is some requirement to use fulfilment to share documents after the discussion with customers on the phone. The issue is that whatever choice the customer makes with a distributor may be different than what a customer may need to be provided in a legally-binding document from the insurer. A customer, in some interpretations, cannot chose English as their preference until they have first received the contract of adhesion. However, a different interpretation is that the company needs to "remit" the document, which may permit sending the bilingual version of the document.

Jennifer Russell (Assurant) felt that the customer still had to indicate that they wanted to receive documentation in English after receiving the contract of adhesion, but Pete Thorn (TD Insurance) felt that in practice this would never happen. "Remit" replaces "examine" in the latest version of the Charter, which provides more flexibility. Another issue is that francophones may not wish to receive bilingual documents. Catherine Latulippe felt that if you cannot deliver the contract of adhesion to the customer on the phone call, you cannot avoid sending documentation in French only. Catherine Latulippe asked about the possibility of sending emails of the contract, and then getting confirmation of receipt and language preferences on the phone.

Iman Muntazir (RBC Insurance) said that RBC Insurance is intending to fulfil in the preferred language whenever possible. Contracts of adhesion may also be provided in both languages for customers where it is not clear what is the language preference. Nadine Roy said that she tried to get clarity from the Office of the French Language, but has not heard back. CAFII will ask CLHIA to see if they have more clarity around the expectations created by the Charter of the French Language.

In Attendance

Jennifer Russell, Assurant * Chair
 Iman Muntazir, RBC Insurance * Vice Chair
 Belinda Lynch, Scotia Insurance
 Bessie Paliouras, Manulife
 Cassandra Litniansky, CUMIS
 Catherine Latulippe, Canadian Tire Financial Services
 Cecilia Xiao, Assurant
 David Self, CIBC Insurance
 Deliska Beauregard, Securian Canada
 Doug Weir, CIBC
 Élyse Lemay, Canada Life
 Greg Caers, BMO Insurance
 Ibrahim Idowu, CIBC Insurance
 Isabelle Choquette, Desjardins Insurance
 Jonathan Poulin, BNC Insurance
 Lindsey LeClair, Valeyo
 Michelle Costello, CUMIS Services/The Cooperators
 Nadine Roy, Assurant
 Peter Thorn, TD Insurance
 Sergio Gomes, BMO Insurance
 Susan Gibaut, Assurant
 Silvana Capobianco, BMO Insurance

Next Meeting: Wednesday, 26 April, 2023, 1-2pm**CAFII Quebec/AMF Agenda, Wednesday, 1 March, 2023**

9. Welcome and start of meeting (Jennifer Russell, All)
10. Jennifer Russell Formally Confirmed as Chair of the Quebec/AMF Committee at 14 February, 2023 EOC Meeting (Keith Martin)
11. Updates on intelligence gained about AMF Including 7 March, 2023 Meeting with Eric Jacob; and 23 March, 2023 Meeting *“Présentation panier de solutions, échanges et questions”* (Keith Martin)
12. Round 2 of AMF consultation on its updated Draft Regulation respecting Complaints Handling and Dispute Resolution in the Financial Services Sector – Submission Sent to AMF (Brendan Wycks, All)
13. Bill-96, Quebec Charter of the French Language—Application to insurance contracts (contracts of adhesion) (Jennifer Russell, All)
14. Recently updated and implemented new AMF Sound Commercial Practices Guideline, including problematic clause regarding reporting any conflicts of interest to customers (Jennifer Russell, All)
 - a. Open Discussion—How do members intend to implement the conflict of interest clause? (All)
15. Recently implemented new Quebec privacy legislation (Bill-64) and related initiatives (Jennifer Russell, All)

16. Removal of spousal cover exemption by January 1, 2025 (all)
17. Other Business

Tracking Issues

AMF initiative around statistics on Debtor Life, Health, and Employment (DLHE) Insurance claims denial rates, and return of premium to customers.

Jennifer Russell opened the meeting and noted that we had a very robust Agenda today. Keith Martin confirmed that the EOC formally confirmed that Jennifer Russell was approved as the new Chair of the Quebec/AMF Committee at its 14 February, 2023 meeting.

Keith Martin provided an update on the resolution of the issue of the RADM and credit card-embedded insurance benefits, noting that a meeting would be held on 7 March, 2023 to confirm the understanding of the AMF and CAFII that the Fact Sheet and Notice of Rescission would not need to be distributed for these products, and that the AMF would have an “unwritten understanding” on this issue with CAFII. Keith Martin would be in attendance of that meeting along with Mario Beaudoin from the AMF, as “witnesses.” As well, Keith Martin noted that a French-only session would be held on 23 March, 2023 on burden reduction initiatives by the AMF. Keith Martin will attend that meeting and provide an English summary; and it was noted that the AMF was increasingly holding meetings only in French, and distributing written documents in French only, or with the English translation only provided many weeks after the distribution of the French.

Brendan Wycks noted that CAFII had submitted its formal submission to the updated AMF draft regulation respecting complaints handling and dispute resolution. The Quebec/AMF Committee was consulted on that submission.

The Committee turned next to Bill-96 on the Charter of the French Language. Michelle Costello from CUMIS asked whether the group policy was also considered a “contract of adhesion.” The group policy is provided by the insurer to the distributor, but the customer may request to see that policy. At Assurant, the group master policy is not viewed to fall within the definition of a “contract of adhesion.” If requested by a policy holder, it would be provided in the language of choice of the consumer. Pete Thorn said TD was in agreement with this interpretation. Isabelle Choquette said that Desjardins was still determining its position, but was leaning towards considering the group policy to fall within the contract of adhesion, so that if a consumer requests to see it the French would be shared first. Kristal McKay from CIBC also felt that CIBC would likely view the group policy to fall within the contract of adhesion.

A question was asked about whether underwriting which might require communication with the customer might be considered to fall within Section 55. The whole issue is whether these documents relate to the contract. Catherine Latulippe from CTFS said that fulfilment packages would be sent by her institution in the language preference of the customer, because it would fall under the consent from customers around language preference, which would already have been received. There is uncertainty around how phone channel enrollment will occur.

It was agreed that “Recently updated and implemented new AMF Sound Commercial Practices Guideline, including problematic clause regarding reporting any conflicts of interest to customers” would be moved to a tracking issue.

Isabelle Choquette said that Desjardins were facing major issues around cancelling the remaining spousal insurance policies by 2025, and had concerns about how to do this. Kristal McKay said CIBC was on track to cancel these spousal insurance policies. There was discussion about whether a spouse who has been enrolled by the primary card holder and who is paying additional premium would need to be removed from spousal coverage, and Desjardins felt that yes that was the view of the AMF.

In Attendance

Jennifer Russell, Assurant * Chair
 Belinda Lynch, Scotia Insurance
 Bessie Paliouras, Manulife
 Cassandra Litniansky, CUMIS
 Catherine Latulippe, Canadian Tire Financial Services
 David Self, CIBC Insurance
 Doug Weir, CIBC
 Greg Caers, BMO Insurance
 Jonathan Poulin, BNC Insurance
 Kristal McKay, CIBC Insurance
 Lindsey LeClair, Valeyo
 Marc-Andre Chartrand, Canada Life
 Michelle Costello, CUMIS
 Nadine Roy, Assurant
 Peter Thorn, TD Insurance
 Silvana Capobianco, BMO Insurance

From staff:

Keith Martin, CAFII Co-Executive Director
 Brendan Wycks, CAFII Co-Executive Director

NEXT MEETING: Wednesday, 29 March, 2023, 1-2pm

9 February, 2023 Quebec/AMF Committee Special Purpose Meeting on Bill-96

A special purpose meeting of the Quebec/AMF Committee was held on 9 February, 2023 to discuss how CAFII member companies would be responding to Bill-96, the Charter of the French Language with an implementation deadline of 1 June, 2023.

However, before that part of the meeting started Committee Chair Jennifer Russell (Assurant) called on Keith Martin to update the Committee on a development with the AMF. Keith Martin mentioned that he sent a note to CAFII members on 8 February, 2023 about a resolution to the RADM and credit card-embedded insurance benefits issue with the AMF, where the AMF's Superintendent of Client Services and Distribution Oversight said that there would be an "unwritten agreement" that the AMF would take no action with respect to regulated entities who have chosen not to distribute the Fact Sheet and Notice of Rescission.

David Self (CIBC Insurance) asked if there would be any issues due to CIBC Insurance distributing the Fact Sheet and Notice of Rescission to credit card-embedded insurance benefits, and Keith Martin said that the AMF was already well-aware of this and their decision was more around “we will not do anything if a company does not distribute these documents for embedded insurance” as opposed to a company not being able to distribute those documents if they wished to.

Peter Thorn (TD Insurance) said that he supported the outcome, but that there was a risk of a customer or a consumer organization complaining that the Regulation was not being complied with. Keith Martin agreed that there was some risk of that, but that it was still the best solution available in the circumstances, and it would be difficult for the AMF to reverse position at a later point in time on a matter which they were fully aware of and which had been in place for years.

The meeting then turned to Bill-96, with Jennifer Russell providing an overview of her understanding of the Bill and how Assurant was thinking of implementing it. In reviewing the bill, especially with respect to “Contracts of adhesion” which are final contracts that are non-negotiable, the conclusion reached at her company is that for credit protection insurance (CPI), customer certificates meet the definition of a contract of adhesion. However, it is less clear that embedded benefits within a credit card meet the definition of a contract of adhesion.

There are exceptions in the Bill to the application of the Charter to contracts of adhesion, but there is nothing in the Charter that says that group creditor certificates are exempted. The contract in this case is the certificate for the policy-holder. If that interpretation is correct, then for certificates for CPI French documents must be presented first even if the consumer is English. The consumer may then choose to continue in French or request the English version and continue to discuss the contract in English, but they must first see the contract in French.

Farhad Eslah (Canadian Tire Financial Services) said CTFS would offer the certificates as two links, one in French, and one in English. The same would be done for the Fact Sheet etc. The individual at the end of the credit card application would have an extra sentence in French and English asking them to confirm that if they are a resident of Quebec they have received all documentation in French first, and that they chose to proceed in English for all subsequent communications and reception of documentation. In-store customers would only receive documentation in French, to avoid the risk of staff accidentally providing documentation in English first. In general for credit card applications there will be more physical handouts at the branch, because this lowers the amount of information that needs to be distributed with the material sent in the mail afterwards to the customer.

Elyse Lemay (Canada Life) asked about the Charter’s exemptions for loans. If the insurance offer is separate from the loan it would have to be subject to the Charter, but if they are done together it is not clear if the exemption would apply to the loan and the insurance as well. The loan would come first and so how Section 55 applies to the insurance associated with the loan is not completely clear.

Elyse Lemay also said that the interpretation Jennifer Russell is advancing is based on treating the certificate as though it was an individual contract, which is not necessarily everyone's interpretation. Peter Thorn (TD Insurance) asked if there was any legal basis for the interpretation that the certificate is in fact a contract? Peter Thorn said that the incidental insurance to the loan should not be separated from the decision to apply for the loan, which is the primary contract. Catherine Latulippe (Canadian Tire Financial Services) said that there has been work been done at the CBA level on this issue. Section 55 exempts some loan contracts, but subsequent Section 26 amendments to the Consumer Protection Act may remove those exemptions in practice, so the Section 55 exemptions may not matter in practice.

Iman Muntizir (RBC Insurance) said that at RBC they will act as if the insurance needs to be subject to Bill-96. The process for digital and online applications are still up in the air, but one approach may be to send the application and certificate in French first, and then customer can choose or request after the fact to receive an English version. The Product Summary and Fact Sheet are not viewed as part of the contract of adhesion. So the links will be provided in French first, but only for the application and the certificate. That likely includes the approach for documents that are mailed out. RBC Insurance has chosen to not send out the English version of the documents as well to avoid sending out too much paper. There is still discussion internally on the approach to take, however, as there may be an easier way to let the customer get a copy of the document in English.

Jennifer Russell noted that in addition to the customer experience being negatively affected by some of these processes, there is also the issue of communicating with the customer in a reasonable timeline. She noted that the implications of not complying with the rules are significant, as if the contract of adhesion is not offered in French the contract is voided.

Maude-Marie Dorval (Desjardins) said that underwriting is viewed as part of the contract as well, for example if a customer is told that their application is rejected as part of an underwriting process, that this needs to be communicated in French first. A question was asked if some members are thinking of not providing an English version of the contract at all? Some members said that they will provide general information bilingually, but the fulfillment element may be in French only.

Kristal McKay (CIBC Insurance) asked if there is consideration of fulfilment being bilingual for some members, and Sergio Gomes (BMO Insurance) said BMO was planning on sending fulfilment packages in both languages, with French being first for everyone. Keith Martin noted that this has the ironic outcome of sending English versions of documents to French speakers, which is not the intention of the Charter which seeks to promote French in Quebec.

David Self (CIBC Insurance) said that there was still uncertainty around the how to interpret Bill-96 for embedded coverages.

Michelle Costello (CUMIS) asked about whether the French contract needed to be signed, and the general view was that it was the presentation of the contract that needed to be in French first, and it was fine if the customer chose to sign the English version of the document thereafter. Maude-Marie Dorval (Desjardins) and Cecillia Xiao (Assurant) agreed with that interpretation.

Farhad Eslah (CTFS) said that for the phone channel, CTFS will send the certificate over email during the phone call, and so they will only make an offer to a customer when they have an email. It was noted that the RADM indicates that the Fact Sheet and Notice of Rescission do not need to be provided to the customer during a phone call if there is no way to provide the customer with those documents during the call; if the certificate is being sent during the call to the customer, does that mean the customer should also be sent the Fact Sheet and Notice of Rescission?

Mandy Rutten (CIBC Insurance) said that her view was that embedded insurance is included as part of the credit card so the insurance does not require a separate process, and Keith Martin noted that while that is logical, it is not the interpretation that the AMF has used. Having said that, it is also important to keep in mind that Bill-96 is not an AMF regulation.

Lea Dufresne (Desjardins) asked about the process for travel insurance, and members generally felt that the process should be the same as for credit protection insurance. Silvana Capobianco (BMO Insurance) asked if the Fact Sheet and Notice of Rescission are in scope for Bill-96, and the general consensus was that these documents were not captured by the bill.

There was some discussion of asking for an extension of the 1 June, 2023 deadline, and Catherine Latulippe (CTFS) said that even if there was an extension, there is a private right of action that will be available as of 1 June, 2023. It was noted that monitoring and enforcement of the Charter of the French Language was the jurisdiction of the *Office québécois de la langue française*.

Additional Information

Please find links to two legal opinions on Bill-96:

[Charter of the French language | Knowledge | Fasken](#)

[Stikeman Elliott on Bill-96](#)

In Attendance

Jennifer Russell, Assurant * Chair
 Iman Muntazir, RBC Insurance ** Vice Chair
 Belinda Lynch, Scotia Insurance
 Cassandra Litniansky, CUMIS
 Catherine Latulippe, Canadian Tire Financial Services
 Cecilia Xiao, Assurant
 David Self, CIBC Insurance
 Deliska Beauregard, Canadian Premier Life
 Elliot Yoo, Scotia Insurance
 Elyse Lemay, Canada Life
 Farhad Eslah, Canada Tire Financial Services
 Greg Caers, BMO Insurance
 Jason Beauchamp, Canada Life
 Jonathan Poulin, BNC Insurance

Kristal McKay, CIBC Insurance
 Léa Dufresne, Desjardins
 Mandy Rutten, CIBC Insurance
 Marc-Andre Chartrand, Canada Life
 Maude-Marie Dorval, Desjardins
 Michelle Costello, CUMIS
 Nadine Roy, Assurant
 Peter Thorn, TD Insurance
 Sergio Gomez, BMO Insurance
 Silvana Capobianco, BMO Insurance
 Susan Gibaut, Assurant
 Tejal Harri-Morar, BMO Insurance

STAFF:

Keith Martin, CAFII
 Brendan Wycks, CAFII

1 February, 2023 Quebec/AMF Agenda Meeting

Draft CAFII Quebec/AMF Agenda, Wednesday, 1 February, 2023

18. Jennifer Russell as Chair of the Quebec/AMF Committee (Keith Martin)
19. Welcome and Introductions (Jennifer Russell, All)
20. Terms of Reference for this Committee (Jennifer Russell, All)
21. Nominating Iman Muntazir, RBC Insurance as Vice-Chair of this Committee— (Jennifer Russell)
22. Updates on intelligence gained about AMF (Keith Martin)
23. AMF initiative around statistics on Debtor Life, Health, and Employment (DLHE) Insurance claims denial rates, and return of premium to customers (Jennifer Russell, All)
24. Round 2 of AMF consultation on its updated Draft Regulation respecting Complaints Handling and Dispute Resolution in the Financial Services Sector (Jennifer Russell, All)
25. Recently updated and implemented new AMF Sound Commercial Practices Guideline, including problematic clause regarding reporting any conflicts of interest to customers (Jennifer Russell, All)
 - a. Open Discussion—How do members intend to implement the conflict of interest clause? (All)
26. Bill-96, Quebec Charter of the French Language—Application to insurance contracts (contracts of adhesion) (Jennifer Russell, All)
27. Recently implemented new Quebec privacy legislation (Bill-64) and related initiatives (Jennifer Russell, All)
28. Removal of spousal cover exemption by January 1, 2025 (all)
29. Frequency of Meetings (all)
30. Other Business

Notes 1 February 2023

Agenda Item #1: The Committee unanimously supported Jennifer Russell as the new Chair with a motion from David Self, seconded by Peter Thorn.

Agenda Item #2: Welcome to all by Committee Chair Jennifer Russell.

Agenda Item #3: Terms of Reference were approved by the at the 17 January, 2023 EOC Meeting. Jennifer Russell will join the EOC as the Chair of the Committee. It was suggested that the creation of this Committee should be shared with the AMF.

Agenda Item #4: Iman Muntazir as Vice Chair of the Quebec/AMF Committee was approved by the Committee. Moved by David Self, seconded by Deliska Beauregard.

Agenda Item #5: Keith Martin noted that Louis Morriset, CEO of the AMF would not be renewing his contract and would be leaving in the summer of 2023. Internal candidates to succeed him include Patrick Déry. Keith Martin spoke to Lynne Duhaime of the Quebec CLHIA on 19 January, 2023 at a FSRA Conference, and she said that meetings in recent years with the AMF had been very difficult and awkward. It was noted that on Monday, 6 February 2023 CAFII Chair Peter Thompson would be meeting virtually with AMF's Eric Jacob, in their first quarterly virtual meeting.

Agenda Item #6: The AMF exercise around insurance denial rates and return of premium to customers was discussed. This was first brought to CAFII's attending in September, 2022 and is based on annual reporting done by industry for the AMF around insurance benefits. This time around, embedded benefits were not included in the exercise. The AMF has sent companies that are not meeting the averages for the industry letters requiring additional information. The letters were sent in November, 2022 and 1 February, 2023 is the deadline for responding. It is not clear if the AMF will have any follow up on this. The focus of the AMF has been on claims denial rates more than loss ratios. TD Insurance's letter only spoke about claims denial rates. CUMIS also did not have any loss ratio questions. It was suggested that for the Peter Thompson/Eric Jacob virtual meeting on 1 February, 2023 the question of whether this exercise would occur again could be asked, as well as how the data would be used.

Agenda Item #7: The AMF consultation on complaints handling and dispute resolution was discussed. It was noted that the AMF draft is still prescriptive, is not harmonized with other jurisdictions and the CCIR, and is aligned more with the FCAC definition of complaints. This could also be a question Peter Thompson raises with Eric Jacob, around the strategic direction that the AMF is taking on these files. The letter CAFII has drafted for the AMF will be circulated to the EOC and the Quebec/AMF Committee for comment. Feedback was originally due by February 6th, but industry received an extension offer from the AMF for another two weeks. Plan is to have letter circulated and approved by the EOC and the Quebec/AMF Committee very shortly, and well prior to the deadline.

Agenda Item #8: AMF Sound Commercial Practices Guideline includes a problematic conflict of interest clause where all potential conflicts need to be captured and all changes need to be shared with customers. Members were encouraged to review the appropriate documents and this can be discussed in future meetings.

Agenda Item #9: Bill 96 is an open issue in terms of how to interpret the new rules. Section 55 is a concern for group insurance. This might be something that CAFII needs to explore. How are member companies planning to apply this provision? This was something that members of the Committee felt should be added to the Agenda for future meetings. Perhaps there could be a dedicated group that discusses this, or a separate meeting on this issue. CIBC Insurance is taking an approach where documents will be bilingual. CTB said that in a bilingual document the French has to be viewed first.

ACTION: A separate meeting will be organized on this issue alone.

Agenda Item #10: It was agreed that the issue of Quebec privacy legislation with certain elements requiring implementation by September 2023 would be tabled at future meetings. There was an interest in having a separate meeting on Bill 64 at some point, but it will be on the Agenda for the next meeting as well.

Agenda Item #11: Postponed due to time constraints.

Agenda Item #12: Agreed to hold monthly meetings every 4 weeks on Wednesdays from 1-2pm.

In Attendance

Jennifer Russell, Assurant * Chair
 Iman Muntazir, RBC Insurance ** Vice Chair
 Deliska Beauregard, Canadian Premier Life
 Silvana Capobianco, BMO Insurance
 Cecilia Xiao, Assurant
 Elyse Lemay, Canada Life
 Farhad Eslah, Canada Tire Financial Services
 Jonathan Poulin, BNC Insurance
 Léa Dufresne, Desjardins
 Belinda Lynch, Scotia Insurance
 Marc-Andre Chartrand, Canada Life
 Maude-Marie Dorval, Desjardins
 Michelle Costello, CUMIS Services/The Cooperators
 Kristal McKay, CIBC Insurance
 Nadine Roy, Assurant
 David Self, CIBC Insurance
 Susan Gibaut, Assurant
 Peter Thorn, TD Insurance

STAFF:

Keith Martin, CAFII
 Brendan Wycks, CAFII

***Agenda Item 4(c)
April 25/23 EOC Meeting***

Media Advocacy Committee Written Update

- A final review of the 2023 Scope of Work from Operatic Agency was reviewed with the full Media Advocacy Committee in a meeting on March 27/23. The Committee was aligned with the scope of work as provided, which was subsequently signed off on, for approval, by Keith Martin.
- We are also in discussion with Operatic Agency to scope and update the secure, password-protected, members-only back end section of the CAFII website. This is where members go to access EOC and Board-related documentation. The back end is older and requires updates beyond what the current platform can handle. A well-functioning member portal, which can be managed and updated by CAFII internally will be an asset.
- Efforts continue to build CAFII profile and followership on LinkedIn. An email requesting engagement was sent to key stakeholders including the Board and EOC members early April. This resulted in 40 new followers to the page. A second email targeting external stakeholders is being planned.
 - In that connection, we continue to ask **for your support** to help grow and expand awareness of our CAFII LinkedIn page by liking and following our page, and inviting others with an interest in CAFII to do the same: [CAFII LinkedIn Page](#).

Jacqlyn Marcus, Chair, Media Advocacy Committee

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 4(c)i Committee Updates—Media Advocacy

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

In addition to a brief written update from CAFII Media Advocacy Chair Jacqlyn Marcus that is included in the meeting materials package, CAFII Co-Executive Director Keith Martin will update the EOC on the effort to create a body of followers of CAFII's new LinkedIn page.

Recommendation / Direction Sought – Update

This is an update-only item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(c)(i)
April 25/23 EOC Meeting

Creating A Body Of Followers Of CAFII's Newly Launched LinkedIn Page

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

Sent: Monday, April 3, 2023 2:28 PM

To: CAFII Board, EOC, and Other Committee Members; and Board Surrogates

Cc: david moorcroft <david@strategy2communications.com>; Jake Becker <jake.becker@cafii.com>; Meighan Pears <events@cafii.com>; Michelle Everets <Michelle.Everets@cafii.com>; Buni Mba <Buni@managingmatters.com>; Ricky Nason <Ricky.Nason@cafii.com>; 'Chinh Nguyen' <chinh@managingmatters.com>; Jenny Faucher <jenny@managingmatters.com>; Lyn Wallington <lyn@managingmatters.com>; Brendan Wycks <brendan.wycks@cafii.com>

Subject: CAFII's LinkedIn Page is Launched--Please Become a Follower

Dear CAFII Board, EOC and other Committee Members; and Board Surrogates:

In conjunction with the leadership of Media Advocacy Chair Jacqlyn Marcus, and media consultant David Moorcroft, in January, 2023 CAFII launched a new LinkedIn page. Since then, we have been regularly posting information on our page and slowly growing our following, which has now reached 100 people.

Our LinkedIn profile is an important channel for engaging members, organizational representatives and regulators on items that are of interest to our industry and consumers.

As a result, **we are asking for your support** in helping grow and expand awareness of our LinkedIn page by liking and following our page, and inviting others with an interest in CAFII to do the same. When you have a moment, please check out our CAFII page at the link below and become one of our followers:

[CAFII LinkedIn Page](#)

And, feel free to invite others in your organization or connections to follow CAFII on LinkedIn as well.

Should you have any questions or suggestions, please let us know.

Thank you.

Keith Martin and Brendan Wycks

From: david moorcroft <david@strategy2communications.com>
Sent: Thursday, April 13, 2023 2:45 AM
To: Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>; Jacqlyn Marcus <jacqlyn.marcus@valeyo.com>
Subject: Inviting others to follow our LinkedIn page

The email to CAFII members about our LinkedIn page has generated a lot of new followers -- we now have 140, up from 100 since the email was sent.

I would like to keep that momentum building by turning our attention to inviting other people/ associations/ organizations outside of CAFII to follow us.

Please send me names of anyone/any organization that you think should be invited to follow CAFII on LinkedIn. I will double check them against our current list of followers which can be seen on our CAFII page by clicking on analytics, then followers. If they are not currently following us, I will then send an invitation for them to do so.

Thanks.
-David

Agenda Item 4(d)
April 25/23 EOC Meeting

- On April 3/23, Lesli Martin of Pollara Strategic Insights shared with the Research & Education Committee the results of the Deeper Dive Research which it recently conducted for our Association in follow-up to its Fall 2022 CAFII Tracking Study on 'Consumers' Satisfaction with Credit Protection Insurance'.
- On April 17/23, Lesli Martin then presented the results of the Deeper Dive Research to Board members, EOC members, and other CAFII Member representatives in an hour-long webinar-type presentation.
- During the April 25/23 EOC meeting, the R&E committee will ask for a recommendation from the EOC on how to proceed with utilization/publication of the research results. That recommendation will then go forward to the CAFII Board for its approval, followed by implementation of next steps, if any.

Andrea Stuska, Chair, Research & Education Committee

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 4(d)i Committee Updates—Research & Education-- Results of CAFII 2022 Tracking Study Research with Pollara Strategic Insights on ‘Consumers’ Satisfaction with Credit Protection Insurance’ (including 2023 Follow-up ‘Deeper Dive Research’); and Requested EOC Recommendation to CAFII Board Around Utilization and Public Release of the Research Results

Purpose of this Agenda Item – Update/Discussion/Approval

This is an update and discussion item with a request for approval from the EOC.

Background Information

CAFII commissioned Pollara to conduct a follow-up 2022 survey to the original survey conducted in 2018, on the views of customers of credit protection insurance around the product. Pollara SVP Lesli Martin presented the findings in a virtual meeting on 17 April, 2023 (the meeting was recorded if anyone was unable to attend and would like to view it). While most results in 2022 were similar to those in 2018, there was a result we had difficulty interpreting where 27% of holders of CPI said that they thought that it was mandatory to purchase the product. To understand that result better, CAFII asked Pollara to do a subsequent “deep dive” research effort around that group of respondents.

We learned that “mandatory” meant many different things to this group. In the end, about 10% of CPI holders felt that it was necessary to purchase the product in order to get the mortgage or HELOC loan, which is the same as 2018.

As well, in 2018, 25% of holders of CPI who made a claim made a complaint, while in 2022 the number increased to 33%; and in 2018, 85% of those who made a complaint were satisfied with how it was handled, while in 2023 that number dropped to 62%.

While the overall results remain very positive, and show that 95% of mortgage life insurance claims are paid out, there are a few areas where the research results declined from 2018. The EOC needs to make a recommendation to the Board around public release of the research. CAFII research in the past has been released publicly, and this allows for multiple benefits:

- Using the research findings in presentations and meetings with regulators and policy-makers, and occasionally holding a webinar on the results with regulators and policy-makers;
- Interesting content on our website that improves search engine optimization results;
- We often produce a video of the research results and post that on the website.

CAFII's media consultant David Moorcroft does not believe that a tracking study is "news" and, as such, it may not warrant a press release, but there are still other ways in which the research can be used publicly if it is released.

As well, we did ask two new economic condition questions that demonstrated that while Canadians are cutting back on expenses, they do not intend to do so for life insurance.

The EOC will be asked to formulate a recommendation to the Board around whether to publicly release the results of this research study.

Recommendation / Direction Sought – *Update/Discussion/Approval*

This is an update, discussion, and approval item.

Attachments Included with this Agenda Item

1 attachment.



Credit Protection Insurance Research Report

November 2022

CPI Research Studies

2

2018 Benchmark: Online study with 1003 CPI Holders, 424 non-holders and 286 claimants, conducted in October 2018. Objective of the study was to understand Canadian's opinions about CPI.

2021 Impact of COVID: Online study with 1002 Canadians who had either obtained CPI during the pandemic or were likely to in the next two years, conducted in March 2021. Objective of the study was to understand impact of pandemic on perceptions of CPI and desired purchase behaviours.

2022 Wave Two: Online study with 1001 CPI Holders, 430 non-holders and 379 claimants, conducted in October 2022. Objective of the study was to obtain an updated view of Canadians perceptions of CPI and understand current desires when it comes to purchase behaviours.

Deep Dive Research: Further research was conducted to understand why a minority of CPI holders thought their coverage was mandatory. Those who felt this way in the 2022 Wave Two study were re-contacted and ask more questions about this. A total of 121 of the 270 participants contacted choose to take part in this study. Study took place in March 2023.

Strategic Insights

pollara
strategic insights

Section 1: Holders of Credit Protection Insurance

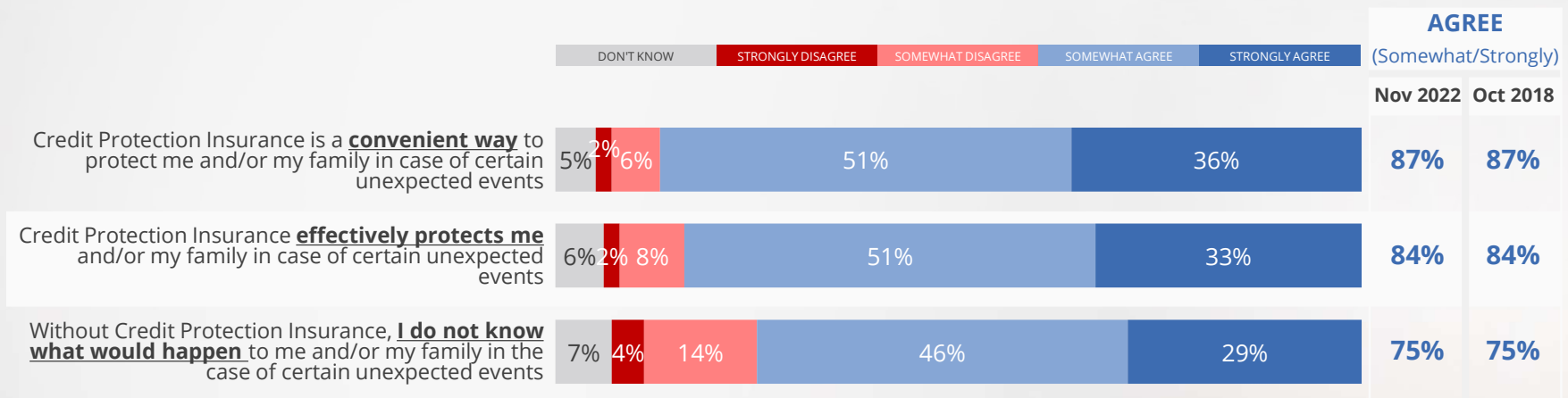
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strategic insights

Perception of Credit Protection Insurance

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Majority of CPI holders continue to feel Credit Protection Insurance is a convenient and effective way to prepare for unexpected event

5

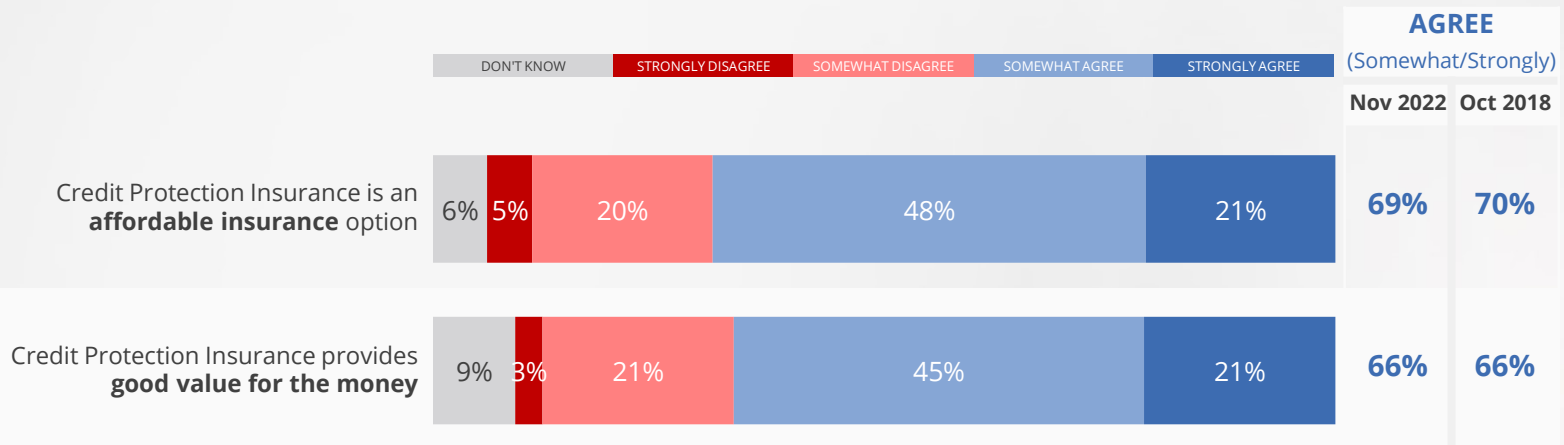


AB2. To what extent do you agree or disagree with each of the following statements about the Credit Protection Insurance for your mortgage/HELOC?
Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

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While the majority continue to feel it is affordable and a good value for money, one-quarter do not

6



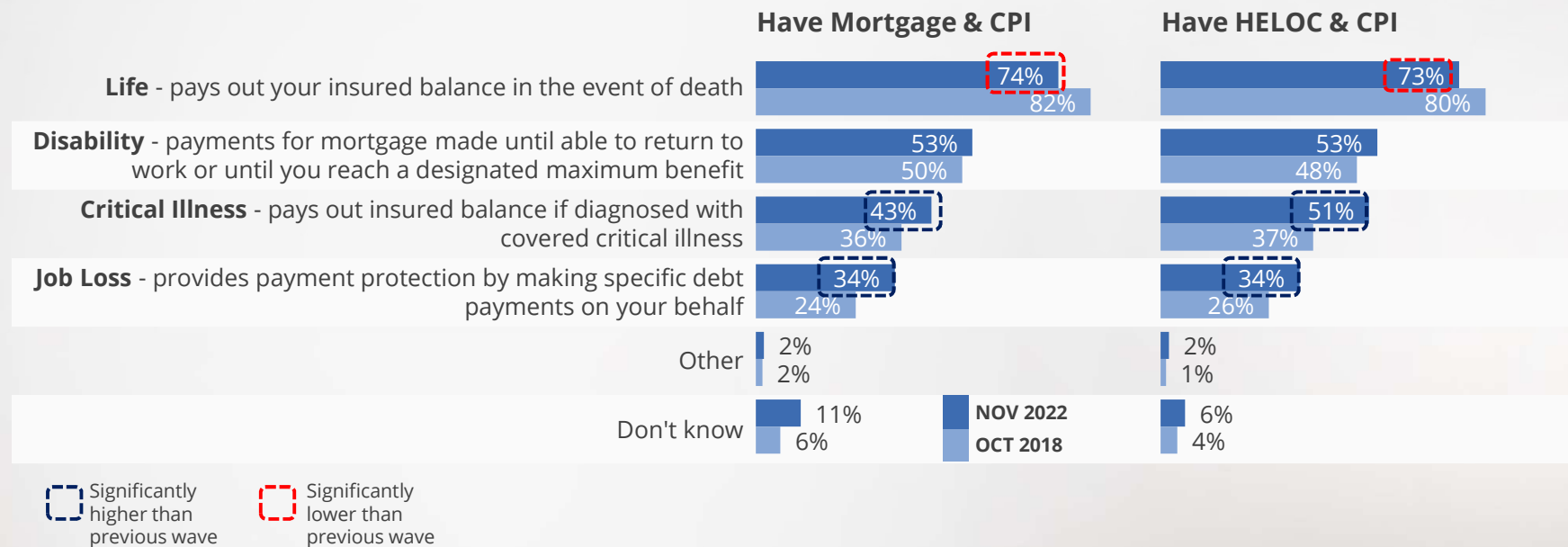
AB2. To what extent do you agree or disagree with each of the following statements about the Credit Protection Insurance for your mortgage/HELOC?
Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

Strategic Insights

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Life insurance is still the most used Credit Protection coverage, but interest has shifted to other types

- **Job Loss:** Ontarians are driving the jump in coverage for Job Loss; four-in-ten (44%) have opted for this option.

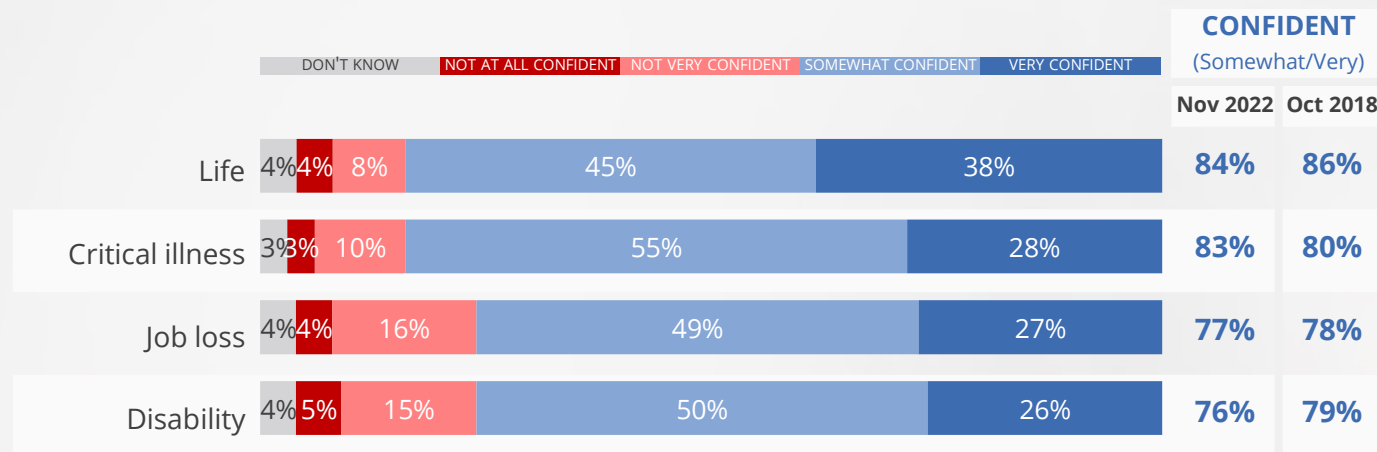


Q3/ Q6. And what does the Credit Protection Insurance cover you for? Base: Have Mortgage & CPI (N=783), Oct 2018 (N=775), Have HELOC & CPI (N=430), Oct 2018 (N=485)

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Overall, large majority of holders are confident that they understand what their CPI benefit claims will pay

8

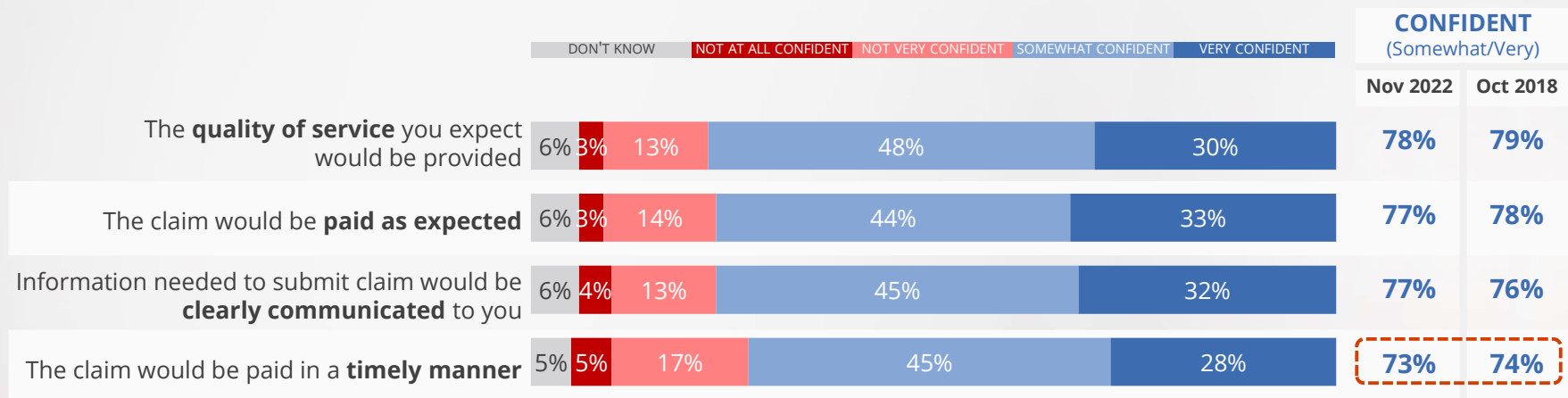


Q A/B7. How confident are you that you know how much of your mortgage/ HELOC will be paid with each of the types of coverage that you have? Please indicate your level of confidence for each.
Base: Combined Mortgage / HELOC CPI Holder / CPI Covers You . Base: Life (N=738/828), Critical Illness (N=399/349), Job Loss (N=303/238), Disability (N=462/461)

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More than three-quarters are at least somewhat confident in their CPI in the event of a claim

9



Significantly higher than other statements

Significantly lower than other statements

Q A/B1. For the next few questions, please consider the Credit Protection Insurance you have on your mortgage/ HELOC. Thinking of this insurance, in general, how confident are you that in the event of a claim ... ? Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

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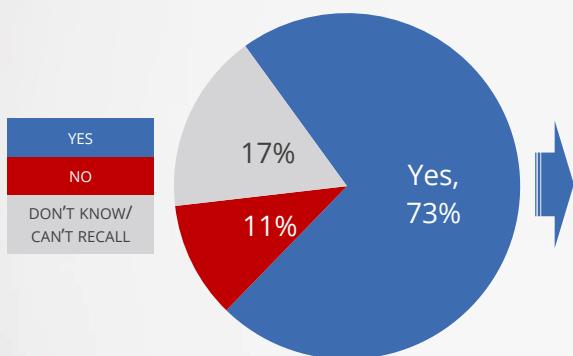
Purchase Experience and Satisfaction

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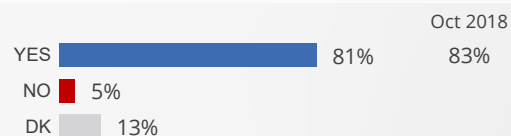
Majority were given most information about CPI by their financial institute representative

11

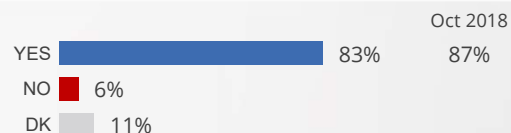
**Representative Discussed
CPI When Acquiring Mortgage/HELOC**



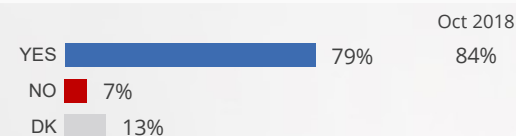
**Coverage options that were
available to me**



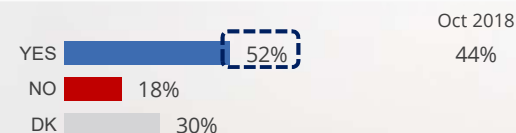
Advantages of having the insurance



**Premiums/costs of coverage
options available**



**Told about free look or review period
that was available**



52% Significantly
higher than
previous wave

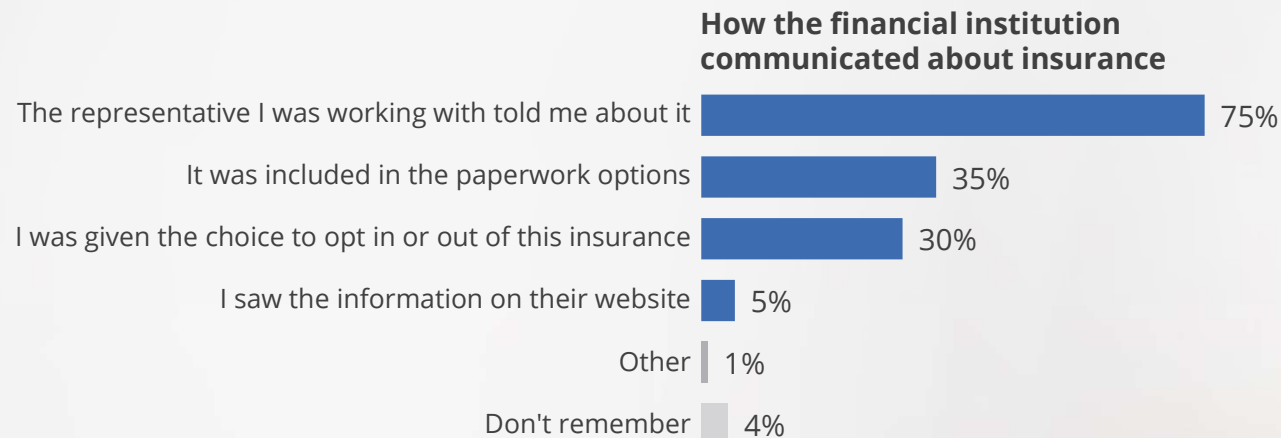
Significantly
lower than
previous wave

Q A/B3. Thinking back to when you got your mortgage/ HELOC, did a representative of the financial institution talk to you about Credit Protection Insurance? Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003) A/B4. Did a representative of your financial institution talk to you about each of the following factors of the available Credit Protection Insurance? Base: Combined Mortgage / HELOC CPI Holder & Talked to Rep (N=746), Oct 2018 (N=761)

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Majority of CPI holders who learned about the insurance from their financial institution were informed by a representative.

12



A/B4A. How did the financial institution inform you of this insurance? BASE: Financial Institution Informed About The Availability Of Credit Protection Insurance (N=746)

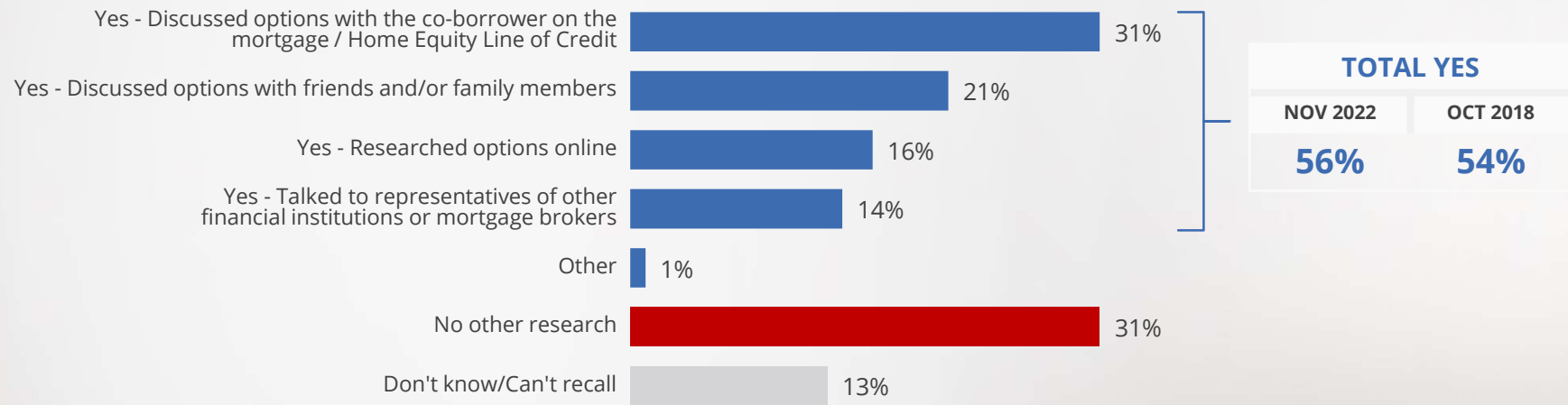
Strategic Insights

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More than half sought information about CPI options from other sources beyond their financial institution

13

CPI Research or Discussions



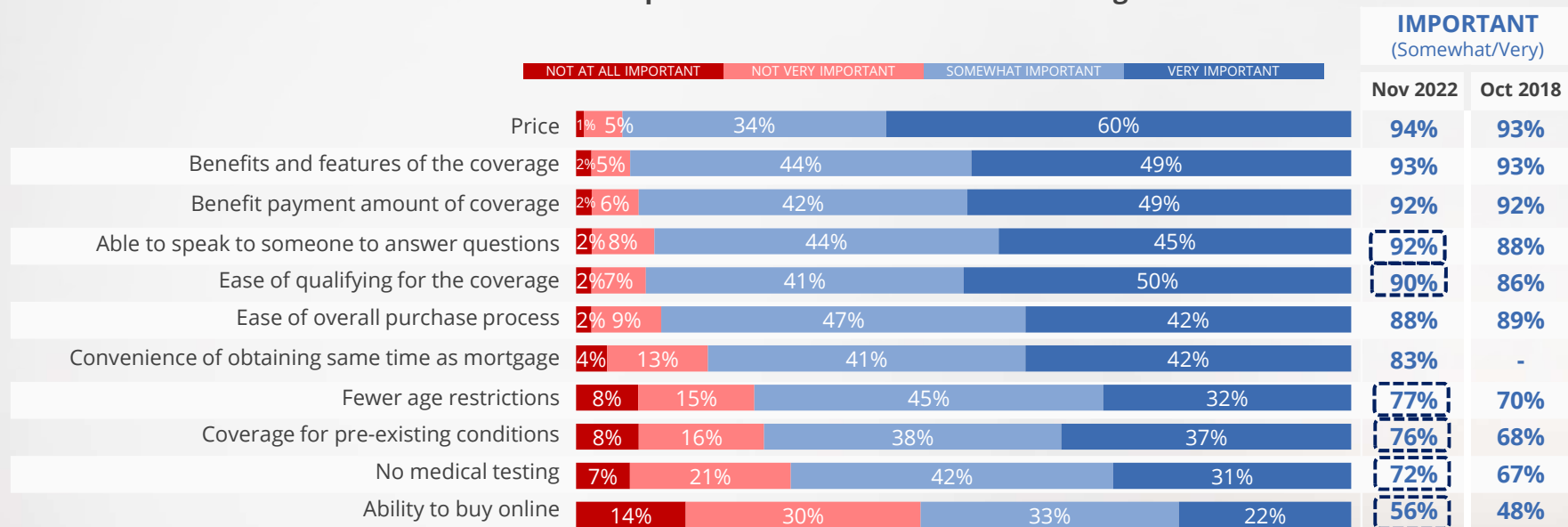
Q A/B5. Aside from talking to a representative of the financial institution, did you discuss or do additional research on the Credit Protection Insurance options that were available?
Base: Combined Mortgage / HELOC CPI Holder (N= 1001), Oct 2018 (N=1003)

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Other factors beyond price, benefits and coverage amount are gaining importance

14

Importance of Factors when Purchasing CPI



 Significantly higher than previous wave

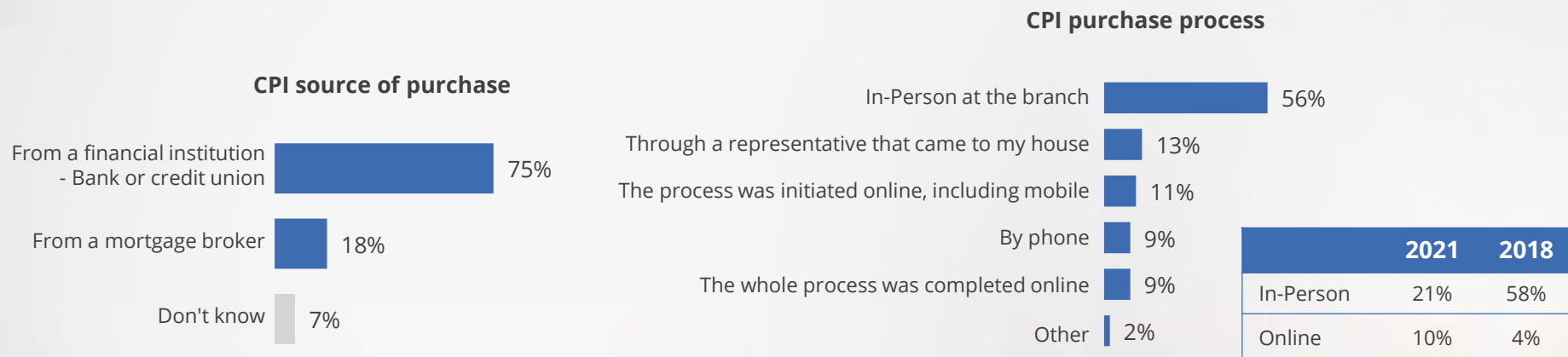
 Significantly lower than previous wave



A/B9. When you researched and/or purchased Credit Protection Insurance for your mortgage/ HELOC, how important were the following factors: ?
Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

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In-person CPI purchase returned to pre-pandemic levels



BASE: Mortgage Credit Protection / HELOC Insurance Holders (N=1001)

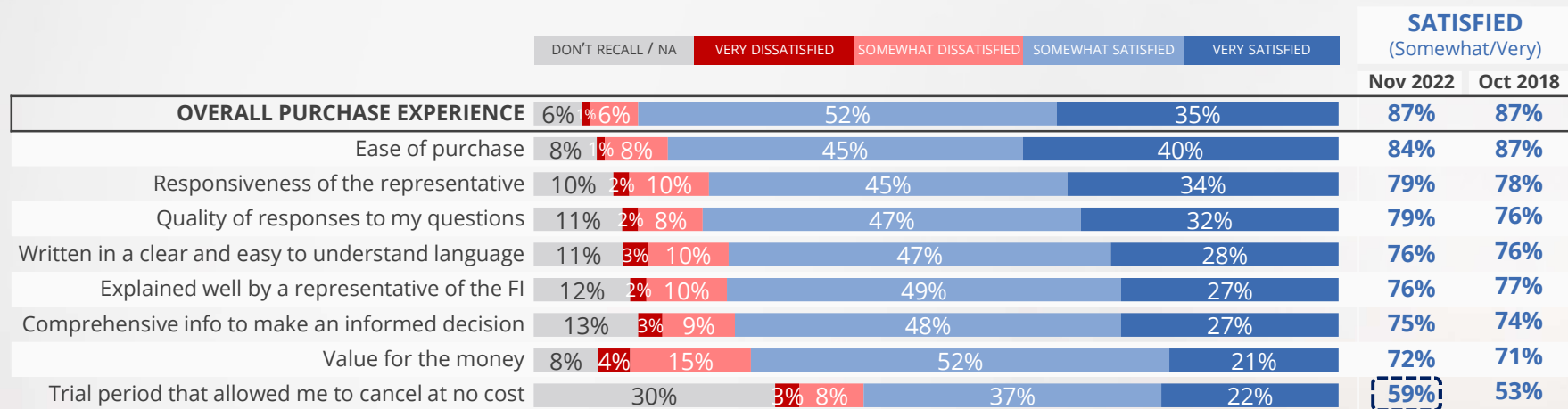
A/B10A. The following questions are in regard to your experience purchasing your Credit Protection Insurance for your mortgage / Home Equity Line of Credit.

From whom did you purchase your credit protection insurance?

A/B10B. How did you complete the purchase of your Credit Protection Insurance?

Satisfaction remained high on various aspects and Improved for trial periods

16



59% Significantly higher than previous wave

53% Significantly lower than previous wave

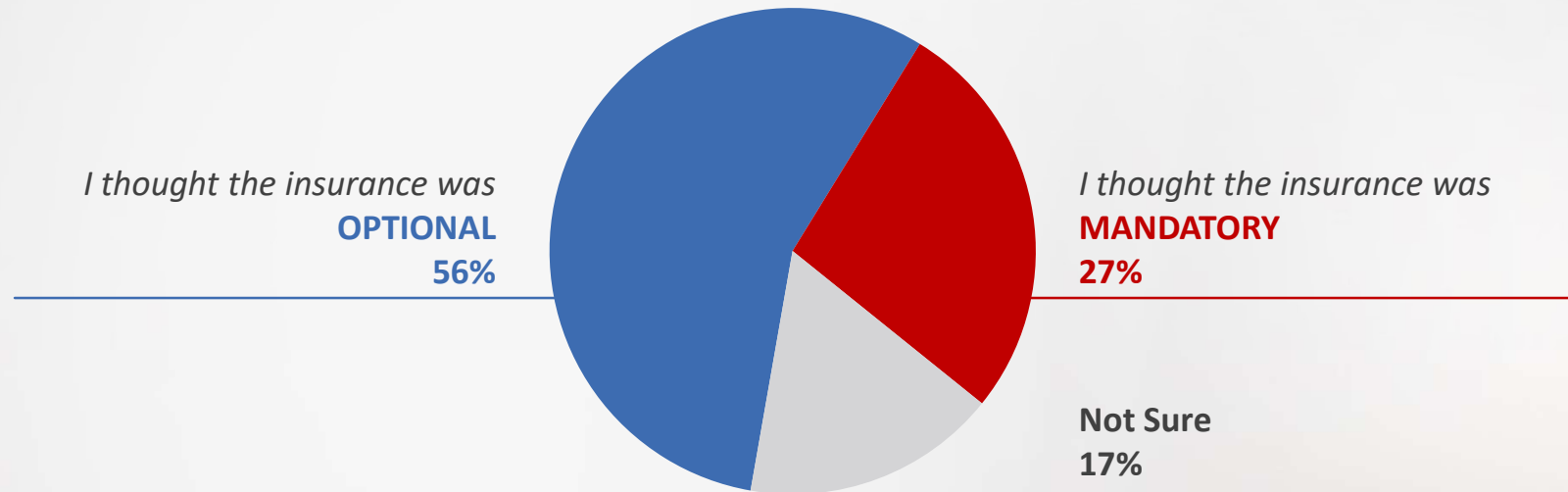
Q A/B11. Overall, how would you rate your level of satisfaction with the purchase experience, when you purchased your Credit Protection Insurance for your mortgage/ HELOC?
A/B12. More specifically, how satisfied were you with the following elements of the purchase process? Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

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More than half of CPI holders think the insurance was optional

17

Credit Protection Insurance for your Mortgage/HELOC



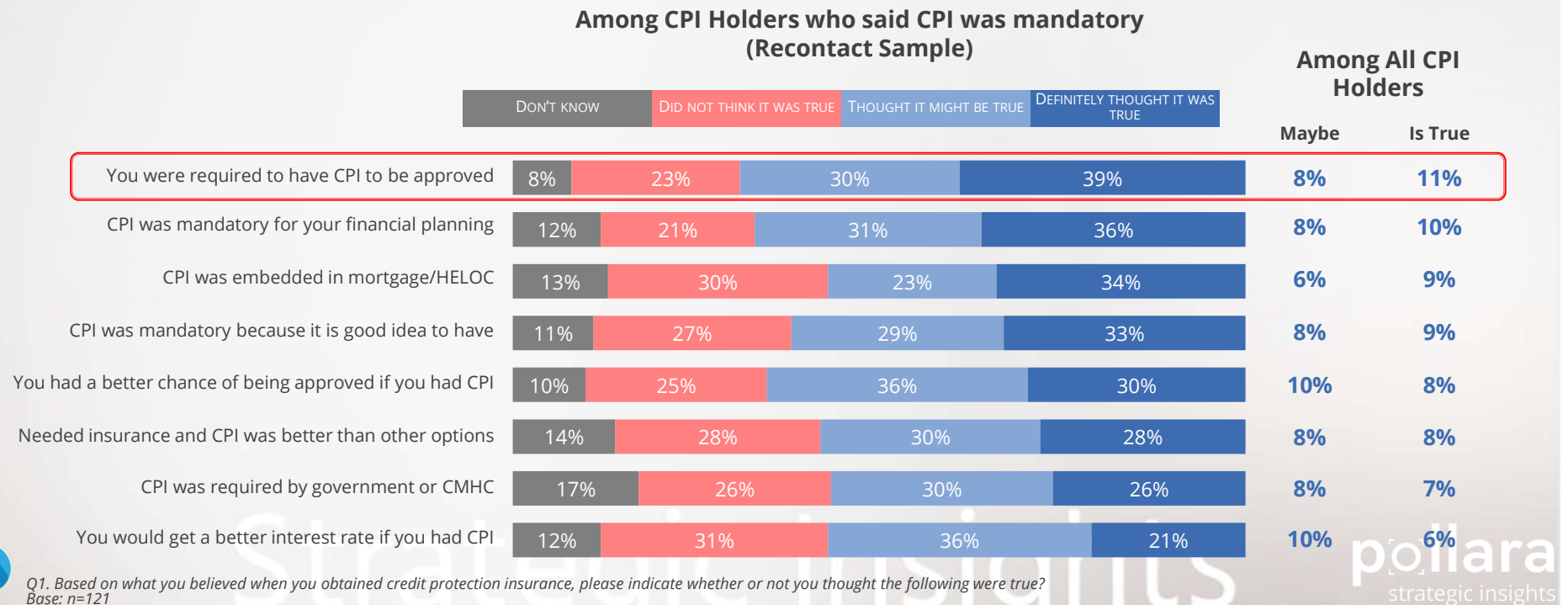
ASA. Which of the following best describes your impression of the Credit Protection Insurance for your mortgage? Base: Combined Mortgage / HELOC CPI Holder (N= 1001),

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DEEP DIVE RESEARCH

18

- The 27% of CPI holders who thought the coverage was mandatory was asked what “mandatory” meant to them, including did they think it was required to be approved for their mortgage/HELOC. 39% thought this was true.
- The 39% of the 27% who thought it was mandatory equals **11% of all CPI holders thought they needed this coverage in order to be approved for their mortgage/HELOC.** This is similar to findings in 2018



DEEP DIVE RESEARCH: About half of the one-quarter believing it was mandatory still say they were not informed the insurance was optional

- Results were similar among those who had obtained their CPI in the past 5 years, with 29% being told it was optional, 45% not being told and 27% not remembering.

To the best of your recollection, did a representative of your financial institution or mortgage broker inform you that Credit Protection Insurance is optional?

Among CPI Holders who said CPI was mandatory (Recontact Sample)

YES was informed it was optional
27%

NO was not informed it was optional
48%

Don't Remember
25%

Among All CPI Holders

	2022	2018
No was not informed it was optional	12%	7%
Don't remember	8%	12%



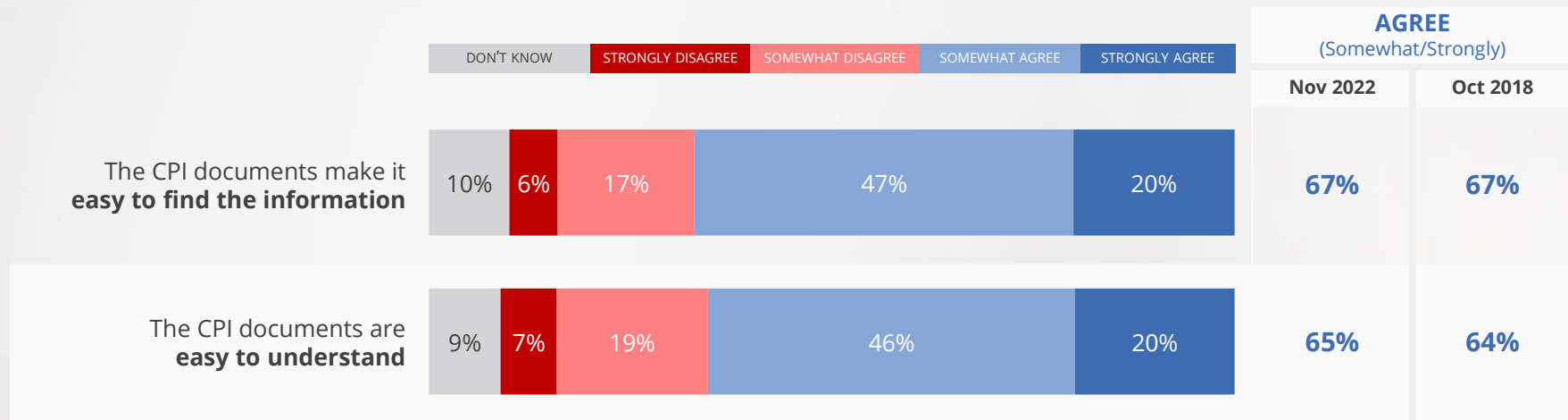
3. To the best of your recollection, did a representative of your financial institution or mortgage broker inform you that Credit Protection Insurance is optional?
Base: Total (n=121)

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Credit Protection Insurance Documentation & Information

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Comprehension of the CPI documentation remains moderate



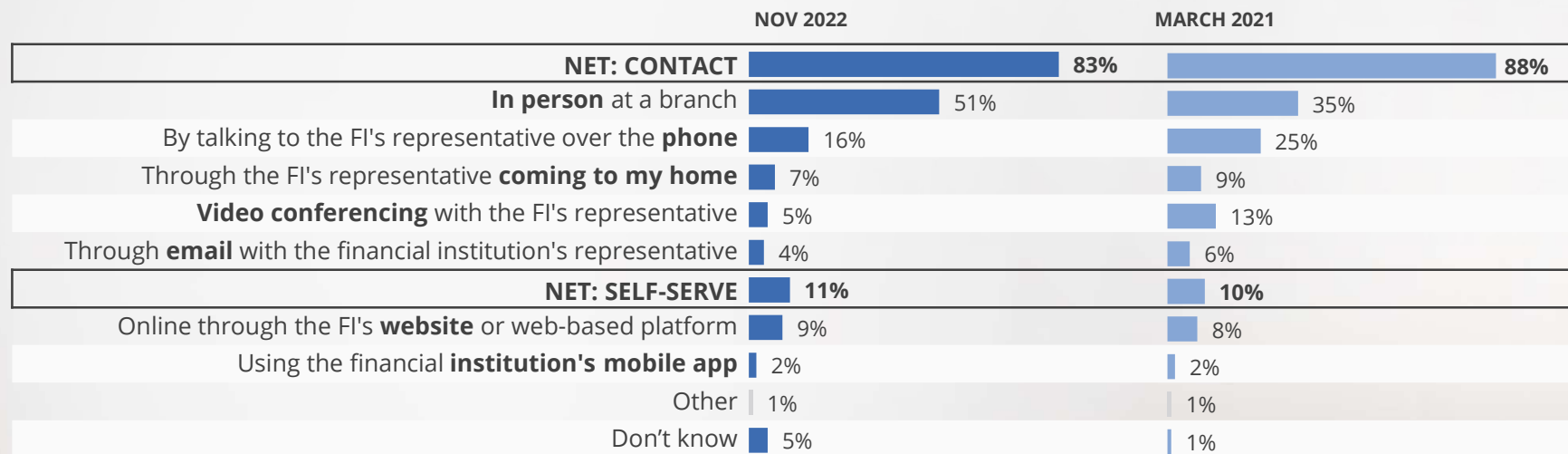
Q A/B8. To what extent do you agree or disagree with each of the following statements about the documents which outline your Credit Protection Insurance for your mortgage/ HELOC.
Base: Combined Mortgage / HELOC CPI Holder (N=1001), Oct 2018 (N=1003)

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While customers will want to have help when buying CPI, it does not necessarily have to be in-person

22

PREFERRED METHOD OF OBTAINING CPI



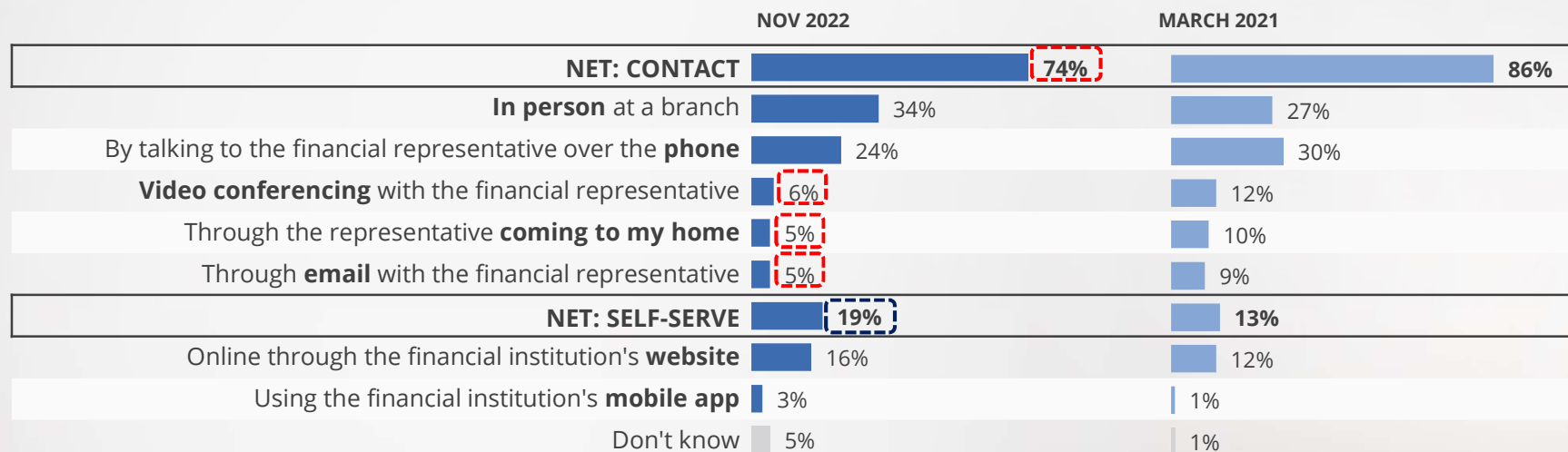
A/B13. If you were obtaining credit protection insurance now, how would you like to apply for the insurance? Base: (N=1001), CPI holders Mar 2021 (N=197)

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When it comes to making a claim, consumers also want assistance, but less so than a year ago

23

PREFERRED METHOD OF SUBMITTING CLAIMS



 Significantly higher than previous wave

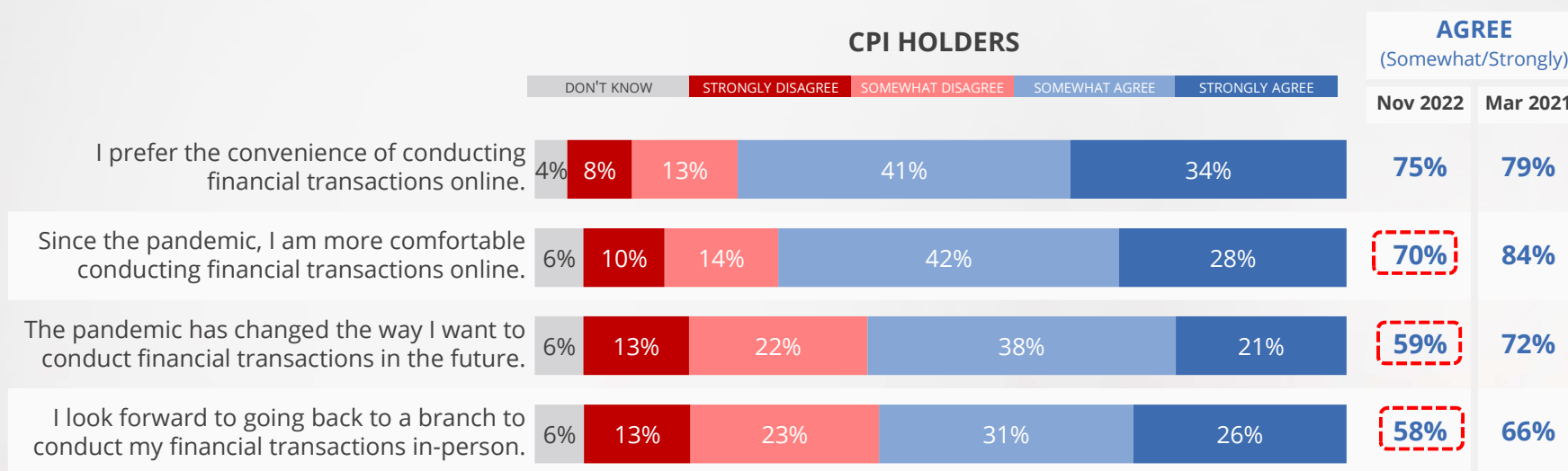
 Significantly lower than previous wave

Q A/B14. If you needed to submit a claim on your credit protection insurance now, how would you prefer to do this? BASE: Mortgage Credit Protection / HELOC Insurance Holders (N=1001) Oct 2018: C10. Once the Covid-19 pandemic in Canada is over, how would you prefer to submit a claim on your credit protection insurance? Base: Those with CPI (N=197)

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The pandemic has had an effect on the way CPI holders do business

24



Significantly higher than previous wave

Significantly lower than previous wave



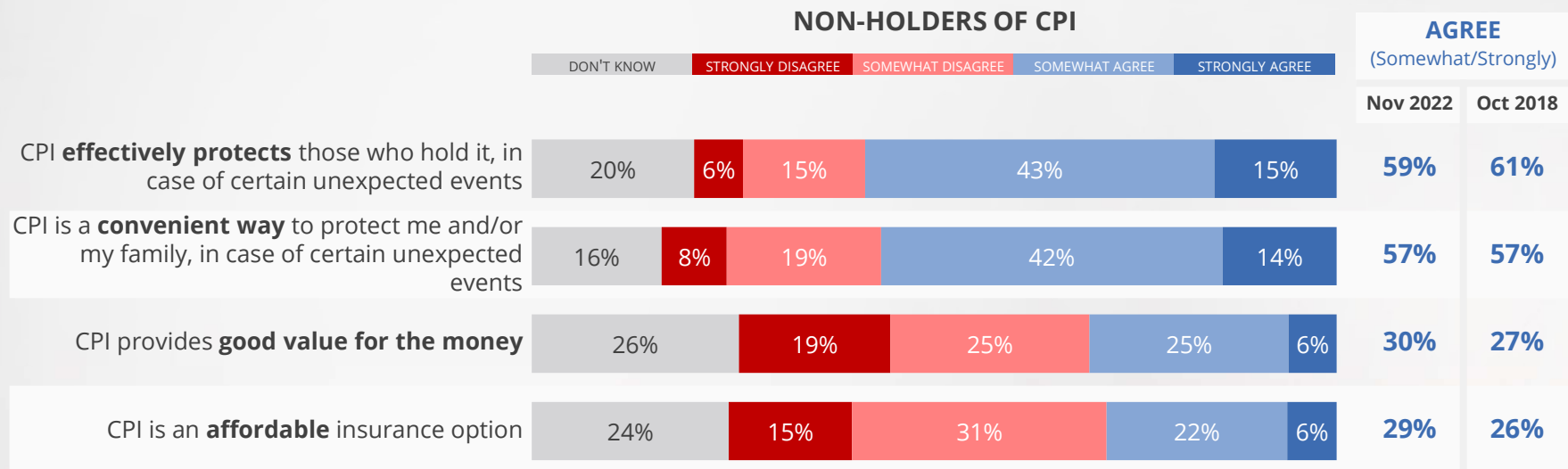
A/B15. To what extent do you agree or disagree with the following statements about conducting financial transactions since the start of the COVID-19 pandemic?
Base: Mortgage Credit Protection / HELOC Insurance Holders (N=1001), Oct 2018 CPI Holders (N=197)

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Section 2: Non-Holders of Credit Protection Insurance



Those without CPI acknowledge some benefits of the insurance, although the large majority feel it is not affordable and not a good value for money.

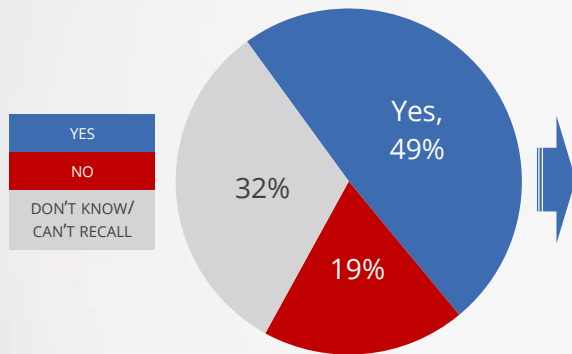


Q C1. While you do not currently hold Credit Protection Insurance on your mortgage or Home Equity Line of Credit, we would like to understand your feelings about these products. To what extent do you agree or disagree with each of the following statements about Credit Protection Insurance? Base: NON-CPI (N=430), Oct 2018 (N=424)

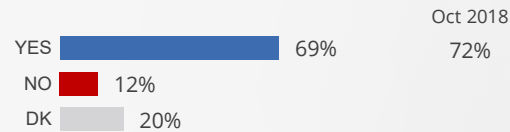
pollara
strategic insights

Half recall their representative offering them CPI when getting their mortgage or HELOC

Representative Offered CPI When Acquiring Mortgage/HELOC

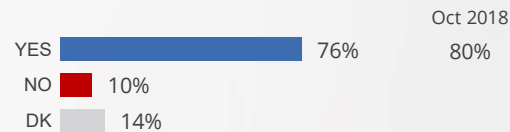


Coverage options that were available to me



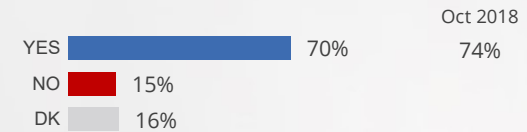
Oct 2018
72%

Advantages of having the insurance



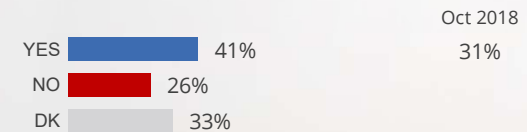
Oct 2018
80%

Premiums/costs of coverage options available



Oct 2018
74%

Told about free look or review period that was available



Oct 2018
31%



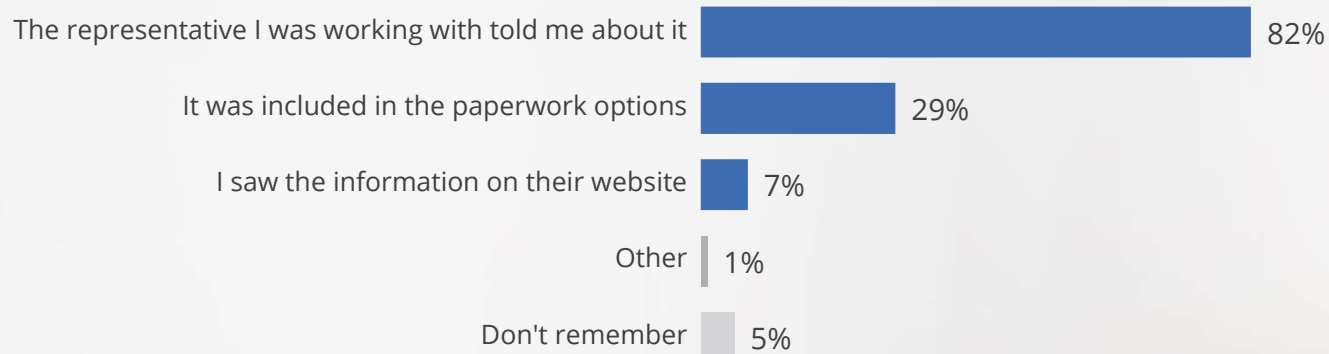
C2. Thinking back to when you got your mortgage or Home Equity Line of Credit, did a representative of the financial institution offer you Credit Protection Insurance?
Base: Mortgage / HELOC NON-CPI (N=430), Oct 2018 (N=424)
C3. Did a representative of your financial institution talk to you about each of the following factors of the available Credit Protection Insurance?
Base: NON-CPI / Talked to Rep (N=213), Oct 2018 (N=226)

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Majority of CPI non-holders who were informed of the availability of insurance by the financial institution found out from a representative

28

How financial institutions informed them about insurance



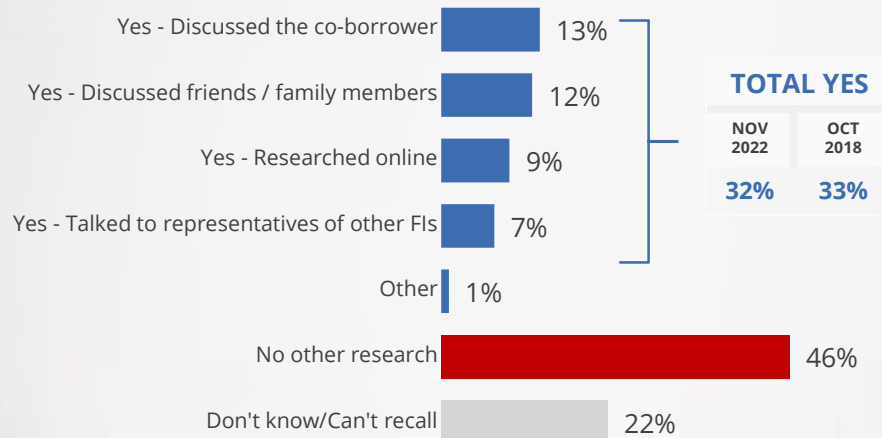
C3A. How were you informed about this insurance? BASE: Financial Institution Informed The Availability Of Credit Protection Insurance (N=213)

Strategic Insights

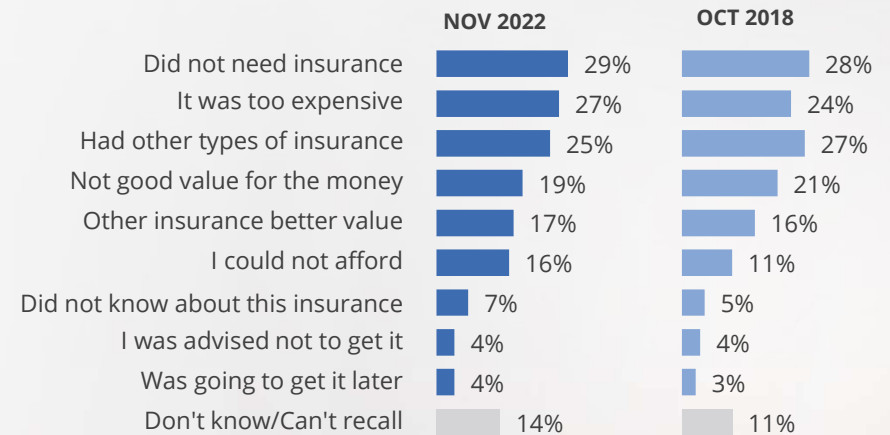
pollara
strategic insights

Those who did not get CPI felt they didn't need it or it was too expensive – half did no further research

Research aside from talking to representative



Reason for not Getting CPI



C4. Aside from talking to a representative of the financial institution, did you research the credit protection options that were available yourself?
Base: NON-CPI (N=430), Oct 2018 (N=424)

pollara
strategic insights

Majority of non-holders have life coverage, and some have disability and critical illness coverage – few purchased term life insurance

Have Other Insurance Policies

YES
HAVE
ANOTHER
POLICY

DON'T KNOW

NO

YES

OCT 2018

If I were to die

8%

29%

64%

69%

If become disabled

10%

45%

45%

50%

If diagnosed with a critical illness

12%

48%

40%

41%

If lose my job

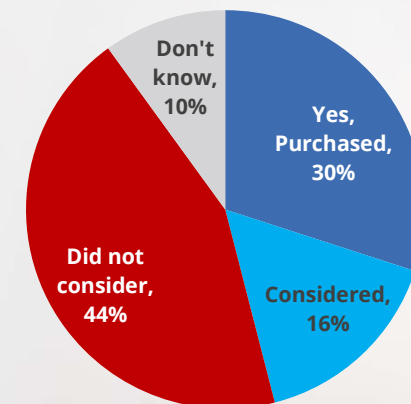
12%

68%

20%

18%

Purchased/Considered Term Life Insurance



Q C7. Do you have a different type of insurance policy, that is not Credit Protection Insurance, that would protect you and/or your loved ones if you were to experience any of the following unplanned events? C8. When you incurred debt on your mortgage or Home Equity Line of Credit, did you consider buying term life insurance specifically to cover that debt in the case of death?
Base: Mortgage / HELOC NON-CPI (N=430), Oct 2018 (N=424)

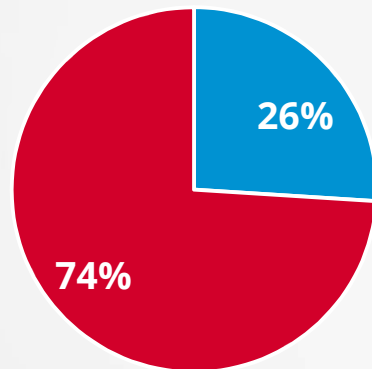
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strategic insights

Section 3: Claims – Experience and Satisfaction

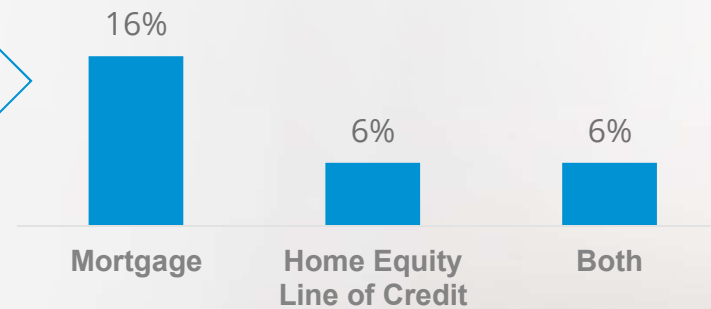
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strategic insights

More claims are made for CPI for mortgage

■ Made a claim ■ Did not make claim

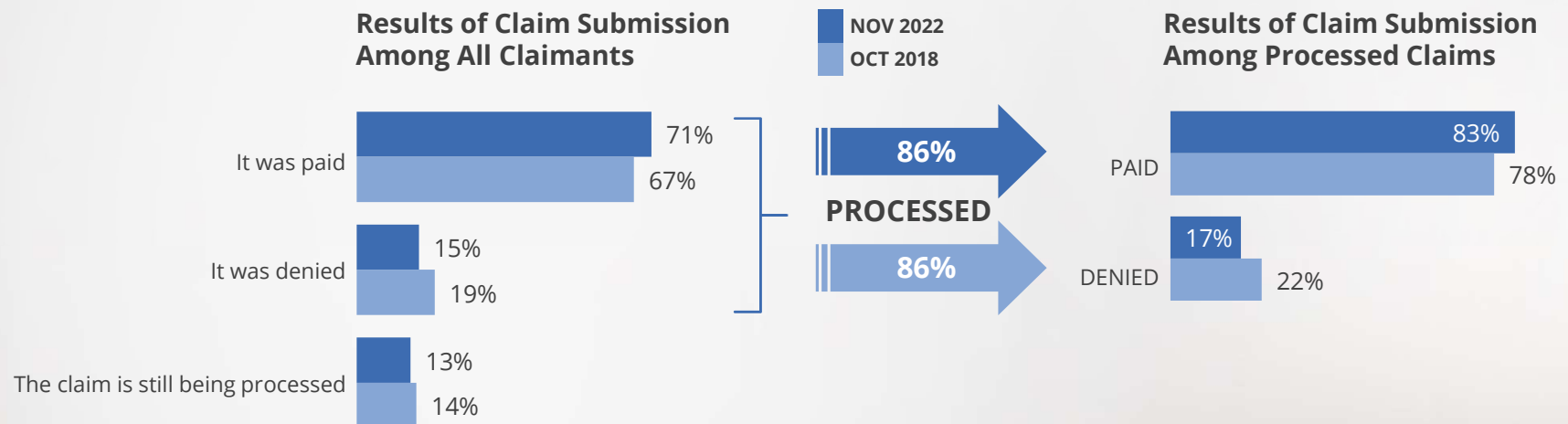


Type of financial product with a claim



- Q • Q8. Have you ever submitted a claim for Credit Protection Insurance for your mortgage or Home Equity Line of Credit?
• A claims is made in the event the insured person had died, or had been diagnosed with a critical illness, became disabled or lost your/their job; Base: All Respondent (n=1494)

Eight out of ten processed claims were paid



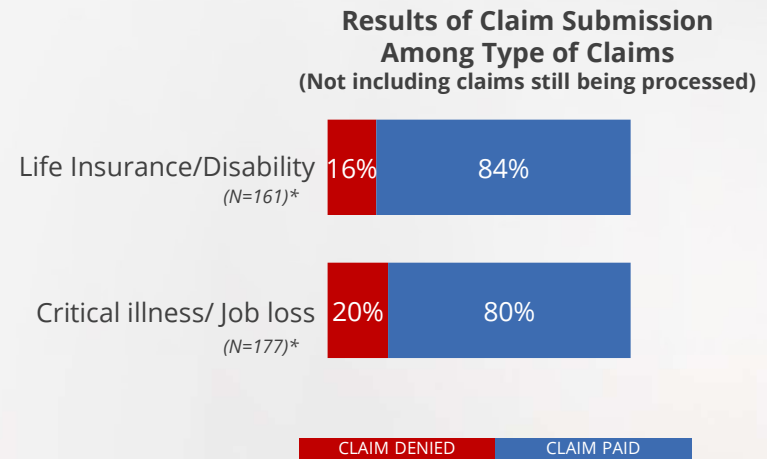
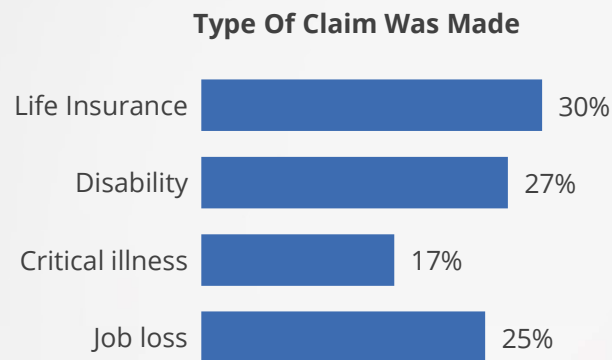
D3. What was the result of your claim submission? Base: CPI Claim (n=379), Oct 2018 (N=286)
Base: CPI Claim Processed (N=244)

Strategic Insights

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Majority of processed claims resulted in payment, regardless of claim type

34

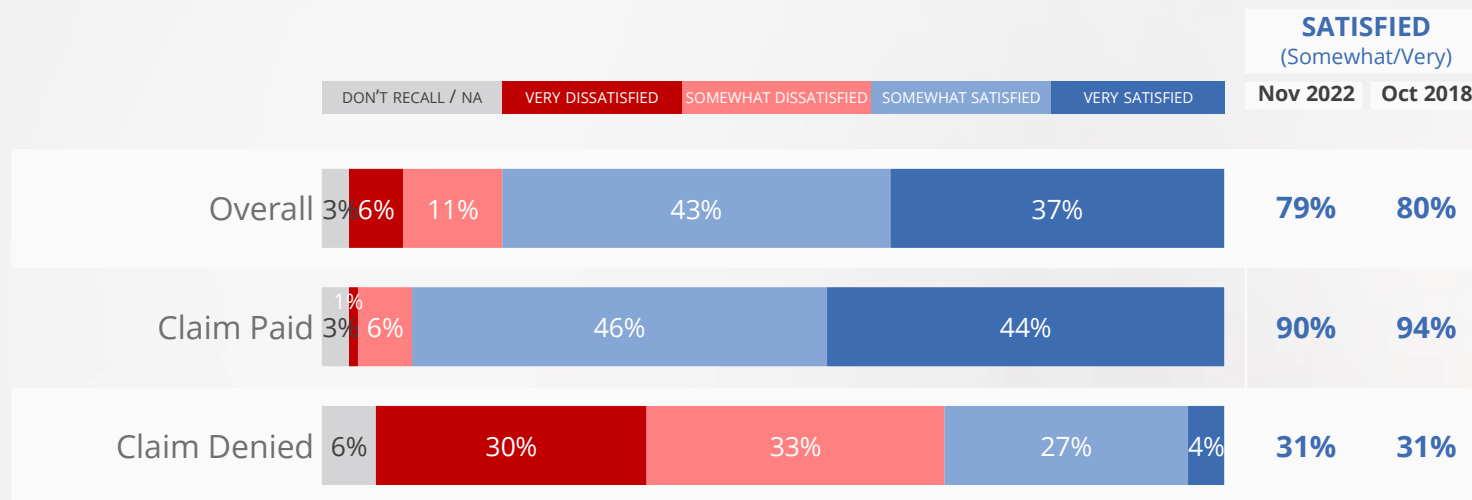


D2. What type of claim was made? Base: Claimants (N=379)
D3. What was the result of your claim submission? *Base: Those who's claims were processed

Strategic Insights

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strategic insights

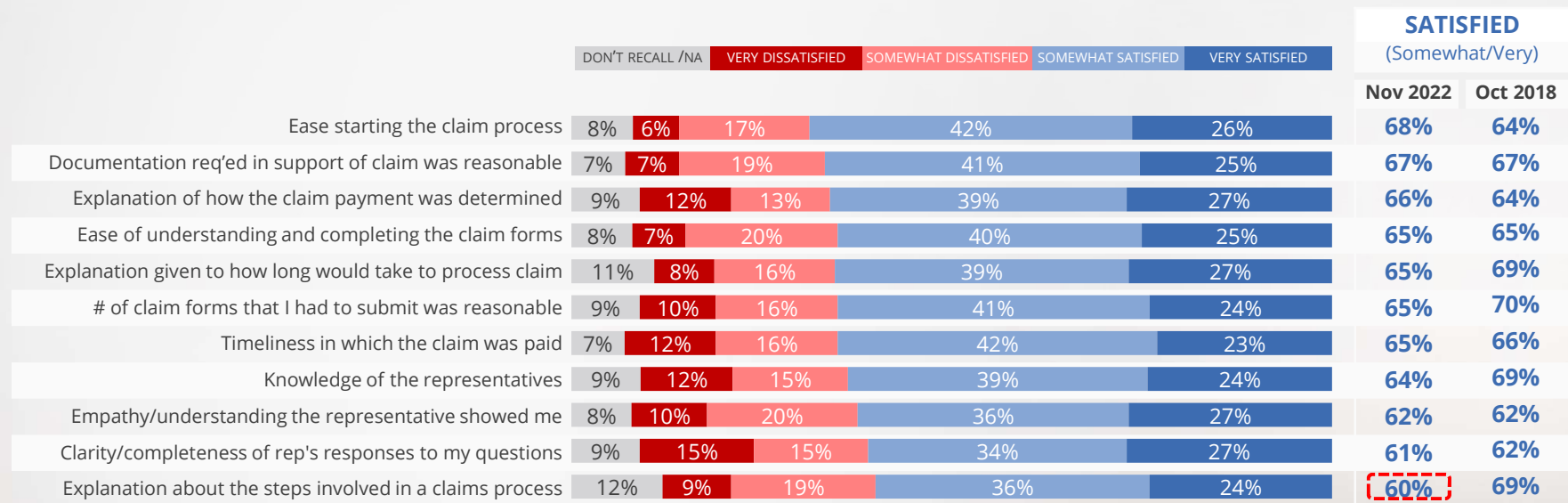
Eight out of ten are satisfied with their claim experience



D4. Thinking back about the entire claim experience, from the initial contact to the final outcome, how would you rate your satisfaction with the overall experience?
Base: CPI Claim/ Claim Resolved (N=322)/(N=244); Claim Paid (N=263)/(N=194); Claim Denied (N=59)/(N=50)

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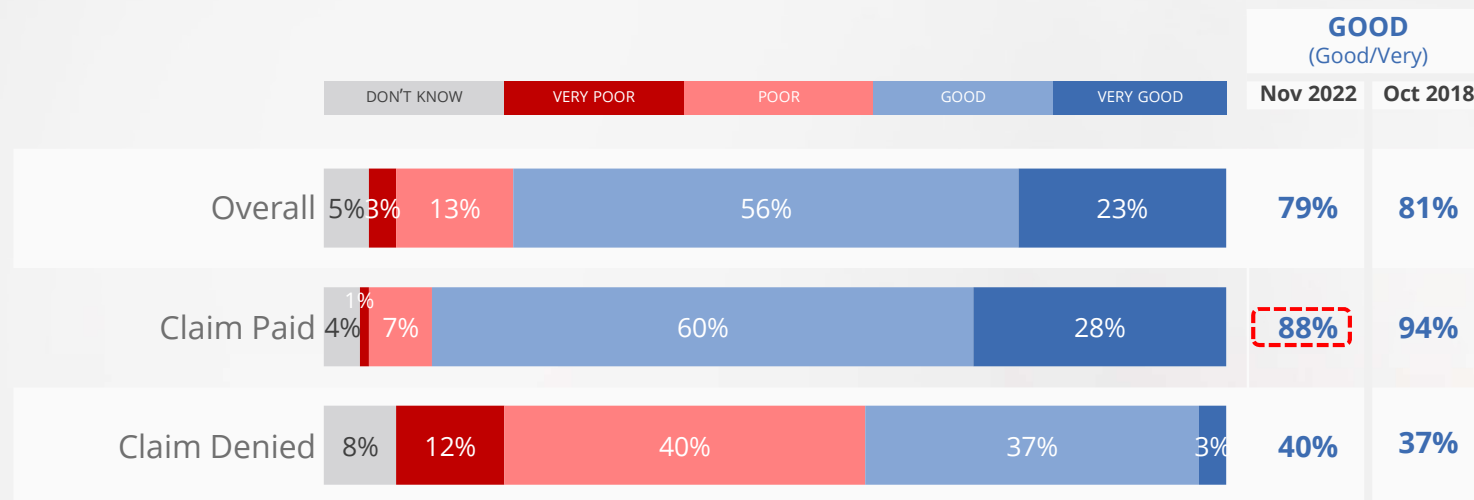
Claimants are satisfied with various factors of the claim process



D5. And how satisfied were you with each of the following factors involved in this claim? Base: CPI Claim/ Claim Resolved (N=322), Oct 2018 (N=244)

Explanation provided by the insurer was good for almost all of those whose claim was paid

37



Significantly higher than previous wave

Significantly lower than previous wave

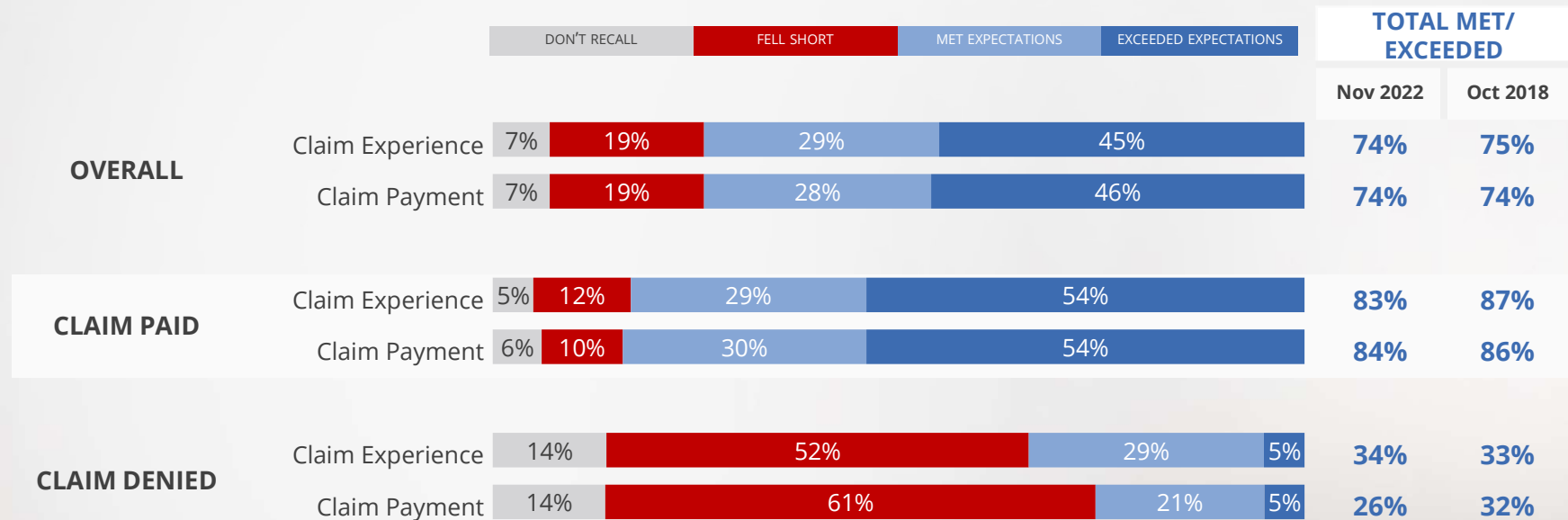


D6. How would you rate the clarity of explanation your insurer gave you about your claim payment/ claim denial?
Base: CPI Claim/ Claim Resolved (N=322)/(N=244); Claim Paid (N=263)/(N=194); Claim Denied (N=59)/(N=50)

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Expectations with claim experience and payment were met amongst those whose claims were paid, but fell short for those whose claims were denied

38



D7. Would you say that the claim payment met, exceeded, or fell short of your expectations?

D8. Overall, would you say that the claim experience met, exceeded, or fell short of your expectations?

Base: CPI Claim/ Claim Resolved (N=322)/(N=244); Claim Paid (N=263)/(N=194); Claim Denied (N=59)/(N=50)

Strategic Insights

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Complaints

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More claimants made a complaint in 2022 compared to 2018

40



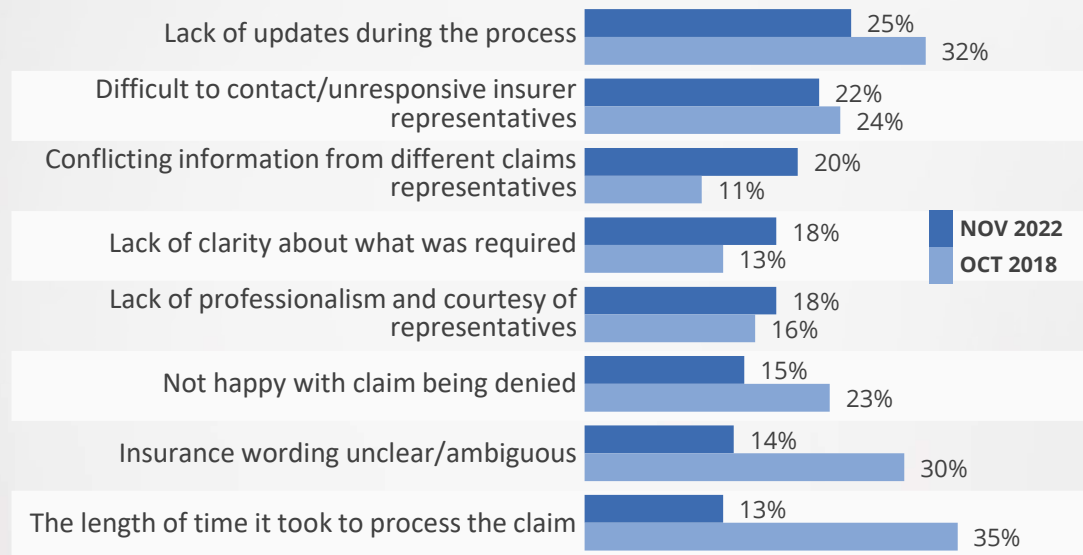
D9. Did you make a complaint about your claim at any point during or after the claim process? Base: CPI Claim/ Claim Resolved (N=379)/(N=244)
 D10. How did you make this complaint? Base: CPI Claim/ Made Complaint (N=103)/(N=53)

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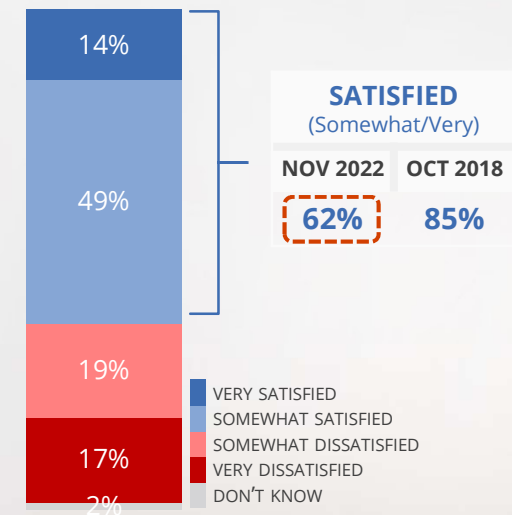
Satisfaction with complaint handling declined compared to 2018

41

Reason for Complaint



Satisfaction with Handling of Complaint



D11. What was the major reason(s) for your complaint?
D12. Were you satisfied with how the complaint was handled?
Base: CPI Claim/ Made Complaint (N=103)/(N=53) *small base

Significantly higher than previous wave

Significantly lower than previous wave

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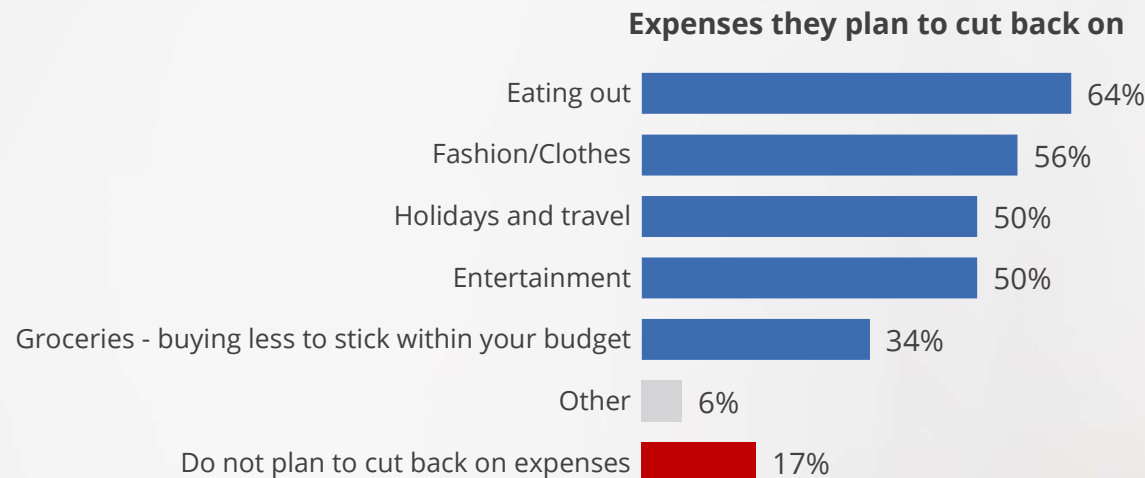
Economic Conditions

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Majority claim they will cut back on expenses as a result of economic conditions

43

- Two-third say they will cut back on eating out, half say they will cut back on buying clothes and a similar proportion say they will cut back on holidays and entertainment.
- More Quebecers (25%) and Middle-agers (40-54: 20% vs others: 13%) are not planning to cut back.



E1. With inflation and the current state of the economy, do you plan to cut back on any of the following expenses? Base: Total (N=1494)

Strategic Insights

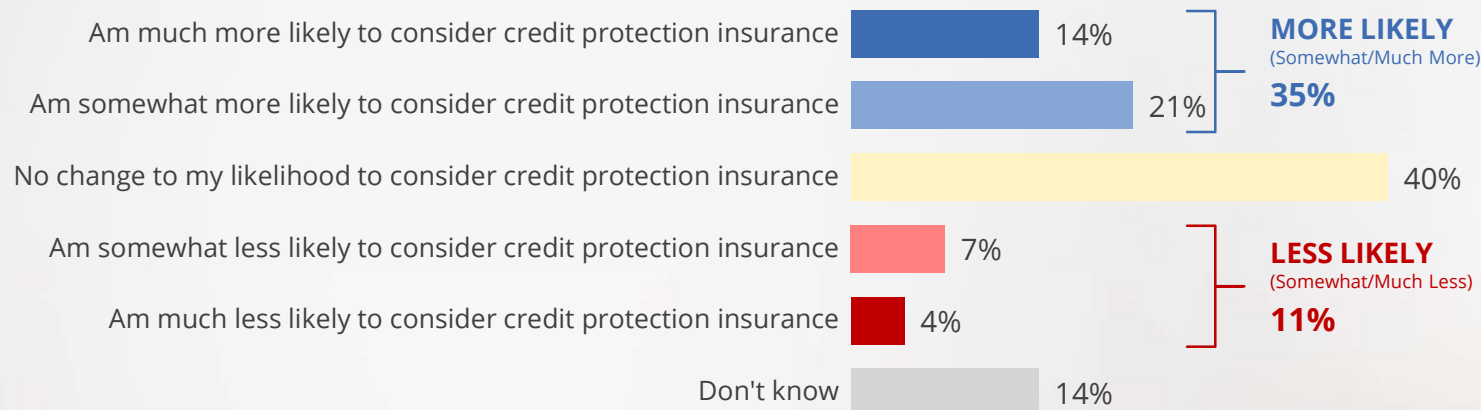
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Difficult market conditions are not likely to negatively affect claimed interest in credit protection insurance

44

- Two-fifth claim they expect no change to their likelihood of considering credit protection insurance and a third claim they are more likely to consider it, despite the harsh economic conditions.

Impact of Economic Condition on Likelihood of Obtaining CPI



E2. With rising inflation, economic uncertainty and the possibility of a housing market correction, how do you feel about obtaining credit? Base: Total (N=1494)

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Lesli Martin, Senior Vice President

leslimartin@pollara.com

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strategic insights

Briefing Note

**CAFII EOC Meeting 25 April, 2023—Agenda Item 4(e)i
Committee Updates—Networking & Events-- Plans for April 27/23 CAFII Webinar on International
Regulatory Developments with Nicholas Herbert-Young, UK Financial Conduct Authority (FCA) and
IAIS**

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

CAFII's next webinar will be on 27 April, 2023 with Nicholas Herbert-Young, UK Financial Conduct Authority executive and a long-time participant in the deliberations of the International Association of Insurance Supervisors (IAIS).

Nicholas Herbert-Young was recommended to CAFII by FSRA CEO Mark White, who is the current Chair of the IAIS' Market Conduct Committee.

Recommendation / Direction Sought – Update

This is an update-only item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(e)(ii)
April 25/23 EOC Meeting

cafii acifa

The Canadian Association of
Financial Institutions in Insurance

L'association canadienne des
institutions financières en assurance

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

You're Invited!

***International Regulatory Trends & The Work of The International Association Of
Insurance Supervisors (IAIS)***

A CAFII Virtual Fireside Chat with Nicholas Herbert-Young

Thursday, April 27, 2023

from 11:00am - 12:00pm ET

via Zoom Webinar



Nicholas Herbert-Young

*Senior Relationship Manager with International
Association of Insurance Supervisors (IAIS)*

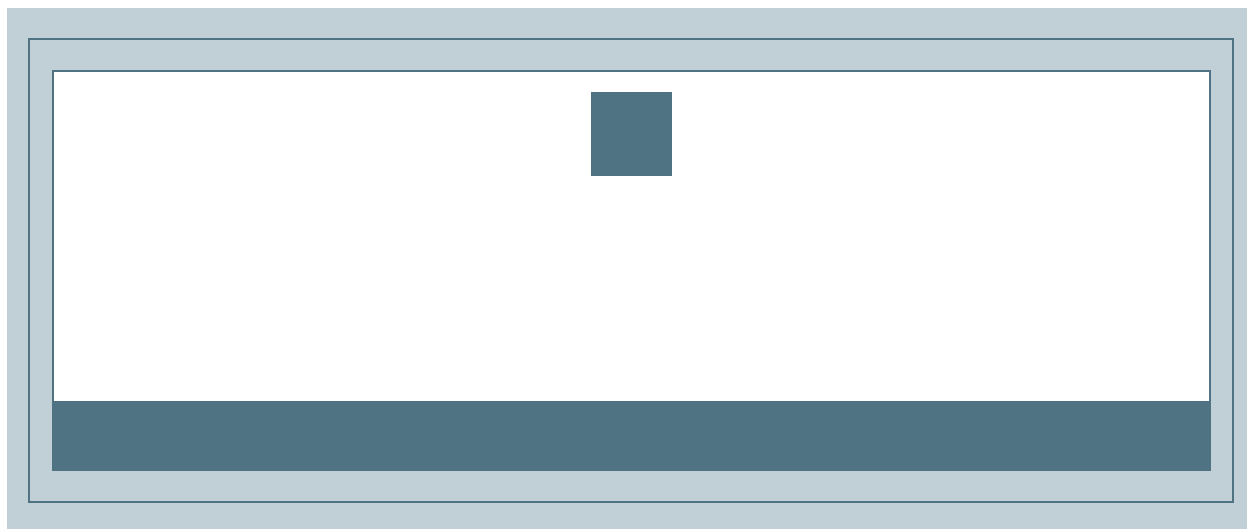
At

Financial Conduct Authority (FCA), United Kingdom

(For capsule biography, [click here](#))

Join this CAFII webinar in which Nicholas Herbert-Young – who is a long-standing international representative at the UK's Financial Conduct Authority, focusing on the International Association of Insurance Supervisors (IAIS) -- will share his insights on:

- *The insurance and conduct priorities of the UK Financial Conduct Authority;*
- *The role of the International Association of Insurance Supervisors (IAIS) and its current priorities;*
- *Principles-based regulation as opposed to prescriptive regulation;*
- *Harmonization and standards in insurance regulation both within nations and internationally;*
- *The work that the IAIS is doing around Diversity, Equity, and Inclusion (DEI); and*
- *Major insurance policy developments and trends in Market Conduct Regulation internationally.*



Briefing Note

**CAFII EOC Meeting 25 April, 2023—Agenda Item 4(e)ii
Committee Updates—Networking & Events-- Plans for Upcoming May 9/23 CAFII Annual Members
and Associates Luncheon**

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

CAFII is well-advanced in its preparations for its 2023 Annual Members and Associates Luncheon, to be held at St. James Cathedral Centre Event Venue in downtown Toronto, with two leading insurance lawyers discussing Canadian and international insurance issues in a panel discussion: Stuart Carruthers of Stikeman Elliott, and Jill McCutcheon of Torys LLP.

Recommendation / Direction Sought – Update

This is an update-only item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(e)(ii)
April 25/23 EOC Meeting



Hello CAFII,

You're Invited!

You are cordially invited to attend CAFII's **2023 Annual Members and Associates Luncheon** on Tuesday, May 9, 2023 at St. James Cathedral Centre Event Venue in Toronto.



CAFII 2023 Annual Members and Associates Luncheon

This *by-personal-invitation-only* CAFII event will take place at St. James Cathedral Centre Event Venue, 65 Church St. in downtown Toronto (short walk from the King TTC station). Join us for a benefits-packed 2.5 hours of networking with fellow CAFII Member and Associate representatives; a delicious buffet lunch; and a panel presentation with Stikeman Elliot Partner Stuart Carruthers and Torgys LLP Partner Jill McCutcheon, moderated by CAFII Co-Executive Director Keith Martin.

The Changing Insurance Law and Regulatory Environment: Challenges, Risks, and Opportunities



Stuart Carruthers, Partner, Stikeman Elliot

Please [click here](#) for capsule biography.



Jill McCutcheon, Partner, Torys LLP

Please [click here](#) for capsule biography.

CAFII is pleased to present a stellar panel of two leading insurance law and regulatory regime experts, who will engage in a Fireside Chat with CAFII Co-Executive Director Keith Martin on changes, trends, and issues in the global and domestic insurance regulatory environments, with a particular focus on credit protection insurance, travel insurance, and life and health insurance more broadly.

When: Tuesday, May 9, 2023 from 11:45 am to 2:15 pm

Location: St James Cathedral Centre Event Venue, 65 Church St, Toronto, ON M5C 2E9

CAFII 2023 Annual Members and Associates Luncheon: Event Overview

11:45 a.m. to 12:15 p.m.: Arrival & Pre-Lunch Networking

Check in at Registration; Network with fellow CAFII Member and Associate representatives before lunch

12:15 to 1:00 p.m.: Buffet Lunch and At-Table Conversation/Networking

1:00 to 1:10 p.m.: Coffee/Tea and Dessert (placed On tables); and At-Table
Conversation/Networking continues

1:10 to 1:15 p.m.: Welcome Remarks and Introduction of VIP Guests and Expert Panelists

1:15 to 2:00 p.m.: Fireside Chat Presentation, concluding with Q&A Session with Audience
Members

2:00 to 2:15 p.m.: Post-Event Networking

2:15 p.m.: Event concludes

Please register below by 5:00 p.m. on Monday, May 1, 2023.

If you have any questions, please contact Meighan Pears at events@cafii.com.

[Please Click Here To Register](#)

Sincerely,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial
Institutions in Insurance
T: (647) 218-8243
Office: (416) 494-9224
brendan.wycks@cafii.com
www.cafii.com

Keith Martin
Co-Executive Director
Canadian Association of Financial
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T: (647) 460-7725
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Canadian Association of Financial Institutions in Insurance
Tel: 416-494-9224 | info@cafii.com | www.cafii.com

Briefing Note

**CAFII EOC Meeting 25 April, 2023—Agenda Item 4(e)iii
Committee Updates—Networking & Events-- Plans for May 18/23 CAFII Webinar on Quebec's Charter
of the French Language with Quebec-Based Legal Experts from Stikeman Elliott and Norton Rose**

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

Stuart Carruthers, CAFII's key contact at our law firm of record, Stikeman Elliott, suggested to CAFII that the firm had expertise on and could participate in a webinar about Quebec's new Bill 96, Charter of the French Language. To provide different perspectives, Quebec-based firm Norton Rose was also approached. A two lawyer panel is being assembled for a webinar session on Bill 96 on May 18, 2023.

Recommendation / Direction Sought – Update

This is an update-only item.

Attachments Included with this Agenda Item

1 attachment.

**Agenda Item 4(e)(iii)
April 25/23 EOC Meeting**

Plans For May 18/23 CAFII Webinar On Quebec's Charter of the French Language With Quebec-Based Legal Experts From Stikeman Elliott and Norton Rose

From: Stuart Carruthers <SCarruthers@stikeman.com>
Sent: Friday, March 31, 2023 12:13 PM
To: Keith Martin <Keith.Martin@cafii.com>; Brendan Wycks <brendan.wycks@cafii.com>
Cc: Romy Proulx <RoProulx@stikeman.com>; Stuart Carruthers <SCarruthers@stikeman.com>
Subject: Webinar Idea - Quebec Bill 96 French Language Requirements for FIs?

Keith/Brendan – look forward to seeing you Tuesday at the board meeting and reception. When we have a moment to chat...wonder if the whole topic of the challenging Quebec Bill 96 French language requirements and how FIs and others are approaching them or not and what's happening on that front, etc., would make a good CAFII webinar topic.... Our Montreal office colleagues are very involved with that across the financial services sector, and other sectors, and would be pleased to chat about...

Stuart S. Carruthers

Direct: +1 416 869-5600
Email: scarruthers@stikeman.com

De : Keith Martin <Keith.Martin@cafii.com>
Envoyé : Wednesday, April 5, 2023 12:16:15 PM
À : Stuart Carruthers <SCarruthers@stikeman.com>; Brendan Wycks <brendan.wycks@cafii.com>
Cc : Romy Proulx <RoProulx@stikeman.com>
Objet : RE: Webinar Idea - Quebec Bill 96 French Language Requirements for FIs?

Hi Stuart,

Brendan and I would like to move forward in preparing for a webinar on the Charter of the French Language. Can you propose one person from your Quebec office who would participate? I will then find another panelist from Norton Rose, and moderate a webinar on this issue with the two of them.

We would like to propose 18 May, 2023 from 1-2pm. Please advise if that time/date works, and who the panelist would be; and I'll follow up with more details.

Thanks

Keith Martin

Co-Executive Director / Co-Directeur général

From: Romy Proulx <RoProulx@stikeman.com>
Sent: Wednesday, April 5, 2023 12:34 PM
To: Keith Martin <Keith.Martin@cafii.com>; Stuart Carruthers <SCarruthers@stikeman.com>; Brendan Wycks <brendan.wycks@cafii.com>
Subject: Re: Webinar Idea - Quebec Bill 96 French Language Requirements for FIs?

Hi Keith,

Pleasure to meet you.

I will be the person from Stikeman, and I am available on May 18th at the suggested time.

Thank you,

Romy

Romy Proulx

Direct : +1 514-397-3104
roproulx@stikeman.com

De : Keith Martin <Keith.Martin@cafii.com>
Envoyé : Wednesday, April 5, 2023 12:16:15 PM
À : Stuart Carruthers <SCarruthers@stikeman.com>; Brendan Wycks <brendan.wycks@cafii.com>
Cc : Romy Proulx <RoProulx@stikeman.com>
Objet : RE: Webinar Idea - Quebec Bill 96 French Language Requirements for FIs?

Hi Stuart,

Brendan and I would like to move forward in preparing for a webinar on the Charter of the French Language.

Can you propose one person from your Quebec office who would participate? I will then find another panelist from Norton Rose, and moderate a webinar on this issue with the two of them.

We would like to propose 18 May, 2023 from 1-2pm.

Please advise if that time/date works, and who the panelist would be; and I'll follow up with more details.

Thanks

--Keith

Keith Martin

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

L'association canadienne des institutions financières en assurance

keith.martin@cafii.com

T: 647.460.7725

www.cafii.com

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From: Dominic Dupoy <dominic.dupoy@nortonrosefulbright.com>
Sent: Friday, April 14, 2023 3:25 PM
To: Keith Martin <Keith.Martin@cafii.com>
Cc: Brendan Wycks <brendan.wycks@cafii.com>; Buni Mba <Buni@managingmatters.com>
Subject: Re: Invitation from CAFII to Participate in a Panel on Bill-96, the Charter of the French Language

Hi Keith. It will be a pleasure to participate (I hope that it is not too late). The panelist will either be Paul Prosterman or myself. I will confirm the identity of the panellist early next week. Thanks for the opportunity. Have a great weekend.

Téléchargez [Outlook pour iOS](#)

De : Keith Martin <Keith.Martin@cafii.com>
Envoyé : Wednesday, April 5, 2023 12:57:50 PM
À : Dominic Dupoy <dominic.dupoy@nortonrosefulbright.com>
Cc : Brendan Wycks <brendan.wycks@cafii.com>; Buni Mba <Buni@managingmatters.com>
Objet : Invitation from CAFII to Participate in a Panel on Bill-96, the Charter of the French Language

Bonjour Dominic,

CAFII members nearly all operate in Quebec and have a great interest in the Charter of the French Language, and how it will impact on their business operations.

In response, CAFII is organizing a one-hour webinar to discuss Bill 96 and some of the interpretations on how it applies to business, especially insurance. We have a panelist from Stikeman Elliott lined up, Romy Proulx: <https://www.stikeman.com/en-ca/people/p/romy-proulx>

Now we are looking for a second panelist with knowledge of Bill 96, and I am reaching out to see if Norton Rose might have a lawyer who would be interested in participating in this panel. This is an excellent way to gain exposure to your firm among senior business executives, along with regulators and policy-makers.

We plan to hold the webinar on May 18, 2023 from 1-2pm. Please note that the webinar would be held in English.

Please advise if Norton Rose would like to participate in this panel and if so, who you would propose. Feel free to call me if you would like to discuss.

Personal regards, et merci,

--Keith

From: Dominic Dupoy <dominic.dupoy@nortonrosefulbright.com>
Sent: Friday, April 14, 2023 3:25 PM
To: Keith Martin <Keith.Martin@cafii.com>
Cc: Brendan Wycks <brendan.wycks@cafii.com>; Buni Mba <Buni@managingmatters.com>
Subject: Re: Invitation from CAFII to Participate in a Panel on Bill-96, the Charter of the French Language

Hi Keith. It will be a pleasure to participate (I hope that it is not too late). The panelist will either be Paul Prosterman or myself. I will confirm the identity of the panellist early next week. Thanks for the opportunity. Have a great weekend.

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 5(a)

Recent and Upcoming Strategic and Regulatory Initiatives-- Insights Gained from March 22/23 One-on-One Virtual Meeting Between CAFII Board Chair Peter Thompson and AMF's Eric Jacob; and Next Steps Arising

Purpose of this Agenda Item – *Update*

This is an update-only item.

Background Information

On 22 March, 2023, CAFII Board Chair Peter Thompson held his regular, quarterly meeting with AMF Superintendent, Client Services and Distribution Oversight Éric Jacob, at which they discussed two issues that CAFII was concerned about—the AMF's Regulation on Complaints Handling and Dispute Resolution, including its expanded definition of what constitutes a complaint; and the AMF's gathering of statistics on claims denial rates and return of premium to consumers and how those would be used. Peter Thompson also requested that CAFII Co-Executive Director Keith Martin be invited to future quarterly meetings, along with any other colleague(s) whom Mr. Jacob would like to have attend from the AMF. Mr. Jacob was amenable to all those suggestions and said he would follow up on those items.

Recommendation / Direction Sought – *Update*

This is an update-only item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(a)
April 25/23 Board Meeting

From: Thompson, Peter <Peter.Thompson@bnc.ca>

Sent: Monday, March 27, 2023 10:26 AM

To: Keith Martin <Keith.Martin@cafii.com>; Brendan Wycks <brendan.wycks@cafii.com>; Rob Dobbins <rob.dobbins@assurant.com>; karyn.kasperski@rbc.com

Cc: Thompson, Peter <Peter.Thompson@bnc.ca>

Subject: CAFII-AMF quarterly discussion

Hi everyone,

A short recap of my discussion with Eric Jacob on March 22nd, 2023:

- friendly discussion around how last meeting with Keith and Mario was very positive to help bring credit card embedded insurance issue to a close. I mentioned it would be good if we could each add one or two people each to our discussions depending on the issue to enable us to go deeper as needed. He agreed that could be helpful.
- I mentioned to Eric how CAFII was preparing for Brendan's retirement at the end of the year and the new structure going forward (Keith as sole Executive Director with 2 direct reports). He felt that was good planning on CAFII's part.
- Eric spoke about his added responsibilities on an interim basis (team of about 200 people responsible for "enforcement") further to JF Fortin's retirement. He has experience in this type of role which he indicated would be helpful. He expects this added responsibility would last at least 6-9 months to allow for new CEO to come on board who would then likely be looking at structures.
- I told Eric CAFII still had 2 primary issues when it came to Quebec that it had concerns about: 1) the "complaints" definition which was much broader and not harmonized with other jurisdictions (thereby leading to a significant increase in number of "reported complaints" without any real value added for consumers); and 2) the lack of clarity around the intent/objective/next steps for the claims data which the AMF had requested from CAFII members (and other insurance distributors). This is the issue which was first introduced by Mario Beaudoin last October at the AMF-CAFII meeting in Montreal.

- On the "complaints" definition issue, he said he understood our concerns and that the team was working through all the feedback received after the second round of consultations. It sounded as though they had a lot of feedback from many different constituents to work through and that it was challenging work. He did not commit to any timeline but said they would be getting back to us on this.
- On the claims data issue, he was very keen on discussing this further with us to ensure we (CAFII & AMF) have a common understanding of why data is being collected, how it should be interpreted, what are next steps, etc. He said this could be a good subject to have one or two others join the discussion. On our end, I mentioned Keith and also Rob, as head of the EOC, who should have a good understanding of most of our members questions/concerns around this issue. Although I would revert to them and see if this is what made most sense on this issue. On AMF's end, Éric mentioned Mario and possibly Christian (Mario's boss) although he too would check with them. Eric also offered to prepare a proposed agenda and schedule the meeting. He will keep us posted.

Overall, positive tone and I continue to believe we are headed in right direction with AMF.

I think I captured most of what was discussed but don't hesitate to ask any questions you may have.

Thanks and have a great week!

Peter

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 5(b)

Recent and Upcoming Strategic and Regulatory Initiatives-- Plans for Upcoming Virtual CAFII/AMF Meetings on AMF Definition of Complaints and Related Complaints Handling Regime; and AMF Gathering of Industry Statistics on Claims Denials and 'Return of Premium' to Consumers, and Utilization Intentions

Purpose of this Agenda Item – Update/Discussion

This is an update item followed by an opportunity for discussion.

Background Information

CAFII and the AMF will hold two upcoming virtual meetings with AMF staff executives on some issues that we have raised as concerns.

In addition to CAFII Board Chair Peter Thompson, and CAFII Co-Executive Director Keith Martin, CAFII has asked to bring its senior volunteer leaders Rob Dobbins, EOC Chair, and Karyn Kasperski, EOC Vice Chair, to the meetings. Mr. Jacob said he will bring Louise Gauthier to the meeting on complaints and dispute resolution; and Christian Beaulieu (Mario Beaudoin's boss) to the meeting on the collection of statistics.

The meeting on statistics is set up for May 11, 2023, and the meeting on complaints will be set up for later in May or early June.

Email from Éric Jacob to Peter Thompson, 31 March, 2023:

Bonjour Peter,

J'espère que tout va bien de ton côté.

À la suite de notre dernière conversation, je te confirme que nous pouvons tenir les discussions suivantes avec Keith et les bonnes personnes de l'ACIFA quant aux sujets suivants :

- Avec Louise Gauthier, directrice principale des politiques d'encadrement de la distribution : dossier du Règlement sur le traitement des plaintes et du règlement des différends*
- Et*
- Avec Christian Beaulieu, directeur principal des opérations d'encadrement de la distribution : dossier des données et statistiques*

Mes collègues se feront également accompagner par les bonnes personnes de leurs équipes respectives afin d'optimiser les échanges.

Nous laisserons Keith revenir à nos équipes avec des propositions de rencontres.

Je te remercie et demeure disponible.

Bon week-end!

Éric

Recommendation / Direction Sought – *Update/Discussion*

This is an update item followed by an opportunity for discussion.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 5(c)

Recent and Upcoming Strategic and Regulatory Initiatives-- Insights Gained from April 5/23 Meeting of FSRA's Stakeholder Advisory Committee (SAC) for Life and Health Insurance

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

Keith Martin represents CAFII on FSRA's Stakeholder Advisory Committee (SAC) for Life and Health Insurance sector. This is an update on a meeting of the Committee held on 5 April, 2023, which focused heavily on issues with some MGA firms, and on segregated funds. There was also an opportunity at the meeting for some discussion on key issues that Committee members are focused on in the life and health insurance sector.

Recommendation / Direction Sought – Update

This is an update-only item.

Attachments Included with this Agenda Item

1 attachment.

Life and Health Insurance Stakeholder Advisory Committee

FSRA

Financial Services Regulatory
Authority of Ontario

Date: April 5, 2023

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Agenda

1. 2023-2024 L&H Insurance priorities
2. Updates on FSRA activities in L&H Insurance
 - i. MGAs
 - ii. Life Agent initiatives
 - iii. Segregated Funds
 - iv. IAIS
3. Roundtable Discussion
 - i. What factors or changes in the L&H Insurance sector are you actively monitoring?
 - ii. What are the top risks in L&H Insurance from your perspective and how are you assessing / mitigating?
 - iii. What are the critical success factors in L&H Insurance?

FSRA

Financial Services Regulatory
Authority of Ontario





2023-24 L&H Insurance Priorities

Priority 7.1 Enhance Market Conduct oversight to protect consumers

Insurance Distribution - In the last two years, FSRA has published supervisory reports focusing on oversight in the end-to-end distribution of individual life and health insurance products and services. The findings identified consumer risks and gaps in market conduct compliance, particularly in independent distribution channels such as Managing General Agents (MGAs), where the delegation of oversight responsibilities may not be clearly defined and sufficiently monitored. In response, FSRA is:

- Developing an evidence-based regulatory framework to address potential risks and challenges posed by the MGA distribution channel.
- Continuing to build its capacity for proactive reviews of life insurance agents following the establishment of a dedicated life agent supervision team in 2020 and a supervisory framework in 2022.

Segregated Funds - FSRA continues to work with other regulators across Canada to enhance regulatory standards for segregated fund contracts, building on the recommendations in the 2017 CCIR Segregated Funds Working Group Position Paper. This work includes the planned implementation of FSRA Rules relating to deferred sales charges, which follows the February 2022 CCIR/CISRO announcement intended to stop deferred sales charges for new segregated fund contracts by June 1, 2023.

2023-24 L&H Insurance Priorities – Key Deliverables

• Segregated Funds – DSCs

- Implement a FSRA Rule that would ban deferred sales charges for new segregated fund contracts, prevent insurers from amending existing contracts to make such charges more onerous for customers, and require disclosure regarding further deferred sales charge deposits to existing contracts.

• Working in partnership with other Canadian regulatory bodies, improve outcomes for segregated fund contract customers:

- Finalize national guidance on total cost reporting disclosure requirements for segregated fund contracts.
- Consult on national guidance about the design, distribution, issuance, sale and administration of individual variable insurance contracts.
- Consult on national guidance relating to upfront compensation paid for the sale of segregated funds.

• Enhancing insurance distribution outcomes:

- Publish, for consultation, proposed changes to the framework for agencies with a contractual responsibility to screen, train, and/or monitor individuals under their supervision who sell life and health insurance products.



2023-24 L&H Insurance Priorities - Planned Outcomes

- **Stakeholders** have clarity and an increased understanding of FSRA's regulatory requirements with respect to the role of insurers and MGAs in the distribution channel for Life and Health products.
- **Segregated fund customers** are treated fairly and better informed, as:
 - The use of deferred sales charges in segregated fund sales will be banned
 - Industry has a clear understanding of regulatory requirements regarding the information consumers will receive about the total cost of their segregated fund contracts
 - Industry has a clear understanding of regulatory requirements with respect to the sale and administration of segregated fund contracts



Updates on FSRA Activities in L&H Insurance



Roundtable Discussion

FSRA's Board of Directors is looking to consult with the L&H Insurance SAC on forward looking items related to the future of L&H Insurance supervision and is asking the following questions, which were also posed to the SAC last year.

1. What factors or changes in the L&H Insurance sector are you actively monitoring?
2. What are the top risks in L&H Insurance from your perspective and how are you assessing / mitigating?
3. What are the critical success factors in L&H Insurance?



Thank you

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 5(d)

Governance Matters – Firmed-Up Plans for CAFII Insurance Regulators and Policy-Makers Visits Tour To Western Canada in Late May/Early June 2023; and Opportunity for Member Representatives To Be Part Of Delegations For BC, Alberta, Saskatchewan, and Manitoba Visits

Purpose of this Agenda Item – *Update*

This is an update-only item.

Background Information

This will be an update CAFII's specific plans for its Insurance Regulators and Policy-Makers Visits Tour of the four Western Canada provinces, which will be broken up into two blocks of two provinces each, in two successive weeks in late May and early June; and the opportunity for Member Company representatives to be part of the delegations for the BC, Alberta, Saskatchewan, and Manitoba visits.

Recommendation / Direction Sought – *Update*

This is an update-only item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(d)
April 25/23 EOC Meeting

Planned Timing of and Approach to
CAFII Western Canada Insurance Regulators and Policy-Makers Visits Tour in Spring 2023; and
CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour in Fall 2023

Western Canada Tour: Spring 2023

British Columbia and Alberta

- Wednesday, May 24/23;
- Thursday, May 25/23; and
- morning of Friday, May 26/23 (if needed)

Saskatchewan and Manitoba

- Wednesday, May 31/23;
- Thursday, June 1/23; and
- morning of Friday, June 2/23 (if needed)

Atlantic Canada Tour: Fall 2023

New Brunswick and Prince Edward Island

- Thursday, September 21/23; and
- Friday, September 22/23

Nova Scotia and Newfoundland and Labrador

- Wednesday, September 27/23; and
- Thursday, Thursday, September 28/23

Briefing Note

**CAFII EOC Meeting 25 April, 2023—Agenda Item 5(e)
Committee Updates—Recent and Upcoming Strategic and Regulatory Initiatives--Firmed-UP CAFII
Liaison Meetings With Insurance Regulators During CLHIA Conference in Montreal, May 3-5/23**

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

With an in-person 2023 CLHIA Compliance and Consumer Complaints Conference coming up in early May in Montreal, CAFII is once again selectively organizing some side-bar meetings with insurance regulators who will be present at the conference.

Recommendation / Direction Sought – Update

This is an update-only item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(e)
April 25/23 EOC Meeting

Firmed-Up CAFII Liaison Meetings With Insurance Regulators During 2023 CLHIA Compliance and Consumer Complaints Conference in Montreal, May 3-5/23

From: Brendan Wycks <brendan.wycks@cafii.com>

Sent: April 19, 2023 2:06 PM

To: Joanne Abram <jabram@abccouncil.ab.ca>

Cc: Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>; Brent Rathgeber KC <brathgeber@abccouncil.ab.ca>

Subject: [External] Request For Alberta Insurance Council/CAFII Liaison Meeting On The Sidelines Of Upcoming 2023 CLHIA Compliance and Consumer Complaints Conference In Montreal

Hello, Joanne.

As you know, mutually beneficial relationship-building, communications, and dialogue with insurance regulators and policy-makers from across the country form a key part of CAFII's mission and mandate.

And with the restrictions on in-person meetings caused by the COVID-19 pandemic now largely behind us in 2023, we are pleased to be able to return to arranging in-person meetings with key insurance regulators and policy-makers, such as yourself, after a nearly four-year hiatus.

In that connection, we're reaching out at this time in the hopes of arranging a liaison meeting with you and any Alberta Insurance Council staff colleague(s) who will be present with you in Montreal in the first week of May, in connection with the 2023 CLHIA Compliance and Consumer Complaints Conference happening there. The purpose of the requested meeting is to have some information-sharing and dialogue, around Alberta/provincial, national, and international insurance regulatory and licensure issues of mutual interest; and to share the results of recent CAFII initiatives that are of relevance to the Alberta Insurance Council.

Here are some possible date/time options, all associated with the 2023 CLHIA Compliance and Consumer Complaints Conference which we will be attending and at which you are a panel presenter on Friday morning, May 5/23:

- pre-dinner snacks and beverages on Thursday, May 4/23 from 4:50 to 5:50 p.m. at the Omni Mont Royal Hotel (the conference hotel), if you will have arrived at the conference hotel by that time;
- a breakfast meeting from 7:15 to 8:15 a.m. on Friday, May 5/23 at the Omni Mont Royal Hotel; or
- a lunch meeting beginning at around 12:30 p.m. on Friday, May 5/23 at the Omni Mont Royal Hotel or a nearby restaurant, if you will be staying on in Montreal after the conference has concluded.

Please consider these options for a meeting and let us know if any of them will work for you, Joanne.

We look forward to hearing back from you at your earliest convenience, and to confirming a meeting with you during the upcoming CLHIA Conference in Montreal.

P.S. our Association will also be resuming its *Insurance Regulators and Policy-Makers Visits Tours* this year, with the intention of visiting the four Western Canada provinces this spring – in late May and very early June – in two blocks of two provinces at a time, in two successive weeks. In that connection, we will be reaching out to you again, Joanne, on that separate matter very soon (likely tomorrow) to ask, in the first instance, for your view as to whether it makes sense for CAFII to visit Alberta in the Wednesday, May 24/23 through Friday, May 26/23 time period, given that there is a provincial election scheduled to occur on or shortly before Monday, May 29/23? (Would being in the election writ period prevent you and your AIC staff executive colleagues from meeting with us at that time?)

Or would it be better for us to plan to visit Alberta (AIC and Alberta Treasury Board and Finance) the next week – during the Wednesday, May 31/23 through Friday, June 2/23 timeframe, along with one other province – given that, at that stage, the provincial election will already have taken place, the previous week?

Best regards,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

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From: Joanne Abram <jabram@abcouncil.ab.ca>

Sent: Wednesday, April 19, 2023 5:01 PM

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

Cc: Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>; Brent Rathgeber KC <brathgeber@abcouncil.ab.ca>; Joseph Fernandez <jfernandez@abcouncil.ab.ca>

Subject: RE: [External] Request For Alberta Insurance Council/CAFII Liaison Meeting On The Sidelines Of Upcoming 2023 CLHIA Compliance and Consumer Complaints Conference In Montreal

Hi, Brendan.

I would love to meet with you and touch base on the issues and opportunities that we both anticipate and to enhance the communication between our organizations.

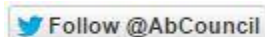
Joseph Fernandez, Director of Compliance for the AIC will be accompanying me and I look forward to the opportunity to introduce you to him at our meeting.

Pre-dinner snacks and beverages on Thursday May 4th at 4:50PM at the conference hotel would fit best into my schedule. If that still works for you please send me a meeting invite.

I look forward to seeing you then.



Joanne Abram
Chief Executive Officer
Alberta Insurance Council
2700 Manulife Place
10180 101 Street NW
Edmonton, AB T5J 3S4
780 4214148
www.abccouncil.ab.ca



From: Brendan Wycks
Sent: Wednesday, April 19, 2023 3:42 PM
To: khopkins@insurancecouncilofbc.com
Cc: Janet Sinclair <jsinclair@insurancecouncilofbc.com>; Galen Aker <gaker@insurancecouncilofbc.com>; Brett Thibault <bthibault@insurancecouncilofbc.com>; Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>
Subject: Request For Insurance Council of BC/CAFII Liaison Meeting On The Sidelines Of Upcoming 2023 CLHIA Compliance and Consumer Complaints Conference In Montreal

Hello, Kandace.

As you know, mutually beneficial relationship-building, communications, and dialogue with insurance regulators and policy-makers from across the country form a key part of CAFII's mission and mandate.

And with the restrictions on in-person meetings caused by the COVID-19 pandemic now largely behind us in 2023, we are pleased to be able to return to arranging in-person meetings with key insurance regulators and policy-makers, such as yourself, after a nearly four-year hiatus.

In that connection, we're reaching out at this time in the hopes of arranging a liaison meeting with you and any Insurance Council of BC staff colleague(s) who will be present with you in Montreal in the first week of May, in connection with the 2023 CLHIA Compliance and Consumer Complaints Conference happening there, to have some information-sharing and dialogue: mainly around the Insurance Council of BC's in-development Restricted Insurance Agency (RIA) licensing regime; other BC/provincial, national, and international insurance regulatory and licensure issues of mutual interest; and to share the results of recent CAFII initiatives that are of relevance to the Insurance Council of BC.

Here are some possible date/time options, all associated with the 2023 CLHIA Compliance and Consumer Complaints Conference which we will be attending and at which you are a panel presenter on Friday morning, May 5/23:

- pre-dinner snacks and beverages on Thursday, May 4/23 from 4:50 to 5:50 p.m. at the Omni Mont Royal Hotel (the conference hotel), if you will have arrived at the conference hotel by that time;
- a breakfast meeting from 7:15 to 8:15 a.m. on Friday, May 5/23 at the Omni Mont Royal Hotel; or
- a lunch meeting beginning at around 12:30 p.m. on Friday, May 5/23 at the Omni Mont Royal Hotel or a nearby restaurant, if you will be staying on in Montreal after the conference has concluded.

Please consider these options for a meeting and let us know if any of them will work for you, Kandace.

We look forward to hearing back from you at your earliest convenience, and to confirming a meeting with you during the upcoming CLHIA Conference in Montreal.

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

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From: Brendan Wycks

Sent: Wednesday, April 19, 2023 3:19 PM

To: 'angela.mazerolle@fcnb.ca' <angela.mazerolle@fcnb.ca>

Cc: 'Weir, David (FCNB)' <david.weir@fcnb.ca>; Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>; Picard, Robert (FCNB) <Robert.Picard@fcnb.ca>; Haines, Catherine (FCNB) <Catherine.Haines@fcnb.ca>; Sutherland Green, Jennifer (FCNB) <jennifer.SutherlandGreen@fcnb.ca>

Subject: Request For FCNB/CAFII Liaison Meeting On The Sidelines Of Upcoming 2023 CLHIA Compliance and Consumer Complaints Conference In Montreal

Hi, Angela.

As you know, mutually beneficial relationship-building, communications, and dialogue with insurance regulators and policy-makers from across the country are a key part of CAFII's mission and mandate.

And with the restrictions on in-person meetings caused by the COVID-19 pandemic now largely behind us in 2023, we are pleased to be able to return to arranging in-person meetings with key insurance regulators and policy-makers, such as yourself, after a nearly four-year hiatus.

In that connection, we're reaching out at this time in the hopes of arranging a liaison meeting with you and any FCNB Insurance Division staff colleague(s) who will be present with you in Montreal in the first week of May, in connection with the 2023 CLHIA Compliance and Consumer Complaints Conference happening there, to have some information-sharing and dialogue: mainly around FCNB's implementation of Rule INS-001, the related launch of the province's new Restricted Insurance Representative (RIR) licensing regime, and CAFII member company adaptation and compliance; other New Brunswick/provincial, national, and international insurance regulatory and licensure issues of mutual interest; and to share the results of recent CAFII initiatives that are of relevance to the FCNB.

Here are some possible date/time options, all associated with the 2023 CLHIA Compliance and Consumer Complaints Conference which we will be attending and at which you are a panel presenter on Wednesday morning, May 3/23:

- a dinner meeting at around 8:00 p.m. on Tuesday, May 2/23 at the Omni Mont Royal Hotel (the conference hotel) or a nearby restaurant, if you will have arrived at the conference hotel by that evening;
- a breakfast meeting from 7:15 to 8:30 a.m. on Wednesday, May 3/23 at the Omni Mont Royal Hotel (the conference hotel);
- a lunch meeting from 12:05 to 12:55 p.m. on Wednesday, May 3/23 at the Omni Mont Royal Hotel (the conference hotel); or
- a dinner meeting at 7:30 p.m. on Wednesday, May 3/23 at the Omni Mont Royal Hotel (the conference hotel) or a nearby restaurant, if you will be staying on in Montreal through to that evening.

Please consider these options for a meeting and let us know if any of them will work for you, Angela.

We look forward to hearing back from you at your earliest convenience, and to confirming a meeting with you during the upcoming CLHIA Conference in Montreal.

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

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Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 6(a) Governance Matters -- Recent Appointments of New CAFII Board Members

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

This will be an update on the recent appointments of some new CAFII Board members.

Recommendation / Direction Sought – Update

This is an update-only item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 6(a)
April 25/23 EOC Meeting

Recent Appointments of New CAFII Board Members

From: Brendan Wycks
Sent: Monday, April 3, 2023 10:33 PM
To: CAFII Board Members
Cc: CAFII EOC Members and Board Surrogates
Subject: Rohit Thomas, Senior Vice-President & President, BMO Insurance, Bank of Montreal, Has Been Unanimously Appointed To CAFII Board of Directors, Effective April 3, 2023

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

I am pleased to advise that Rohit Thomas, Senior Vice-President & President, BMO Insurance, Bank of Montreal, has been unanimously appointed to the CAFII Board of Directors as the Director from BMO Insurance.

All fourteen (14) then-current CAFII Directors have voted on the Motion proposed by Nigel Branker and seconded by Rahul Kakar; and all fourteen (14) have voted ***In Favour***, well in excess of the two-thirds majority affirmative vote required for a Motion to be passed under *Article 5.14: Voting By Electronic Means, Outside of a Board Meeting* as set out in CAFII's By-Law No.1.

Rohit: welcome to the CAFII Board of Directors! I know that your fellow CAFII Directors and everyone else involved in our Association looks forward to meeting you at the CAFII Board meeting tomorrow, Tuesday, April 4/23; and to having the benefit of your experience and insights in the Board's deliberations.

Background Context/Rationale: on March 23/23, BMO Insurance informed CAFII that Peter McCarthy had been promoted to the position of Vice-Chair and it therefore wished to nominate Rohit Thomas, incoming Senior Vice-President & President, BMO Insurance, Bank of Montreal (*see Capsule Biography in accompanying PDF*), for appointment as its new Director on the CAFII Board of Directors, succeeding Peter McCarthy; and that it was amenable to having that appointment occur via Article 5.14 of the Association's By-Law: *Voting By Electronic Means, Outside Of A Board Meeting* so that Mr. Thomas' appointment could be effected prior to the CAFII Board's next meeting on Tuesday, April 4/23.

Best regards,
Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance
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From: Brendan Wycks
Sent: Tuesday, April 18, 2023 4:40 PM
To: CAFII Board Members
Cc: CAFII EOC Members and Board Surrogates
Subject: Heather McLachlin, Vice President, Strategic Partnerships, CUMIS Services Inc./The Cooperators, Has Been Appointed To CAFII Board of Directors, Effective April 18, 2023

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

I am pleased to advise that Heather McLachlin, Vice President, Strategic Partnerships, CUMIS Services Inc./The Cooperators, has been appointed to the CAFII Board of Directors as the Director from CUMIS Services Inc./The Cooperators, effective April 18/23.

Thirteen (13) of the fourteen (14) then-current CAFII Directors voted on the Motion proposed by Chris Lobbezoo and seconded by Wally Thompson (with one Director being unable to participate in this voting/ballot process); and all thirteen (13) have voted ***In Favour***, well in excess of the two-thirds majority affirmative vote required for a Motion to be passed under *Article 5.14: Voting By Electronic Means, Outside of a Board Meeting* as set out in CAFII's By-Law No.1.

Heather: welcome to the CAFII Board of Directors! I know that your fellow CAFII Directors and everyone else involved in our Association looks forward to welcoming you more officially at the next CAFII Board meeting coming up on Tuesday, June 6/23; and to having the benefit of your experience and insights in the Board's deliberations.

Background Context/Rationale: on March 31/23, CUMIS Services Inc. informed CAFII that Kelly Tryon would be retiring from its employ in May 2023 and it therefore wished to nominate Heather McLachlin, Vice President, Strategic Partnerships at CUMIS Services Inc./The Cooperators (*see Capsule Biography in accompanying PDF*), for appointment as its new Director on the CAFII Board of Directors, succeeding Ms. Tryon; and that it was amenable to having that appointment occur via Article 5.14 of the Association's By-Law: *Voting By Electronic Means, Outside Of A Board Meeting* so that Ms. McLachlin's appointment could be effected prior to the CAFII Board's meeting on Tuesday, June 6/23.

Best regards,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

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Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 6(b)

Governance Matters -- Board-Approved Principles-Based Guideline on Appointment of CAFII Board Members Into Leadership Roles of Board Chair and Board Vice-Chair; and Resulting Next Steps

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

Background

In the past 2-3 years, CAFII has been seeking to develop a Vice Chair role for key leadership positions, and has successfully done so for nearly all key leadership functions—including Vice Chair of the EOC, Vice Chair of the Market Conduct Committee, and Vice Chair of the Research & Education Committee. This has several benefits: it provides the Vice Chair with experience and exposure to the Committee, and provides a natural stepping stone for the Vice Chair to become the Chair when that position is vacated. It also provides the Chair with helpful counsel, as well as a back-up if the Chair for example cannot attend a meeting, at which point the Vice Chair will then be able to fill in.

This system is generally working well, and it has also recently been used for the most senior leadership role in CAFII, the Chair of the Board of Directors, with a Vice Chair recently having also been in place. More specifically, during Chris Lobbezoo's tenure as Chair of CAFII, Peter Thompson was the Vice Chair; and when Chris Lobbezoo completed his term, Peter Thompson stepped into the Chair role.

Context

There are some observations, however, that suggest that for the Board Chair role, some additional flexibility may be necessary. The Board consists of one representative per member company, so a total of 15 positions currently exist on the Board. Currently, four of those—Peter Thompson, Chris Lobbezoo, Nicole Benson, and Peter McCarthy—are or have been Chair, so they are not in the pool for future Chairs. This means that the pool of candidates for Vice Chair is 11.

Furthermore, if the Vice Chair becomes Chair, it should be a candidate with some experience on the Board, and someone who has been active at Board meetings. The issue here is that there has, of late, been very significant turnover on the Board, with many new Board members who are still getting acclimatized to CAFII. That also reduces the pool of potential Vice Chairs.

Perhaps most importantly, the Vice Chair would typically serve two years in that role, then two years as Board Chair. That is a significant time commitment, not only in terms of a four-year tenure in total, but also given that for many members, executives change roles fairly frequently and may not be on the CAFII Board for that long. Furthermore, for a Board member, we are generally speaking about very seasoned, senior executives who would not need a two-year period to prepare themselves for the Chair role.

Board Approves New Principles-Based Approach

In order to add flexibility to CAFII's approach to naming a Board Chair, there have been discussions about possible new approaches. EOC Chair Rob Dobbins has advanced some ideas with CAFII management and with EOC Vice Chair Karyn Kasperski, and he has had a meeting on possible options with CAFII Board Chair Peter Thompson.

At the 4 April, 2023 Board meeting, EOC Chair Rob Dobbins proposed a new approach, which was approved by the Board. The approach is captured in a Guideline that is included in the materials package for this EOC meeting.

Recommendation / Direction Sought – Update

This is an update-only item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 6(b)
April 25/23 EOC Meeting

CAFII Board-Approved Principles-Based Guideline on
Appointment of CAFII Board Members Into Leadership Roles of Board Chair and Board Vice-Chair
(Approved by CAFII Board on April 4, 2023)

Principle #1: Any CAFII Board Member is eligible for appointment to the leadership role of CAFII Board Chair.

Similarly, any CAFII Board Member is eligible for appointment to the leadership role of CAFII Board Vice-Chair.

There will be no hard-and-fast prescriptions or limitations governing who among the existing roster of CAFII Board Members may be appointed to the leadership roles of Board Chair and Board Vice-Chair, save and except for the Board-approved CAFII Initiation Membership Policy which dictates that a CAFII Board Member from an Initiation Member may not be appointed to the role of Board Chair or Board Vice-Chair during the two years in which that Board Member's company holds Initiation Member status in the Association.

Principle #2: Preferred consideration for appointment to the leadership roles of Board Chair and Vice-Chair will be given to Board Members who

- have served on the CAFII Board for sufficient time to have become reasonably well-acquainted with the Association's strategic priorities; its policies and guidelines; and its governance practices;
- have demonstrated a high level of engagement in CAFII and its activities, in part through an exemplary attendance record at and participation in Board meetings;
- have otherwise distinguished themselves as a candidate ready to take on a CAFII Board volunteer leadership role; and
- are willing to commit to serve a two-year term in the Board Chair or Board Vice-Chair role.

Principle #3: Due to the essential nature of CAFII's mission and mandate as the Canadian Association of **Financial Institutions** in Insurance, there will be a preference – but not an absolute expectation or requirement – that an appointee to the CAFII Board Chair role will come from a CAFII financial institution distributor of insurance Member company.

As at April 2023, Board members from the following Member companies would receive preferred consideration for the role of CAFII Board Chair: BMO Insurance; Canadian Tire Bank; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; Scotia Insurance; and TD Insurance.

There will normally be no expectation or requirement that a CAFII Board Chair will have first served as CAFII Board Vice-Chair. Rather, a Board Member candidate will normally be appointed directly into the leadership role of Board Chair, without having to serve a prior apprenticeship as Board Vice-Chair.

Hence, the term of service commitment for a CAFII Board Chair will normally be just two years.

Principle #4: Due to the essential nature of CAFII's mission and mandate as the Canadian Association of **Financial Institutions** in Insurance, there will be a preference – but not an absolute expectation or requirement – that an appointee to the CAFII Board Vice-Chair role will come from an insurer Member company.

As at April 2023, Board members from the following Member companies would receive preferred consideration for the role of CAFII Board Vice-Chair: Assurant; Canada Life Assurance; Chubb Life Insurance Company of Canada; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Securian Canada; and Valeyo.

There will normally be no expectation or requirement that a CAFII Board Vice-Chair will subsequently advance into the role of Board Chair. Rather, a Board Member candidate for the role of Board Vice-Chair should be able to consider that opportunity under the expectation that there will be no further leadership obligation beyond that initial appointment.

The role description of the Vice-Chair will be to support the Chair; provide counsel and an additional perspective; and be a back-up for the Chair when the Chair is not available, for example by chairing a Board meeting when the Chair is unavailable to do so.

After two years, a Board Vice-Chair's term would typically end, and a new Vice-Chair would be appointed.

Hence, the term of service commitment for a CAFII Board Vice-Chair will normally be just two years.

Ideally, CAFII will strive to ensure that the two-year periods in which a Board Chair and a Board Vice-Chair serve will be staggered, so as to avoid complete turnover of both Board leadership roles in the same year.

Principle #5: If a Board Chair steps down before their two-year appointment ends, the expectation will be that the Vice-Chair will step into the role of Chair on an interim basis, but not necessarily for the remainder of the departed Chair's term, nor for a full two years; but rather until a new Chair has been appointed by the Board. But such arrangements will be contingent upon the particular circumstances at the time, and a discussion would occur at the Board as to the optimal approach to interim/future Board leadership appointments.

Principle #6: Except under exceptional, extenuating circumstances, a past-CAFII Board Chair or a past-CAFII Board Vice-Chair who has remained on the Association's Board after completion of their initial two-year leadership appointment shall not be re-appointed to a second, non-concurrent term in the same role.

Principle #7: Consideration and recommendation of candidates for appointment to the CAFII leadership roles of Board Chair and Board Vice-Chair will be facilitated by a *CAFII Board Leadership Nominating Committee* comprising past-CAFII Board Chairs who still serve on the Association's Board of Directors; the current CAFII Board Chair; the current CAFII Board Vice-Chair; the current Executive Operations Committee Chair and Board Secretary; the current Executive Operations Committee Vice-Chair and Vice-Board Secretary; and CAFII Management.

A Terms of Reference for the proposed *CAFII Board Leadership Nominating Committee* will be drafted and presented to the Board, for review and approval.

Briefing Note

**CAFII EOC Meeting 25 April, 2023—Agenda Item 6(c)
Governance Matters-- Implementation of Board-Approved 'New CAFII Management Structure' (Post-2023)**

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

The Board has unanimously approved a new post-2023 management structure, with Keith Martin as sole Executive Director, and with two new direct reports, one a Research Analyst, the other an Operations Manager. This will be an update on the implementation of this new management structure, including the status of the hiring effort.

Recommendation / Direction Sought – Update

This is an update-only item.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 6(d) Governance Matters-- Further Discussion Around Issue of “CAFII Board Diversity”

Purpose of this Agenda Item – Update

This is an update item with an opportunity for brief EOC discussion.

Background Information

CAFII is developing a Working Group to examine the issue of Board diversity, with the intention of providing some input into the Board in the future.

Recommendation / Direction Sought – Update

This is an update item with an opportunity for brief EOC discussion.

Attachments Included with this Agenda Item

1 attachment.

Briefing Note

CAFII Board Meeting, 4 April, 2023—Agenda Item 6(a)

Read Only Items-- Initial Board Briefing Note Around Issue of “CAFII Board Diversity”

Purpose of this Agenda Item – *Read Only Item*

This is a read-only item.

Background Information

The Executive Operations Committee (EOC) has expressed a desire to see greater diversity in terms of representation on the CAFII Board of Directors, as it was observed at the December 2022 Board of Directors meeting that there was very little diversity around the table. This has been an item of discussion in the last two EOC meeting *in camera* sessions.

While positive strides with recent Board member appointments have been made, taking a more purposeful course is needed to achieve greater, consistent diversity in the Association’s representation as an important key to CAFII’s future success.

To further the goal of greater diversity, volunteer members* from the EOC are in the process of forming a working group with CAFII Co-Executive Director oversight to document recommendations to the Board of Directors on best practices for industry Associations of comparable size and scope; whether that be in the form of a policy, guideline, practice, or some other mechanism.

Once the recommendations have been drafted, they will be presented to the Board of Directors for review and approval and a mandate to the EOC to proceed with any required implementation steps.

* Volunteer EOC members identified to date:

Karyn Kasperski, RBC Insurance

Rob Dobbins, Assurant Canada

David Self, CIBC

Andrea Stuska, TD,

Jennifer Russell, Assurant Canada

Recommendation / Direction Sought – *Read Only Item*

This is a read-only update for the CAFII Board.

Attachments Included with this Agenda Item

Briefing note only.

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 6(e) Governance Matters-- Preparation and Dissemination of June 6/23 CAFII 2023 Annual Meeting Materials Package

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

CAFII's By-Law stipulates certain requirements around notifying members of the Annual Meeting of Members, to be held this year on 6 June, 2023. This will be an update on the preparations for that meeting.

Recommendation / Direction Sought – Update

This is an update-only item.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 6(f)

Governance Matters-- CAFII Formal “Thank You” Recognition of 2022 Committee Chairs and Vice-Chairs; and External Body Appointees, To Be Executed Prior to June 6/23 Annual Members and Associates Luncheon

Purpose of this Agenda Item – Update

This is an update-only item.

Background Information

For the second consecutive year, CAFII will be distributing electronic thank you and recognition notes to Board members to acknowledge the contributions of their employees who serve as CAFII Committee Chairs and Vice Chairs.

Recommendation / Direction Sought – Update

This is an update-only item.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 6(g) Governance Matters-- Draft Minutes of March 21/23 EOC Meeting

Purpose of this Agenda Item – *Approval*

To request EOC approval of minutes.

Background Information

The EOC will be asked to approve the minutes of its March 21, 2023 EOC meeting.

Recommendation / Direction Sought – *Approval*

This is a request for approval from the EOC.

Attachments Included with this Agenda Item

1 attachment.

**EXECUTIVE OPERATIONS COMMITTEE VIRTUAL MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE**

Tuesday, March 21, 2023, 2:00-3:30pm Virtual-Only Meeting

MINUTES

EOC Present:

Rob Dobbins	Assurant and EOC Chair
Karyn Kasperski	RBC Insurance and Vice Chair
Donald Hinnecke	RBC Insurance and Treasurer
Jennifer Russell	Assurant
Martin Boyle	BMO Insurance
Tejal Harri-Morar	BMO Insurance
Afzal Baig	Chubb Life Insurance Company of Canada
John Juba	Chubb Life Insurance Company of Canada
Doug Weir	CIBC Insurance
Konstance Allain	CIBC Insurance
Michelle Costello	CUMIS/The Co-operators
Isabelle Choquette	Desjardins Insurance
Suzie Blanchard	Manulife Financial
Carmelina Manno	Manulife Financial
Janet Pacini-Thibodeau	Manulife Financial
Katia Umutoniwase	Manulife Financial
Sharon Murrell-Foster	Manulife Financial
Shannon Dowe	RBC Insurance
Charles MacLean	RBC Insurance
Iman Muntazir	RBC Insurance
John Burns	Securian Canada
Deliska Beauregard	Securian Canada
Brad Kuiper	Scotia Insurance
Andrea Stuska	TD Insurance
Fergal Murphy	TD Insurance
Peter Thorn	TD Insurance
Jacqlyn Marcus	Valeyo
Marco DeiCont	Valeyo

Regrets:

Farhad Eslah	Canadian Tire Bank
Cynthia Golubic	Canadian Tire Bank
Jonine McGregor	Canadian Tire Bank
David Self	CIBC Insurance
Ibrahim Idowu	CIBC Insurance
Almas Satwat	CUMIS/The Co-operators
Casandra Litniansky	CUMIS/The Co-operators
Diane Quigley	CUMIS/The Co-operators
Jawid Kargger	CUMIS/The Co-operators
Nathalie Baron	Desjardins Insurance
Pierre-Olivier Cyr	Desjardins Insurance
Ivan Murray	National Bank Insurance

Fernando Heleno	RBC Insurance
Stacey Hughes-Brooks	RBC Insurance
Asma Desai	Securian Canada
Fay Coleman	TD Insurance
Moirra Gill	TD Insurance
Dallas Ewen	The Canada Life Assurance Company

Also Present: Brendan Wycks, *Co-Executive Director*
Keith Martin, *Co-Executive Director*
Jake Becker, *Association Coordinator*

Item 1: Welcome, Call to Order, and Priority Matters

Item 1 (a): Call to Order and Welcome to New EOC Members

EOC Chair Rob Dobbins called the meeting to order and welcomed new EOC member John Juba, from Chubb Life Insurance Company of Canada, who then introduced himself to fellow EOC members.

Item 2: Consent Items

The following Consent Items that do not require any discussion or decisions were tabled:

- Consultations/Submissions Timetable
- CAFII Response Submission to FSRA Consultation on “Proposed Rule 2022 – 001: Assessments and Fees” (Submission Deadline: February 27/23)
- March 2023 Regulatory Update
- Regulator and Policy-Maker Visit Plan Recap
- Summary of Board and EOC Action Items
- Board-Approved Schedule of CAFII 2023 Meetings and Events

Item 3: Financial Management Matters

Item 3 (a): CAFII 2022 Audited Financial Statements and Independent Auditor’s Report Thereon

CAFII Treasurer Donald Hinnecke provided an overview of the KPMG-prepared CAFII 2022 Audited Financial Statements and Independent Auditor’s Report Thereon, noting that no problematic issues had been raised and KPMG had delivered a clean audit opinion. The EOC endorsed the audited financial statements and auditor’s report thereon, for presentation to the Board for approval at its next meeting on April 4/23.

Item 3 (b): Update on KPMG Audit of CAFII 2022 Fiscal Year Financial Statements

Brendan Wycks reported that the audit process had worked very smoothly this year, and was now essentially complete. The audited financial statements and auditor’s report thereon would be presented to the Board for approval at its upcoming 4 April, 2023 Board meeting, and subsequent presentation to the membership for ratification at the Annual Meeting of Members on 6 June, 2023.

Item 3 (c): CAFII Financial Statements as at February 28/23

CAFII Treasurer Donald Hinnecke reported that CAFII's financial position as at 28 February, 2023 was very strong, with overall financial reserves of \$669K at the present time. The residual amount of \$12K which had been sitting in a project-specific Restricted Account has now been collapsed into the Association's general account, he advised.

Item 3 (d): Forecast For CAFII 2023 Fiscal Year as at February 28/23

Treasurer Donald Hinnecke advised that the forecast for CAFII's 2023 fiscal year as at February 28, 2023 was in line with expectations, with revenues slightly higher due to Chubb Life Insurance Company of Canada joining the Association, and with expenses a bit lower than budgeted including for legal fees.

Item 4: Committee Updates

Item 4 (a): Marketing Conduct & Licensing

i. Outcomes of February 24/23 CAFII Virtual Meeting with FCNB Staff Executives Re Questions and Clarification Issues Around Compliance with Rule INS-001; Next Steps Completed; and Possible Further Next Steps

Keith Martin reported that CAFII was following up with FCNB on some remaining concerns around the implementation of Rule INS-001, and that as well CAFII was contemplating a letter to the New Brunswick Minister of Finance about concerns around Section 46 of the Rule, which requires customers of credit protection insurance and other forms of incidentally-offered insurance to be told that they might wish to consult with an individually licensed insurance agent.

It was noted that the FCNB had indicated that an option to inform customers of this was to include it in the written fulfilment materials that are distributed to customers, so long as they receive that information within the free review period (the period during which a customer can cancel the policy without penalty and a full refund of any premiums paid). Members asked CAFII to request an extension of the deadline to implement Rule INS-001, preferably 90 days from the date by which CAFII and FCNB have settled all outstanding issues to both organizations' mutual satisfaction.

ii. Outcomes of February 28/23 CAFII Meeting with CCIR/CISRO FTCWG on Final Version of CCIR/CISRO 'Incentive Management Guidance'

Keith Martin reported that this meeting had included about six in-person representatives from the CCIR/CISRO side, and four representatives from CAFII. After the meeting, there was a 45 minutes of in-person socializing that was open and collegial, with the CCIR/CISRO representatives staying around to engage in conversation.

Item 4 (b): Quebec/AMF Issues

i. Insights Gained from March 1/23 CAFII Quebec/AMF Issues Committee Meeting

Jennifer Russell, Chair of the Quebec/AMF Issues Committee, reported that the meetings of the Committee were robust and filled with information, with the latest March 1/23 meeting focused on the requirements created by Quebec's Bill 96, the Charter of the French Language.

Item 4 (c): Media Advocacy

i. 2023 Statement of Work Proposal from Operatic Agency Re CAFII Website and Search Engine Optimization Performance Enhancements

Jacqlyn Marcus, Chair of the Media Advocacy Committee, reported that Operatic Agency's Statement of Work for 2023 had now been submitted to CAFII, and would soon be reviewed at a meeting of the Media Advocacy Committee.

ii. Posting of Interesting/Credible Content to CAFII's New LinkedIn Page; and Creating a Body of Followers for the LinkedIn Page

No verbal update was provided on this agenda item, due to time constraints, but the consolidated meeting materials package included a briefing note update.

Item 4 (d): Research & Education

i. 'Deeper Dive Research' to Inform Possible Utilization of Results of CAFII 2022 Tracking Study Research with Pollara Strategic Insights on 'Consumers' Satisfaction with Credit Protection Insurance'

Research & Education Committee Chair Andrea Stuska was unable to complete her verbal update due to connectivity issues, and it was agreed that a written update would be distributed after the meeting.

Item 4 (e): Networking & Events

Keith Martin noted that there are some interesting CAFII webinars coming up, including a 30 March, 2023 webinar on mental health issues in the workplace with two panelists--CAFII Board Member from Securion Canada Nigel Branker, and Paula Allen from Telus Health.

Immediately following the 4 April, 2023 Board meeting, LIMRA/LOMA Vice President and Chief Information Officer Kartik Sakthivel will be the guest speaker at a CAFII Reception event.

On 27 April, 2023, Nicholas Herbert-Young, from the UK's Financial Conduct Authority (FCA) and a long-time participant in the International Association of Insurance Supervisors (IAIS), will be the guest discussant, focusing on international regulatory trends. He was recommended by Mark White, CEO of FSRA and the Chair of the Market Conduct Committee at the IAIS.

Item 4 (f): Travel Insurance Experts

i. Insights Gained From CAFII/CLHIA/THIA Bi-Weekly Meetings Re Impact Of COVID-19 On Travel and the Travel Insurance Industry; and Related Regulatory Issues

Brendan Wycks reported on some of the matters raised by CLHIA, THIA, and CAFII in their most recent, bi-weekly tripartite industry Association meetings.

Item 5: Recent and Upcoming Strategic and Regulatory Initiatives

Item 5 (a): Outcomes of March 7/23 CAFII Virtual Meeting with Eric Jacob and Mario Beaudoin, AMF, To Reaffirm 'Unwritten Understanding' Resolution to Credit Card-Embedded Insurance Benefits Impasse Issue

Keith Martin reported that he and Mario Beaudoin attended the 7 March, 2023 quarterly virtual meeting with Éric Jacob from the AMF and CAFII Board Chair Peter Thompson, which was conducted entirely in French. The meeting was notable for its cordialness, and Éric Jacob reiterated the unwritten understanding through which the AMF and CAFII had recently resolved an impasse issue, namely that the AMF would do nothing about some firms not distributing the Notice of Rescission and the Fact Sheet to holders of credit cards with embedded insurance benefits.

Mr. Martin also noted that Éric Jacob had referenced a letter that CAFII had submitted to the AMF in October 2021 on burden reduction, with respect to which CAFII had noted that it had not yet received a formal response from the AMF. He said he was concerned about that, but felt that the AMF had made some initiatives in this area even if they were not formally announced. Keith Martin responded to Mr. Jacob's observations by indicating that that was certainly the case, and in doing so referenced the AMF's updated, burden-reducing requirement that instead of firms having to supply to the AMF a list of all of their branches that offer credit protection insurance, only the head office location would need to be supplied, a change which had been much appreciated by the industry.

Item 6: Governance Matters

Item 6 (a): Proposed 'New CAFII Management Structure' (Post-2023); and Outcomes of Related March 6/23 CAFII Special Purpose Board Meeting

Rob Dobbins reported that a presentation had been made by Keith Martin to CAFII Board members on 6 March, 2023, which incorporated a proposal that Keith Martin become the sole CAFII Executive Director post-2024, with two new reports (Research Analyst and Operations Manager) reporting to him. The Board voted electronically on a motion to support this management structure and all 15 Board members voted unanimously in favour. Rob Dobbins congratulated Keith Martin for this development and said that CAFII members were excited to work with him to ensure the success of the new model.

Keith Martin thanked Peter Thompson, Rob Dobbins, Karyn Kasperski, and other CAFII members for their support, and noted that the Board had indicated three important priorities that he would be advancing: the importance of seeking bilingual capability in the new hires; the importance of diversity on the management team; and the need to develop a succession plan for the Executive Director position. On the latter point, he said that the new management model would ensure stability and operational continuity for the Association in the event of a departure of the Executive Director, and that in his view the most likely scenario that would unfold if there was a need for a new Executive Director would be that the Association would need to "go to market," as it is difficult to develop succession planning internally within such a small organization. Keith Martin said he would be developing some written observations on this matter and sharing them in due course.

Item 6 (b): Further Discussion Around Issue of “CAFII Board Diversity”

EOC Vice Chair Karyn Kasperski reported that the EOC had held several recent *in camera* discussions on diversity in the Association, particularly on the Board; and, as a result, it would be developing some observations to share with the Board at a future Board meeting, with the intention of letting the Board know that this was something which the EOC was discussing, and for the furtherance of which it may, in due course, request a specific mandate from the Board.

Item 6 (c): Draft Minutes of February 14/23 EOC Meeting

The draft minutes of the February 14, 2023 EOC meeting were approved.

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 7(a)

Read Only Items-- BCFSA Advisory Re 2023-24 Regulatory Roadmap, Released April 4/23

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

BCFSA has released its 2023-2024 regulatory roadmap, which lists all the regulatory initiatives it plans for that time period along with any consultations that industry can engage in.

Recommendation / Direction Sought – Read Only Item

This is a read only update for the EOC.

Attachments Included with this Agenda Item

Two (2) attachments.

Agenda Item 7(a)(1)
April 25/23 EOC Meeting

Good afternoon,

Please see our advisory regarding BCFSAs release of its 2023/24 Regulatory Roadmap, distributed to all regulated entities and individuals today.



BCFSAs Releases 2023/24 Regulatory Roadmap

Date: April 4, 2023

Distribution: All Regulated Entities and Individuals

Advisory Number: 23-018

Purpose

BC Financial Services Authority ("BCFSAs") is releasing its [2023/24 Regulatory Roadmap](#) ("Roadmap"). As an integrated regulator with responsibility across B.C.'s financial services sector, BCFSAs's mission is to promote confidence in B.C.'s financial services sector and protect the public by providing risk-based and proportional regulation. The Roadmap sets out the planned regulatory priorities over the next three fiscal years to achieve this mandate.

The Roadmap will increase transparency and enable regulated entities to prepare for consultations and implementation of upcoming regulatory initiatives. It will help regulated entities (credit unions, insurers, pension plans, mortgage brokers, trusts and real estate licensees) and other stakeholders understand and plan for initiatives that may have a significant operational impact.

For the first time, the 2023/24 Roadmap includes a summary of regulatory initiatives and priorities undertaken by BCFSA over the past year.

Ongoing dialogue with regulated sector participants has helped to shape and develop the content of the Roadmap. BCFSA values this ongoing dialogue and further questions and comments can be submitted to policy@bcfsa.ca.

Regulatory Priorities

BCFSA plans our regulatory initiatives to respond to complex and dynamic risks. We closely monitor current and emerging risks that may have a material impact on both regulated entities and consumers.

Among BCFSA's key priorities in the Roadmap are:

- Regulatory Framework Modernization – enhancing the efficiency and effectiveness of the regulatory framework for the financial services sector; and
- Enhancing protection for consumers.

Additional Information

BCFSA continuously monitors risks to regulated entities and the broader financial system in the province. As risks evolve, BCFSA may change its approach or priorities to remain effective and efficient. BCFSA will also continue to evolve how it organizes its regulatory priorities through the Roadmap.

Items in the current fiscal year (April 2023 to March 2024) identify the fiscal quarter in which a consultation period is expected to take place, or when the regulatory guidance will be released. Items in subsequent fiscal years identify the year in which they will occur.

While the Roadmap identifies the guidance release date, the implementation date for regulatory guidance may differ. Once an implementation date has been determined, an Advisory will be published to communicate the date to regulated entities.

Visit the [Regulatory Roadmap](#) on BCFSa's website to find additional information and anticipated timing on planned initiatives for each segment.

##Real Estate## ##Mortgage Brokers## ##Pensions## ##Credit Unions## ##Insurance## ##Trust Companies##

BCFSa
BC Financial Services Authority
600-750 West Pender Street
Vancouver, BC Canada
V6C 2T8



APRIL 2023

2023/24 Regulatory Roadmap

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INTRODUCTION

The Regulatory Roadmap (the “Roadmap”) lays out BCFSAs anticipated regulatory priorities for the next three fiscal years. It is intended to increase transparency of BCFSAs regulatory priorities and enable regulated entities to prepare for consultations and implementation of upcoming regulatory initiatives. It should be read in the context of commitments outlined in [BCFSAs Service Plan](#).

BCFSAs mission is to promote confidence in British Columbias financial services sector by providing risk-based and proportional regulation and protecting the public.

BCFSA is dedicated to protecting the public and ensuring fair treatment for consumers of financial services in B.C. and remains focused on ensuring British Columbians receive the information and advice they need to make informed decisions.

BCFSA uses a risk-based prudential supervisory framework to identify imprudent or unsafe business practices and intervenes on a timely basis, as required. The rationale, principles, concepts, and core processes in BCFSAs supervisory framework apply to all BCFSAs regulated financial institutions.

Regulatory Priorities Tied to Areas of Risk

As B.C.s financial services regulator, BCFSAs continuously monitors risks to regulated entities and the broader financial system in the province. The regulatory priorities outlined in this Roadmap are in direct response to identified risks, which are complex and dynamic in their scope and impact. BCFSAs is currently tracking several key risks:

Macroeconomic Environment

Rising interest rates and a persistent inflationary environment are creating challenges and impacts across the economy and BCFSAs regulated segments. The potential for a recession and increased unemployment adds further uncertainty to the economic outlook in the province. Credit unions, mortgage services, and real estate services and development marketing have all been impacted by the considerable slow down in commercial and residential real estate markets. The rising interest rate environment and inflationary pressures have also created challenges for the insurance and reinsurance markets. Volatility in the stock, bond, and real estate markets are impacting pension returns. All these challenges have the potential to directly affect consumers in significant and varied ways. BCFSAs is actively monitoring the macroeconomic environment and impacts to consumers and liaising with government as a trusted partner and source of market intelligence.

Regulatory Framework Modernization

BCFSA continues to look for ways to modernize and enhance the efficiency and effectiveness of the regulatory framework for the financial services sector. BCFSA's Capital Modernization Framework project will ensure credit unions maintain capital levels commensurate with international standards and best practices established through the Basel regulatory framework. A revised supervisory framework for pension plans will enhance oversight of this important segment, further safeguarding the retirement savings of British Columbians. BCFSA's work on an Insurer Code of Market Conduct will strengthen requirements for how insurance companies conduct business in the province. As further referenced below, a new legislative framework for the regulation of mortgage brokers, administrators, and lenders as outlined in the *Mortgage Services Act* will modernize the oversight of mortgage services in the province. Enhancements to the administrative penalty framework for real estate services will ensure BCFSA's compliance and enforcement activities are more effective and efficient, particularly in dealing with unlicensed individuals. With respect to the important priority of combatting money laundering, BCFSA will continue to work closely with the Government of British Columbia and will continue to identify and implement initiatives to strengthen B.C.'s anti-money laundering regime, where and when appropriate.

Enhanced Professionalism to Support Consumer Protection

BCFSA will continue to focus on enhancing protections for real estate consumers while working with industry to enhance expertise. BCFSA will actively support the provincial government in implementing the new *Mortgage Services Act*, which replaces a regulatory framework that has been in place for the last 50 years. The new regulatory framework will clarify and enhance the duties of mortgage service providers to borrowers and investors while modernizing BCFSA's compliance and enforcement tools. Similarly, BCFSA will begin work with industry on reforms to the real estate services regulatory framework to enhance governance and internal oversight of real estate brokerages. Building on previous initiatives which involved reviewing the role and responsibilities of managing brokers, this work will borrow learnings from regulated financial institutions to ensure brokerage's have internal policies and procedures in place to ensure a clear focus on professionalism and compliance within the brokerage.

Natural Catastrophe and Climate Risk

The financial services sector in British Columbia faces increasing physical and transition risks as a result of climate change and increased damage from natural catastrophes. The extreme weather events of 2021 (heat dome, wildfires, and flooding) have demonstrated the impact that a changing climate can have on British Columbia. And while earthquakes are not a result of climate change, an earthquake could cause damages and disruption at a scale much larger than any weather-related climate events. In short, a changing climate poses a significant risk to British Columbians, businesses, and the economy. In 2023/24, BCFSA will start a dialogue with the broader financial services sector on a plan for addressing the risks posed

by natural catastrophes and climate change and how these risks can and should be managed by financial service providers to the benefit of British Columbians.

Crisis Preparedness

A financial stress event can emerge quickly and spread rapidly, impacting not only an individual financial institution and its consumers, but also the broader financial system and the economy within which it operates. While failure of an individual financial institution is possible, BCFSa seeks to ensure that the failure of a single institution does not threaten the stability of the system as a whole. Key to minimizing and preventing financial crises is proactively engaging in crisis preparedness planning and implementing a broad and comprehensive crisis preparedness framework covering BCFSa's regulated financial institutions. BCFSa will continue to work with regulated entities to enhance their operational resiliency and readiness should a financial stress event arise. At the same time, BCFSa will ensure it is prepared to deal with the potential for a financial stress event at a provincially regulated financial institution through strengthening of internal programs and controls designed to enhance BCFSa's readiness.

Digitalization Risk

Transformative technology and the increased digitalization of financial products and services have the potential to bring significant benefits to British Columbians through the development of new and efficient services but also come with great risks. These risks include the increasing threat of cyber attacks on participants in the financial services sector and disruption to traditional business and regulatory models. BCFSa is actively monitoring and working with regulatory partners and government to address a changing digital environment. From open banking and the regulation of digital currencies and crypto assets to payments modernization and artificial intelligence, BCFSa is actively working to understand how these technological innovations will impact consumers and what safeguards might be needed to ensure consumers are protected.

As an integrated regulator with responsibility across B.C.'s financial services sector, the Regulatory Roadmap that follows outlines planned initiatives for the next three fiscal years in the following segments regulated by BCFSa:

- Credit Unions
- Real Estate Services and Real Estate Development Marketing
- Mortgage Brokers
- Insurance Companies
- Pension Plans
- Trust Companies

As risks evolve, BCFSa may change its approach or priorities to remain effective and efficient. BCFSa will also continue to evolve in how it communicates its regulatory priorities through the Roadmap.

Year in Review

2022/23 Regulatory Roadmap Activities

BCFSA embarked on a wide range of initiatives during the 2022/23 fiscal year, pursuing the regulatory priorities outlined in the [2022/23 Regulatory Roadmap](#). Overall, it has been a productive year, with significant progress made towards achieving our mission to promote confidence in B.C.'s financial services sector through risk-based and proportional regulation and public protection.

BCSFA prioritized its planned regulatory initiatives during the fiscal year through a focus on key risk drivers in each regulated segment. For credit unions, these focus areas included Capital and Liquidity Modernization, Crisis Preparedness, and Emerging Risks. In the real estate services and development marketing segments, BCFSA focused on Enhanced Consumer Protection, Improved Real Estate Development Marketing Disclosures and Requirements, Effective Cross-Sector Education, and Emerging Risks. For mortgage brokers, BCFSA's priorities included Effective Cross-Sector Education and Emerging Risks. For insurance, trusts and pensions, BCFSA prioritized initiatives in the areas of Consumer Protection, Enhanced Oversight, and Emerging Risks.

Proactive engagement with our regulated entities and individuals, along with open and transparent communications, has been a hallmark of BCFSA's approach to planning and implementing its regulatory priorities. In 2022/23, we initiated 10 consultations, engaging with stakeholders in credit unions, insurance, trusts, pensions, and in the real estate and mortgage brokerage segments.

Over the course of the past year, BCFSA conducted 30 information sessions and webinars, providing information, answering questions, and listening to the perspectives and feedback of over 800 participants. BCFSA also worked with local real estate boards, and real estate and mortgage broker industry associations, to facilitate webinars on the Home Buyer Rescission Period, reaching thousands of real estate licensees and mortgage brokers.

BCFSA published and circulated for comment seven discussion papers, analyzing and considering the feedback from our stakeholders and implementing changes where appropriate. The [Consultations and Engagement webpage](#) provides details about all the consultations initiated by BCFSA, including how stakeholders were invited to participate.

Some initiatives identified for launch in the 2022/23 Regulatory Roadmap have been deferred due to re-prioritization or to allow sufficient time for BCFSA's regulated segments to prepare for anticipated impacts of regulatory changes. However, the majority of BCFSA's planned regulatory initiatives have been launched within two fiscal quarters of the anticipated timelines outlined in the Regulatory Roadmap.

In the past year, BCFSA has conducted consultations on the following regulatory initiatives and published the following regulatory instruments:

Credit Unions

- Launched a multi-year consultation process to develop a Capital Modernization Framework for B.C. credit unions. This included holding an information session followed by a public call for members to join a technical working group to provide feedback on the development of a public consultation document to be released in the first half of fiscal 2023/24.
- Implemented a Credit Union Code of Market Conduct (Q1 2022/23).
- Published a Recovery Plan Guideline on March 31, 2022.
- Brought an Information Security Guideline into force on September 30, 2022.
- Brought an Outsourcing Guideline into force on September 30, 2022.
- Completed the CUDIC Target Fund Size Review and published an advisory to inform credit unions of the CUDIC Fund Size Target Range on June 29, 2022.
- Conducted a 30-day consultation, including working group sessions, on the CUDIC Differential Premium System.
- Conducted a 30-day consultation on CUDIC Deposit Insurance Data Requirements, holding an information session and working group sessions.
- Launched a consultation on CUDIC's transfer of registered deposits, inviting feedback on a proposed approach for the transfer of insured deposits in registered plan accounts in the event of a B.C. credit union failure.
- Published a consultation summary report including proposed next steps for the development of an Information Security Reporting Incident Rule and analyzing feedback received on specific policy issues related to the reporting of information security incidents to the regulator.

Insurance, Trusts and Pensions

- Published and implemented a Recovery Plan Guideline.
- Brought an Outsourcing Guideline and an Information Security Guideline into force on September 30, 2022.
- Conducted a consultation on the proposed Insurer Code of Market Conduct, inviting feedback from insurers and stakeholders. BCFSa is reviewing the feedback received during the consultation and from follow-up discussions with industry stakeholders. A consultation summary report, including planned next steps for the proposed code, will be published in 2023/24.
- Published a Guideline following extensive consultation with industry, for developing and documenting the provision for adverse deviation for pension plans with target benefit provisions.
- Published disclosure requirements for pensions plans.
- Held a Pensions Stakeholder Engagement Forum, which was attended by over 120 trustees, administrators, and consultants.

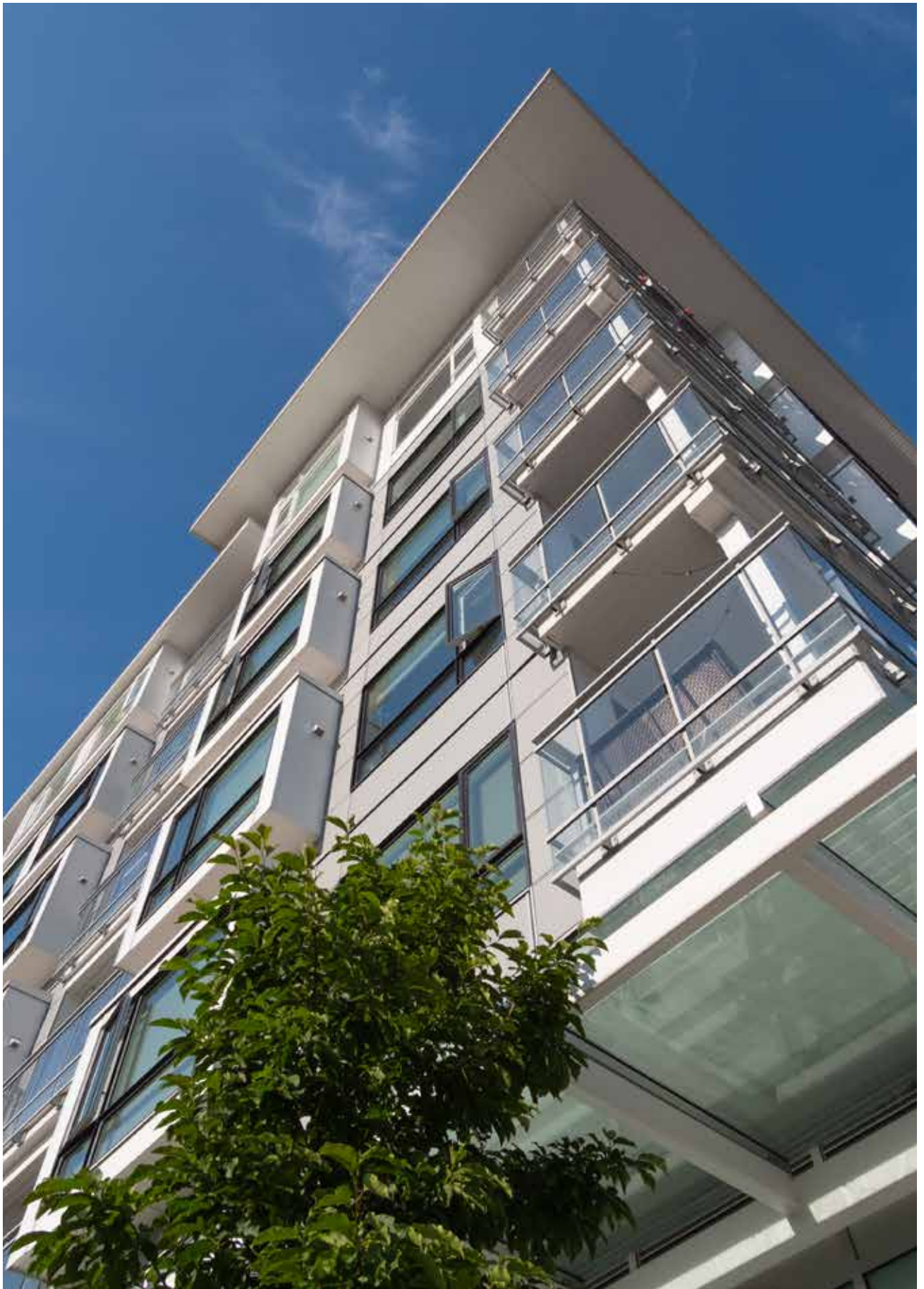
Real Estate

- On May 26, 2022, BCFSa delivered its report on the government's decision to implement a cooling-off period for buyers of residential real estate, *Enhancing Consumer Protection in B.C.'s Real Estate Market*, to the Government of British Columbia.
- Implemented the provincial government's Home Buyer Rescission Period, including providing extensive information and guidance to licensees in advance of the January 3, 2023 implementation date.
- Conducted a 60-day public consultation on proposed amendments to the Real Estate Services Rules. On October 1, 2022, BCFSa brought into force an amendment to the Rules that repeals the requirement to notify savings institutions of pooled trust accounts. On April 1, 2023, amended Rules for real estate teams came into force.
- Conducted two concurrent 30-day public consultations on proposed amendments to Real Estate Development Marketing Act Policy Statements 5 & 6 (Early Marketing Requirements) and Policy Statement 13 (Real Estate Securities Disclosure Requirements). These amended policy statements were published in March 2023.
- Initiated a multi-year consultation on the development of Applied Practice Courses for managing brokers, strata property managers, and rental property managers.

Mortgage Brokers

- Supported the provincial government in the development of the new *Mortgage Services Act*, the first major update to the regulatory framework for mortgage brokers in 50 years. Passed by the provincial legislature in Fall of 2022, this legislation will modernize the regulatory framework for the provision of mortgage services in the province. BCFSa will continue to support the provincial government as it seeks to implement the provisions of the new legislation through the development of accompanying Regulations and will work with industry to ensure an effective transition process to the new regulatory framework.
- Implemented enhanced continuing education, by developing and launching Legal Update for Mortgage Brokers, a new required course for registration renewal or reinstatement, effective April 1, 2023.

BCFSa thanks all those who participated in consultations over the past year by sharing perspectives and offering feedback on proposed regulatory measures. Your contributions have strengthened BCFSa's regulatory responses to key risk drivers in the financial services sector, helping us to continue to build a regulatory framework that protects British Columbians. We look forward to your participation in the regulatory initiatives before us in the year ahead.



Credit Unions

BCFSA's regulatory priorities for provincially regulated credit unions are categorized into four main areas: (1) Regulatory Framework Modernization, (2) Crisis Preparedness, (3) Natural Catastrophe & Climate Risk, and (4) Digitalization Risk. The graphic below outlines BCFSA's anticipated regulatory priorities over the next three fiscal years and identifies priorities from the previous year for which work is ongoing. Items in Year One identify the quarter in which a consultation, publication, or implementation is expected to occur. For Years Two and Three, the graphic notes that BCFSA anticipates doing work on the priority during the year with the specific quarter to be named later.

Consultation	Publication	Implementation
	●	◆

	YEAR ONE FY 2023/24				YEAR TWO FY 2024/25	YEAR THREE FY 2025/26
Topic						
Previous Year's Items in Progress	Q1 Apr 1-Jun 30	Q2 Jul 1-Sept 30	Q3 Oct 1-Dec 31	Q4 Jan 1-Mar 31	Q1-Q4 Apr 1-Mar 31	Q1-Q4 Apr 1-Mar 31
Recovery Plan Guideline	◆	◆				
CUDIC Differential Premium System (DPS)	◆	◆				
Deposit Insurance Data Requirements				◆		
Regulatory Framework Modernization						
Capital Modernization Framework					●	◆
Enhanced Loan Data Reporting Requirements					●	
Commercial Lending Guideline				●		
Revised Residential Mortgage Underwriting Guideline				●		
Liquidity Modernization						
Capital Management Guideline						
Crisis Preparedness						
Deposit Insurance Awareness Survey					●	◆
Operational Risk and Resiliency Guideline					●	
Resolution Plan Guideline						
Natural Catastrophe & Climate Risk						
Natural Catastrophe and Climate Risk Discussion Paper	●					
Natural Catastrophe and Climate Risk Guideline						●
Digitalization Risk						
Information Security Incident Reporting – Updated Guideline for PRFIs					●	

DETAILED SUMMARY OF REGULATORY PRIORITIES

Regulatory Framework Modernization

As part of its ongoing work, BCFSa looks to continually enhance and modernize all aspects of its regulatory framework, including its supervisory approach and guidance to regulated entities and regulatory requirements. In FY 2023/24, BCFSa will continue to work on modernization of B.C.'s capital framework as well as update regulatory guidance related to commercial lending and residential mortgage underwriting.

Additional details on BCFSa's modernization efforts are outlined below:

Capital Modernization Framework. The Capital Modernization Framework is a multi-year initiative to modernize B.C.'s capital framework. These updates will ensure that capital adequacy requirements continue to reflect underlying risks, clarify BCFSa's expectations, and reflect, as appropriate, developments in international standards and best practices. The ultimate outcome of this initiative is expected to be new Rules which will replace the existing Capital Requirements Regulation. During the 2022/23 fiscal year, BCFSa assembled a working group and initiated a consultation process, which will inform a public discussion paper to be published for consultation in the first half of fiscal year 2023/24. Credit union consultations will continue throughout the Capital Modernization Framework process.

Enhanced Loan Data Reporting Requirements. BCFSa plans to implement new loan data reporting requirements in fiscal year 2023/24 to enhance credit union regulatory reporting to allow for better monitoring and assessment of risk in credit union loan portfolios. Analysis of collected data is a crucial component of BCFSa's risk-based supervision. The proposed loan data reporting will allow for in-depth assessments of current or emerging risks, enhance credit union regulatory reporting, and provide valuable reports. BCFSa will engage in consultation with credit unions to finalize the requirements and determine the implementation timeline.

Commercial Lending Underwriting Guideline. This new Guideline will codify BCFSa's expectations for credit unions to manage associated risks, harmonize risk rating categories for commercial loans, and clarify expectations for participation in syndicated lending. In 2021/22 and 2022/23, BCFSa issued two information requests on commercial lending, which in part, support the development of this Guideline.

Residential Mortgage Underwriting Guideline. BCFSa will update its existing Guideline to reflect changes from capital modernization and the evolving macro-economic environment.

Liquidity Modernization. The Liquidity Modernization project, already underway, aims to align BC credit unions with Basel III liquidity standards through implementation of Liquidity Adequacy Requirements in line with global best practices. BCFSa published its [Liquidity Management Guideline](#) in 2020 and has subsequently updated its reporting templates to include modern liquidity ratios. Further engagement with industry is anticipated to begin in fiscal year 2024/25.

Capital Management Guideline (including revised ICAAP & ICT). BCFSa plans to develop a Guideline that includes updates to existing Internal Capital Adequacy Assessment Process (“ICAAP”) Guide & Internal Capital Target (“ICT”). Failure to update capital management policies may increase the risk of inadequate capital levels commensurate to a financial institutions’ risk profile. Consultation on the Capital Management Guideline will begin in fiscal year 2024/25.

Crisis Preparedness Framework Initiatives

Effective crisis preparedness can minimize the effects of events that threaten the ongoing viability of a financial institution. BCFSa issues Guidelines, such as the recently published Recovery Plan Guideline, to communicate its expectations for effective risk management and crisis preparedness, based on international and national standards. These expectations are meant to increase the resilience, relevance, and sustainability of credit unions in financial stress events. In the unlikely event of a credit union failure, BCFSa is responsible for ensuring a sustainable and effective deposit insurance program is in place. As part of maintaining the deposit insurance fund and guarantee, the Credit Union Deposit Insurance Corporation of British Columbia (“CUDIC”) proactively plans for unlikely credit union failures, which require depositors to be paid out from the deposit insurance fund. BCFSa and CUDIC are committed to working collaboratively with stakeholders to maintain preparedness and confidence in the credit union system in the face of changes such as consolidations and federal continuances, innovative technologies, natural catastrophe and climate impacts, and economic disruption.

Deposit Insurance Awareness Survey. Working with credit unions, CUDIC will conduct a deposit insurance awareness survey to assess members’ understanding of the deposit insurance guarantee. This survey is targeted for Q3 2023/24.

Operational Risk and Resiliency Guideline. BCFSa does not currently have a Guideline that codifies expectations for the management of operational risks. BCFSa will use the OSFI E-21 Guideline as a reference point. The OSFI E-21 Guideline is currently being updated to include operational resiliency which is seen as an outcome of effective operational risk management. This guideline is targeted for development in FY 2024/25.

Resolution Plan Guideline. Building on the work undertaken with credit unions on the Recovery Plan Guideline, BCFSa will develop and consult on resolution plans, which are implemented when a credit union is insolvent or approaching insolvency. Resolution plans are an important stabilizer for the entire credit union segment. The development of this Guideline is targeted for fiscal year 2024/25.

Natural Catastrophe & Climate Risk

BCFSA closely monitors current and emerging risks that have the potential for a material impact on financial institutions and its members or customers. Based on continuous risk monitoring, BCFSA considers how to respond to such risks. Natural catastrophes and climate change is a critical risk that BCFSA is actively monitoring across the financial services sector.

Natural Catastrophe and Climate Risk. Natural catastrophes, including earthquakes, floods, and wildfires, pose a significant risk to British Columbians and the financial services sector in B.C. In many cases, consumers lack information to make informed decisions to mitigate financial loss. BCFSA will outline its proposed approach to managing natural catastrophe and climate risk for the financial services sector in a discussion paper expected to be issued in Q1 2023/24, followed by consideration of necessary regulatory instruments. The discussion paper is intended to start a dialogue with industry about how best to address and mitigate the risks posed by natural catastrophes and a changing climate.

Digitalization Risk

Information Security Incident Reporting. Reporting of material information security incidents in a timely manner is of critical importance to BCFSA. As part of its consultation on an information security incident reporting rule, BCFSA received feedback that before proceeding to a rule, there should be sufficient time for all financial institutions to implement and demonstrate compliance with existing expectations contained in BCFSA's [Information Security Guideline](#). In recognition of this and other feedback, BCFSA plans to revisit its guidance and expectations for the reporting of information security incidents beginning in Q3 2023/24.



Real Estate Services and Real Estate Development Marketing

BCFSA's regulatory priorities for the real estate segment are categorized into three main areas: (1) Proactive Oversight of the Real Estate Industry; (2) An Efficient and Effective Regulatory Enforcement Program; and (3) Natural Catastrophe and Climate Risk. The graphic below outlines BCFSA's anticipated work on these priorities over the next three fiscal years. Items in Year One identify the quarter in which consultation, publication, or implementation is expected to occur. For Years Two and Three, the graphic notes that BCFSA anticipates doing work on the priority during the year with the specific quarter to be named later. BCFSA's regulatory priorities will continue to focus on ensuring consumers are informed and protected throughout the real estate transaction process, including monitoring areas of emerging risk (e.g., age demographics of managing brokers, labour force issues in the rental property and strata management areas).

Consultation	Publication	Implementation
	●	◆

	YEAR ONE FY 2023/24				YEAR TWO FY 2024/25	YEAR THREE FY 2025/26
Topic						
Previous Year's Items in Progress	Q1 Apr 1-Jun 30	Q2 Jul 1-Sept 30	Q3 Oct 1-Dec 31	Q4 Jan 1-Mar 31	Q1-Q4 Apr 1-Mar 31	Q1-Q4 Apr 1-Mar 31
Real Estate Services Rules – Teams	◆					
REDMA Policy Statements 5, 6, & 13	◆					
Proactive Oversight of the Real Estate Industry						
Real Estate Data Collection – Annual Data Call	●				●	●
Real Estate Data Collection – Information Sharing					◆	
REDMA Consumer Disclosure Enhancements					◆	
Brokerage Governance and Accountability Plans (GAPs)					●	
Education Enhancements – Applied Practice Course (APC) for Managing Brokers					◆	
Education Enhancements – APC for Strata and Rental Property Management					◆	
An Efficient & Effective Regulatory Enforcement Program						
Administrative Penalties Update – Rules					●	
Natural Catastrophe & Climate Risk						
Natural Catastrophe and Climate Risk Discussion Paper	●					

DETAILED SUMMARY OF REGULATORY PRIORITIES

Proactive Oversight of the Real Estate Industry

In the coming years, BCFSa will continue to take steps to strengthen consumer protection in the real estate market, working with government and industry.

Real Estate Data Collection – Annual Data Call. Building on the results of BCFSa's 2022 and 2023 brokerage data calls, BCFSa will conduct a data call in Q4 to continue to monitor how market conditions affect certain consumer risk factors (e.g., unconditional offers, multiple offers, above-asking offers). Additional data fields may be requested, depending on policy needs.

Real Estate Data Collection – Information Sharing. BCFSa will engage the British Columbia Real Estate Association ("BCREA") and local real estate boards to explore opportunities for more formal information sharing to support regulatory needs. Regulator access to real estate transaction information, among other data sources, will help enhance the evidence base for BCFSa's policy and market conduct work.

REDMA Consumer Disclosure Enhancements. BCFSa will engage the real estate development community in fiscal year 2023/24 on ways to enhance consumer disclosure materials to the benefit of presale purchasers. This measure is intended to make consumer disclosure statements, which are often lengthy and complex, more accessible and meaningful for purchasers, with key information more readily available.

Brokerage Governance and Accountability Plans (GAPs). In the second half of fiscal year 2023/24, BCFSa will undertake policy consultations on the introduction of potential new requirements for brokerages to develop governance and accountability plans to help strengthen regulatory compliance and support risk-based decision making and oversight across all operations of a brokerage. This work builds on one of the main recommendations that came out of past work by the regulator to review the role of managing brokers in a changing regulatory environment.

Education Enhancements – Applied Practice Course (APC) for Real Estate

Licensees. In Q1 and Q2, BCFSa will undertake further consultations on the development of an Applied Practice Course for managing brokers. Further, beginning in the first half of fiscal year 2023/24, BCFSa will engage with strata management and rental property management licensees on education enhancements for these segments of the industry.

An Efficient & Effective Regulatory Enforcement Program

Building on internal work done throughout fiscal year 2022/23 to enhance its regulatory enforcement program, BCFSa will continue to look for ways to improve the efficiency and effectiveness of its complaint handling and discipline processes.

Administrative Penalties Update – Rules. In Q3, BCFSa plans to undertake a formal consultation on proposed amendments to the Real Estate Services Rules. These proposed amendments will update BCFSa's existing administrative penalties ("AP") framework, including enabling APs to address instances of unlicensed activity, encouraging prompt compliance with BCFSa investigations, and making minor adjustments to eligible contraventions and categories.

Natural Catastrophe & Climate Risk

BCFSa closely monitors current and emerging risks that have the potential to have a material impact on regulated entities and financial services consumers. Based on continuous risk monitoring, BCFSa considers how to respond to such risks. Natural catastrophes and climate change are a critical risk that BCFSa is actively monitoring across the financial services sector.

Natural Catastrophe and Climate Risk. Natural catastrophes, including earthquakes, floods, and wildfires, pose a significant risk to British Columbians and the financial services sector in B.C. In many cases, consumers lack information to make informed decisions to mitigate financial loss. BCFSa will outline its proposed approach to managing natural catastrophe and climate risk for the financial services sector in a discussion paper expected to be issued in Q1 2023/24, followed by consideration of necessary regulatory instruments. The discussion paper is intended to start a dialogue with industry about how best to address and mitigate the risks posed by natural catastrophes and a changing climate.

Mortgage Brokers

BCFSA's regulatory priorities for mortgage brokers are categorized into three main areas: (1) Implementation of the *Mortgage Services Act* ("MSA"); (2) Enhanced Continuing Education; and (3) Natural Catastrophe & Climate Risk. The graphic below outlines BCFSA's anticipated regulatory priorities for mortgage brokers over the next three fiscal years and identifies a priority from the previous year for which work is ongoing. Items in Year One identify the quarter in which a consultation, publication or implementation is expected to occur. For Years Two and Three, the graphic notes that BCFSA anticipates doing work on the priority during the year with the specific quarter to be named later.

The priority objective for the 2023/24 fiscal year is providing continued support to the Government of British Columbia in their development of Regulations and Rules under the MSA, which will enable implementation of that Act, and will accordingly modernize the regulation of the mortgage broker industry in B.C. This will also enable BCFSA to provide greater public protection as a modern, efficient, and effective financial services regulator.

Consultation	Publication	Implementation
	●	◆

	YEAR ONE FY 2023/24				YEAR TWO FY 2024/25	YEAR THREE FY 2025/26
Topic						
Previous Year's Items in Progress	Q1 Apr 1-Jun 30	Q2 Jul 1-Sept 30	Q3 Oct 1-Dec 31	Q4 Jan 1-Mar 31	Q1-Q4 Apr 1-Mar 31	Q1-Q4 Apr 1-Mar 31
Legal Update Course Implementation	◆	◆	◆	◆		
Implementation of Mortgage Services Act (MSA) Framework						
Support Government to develop Regulations, Rules and other regulatory requirements to enable MSA implementation					◆	
Develop and communicate a clear transition plan for existing registrants				●	◆	
Enhanced Continuing Education						
Development of New Ethics Course					◆	
Natural Catastrophe & Climate Risk						
Natural Catastrophe and Climate Risk Discussion Paper	●					

DETAILED SUMMARY OF REGULATORY PRIORITIES

Implementation of *Mortgage Services Act*

In the 2022/23 fiscal year, the B.C. legislature passed the *MSA*, which will modernize the mortgage broker segment in the province. The *MSA* will replace the outdated *Mortgage Brokers Act* and greatly expand BCFSa's tools to regulate the mortgage broker segment. More closely aligning with other financial services legislation in B.C., the *MSA* allows for more efficient regulation and helps to encourage responsible business conduct. BCFSa anticipates that full implementation of the *MSA* will occur over several years.

Support Government to develop Regulations, Rules and other regulatory requirements to enable *MSA* implementation. In the 2023/24 fiscal year, BCFSa will continue to support the Province of British Columbia in their development of Regulations and Rules under the *MSA*. In addition, BCFSa will develop related regulatory instruments, such as Regulatory Statements and Guidelines, to help bring the regulatory framework into force. Together, these requirements will enable the implementation of the *MSA* in a phased approach.

Develop and Communicate a Clear Transition Plan for Existing Registrants. BCFSa recognizes that the regulatory framework under the *MSA* will be a significant change for existing registrants, and that a clear and well-communicated transition plan is critical for proper implementation of the new legislation. Over fiscal year 2023/24, BCFSa will develop a transition plan for existing registrants to bring them into this new regulatory framework in an effective manner. BCFSa estimates communicating this transition plan in Q4 2023/24 with implementation of the *MSA* beginning in fiscal year 2024/25.

Enhanced Continuing Education

BCFSa's continuing education program promotes confidence in licensing requirements and the professionalism of the mortgage broker industry. Over the next three fiscal years, BCFSa will continue its work on this important priority area by requiring a new course on legal and regulatory issues and through the development of a new ethics course. BCFSa will continue to leverage the existing education program and resources for real estate licensees in developing a more robust education program for the mortgage broker segment.

Legal Update Course Implementation. In the 2022/23 fiscal year, BCFSa began offering mandatory continuing education to mortgage brokers, aligning requirements with those for real estate licensees. Launched in Q4 2022/23, the first course was "Legal Update" which provides legal and regulatory updates for mortgage brokers. "Legal Update" will become a required course for registration renewal or reinstatement, effective April 1, 2023.

Development of new Ethics Course. Following "Legal Update", a second course on ethical decision-making in the context of the financial services sector will be implemented in fiscal year 2024/25 following developmental work in fiscal year 2023/24.

Natural Catastrophe & Climate Risk

BCFSA closely monitors current and emerging risks that have the potential to have a material impact on regulated entities and financial services consumers. Based on continuous risk monitoring, BCFSA considers how to respond to such risks. Natural catastrophes and climate change is a critical risk that BCFSA is actively monitoring across the financial services sector.

Natural Catastrophe and Climate Risk. Natural catastrophes, including earthquakes, floods, and wildfires, pose a significant risk to British Columbians and the financial services sector in B.C. In many cases, consumers lack information to make informed decisions to mitigate financial loss. BCFSA will outline its proposed approach to managing natural catastrophe and climate risk for the financial services sector in a discussion paper expected to be issued in Q1 2023/24, followed by consideration of necessary regulatory instruments. The discussion paper is intended to start a dialogue with industry about how best to address and mitigate the risks posed by natural catastrophes and a changing climate.

Insurance Companies

BCFSA's regulatory priorities for provincially regulated insurance companies are categorized into three main areas: (1) Fair Treatment of Customers; (2) Natural Catastrophe & Climate Risk; and (3) Digitalization Risk. The graphic below outlines BCFSA's anticipated regulatory priorities over the next three fiscal years. Items in Year One identify the quarter in which a consultation, publication or implementation is expected to occur. For Years Two and Three, the graphic notes that BCFSA anticipates doing work on the priority during the year with the specific quarter to be named later.

BCFSA is an active participant in the Canadian Council of Insurance Regulators ("CCIR"), an association of Canadian insurance regulators. The mandate of CCIR is to facilitate and promote an efficient and effective insurance regulatory system in Canada to serve the public interest. CCIR members work together to develop solutions to regulatory issues and emerging risks identified by its members and industry. CCIR members strive to harmonize approaches to regulatory issues. As well, where appropriate, BCFSA adopts regulatory guidance issued by the Office of the Superintendent of Financial Institutions ("OSFI").

Consultation	Publication	Implementation
	●	◆

	YEAR ONE FY 2023/24				YEAR TWO FY 2024/25	YEAR THREE FY 2025/26
Topic						
Previous Year's Items in Progress	Q1 Apr 1-Jun 30	Q2 Jul 1-Sept 30	Q3 Oct 1-Dec 31	Q4 Jan 1-Mar 31	Q1-Q4 Apr 1-Mar 31	Q1-Q4 Apr 1-Mar 31
Recovery Plan Guideline	◆	◆				
Fair Treatment of Customers						
BCFSA Insurer Code of Conduct	●	◆	◆	◆		
CCIR Work on Segregated Funds	●		●	●		
CCIR Work on Incentives Management Guidance	●					
Natural Catastrophe & Climate Risk						
Natural Catastrophe and Climate Risk Discussion Paper	●					
Natural Catastrophe and Climate Risk Guideline						●
Digitalization Risk						
Information Security Incident Reporting – New Guidance for Extraprovincial Financial Institutions					●	
Information Security Incident Reporting – Updated Guideline for PRFIs					●	

DETAILED SUMMARY OF REGULATORY PRIORITIES

Fair Treatment of Customers

Through proactive market conduct supervision, including data collection and reporting requirements, thematic reviews of products or business practices, and targeted monitoring of specific regulated entities and individuals, BCFSA identifies and intervenes to address harmful business practices. BCFSA promotes high standards of market conduct within the financial services sector by providing the information and guidance necessary to enable regulated entities to comply with legislative requirements and best practices.

Insurer Code of Market Conduct. Changes to the *Financial Institutions Act* require insurance companies to adopt a code of market conduct (the “Code”) as established by BCFSA. In the 2022/23 fiscal year, BCFSA engaged in a public consultation on a proposed Insurer Code of Market Conduct, leveraging the principles included in CCIR’s Guidance on the “Conduct of Insurance Business and Fair Treatment of Customers”. BCFSA is reviewing feedback received as part of the consultation and will issue a go forward plan in the first half of fiscal year 2023/24.

CCIR Work on Segregated Funds. Working with the Canadian Securities Administrators (“CSA”), CCIR has engaged in a multi-year project aimed at harmonizing practices and disclosures related to segregated funds. BCFSA will look at industry practices related to deferred sales charges, total cost reporting, and chargebacks, as appropriate, in fiscal year 2023/24.

CCIR Work on Incentives Management Guidance. CCIR has engaged in a multi-year project, including consultation with industry, developing guidance on incentives management. A joint project with the Canadian Insurance Services Regulatory Organizations (“CISRO”), the guidance aims to ensure that Insurers and Intermediaries develop incentive arrangements that achieve fair treatment of consumer outcomes. Insurers and Intermediaries are expected to put in place policies, procedures and controls in order to meet their obligations in this regard. In fiscal year 2023/24, BCFSA will communicate with insurance companies how it intends to implement this guidance in B.C.

Natural Catastrophe & Climate Risk

BCFSA closely monitors current and emerging risks that have the potential to have a material impact on regulated entities and consumers. Based on continuous risk monitoring, BCFSA considers how to respond to such risks. Natural catastrophes and climate change are critical risks that BCFSA is actively monitoring across the financial services sector.

Natural Catastrophe and Climate Risk. Natural catastrophes, including earthquakes, floods, and wildfires, pose a significant risk to British Columbians and the financial services sector in B.C. In many cases, consumers lack information to make informed decisions to mitigate financial loss. BCFSA will outline its proposed approach to managing natural catastrophe and climate risk for the financial services sector in a discussion paper expected to be issued in Q1 2023/24, followed by consideration of necessary regulatory instruments. The discussion paper is intended to start a dialogue with industry about how best to address and mitigate the risks posed by natural catastrophes and a changing climate.

Digitalization Risk

Information Security Incident Reporting. Reporting of material information security incidents in a timely manner is of critical importance to BCFSA. As part of its consultation on an information security incident reporting rule, BCFSA received feedback that before proceeding to a rule, there should be sufficient time for all financial institutions to implement and demonstrate compliance with existing expectations contained in BCFSA's recently released [Information Security Guideline](#). In recognition of this and other feedback, BCFSA plans to revisit its guidance and expectations for the reporting of information security incidents beginning in Q3 2023/24, including codifying expectations for extra-provincial insurers.

Pension Plans

BCFSA's regulatory priorities for B.C. pension plans are categorized into three main areas: (1) Pension Plan Governance; (2) Natural Catastrophe & Climate Risk; and (3) Digitalization Risk. The graphic below outlines BCFSA's anticipated regulatory priorities over the next three fiscal years and identifies priorities from the previous year for which work is ongoing. Items in Year One identify the quarter in which a consultation, publication or implementation is expected to occur. For Years Two and Three, the graphic notes that BCFSA anticipates doing work on the priority during the year with the specific quarter to be named later. Among several updates planned to ensure effective oversight of B.C. pension plans, BCFSA will also update its Risk-Based Supervision Framework for Pension Plans.

BCFSA is an active participant in the Canadian Association of Pension Supervisory Authorities ("CAPSA"), an association of Canadian pension regulators. The mandate of CAPSA is to facilitate an efficient and effective pension regulatory system in Canada.

Consultation	Publication	Implementation
	●	◆

	YEAR ONE FY 2023/24				YEAR TWO FY 2024/25	YEAR THREE FY 2025/26
Topic						
Previous Year's Items in Progress	Q1 Apr 1-Jun 30	Q2 Jul 1-Sept 30	Q3 Oct 1-Dec 31	Q4 Jan 1-Mar 31	Q1-Q4 Apr 1-Mar 31	Q1-Q4 Apr 1-Mar 31
Disclosure Requirement						
Pension Plan Governance						
Multi Employer Pension Plan – Best Practices	●					
Revision to Pensions Regulatory Statements	●					
Changes to Actuarial Information Summary (AIS) e-filing system	●					
Revision to Pension Plan Membership Data			●			
Update Risk-Based Supervision Framework for Pension Plans				●	◆	
Natural Catastrophe & Climate Risk						
Natural Catastrophe and Climate Risk Discussion Paper	●					
Digitalization Risk						
Information Security Incident Reporting – Updated Guideline for PRFIs					●	

DETAILED SUMMARY OF REGULATORY PRIORITIES

Pension Plan Governance

BCFSA oversees the administration and enforcement of the *Pension Benefits Standards Act* (“PBSA”) and the Pension Benefits Standards Regulation (“PBSR”). As part of its oversight responsibilities, BCFSA ensures that there is an appropriate regulatory framework in place to oversee pension plan members and beneficiaries in a comprehensive and forward-looking way.

Multi Employer Pension Plan - Best Practices. BCFSA will outline best practices for multi-employer pension plans (“MEPPs”) in B.C. This information is targeted for release in Q1 2023/24.

Revision to Pensions Regulatory Statements. BCFSA will update Regulatory Statements 2020-001 and 2021-013 to provide clarification on certain items from [Order in Council \(OIC\) 505](#).

Changes to Actuarial Information Summary (AIS) e-filing System. BCFSA will provide information on updates made to the AIS e-filing system to reflect changes introduced by [OIC 505](#).

Revision to Pension Plan Membership Data. BCFSA will provide information regarding upcoming changes to the information requirements for membership data that must be submitted when filing the pension plan Annual Information Report (“AIR”). This information is targeted for release in Q3 2023/24.

Update Risk-Based Supervision Framework for Pension Plans. BCFSA will update the Risk-based Supervision Framework document published in 2014. The document describes the principles, concepts, and core processes that make up our Risk-Based Regulatory Framework. Ongoing updates to the supervision framework for pension plans help to maintain public confidence in the regulatory oversight of plans in B.C. This work is targeted for release in Q4 2023/24.

Natural Catastrophe & Climate Risk

BCFSA closely monitors current and emerging risks that have the potential to have a material impact on regulated entities and financial services consumers. Based on continuous risk monitoring, BCFSA considers how to respond to such risks. Natural catastrophes and climate change are critical risks that BCFSA is actively monitoring across the financial services sector.

Natural Catastrophe and Climate Risk. Natural catastrophes, including earthquakes, floods, and wildfires, pose a significant risk to British Columbians and the financial services sector in B.C. In many cases, consumers lack information to make informed decisions to mitigate financial loss. BCFSA will outline its proposed approach to managing natural catastrophe and climate risk for the financial services sector in a discussion paper expected to be issued in Q1 2023/24, followed by consideration of necessary regulatory instruments. The discussion paper is intended to start a dialogue with industry about how best to address and mitigate the risks posed by natural catastrophes and a changing climate.

Digitalization Risk

Information Security Incident Reporting. Reporting of material information security incidents in a timely manner is of critical importance to BCFSA. As part of its consultation on an information security incident reporting rule, BCFSA received feedback that before proceeding to a rule, there should be sufficient time for all financial institutions to implement and demonstrate compliance with existing expectations contained in BCFSA's recently released [Information Security Guideline](#). In recognition of this and other feedback, BCFSA plans to revisit its guidance and expectations for the reporting of information security incidents beginning in Q3 2023/24.

Trust Companies

BCFSA's regulatory priorities for the Trust segment are categorized into two main areas: (1) Natural Catastrophe & Climate Risk and (2) Digitalization Risk. Where appropriate, BCFSA [adopts](#) regulatory guidance issued by the Office of the Superintendent of Financial Institutions ("OSFI").

The graphic below outlines BCFSA's anticipated regulatory priorities for trust companies over the next three fiscal years and identifies priorities from the previous year for which work is ongoing. Items in Year One identify the quarter in which a consultation, publication or implementation is expected to occur. For Years Two and Three, the graphic notes that BCFSA anticipates doing work on the priority during the year with the specific quarter to be named later.

Consultation	Publication	Implementation
	●	◆

	YEAR ONE FY 2023/24				YEAR TWO FY 2024/25	YEAR THREE FY 2025/26
Topic						
Previous Year's Items in Progress	Q1 Apr 1-Jun 30	Q2 Jul 1-Sept 30	Q3 Oct 1-Dec 31	Q4 Jan 1-Mar 31	Q1-Q4 Apr 1-Mar 31	Q1-Q4 Apr 1-Mar 31
Recovery Plan Guideline	◆	◆				
Natural Catastrophe & Climate Risk						
Natural Catastrophe and Climate Risk Discussion Paper	●					
Natural Catastrophe and Climate Risk Guideline						●
Digitalization Risk						
Information Security Incident Reporting – New Guideline for Extraprovincial Financial Institutions					●	
Information Security Incident Reporting – Updated Guideline for PRFIs					●	

DETAILED SUMMARY OF REGULATORY PRIORITIES

Natural Catastrophe & Climate Risk

BCFSA closely monitors current and emerging risks that have the potential to have a material impact on regulated entities and consumers. Based on continuous risk monitoring, BCFSA considers how to respond to such risks. Natural catastrophes and climate change are critical risks that BCFSA is actively monitoring across the financial services sector.

Natural Catastrophe and Climate Risk. Natural catastrophes, including earthquakes, floods, and wildfires, pose a significant risk to British Columbians and the financial services sector in B.C. In many cases, consumers lack information to make informed decisions to mitigate financial loss. BCFSA will outline its proposed approach to managing natural catastrophe and climate risk for the financial services sector in a discussion paper expected to be issued in Q1 2023/24, followed by consideration of necessary regulatory instruments. The discussion paper is intended to start a dialogue with industry about how best to address and mitigate the risks posed by natural catastrophes and a changing climate.

Digitalization Risk

Information Security Incident Reporting. Reporting of material information security incidents in a timely manner is of critical importance to BCFSA. As part of its consultation on an information security incident reporting rule, BCFSA received feedback that before proceeding to a rule, there should be sufficient time for all financial institutions to implement and demonstrate compliance with existing expectations contained in BCFSA's recently released [Information Security Guideline](#). In recognition of this and other feedback, BCFSA plans to revisit its guidance and expectations for the reporting of information security incidents beginning in Q3 2023/24.





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Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 7(b)

**Read Only Items-- CCIR/CISRO Incentives Management Guidance Questions & Answers Document,
Released April 17/23**

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

CCIR/CISRO has developed a quite thorough list of questions and answers related to its Incentive Management Guidance.

Recommendation / Direction Sought – Read Only Item

This is a read only update for the EOC.

Attachments Included with this Agenda Item

1 attachment.



Questions and Answers (Q&A) – CCIR and CISRO Incentive Management Guidance (IMG)

1. Q: How does the IMG connect with the FTC guidance?

A: The IMG complements the FTC guidance by setting expectations and outcomes for insurers and intermediaries to develop incentive arrangements which align with Fair Treatment of Customers (FTC). The IMG builds on the expectations outlined in section 6.2 of the FTC guidance. Insurers and intermediaries are expected to put in place policies, procedures, and controls to meet their obligations, and avoid or properly manage conflict of interest risks in their incentive arrangements.

2. Q: Why does the guidance address conflicts of interest (2.10) when these are already addressed in another guidance?

A: Expectation 2.10 does not introduce a new process. It rather clarifies the connection between the IMG and the FTC Guidance expectations to avoid or manage conflicts of interest.

Since the release of the FTC Guidance in 2018, industry participants have indicated to regulators that more clarity is needed regarding the overarching expectations for how insurers and intermediaries conduct insurance business, more specifically on section 6 of the FTC Guidance respecting remuneration and conflicts of interest. As a result, CCIR and CISRO developed additional guidance specific to the alignment of compensation and incentive structures with FTC Guidance principles.

3. Q: Do insurers and intermediaries have to satisfy expectations contained in the IMG?

A: The IMG is principle-based guidance; it provides each insurer and intermediary with the necessary latitude to determine the requisite strategies, policies, processes, procedures and controls to achieve the IMG principles and FTC outcomes depending on the nature, size, and complexity of their activities. The IMG provides the industry with the flexibility to assess their own risks, according to their specific situation, and to meet regulators' expectations.



4. Q: Why does the IMG not separate expectations for insurers and intermediaries?

A: The IMG applies to the activity of paying compensation and/or designing incentive arrangements. The IMG provides principles and expectations for incentive management that align with FTC, regardless of the entity (insurer/intermediary) who is engaged in the activity. As such, the IMG does not separate expectations between insurers and intermediaries.

That said, the IMG may apply to insurers and intermediaries in different ways. The IMG provides insurers and intermediaries with the necessary latitude to determine the requisite strategies, policies, processes, procedures, and controls to satisfy the IMG according to their respective natures, sizes, and complexity of their activities.

At the same time, the insurer remains responsible for FTC throughout the life-cycle of the insurance product, as it is the insurer that is the ultimate risk carrier. The insurer's ultimate responsibility does not absolve intermediaries of their own responsibilities for which they are accountable. Treating Customers fairly is a mutual responsibility when insurers and intermediaries are both involved.

5. Q: Do CCIR/CISRO expect insurers to direct the incentive arrangements of intermediaries?

A: The IMG is not intended to imply that insurers should direct the incentive arrangements of intermediaries. Since the IMG complements the FTC guidance, CCIR and CISRO do not see the expectations under the IMG as being different from the FTC approach: insurers should obtain reasonable assurance that the actions of intermediaries, and any other persons acting on the insurer's behalf in offering the insurer's products, enable the fair treatment of customers. The guidance documents provide CCIR's expectation that insurers implement processes and controls to manage FTC risks. Section 4 of the FTC guidance and footnote number 5 of the IMG provide further information.

6. Q: Does the IMG apply to advisors (representatives)?

A: The FTC and IMG guidance documents define "Intermediary" as individual agents, brokers, and representatives, as well as the business entities that are authorized to distribute insurance products and services, including managing



general agencies, third party administrators, and national accounts. Within this definition, the FTC and IMG indicate the term “representative” includes individual agents, brokers, and representatives.

The IMG provides guidance on specific activities: paying compensation and/or designing incentive arrangements. The IMG applies to persons who are engaged in this activity. As mentioned in the Scope section, the IMG applies to intermediaries who pay compensation and/or design incentive arrangements. If an intermediary, including a representative, pays compensation and/or designs incentive arrangements, they are subject to the IMG. If an intermediary, including a representative, does not pay compensation and/or design incentive arrangements, then they are not subject to the IMG.

If a representative does not pay compensation and/or design incentive arrangements, the representative is expected to comply with the FTC guidance by avoiding or properly managing conflicts of interest and their duty to prioritize Customers’ interests. To assist with this expectation, the IMG expects insurers and intermediaries to inform representatives of the incentive arrangements applicable to the representative (2.3). A representative would use this information when managing their conflicts of interest as set out under the original FTC guidance. The IMG does not have an expectation that the person being incentivized investigate the program, though a representative may wish to do so to better manage their conflict of interest.

7. Q: What are examples of intermediaries that are paying and/or designing incentive arrangements?

A: The IMG provides principles and expectations for incentive management that align with FTC, regardless of the entity, insurer or intermediary who is engaged in the activity. However, it only applies to the entity that pays compensation and/or designs incentive arrangements.

Incentive arrangements are not always monetary. Non-monetary incentive include, for example, non-cash benefits, rewards and privileges such as

- travel,
- goods,
- hospitality,
- entertainment,
- titles,



- memberships,
- contest entry,
- insurer client referrals, and
- access to services that are related to performance targets.

Accordingly, as an example, an intermediary who designs a contest to win a trip is covered under this guidance. Another example would be an intermediary who chooses to use overrides received from the insurer to promote a contest or provide extra bonuses to representatives.

8. Q: What does CCIR/CISRO mean by “independent” in section 4.1.2?

A: While it would be ideal for an insurer or intermediary to have the person performing controls separate from the function of selling or servicing insurance, regulators understand that some intermediaries might not be large enough to have a separate compliance or oversight function. In these situations, the word “objective” rather than “independent” may better serve this expectation. Intermediaries are in the best position to determine where and how to apply this guidance to their practices, however the person an intermediary assigns to perform controls described in section 4.1.2 should remain objective during the performance of these functions.

9. Q: Is the IMG banning any practice?

A: The IMG does not prohibit any incentive practice. It is a guidance document which sets CCIR’s and CISRO’s expectations and expected outcomes for insurance incentive arrangements to align with FTC.

Within the guidance, the IMG appendix provides some examples of incentive arrangement components that may, without proper design, management, and controls, increase the risk of unfair outcomes to Customers. As mentioned in the appendix introduction paragraph, the examples are not exhaustive, may not apply to all type of insurance or business models, nor are they intended to be prohibitive.

10. Q: How is the implementation of the IMG harmonized between provincial jurisdictions?



A: In Canada, the conduct of business in insurance is regulated by individual provinces and territories, where each jurisdiction has its own regulatory approach based on its legal framework and culture.

As such, each Canadian jurisdiction will determine an approach for implementing the IMG accordingly. The expectations in this guidance do not supersede the legislative and regulatory imperatives of jurisdictions; they are intended to support insurers and intermediaries in achieving FTC while respecting existing laws and regulations.

11. Q: What is the effective date of the IMG?

A: The effective date of the IMG is the date of its public release, November 30th 2022. CCIR and CISRO expect insurers and intermediaries to begin efforts to incorporate the IMG into the design and management of their incentive arrangements.

12. Q: Where could industry stakeholders obtain further information on the IMG interpretation and regulators' expectations?

A: Some industry associations are currently working on plans to assist their members with satisfying the guidance expectations. To help with these efforts, CCIR and CISRO members prepared this document. If there are further questions that arise, please contact the CCIR or CISRO Secretariat directly.

While working on these plans, CCIR and CISRO encourage industry associations to:

- review previous CCIR documents related to FTC, as listed below, to get additional insights from regulators on FTC:
 - the [annual market conduct reports](#) and
 - the CCIR [Cooperative Fair Treatment of Customers \(FTC\) Review – Consolidated Observations Report, October 2021](#), and
- review any subsequent documents CCIR and CISRO release relating to FTC and FTC supervisory reviews.

While some of the reviews may be for a different class of insurance or focus on a different entity (insurers vs intermediary), industry associations may obtain a better understanding of regulators' FTC expectations by reviewing these reports.



Finally, CCIR and CISRO note FTC initiatives and approaches will keep evolving in an ever-changing insurance market. CCIR and CISRO expect insurers and intermediaries to regularly review their compliance processes and make necessary changes to maintain FTC at all times. As such, while we recognize and support the work industry associations are undertaking to assist members with complying with the FTC and IMG guidance documents, the outcomes of such work should not be viewed as a checklist exercise for complete compliance with FTC. Insurers and Intermediaries should continue to exercise judgement when considering compliance with the IMG.

13. Q: What insurance sectors, products and business models are subject to the IMG?

A: As with the FTC Guidance, the IMG applies to all insurance products, types of insurance and distribution models.

14. Q: Is the IMG applicable to the commercial sector?

A: Yes. As with the FTC Guidance, the IMG is applicable to commercial insurance sectors.

15. Q: What are CCIR's and CISRO's expectations for using the key indicators of potential risks of unfair outcomes to Customers under expectation 2.4?

A: The guidance provides a non-exhaustive list of examples of information and indicators which may enable the insurer or intermediary to identify risk factors to take into account, in particular, in its implementation of controls (4.2.2).

There is no expectation to incorporate every indicator listed. The guidance gives insurers and intermediaries the flexibility to establish and apply the required strategies, policies, processes, procedures and controls based on the nature, scale and complexity of their business. The same applies to indicators. These examples do not necessarily apply to all types of insurance or services offered or provided. Insurers and intermediaries should consider whether a listed indicator, or an indicator not listed, is applicable and develop controls to manage the risk.

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 7(c)

**Read Only Items-- FSRA Consultation on “Proposed Guidance: Administrative Monetary Penalties”
(Submission Deadline: May 31/23)**

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

CAFII is planning on making a submission to FSRA in response to its recently released consultation document on a proposed guidance around administrative monetary penalties.

Recommendation / Direction Sought – Read Only Item

This is a read only update for the EOC.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 7(c)
April 25/23 EOC Meeting

FSRA Consultation on “Proposed Guidance : Administrative Monetary Penalties”

ID 2023-004

Type

Policy

Sector

Cross Sector

Status

Open

Date

March 27, 2023

Comment Due Date

May 31, 2023

The Financial Services Regulatory Authority of Ontario (FSRA) is now consulting on proposed Guidance designed to improve consumer protection by appropriately sanctioning persons and entities not in compliance with sector statutes, regulations and FSRA rules and requirements.

The Guidance sets out when Administrative Monetary Penalties are imposed and how the amounts are determined. This approach supports transparency, fairness and consistency.

We encourage all interested stakeholders to provide feedback by May 31st, 2023. Your feedback will help inform our final approach.

[Learn more:](#)

- [Proposed Guidance: Administrative Monetary Penalties](#)

Purpose

This Guidance aims to assist stakeholders in understanding how the Chief Executive Officer of FSRA (the “CEO”)^[1] and his/her delegates exercise discretion when imposing Administrative Monetary Penalties (“AMP” or “AMPs”) and determining AMP amounts. This will support transparency, fairness, consistency, as well as better decision-making by persons/entities on whom AMPs are imposed.

FSRA has the power to impose AMPs on licensees and other persons and entities under many of its Sector Statutes (defined below) if it is satisfied that a person or entity has contravened or is non-compliant with certain statutory requirements.

The Sector Statutes authorize FSRA to impose two types of AMPs:

1. General Administrative Penalties (“General AMP” or “General AMPs”): These tend to be available for a broad range of contraventions under the Sector Statutes and the amounts are subject to significant regulatory discretion, within the statutory maximums. General AMPs have robust procedural protections including notice and a right to hearing before the Financial Services Tribunal (the “FST”).
2. Summary Administrative Penalties (“Summary AMP” or “Summary AMPs”): These are available under some of the Sector Statutes for more technical contraventions, including non-filing and inappropriate record-keeping, and the amounts are usually prescribed. Summary AMPs have an expedited process which includes notice, a right to make written submissions, and a right of appeal to the FST.

This Guidance sets out FSRA’s position on the interpretation of, and approach to the application of the statutory and regulatory provisions dealing with the following aspects of AMPs:

1. The purposes for which AMPs can be imposed under the Sector Statutes, which are,
 - a. To promote compliance with statutory requirements; and
 - b. To prevent a person or entity from deriving, directly or indirectly, any economic benefit as a result of contravening or failing to comply with statutory requirements (collectively, the “**Statutory Purposes**”).
2. The criteria for determining the amount of General AMPs imposed under the Sector Statutes (“Statutory Criteria”); and
3. The considerations for determining whether a General AMP is “punitive” and requires adjustment, or whether the amount of penalty imposed is consistent with the purposes for imposing AMPs^[2].

FSRA takes a principles-based approach to imposing AMPs. AMPs are imposed in a manner that is compliant with applicable statutory requirements and consistent with FSRA's statutory objectives and desired regulatory outcomes.

Scope

This Guidance deals with AMPs imposed under the following statutes (the "Sector Statutes")^[3]:

- *Insurance Act*, R.S.O. 1990
- *Mortgage Brokerages, Lenders and Administrators Act*, 2006
- *Pension Benefits Act*, R.S.O. 1990
- *Credit Unions and Caisses Populaires Act*, 2020
- *Automobile Insurance Rate Stabilization Act*, 2003
- *Compulsory Automobile Insurance Act*, R.S.O. 1990

This Guidance applies to all persons and entities who engage in activities regulated by the Sector Statutes.

Rationale and background

The Sector Statutes and their respective AMP regulations empower FSRA to impose General AMPs and Summary AMPs for specified contraventions of and/or failures to comply with the Sector Statutes, related regulations, and any other rules and requirements established under such statutes.

The regulations under the Sector Statutes also prescribe the Statutory Criteria to be considered when determining the amount of General AMPs, within the statutory maximums. The amount of Summary AMPs are prescribed in many cases. FSRA is granted considerable discretion with respect to the imposition of AMPs and the monetary amount of General AMPs to be imposed within the statutory maximums.

The provisions which are the subject of this Guidance are listed in Appendix A below.

FSRA exercises its discretion to impose AMPs to achieve enforcement outcomes consistent with the statutory objects established under the *Financial Services Regulatory Authority of Ontario Act, 2016* (the "FSRA Act"), including:

1. To regulate and generally supervise the regulated sectors
2. To contribute to public confidence in the regulated sectors
3. To deter deceptive or fraudulent conduct, practices and activities by the regulated sectors
4. In respect of the financial services sectors, to promote high standards of business conduct and protect the rights and interests of consumers
5. In respect of pension plans, to promote good administration of pension plans and protect and safeguard the pension benefits and rights of pension plan beneficiaries.

Additionally, FSRA's exercise of discretion is informed by the following principles, which are derived from FSRA's statutory obligations, legal precedent, and sound regulatory practices:

1. **Objectivity:** FSRA assesses the Statutory Purposes and related factors based on the facts and circumstances of each case, ensuring fair and reasonable decisions that further FSRA's statutory objects
2. **Transparency:** FSRA ensures that the rationale and findings relating to the imposition of AMPs are communicated in a clear manner to the persons on whom AMPs are to be imposed, compliant with the relevant Sector Statutes and considering the perspective of consumers and other stakeholders.^[4]
3. **Fairness:** FSRA ensures persons on whom AMPs are proposed to be imposed have the opportunity to understand the basis and are advised of their right to request a hearing or appeal before the FST.
4. **Consistency:** FSRA strives to apply the relevant Statutory Purposes and Statutory Criteria consistently and treat similar contraventions and/or failures to comply in a similar manner, recognizing that sanctions must fit the specific facts. FSRA takes into account previous AMPs imposed on similar contraventions or failures to comply when imposing an AMP.

The Guidance lays out FSRA’s consistent and uniform interpretation and application of AMP- related provisions which are aligned with FSRA’s statutory mandate and strategic priorities, applicable case law, procedural fairness, and sound regulatory practices.^[5]

Interpretation and Approach

A. Determining whether an administrative penalty will be imposed

A.1 Interpretation: FSRA Imposes AMPs in accordance with the statutory purposes

FSRA exercises discretion when determining whether an AMP is an appropriate response to a contravention or failure to comply with a Sector Statute. After determining that a contravention or failure to comply with a statutory requirement has occurred, FSRA may impose an AMP for one or both of the Statutory Purposes for all General AMPs and Summary AMPs.

FSRA must be satisfied that the AMP will satisfy at least one of the Statutory Purposes and its interpretation of those purposes is set out below. Not all of the considerations identified are present in every case and the basis for determining whether one of the Statutory Purposes is met varies depending on the nature of the AMP, the severity of the contravention or non-compliance, and the unique circumstances of the case.

1. **To promote compliance with statutory requirements:** The following considerations and objectives are relevant to this Statutory Purpose:
 - i. AMPs promote voluntary compliance by deterring non-compliance. This is necessary to reduce the cost of the relevant regulatory scheme while improving its effectiveness^[6];
 - ii. General and specific deterrence promote compliance with statutory requirements:
 - “specific” deterrence deters the person on whom an AMP is imposed from engaging in non-compliant behaviour in the future; and
 - “general” deterrence deters others in the sector from future non-compliance.

Both types of deterrence promote compliance with statutory requirements;

- iii. An AMP can be imposed when it is an effective method for addressing a contravention or failure to comply. An AMP may be imposed in isolation or in combination with other regulatory sanctions;
- iv. Every regulatory requirement serves a purpose. A licensed and/or regulated person or entity's failure to comply with seemingly "minor" or "technical" provisions creates concerns that such person or entity lacks the minimum level of diligence and competence required in a regulatory regime^[7];
- v. A contravention need not be severe or cause consumer harm for an AMP to be imposed. The relative amount of an AMP is used to emphasize the importance of certain statutory requirements^[8]; and
- vi. AMPs and their deterrent effect re-enforce the importance of licenced roles, especially those with specific obligations to oversee compliance within a regulated entity, including Principal Brokers, Principal Representatives, Mortgage Administrators, Insurers, and Pension Plan Administrators, and emphasize to licensees and the sectors the standards associated with such roles.^[9]

2. **To prevent a person or entity from deriving, directly or indirectly, any economic benefit as a result of contravening or failing to comply with statutory requirements:** The following objectives and factors are taken into account when determining if economic benefit has been or may be derived by a non-compliant person or entity,

- i. Economic benefits include both actual and potential benefits that a person has a reasonable likelihood of obtaining and receiving;
- ii. An AMP is an effective method of disincentivizing regulatory misconduct by neutralizing the economic benefit;
- iii. It is not necessary for the economic benefit to include some form of monetary gain. Expense avoided as a result of a contravention or failure to comply with statutory provisions, such as not obtaining required Errors & Omissions insurance

or not complying with the requirements to properly store client files, is an indirect economic benefit,^[10] and

- iv. Similarly, time saved as a result of a contravention or failure to comply is an indirect economic benefit.^[11]

A.2 Interpretation: Additional FSRA considerations for determining whether an AMP will be imposed

The determination to impose AMPs is made on a case-by-case basis consistent with the discretion granted to FSRA.

In the case of Summary AMPs, the Sector Statutes have identified specific contraventions for which a specific AMP may be imposed with a more streamlined summary process. This is because Summary AMPs are a critical tool to promote compliance with regulatory requirements. Accordingly, where the specific requirements to which Summary AMPs apply are met, a Summary AMP typically serves the statutory purpose of promoting compliance and deterring non-compliance.

Provisions to which General AMPs apply usually deal with more severe forms of misconduct and have higher imposable penalty amounts than are available for Summary AMPs. Therefore, FSRA may among other things consider:

1. The Statutory Purposes for the imposition of AMPs described above;
2. Severity of the contravention or failure to comply and its effect on consumers of financial services and the public;
3. Availability of and effectiveness of alternative enforcement options;^[12]
4. Pattern of non-compliant behaviour;
5. Prevalence of similar contraventions or failures to comply in the regulated sector and the need for deterrence;
6. Achievement of the objectives of the concerned Sector Statute(s); and
7. FSRA's statutory mandate, priorities and strategic enforcement objectives.

A.3 Interpretation and Approach: Imposing general AMPs where there is a pattern of misconduct

AMPs may be imposed in addition to any other enforcement sanction, including licensing actions and compliance orders. FSRA considers sanctions cumulatively, where applicable, to ensure that the overall response to non-compliance is measured, proportionate, and achieves FSRA's statutory objects by protecting the rights and interests of consumers, promoting high standards of business conduct, and contributing to public confidence.

The Sector Statutes permit FSRA to impose a General AMP for every instance of a contravention or failure to comply to which the AMP applies.

Where a person contravenes or fails to comply with two or more statutory requirements, FSRA may impose General AMPs for the contravention of, or failure to comply with, each statutory requirement, provided that the relevant factual circumstances and/or the harm caused are sufficiently distinct.

Where there has been a pattern or overall scheme of misconduct resulting in multiple contraventions of, or instances of contravention or failure to comply with the same statutory requirement, FSRA may impose a single General AMP to ensure that the pattern of conduct is addressed holistically. In such cases the amount of the AMP imposed takes into account the repetitive nature of the conduct and the overall consumer harm and economic benefit.

B. Determining the amount of a general AMP

B.1 Interpretation: FSRA determines the amount of general AMPs in accordance with statutory criteria^[13]

The Sector Statutes provide the maximum of imposable General AMPs and Statutory Criteria for determining the amount of General AMPs in the circumstances of each case.^[14]

Unless the General AMP amount for a specific contravention is prescribed, FSRA determines the amount within the statutory maximums in accordance with the following Statutory Criteria, as interpreted in this Guidance. The Sector Statutes restrict FSRA to the Statutory Criteria and do not permit consideration of additional or alternate factors.

1. **Degree to which the contravention or failure was intentional, reckless, or negligent:** FSRA situates misconduct on a spectrum of the level of intention involved in a particular contravention or failure to comply, ranging from intentional disobedience to negligence.^[15] FSRA takes all relevant and available evidence into account when situating such conduct:
 - i. FSRA treats intentional disobedience of statutory or regulatory requirements with the most severity when determining the amount of a General AMP.^[16] Evidence relating to prior knowledge of consequences, professional experience as a licensee in the relevant sector, selection of affected consumers, and patterns of misconduct are taken into account while determining intentionality.
 - ii. A reckless breach of a statutory requirement is treated as a more severe attitude of disobedience than a negligent one, and therefore attracts higher General AMPs. Negligence reflects a lack of the required degree of care and regard for the interests of the public. Recklessness involves acting in a manner that creates the risk of a contravention while disregarding or not considering the possibility of such risk.
 - iii. FSRA considers ignorance of statutory and regulatory requirements as reckless or negligent behaviour and imposes General AMPs accordingly. Persons involved in regulated activities are responsible to inform themselves of the requirements and conduct themselves accordingly.^[17]
 - iv. FSRA considers repeated contraventions to be an indicator of intentional conduct and not consistent with recklessness or negligence. This is particularly the case if the proposed subject has been sanctioned, warned, or cautioned in the past about their conduct.
 - v. Situations of hardship do not excuse non-compliance with statutory and regulatory requirements. Regulated persons are expected to make alternative arrangements to meet regulatory requirements.^[18] However, demonstrated personal hardship may indicate that the non-compliance is lower on the spectrum of intent.

2. **Extent of the harm or potential harm to others resulting from the contravention or failure to comply:** FSRA takes into consideration the degree and extent of the harm caused or which may have been caused by a contravention or failure to comply when determining the amount of a General AMP. FSRA takes into account the following while assessing harm:

- i. Harm may be direct or indirect and be caused to the public, consumers, plan members, other licensees, FSRA, and/or to the relevant sector as a whole;
- ii. Harm includes both actual and potential harm. Both kinds of harm are assessed and, where possible, quantified by FSRA based on available evidence;
- iii. Harm includes both monetary and non-monetary harm. Non-monetary harm may include the loss of reputation and loss of consumer confidence in the regulated sectors. Non-monetary harm cannot be quantified, but can be considered on a spectrum of severity;
- iv. Harm includes adverse affects on FSRA's ability to effectively regulate the sectors and to the potential for loss of public confidence in FSRA; and
- v. Where someone other than the subject of the proposed General AMP mitigates the harm by providing compensation or otherwise remediating the issue, this is not considered mitigating against the subject. The full extent of the reduced, mitigated, or avoided harm is included to determine the appropriate amount.

3. **Extent to which the person tried to mitigate any loss or to take other remedial action:**

Mitigation and remedial actions may result in the reduction of the amount of a proposed General AMP. This criterion applies to positive steps taken by the non-compliant person and not to unintended results or outside circumstances^[19], and/or the efforts of others. FSRA examines relevant evidence and determines whether there has been an attempt to mitigate and its extent based on the following factors:

- i. Nature of the mitigating/remedial action. For example, mitigating/remedial actions would include,
 - compensating affected parties;
 - voluntarily correcting non-compliant practices;

- immediately and fully self-reporting to FSRA after the discovery of a contravention or non-compliance; and
 - setting up business processes to avoid future contraventions and non-compliance.
- ii. Impact of the mitigating/remedial action on the harm caused or avoided;
 - iii. Timing of the mitigating/remedial action, including whether such action was initiated pro-actively by the wrongdoer, or after a complaint to FSRA, legal action, or other process;
 - iv. Whether the mitigating/remedial action was compelled by contractual or any other legal obligation; and
 - v. Co-operating with FSRA at any point, including during an examination or investigation is not usually considered to be a mitigating or remedial action as such compliance is statutorily required.
4. **Economic benefit derived or reasonably expected to be derived by person or entity from the contravention or failure to comply:** FSRA takes into account all economic benefit, including indirect and potential benefit, when determining the amount of a General AMP. Furthermore,
- i. Economic benefits include not only the actual economic benefit derived but also any benefit that the non-compliant person would be reasonably expected to derive, even if the benefit was not fully realized;
 - ii. Economic benefits include costs avoided or time saved as a result of a contravention or failure to comply;^[20]
 - iii. The amount of economic benefit is based on the benefit obtained as a result of the contravention or non-compliant conduct. Future loss of such benefit is not taken into consideration while applying this criterion;

- iv. Economic benefit is assessed by FSRA in a manner consistent with the prescribed purposes for which General AMPs may be imposed, to prevent a person or entity from deriving, directly or indirectly, any economic benefit as a result of contravening or failing to comply with statutory requirements; and
 - v. A General AMP seeks to neutralize all economic benefits of a contravention, to the extent permitted within the statutory maximum. However, a General AMP should not simply negate the economic benefit arising from a contravention, as such an approach could lead to an AMP being considered a “cost of doing business”. The economic benefit is the starting point for the appropriate General AMP, since a General AMP that only puts a wrongdoer back on the same footing they would have been in, but for the sanction, does not adequately deter non-compliance. Subject to statutory maximums, a General AMP that exceeds the economic benefit, if any, is generally imposed to incentivize compliance. The degree of excess depends on the evidence applied to the other Statutory Criteria.
5. **Prior history of contraventions or failures to comply:** FSRA takes into account the regulatory history of a person while determining the severity of a General AMP. A history of regulatory misconduct indicates greater need for specific deterrence and escalated consequences. Prior contraventions of all financial services legislation are taken into account. The following factors, among others, affect the severity of a General AMP:
- i. Whether the prior contravention involved the same statute as the present contravention;
 - ii. Severity of the prior contravention and if such contravention arose from the same or similar factual circumstances;
 - iii. Whether the person was aware of the prior contravention and had an opportunity to challenge the finding; and
 - iv. Compliance with any sanction imposed for the prior contravention.

B.2 Interpretation: FSRA ensures that general AMPs are not punitive^[21]

The final stage of the General AMP amount determination is to ensure that the AMP is not punitive in nature.^[22] A General AMP amount is punitive if it is disproportionate to the amount required to achieve the Statutory Purposes for imposing the General AMP, as described in Section B.1 of this Guidance.^[23] The magnitude of the General AMP is not determinative, but the amount must reflect the Statutory Purposes, including the objective of promoting compliance and deterring non-compliance with regulatory requirements.

FSRA takes a holistic approach when making a determination on the proportionality of a General AMP amount. FSRA takes into account all relevant factors including the overall factual circumstances associated with the General AMP, the conduct of the non-compliant person or entity, and the totality of the sanctions imposed.

If the amount of the General AMP is determined as punitive, FSRA reduces the General AMP to bring it in compliance with the Statutory Purposes described in Section B.1. of this Guidance in accordance with the Statutory Criteria discussed in Section C. of this Guidance.

Where FSRA imposes the prescribed amount for a Summary AMP, it cannot be punitive as the amount is predetermined by the legislature.

C. Approach: FSRA may reduce AMP amounts in settlements

FSRA may decide to add or remove an AMP proposed, or modify the amount of such AMP, as a result of a settlement. However, FSRA does so only when satisfied that the AMP imposed by settlement is consistent with the Statutory Purposes and Statutory Criteria described above. FSRA may also consider:

- Actions of the concerned person after the commencement of the enforcement action proposing to impose the AMP
- Any new information or evidence brought to the notice of FSRA after the commencement of the enforcement action; and
- The overall sanctions and outcomes that will be achieved through settlement.

Effective date and future review

This guidance became effective on [TBD] and will be reviewed no later than [TBD].

About this Guidance

This document is consistent with [FSRA's Guidance Framework](#). As an Interpretation guidance, it describes FSRA's view of requirements under its legislative mandate (i.e., legislation, regulations and rules). Further, as an Approach Guidance it describes FSRA's internal principles, processes and practices for supervisory action and application of Chief Executive Officer discretion.

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 7(d)

Read Only Items-- Insights Gained from March 23/23 AMF Virtual Presentation, in French Only, on Plans to Review the Consultation Process for the Prudential and Regulatory Framework Applicable to Financial Institutions (Optimizing the Compliance Burden) (See April 2023 Regulatory Update)

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

This is an update on a meeting Keith Martin attended, in French only, on the AMF's efforts to reduce the compliance burden it imposes upon regulated entities in Quebec.

Recommendation / Direction Sought – Read Only Item

This is a read only update for the EOC.

Attachments Included with this Agenda Item

1 attachment.



**AUTORITÉ
DES MARCHÉS
FINANCIERS**

OPTIMISATION DE LA CHARGE DE CONFORMITÉ

Surintendance des institutions financières

Présentation du panier de solutions, échanges et questions - 23 mars 2023

DÉROULEMENT

1. La nouvelle SIF
2. Contexte de la consultation
3. Analyse des suggestions
4. Panier de solutions
5. Vos rétroactions et questions

1. LA NOUVELLE SIF

- Réflexion débutée en 2019 mais interrompue par la pandémie de COVID-19
- Continué dès le retour à la normale
- Proposition d'un nouveau nom qui reflète mieux la portée de notre mission
 - ✓ Surintendance des institutions financières
- Processus de réorganisation en deux phases qui s'est conclu en décembre 2022

1. LA NOUVELLE SIF

Objectif : Se réinventer pour réaliser notre mission de la manière la plus efficiente possible, en maximisant l'impact de nos interventions auprès des institutions financières et afin de gagner en agilité.

Approche préconisée: Favoriser l'analyse transversale basée sur des activités de surveillance scindées par familles de risques plutôt que par types d'institutions.

Résultat visé: Permettre aux équipes de concentrer leurs efforts sur les mandats à grande valeur ajoutée en priorisant les risques ayant le plus d'impact pour la stabilité financière et la protection des consommateurs au Québec.

1. LA NOUVELLE SIF



- Intégration des activités de droit d'exercice et de résolution
- Création d'une équipe transversale d'intelligence d'affaires et analytique
- Mise en évidence des mandats de surveillance des pratiques commerciales, de surveillance des risques émergents
- Formalisation du mandat de préparation en cas de crises menant à des exercices de simulation

2. CONTEXTE DE LA CONSULTATION

- ❑ Consultation sur l'optimisation de la charge de conformité lancée le 18 juin 2021
- ❑ Ce processus a permis à la SIF de recueillir une soixantaine de suggestions issues de sept parties prenantes: l'ACCAP, l'ACIFA, l'AESIQ, le BAC, la CADD, le Mouvement Desjardins et le RCCAQ
- ❑ Ces suggestions ont été classées selon les 5 grands thèmes :
 - Compréhension de l'opportunité d'encadrement
 - Coordination des actions et interactions de l'Autorité
 - Harmonisation de l'encadrement
 - Agilité technologique et optimisation des données
 - Modification lois et règlements

3. ANALYSE DES SUGGESTIONS

Énoncé annuel des priorités 2022-2023

- ❑ La SIF a annoncé qu'elle allait revoir le processus de consultation de l'encadrement prudentiel et réglementaire applicable aux institutions financières en:
 - ❑ Partageant en amont les calendriers de planification des initiatives
 - ❑ Procédant à des préconsultations sur les sujets prioritaires
- ❑ Cette proposition découle directement de l'analyse des suggestions reçues concernant nos processus de consultation

4. PANIER DE SOLUTIONS

Le panier de solutions proposées répond aux trois objectifs suivants:

1. Offrir une meilleure prévisibilité (délais, date de consultation, date de prise d'effet, etc.) concernant les initiatives de la SIF.
2. Offrir plus de transparence quant aux différents processus d'élaboration des initiatives (manière de procéder, jalons, etc.)
3. Accroître l'implication des parties prenantes dans les processus d'élaboration (préconsultation, rencontres d'échange, etc.)

4. PANIER DE SOLUTIONS

Solution #1: **Calendrier des initiatives**

- Publication à fréquence déterminée, destinée aux institutions financières
- Présentation de toutes les initiatives dans lesquelles une rétroaction des institutions financières est attendue
 - Contiendra notamment les sondages, les lignes directrices, les règlements, les études en tout genre
 - Énoncera notamment le libellé de l'initiative, la description, les jalons importants, l'état d'avancement, la personne ressource pour plus d'information

4. PANIER DE SOLUTIONS

Solution #2: **Document de type « Actualités et regard sur les risques »**

- Publication à fréquence déterminée, destinée aux institutions financières
- Présentera sous la forme d'un bulletin d'information
 - Actualités et tendances nationales et internationales en matière de meilleures pratiques des « standard setters », des autres régulateurs
 - Actualités et tendances en termes de saine gestion des risques qui sont d'intérêt pour l'Autorité

4. PANIER DE SOLUTIONS

Solution #3: **Favoriser et accroître les occasions d'échange avec les parties prenantes**

- Pourrait par exemple prendre les formes suivantes:
 - Préconsultations officielles
 - Échanges informels plus fréquents
 - Webinaire sur des sujets plus large (p.ex. résilience opérationnelle)
 - Études d'opportunité en matière d'encadrement
 - En lien avec les précédentes solutions, permettre des discussions sur demande avec les parties prenantes concernant les initiatives prévues ou en cours

5. Rétroactions, questions et échanges sont les bienvenus!

Merci!

DEPS_optimisation@lautorite.qc.ca

Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 7(e)

Read Only Items-- Insights Gained from March 30/23 CAFII Webinar on “Mental Health Issues In The Workplace” (See April 2023 Regulatory Update)

Purpose of this Agenda Item – *Read Only Item*

This is a read only item.

Background Information

This is a summary update of the March 30, 2023 webinar on “Mental Health Issues in the Workplace.”

Recommendation / Direction Sought – *Read Only Item*

This is a read only update for the EOC.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 7(e)
April 25/23 EOC Meeting

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Reminder: You are receiving this email because you have expressed an interest in the Canadian Association of Financial Institutions in Insurance.



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

You're Invited!

Mental Health Issues in the Workplace

A CAFII Virtual Fireside Chat with Paula Allen and Nigel Branker

Thursday, March 30, 2023

from 1:00pm - 2:00pm ET

via Zoom Webinar



Paula Allen

Global Leader, Research and Total Wellbeing

TELUS Health

(For capsule biography, [click here](#))



Nigel Branker

Chief Executive Officer

Securian Canada

(For capsule biography, [click here](#))

This webinar will feature two expert panelists who will address the following in a virtual Fireside Chat with CAFII moderator Keith Martin:

- Impact of workplace, economic, and societal pressures on the mental health of employees and customers;
- Emerging societal recognition that just as anyone can get physically sick, mental health issues and challenges are no different;

- Has the stigma around mental health issues really gone away?, or can a person's career still be negatively impacted if they reveal that they suffer from mental health issues?;
- Not all mental health issues have to be major incidents—the COVID-19 pandemic and its aftermath have caused low-level, chronic stress and anxiety in a lot of people's lives—is this currently a major concern, and/or something with potential long-lasting implications?;
- In addition to helping their own employees, are CAFII member companies and/or industry peers trying to help customers cope with mental health issues and challenges caused by workplace, economic, and societal pressures?

[Click Here to Register](#)

For further information or assistance, please email Buni Mba at webinars@cafii.com or call 416-494-9224 ext. 3.

We look forward to welcoming you to this 2023 CAFII webinar .

Sincerely,

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Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 7(f)

Read Only Items-- Insights Gained from April 4/23 CAFII Reception Event with Kartik Sakthivel, Guest Speaker (See April 2023 Regulatory Update)

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

This is a summary update of the April 4, 2023 presentation by Kartik Sakthivel at a CAFII Reception event.

Recommendation / Direction Sought – Read Only Item

This is a read only update for the EOC.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 7(f)
April 25/23 EOC Meeting

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Reminder: You are receiving this email because you have expressed an interest in the Canadian Association of Financial Institutions in Insurance.



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

You're Invited!

You are cordially invited to attend CAFII's Reception event on Tuesday, April 4, 2023. This thought leadership and networking-focused gathering will provide an opportunity to socialize informally with industry counterparts, insurance regulator and policy-maker representatives, and key contacts from allied Associations.

When: Tuesday, April 4, 2023 from 5:30 to 7:30 p.m.

Location: Vantage Venues, Inverness Room - 27th Floor, 150 King St West, Toronto (northeast corner of King St. West and University Avenue; connected to the PATH).

cafii acifa

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

This Reception will feature a presentation by Kartik Sakthivel, Vice President and Chief Information Officer at LIMRA and LOMA:



Kartik Sakthivel, PhD, MS-IT/MS-CS, M.B.A., PGC-IQ

Vice President and Chief Information Officer

LIMRA and LOMA

(For capsule biography, [click here](#))

This presentation will focus on ...

Kartik will offer a sweeping overview of transformations occurring in the life and health insurance space, building on leading-edge research by LIMRA/LOMA, including:

- Technology changes and their impact on insurance, including artificial intelligence, machine learning, and other technological developments;
- The heightened expectations of insurance consumers, including around a seamless digital experience;
- The importance of delivering on diversity, equity, and inclusion in insurance companies; and
- How Canada fares in insurance innovation in comparison with other jurisdictions in the world.

If you have any questions, please contact Meighan Pears at events@cafii.com

[Click Here to Register](#)

For further information or assistance, please email Meighan Pears at events@cafii.com

We look forward to welcoming you to this 2023 CAFII event!

Sincerely,

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Briefing Note

CAFII EOC Meeting 25 April, 2023—Agenda Item 7(g)

Read Only Items-- Confirmed Speaker for June 6/23 CAFII Reception Event

Purpose of this Agenda Item – *Read Only Item*

This is a read only item.

Background Information

Anthony Ostler, President & CEO of the Canadian Bankers Association, will be the speaker at the CAFII Reception event, which will immediately follow the CAFII Board meeting on 6 June, 2023. Mr. Ostler's biography can be found here:

[Anthony Ostler Biography](#)

Recommendation / Direction Sought – *Read Only Item*

This is a read only update for the EOC.

Attachments Included with this Agenda Item

1 attachment.