

CAFII Executive Operations Committee Meeting Agenda

Date: Tuesday, April 26, 2022
Chair: R. Dobbins
Location: [Virtual MSTEams Meeting](#)

Time: 2:00 – 3:30 p.m. EDT
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		R. Dobbins		
b. Welcome to New EOC Member: Ivan Murray, National Bank Insurance		R. Dobbins		
c. CAFII Board's April 12/22 Decision Re Return to In-Person Meetings on June 7/22, But Deferral of CAFII 25 th Anniversary Celebration to Fall 2022		R. Dobbins/ B. Wycks	Update	
d. Results of EOC Member Survey Re Comfort with Return to In-Person EOC Meetings: May 17/22; June 28/22; September 20/22		R. Dobbins/ B. Wycks	Discussion/ Decision	✓
e. Need for Successor CAFII Treasurer		R. Dobbins	Update	✓ (2)

2. Consent Items	2:15 p.m.	Presenter	Action	Document
a. Consultations/Submissions Timetable				✓
b. Regulatory Update				✓
c. April 4/22 CAFII Response Submission to CCIR/CISRO on "Incentives Management Guidance"				✓
d. Regulator and Policy-Maker Visit Plan Recap				✓
e. Summary of Board and EOC Action Items				✓
f. Board-Approved Schedule of CAFII 2022 Meetings and Events				✓

3. Financial Management Matters	2:17 p.m.	Presenter	Action	Document
a. CAFII Financial Statements as at March 31/22		T. Pergola	Update	✓
b. Forecast For CAFII 2022 Fiscal Year as at March 31/22		T. Pergola	Update	✓
c. Update on Board and Membership Approval of CAFII 2021 Audited Financial Statements		B. Wycks	Update	✓

4. Committee Updates	2:27 p.m.	Presenter	Action	Document
a. Market Conduct & Licensing	2:27 p.m.	B. Kuiper	Update	✓
i. Penultimate Draft of CAFII Response Submission on FSRA Consultation on Principles-Based Regulation (Submission Deadline: April 29/22)		K. Martin/B. Wycks	Update	✓ (2)
ii. FSRA Consultation on Proposed "Principles of Conduct for Insurance Intermediaries" (Submission Deadline: May 3/22)		K. Martin/B. Wycks	Update	✓ (2)
iii. OSFI Consultation on "Culture Risk Management": In-Scope or Out-of-Scope For CAFII Response Submission? (Submission Deadline: May 31/22)		K. Martin/B. Wycks	Update/ Discussion	✓
iv. Insurance Council of BC Consultation on "Insurance Council Rules" (which set the licence conditions and requirements for all BC insurance licensees): In-Scope or Out-of-Scope For CAFII Response Submission? (Submission Deadline: June 1/22)		K. Martin/B. Wycks	Update/ Discussion	✓
v. FCNB Informal Joint Sounding Board Consultation With CLHIA and CAFII On Imminent Amendments to Life and Health Sections of New Brunswick Insurance Act: David Weir Request For Smaller CAFII Review/Input Group, Given Confidential/Embargoed Terms of Release		B. Wycks	Update	
b. Media Advocacy	2:42 p.m.	J. Marcus		
i. Completion of 2021 Website Videos and Launch of 2022 Initiatives with Operatic Agency		K. Martin	Update	
c. Research & Education	2:47 p.m.	A. Stuska		
i. Implementation of Board-Approved Next Steps Re Public Release of Results of Deloitte Canada Thought Leadership Paper on Trends, Consumer Demands/Expectations, and Best Practices in Digitization of CPI		A. Stuska/K. Martin	Update	✓ (2)
d. Networking & Events	2:53 p.m.	C. Manno	Update	
i. Survey of EOC Members For Input On Topics and Presenters/Panelists for Future CAFII Webinars and In-Person Events		C. Manno	Update	
ii. Plans for May 3/22 CAFII Webinar On "Principles-Based Regulation (PBR); The Emergence of Rule-Making Authority; and How They Work Together: A Complementary, Harmonious Fit Or 'Dynamic Tension' For Canada's Insurance Regulators?"		K. Martin	Update	✓

e. Travel Insurance Experts	2:59 p.m.	K. Umutoiwase	Update	
i. Issues Discussed in and Insights Gained from Recent Meetings of Travel Insurance Experts Committee		K. Umutoiwase	Update	
ii. Insights Gained From CAFII/CLHIA/THIA Bi-Weekly Meetings Re Impact Of COVID-19 On Travel and the Travel Insurance Industry		B. Wycks	Update	

5. Recent and Upcoming Strategic and Regulatory Initiatives	3:04 p.m.	Presenter	Action	Document
a. Re-Engagement/Re-Launch of CAFII Working Group on Compliance With AMF's Expectations Re RADM's Applicability To Credit Card-Embedded Insurance Benefits To Assess Need For Reply and/or Action(s) In Response To AMF's April 1/22 Feedback Letter To The Industry On December 17/21 Action Plans		R. Dobbins/ K. Kasperski/ K. Martin	Update	✓ (2)

6. Governance Matters	3:07 p.m.	Presenter	Action	Document
a. Draft Minutes of March 22/22 EOC Meeting		B. Wycks	Approval	✓
b. Draft Minutes of April 12/22 Board Meeting		B. Wycks	Endorsement	✓
c. CAFII Formal "Thank You" Recognition of 2021 Committee Chairs and Vice-Chairs; and External Body Appointees, Executed On April 1/22		B. Wycks	Update	✓
d. Preparation and Dissemination of CAFII 2022 Annual Meeting of Members Materials Package		B. Wycks	Update	✓

7. Read Only Items	3:12 p.m.	Presenter	Action	Document
a. CISRO's Finalization and Dissemination of "Principles Of Conduct For Insurance Intermediaries"				✓ (9)
b. 2022 CLHIA Compliance and Consumer Complaints Virtual Conference, May 4-5/22				✓ (Briefing Note Only)
c. Insurance Councils of Saskatchewan's Appointment of April Stadnek as New Executive Director				✓
d. Members' Contributions to CAFII's Advancement Through Contribution of Volunteer Resources to Committee Chair, Vice-Chair, and Member Roles				✓
e. April 20/22 Torys LLP Webinar Deck on "Fundamentals of banking and insurance law – business & investment powers and federal players"				✓

8. In Camera Session	3:12 p.m.	Presenter	Action	Document

9. Tracking Issues		Presenter	Action	Document
a. AMF Consultation on Declaration of Operational Incidents				
b. BCFSa Consultation on "Code of Conduct For BC-Authorized Insurers" (pending proclamation into force of section 94.3 of BC Financial Institutions Act)				
c. BC Ministry of Finance Drafting of Regulations to Implement Financial Institutions Amendment Act, 2019				
d. FCAC: Phase 2 of Domestic Bank Retail Sales Practices Review				

Next EOC Meeting: Tuesday, May 17/22, 2:00 to 4:00 p.m. Meeting (TBD Re In-Person/Virtual Hybrid Meeting Versus Exclusively Virtual MTeams Meeting)

Next Board Meeting: Tuesday, June 7/22, 2:20 to 4:00 p.m., In-Person Meeting

Briefing Note

CAFII EOC Meeting 26 April, 2022—Agenda Item 1(a)
Call to Order, Welcome, and Priority Matters: Call to Order

Purpose of this Agenda Item – Update

Start of meeting.

Background Information

The meeting is called to order.

Recommendation / Direction Sought -- Update

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 26 April, 2022—Agenda Item 1(b)

Welcome, Call to Order, and Priority Matters—Welcome to New EOC Member: Ivan Murray, National Bank Insurance

Purpose of this Agenda Item

To welcome a new member to the EOC.

Background Information

There has been an effort over the past few months to strengthen the membership of CAFII Committees and Working Groups. Today, CAFII is pleased to welcome another new member of the EOC: Ivan Murray, National Bank Insurance.

Recommendation / Direction Sought – Update

This is an information update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 26 April, 2022—Agenda Item 1(c)

Welcome, Call to Order, and Priority Matters— CAFII Board's April 12/22 Decision Re Return to In-Person Meetings on June 7/22, But Deferral of CAFII 25th Anniversary Celebration to Fall 2022

Purpose of this Agenda Item – Update

To share feedback with the EOC on Board feedback on a return to in-person meetings.

Background Information

CAFII has been exploring options around a return to some in-person Board meetings. To gauge the comfort of CAFII members with proceeding with these in-person events, CAFII surveyed EOC and Board members on their views around the options available. Survey results indicated that a hybrid (in-person and virtual) model for the Board meeting would work, but that there was still considerable hesitancy among many CAFII EOC and Board members around holding an in-person celebratory event on 7 June. As its 12 April, 2022 Board meeting, Directors passed the following resolution:

*On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that:*

- 1. An in-person meeting of the Annual Meeting of Members, and Board meeting, would be held on 7 June, 2022;*
- 2. That the in-person CAFII 25th Anniversary celebration event be held later in the year, after Labour Day 2022;*
- 3. That the in-person CAFII 25th Anniversary celebration event does not need to be held on the same day as a Board meeting;*
- 4. That the in-person CAFII 25th Anniversary celebration should be held on a date that maximizes regulators' ability to participate.*

Recommendation / Direction Sought – Update

This is an information update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 26 April, 2022—Agenda Item 1(d)

Welcome, Call to Order, and Priority Matters— Results of EOC Member Survey Re Comfort with Return to In-Person EOC Meetings: May 17/22; June 28/22; September 20/22

Purpose of this Agenda Item – Discussion/Decision

To share feedback with the EOC on Board feedback on a return to in-person meetings and ask the EOC to make a decision on the approach to upcoming meetings. .

Background Information

CAFII has been exploring options around a return to some in-person EOC Meetings. To gauge comfort with this approach, EOC members were recently invited to participate in a survey to determine their comfort with a return to in-person meetings, along with how soon they would be prepared to participate in in-person meetings. The results of this survey will be discussed with the objective of arriving at a decision around whether to hold upcoming EOC meetings virtually only, or with an in-person option (hybrid model).

Recommendation / Direction Sought – Discussion/Decision

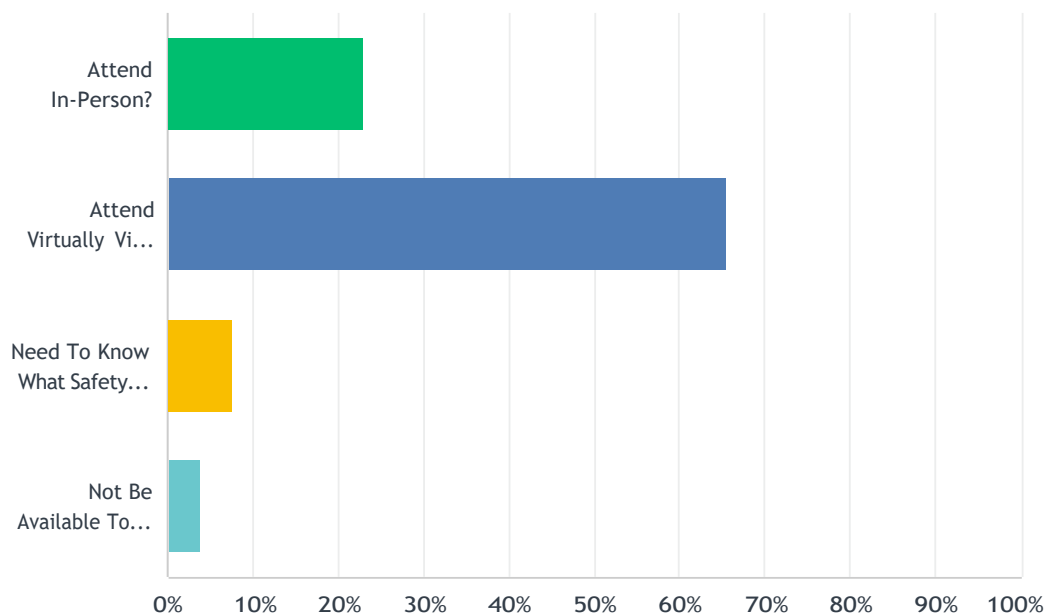
This is a discussion and decision item.

Attachments Included with this Agenda Item

1 attachment.

Q1 If arrangements are firmed up to hold the EOC Meeting scheduled for Tuesday, May 17/22 from 2:00 to 4:00 p.m. as primarily an In-Person Meeting at a downtown Toronto venue located in close proximity to a TTC subway station, would you

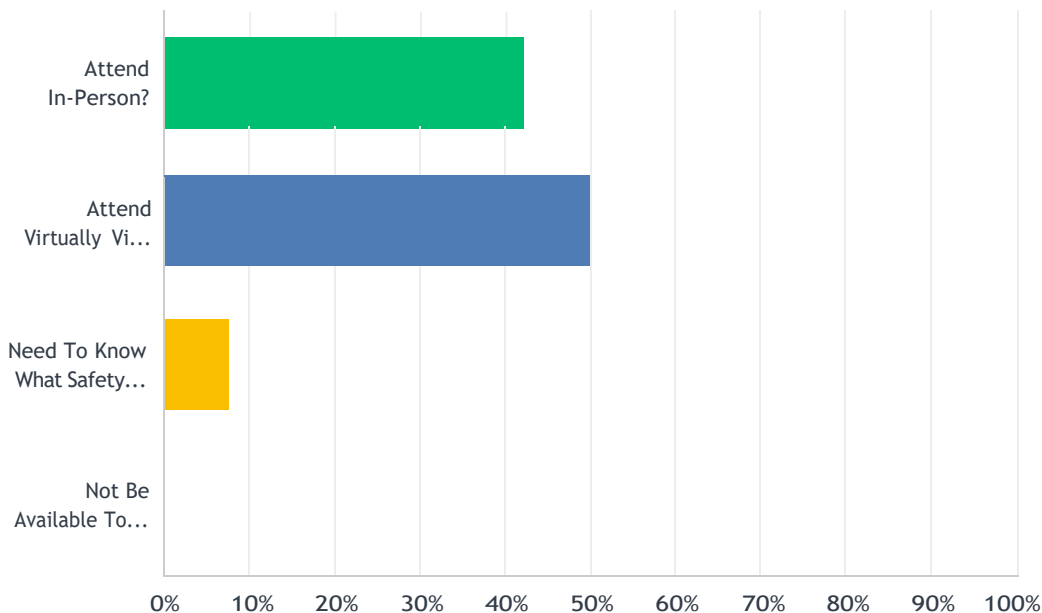
Answered: 26 Skipped: 0



ANSWER CHOICES	RESPONSES	
Attend In-Person?	23.08%	6
Attend Virtually Via MSTeams?	65.38%	17
Need To Know What Safety Protocols Would Be In Place At The Venue (egs. vaccination passport; mask mandate; etc.) Before Deciding?	7.69%	2
Not Be Available To Attend This Meeting?	3.85%	1
TOTAL		26

Q2 If arrangements are firmed up to hold the CAFII Board Meeting scheduled for Tuesday, June 7/22 from 3:00 to 5:00 p.m. as primarily an In-Person Meeting at First Canadian Place (King and Bay Sts. in downtown Toronto), hosted by BMO Insurance, would you (EOC members are always invited/welcome to attend CAFII Board meetings as guest observers)

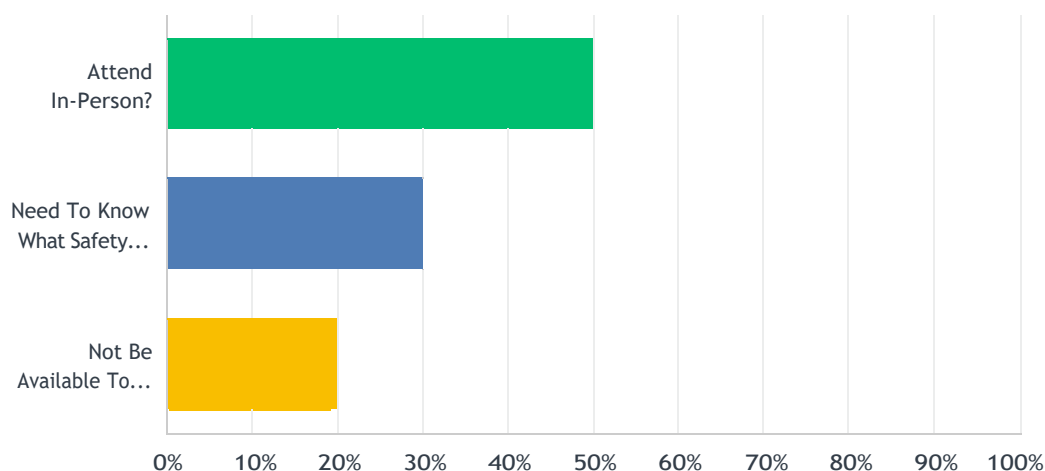
Answered: 26 Skipped: 0



ANSWER CHOICES	RESPONSES	
Attend In-Person?	42.31%	11
Attend Virtually Via MSTeams?	50.00%	13
Need To Know What Safety Protocols Would Be In Place At The Venue (egs. vaccination passport; mask mandate; etc.) Before Deciding?	7.69%	2
Not Be Available To Attend This Meeting?	0.00%	0
TOTAL		26

Q3 If arrangements are firmed up to hold the CAFII 25th Anniversary Celebration scheduled for Tuesday, June 7/22 from 5:30 to 7:30 p.m. as an exclusive In-Person Event at First Canadian Place (King and Bay Sts in downtown Toronto), hosted by BMO Insurance, would you

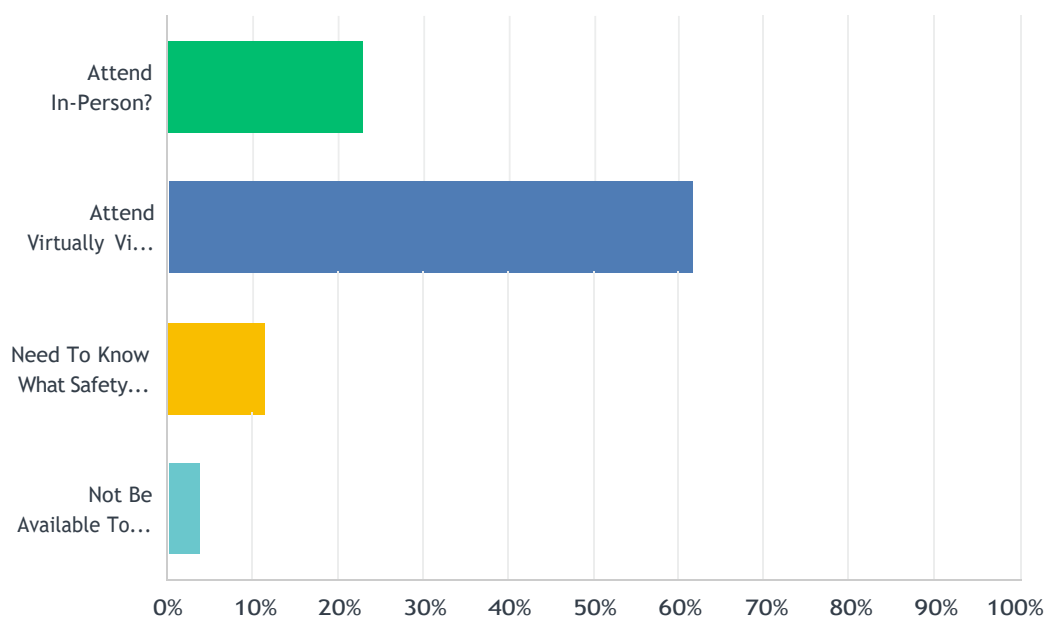
Answered: 26 Skipped: 0



ANSWER CHOICES	RESPONSES	
Attend In-Person?	50.00%	13
Need To Know What Safety Protocols Would Be In Place At The Venue (egs. vaccination passport; mask mandate; etc.) Before Deciding?	30.77%	8
Not Be Available To Attend This Anniversary Celebration?	19.23%	5
TOTAL		26

Q4 If arrangements are made to convert the EOC Meeting scheduled for Tuesday, June 28/22 to be primarily an In-Person Meeting from 2:00 to 4:00 p.m. at a downtown Toronto venue accessible to a TTC subway station, would you

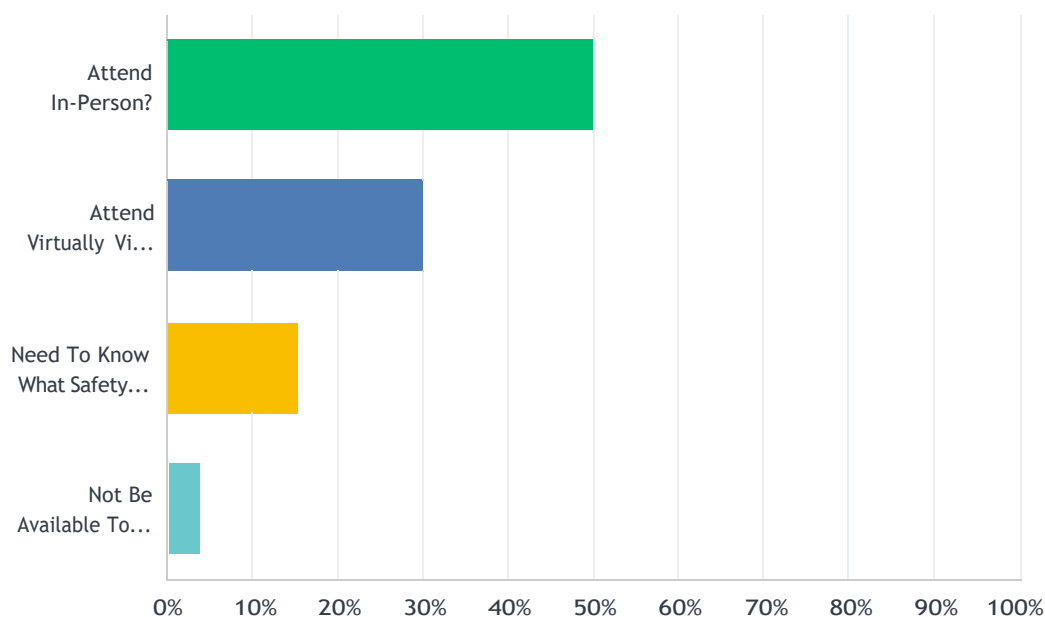
Answered: 26 Skipped: 0



ANSWER CHOICES	RESPONSES	
Attend In-Person?	23.08%	6
Attend Virtually Via MSTEams?	61.54%	16
Need To Know What Safety Protocols Would Be In Place At The Venue (egs. vaccination passport; mask mandate; etc.) Before Deciding?	11.54%	3
Not Be Available To Attend This Meeting?	3.85%	1
TOTAL		26

Q5 If arrangements are firmed up to hold the EOC Meeting scheduled for Tuesday, September 20/22 from 2:00 to 4:00 p.m. as primarily an In-Person Meeting at a downtown Toronto venue accessible to a TTC subway station, would you

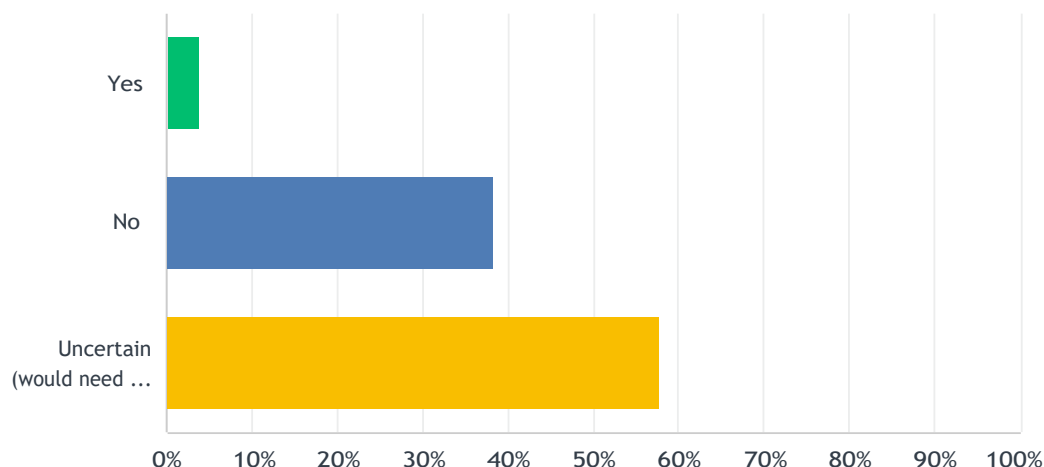
Answered: 26 Skipped: 0



ANSWER CHOICES	RESPONSES	
Attend In-Person?	50.00%	13
Attend Virtually Via MSTeams?	30.77%	8
Need To Know What Safety Protocols Would Be In Place At The Venue (egs. vaccination passport; mask mandate; etc.) Before Deciding?	15.38%	4
Not Be Available To Attend This Meeting?	3.85%	1
TOTAL		26

Q6 Would your CAFII member company be able to host a CAFII EOC In-Person Meeting at a downtown Toronto venue accessible to a TTC subway station – in a meeting room that can accommodate up to 30 people in a Boardroom setting (attendees all seated around one large table) -- on one or more of Tuesday, May 17/22; Tuesday, June 28/22; or Tuesday, September 20/22?

Answered: 26 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	3.85%	1
No	38.46%	10
Uncertain (would need to check into this before responding)	57.69%	15
TOTAL		26

Q7 If Yes to 6 above, what restrictions, if any, would your member company's venue have in place associated with hosting a CAFII EOC meeting (egs.: vaccination passport required to enter; mask mandate; maximum attendance; food and drink restrictions, etc.)?

Answered: 2 Skipped: 24

#	RESPONSES	DATE
1	No restriction	4/8/2022 5:11 PM
2	We do not have a downtown office location.	4/6/2022 3:28 PM

Briefing Note

CAFII EOC Meeting 26 April, 2022—Agenda Item 1(e)

Welcome, Call to Order, and Priority Matters— Need for Successor CAFII Treasurer

Purpose of this Agenda Item – *Update*

To ask the EOC to assist in finding a new CAFII Treasurer.

Background Information

After five years of exemplary service, CAFII Treasurer Tony Pergola will be stepping down no later than by the Annual Meeting of Members on 7 June, 2022. This is a request for EOC members to work with their CAFII Director to identify possible candidates for this critically important volunteer leadership role.

Recommendation / Direction Sought – *Update*

This is an update item only.

Attachments Included with this Agenda Item

2 attachments.

Agenda Item 1(e)(1)
April 26/22 EOC Meeting

CAFII Treasurer Succession

In light of the need for the CAFII Board to identify a successor CAFII Treasurer and appoint a candidate at the June 7/22 CAFII Board Meeting, the following information is provided:

- Candidate Profile: CAFII Treasurer; and
- Reverse Chronology of CAFII Board Chair, Board Vice-Chair, EOC Chair, EOC Vice-Chair, and Treasurer Appointees (separate but linked document)

Candidate Profile: CAFII Treasurer

The following are desired skills, attributes, experience, and related qualifications for the position of CAFII Treasurer:

- strong numeracy and financial literacy skills
- familiarity with accounting. Able to read, understand, and interpret financial statements
- strong monitoring orientation and attention-to-detail
- good presentation skills, especially for reporting to the EOC and Board on Year-to-Date financial results versus Budget; and on the Association's financial reserves
- available to attend most EOC and Board meetings to provide financial reports. Occasional attendance for only the "Financial Management" items section of the agenda is acceptable
- experience in development of annual operating budgets; familiarity with budgeting for an Association or similar non-profit organization is an asset
- available to work intensively during the mid-October through early December period each year on development of the subsequent year's operating budget
- some experience/familiarity with the annual audit process for non-profit organizations, and in working with external auditors
- reasonable level of availability and flexibility to be a signatory on CAFII cheques, in keeping with the Association's Cheque Signing Authority Policy; and to approve payment of CAFII payables via the electronic token system used by CAFII's bank
- a collegial nature, as must be able to work co-operatively with other members; the Co-Executive Directors; the Administrative Co-ordinator, Controller, and President at TO Corp.; external auditors; and other suppliers and stakeholders in the overall stewardship of the Association's financial affairs

History/Reverse Chronology of

CAFII Board Chair, Board Vice-Chair, EOC Chair, and Treasurer Appointees

Appointments to the CAFII volunteer Officer positions of Board Chair, Board Vice-Chair, Executive Operations Committee (EOC) Chair, and Treasurer are typically made during the first Board meeting of a new governance year, immediately following the Annual Meeting of Members each June, except where noted below. In most cases, the appointed Officers have served two consecutive, one-year terms, except where noted below.

Terms (June to June, except where noted)	Board Chair	Board Vice-Chair	EOC Chair	EOC Vice-Chair	Treasurer
2021-22	Chris Lobbezoo, RBC Insurance	Peter Thompson, National Bank Insurance	Rob Dobbins, Assurant Canada	Karyn Kasperski, RBC Insurance	Tony Pergola, ScotiaLife Financial
2020-21	Chris Lobbezoo, RBC Insurance	Peter Thompson, National Bank Insurance	Rob Dobbins, Assurant Canada <i>(effective December 1/20)</i>	Karyn Kasperski, RBC Insurance	Tony Pergola, ScotiaLife Financial
2019-20	Nicole Benson, Canadian Premier Life/Valeyo	Chris Lobbezoo, RBC Insurance	Martin Boyle, BMO Insurance		Tony Pergola, ScotiaLife Financial
2018-19	Nicole Benson, Canadian Premier Life/Valeyo	Chris Lobbezoo, RBC Insurance	Martin Boyle, BMO Insurance		Tony Pergola, ScotiaLife Financial
2017-18	Peter McCarthy, BMO Insurance	Vacant	Pete Thorn, TD Insurance		Tony Pergola, ScotiaLife Financial
2016-17	Peter McCarthy, BMO Insurance	Joane Bourdeau, National Bank Insurance <i>(until April 2017, at which time National Bank Insurance left CAFII membership but rejoined in January 2019)</i>	Pete Thorn, TD Insurance <i>(May 2017 onwards)</i> Eleanore Fang, TD Insurance <i>(until April 2017)</i>		Raja Rajaram, CIBC Insurance <i>(until April 2017)</i> Tony Pergola, ScotiaLife Financial <i>(April 2017 onwards)</i>

Terms (June to June, except where noted)	Board Chair	Board Vice-Chair	EOC Chair	EOC Vice-Chair	Treasurer
2015-2016	Peter McCarthy, BMO Insurance	Joane Bourdeau, National Bank Insurance (<i>Oct 6, 2015 onwards</i>) Isaac Sananes, Canadian Premier (<i>Jun 9-18, 2015</i>)	Greg Grant, CIBC Insurance		Raja Rajaram, CIBC Insurance
2014-2015	Rino D'Onofrio, RBC Insurance (<i>Sep 19, 2014</i>)	Isaac Sananes, Canadian Premier (<i>Sep 19, 2014</i>)	Greg Grant, CIBC Insurance		Raja Rajaram, CIBC Insurance
2013-2014	Mark Cummings, ScotiaLife Financial	Rino D'Onofrio, RBC Insurance	Jennifer Hines, RBC Insurance		Raja Rajaram, CIBC Insurance
2012-2013	Mark Cummings, ScotiaLife Financial (<i>Dec 2012 onwards</i>) Cathy Honor, RBC Insurance (<i>until Dec 2012</i>)	Keith Demmings, Assurant Solutions (<i>until Dec 2012</i>)	Jennifer Hines, RBC Insurance (<i>Dec 2012 onwards</i>) John Lewsen, BMO Insurance (<i>until Oct 2012</i>)		Matt Fabian, BMO Insurance (<i>until Dec 2013</i>)
2011-2012	Cathy Honor, RBC Insurance (<i>Dec 2011 onwards</i>) David Minor, TD Insurance (<i>until Dec 2011</i>)	Keith Demmings, Assurant Solutions	John Lewsen, BMO Insurance		Matt Fabian, BMO Insurance
2010-2011	David Minor, TD Insurance	Keith Demmings, Assurant Solutions	John Lewsen, BMO Insurance		Matt Fabian, BMO Insurance
2009-2010	David Minor, TD Insurance	Keith Demmings, Assurant Solutions	Lawrie McGill, CIBC Insurance		Matt Fabian, BMO Insurance

Terms (June to June, except where noted)	Board Chair	Board Vice-Chair	EOC Chair	EOC Vice-Chair	Treasurer
2007-2009	Rick Lancaster, CIBC Insurance	Steve Phillips, Assurant Solutions	Moira Gill, TD Insurance		Matt Fabian, BMO Insurance <i>(Dec 2009 onwards)</i> Monica Smith, BMO Insurance <i>(Oct to Dec 2009)</i> Victor Pywowarczuk, BMO Insurance <i>(until Oct 2009)</i>
2005-2007	Neil Skelding, RBC Insurance <i>(Oct 2005 onwards)</i>	Steve Phillips, Assurant Solutions	Lawrie McGill, CIBC Insurance		Victor Pywowarczuk, BMO Insurance
2004-2005	Cathy Honor, RBC Insurance <i>(until Oct 2005)</i>	Steve Phillips, Assurant Solutions	Lawrie McGill, CIBC Insurance		Victor Pywowarczuk, BMO Insurance
2002-2004	Oscar Zimmerman, ScotiaLife Financial	Isaac Sananes, Canadian Premier			Ambrish Jaiswal, CIBC Insurance
2001-2002	Oscar Zimmerman, ScotiaLife Financial	Isaac Sananes, Canadian Premier			
2000	Russell Dunbar, TD Insurance	Isaac Sananes, Canadian Premier (Mar 2000 onwards) Bernard Dorval, Canada Trust (until Mar 2000)			
1998	Russell Dunbar, TD Insurance	Bernard Dorval, Canada Trust			

Briefing Note

CAFII EOC Meeting 26 April, 2022—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. Regulatory Update;
- c. April 4/22 CAFII Response Submission to CCIR/CISRO on “Incentives Management Guidance”
- d. Regulator and Policy-Maker Visit Plan Recap;
- e. Summary of Board and EOC Action Items;
- f. Board-Approved Schedule of CAFII 2022 Meetings and Events.

Recommendation / Direction Sought – Information Only

No action required.

Attachments Included with this Agenda Item

6 attachments.

April 4, 2022

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

Dear Ms. Gauthier and Mr. Fullan:

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

Dear Ms. Gauthier and Mr. Fullan:

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

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

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

CAFII's feedback on specific sections of the updated draft *Incentive Management Guidance*, which
we felt it germane to comment on, follows.

B. Preamble

We note that the updated draft Guidance includes the following new paragraph in its Preamble section:

*This guidance provides Insurers and Intermediaries with the necessary latitude to determine
the requisite strategies, policies, processes, procedures and controls in order to facilitate
achieving such results and to apply them based on the nature, size and complexity of their
activities, while taking into account representatives' regulatory obligations in order to
facilitate achieving the Customer outcomes reflected in this guidance.*

CAFII fully supports CCIR/CISRO for including this new clarifying and context-setting paragraph. It sets out several important considerations including a recognition of the need for regulatory flexibility around “the nature, size and complexity of their activities” and that there is no ‘one size fits all’ correct approach to Fair Treatment of Customers (FTC).

C. Scope

We note that Scope section in the updated draft Guidance includes the following new paragraph:

The Insurer is 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 shared responsibility when Insurers and Intermediaries are both involved.

CAFII firmly supports the inclusion of this new paragraph in the *Incentive Management Guidance* as it is a helpful explanation.

1. Governance: CCIR and CISRO expect Insurers’ and Intermediaries’ governance and business culture to place FTC at the center of decisions concerning the way Incentive arrangements are designed and managed.

CAFII is appreciative of the fact that the updated draft Guidance now purposely avoids the use of the term “core” and that it also makes clear the CCIR/CISRO’s acknowledgement that governance matters related to incentives may be the responsibility of Boards and/or senior management. This section now more accurately reflects typical and proper governance roles and responsibilities within regulated entities.

4. Post-sale controls: CCIR and CISRO expect Insurers and Intermediaries to establish effective post-sale controls to identify inappropriate sales resulting from Incentive arrangements.

CAFII thanks CCIR/CISRO for adopting our feedback, in part, by replacing the adjective “unsuitable” with “inappropriate” as a modifier of “sales” in the above-referenced summary expectation statement associated with post-sale controls in the updated draft Guidance.

That said, it is our strong view that the concept of “suitability” and related modifiers such as “unsuitable” should not be used in a blanket and unqualified manner anywhere in the Guidance. Rather, that the concept needs to be either (i) used/treated in a distinct, qualified manner; or (ii) replaced with a better, less problematic concept such as “appropriateness” and related modifiers such as “inappropriate” throughout the Guidance.

In that connection, in our September 21, 2022 CAFII submission on the preliminary draft of the *Incentive Management Guidance*, we offered the following commentary with respect to its application to credit protection insurance (CPI), which we continue to view as critically important feedback and therefore now reiterate:

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

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

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

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

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

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

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

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

In our view, the updated draft Guidance has not adequately addressed the above-noted important feedback.

Further, stemming from a quite recent development, continued CCIR/CISRO use of the “suitability” concept would be particularly problematic for CAFII members and other players in the *bancassurance*/Authorized Insurance Products/CPI sector due to its inconsistency with the Financial Consumer Agency of Canada (FCAC)’s recently finalized and released *Guideline On Appropriate Products and Services For Banks and Authorized Foreign Banks*. This is because the *Incentive Management Guidance* would immediately result in “exception management” challenges for CAFII members and other regulated entities in the same sector.

In summary, continued use of “suitability” and related terms is very problematic for CAFII members and others in the *bancassurance*/Authorized Insurance Products/CPI sector, while equally effective alternative terminology is readily available to be utilized instead.

Final Observations

CAFII believes there is no fundamental conflict between FTC and offering incentives to the insurance sales and customer service personnel who interact with customers, as part of their overall compensation package.

The adage that insurance is sold, not bought, is true. Life and health insurance, in particular, is not easily sold because it is completely optional and not something that people readily think about and pursue. Therefore, offering incentives to sales/customer service-personnel -- as part of a well-designed and implemented and carefully monitored program -- can help promote healthy competition in the marketplace resulting in more access and choice for consumers in securing life and health insurance protection, which is ultimately in their personal best interest and the best interest of society.

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

With respect to training, our members’ customer service personnel undergo comprehensive and recurring product training, to enable them to provide consumers with accurate and reliable information; as well as ethics and integrity training which underscores the importance of FTC. This training provides them with the knowledge, skills, and tools to do their jobs and serve consumers well. It also helps ensure that they, as sales/customer service-personnel, and CAFII member companies, as their employers, act in accordance with all applicable federal and provincial/territorial insurance legislation and regulations; and industry guidelines.

Conclusion

Thank you again for the opportunity to provide feedback on CCIR/CISRO’s updated draft *Incentive Management Guidance*. Should you require further information from CAFII or wish to meet with representatives from our Association on this or any other matter at any time, please contact Keith Martin, CAFII Co-Executive Director, at keith.martin@cafii.com or at 647-460-7725.

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

Sincerely,

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

Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

About CAFII

CAFIL 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.

CAFIL 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.

CAFIL'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.

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

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status April 22, 2022
		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 April 12, 2022	Consult with CCIR & CISRO to find a date for holding the in-person CAFII 25th Anniversary celebration that maximizes regulators participation	B. Wycks/K. Martin	30-Apr-22	In Progress
6	EOC March 22, 2022	Present plan for public release of selective components of Deloitte thought leadership paper research results to the Board, for approval	A. Stuska/K. Martin	12-Apr-22	Completed
7	BOD April 12, 2022	Implement the Board resolution around public release of selective components of the Deloitte thought leadership paper research results	K. Martin/B. Wycks	30-Jun-22	In Progress
8	BOD April 12, 2022	Work with CAFII's Treasurer and assigned Controller to wind down the Restricted Fund and transfer its residual monies into the Association's General Fund during the Association's 2022 fiscal year	B. Wycks/K. Martin	31-Dec-22	In Progress
		Regulatory Initiatives			
9	EOC October 26, 2021	Organize a meeting of the Market Conduct and Licensing Committee to review the CCIR document on adoption of the FTC guidance	K. Martin/B. Wycks	30-Jun-22	In Progress

CAFII 2022 Schedule of Meetings and Events (Approved By Board of Directors on October 5/21)

Assumes Restart of In-Person Meetings in May 2022 for EOC; and June 2022 for Board

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

- **Tuesday, January 18, 2022** (2:00–4:00 p.m. via MS Teams)
- **Tuesday, February 15, 2022** (2:00–3:30 p.m. via MS Teams)
(Family Day Stat Holiday in Ontario: Monday, February 21)
- **Tuesday, March 22, 2022** (2:00–4:00 p.m. via MS Teams)
(Quebec Spring Break: March 7 – March 11. Ontario March Break: March 14 – March 18. Purim: March 17 – March 18)
- **Tuesday, April 26, 2022** (2:00–3:30 p.m. via MS Teams)
(Good Friday: Friday, April 15. Easter Monday: Monday, April 18)
- **Tuesday, May 17, 2022** (3:00–5:00 p.m. in-person, followed by EOC Annual Appreciation Dinner at 5:30 p.m.)
(Victoria Day Stat Holiday: Monday, May 23)
- **Tuesday, June 28, 2022** (2:00–3:30 p.m. via MS Teams)
(St. Jean Baptiste Day in Quebec: Friday, June 24. Canada Day: Friday, July 1)
- **Tuesday, July 26, 2022**, tentative summer meeting (2:00–3:30 p.m. via MS Teams)
- **Tuesday, August 16, 2022**, tentative summer meeting (2:00–3:30 p.m. via MS Teams)
(Civic Stat Holiday: Monday, August 1)
- **Tuesday, September 20, 2022** (2:00–4:00 p.m. in-person)
(Labour Day: Monday, September 5. Rosh Hashanah: September 26 & 27. National Day for Truth and Reconciliation: Friday, September 30)
- **Tuesday, October 25, 2022** (2:00–3:30 p.m. via MS Teams)
(Yom Kippur: October 4 – October 5. Thanksgiving Stat Holiday: Monday, October 10. Diwali: Monday, October 24)
- **Tuesday, November 22, 2022** (2:00–4:00 p.m. in-person)
(Remembrance Day: Friday, November 11)
- **EOC Annual Appreciation Dinner:** Proposed for **Tuesday, May 17, September 20, 2022** at 5:30 p.m. at a downtown Toronto restaurant, immediately following a 3:00 to 5:00 p.m. EOC meeting, if public health restrictions allow.

Board Meetings:

- **Tuesday, April 12, 2022** (2:00–4:00 p.m. via MS Teams)
(Good Friday: Friday, April 15. Easter Monday: Monday, April 18)
- **Tuesday, June 7, 2022** (2:20–5:00 p.m., preceded by 2022 Annual Meeting of Members; and followed by CAFII 25th Anniversary Celebration at same or nearby downtown Toronto venue). **HOST: BMO Insurance, 68th Floor Event Space, First Canadian Place, Toronto**
- **Tuesday, October 11, 2022** (2:20–4:00 p.m., immediately following liaison lunch and Industry Issues Dialogue with AMF staff executives) **HOST: Desjardins Insurance in Levis/Quebec City** (This is the day immediately following Thanksgiving Monday; however, Tuesday, October 4, 2022 is Yom Kippur)
- **Tuesday, December 6, 2022** (3:00–5:00 p.m.; followed by Holiday Season/Year-End Reception). **HOST: CIBC Insurance**

2022 Annual Members and Associates Luncheon:

- *Tentative Date: Tuesday, September 13, 2022 from 11:45 a.m. EST to 2:15 p.m. EDT at St. James Cathedral Centre Event Venue , 65 Church St., Toronto*

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:

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

2017 Board Meetings Hosted by:

TD Insurance; CAFI; Desjardins; CIBC Insurance

2016 Board Meetings Hosted by:

CUMIS Group; Assurant Solutions; RBC Insurance; BMO Insurance

Recent Years' Annual Members and Associates Luncheons**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, CAFI,

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"

Speaker: 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

2018 Annual Members and Associates Luncheon

Topic: "Leading For Success in A Volatile World"

Speaker: Richard Nesbitt, CEO, the Global Risk Institute

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

Briefing Note

CAFII EOC Meeting 26 April, 2022—Agenda Item 3(a) Financial Management Matters--CAFII Financial Statements as at March 31/22

Purpose of this Agenda Item – Update

To update the EOC on the Association's financial statements as at March 31, 2022.

Background Information

Treasurer Tony Pergola will provide an update on the CAFII Financial Statements as at March 31, 2022.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

CAFII

411 Richmond Street E, Suite 200
Toronto, ON M5A 3S5

Statement of Operations As at March 31st 2022

	Current Month	Budget Mar-22	Variance to Monthly Budget	Current YTD	Budget '22 YTD	Variance Budget to YTD	Budget 2022
Revenue							
Membership Dues	\$83,038	\$83,038	\$0	\$249,113	\$249,113	\$0	\$996,452
Interest Revenue	\$18	\$21	(\$3)	\$56	\$63	(\$6)	\$250
TOTAL REVENUE	83,056	\$83,058	- 3	\$249,169	\$249,175	(\$6)	\$996,702
Expenses							
Management Fees	\$39,246	\$42,241	\$2,994	\$127,951	\$126,722	(\$1,229)	\$510,518
Legal and consulting costs	\$0	\$7,533	\$7,533	\$0	\$22,600	\$22,600	\$90,400
Audit Fees	\$1,187	\$1,246	\$59	\$3,560	\$3,737	\$178	\$14,950
Insurance	\$519	\$539	\$20	\$1,557	\$1,617	\$60	\$6,466
Website Ongoing Maintenance	\$589	\$626	\$38	\$1,213	\$1,878	\$665	\$7,513
Telephone/Fax/Internet	\$621	\$501	(\$119)	\$829	\$1,504	\$675	\$6,016
Postage/Courier	\$19	\$13	(\$6)	\$32	\$40	\$8	\$158
Office Expenses	\$441	\$437	(\$3)	\$542	\$1,312	\$770	\$5,250
Bank Charges	\$121	\$60	(\$61)	\$173	\$180	\$8	\$721
Miscellaneous Expense	\$0	\$44	\$44	\$0	\$131	\$131	\$524
Depreciation Computer/Office Equipment	\$154	\$0	(\$154)	\$463	\$0	(\$463)	\$0
<i>Total Board/EOC/AGM</i>	\$0	\$10,378	\$10,378	\$150	\$31,135	\$30,985	\$124,540
<i>Budget for Co-Executive Directors' New Office Equipment</i>	\$0	\$753	\$753	\$0	\$2,260	\$2,260	\$9,040
Provincial Regulatory Visits and Relationship-Building	(\$132)	\$1,695	\$1,827	(\$132)	\$5,085	\$5,217	\$20,340
Federal Regulatory Visits and Relationship-Building	\$0	\$471	\$471	\$0	\$1,413	\$1,413	\$5,650
Research/Studies	\$0	\$5,650	\$5,650	\$14,831	\$16,950	\$2,119	\$67,800
Website SEO and Enhancements	\$0	\$3,767	\$3,767	\$0	\$11,300	\$11,300	\$45,200
Regulatory Model(s)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Financial Reform	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CAFII Benchmarking Study/RSM Canada	\$0	\$5,650	\$5,650	\$0	\$16,950	\$16,950	\$67,800
FCAC Presentation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Media Outreach	\$0	\$612	\$612	\$934	\$1,836	\$902	\$7,345
Media Consultant Retainer	\$2,543	\$2,543	\$0	\$7,628	\$7,628	\$0	\$30,510
Marketing Collateral	\$0	\$141	\$141	\$195	\$424	\$229	\$1,695
Contingency For Possible Resumption Of In-Person Meetings/	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENSE	\$45,307	\$84,901	\$39,594	\$159,925	\$254,702	\$94,777	\$1,022,437
NET INCOME	\$37,749	(\$1,842)	39,591	\$89,245	(\$5,526)	\$ 94,771	(\$25,735)
proof	- 0	-	0.00	-	0	-	3,630

Explanatory Notes:

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

CAFII

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Toronto, ON M5A 3S5

Balance Sheet

As at March 31st 2022

	CAFII Operations			CCBPI Project			Combined		
	31-Mar 2022	28-Feb 2022	31-Dec 2021	31-Mar 2022	28-Feb 2022	31-Dec 2021	31-Mar 2022	28-Feb 2022	31-Dec 2021
ASSETS									
Current Assets									
Bank Balance	\$577,237	\$407,599	\$480,291	\$0	\$0	\$0	\$577,237	\$407,599	\$480,291
Savings Account	\$102,571	\$102,553	\$102,514	\$12,151	\$12,151	\$12,151	\$114,722	\$114,704	\$114,665
Accounts Receivable	\$213,789	\$522,229	\$0	\$0	\$0	\$0	\$213,789	\$522,229	\$0
Prepaid Expenses	\$3,956	\$4,475	\$5,513	\$0	\$0	\$0	\$3,956	\$4,475	\$5,513
Computer/Office Equipment	\$10,878	\$10,878	\$10,878	\$0	\$0	\$0	\$10,878	\$10,878	\$10,878
Accumulated Depreciation -Comp/Equip	(\$8,477)	(\$8,322)	(\$8,014)	\$0	\$0	\$0	(\$8,477)	(\$8,322)	(\$8,014)
Total Current Assets	\$899,954	\$1,039,411	\$591,182	\$12,151	\$12,151	\$12,151	\$912,105	\$1,051,563	\$603,333
TOTAL ASSETS	\$899,954	\$1,039,411	\$591,182	\$12,151	\$12,151	\$12,151	\$912,105	\$1,051,563	\$603,333
LIABILITIES									
Current Liabilities									
Accrued Liabilities	\$17,798	\$75,936	\$58,732	\$0	\$0	\$0	\$17,798	\$75,936	\$58,732
Credit Card	\$72	\$72	\$1,224	\$0	\$0	\$0	\$72	\$72	\$1,224
Account Payable	\$13,823	\$49,853	\$25,327	\$0	\$0	\$0	\$13,823	\$49,853	\$25,327
Deferred Revenue	\$273,116	\$356,154	\$0	\$12,151	\$12,151	\$12,151	\$285,267	\$368,305	\$12,151
Total Current liabilities	\$304,809	\$482,015	\$85,282	\$12,151	\$12,151	\$12,151	\$316,960	\$494,167	\$97,433
TOTAL LIABILITIES	\$304,809	\$482,015	\$85,282	\$12,151	\$12,151	\$12,151	\$316,960	\$494,167	\$97,433
UNRESTRICTED NET ASSETS									
Unrestricted Net Assets, beginning of year	\$505,900	\$505,900	\$383,859	\$0	\$0	\$0	\$505,900	\$505,900	\$383,859
Excess of revenue over expenses	\$89,245	\$51,495	\$122,041	\$0	\$0	\$0	\$89,245	\$51,495	\$122,041
Total Unrestricted Net Assets	\$595,145	\$557,395	\$505,900	\$0	\$0	\$0	\$595,145	\$557,395	\$505,900
Total Unrestricted Net Assets	\$595,145	\$557,395	\$505,900	\$0	\$0	\$0	\$595,145	\$557,395	\$505,900
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$899,954	\$1,039,411	\$591,182	\$12,151	\$12,151	\$12,151	\$912,105	\$1,051,562	\$603,333
	- 0			0			0	-	
Financial Reserves Targets as per 2022 Budget:									
Minimum 3 months (25%) of Annual Operating Expenses=			\$ 255,609	-	907.44				
Maximum 6 months (50%) of Annual Operating Expenses=			\$ 511,218	-	1,814.88				
Current Level of Financial Reserves (total unrestricted net assets):			\$595,145						
Current Level of Financials Reserve (%):			58%		0.00				

CAFI

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Toronto, ON M5A 3S5

Membership Fees

		<u>Feb-22</u>		<u>Jul-22</u>	
		<u>Billed</u>	<u>Received</u>	<u>To be billed</u>	<u>Received</u>
BMO Bank of Montreal	2022 Upper Tier Member	\$ 38,555	\$ -	\$ 38,555	
CIBC Insurance	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	
RBC Insurance	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	
ScotiaLife Financial	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	
TD Insurance	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	
Desjardins Financial Security Life Assurance Company	2022 Upper Tier Member	\$ 38,555	\$ -	\$ 38,555	
National Bank Life Insurance Company	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	
Manulife Financial	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	
The Canada Life Assurance Company	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	
Sun Life Financial	2022 Upper Tier Member	\$ 38,555	\$ 38,555	\$ 38,555	
Assurant Solutions	2022 Lower Tier Member	\$ 19,278	\$ -	\$ 19,277	
Canadian Premier Life Insurance Company	2022 Lower Tier Member	\$ 19,278	\$ -	\$ 19,277	
Cumis Group Ltd/Co-operators Life Insurance Co.	2022 Lower Tier Member	\$ 19,278	\$ -	\$ 19,277	
Valeyo	2022 Lower Tier Member	\$ 19,278	\$ -	\$ 19,277	
Canadian Tire Bank	2022 Initiation Members (Lower Tier)	\$ 11,567	\$ -	\$ 11,567	
Norton Rose Fulbright Canada	Associate	\$ 4,800	\$ -		
RSM Canada	Associate	\$ 4,800	\$ -		
Willis Towers Watson	Associate	\$ 4,800	\$ -		
KPMG MSLP	Associate	\$ 4,800	\$ -		
Optima Communications	Associate	\$ 4,800	\$ -		
RGA Life Reinsurance Company of Canada	Associate	\$ 4,800	\$ -		
Torys LLP	Associate	\$ 4,800	\$ -		
Dog and Pony Studios	Associate	\$ 4,800	\$ -		
Stikeman Elliott LLP	Associate	\$ 4,800	\$ -		
RSA	Associate	\$ 4,800	\$ -		
Feb Invoices		\$522,229	\$308,440		
July Invoices		\$474,225			
Total Membership Fees		\$996,453			
Total amount to realocate monthly Jan-Dec. 2022		\$83,038			

Briefing Note

CAFII EOC Meeting 26 April, 2022—Agenda Item 3(b)

Financial Management Matters—Forecast For CAFII 2022 Fiscal Year as at March 31/22

Purpose of this Agenda Item – Update

To update the EOC on the financial forecast for the Association for fiscal year 2022.

Background Information

Treasurer Tony Pergola will provide an update on the CAFII 2022 fiscal year forecast.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

2022 CAFII Budget

					Reference Only					
	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	CAFII 2022 Operating Budget Pre Tax	CAFII 2022 Operating Budget HST	CAFII 2022 Operating Budget	2022 YTD March 2022	2022 Forecast	Comment/Rationale
Revenue										
Membership Dues	\$695,545	\$734,664	\$884,721	\$955,970	\$996,452	\$0	\$996,452	\$249,113	\$996,452	See breakdown in Member Dues Revenue Tab (includes one new Member at Lower Tier Dues as CPL and Valeyo intend to become two separate CAFII Members)
Annual Members' Luncheon "Additional Seats" Revenue	\$0	\$195	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Interest	\$0	\$982	\$399	\$236	\$250	\$0	\$250	\$56	\$250	Same as budget
TOTAL REVENUE	\$ 695,545	\$ 735,841	\$ 885,120	\$ 956,206	\$ 996,702	\$ -	\$ 996,702	\$ 249,169	\$ 996,702	
EXPENSE										
Management Fees	\$460,299	\$465,134	\$476,844	\$486,711	\$451,786	\$58,732	\$510,518	\$127,951	\$510,518	Same as budget
Legal and consulting costs associated with regulatory submissions and initiatives	\$563	\$0	\$28,975	\$74,221	\$80,000	\$10,400	\$90,400	\$0	\$90,400	Same as budget
Audit Fees	\$14,432	\$14,799	\$16,743	\$13,224	\$13,230	\$1,720	\$14,950	\$3,560	\$14,950	Same as budget
Insurance	\$5,258	\$5,338	\$5,385	\$5,877	\$5,722	\$744	\$6,466	\$1,557	\$6,466	Same as budget
Website Ongoing Maintenance	\$6,461	\$10,022	\$5,765	\$6,958	\$6,649	\$864	\$7,513	\$1,213	\$7,513	Same as budget
Telephone/Fax/Internet	\$5,939	\$6,494	\$5,808	\$6,799	\$5,324	\$692	\$6,016	\$829	\$6,016	Same as budget
Postage/Courier	\$458	\$159	\$53	\$0	\$140	\$18	\$158	\$32	\$158	Same as budget
Office Expenses	\$2,423	\$2,025	\$2,158	\$2,694	\$4,646	\$604	\$5,250	\$542	\$5,250	Same as budget
Bank Charges	\$23	\$112	\$236	\$662	\$638	\$83	\$721	\$173	\$721	Same as budget
Depreciation Computer/Office Equipment	\$1,136	\$1,136	\$1,136	\$1,136	\$464	\$60	\$524	\$463	\$524	Same as budget
Miscellaneous Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Budget for Co-Executive Directors' New Office Equipment					\$8,000	\$1,040	\$9,040	\$0	\$9,040	Same as budget
Total Board/EOC/AGM	\$52,957	\$65,053	\$8,920	\$1,822	\$110,213	\$14,328	\$124,540	\$150	\$124,540	Includes Annual Members' Luncheon (\$15,065); Board Hosting External (\$22,500); Board/EOC Meeting Expenses (\$29,055); Industry Events (\$3,390); EOC Annual Appreciation Dinner (\$5,305); Speaker fees & travel (\$3,390); Gifts (\$1,200);Networking Events(\$ 1,130); CAFII Reception Events (\$3,955); CAFII 25th Anniversary Celebration (\$ 39,550). These events will occur in May & June & Sept.,2022.
Provincial Regulatory Visits and Relationship-Building	\$11,230	\$16,833	\$983		\$18,000	\$2,340	\$20,340	-\$132	\$20,340	Same as budget
Federal Regulatory Visits and Relationship-Building	\$0	\$442	\$540		\$5,000	\$650	\$5,650	\$0	\$5,650	Same as budget
Research/Studies	\$77,345	\$5,368	\$28,646	\$75,473	\$60,000	\$7,800	\$67,800	\$14,831	\$67,800	Same as budget
Website SEO and Enhancements	\$21,702	\$40,914	\$31,144	\$50,737	\$40,000	\$5,200	\$45,200	\$0	\$45,200	Same as budget
Regulatory Model(s)	\$6,490	\$7,555	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Same as budget
CAFII Benchmarking Study/RSM Canada	\$0	\$0	\$68,365	\$67,800	\$60,000	\$7,800	\$67,800	\$0	\$67,800	Same as budget
FCAC Presentation	\$0	\$0	\$20,905	\$0	\$0	\$0	\$0	\$0	\$0	Same as budget
Media Outreach	\$6,883	\$5,683	\$350	\$9,543	\$6,500	\$845	\$7,345	\$934	\$7,345	Same as budget
Media Consultant Retainer	\$31,639	\$27,120	\$27,685	\$29,792	\$27,000	\$3,510	\$30,510	\$7,628	\$30,510	Same as budget
Marketing Collateral	\$557	\$1,629	\$845	\$717	\$1,500	\$195	\$1,695	\$195	\$1,695	Same as budget
Tactical Communications Strategy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Contingency For Possible Resumption Of In-Person Meetings/Events, Etc. in 2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
TOTAL EXPENSE	\$ 705,793	\$ 675,816	\$ 731,485	\$ 834,165	\$ 904,811	\$ 117,625	\$ 1,022,437	\$ 159,925	\$ 1,022,437	
Excess of Revenue over Expenses	(\$10,248)	\$60,025	\$153,636	\$122,041			(\$25,735)	\$89,245	(\$25,735)	
Total Equity (beginning of year)	\$180,447	\$170,198	\$230,223	\$383,859			\$505,900	\$505,900	\$505,900	
Total equity (end of year)	\$170,198	\$230,223	\$383,859	\$505,900			\$480,165	\$595,145	\$480,165	

Explanatory Notes:
(1) Assumes Two Co-Executive Directors, one @ 5 days per week; one @ 4.5 days per week; plus Managing Matters Admin support
(2) Amortization of office equipment based on 4 year straight line depreciation
(3) \$90,400 Legal Expense for Marc Dequette/Norton Rose Fulbright to complete legal opinion re: AMF Spousal Coverage Issue. Alternative for paying for legal opinion is to use the remaining funds from the CCPBI Special Project Fund

Actual/Forecasted Financial Reserves						
	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Operating Budget	2022 Forecast
Minimum 3 months (25%) of Annual Operating Expenses =	\$176,448	\$168,954	\$182,871	\$208,541	\$255,609	\$255,609
Maximum 6 months (50%) of Annual Operating Expenses =	\$352,897	\$337,908	\$365,742	\$417,083	\$511,218	\$511,218
Actual/Forecasted Level of Financial Reserves:	\$170,198	\$230,223	\$383,859	\$505,900	\$480,165	\$480,165
Actual/Forecasted Level of Financial Reserves %:	24%	34%	52%	61%	47%	47%

2019 Operational Budget - Member Dues Breakdown

2018 Member Dues Breakdown

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

2019 (Base) Member Dues Breakdown

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

2019 Operational Budget - Member Dues Breakdown - Revised

2019 Member Dues Breakdown

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

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

2020 Member Dues Breakdown

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

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

2020 Member Dues Breakdown

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

2020 Upper Tier Member

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

2020 Lower Tier Member

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

2020 Initiation Members (Upper Tier)

Sun Life Financial

2020 Associate

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

*TBC

*TBC

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

Did not renew in 2020

PWC

Munich Reinsurance Company Canada Branch (Life)

RankHigher.ca

2021 Operational Budget - Member Dues Breakdown - No Dues Increase

2021 Member Dues Breakdown

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

2021 Upper Tier Member

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

2021 Lower Tier Member

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

2021 Initiation Members (Upper Tier)

Sun Life Financial

2 Year

2021 Associate

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

2021 Forecast

2021 Member Dues Breakdown

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

2021 Upper Tier Member

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

2021 Lower Tier Member

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

2021 Initiation Members (Upper Tier)

Sun Life Financial

2 Year

2021 Associate

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

Initiation Members (Lower Tier)

Canadian Tire Bank

CTB is joining CAFII in early June, we will

2022 Operational Budget - Member Dues Breakdown - No Dues Increase

2022 Member Dues Breakdown

Upper Tier Member	77,110	10	771,099.00
Lower Tier Member	38,555	4	154,219.80
Initiation Members (Upper Tier)	46,266	0	0.00
Initiation Members (Lower Tier)	23,133	1	23,132.97
Associate	4,800	10	48,000.00
			996,451.77

2022 Upper Tier Member

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

2022 Lower Tier Member

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

2022 Initiation Members (Upper Tier)

Sun Life Financial

2022 Associate

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

Initiation Members (Lower Tier)

Canadian Tire Bank

2nd Year

Briefing Note

CAFII EOC Meeting 26 April, 2022—Agenda Item 3(c) Financial Management Matters—Update on Board and Membership Approval of CAFII 2021 Audited Financial Statements

Purpose of this Agenda Item – *Update*

To update the EOC on the 2021 Audit.

Background Information

At the recent 12 April, 2022 Board meeting, CAFII Board Chair Chris Lobbezoo noted that the Audited Financial Statements must be approved by the Board prior to being presented to the membership at our 2022 Annual Meeting which is coming up on Tuesday, June 7.

At the Board meeting, CAFII Treasurer Tony Pergola presented an overview of the audit findings, noting that KPMG had delivered a clean audit opinion and that the Association's finances are very sound. KPMG Partner Huston Lopez said that the audit process was smooth and KPMG received full co-operation from CAFII management.

The following resolution was passed by the Board:

*On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the Board approves the Draft 2021 CAFII Audited Financial Statements and Independent Auditor's Report Thereon, in the form presented, for presentation to the Membership for approval on June 7, 2022.*

Brendan Wycks noted that the audited financial statements would now be included in the materials distributed to Directors in conjunction with the Annual Meeting of Members on June 7, 2022 where they will be presented for formal approval.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Critical Path With KPMG For CAFII 2021 Audited Financial Statements

Task	Responsible	Timing/Deadline
Prepare Draft CAFII 2021 Financial Statements	T. Mu/P. Chen, Managing Matters	February 4/22 (Completed)
Conduct audit of Draft CAFII 2021 Financial Statements	KPMG	February and early March 2022
Provide Draft 1 of CAFII 2021 Audited Financial Statements for circulation prior to March 22/22 CAFII EOC Meeting	KPMG (assisted/facilitated by J. Acosta)	March 14/22
Provide feedback on Draft 1 of CAFII 2021 Audited Financial Statements	EOC	March 22/22
Provide Draft 2 of CAFII 2021 Audited Financial Statements for circulation prior to April 12/22 CAFII Board Meeting	KPMG (assisted/facilitated by J. Acosta)	April 4/22
Approve Draft 2 of CAFII 2021 Audited Financial Statements for presentation to membership at 2022 Annual Meeting of Members	CAFII Board	April 12/22
Provide Final Draft of CAFII 2021 Audited Financial Statements for inclusion in CAFII 2022 Annual Meeting of Members Materials Package	KPMG (assisted/facilitated by J. Acosta)	April 30/22
Circulate CAFII 2022 Annual Meeting of Members Materials Package	J. Becker	May 13/22
Approve CAFII 2021 Audited Financial Statements At 2022 Annual Meeting of Members	Membership	June 7/22

Briefing Note

CAFII EOC Meeting 26 April, 2022—Agenda Item 4(a) Committee Updates—Market Conduct & Licensing

Purpose of this Agenda Item – Update

An update on regulatory submissions by CAFII.

Background Information

CAFII continues to face an unprecedented number of regulatory submissions. This is an update from Market Conduct & Licensing Committee Chair Brad Kuiper on CAFII's efforts to manage through this high level of regulatory activity.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(a)
April 26/22 EOC Meeting

Recently Completed and Imminent/Pending CAFII Regulatory Submissions As At April 5, 2022

<u>Regulatory Authority</u>	<u>Topic</u>	<u>Deadline</u>	<u>Comments</u>
CISRO	Survey of Industry Associations on "Understanding the Consumer Awareness Strategies Currently Undertaken By Industry"	November 30, 2021	Completed by B. Wycks on CISRO's Survey Monkey site.
AMF	Draft Regulation on Complaints Handling and Dispute Resolution in the Financial Sector	December 8, 2021	CAFII submission sent on December 8/21.
FCAC	Proposed Guideline On Complaint Handling Procedures For Banks and Authorized Foreign Banks	December 11, 2021	CAFII submission sent on December 11/21.
FCAC	Proposed Guideline on Appropriate Products and Services For Banks and Authorized Foreign Banks	January 6, 2022	CAFII submission sent on January 6/22. Follow-up virtual Stakeholder Session, requested by FCAC, took place on Friday, January 15/22.
AMF	Revised/Updated Sound Commercial Practices Guideline	January 28, 2022	CAFII submission sent on January 28/22.
FCAC	Proposed Guideline on Whistleblowing Policies and Procedures for Banks and Authorized Foreign Banks	January 29, 2022	CAFII Co-Executive Directors are of the view that this consultation is "out of scope" for our Association, and is best left for the Canadian Bankers Association (CBA) to respond to/address. This is the third in a series of consultations on guidelines that FCAC has developed to help Banks comply with their obligations in the Bank Act and the new Financial Consumer Protection Framework Regulations , which will come into force on June 30, 2022. A first consultation on a proposed Guideline on Complaints Handling Procedures ended on December 11, 2021. A second consultation on a proposed Guideline on Appropriate Products and Services is in progress until January 6, 2022.

FCNB	"Proposed Rule INS-001: Insurance Intermediaries Licensing and Obligations"	CAFII submission sent on February 7, 2022	Among various matters, outlines specifics of FCNB's plan to introduce a Restricted Insurance Agent (RIA) licensing regime in New Brunswick, which will be the first in Atlantic Canada.
OSFI	Draft Guideline B-13: Technology and Cyber Risk Management	February 9, 2022	Insights gained from a November 30/21 OSFI Information Session webinar enabled CAFII to determine that this OSFI consultation is "out of scope" for our Association, as it is exclusively prudential regulation/"going concern"-focused and not inclusive of consumer-oriented, market conduct regulatory issues.
FSRA	"Information Guidance on complaints resolution"	February 15, 2022	Released on December 22/21 for a 55 days public consultation. CAFII has responded to FSRA consultations of this nature/type in the past.
FCNB	Proposed Rule INS-002: Insurance Fees"	February 18, 2022	Released on December 17/21 for a 60 days public consultation. CAFII has responded to FCNB consultations of this nature/type in the past.
AMF	Incentive Management Guideline	February 18, 2022	AMF extended deadline from the initial January 28/22, largely at CLHIA's behest.
BCFSA	"Discussion Paper: Information Security Incident Reporting"	CAFII submission sent on March 1, 2022	A delegation of approximately 15 CAFII representatives met virtually with BCFSA staff executives Saskia Tolsma, Rob O'Brien, and Steven Wright to discuss the Authority's "Discussion Paper: Information Security Incident Reporting" and CAFII's preliminary feedback on that consultation document (Rob and Steven, collectively, are responsible for drafting BCFSA's market conduct-related consultation documents). Insights gained caused CAFII to overhaul its draft written submission on the Discussion Paper – largely to be more emphatic and specific in its recommendations around national harmonization, through CCIR – and to secure a two business days deadline extension to March 1/22.
CCIR/CISRO	Proposed "Incentive Management Guidance"	April 4, 2022	CAFII submission sent on April 4/22.
FSRA	"Principles-Based Regulation" consultation document	April 29, 2022	Released on March 16/22 for a 44 days public consultation. Draft 3 of CAFII submission circulated to EOC and Market Conduct & Licensing Committee members on April 20/22, with April 29/22 deadline for feedback.
FSRA	Proposed "Principles of Conduct for Insurance Intermediaries"	May 3/22	Released on April /22 for 35 days public consultation.
OSFI	Consultation on "Culture Risk Management"	May 31/22	Released on March 15/22 for a 76 days public consultation. CAFII EOC to discuss this consultation opportunity during April 26/22 meeting and determine whether it is in-scope for our Association.

Insurance Council of BC	Consultation on “Insurance Council Rules” (which set the licence conditions and requirements for all BC insurance licensees)	June 1/22	Released on March 28/22 for a 64 days public consultation. CAFII EOC to discuss this consultation opportunity during April 26/22 meeting and determine whether it is in-scope for our Association.
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Briefing Note

**CAFII EOC Meeting 26 April, 2022—Agenda Item 4(a)i
Committee Updates—Market Conduct & Licensing-- Penultimate Draft of CAFII Response Submission
on FSRA Consultation on Principles-Based Regulation (Submission Deadline: April 29/22)**

Purpose of this Agenda Item – Update

An update on a pending regulatory submission to FSRA.

Background Information

CAFII is finalizing a submission to FSRA on its consultation on principles-based regulation (submission deadline: 29 April, 2022).

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

2 attachments.

29 April, 2022

Mr. Mark White, CEO; and
Financial Services Regulatory Authority of Ontario
25 Sheppard Avenue West, Suite 100
Toronto, Ontario
M2N 6S6
mark.white@fsrao.ca; and
<https://www.fsrao.ca/engagement-and-consultations/seeking-input-proposed-principles-based-regulation-approach-guidance#comment>

RE: CAFII Feedback on FSRA's Proposed Principles-Based Regulation Approach Guidance

Dear Mr. White:

The Canadian Association of Financial Institutions in Insurance (CAFII) thanks the Financial Services Regulatory Authority (FSRA) of Ontario for the opportunity to provide comments on FSRA's *Proposed Principles-Based Regulation Approach Guidance*.

CAFII strongly supports a principles-based regulatory (PBR) approach. PBR produces the desired regulatory outcomes by engaging regulated entities directly in the regulator's objectives; and by rooting the regulatory regime in a strong foundation of dialogue and the pursuit of common objectives, it is more effective at achieving the desired outcomes than is a rules-based approach.

PBR is also better aligned with a regulatory regime designed around fair treatment of customers (FTC), as it optimally balances FTC with fostering and supporting industry innovation. As well, PBR is fully consistent with the increasingly prevalent recognition that the most important element in achieving FTC is focusing on the corporate culture of regulated entities.

In that regard, CAFII concurs with FSRA's assertion that "PBR is a regulatory and supervisory approach used by leading financial services regulators around the world. In addition to being an effective and efficient way to regulate and supervise regulated entities and individuals . . .," and that it facilitates a regulator's ability to

- *respond more quickly to technological changes, consumer and beneficiary needs, and disruptions in the financial services landscape;*
- *more effectively focus on desired regulatory outcomes and objectives to be achieved; and*
- *reduce regulatory burden through a more flexible regulatory approach, which allows regulated entities to determine how to best achieve adherence with outcomes based on their size, complexity, and risk profile. (page 2)*

Our Association supports FSRA's PBR framework principles, as we believe that they set out the key elements for successful regulatory outcomes. Critical elements include an outcomes-focused and risk-based approach, along with a collaborative and transparent-by-design operating model so that regulated entities can provide input and feedback and be fully trusting and confident partners in the process.

We concur that a customer-centric approach is central to successful PBR; and we applaud FSRA's complementary emphasis on fostering and supporting industry innovation, which will be critical to Ontario's ability to continue to thrive, remain the economic engine and heartland of Canada, and sustain a growing population and evolving society.

We also agree with FSRA's observation that supervisory and enforcement powers are necessary elements in a regulator's toolkit, and that without such powers the ability to implement and maintain a PBR approach could be undermined.

However, in that connection, one area of concern for our Association relates to the best way for FSRA to develop and utilize its enforcement powers. While CAFII has continuously supported FSRA's having Rule-making authority, viewing it as a positive development, we do have some concern about the process followed around the first Rule which FSRA has developed and implemented under its Rule-making authority, the Unfair or Deceptive Acts or Practices (UDAP) Rule.

The UDAP Rule contains measures which CAFII supports, but we are concerned about the fact that as FSRA's precedent-setting, first such Rule, it is very unique relative to pre-existing, parallel regulatory provisions in other provincial/territorial jurisdictions. We are troubled by the fact that this uniqueness undermines the objective of regulatory harmonization, something critically important to CAFII members which operate in an insurance environment which sees them accountable to 17 different provincial, territorial, and federal insurance regulators.

CAFII members, which are mainly the insurance arms of Schedule I Canadian banks and their insurer/underwriter partners, operate across the country in the life and health insurance sector; and, as such, they are provincially/territorially regulated. However, as federally regulated financial institutions (FRFIs), banks, some credit unions, and many insurers are also subject to federal regulation, including by the Financial Consumer Agency of Canada (Canada) and the Office of the Superintendent of Financial Institutions (OSFI).

Due to the fact that our Association's members are subject to both federal and provincial/territorial regulation, CAFII constantly requests of regulators that they harmonize their expectations of regulated entities to the maximum extent possible.

Often, regulators in different provinces introduce regulatory requirements which have the exact same intent as existing requirements in another province or federally, but yet which differ slightly in the details of how those expectations are defined, or are to be implemented and/or reported on by regulated entities.

In such cases, regulated entities have to allocate significant resources to deciphering and adjusting to the nuanced differences from jurisdiction to jurisdiction. This time-consuming, costly, and attention-sapping "exception management" process diverts resources away from the essential consumer protection aspects of regulators' expectations.

In CAFII's view, it is always preferable that – before proceeding to develop and implement a new Rule -- a regulator should ask why a contemplated Rule is preferred to a Guideline, and also ask whether a contemplated Rule can be harmonized, in its design and development phase, with existing regulatory expectations in other jurisdictions; or, better yet, developed through a national co-ordinating body such as the Canadian Council of Insurance Regulators (CCIR) or the Canadian Insurance Services Regulatory Organisations (CISRO), as appropriate, and adopted thereafter by provincial/territorial regulators as their own. We regard that as the optimal approach, one which was deployed in the development of CCIR/CISRO's "Guidance: Conduct of Insurance Business and Fair Treatment of Customers," which was subsequently adopted, unaltered, by many provincial/territorial regulators including FSRA.

On a go-forward basis, CAFII strongly encourages FSRA, in situations akin to the UDAP Rule, to lead an initiative at CCIR and/or CISRO to develop one national Guideline/Guidance on the matter at hand. That Guideline/Guidance would be developed on a harmonized, national basis similar to the manner in which the "Guidance: Conduct of Insurance Business and Fair Treatment of Customers" was jointly developed by CCIR and CISRO, with shared, multi-jurisdiction compliance monitoring mechanisms built-in which give the Guidance the force and effect of a national Rule.

That said, CAFII applauds FSRA for discussing and airing some of the key issues around the intersection and complementarity between PBR and Rule-making via a panel session in the Authority's excellent Exchange mini-conference on 27 January, 2022. CAFII's keen interest in that topic has resulted in our organizing an upcoming CAFII webinar on 3 May, 2022 on "*Principles-Based Regulation (PBR); The Emergence of Rule-Making Authority; and How They Work Together: A Complementary, Harmonious Fit Or 'Dynamic Tension' For Canada's Insurance Regulators?*" in which we will have Dr. Cristie Ford, who participated in the FSRA panel on PBR, along with leading insurance law expert Stuart Carruthers of Stikeman Elliott as our co-panelists. We have invited FSRA staff executives to attend this webinar, and we look forward to examining this important topic in more detail on 3 May.

CAFII thanks FSRA again for the opportunity to provide feedback on your consultation on *Proposed Principles-Based Regulation Approach Guidance*, and we look forward to continuing our dialogue with you on this critically important matter. We also express our appreciation for FSRA's continuing to "walk the talk" on its commitment to open and transparent communication and consultation. 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; ScotiaLife Financial; and TD Insurance – along with major industry players Assurant; Canada Life Assurance; Canadian Premier Life Insurance Company; Canadian Tire Bank; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Sun Life; and Valeyo.

Approach

Effective Date: TBD

Identifier: No. GR0014APP

Proposed principles-based regulation

Purpose

This Approach guidance (“Guidance”) outlines the Financial Services Regulatory Authority of Ontario’s (“FSRA”) approach to principles-based regulation (“PBR”). This Guidance sets out:

- FSRA’s ‘Framework Principles’
- how PBR is reflected in FSRA’s approach to regulation and supervision
- how FSRA’s Framework Principles will be implemented
- how FSRA’s PBR approach and Framework Principles will impact FSRA regulated entities and individuals

Scope

This Guidance is applicable to all entities and individuals regulated by FSRA.

Rationale and background

FSRA was established an independent regulatory agency, replacing the Financial Services Commission of Ontario and the Deposit Insurance Corporation of Ontario. FSRA was created to

improve consumer and pension plan beneficiary protections in Ontario. FSRA is self-funded and designed to respond to a rapidly evolving financial services sector by, amongst other things:

- promoting high standards of business conduct
- fostering strong, sustainable, competitive and innovative financial services sectors
- responding to changes in the financial services landscape on a timely basis where possible
- promoting good administration of pension plans

FSRA has embraced a principles-based and outcomes-focused approach to regulation from its inception. FSRA is focused on risk-based supervision and is guided by its statutory objects established in the *Financial Services Regulatory Authority of Ontario Act, 2016*, S.O. 2016, c. 37, Sched. 8 (“*FSRA Act*”).

Even prior to its official launch on June 8, 2019, FSRA committed to being a “principles-based regulator”. PBR is consistent with FSRA’s Mission of “public service through dynamic, principles-based and outcomes-focused regulation.”¹

PBR is a regulatory and supervisory approach used by leading financial services regulators around the world. In addition to being an effective and efficient way to regulate and supervise regulated entities and individuals, PBR facilitates a regulator’s ability to:

- respond more quickly to technological changes, consumer and beneficiary needs, and disruptions in the financial services landscape
- more effectively focus on desired regulatory outcomes and objectives to be achieved
- reduce regulatory burden through a more flexible regulatory approach, which allows regulated entities to determine how to best achieve adherence with outcomes based on their size, complexity, and risk profile

¹ [Mission, Vision and Values](#)

Framework principles

FSRA has developed a set of Framework Principles to guide its regulatory approach. The Framework Principles reflect FSRA's Mission as well as its statutory objects in the *FSRA Act*.²

The Framework Principles are general statements, which outline how FSRA will regulate and supervise regulated entities and individuals.

1. **Outcome-Focused** – FSRA will focus its regulatory activities on the outcomes we seek to achieve for consumers and pension plan beneficiaries, regulated entities and the sectors based on the statutory objects in the *FSRA Act*, which will be used as an overlay to the interpretation of the sector statutes.
2. **Innovative** – FSRA will continue to develop its own culture and capabilities in a manner that enables it to fulfill its objects, which specifically includes facilitating innovation and transformation in the sectors it regulates.
3. **Consumer-Centric** – In formulating its regulatory approach toward regulated entities and individuals, FSRA will focus on impact on consumers and pension plan beneficiaries. Our Rules³ and guidance strive to reflect the interests and needs of consumers.
4. **Risk-Based** – FSRA will direct its resources to the issues and regulated entities and individuals that pose the highest risk. FSRA's risk assessment will consider the size, complexity, nature of the regulated entity, and where non-compliance or the inability to achieve the desired outcomes, will result in the most harm to consumers or pose the greatest threat to FSRA's ability to execute against its statutory objects.
5. **Transparent** – FSRA will communicate its expectations and/or requirements, as well as its activities and performance to stakeholders.⁴ We will design Rules and guidance that reference the applicable principles against which FSRA will supervise, and identify the

² See sections 3 and 3.1.

³ Rules has the meaning as defined under Section 21(1) of the *FSRA Act*.

⁴ The term stakeholders includes regulated entities, the Government of Ontario, as well as consumers.

specific outcomes FSRA is seeking to achieve.

6. **Collaborative** – FSRA will engage with all stakeholders and leverage public consultations to ensure that its regulatory activities reflect the viewpoints and needs of its stakeholders, which include the interests of consumers and pension plan beneficiaries.

Regulated entities and individuals should familiarize themselves with FSRA’s Framework Principles since they are intended to:

- communicate to the regulated entities and individuals, referencing underlying principles, which set out the highest-level outcomes FSRA is seeking having regard to the statutory objects in the *FSRA Act*
- guide FSRA in the development of its Rules and guidance
- assist FSRA in identifying key areas of focus to prioritize its regulatory, supervisory and compliance activities and to more efficiently and effectively allocate resources
- facilitate appropriate outcomes and ensure that FSRA’s regulatory responses are reasonable and proportionate

The Framework Principles do not themselves create expectations for regulated entities or individuals.

FSRA’s regulatory approach

The sectors that FSRA regulates form a significant component of the larger economy in Ontario, delivering a vast array of financial products and services to Ontarians, which are integral to their day-to-day lives. FSRA is responsible for ensuring that Ontarians who purchase or rely on these products and services are appropriately protected whilst ensuring that the sectors remain competitive and responsive to consumer and pension plan beneficiary needs. In general, FSRA believes that a regulatory approach which focuses on the use of PBR is a more effective and efficient way to regulate its sectors and achieve the desired regulatory outcomes in a manner consistent with the FSRA statutory objects.

When using a PBR approach, FSRA will reference high-level, broadly stated principles, either in its guidance or its Rules, and identify desired outcomes to communicate its expectations of regulated entities.

When applying a PBR and outcomes-focused approach to a credit union, pension plan or insurer, FSRA will place greater reliance on a regulated entity's senior management⁵ and board of directors to internalize the requirements in order to achieve desired outcomes.⁶ The regulated entity or individual will be responsible for demonstrating how its identified approach is effective in achieving adherence to the principles articulated. In the context of a credit union, pension plan or insurer, senior management and the board of directors of the regulated entity should communicate transparently and in a timely manner the policies, processes and practices, which have been adopted and implemented to demonstrate how the regulated entity is achieving the desired outcomes and show how it is validating that the desired outcomes are being achieved. FSRA's assessment of adherence will entail whether the regulated entity has taken reasonable and good faith efforts to meet and be aligned with the desired outcome(s).

Well-controlled and governed, and effectively managed regulated entities that engage positively and openly with FSRA should realize real benefits from FSRA's PBR and outcomes-focused approach. For example, these benefits may be demonstrated by showing that the regulated entity's own management and controls are functioning effectively to validate that the desired outcomes are being achieved. This can result in less intensive supervision or a less intensive risk mitigation program. However, this is predicated on the senior management and boards of regulated entities fully engaging in achieving the desired regulatory outcomes identified by FSRA and working with FSRA in a constructive and transparent manner to ensure that these outcomes are being achieved.

FSRA will consider all aspects of the relevant regulatory issue, as well as exercise appropriate supervisory judgment when evaluating the policies, processes and practices established by the regulated entity to achieve adherence with principles as reflected in identified outcomes. Where a regulated entity or individual identify potential issues, which may result in an inability to achieve

⁵ In the case of a registered pension plan, FSRA will rely on the plan administrator, which is subject to a fiduciary duty.

⁶ In the case of a registered pension plan, the reliance would be placed on the administrator and its board of directors.

the desired regulatory outcomes, open and early communication with the regulator will better enable both parties to identify appropriate solutions, mitigate risk incidents or develop remediation strategies.

FSRA may leverage industry best practices when assessing the regulated entity or individual's chosen approach. These industry practices should not be interpreted or implemented as a compliance "checklist." Rather, best practices will be used to provide regulated entities with valuable insights regarding the identified approaches used by industry peers and provide a baseline from which to identify practices that are best suited to their own organization

FSRA believes it is more efficient and effective to regulate using a PBR approach rather than a regulatory approach that focuses on whether prescriptive requirements are complied with and/or satisfied. As such, the use of a PBR and outcome-focused approach to regulation and supervision will continue to form a foundational component of FSRA's regulatory strategy moving forward. It should be evident that this method of regulation and supervision requires the exercise of judgment by both the regulator and the regulated entity, a collaborative approach and open communication.

However, it is important to note that this does not mean that FSRA will be a purely principles-based regulator in its regulatory and supervisory approach. In certain areas, FSRA will need to continue to rely on detailed Rules and prescriptive requirements, sometimes referred to as "bright-line" requirements, to ensure adequate consumer and pension beneficiary protection. This is because the use of principles to identify the outcomes that FSRA is seeking to achieve will need to be underpinned by prescriptive requirements, but, to the extent possible, those requirements will be interpreted through guidance and reference specific principles which apply to support the desired outcomes.

FSRA will be guided by its Framework Principles when it adopts either a PBR or a prescriptive approach. Factors that will impact the regulatory approach adopted by FSRA will include the relevant legal framework (i.e., statute, regulations, FSRA rules and case law), the complexity, magnitude and impact of the regulatory problem, and the sophistication and resources of the regulated entity to effectively address the issue.

Each FSRA core regulatory function may develop and implement a supervisory methodology which reflects the unique regulatory issues as well as the size, complexity, and risk profile of the

sector it regulates. That said, all supervisory processes developed and implemented across FSRA's regulated sectors will be aligned with the Framework Principles as well as all other elements of FSRA's PBR approach as outlined in this Guidance.

FSRA guidance and its Rules are intended to be constructed in a manner that reflects the Framework Principles. Each piece of guidance and/or Rule may also identify a distinct set of principles and/or desired outcomes with respect to the specific issue being addressed (e.g., fair treatment of consumers, IT risk management etc.), and may also identify the regulatory "means" to achieve the desired outcomes. The use of guidance⁷ and Rules will thus be key mechanisms through which FSRA will outline its expectations and requirements (i.e. applicable principles and desired outcomes).

Enforcement

Enforcement remains an integral component of FSRA's principles-based and outcome-focused approach. FSRA will utilize Interpretation Guidance to identify the principles that relate to its interpretation of sector statutes and regulations, or a Rule. Its interpretation of compliance obligations will be based upon its statutory objects, which serve as an interpretative "overlay" to each sector statute.

FSRA will be formulating specific guidance to outline its approach to investigations and enforcement to provide enhanced transparency around its enforcement processes and practices. This will assist regulated entities and individuals (and their counsel where applicable), in responding to and participating in initial assessments and investigations conducted by the Legal & Enforcement function of FSRA.

FSRA's Framework Principles will inform FSRA's approach to enforcement. FSRA takes a progressive, measured and proportional approach to enforcement. This means that where a regulated entity or individual has not complied with regulatory requirements, FSRA will determine the appropriate action after considering the evidence and the unique circumstances of the non-compliance or non-adherence to a particular obligation, including the seriousness and nature of the contravention, risk to consumers and pension plan beneficiaries, potential impact on

⁷ [FSRA's Guidance Framework](#) will continue to be used to communicate information, its approach to supervision, regulatory compliance obligations and/or regulatory decisions.

stakeholders, nature of regulated entity or licensee, past behaviour, efforts to remediate and mitigate, and the need for deterrence. FSRA will strive to be measured in its approach to compliance and enforcement, assuming good faith by the regulated entity.

Effective date and future review

This Guidance became effective on **(insert date here)** and will be reviewed no later than **(insert future date here)**.

About this guidance

This Guidance is an Approach. Approach Guidance describes FSRA's internal principles, processes and practices for supervisory action and application of Chief Executive Officer discretion. Approach Guidance may refer to compliance obligations but does not in and of itself create a compliance obligation. Visit [FSRA's Guidance Framework](#) to learn more.

Briefing Note

**CAFII EOC Meeting 26 April, 2022—Agenda Item 4(a)(ii)
Committee Updates—Market Conduct & Licensing-- FSRA Consultation on Proposed “Principles of
Conduct for Insurance Intermediaries” (Submission Deadline: May 3/22)**

Purpose of this Agenda Item – Update

An update on a pending regulatory submission to FSRA.

Background Information

CAFII is finalizing a submission to FSRA on its consultation on “Principles of Conduct for Insurance Intermediaries” (submission deadline: May 3, 2022).

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

2 attachments.

Guidance

☒ Interpretation

☒ Approach

☐ Information

☐ Decision



Effective Date: [TBD]

Identifier: No. PC0044INT

Proposed Principles of Conduct for Insurance Intermediaries

Purpose

This Guidance outlines the Financial Services Regulatory Authority of Ontario's ("FSRA"):

- Interpretation of how the Canadian Insurance Services Regulatory Organizations ("CISRO")¹ Principles of Conduct for Insurance Intermediaries ("Principles of Conduct") ([Appendix A](#)) are consistent with the applicable sections of the Ontario *Insurance Act*² ("Act"), its regulations and FSRA rules, and the *Financial Services Regulatory Authority of*

¹ FSRA is a member of CISRO and actively participated in the development and finalization of the Principles of Conduct

² *Insurance Act*, R.S.O. 1990, c. I.8

Ontario Act, 2016 (“FSRA Act”)³, and how a failure to follow the Principles of Conduct can result in a breach of law, and supervisory and enforcement actions.

- Approach to incorporating the Principles of Conduct into FSRA’s regulatory framework.

Rationale and background

The Principles of Conduct reflect common minimum conduct standards for all insurance intermediaries in Canada. They outline professional behaviour and conduct expectations for the fair treatment of customers⁴, as agreed upon by CISRO members across Canada. A number of the individual principles reflect requirements for the insurance industry already contained in legislation, regulation, or that are accepted industry practices. This Guidance sets out FSRA’s understanding of the principles which promote the fair treatment of customers, throughout the life cycle of insurance contracts, by those operating in the insurance industry in Ontario.

The Principles of Conduct:

- Supplement and build on the intermediary elements in the [Guidance on Conduct of Insurance Business and Fair Treatment of Customers \(“FTC Guidance”\)](#), adopted by FSRA⁵.
- Align with Insurance Core Principles (“ICP”) 18 and 19 of the International Association of Insurance Supervisors (“IAIS”). These ICPs set standards that insurers and intermediaries share responsibility for good conduct and building public trust and confidence in the sector⁶. As a member of the IAIS, FSRA is committed to implementing these standards.

³ *Financial Services Regulatory Authority of Ontario Act, 2016*, S.O. 2016, c. 37, Sched. 8

⁴ “Customers” includes “Consumers”, as FSRA’s statutory objects refer to “Consumers” but the CISRO Principles of Conduct refer to “Customers”. “Customers” apply to all lines of business, including personal and commercial lines.

⁵ In January 2021, FSRA released the [Approach Guidance](#), which confirmed FSRA’s approach for the use of the Canadian Council of Insurance Regulators (“CCIR”)-CISRO FTC Guidance.

⁶ The most relevant sections of the IAIS November 2019 ICP 18 Intermediaries and ICP 19 Conduct of Business are 19.0.8, 19.0.9 and 19.0.10

For insurance intermediaries, insurers and industry participants

The Principles of Conduct provide simple and clear language on how to conduct insurance activities in a manner that supports the fair treatment of customers.

For customers

The Principles of Conduct may be helpful for customers, as they outline what FSRA and other Canadian insurance regulators believe to be the most important behaviours that customers should be able to expect when dealing with insurance intermediaries. They are a reference / education tool for what appropriate insurance intermediary conduct looks like. As a leading practice, intermediaries should share and explain the Principles of Conduct to customers.

FSRA mandate

In supervising and regulating the insurance sector, FSRA administers and enforces the Act, its regulations, FSRA rules and the FSRA Act, in a manner that will achieve the following FSRA statutory objects⁷:

- regulate and generally supervise the insurance sector
- contribute to public confidence in the insurance sector
- cooperate and collaborate with other regulators where appropriate
- promote transparency and disclosure of information by the insurance sector
- deter deceptive or fraudulent conduct, practices and activities by the insurance sector
- promote high standards of business conduct
- protect the rights and interests of consumers

The most relevant regulations and rules for this Guidance are:

- Ontario Regulation (“O. Reg.”) 347/04 – *Agents*
- Regulation 674 – *Replacement of Life Insurance Contracts*
- *Unfair or Deceptive Acts or Practices* (“UDAP”) Rule⁸

⁷ FSRA Act, section 3

⁸ The UDAP Rule replaced O. Reg 7/00 *Unfair or Deceptive Acts or Practices* on April 1, 2022.

Registered Insurance Brokers of Ontario (“RIBO”) licensees are reminded of their obligation to comply with the *Registered Insurance Brokers Act*⁹ (“RIBO Act”) and its regulations, including the code of conduct set out in Regulation 991¹⁰ under the RIBO Act.

RIBO licensees also have obligations to comply with the *Insurance Act*, regulations and FSRA rules, including with regard to their interaction with insurers as financial services providers.

RIBO has issued [Guidance](#) relating to the Principles of Conduct. RIBO licensees should review the RIBO Guidance for specific direction.

Scope

This Guidance applies to FSRA **licensed** Property and Casualty (“P&C”) and Life and Health (“L&H”) insurance sector entities and intermediaries, as well as **intermediaries not licensed** with FSRA that have a role to play in distributing or servicing insurance products, unless otherwise noted.

“Insurers”

- insurers, including when they directly distribute insurance products and services and/or directly manage customer relationships

“Intermediaries”

- all insurance agents (life, general, accident & sickness)
- all corporate and partnership insurance agents (life, general, accident & sickness), including L&H Managing General Agencies (“MGAs”)
- insurance adjusters
- corporate and partnership insurance adjusters

⁹ *Registered Insurance Brokers Act*, R.S.O. 1990, c. R.19

¹⁰ Regulation 991: General under the *Registered Insurance Brokers Act*, section 14

- insurance brokers and brokerages¹¹
- people who are exempted from the requirement to be licensed or registered to sell insurance (for example, employees of banks, credit unions, and travel agencies that sell insurance associated with a product)

“Industry participants”

- business entities that perform services for insurers or intermediaries related to the distribution and supply chain for insurance products and services, for example:
 - P&C MGAs
 - third party administrators

¹¹ Insurance brokers and brokerages are also subject to the *Registered Insurance Brokers Act* and its regulations, which supersede this Guidance.

Interpretation and Approach



The Principles of Conduct reinforce the fair treatment of customers throughout the life cycle of the insurance product as a core component of the intermediary and insurance business culture.

All insurance intermediaries and insurers should conduct their business following the Principles of Conduct that are relevant to their role in the industry. Expectations for conduct may differ depending on the nature of the relationship to the customer, the type of insurance provided, and the distribution method.

Insurers are accountable for the actions of the representatives and intermediaries that they delegate responsibilities to or that distribute products with the insurer's permission, and for ensuring the fair treatment of customers when they directly distribute insurance¹².

As the regulator responsible for promoting high standards of business conduct¹³, FSRA has an obligation to ensure that insurers and intermediaries are treating customers fairly. The Act prohibits unfair or deceptive acts or practices as defined in the UDAP rule¹⁴. The Agents regulation and Replacement of Life Insurance Contracts Regulation outline further conduct obligations for life insurance agents (including corporate agents)¹⁵. The Principles of Conduct outline further principles that FSRA believes insurers and intermediaries should be following.

In the future, FSRA intends to assess the potential for incorporating the Principles of Conduct into the UDAP rule.

Industry participants are expected to be aware of the Principles of Conduct and to conduct insurance activities in a manner that supports fair treatment of customers outcomes.

¹² O. Reg. 347/04 under the Act, section 12

¹³ FSRA Act, sections 3(2)(a) and 6(2)(b)

¹⁴ UDAP Rule under the Act, sections 3(1) to 3(3), 4, 5(1), 5(2)(iii), 6, 7(1)(i-iii,v), 7(3), 7(4), 8, 9(1), 9(2)(ii), 10(1), 10(2). The UDAP Rule replaced O. Reg 7/00 Unfair or Deceptive Acts or Practices on April 1, 2022.

¹⁵ O. Reg. 347/04 under the Act, sections 14, 15, 16, 17; Regulation 674 under the Act, sections 2.(2)(2.)(ii), 2.(2)(3)

Industry processes and practices

The following are the industry processes and practices for the implementation of the Principles of Conduct.

Process/practice	Implementation
Sharing and explaining the Principles of Conduct	It is expected that intermediaries and insurers that directly distribute insurance, share and explain the Principles of Conduct to customers.
Assessment against Principles of Conduct, and reflection in business documents	Intermediaries, insurers, and industry participants are expected to assess themselves against the Principles of Conduct, and ensure they are reflected in policies and procedures, codes of conduct, education / training materials and other relevant business documents, as necessary.
Incorporation of Principles of Conduct in oversight obligations	Intermediaries and insurers with contractual or regulatory oversight obligations for intermediaries are expected to ensure their intermediaries are aware of the Principles of Conduct and that they are reflected in education / training materials.
FSRA's interpretation of incorporating the Principles of Conduct in insurer	It is expected that insurers use the Principles of Conduct as a tool in screening each agent for suitability. Insurers must comply with O. Reg. 347/04 ¹⁶ which requires the insurer to maintain a compliance system that is reasonably designed to

¹⁶ O. Reg. 347/04 under the Act, sections 3 and 12

compliance and suitability screening systems

ensure that each agent acting on its behalf is complying with the Act, the regulations, and the requirements of the agent's licence. The insurer's compliance system must screen each agent for suitability to carry on business as an agent. The insurer is required to report to FSRA if it has reasonable grounds to believe that an agent who acts on behalf of the insurer is not suitable to carry on business as an agent.

FSRA's interpretation of the obligation for insurers to maintain a compliance system under subsection 12(1) of O. Reg. 347/04 is that the insurer is fully responsible for the compliance system, even where the insurer outsources some aspects of it. This means the compliance system should be reasonably designed to ensure outsourced compliance functions are completed as the insurer and FSRA expect. As noted below under "[FSRA's Regulatory Processes and Practices](#)" – Licensing Suitability Process, FSRA considers agent compliance with the Principles of Conduct to be relevant to whether the person is suitable to hold a licence to act as an agent under subsection 392.4(1) of the Act. This means the insurer's compliance program should be reasonably designed to ensure its agents generally act consistently with the Principles of Conduct.

Incorporation of Principles of Conduct in complaint review process

It is expected that, as part of the overall customer complaints review process, insurers and intermediaries will assess the conduct of their staff and relevant intermediaries against the Principles of Conduct.

As the Principles of Conduct are aligned with the FTC Guidance, which has been and continues to be implemented by industry, the adoption of the Principles of Conduct should not create more burden. Because the Principles of Conduct are principles-based, industry has some latitude to determine how best to achieve the expected outcomes of this Guidance, and reasonably

demonstrate application of this Guidance and the Principles of Conduct, as appropriate to the nature, size and complexity of their business operations and activities.

FSRA's regulatory processes and practices

This section describes how FSRA will ensure adherence to the Principles of Conduct through incorporation into FSRA's regulatory processes: licensing suitability, supervision, and complaint handling.

FSRA applies the following principles in its general approach to achieve its statutory objects:

- Proactive, Risk-based Approach – FSRA focuses its supervision on high-risk licensees and their activities.
- Reactive Approach Based on Non-Compliance – FSRA acts in response to complaints and reports from insurers.
- Proportionate Approach to Discipline – FSRA uses a range of compliance and enforcement tools to influence marketplace behaviour. The tools used depend on the nature and extent of risks to customers, mitigating actions taken by licensees, and past supervisory findings against that licensee.

Failure to follow the Principles of Conduct could result in conduct that leads to FSRA requiring corrective action by industry, or FSRA may take enforcement action in line with the Act, regulations, FSRA rules or FSRA Act, as described in the table below.

[Appendix \(B\)](#) provides a non-exhaustive list of conduct FSRA has observed that would be considered failures in following the Principles of Conduct.

Incorporation of the Principles of Conduct into FSRA's regulatory processes

Process	FSRA actions
<p>Licensing suitability process</p> <p>For all agents, including each agent acting on behalf of a licensed corporate or partnership agent:</p> <p>All applicants for licensing and renewal are asked to acknowledge that they are aware of and understand the Principles of Conduct.</p> <p>Under section 392.4(1) of the Act, FSRA issues licences to applicants that meet the legal requirements for licensing, including whether the applicant is suitable to be licensed. FSRA may consider adherence to the Principles of Conduct as a factor in its assessment of whether an individual is suitable for licensing or renewal as an agent.</p>	<p>FSRA may consider adherence to the Principles of Conduct, where it aligns with requirements under the Act¹⁷, regulations¹⁸ or FSRA rules¹⁹, as a factor in its assessment of whether an individual or entity is suitable for licensing²⁰. FSRA has authority to refuse an application, impose conditions, revoke or suspend a licence based on suitability²¹.</p>

¹⁷ The Act, sections 392.2(1) and (3), 392.5(1)

¹⁸ O. Reg. 347/04 under the Act, sections 14, 15, 16, 17; O. Reg. 674 under the Act, sections 2.(2)(2.)(ii), 2.(2)(3)

¹⁹ UDAP Rule under the Act, sections 3(1) to 3(3), 4, 5(1), 5(2)(iii), 6, 7(1)(i-iii,v), 7(3), 7(4), 8, 9(1), 9(2)(ii), 10(1), 10(2). The UDAP Rule replaced O. Reg. 7/00 *Unfair or Deceptive Acts or Practices* on April 1, 2022.

²⁰ The Act, section 392.4(1); O. Reg. 347/04 under the Act, section 4, in particular section 4(1)(i)

²¹ The Act, sections 392.4(4), 392.5(1), 407, 441.2, 441.3, 441.4, 447(2); O. Reg. 347/04 under the Act, section 8; O. Reg. 408/12

Supervision process

FSRA's supervision plans have or will incorporate industry adherence to the Principles of Conduct.

Below are examples of risk-based **supervision** approaches that FSRA will take to actively assess adherence to the Principles of Conduct in the L&H sector. As part of FSRA's reviews / examinations, FSRA will assess industry members' internal policies, procedures, and mechanisms to ensure industry members conduct themselves in line with the Principles of Conduct.

- Targeted reviews – FSRA will focus on industry-identified Life Agent Reporting Form (LARF) reviews, reports from insurers about general agent conduct, and consumer-identified complaint reviews, and may conduct ad hoc examinations in furtherance of these reviews.
- Comprehensive virtual examinations / onsite

As a result of a supervisory review, complaint or investigation, FSRA will identify non-compliance with all aspects of the Principles of Conduct and FSRA:

- will reference the Principles of Conduct in its supervisory review findings
- may require corrective action or
- may take enforcement action to address breaches of the Principles of Conduct that align with the Act, regulations, or FSRA rules

When FSRA receives credible information of potential non-compliance with the Principles of Conduct, FSRA will investigate and identify non-compliance with all aspects of the Principles of Conduct.

Potential corrective and enforcement actions include²²:

- remediation plans

²² The Act, sections 392.4(4), 392.5(1), 407, 441.2, 441.3, 441.4, 447(2); O. Reg. 347/04 under the Act, section 8; O. Reg. 408/12

examinations – When reviewing transactions undertaken by intermediaries, FSRA assesses the documents and evidence of practices used to complete the transactions.

- Thematic examinations – FSRA may also conduct reviews of licensees to assess overall trends in industry implementation of or adherence to the Principles of Conduct.

- providing redress to harmed consumers
- warning letters
- imposition of licence conditions
- licence suspension
- licence revocation
- imposition of administrative penalties
- prosecution in the courts

FSRA may extend this risk-based approach to supervision in assessing the P&C sector in the future.

Complaint Handling Process

FSRA expects intermediaries and insurers to be the first points of contact, as appropriate, for customer concerns.

When FSRA reviews an unresolved complaint related to an intermediary's regulatory conduct, FSRA will assess the conduct against the Principles of Conduct.

When FSRA looks into complaints, FSRA may also review

an insurer's complaint handling policies and procedures to ensure the insurer has a reasonable system of compliance that aligns with conduct standards including the FTC Guidance and Principles of Conduct. For example, that:

- it is easy for the public to file complaints and have them resolved
- complaints are responded to in a timely and fair manner (Principle 7)
- intermediaries and insurers inform customers of the OmbudServices available to them

FSRA's data and analysis of how intermediaries and insurers meet the Principles of Conduct based on complaints²³, insurers' reporting of agent non-compliance, inquiries, and supervision findings data assists FSRA with:

- licensee risk assessments
- identifying risks (for example, failures in processes that result in customer harm, repeat patterns of misconduct)
- validating environmental trends
- driving evidence-based decision-making for next steps in the supervisory process

²³ Which may include a review of complaint handling policies and procedures and complaint resolution outcomes and statistics.

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](#).

Interpretation guidance describes FSRA's view of requirements under its legislative mandate (i.e., legislation, regulations and FSRA rules) so that non-compliance can lead to enforcement or supervisory action.

Approach Guidance describes FSRA's internal principles, processes and practices for supervisory action and application of Chief Executive Officer discretion. Approach Guidance may refer to compliance obligations but does not in and of itself create a compliance obligation.

Appendix

Appendix A: Canadian Insurance Services Regulatory Organizations (CISRO) Principles of Conduct for Insurance Intermediaries

Preamble

The CISRO Principles of Conduct for Insurance Intermediaries (the Principles) reflect common regulatory standards for insurance intermediaries in Canada. The Principles outline professional behaviour and conduct expectations for the fair treatment of Customers.

Intermediaries should conduct their business following the Principles that are relevant to them, while ensuring compliance with all applicable laws, regulations, rules, or regulatory codes within all jurisdictions where they carry on business. Any more stringent requirements, rules or standards of conduct take priority over the Principles.

The Principles are intended to supplement, complement and build upon the intermediary elements in the Guidance on Conduct of Insurance Business and Fair Treatment of Customers (FTC), issued by CISRO and the Canadian Council of Insurance Regulators (CCIR). The Principles also align with Insurance Core Principles (ICP) of the International Association of Insurance Supervisors (IAIS).²⁴

The Principles reinforce the fair treatment of Customers throughout the life cycle of the insurance product as a core component of the intermediary business culture. This includes conducting business in an honest and transparent manner. Expectations for the conduct of insurance business may differ depending on the nature of the relationship to the Customer, the type of insurance provided, and the distribution method. Intermediaries with oversight responsibilities must take appropriate measures to ensure that their employees and representatives meet high standards of ethics and integrity²⁵.

²⁴ International Association of Insurance Supervisors. Insurance Core Principles, ICP 18 and ICP 19, updated November 2019. <https://www.iaisweb.org/page/supervisory-material/icp-on-line-tool>

²⁵ The Insurer is responsible for fair treatment of Customers 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.

Definition of intermediary: Intermediary is given broad meaning, and will differ based on the applicable definitions within different jurisdictions across Canada. It encompasses adjusters, agents, brokers and representatives, as well as business entities that distribute insurance products and services, including managing general agencies and third party administrators. It also applies to all distribution methods, including over the internet.²⁶

Definition of customer: Customer refers to policyholder (which may include a certificate holder) or prospective policyholder with whom an insurer or intermediary interacts, and includes, where relevant, other beneficiaries and claimants with a legitimate interest in the policy. Customer may also refer to a consumer, which includes all actual and potential customers for insurance products.

The Principles outline professional behaviour and conduct expectations for the fair treatment of Customers:

1. **Compliance / Outcomes:** Intermediaries must comply with all applicable laws, regulations, rules and regulatory codes to which they are subject.
2. **Customers' interests:** Intermediaries are expected to place Customers' interests ahead of their own. This includes when an Intermediary is developing, marketing, recommending, distributing and servicing products
3. **Conflicts of interest:** Intermediaries are expected to identify, disclose and manage any actual or potential conflict of interest that is associated with a transaction or recommendation. They are expected to avoid entering into or pursuing agreements for which conflicts of interest cannot be managed, or if they interfere with the fair treatment of Customers.
4. **Advice:** When providing advice to or for a Customer, Intermediaries are expected to seek appropriate information from the Customer in order to understand and identify their unique

²⁶ This definition aligns with the CCIR/CISRO FTC guidance. These Principles apply to all Intermediaries that are authorized to do business within any jurisdiction, whether licensed, registered or exempted from licensing or registration.

needs. Intermediaries are expected to provide objective, accurate and thorough advice that enables the Customer to make an informed decision. Advice is expected to be suitable for the needs of the Customer based on the Customer's disclosed circumstances.

5. **Disclosure:** Intermediaries are expected to provide Customers with objective, appropriate, relevant, timely and accurate information and explanations so that they can make informed decisions. Intermediaries are expected to:
 - Properly disclose the information to all necessary parties, including the insurer
 - Disclose the information and explanations in a manner that is clear and understandable for Customers, regardless of the distribution model or medium used.
6. **Product and service promotion:** Intermediaries are expected to ensure that products and services are promoted in a clear and fair manner. Regardless of the distribution model or medium used, Intermediaries are expected to ensure that promotions are not misleading, and are easy to understand. Product promotions are expected to disclose all necessary and appropriate information.
7. **Claims, complaints handling, and dispute resolution:** Intermediaries are expected to handle or cooperate in the handling of claims, complaints and disputes in a timely and fair manner.
8. **Protection of personal and confidential information:** Intermediaries are expected to take necessary and appropriate measures to protect and manage personal and confidential information. They must comply with all applicable privacy legislation.

Customers should be confident that Intermediaries:

- Only collect and retain information that is necessary and appropriate for the fulfillment of the service or product provided
- Use and disclose the information only for purposes and for the duration for which the Customer has given consent or as required by law

- 9. Competence:** Intermediaries are expected to maintain an appropriate level of professional knowledge, and should stay current through continuing education to ensure the fair treatment of Customers. Where applicable, continuing education requirements must be fulfilled. Intermediaries are expected to not misrepresent their level of competence or conduct business beyond their level of professional knowledge and experience, and duties must match training/education.
- 10. Oversight:** Intermediaries with contractual or regulatory oversight obligations are also responsible for the conduct of any employee or third party involved in the marketing, distribution or servicing of an insurance product. Intermediaries are expected to have tools at their disposal such as policies and procedures, training and control mechanisms to ensure the fair treatment of Customers is achieved in relation to their oversight obligations.

Appendix B: Examples of conduct contrary to the Principles of Conduct

The following is a non-exhaustive list of conduct FSRA has observed that would be considered failures in following the Principles of Conduct.

Conduct	Contrary to CISRO Principle #:
An insurance agent misrepresenting a life insurance contract for a retirement savings vehicle	Principle 1: Compliance / Outcomes Principle 2: Customer's Interests Principle 3: Conflicts of Interest Principle 4: Advice Principle 5: Disclosure Principle 6: Product and Service Promotion
An insurance agent borrowing funds from his customers	Principle 2: Customer's Interests Principle 3: Conflicts of Interest
An insurance agent allowing unlicensed entities to sell insurance policies and mispresenting to the insurer that the agent sold the policies	Principle 1: Compliance / Outcomes Principles 5: Disclosure
An insurance agent requesting customer funds to be paid to the agent's agency and producing false statement showing that these funds were invested with an insurer	Principle 1: Compliance / Outcomes Principle 2: Customer's Interests Principle 3: Conflicts of Interest Principle 5: Disclosure
An MGA paying commission to an individual who had not been issued a life insurance agent licence	Principle 1: Compliance / Outcomes Principle 10: Oversight

Conduct	Contrary to CISRO Principle #:
An MGA omitting to report the unsuitable activities of an intermediary (contracted agent) to the insurer	Principle 5: Disclosure Principle 10: Oversight
An insurance agent soliciting insurance business through a corporation's website that is not licensed with FSRA	Principle 1: Compliance / Outcomes
An insurance agent selling insurance policies that are terminated soon after the agent received their commission, and repeating this behaviour with other MGAs and insurers, using the same pool of customers each time	Principle 1: Compliance / Outcomes Principle 2: Customer's Interests Principle 3: Conflicts of Interest Principle 5: Disclosure Principle 10: Oversight
An insurance agent agreeing to be the Executor of a customer's estate	Principle 2: Customer's Interests Principle 3: Conflicts of Interest
An insurance agent is found to be the beneficiary of a client's insurance (segregated fund) policy	
An insurance agent misrepresenting information on their insurance agent licence application	Principle 1: Compliance / Outcomes
An insurance agent providing false information about a continuing education course that they did not complete, and/or altering a certificate from a course they had previously completed	Principle 1: Compliance / Outcomes Principle 9: Competence

References

- [CISRO Principles of Conduct for Insurance Intermediaries](#)
- CCIR-CISRO [Guidance on Conduct of Insurance Business and Fair Treatment of Customers](#)
- FSRA [Guidance on the Fair Treatment of Customers in Insurance](#)
- IAIS [ICP 18 Intermediaries](#) and [ICP 19 Conduct of Business](#)
- [RIBO Guidance on the CISRO Principles of Conduct for Insurance Intermediaries](#)

Agenda Item 4(a)(ii)(2)
April 26/22 EOC Meeting

3 May, 2022

Mr. Mark White, CEO; and
Financial Services Regulatory Authority of Ontario
25 Sheppard Avenue West, Suite 100
Toronto, Ontario
M2N 6S6

mark.white@fsrao.ca; and

<https://www.fsrao.ca/engagement-and-consultations/consultation-proposed-principles-conduct-insurance-intermediaries#comment>

RE: CAFII Feedback on FSRA's Proposed Principles of Conduct for Insurance Intermediaries:

Dear Mr. White:

The Canadian Association of Financial Institutions in Insurance (CAFII) thanks the Financial Services Regulatory Authority (FSRA) of Ontario for the opportunity to provide comments on FSRA's *Proposed Principles of Conduct for Insurance Intermediaries*.

CAFII strongly supports a principles-based regulatory (PBR) approach. PBR produces the desired regulatory outcomes by engaging regulated entities directly in the regulator's objectives; and by rooting the regulatory regime in a strong foundation of dialogue and the pursuit of common objectives, it is more effective at achieving the desired outcomes than is a rule-based approach.

PBR is also better aligned with a regulatory regime designed around fair treatment of customers (FTC) and optimally balancing FTC with fostering and supporting industry innovation; and it is fully consistent with the increasing recognition that the most important element in achieving FTC is focusing on the corporate culture of regulated entities.

In that regard, CAFII feels that the proposed Principles of Conduct for Insurance Intermediaries is very consistent with FSRA's stated objective of using a principles-based regulatory approach. We also appreciate that the proposed guidance supplement and build on the intermediary elements in the *Guidance on Conduct of Insurance Business and Fair Treatment of Customers ("FTC Guidance")* and are aligned with *Insurance Core Principles ("ICP") 18 and 19 of the International Association of Insurance Supervisors ("IAIS")*. We believe these are effective foundational documents and that it is wise and prudent for FSRA to build its Guidance on these existing approaches.

CAFII members offer credit protection insurance and travel insurance, with credit protection insurance offered in connection with a loan instrument like a mortgage or line of credit. These are authorized products under federal legislation and are offered by non-licensed representatives. As such, we are focused on the Guidance as it relates to "intermediaries not licensed with FSRA that have a role to play in distributing or servicing insurance products" (page 4).

We appreciate that FSRA does not take a “one size fits all” approach and as such, we are in agreement with the statement that:

All insurance intermediaries and insurers should conduct their business following the Principles of Conduct that are relevant to their role in the industry. Expectations for conduct may differ depending on the nature of the relationship to the customer, the type of insurance provided, and the distribution method. (Page 6.)

However, we express caution with the statement that “In the future, FSRA intends to assess the potential for incorporating the Principles of Conduct into the UDAP rule” (Page 6). Our concern is that this has the potential to deviate from a principles-based regulatory approach. We would be supportive of this approach if the incorporation of the Guidance into the UDAP rule is clearly stated as a “fall-back” measure to provide enforcement capabilities to FSRA in cases where a regulated entity is clearly not adhering to the principles of the Guidance. In general, however, the first effort at ensuring proper behaviour among industry participants should be through the Guidance itself.

With respect to implementation of the Guidance, we believe that adherence to the Guidance is more important than explaining it to customers. For example, transparency, fair treatment of customers, and full disclosure is more important than explaining that these behaviours conform to the expectations of FSRA around adhering to the Guidance. As such, we have concerns with the statement “It is expected that intermediaries and insurers that directly distribute insurance, share and explain the Principles of Conduct to customers” (Page 7).

In a similar vein, with tens of thousands of agents employed in the industry we believe that it is more important to act on any inappropriate behaviour as opposed to reporting it to FSRA, and as such we call out the “compliance and suitability screening systems” implementation expectation: “The insurer is required to report to FSRA if it has reasonable grounds to believe that an agent who acts on behalf of the insurer is not suitable to carry on business as an agent” (page 8).

We believe that FSRA demonstrates in the Principles of Conduct its commitment to principles-based regulation, and in that connection we applaud the following clarifying statement:

As the Principles of Conduct are aligned with the FTC Guidance, which has been and continues to be implemented by industry, the adoption of the Principles of Conduct should not create more burden. Because the Principles of Conduct are principles-based, industry has some latitude to determine how best to achieve the expected outcomes of this Guidance, and reasonably GUI INT APP PC0044INT | [TBD] 9 Interpretation & Approach demonstrate application of this Guidance and the Principles of Conduct, as appropriate to the nature, size and complexity of their business operations and activities. (Pages 8-9.)

In summary, CAFII believes that this Guidance strikes the right balance between consumer protection and avoiding burdensome regulation, and will be more successful by being based solidly on principles-based regulation and on the fair treatment of customers. We look forward to continuing our dialogue with FSRA and are committed, on behalf of our members, to adhering fully to the important principles and expectations contained in the *Proposed Principles of Conduct for Insurance Intermediaries*.

CAFII thanks FSRA again for the opportunity to provide feedback on your consultation, and we look forward to continuing our dialogue with you on this critically important matter. We also express our appreciation for FSRA's continuing to "walk the talk" on its commitment to open and transparent communication and consultation. 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; ScotiaLife Financial; and TD Insurance – along with major industry players Assurant; Canada Life Assurance; Canadian Premier Life Insurance Company; Canadian Tire Bank; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Sun Life; and Valeyo.

Briefing Note

**CAFII EOC Meeting 26 April, 2022—Agenda Item 4(a)(iii)
Committee Updates—Market Conduct & Licensing-- OSFI Consultation on “Culture Risk
Management”: In-Scope or Out-of-Scope For CAFII Response Submission? (Submission Deadline: May
31/22)**

Purpose of this Agenda Item – Update/Discussion

An update on a regulatory submission and a discussion on whether it is in-scope for CAFII.

Background Information

OSFI is conducting a preliminary review on “culture risk management,” with the intention to have a formal consultation in the fall of 2022. This is an opportunity for the EOC to provide direction on whether this consultation is in-scope for CAFII.

Recommendation / Direction Sought – Update/Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(a)(iii)
April 26/22 EOC Meeting

**OSFI Consultation on “Culture Risk Management”: In-Scope or Out-of-Scope for
CAFII Response Submission? (Submission Deadline: May 31/22)**

Background

On 15 March, 2022 OSFI issued a letter to “all federally regulated financial institutions.” It is noteworthy that this is a pre-consultation:

OSFI plans to issue a principles-based, outcomes-focused culture risk management guideline for consultation in late 2022. This letter seeks comments on proposed outcomes of effective culture risk management that will form the basis of OSFI’s future guidance and supervisory expectations.

OSFI is laying out its principles concepts and is asking five specific questions, with stakeholders able to answer up to May 31, 2022:

1. *What are your views on OSFI’s proposed culture risk management outcomes? Are there other outcomes OSFI should consider?*
2. *Which of the outcomes outlined above is your organization currently overseeing as part of its culture risk management? How is your organization measuring and assessing culture risks in these areas?*
3. *Is your organization proactively disclosing culture risk management information as part of its published annual reports? Why or why not? Do you foresee any challenges if OSFI were to expect FRFIs to enhance existing annual reporting requirements to include this information?*
4. *Does a FRFI’s size, nature, complexity, risk profile or various sub-cultures (e.g., differences between geographies, business units or functions) give rise to specific culture risk management issues that OSFI should consider?*
5. *How do culture risks influence the way FRPPs are managed and administered? What are the benefits of similar outcomes-focused guidance for FRPPs?*

The deadline for submissions is 31 May, 2022. Further information can be found at:

https://www.osfi-bsif.gc.ca/Eng/fi-if/in-ai/Pages/crmg_let.aspx

Issue

CAFII is exploring whether this pre-consultation is in-scope for the Association. Our members who are regulated by OSFI may have their parent organization make a submission, and so the division that CAFII represents may not be the right source for a submission. Another consideration is what CAFII will be able to contribute that the CBA and CLHIA would not already cover. On the other hand, if there are credit protection insurance issues that are specific to culture risk management, there may be value to CAFII making a submission.

Analysis

OSFI is focusing its approach on six key culture risk management & oversight dimensions—is commentary on an institution’s exhibiting these characteristics best made at the CAFII member level, or at the corporate level? The six dimensions are:

- **Leadership:** *Leaders, at all levels, consistently promote and reinforce the desired culture through their words, actions and decisions.*
- **Compensation, People Management & Incentives:** *The FRFI acquires, develops, retains, compensates, and incentivizes executives, material risk-takers and all other employees to promote and reinforce its desired culture, effective culture risk management, and achieve sound financial and non-financial outcomes.*
- **Accountability & Ownership:** *Individuals have a clear understanding of their roles and responsibilities, have capacity and autonomy to fulfill them, take ownership of their decisions and actions, and are held accountable for them.*
- **Risk Mindsets & Behaviours:** *Risk mindsets and behaviours within the FRFI align with and support the structures in place to ensure financial and non-financial risks are effectively managed.*
- **Group Dynamics & Decision-Making:** *The work environment enables individuals to feel safe to speak up, openly communicate and work together to make sound decisions and achieve financial and non-financial outcomes.*
- **Resilience:** *Individuals are vigilant towards known and unknown threats, notice and effectively respond to problems and opportunities, and continuously learn, improve, and adapt to changing conditions.*

Briefing Note

CAFII EOC Meeting 26 April, 2022—Agenda Item 4(a)(iv)

Committee Updates—Market Conduct & Licensing-- Insurance Council of BC Consultation on “Insurance Council Rules” (which set the licence conditions and requirements for all BC insurance licensees): In-Scope or Out-of-Scope For CAFII Response Submission? (Submission Deadline: June 1/22)

Purpose of this Agenda Item – Update/Discussion

An update on a regulatory submission opportunity for CAFII and a discussion on whether it is in-scope for our Association.

Background Information

The Insurance Council of BC is conducting a consultation on “Insurance Council Rules” (which set the licence conditions and requirements for all BC insurance licensees), and this will be an opportunity to determine if it is in-scope for CAFII.

Recommendation / Direction Sought – Update/Discussion

This is an update and discussion item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(a)(iv)
April 26/22 EOC Meeting

Insurance Council of BC Consultation on Insurance Council Rule Amendments

Learn more and provide your feedback about proposed changes to the Insurance Council Rules

On this page:

- [About](#)
- [What Rule changes are being proposed](#)
- [How to provide feedback](#)
- [Rule change process](#)
- [Current status](#)
- [Contact us](#)

What is this about?

As a part of an ongoing [project to modernize the rules](#) that set the licence conditions and requirements for all BC insurance licensees, the Insurance Council is proposing changes to the [Council Rules](#).

This spring, we are consulting on proposed amendments to the Council Rules listed below. We invite our licensees and interested stakeholders to learn more and provide feedback. The input received will inform council members' evaluation of the proposed changes and whether they should proceed to the Minister of Finance for approval.

For background information on the Council Rules Review Project and past rule amendments, see the [project page](#).

Which Rules are proposed for amendment?

The following rules are proposed for amendment. Click on each topic to see more detailed information about the proposed change and rationale.

[Level 3 Agent and Adjuster Qualifications](#)

Rules 2(5), 2(8)

[Nominee Qualifications](#)

Rule 2(11), 2(11.1), 2(12)

[Business Registration and Name Requirements](#)

2(18)

[Licence Reinstatement](#)

Rule 2(19)

[Licence Renewal](#)

Rule 4(4)(b), (c) and (d)

[Direct Supervision](#)

Rule 6(1)(c) and 6(2)(b)

[Conflict of Interest](#) **New**

Rule 7(11.2)

[Life Agent Supervision](#)

Rule 10(1) to 10(12), Rule 7(16.1), 7(16.2), 7(17.1),

How can I provide my feedback?

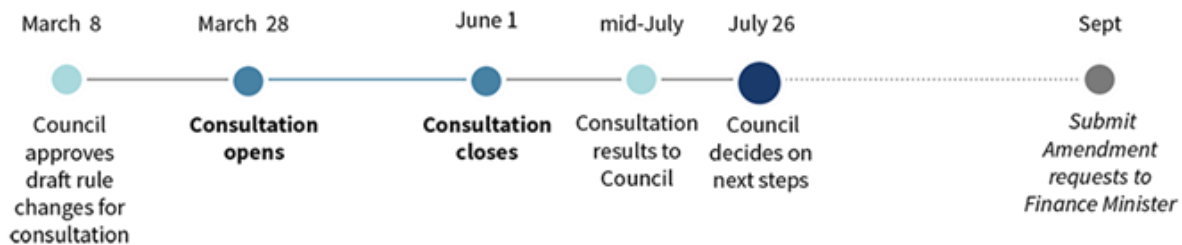
Provide your input about the proposed rule amendments by **June 1, 2022**:

- Submit your comments via [online survey](#) OR
- Send an email to rules.consult@insurancecouncilofbc.com

SUBMIT FEEDBACK VIA SURVEY

SEND AN EMAIL

Rule amendment process/timeline



Current status

The 2022 consultation on the Council Rules amendments is currently open until June 1.

Contact us

For questions about the proposed rule amendments or stakeholder engagement please contact us at: rules.consult@insurancecouncilofbc.com

- [Home](#)
- [Privacy](#)
- [Terms Of Use & Payment Policy](#)

Briefing Note

CAFII EOC Meeting 26 April, 2022—Agenda Item 4(a)(v)

Committee Updates—Market Conduct & Licensing-- FCNB Informal *Joint Sounding Board Consultation* With CLHIA and CAFII On Imminent Amendments to Life and Health Sections of New Brunswick Insurance Act: David Weir Request For Smaller CAFII Review/Input Group, Given Confidential/Embargoed Terms of Release

Purpose of this Agenda Item – Update

An update on a regulatory submission CAFII is making with CLHIA to FCNB.

Background Information

FCNB's David Weir has asked CAFII and CLHIA to provide FCNB with joint input into some imminent amendments to the life and health sections of the New Brunswick new Insurance Act.

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII EOC Meeting 26 April, 2022—Agenda Item 4(b)i
Committee Updates—Media Advocacy—Completion of 2021 Website Videos and Launch of 2022
Initiatives with Operatic Agency**

Purpose of this Agenda Item – Update

An update on CAFII's initiatives around enhancing the Association's website.

Background Information

CAFII is finishing the last components of the 2021 website enhancements; and also held its kick off meeting with Operatic Agency on 20 April, 2022 to plan for the 2022 set of enhancements.

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 26 April, 2022—Agenda Item 4(c)i Committee Updates— Research & Education--Implementation of Board-Approved Next Steps Re Public Release of Results of Deloitte Canada Thought Leadership Paper on Trends, Consumer Demands/Expectations, and Best Practices in Digitization of CPI

Purpose of this Agenda Item – Update

An update on CAFII's implementation of the public release of components of its 2021 Deloitte research thought leadership paper initiative.

Background Information

The EOC endorsed a proposed plan for the selective public release of components of the results of the Deloitte research project. The Board at its 12 April, 2022 meeting formally approved this recommendation from the EOC, which is in line with the strategic plan objective to use research to enhance CAFII's proactive communication with regulators, and enhance our public profile including on the CAFII website.

The Board approved the following motion:

On a motion duly made, seconded, and unanimously carried IT WAS RESOLVED that:

- 1. A slightly modified version of the Powerpoint deck presented to Board members should be presented in a webinar by Deloitte Canada to regulators;*
- 2. A slightly modified version of the Powerpoint deck presented to Board members should be presented to representatives of allied industry Associations (CLHIA, THIA, CBA);*
- 3. A slightly modified version of the Powerpoint presented to Board members should be publicly posted on the CAFII website, along with a press release to industry press; and the highlights of that Powerpoint should also be displayed on our website via a visually-pleasing info-graphic designed by a graphic designer;*
- 4. The detailed MSWord document produced by Deloitte Canada should be confidential to CAFII Member companies and should not be publicly released or shared with non-CAFII Members;*
- 5. At the time of the news release, CAFII will explore having Deloitte Canada share the public documentation through its marketing platforms;*
- 6. Deloitte Canada will make an entirely volunteer offer to CAFII Member companies to make customized presentations to them on how the research best applies to their organizations.*

This Agenda item provides an opportunity for the EOC to receive an update on the implementation of this Board motion.

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

2 attachments.



The Canadian Association of Financial Institutions in Insurance

Digitization of CPI | Board Presentation

89

Objectives and Agenda

Objective

Present the CAFII Board with a summary of the Digitization of CPI research report prior to its publication

Agenda

Section	Timing
Introductions	5 minutes
Report Background, Context & Approach	10 minutes
Deloitte Perspective on Digitizing CPI	30 minutes
Next Steps	5 minutes
Q&A	10 minutes

Our Team



Melissa Carruthers

Partner,
Insurance Strategy

Role: Project Leadership



Marc Lewis

Senior Manager,
Insurance Strategy

Role: Research Lead



Simon Knops

Senior Manager,
Insurance Strategy

Role: Research Lead

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Context & Objectives

Background & Context

CAFII has engaged Deloitte to share an independent perspective on what it will take to offer 'best-in-class' digital experiences to CPI consumers in response to the evolving needs and preferences of Canadians

Background

- The Canadian Association of Financial Institutions in Insurance ("CAFII") is a not-for-profit industry association that **represents financial institution distributors and insurance company underwriters** involved in selling insurance in Canada
- CAFII is dedicated to fostering an open and flexible marketplace that is efficient and effective and **allows Canadian consumers an expanded choice** in the purchase of insurance products and services.
- In support of its mission & mandate to advance the interests of financial institutions in insurance and affiliated organizations, **CAFII regularly conducts consumer and market research** relevant to the business & offerings of its members
- Credit protection insurance (**CPI**) is a **primary focus of CAFII** as its members' common ground

Why are we here?

- Across all industries we have experienced an **accelerated shift towards digital** purchasing and servicing following the events of COVID-19, however the **insurance industry has been historically slow** at transforming its traditional business models to be more customer centric
- In March 2021, **CAFII conducted a consumer research report** aimed at understanding the impact to the sales & servicing preferences of Canadians in light of COVID 19 with a specific focus on CPI
- Key insights from the research report research suggests that Canadian consumers have not only become more likely, to use virtual channels for CPI sales & servicing and in turn have **higher expectations of their financial institutions** to provide improved multi-channel experiences
- Given the importance of CPI in providing accessible and affordable protection to Canadians, CAFII engaged Deloitte to develop an **independent research report focused on 'Digitizing CPI'** and what it will take for the CPI industry to offer 'best-in-class' digital experiences for CPI
- The objective of the report is to identify opportunities for the **CPI industry to improve the digital experience offered to CPI consumers** in response to increased expectations and advancements in digital tools and technologies
- The subsequent sections of this document outline Deloitte's research approach and its perspective on the key success factors for Digitizing CPI as a means to **help inform the CPI Industries' digital priorities for the future**

Report Approach & Research Methodology

In order to develop its perspective, Deloitte conducted a combination of primary and secondary research, including engagement with CAFII members across 14 organizations that included both underwriters¹ and distributors of CPI

Deloitte Research and Accelerators

Industry External Research

Secondary research was focused on Global insurance markets to help inform key success factors associated with leading digital insurance organizations, including the capabilities contributing to leading digital client experiences

Deloitte's Digital Maturity Model

Deloitte's Digital Maturity Model defines the key capabilities required for an organization to be digital and was used as an input in identifying the summary of functional capabilities required to enable the digitization of CPI

CAFII Members Surveyed and Interviewed



Survey & Interview Scope

CPI Digital Maturity - Sample Questions



- What does **'Digitizing CPI'** mean to your organization and how important do you believe digitizing CPI is to the **future of CPI**?
- How would you describe the current digital **maturity of the Canadian CPI industry**? How would you rank your maturity relative to your peers & your desired future state?


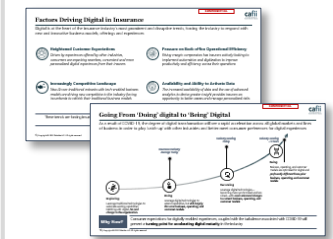
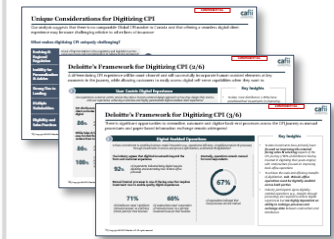
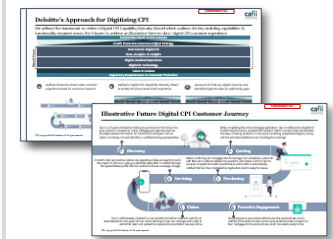
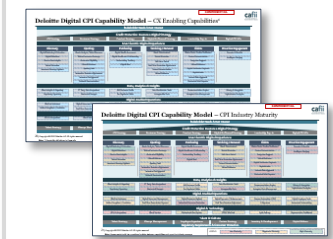
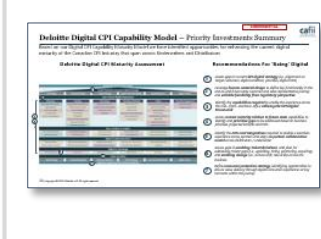
Challenges & Opportunities in Digitizing CPI - Sample Questions



- What do you believe are the **primary friction points / inefficiencies** that exist within CPI operations?
- Where do you believe digitizing CPI may present an **opportunity to improve** these inefficiencies?
- What do you believe is the **biggest challenge in digitizing CPI**?

Digitization of CPI Report Contents

The following table summarizes the contents and structure of our presentation and the research report

Objective	This research report focuses on identifying the key capabilities required to enable a leading digital CPI client experience in order to help inform digital investments and priorities for the future					
Sections	1. Context & Objectives 	2. Deloitte's Perspective on 'Being' a Digital Insurer 	3. Key Research Insights 	4. Sample 'Best-in-Class' Digital CPI Experience 	5. Deloitte's Digital CPI Capability Maturity Model 	6. Looking Forward 
Overview	<p><i>Summary of the background & context that led to the report, its rational, as well as description of the approach & methodology followed</i></p>	<p><i>Deloitte's perspective of key factors leading to the need for digital in insurance and the key characteristics associated with market-leading digital insurers</i></p>	<p><i>Key takeaways from research, including member interviews and surveys across distributors and underwriters</i></p>	<p><i>Showcase an illustrative leading digital CPI client experience to demonstrate the approach to identifying enabling capabilities</i></p>	<p><i>Review of functional capabilities required to enable "Best-in-Class" digital CPI experience, with associated industry maturity assessment</i></p>	<p><i>Summary of opportunities for CPI Underwriters & Distributors to consider as they embark on their digital transformation journeys</i></p>

Note: Regulatory considerations are not confined to a single section and are present throughout the report where applicable

Digitizing Canadian CPI – Key Takeaways

The need to digitize and improve the end-to-end CPI client experience is becoming an imperative for CPI underwriters and distributors in order to keep pace with consumer expectations and the accelerating move to digital lending

Overall Takeaways

- 1 Digitizing CPI is a **strategic priority for Canadian financial institutions**
- 2 Relative to other insurance industries, **Canadian CPI has unique challenges with regards to its digitization**, accentuated by the multiple stakeholders involved
- 3 **The CPI digital experience** offered is **highly dependent** upon the **lending journey** (i.e., mortgages, lines of credit)
- 4 **The regulatory environment** surrounding CPI can be **difficult to navigate digitally**, especially due to lack of harmonization across provinces
- 5 **The digital maturity of providers is inconsistent** across the industry
- 6 **Adoption** from sales representatives as well as clients **in digital experiences continues to be an inhibitor to realizing the benefits of digital investments**
- 7 **Successful digitization of CPI extends beyond client-facing experiences**, and includes back / mid-office operations
- 8 Digital experiences enabled by **automation across the value chain with partners** (e.g., underwriting, claims) were the **most cited friction points**
- 9 **Collaboration** across **Distributors, Underwriters and Regulators** will be key to **delivering “Best-in-Class” experiences**

Survey Highlights

- 100%** *Of Underwriters and Distributors indicated digitizing CPI as a strategic priority²*
- 43%** *Of members surveyed believe that up to 40% of applications will be fully digital by 2025*
- 75%** *Of CPI Underwriters and Distributors stated lack of alignment with lenders as leading risk to penetration rates and sales²*
- 80%** *Of Underwriters identified multiple stakeholders owning various aspects of the CPI experience was the greatest challenge to digitizing CPI*
- 57%** *Of Distributors ranked their current digital maturity as being ‘somewhat behind’*
- ~5%** *Cited penetration rates of CPI for personal loans can be as low as 5% for some members*
- 67%** *Of respondents indicated that most back / mid-office processes remain manual despite investments*
- 86%** *Of Distributors have indicated that cross-channel integration is key for successful digital CPI experiences²*

‘Being’ a Digital Insurer

Factors Driving Digital in Insurance

Digital is at the heart of the insurance industry's most prominent and disruptive trends, forcing the industry to respond with new and innovative business models, offerings and experiences



Heightened Customer Expectations

Driven by experiences offered by other industries, consumers are expecting seamless, convenient and more personalized digital experiences from their insurers



Pressure on Back-office Operational Efficiency

Rising margin compression has insurers actively looking to implement automation and digitization to improve productivity and efficiency across their operations



Increasingly Competitive Landscape

New & non-traditional entrants with tech-enabled business models are driving new competitive in the industry forcing incumbents to rethink their traditional business models



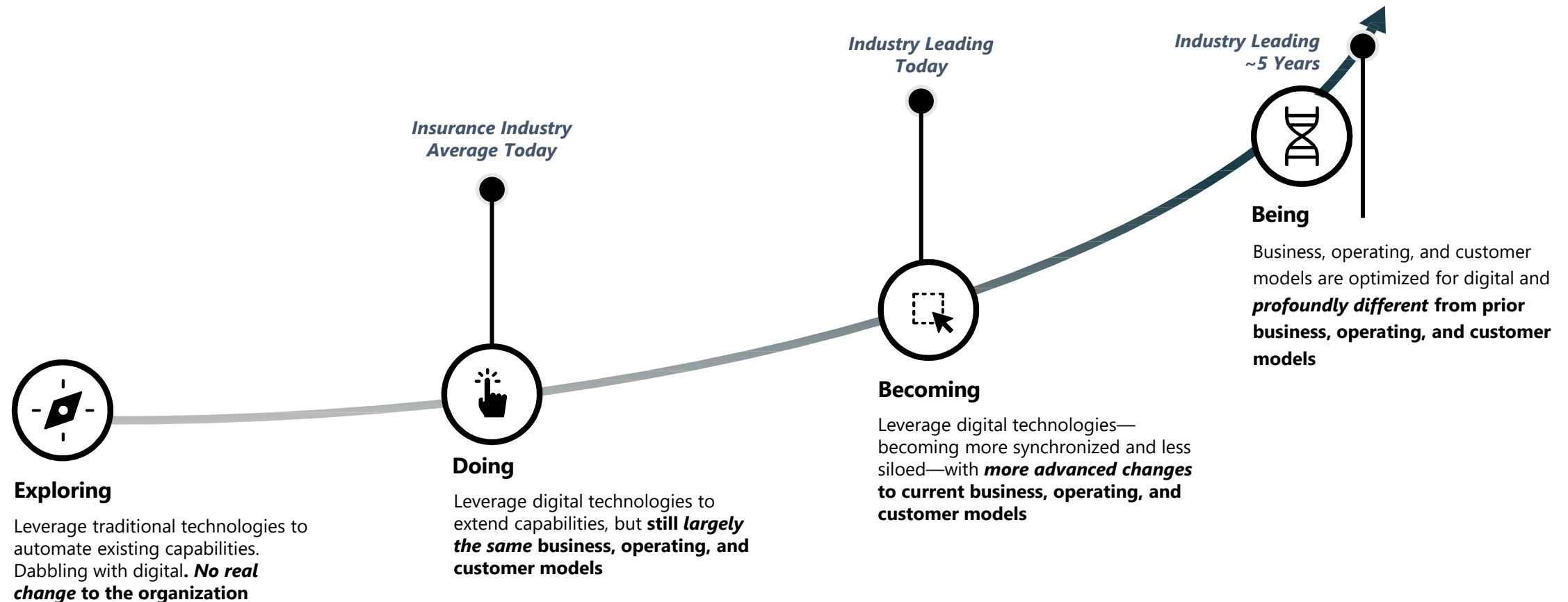
Availability and Ability to Activate Data

The increased availability of data and the use of advanced analytics to derive greater insight provides insurers an opportunity to better assess and manage personalized risks

These trends are forcing insurers to **rethink and transform their experiences, offerings, operations, distribution, and enabling technologies** – all in ways that are **truly more digital**

Going From 'Doing' digital to 'Being' Digital

As a result of COVID-19, the degree of digital transformation will see a rapid acceleration across all global markets and lines of business in order to play 'catch-up' with other industries and better meet consumer preferences for digital experiences



Why Now?

Consumer expectations for digitally-enabled experiences, coupled with the turbulence associated with COVID-19 will present a **turning point for accelerating digital maturity** in the industry

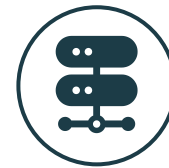
6 Key Attributes of 'Being' a Digital Insurer

Through our research & experience, we've observed that leading digital insurance organizations exhibit the following 6 attributes and respective underlying capabilities which contribute to offering leading digital experiences



Articulated Strategy & Digital Ambition

High performing digital organizations have a well articulated business and supporting digital strategy with clarity on the supporting customer, product and channel strategy



Sophisticated Data, Analytics & Insights

Inform business priorities, product development, and customer experiences all based on data-driven insights - allowing for hyper personalization of experiences, features, pricing and risk assessment



User Centric Digital Experiences

Highly customer-oriented in how they do business and take a human centered design approach to designing their end-to-end user journey allowing for seamless and highly personalized digital experiences



Scalable Technology Architecture

Utilize modern (e.g., cloud based, APIs) technology architecture to support flexibility, modularity and speed to market allowing for seamless integration with ecosystem partners through APIs



Hyper Focused on Operational Efficiency

Digital-enabled insurers have a commitment to relentless expense efficiency, optimizing investments in technology & data through process automation and digitization and business model innovation



Digital Talent & Culture

Digital culture, skills and ways of working (e.g., agile) are embedded throughout the organization driving a holistic culture of innovation and moving away from isolating digital as a standalone team

These **6 foundational attributes** are core to Deloitte's Framework for '**Being**' **Digital In Insurance** & will serve as the **basis for which we will identify the requirements to digitize CPI in Canada**

Digitizing CPI - Research Insights

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Unique Considerations for Digitizing CPI

Our analysis suggests that there is no comparable Global CPI market to Canada and that offering a seamless digital client experience may be more challenging relative to other lines of insurance

What makes digitizing CPI uniquely challenging?

Evolving & Regional Regulation	A lack of harmonization in the regulatory and legislation across provinces forces national distributors to adhere to the strictest of digital sales practices which can be difficult to deliver as a scalable & seamless digital experience
Inability for Personalization & Advice	As CPI needs to be group underwritten, it does not create an opportunity to provide greater personalization in pricing and product design relative to individual insurance; similarly, differentiating based on personalized advice will be difficult under the current sales regulations
Strong Ties to Lending	CPI sale is highly connected to the lending journey, which are increasingly moving towards digital and human-assisted channels; strong collaboration is required with lending partners
Multiple Stakeholders	The client journey is owned by multiple stakeholders at varying stages of the policy lifecycle and requires significant alignment on roles, priorities and capabilities amongst underwriters & distributors
Eligibility and Sales Practices	Distributors must ensure that a customer purchasing a CPI product goes through a specific eligibility and exclusion assessment, adding steps & therefore friction to the purchasing journey

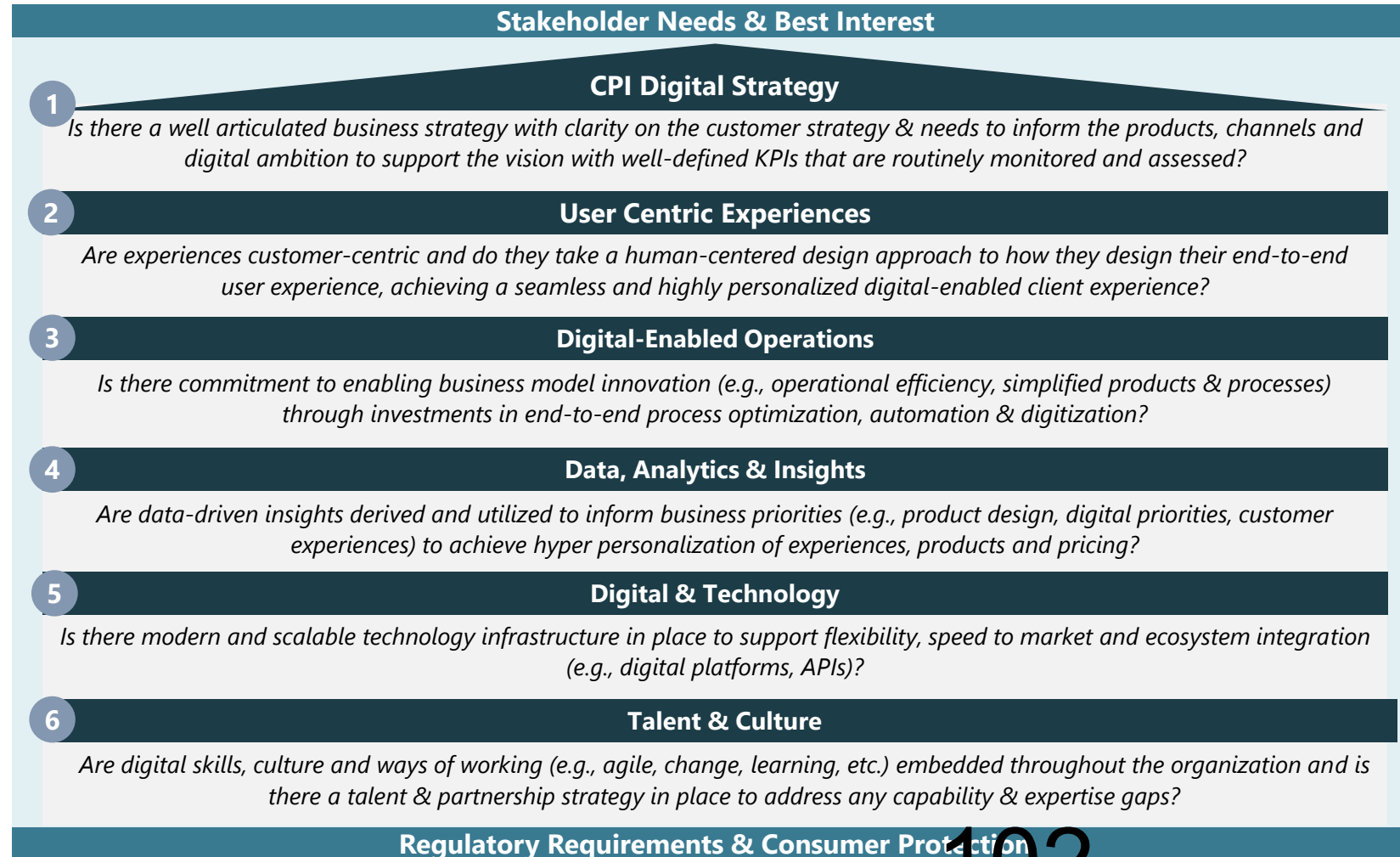
“Finding the right approach to mirror a face-to-face experience into digital channels is and will remain our biggest challenge”
- Distributor

“Traditionally you got a mortgage, so we offered mortgage protection, now it needs to be customer centric, based on all your needs here are the best options for you”
- Underwriter

“Each partner has their own Loan Origination System (LOS) and it's archaic, we can't integrate so a lot of the interactions are done over the phone”
- Underwriter

Deloitte's Framework for Digitizing CPI

Utilizing the 6 attributes for 'Being' a digital insurer and our analysis on the Canadian CPI industry, we have defined a framework outlining our perspective on what it will take to Digitize CPI and assess the industry's current digital maturity



Key research findings have been summarized across each of the **6 layers in Deloitte's Digital CPI framework** to inform a set of **distinct capabilities** that apply to CPI distributors and underwriters

A grayscale photograph of a man and a woman sitting on a couch, looking at a laptop screen. The woman is on the left, wearing a patterned shirt and a headscarf. The man is on the right, wearing a patterned shirt. They are both smiling and looking at the laptop. The background shows a window with plants and a lamp.

Future Best in Class CPI Experience

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Deloitte's Approach for Digitizing CPI

We utilized the framework to define a Digital CPI Capability Maturity Model which outlines the key enabling capabilities & functionality required across the 6 layers to achieve an illustrative 'best-in-class' digital CPI customer experience



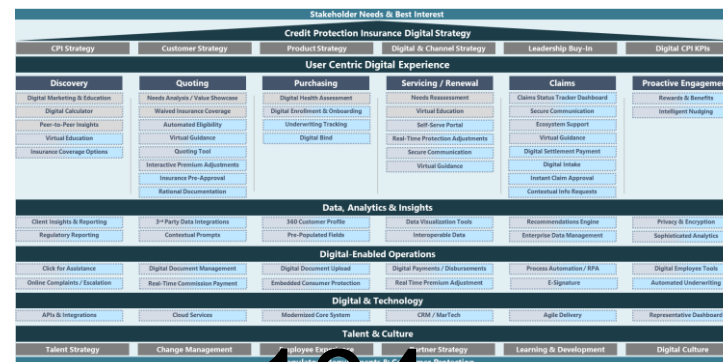
A

Defined illustrative future state customer experience based on consumer research



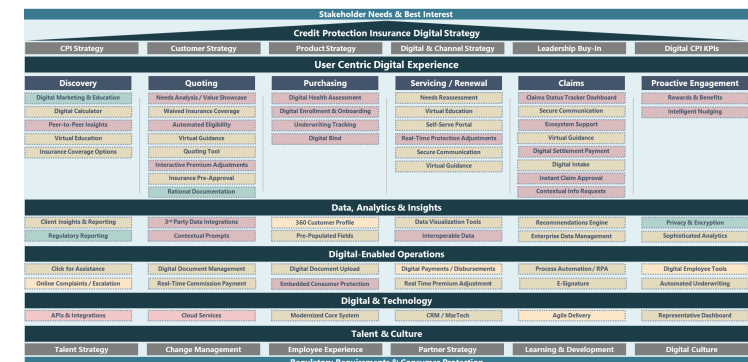
B

Defined a Digital CPI Capability Maturity Model to enable the future state client experience



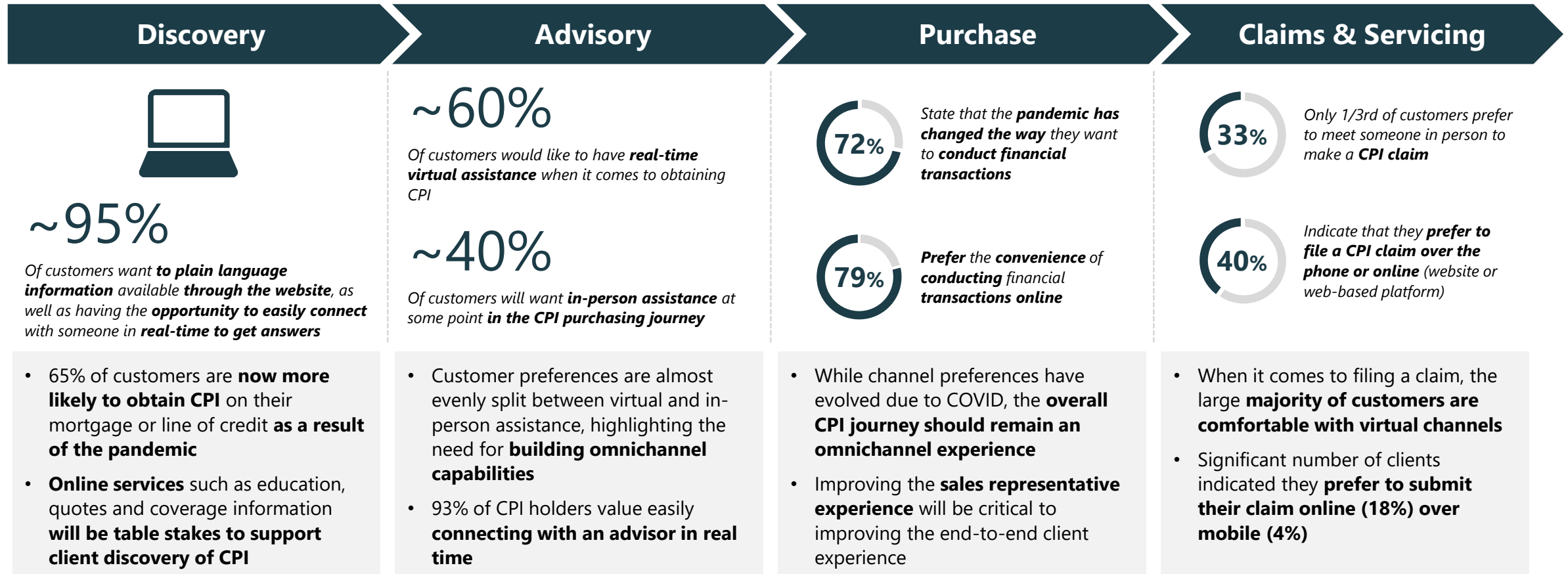
C

Assessed CPI industry digital maturity and identified opportunities for addressing gaps



Insights From Previous CAFII Consumer Research

CAFII previously conducted consumer research in order to identify the post-COVID-19 implications to how CPI clients needs & preferences for sales, servicing and claims have evolved to inform the development of a customer-centric future journey



Illustrative Future Digital CPI Customer Journey

Sam is a 33-year-old Teacher looking to purchase her first home; She goes online to complete an online mortgage pre-approval and was provided relevant information for 'first time home buyers' with an option to virtually connect with Blair, a certified lending representative

1 Discovery



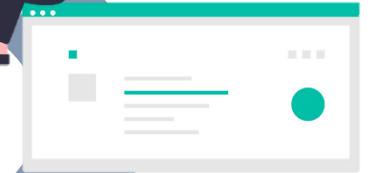
While completing the online mortgage application, Sam is notified she's eligible for Credit Protection and is provided with relevant 'what if' scenarios that demonstrate the value of having protection in the event something unexpected happens, along with the estimated additional cost of adding the coverage.

2 Quoting



6 months later Sam and her partner are expecting a baby and want to revisit the impact of job loss or going on disability leave. Blair is notified through the representative portal that Sam wishes to discuss coverage changes

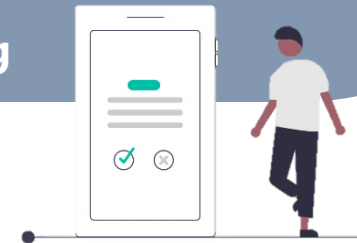
Before confirming her mortgage rate & coverage, Sam schedules a video call with Blair who is able to address her questions and shares a link for Sam to securely complete her health questionnaire online; Blair is automatically notified that Sam has completed her application and its ready for review



4 Servicing



3 Purchasing



5 Claims



Sam is unfortunately involved in a car accident and will be unable to work for an extended period. Sam goes into her online banking to view her coverage and is able to submit her claim and upload the required documentation securely online

6 Proactive Engagement

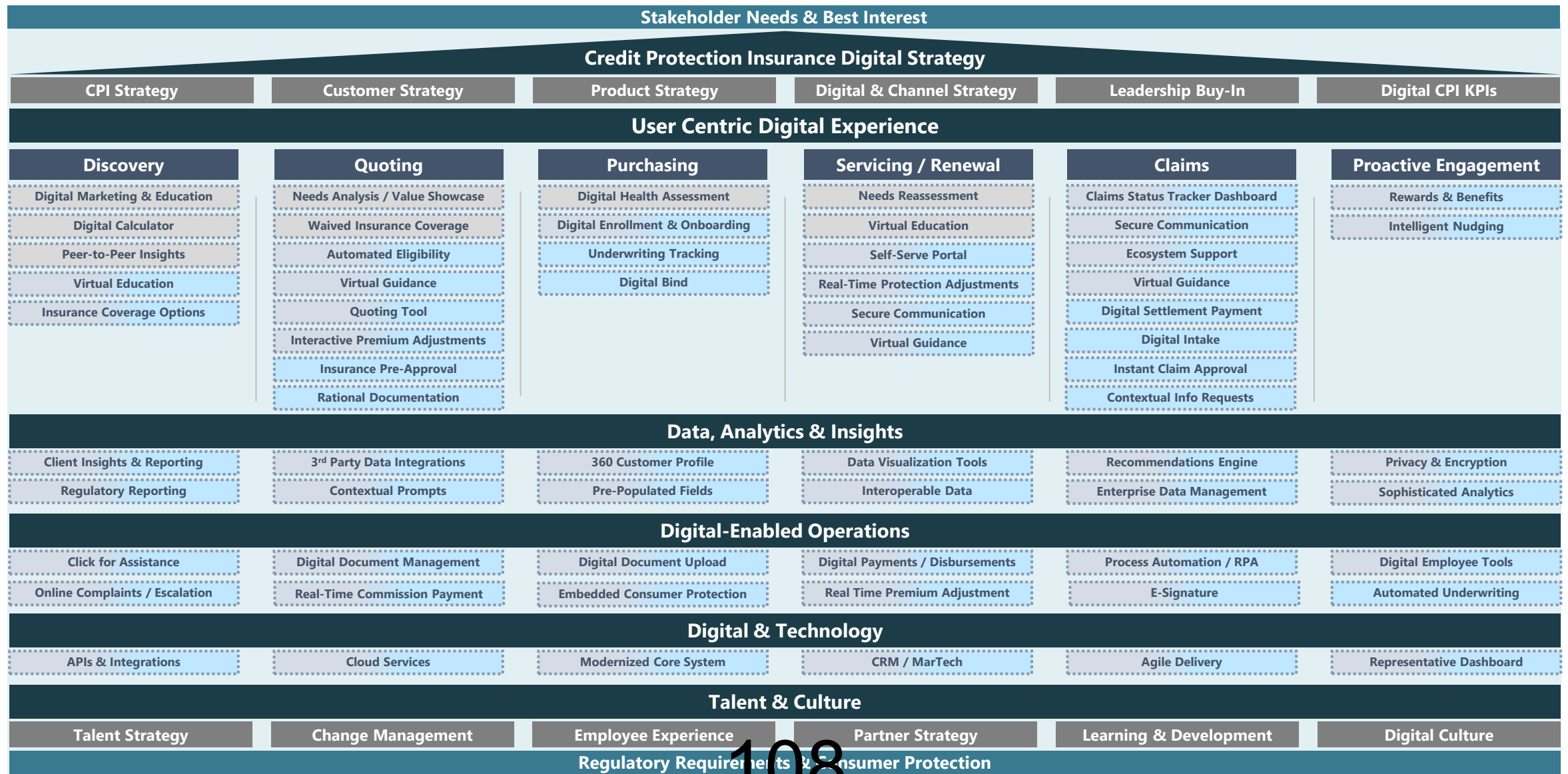


Sam purchases a new vehicle with the use of a personal loan, and is notified of the option to add-on the same protection that is present on their mortgage on the personal loan which she selects easily online



Required Capabilities & Maturity

Deloitte Digital CPI Capability Model – CX Enabling Capabilities¹



LEGEND

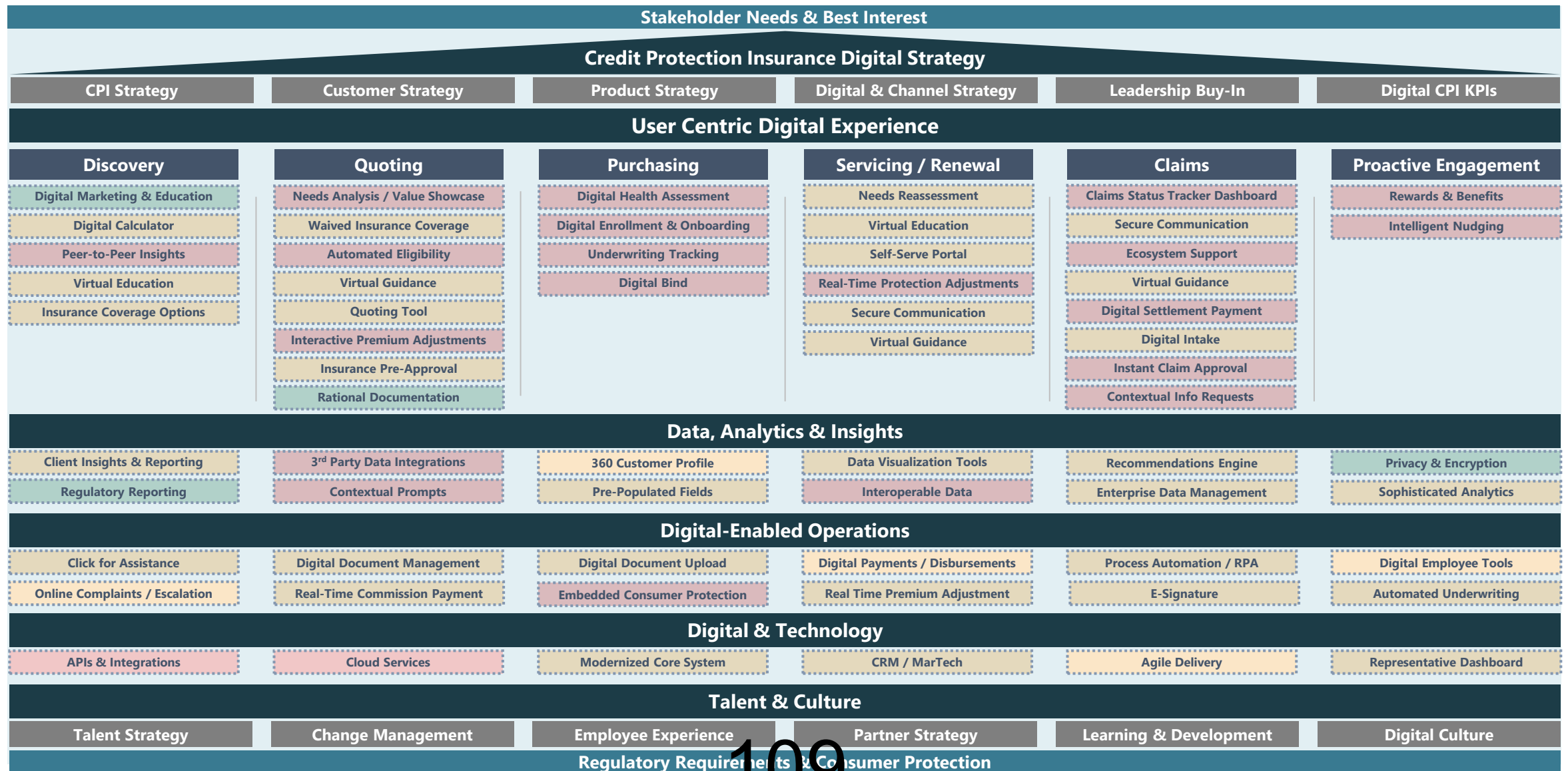
Key Success Factor

Distributor Capability

Underwriter Capability

Joint Capability

Deloitte Digital CPI Capability Model – CPI Industry Maturity



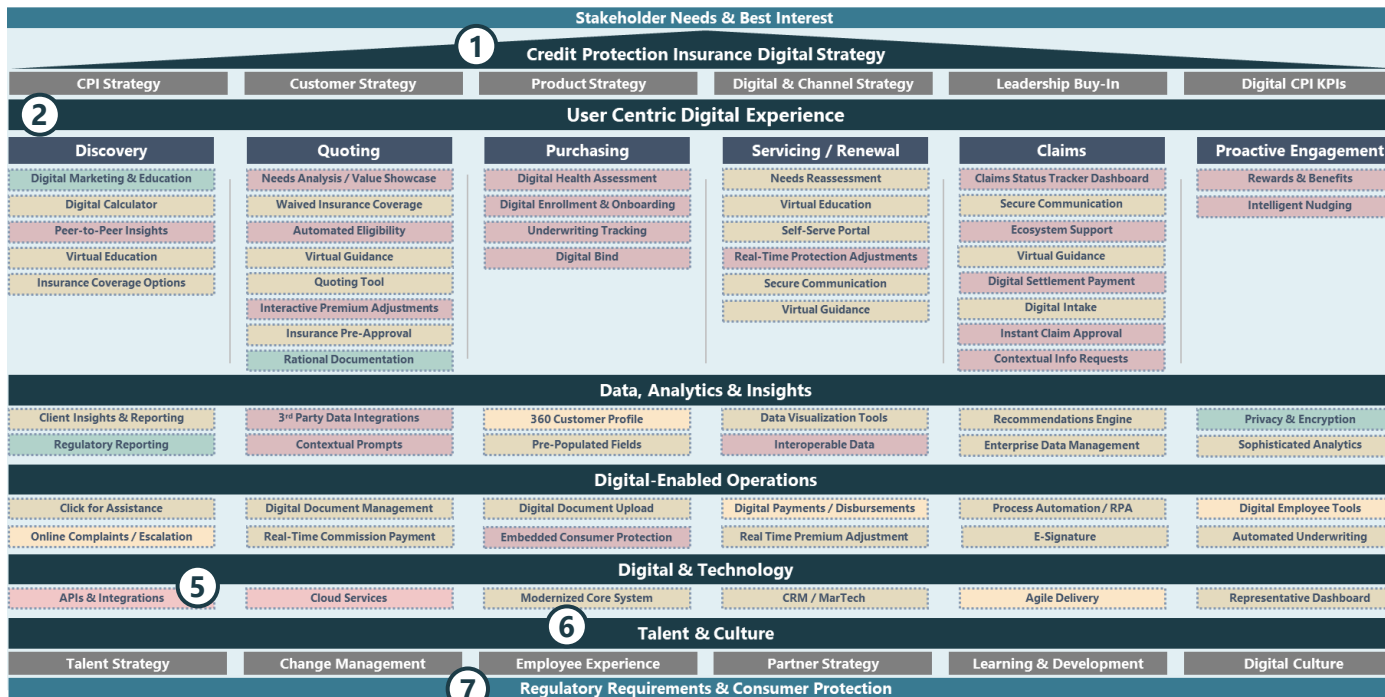
Looking Forward

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Deloitte Digital CPI Capability Model – Priority Investments Summary

Based on our Digital CPI Capability Maturity Model we have identified opportunities for enhancing the current digital maturity of the Canadian CPI Industry that span across Underwriters and Distributors

Deloitte Digital CPI Maturity Assessment



Recommendations For 'Being' Digital

- ① Assess gaps in current **CPI digital strategy** (i.e., alignment on target customers, digital ambition, priorities, digital KPIs)
- ② Leverage **human centered design** to define key functionality in the end-to-end future state customer and sales representative journey and **validate feasibility from regulatory perspective**
- ③ Identify the **capabilities required** to enable the experience across the mid-, front- and back-office **utilizing the CPI Digital Framework**
- ④ Assess **current maturity relative to future state** capabilities to identify and **prioritize gaps** to be addressed based on business priorities, projected benefits and KPIs
- ⑤ Identify the **APIs and Integrations** required to enable a seamless experience across partners and align **on partner collaboration model** across distributors / underwriter
- ⑥ Assess gaps in **enabling Talent & Culture**, with plan for addressing Talent gaps (i.e., upskilling, hiring, partnering, acquiring) and **enabling change** (i.e., culture shift, new skills) across the business
- ⑦ Refine **consumer protection strategy**, identifying opportunities to ensure value delivery through digital consumer experiences at key moments within the journey

Next Steps

Next Steps

Following the presentation of the report insights summary to the CAFII Board, Deloitte will work collaboratively with the core CAFII working team and R&E committee to achieve the following

1

Present report summary insights to regulators (to be scheduled)

2

Present report summary insights to key CAFII stakeholders (to be scheduled)

3

Publish formal Digitization of CPI Report (February 2022)



Thank You

**Any
Questions?**

Appendix



Appendix A – Additional Insights

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Deloitte's Framework for Digitizing CPI (1/6)

While participants unanimously identify digitizing CPI as a key strategic priority, the alignment with lending experiences and the required executive buy-in across the organization create a risk in delivering on the digital ambition

1

CPI Digital Strategy

Is there a well articulated business strategy with clarity on the customer strategy & needs to inform the products, channels and digital ambition to support the vision with well-defined KPIs that are routinely monitored and assessed?

The industry agrees that digitization is a strategic imperative moving forward

100% of respondents indicated digitizing CPI as strategically important

CPI distributors recognize the need to digitize but feel they are behind

57% of distributors ranked their current digital maturity relative to their peers as being 'somewhat behind'

Ambitions for future digital fulfillment vary significantly by distributor

43% of distributors expect 25%-40% of new CPI insurance applications to be completed fully online by 2025

Risks commonly cited to achieving these ambitions were alignment with lending partners and continued regulatory changes

75% of members marked the lack of alignment with lending & mortgage digitization as the greatest risk

71% of distributors expect new compliance and regulatory interventions

Internal and external partnerships will play a key role to achieving the industries digital ambitions

80% Of underwriters identified multiple stakeholders owning various aspects of the CPI experience was the greatest challenge to digitizing CPI

Key Insights

- While all participants identified digitizing CPI as a priority, most referenced the need to **compete with broader enterprise priorities** & investment as a challenge in accelerating their progress
- Future **ambitions for digital varied significantly** amongst distributors with digital leaders aspiring towards an end-to-end **fully digital client experience by 2025**
- Many distributors referenced their **structure influencing the degree of collaboration** with their lending partners
- Digital transformation will require strong **alignment across multiple organizations** (banks, distributors, underwriters) and **business partners**

Deloitte's Framework for Digitizing CPI (2/6)

A differentiating CPI experience will be omni-channel and will successfully incorporate human-assisted elements at key moments in the journey, while allowing customers to easily access digital self-serve capabilities when they want to

2

User Centric Digital Experience

Are experiences customer-centric and do they take a human-centered design approach to how they design their end-to-end user experience, achieving a seamless and highly personalized digital-enabled client experience?

CPI distributors recognize the need to augment client and sales representative experience through digital

86% of distributors want to offer digital tools to their sales representative

While Sales & Servicing is the primary investment area for distributors, they are turning to underwriters to enable digital claims

86% of distributors ranked 'inefficient advisor sales process' as a primary friction point

100% Of distributors identified digital claims portals & processes as the biggest opportunity for CPI underwriters to support their digitization efforts

Distributors selected the following as the features they plan to invest in the client experience



Key Insights

- To date, most distributors (>50%) have prioritized their investments in improving the systems and **digital tools for sales representatives** rather than client-facing digital experiences
- Replicating the human-guided purchasing experience in digital continues to be a challenge as demonstrated by **low digital client-led penetration rates** (less than 5%)
- Digital **experiences reliant on underwriting partners** (e.g., underwriting, claims) were **commonly cited friction points** in the end-to-end client journey
- Distributors also referenced the opportunity for **automation of client eligibility** at point of sale and the **need for health questions via advisors** negatively impacting the purchasing experience

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Deloitte's Framework for Digitizing CPI (3/6)

There is significant opportunities to streamline, automate and digitize back-end processes across the CPI journey as manual procedures and paper-based information exchange remain widespread

3

Digital-Enabled Operations

Is there commitment to enabling business model innovation (e.g., operational efficiency, simplified products & processes) through investments in end-to-end process optimization, automation & digitization?

The industry agrees that digitization extends beyond the front-end customer experience

92%

of respondents indicated being digital requires digitizing and automating mid- & back-office processes

Manual internal processes is one of the key area that requires investment now to enable quality digital experiences

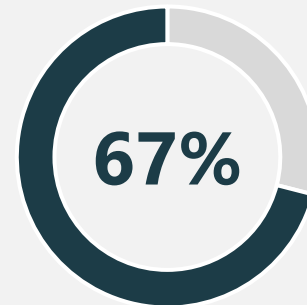
71%

Of distributors rated "significant manual processes" as a primary friction point for their business

60%

Of underwriters rated "automation of manual process" as a primary investment area for their business

Internally, operations remain manual for most respondents



of respondents indicated that most processes are still manual

Key Insights

- To date investments have primarily been **focused on improving the external facing sales & servicing** aspects of the CPI journey (100% of distributors having invested in digitizing their quote engine) with Underwriters focused on improving back-office operations
- To achieve the scale and efficiency benefits of digitization, **mid- & back-office operations must be digitally enabled across both parties**
- Industry participants agree digitally-enabled operations (e.g., straight-through processing) are required to deliver digital experiences but **are highly dependent on ability to redesign processes and exchange data** between underwriters and distributors

Deloitte's Framework for Digitizing CPI (4/6)

Customer acquisition and retention are two areas where leading institutions are already actively leveraging data, but companies also have an opportunity to better use data-driven insights to prioritize digital investments

4

Data, Analytics & Insights

Are data-driven insights derived and utilized to inform business priorities (e.g., product design, digital priorities, customer experiences) to achieve hyper personalization of experiences, products and pricing?

Data and insight generation will be a key enabler to inform digital experience design and execution

86%

of distributors aspire to offer digital targeted marketing as part of their CPI digitization efforts

Today, few representatives have access to real-time data about the CPI products they sell

60%

of underwriters stated have no current capability with regards to providing representatives with real-time data

Distributors and underwriters intend to leverage data-driven insights to help streamline their operations

67%

of respondents indicated that digitizing CPI meant increasing the use of data insights in their operations

Most distributors do not have capabilities in place to allow a representative to leverage a holistic view of relevant customer data

50%

of distributors do not offer their representative the ability to access a unified profile of the consumer they are quoting (incl. loan and client data)

Key Insights

- **Digital and data capabilities** offer new **opportunities** to better **understand** customers and their **protection needs**
- Hyper personalization is scarce in CPI due to regulation (e.g., group underwriting), **lead generation and digital marketing** are areas where companies can leverage new sources of data & analytics
- Increase in **sales penetration** is still the main metric that is tracked to determine the success of an initiative, but many providers indicated desire to **expand the range of data** they collect and analyze to **inform digital investment decisions**
- New & 3rd party data sets are expected to continue to help improve underwriting and risk assessment but **regulatory limitations on data usage** was cited by Underwriters as a challenge

Deloitte's Framework for Digitizing CPI (5/6)

Technology modernization stands out as a key investment priority across participants, together with a continuous focus on capabilities that enable better integration across systems, organizations and channels

5

Digital & Technology

Is there modern and scalable technology infrastructure in place to support flexibility, speed to market and ecosystem integration (e.g., digital platforms, APIs)?

Underwriters are aligned that they need to invest in modernizing their core technology

100% *of underwriters indicated technology modernization as a priority investment area*

And distributors agree, believing it's the #1 action underwriters should take

80% *of distributors indicated that Modernized technology (e.g., APIs, claims or UW engines) is how underwriters can support digitization of CPI*

Improving technical integration between underwriters and distributors systems is a priority

100% *of underwriters have identified the integration with CPI distributors systems as a primary friction point*

As well as developing the technological infrastructure to enable cross-channel integration

86% *of distributors indicated that integrating multiple channels into a single customer journey is a key success factor in digitizing CPI*

Key Insights

- **Legacy technologies** are still limiting the ability of underwriters and distributors to seamlessly transfer data and information, which creates **friction in the customer journey**
- As the CPI journey will remain an omni-channel experience, companies will need to excel at **integrating multiple channels and systems** to remove pain points for customers and sales representatives
- **Technology modernization** and **system integration** are key investment priorities for the industry with a focus on developing **external facing APIs**
- Underwriters quote challenges with the need to **integrate with multiple different loan origination systems** of distributors
- **Marketing Technology** was cited as an investment area opportunity for enabling more client-centric experiences & insights

Deloitte's Framework for Digitizing CPI (6/6)

To successfully deliver on the digitization of their CPI business, organizations will need to attract and retain new types of talent while promoting digital ways of working within their teams and with their partners

6

Talent & Culture

Are digital skills, culture and ways of working (e.g., agile, change, learning, etc.) embedded throughout the organization and is there a talent & partnership strategy in place to address any capability & expertise gaps?

As organizations evolve, so do their talent requirements, amidst growing concerns of skilled talent scarcity in the insurance industry

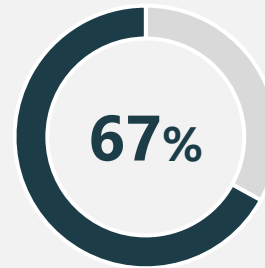
43%

Of respondents to its global insurance survey stated finding and retaining skilled candidates a key concern¹

While Information Technology talent was ranked as the greatest concern, the top 5 areas were from a diverse set of functions

1. Information Technology
2. Marketing
3. Cybersecurity
4. Risk Management
5. Finance

Embedding agile ways of working internally and with partners will foster alignment and support continuous improvement in CPI journeys



of respondents marked the strong alignment to digital lending processes from bank and credit unions as key for successful CPI digitization

Key Insights

- As insurance knowledge and expertise are critical to best position the value of CPI, organizations should leverage digital to **facilitate access to training and education** for CPI sales representatives
- Understanding the **value of CPI** and the **how client segments can benefit from the protection** must be embedded across the organization and will likely **require a culture shift from current state**
- Embarking on a digital transformation will **require new digital skillsets** for insurance and lending organizations (e.g., UX, data & analytics, developers, etc.)
- A more **collaborative mind-set and approach** across Distributors & Underwriters will be a key success factor to meeting the expectations of CPI clients throughout their policy life cycle

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Digitizing Credit Protection Insurance

Offering best-in-class digital experiences for
Credit Protection Insurance clients

Canadian Financial Services

The Canadian Association of Financial Institutions in Insurance engaged Deloitte Canada to share an independent perspective on what it will take to offer best-in-class digital experiences for Creditor Protection Insurance (CPI) clients.

Deloitte Canada conducted primary and secondary research to inform its point-of-view on what it will take to successfully digitize CPI, including the front, mid- and back-office capabilities, and key success factors required to enable leading digital experiences for CPI clients, employees, and partners.

This report shares the findings, and key insights, from Deloitte's analysis and identifies key considerations that the Canadian industry should consider in its evolution to a digitally enabled business model for CPI.

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The Canadian Association of Financial Institutions in Insurance (“CAFII”) is a not-for-profit industry association that represents financial institution distributors and insurance company underwriters involved in selling insurance in Canada.

CAFII is dedicated to fostering an open and flexible marketplace that is efficient and effective and allows Canadian customers an expanded choice in the purchase of insurance products and services.

In support of its mission & mandate to advance the interests of financial institutions in insurance and affiliated organizations, CAFII regularly conducts customer and market research relevant to the business & offerings of its members.

Executive Summary

Although the bar for digital experiences has been set by industries outside of financial services, a recent study performed by CAFII reinforced the idea that consumers have the same expectations when it comes to their financial protection and insurance needs. Given the important role that Credit Protection Insurance (CPI) plays in providing accessible and affordable insurance protection to Canadians, CAFII engaged Deloitte to conduct an independent research study focused on understanding the current digital maturity of the Canadian CPI industry to help inform what it will take for the industry to offer 'best-in-class' digital experiences.

As part of its research efforts, Deloitte engaged 14 CAFII member institutions through a combination of surveys and in-depth interviews, as well as external market analysis, which led to the following nine key findings:

Digitizing CPI is a strategic priority for Canadian financial institutions. The industry feels digitization will be critical in ensuring its ability to deliver affordable protection to Canadians who are currently under-advised & under-protected. In fact, 100% of CAFII members stated digitizing CPI is one of their highest strategic priorities.

Relative to other insurance industries, Canadian CPI has unique challenges with regards to its digitization. The client journey is owned by multiple stakeholders at varying stages of the policy lifecycle and requires significant alignment on roles, priorities, and capabilities amongst underwriters and distributors.

The CPI digital experience offered is highly dependent upon the lending journey (i.e., mortgages, lines of credit). The lending journey tends to take ownership in driving the digital experience for CPI. In many cases the optimal experience and use of digital within the mortgage lending journey may not align with the inclusion of a digital CPI experience.

The regulatory environment surrounding CPI can be difficult to navigate digitally. The lack of harmonization in the regulatory environment across provinces forces national distributors to adhere to the strictest of digital sales practices, which increases the complexity of delivering a scalable and seamless digital experience.

The digital maturity of providers is inconsistent across the industry. Many CPI distributors and underwriters are mid-way through multi-year digital transformation journeys while others are still in the early stages of defining their digital ambition with respect to CPI. However, almost half (43%) of distributors believe that up to 40% of all CPI applications will be fully digital by 2025.

Adoption from sales representatives as well as clients continues to be an inhibitor to realizing the benefits of digital investment. Digital CPI penetration rates have been as low as 5% for personal loans, highlighting the importance of enhancing the human-led (i.e., sales representative) experience by leveraging digital as opposed to replacing with a digital-only client experience.

Digitizing CPI extends beyond client-facing experiences. Investments in digital-enabling mid / back-office operations and technology were cited as being the most challenging and cost prohibitive. 67% of CAFII members indicated that most mid / back-office processes are still manual today.

Digital experiences enabled by underwriting partners (e.g., underwriting, claims) were the most cited friction points in the end-to-end client journey. Distributors commonly referenced the opportunity for automation of client eligibility at point of sale and online claims portals for submission, exchange of documentation and status tracking.

Collaboration across Distributors, Underwriters and Regulators will be key to delivering “Best-in-Class” experiences. 90% of CAFII members identified integration with multiple partners being a primary friction point and challenge in digitizing the CPI experience. Support from regulators for new enabling processes will be key to responding to meet the evolving needs and preferences of CPI consumers.

Based on the research, Deloitte developed a *Digital CPI Framework*. The framework is comprised of the following 6 capability layers and 65 sub-capabilities which collectively capture a CPI provider’s ability to offer ‘best-in-class’ digital experiences.

- | | |
|---|--------------------------------------|
| 1. CPI Digital Strategy | 4. Digital-Enabled Operations |
| 2. User Centric Experiences | 5. Digital & Technology |
| 3. Data Analytics & Insights | 6. Talent & Culture |

Deloitte’s *Digital CPI framework* was used to assess the industry’s current maturity by sub-capability and identified the key areas where underwriters and distributors would require strong collaboration. Overall, the digital maturity of the industry is disparate across the all layers, with significant room to improve the end-to-end client and representative experience at and beyond the point of sale.

There are select industry leaders who have made significant progress in leveraging digital and analytics to improve the sales representative experience, provide online education and quotation tools and have invested in online client self-serve options to promote engagement throughout the policy lifecycle integrated into online banking. Much of the success of these organizations can be attributed to early buy-in from executive teams in the need to digitize CPI as well as strong partnerships with their lending partners.

Our hope is that the *Digital CPI Framework* can be used as an accelerator by CPI providers to conduct a self-assessment as to how they fair relative to their peers across each of the layers and sub-capabilities to identify priority areas of investment and gaps to be addressed as they look to accelerate their digital maturity and offer ‘best-in-class’ digital experiences for CPI consumers.

Background & Objectives

Following the events of COVID-19, the financial services industry has experienced an accelerated shift towards digital purchasing and servicing preferences of its customers. However, the insurance industry has historically lagged adjacent industries such as Banking and Wealth Management in modernizing its traditional business model to be more customer-centric and therefore more 'digital'.

Credit Protection Insurance (CPI) is used to pay out a mortgage or loan balance, up to the agreed policy amount, or to make / postpone debts payments in the event of death, disability, job loss or critical illness¹. This report focuses on the Canadian CPI market, which in 2019 generated premium revenues of \$5.8B². The research, insights, and recommendations that follow focus on the Mortgage Credit Protection Industry (i.e., insurance indemnifying consumers against making mortgage linked debt payments following a specified defined event) given that this sub-market makes up the largest proportion of the total Canadian CPI Industry.

A compelling motivation for writing this report is the unique nature of the Canadian CPI industry that is so tightly coupled to the lending journey that customers participate in to firstly acquire their lending product and subsequently their CPI product. This close relationship leads CPI consumers to have the same expectations of their CPI journey as they hold for other banking and

lending products and impresses the importance of understanding the evolving customer purchasing behaviour to inform future investments in digitization.

To this end, CAFII conducted customer research in March 2021. This research investigated and identified the implications COVID-19 would have on existing and prospective CPI clients' needs and preferences for sales, servicing, and claims. Deloitte leveraged this research as a precursor to the investigation into the current state and future ambitions of CPI in Canada.

A foundational insight of interest from the CAFII research was the strength of demand for CPI protection in Canada with 65% of customers being more likely to obtain CPI on their mortgage or line of credit because of the pandemic³. In addition to this, 79% of CPI holders stated that they prefer the convenience of conducting financial transactions online. Put together, the above findings show that the robust demand for CPI is likely to be serviced in future by ever growing digital means, and CPI distributors and underwriters will be expected to deliver this.

Given the context described above and the importance of CPI in providing accessible and affordable protection to Canadians, CAFII engaged Deloitte to develop an independent research report focusing on Mortgage CPI and its digital future. The

objective of this report is to provide a perspective on the current digital maturity of the Canadian CPI industry and identify opportunities for industry providers to accelerate their digital maturity by providing recommendations on priority investments and opportunities to address challenges that have historically inhibited the adoption or acceleration of digital in CPI. For industry

participants, the report can be leveraged to understand their digital maturity relative to industry peers, opportunities for improvement, tactics being used to drive adoption, awareness, executive buy-in needed from their peers and leaders to support investment, and areas where benefits from investments in digital are being demonstrated.



Research Methodology

To develop this report, Deloitte drew on three sources of information, namely: primary research, secondary research, and Deloitte's proprietary Digital Maturity Model.

Primary Research

To develop our perspective, Deloitte engaged CPI industry participants to gain an understanding of their current digital CPI maturity, the challenges and opportunities that arise as a result of digitizing their CPI businesses, how CPI can learn from other insurance industries, unique challenges facing industry participants, and insights on how to accelerate their digital maturity. In this process, both underwriters and distributors were engaged with.

The method of engagement was twofold, with a value chain-specific survey of about 15 – 20 questions in length being completed by all participants, spanning a variety of features and digital functionality. This was followed up by a 45 – 60-minute interview with a leader within the CPI business unit or digital transformation leader for the organization, which built on what was learnt about that organization during the survey process.

14 CAFII Member organizations participated in this engagement process (representing a significant share of the premium within the Canadian CPI market). As such, we would like to thank the below CAFII Member organizations for their engagement and candor during the report writing process.

Figure 2:



Below we provide an overview of the type of questions that were covered in both the survey and interview.

Figure 3:

Sample Survey Questions



- What have historically been the priority areas for prior investment into your CPI operations?
- Which statement best reflects the importance of digitization to the future growth of your CPI portfolio?
- How would you define the current digital maturity of your CPI operations?

Sample Interview Questions



- What do you believe are the primary friction points / inefficiencies that exist within CPI operations?
- Where do you believe digitizing CPI may present an opportunity to improve these inefficiencies?
- What do you believe is the biggest challenge in digitizing CPI?

Secondary Research

Deloitte focused on global insurance markets to help inform key success factors associated with leading digital insurance organizations, including the capabilities contributing to leading client-facing digital client experiences.

Deloitte Digital Maturity Model

This proprietary model allowed Deloitte to define the key capabilities required for an organization to be digital and was used in the report to identify and summarize the functional capabilities required to enable the digitization of CPI.

Deloitte Perspective on 'Being' a Digital Insurer

Digital is at the heart of the insurance industry's most prominent and disruptive trends, forcing the industry to respond with new and innovative business models, offerings, and experiences. Along with the heightened customer expectations discussed above, across all types of insurance Deloitte has identified an additional 4 key factors driving the need for incumbent insurers to "be" Digital Insurers.

Figure 4:



Heightened Customer Expectations

Driven by experiences offered by other industries, consumers are expecting seamless, convenient, and more personalized digital experiences from their insurers



Availability and Ability to Activate Data

The increased availability of data and the use of advanced analytics to derive greater insight provides insurers an opportunity to better assess and manage personalized risks



Increasingly Competitive Landscape

New & non-traditional entrants with tech-enabled business models are driving new competition in the industry forcing incumbents to rethink their traditional business

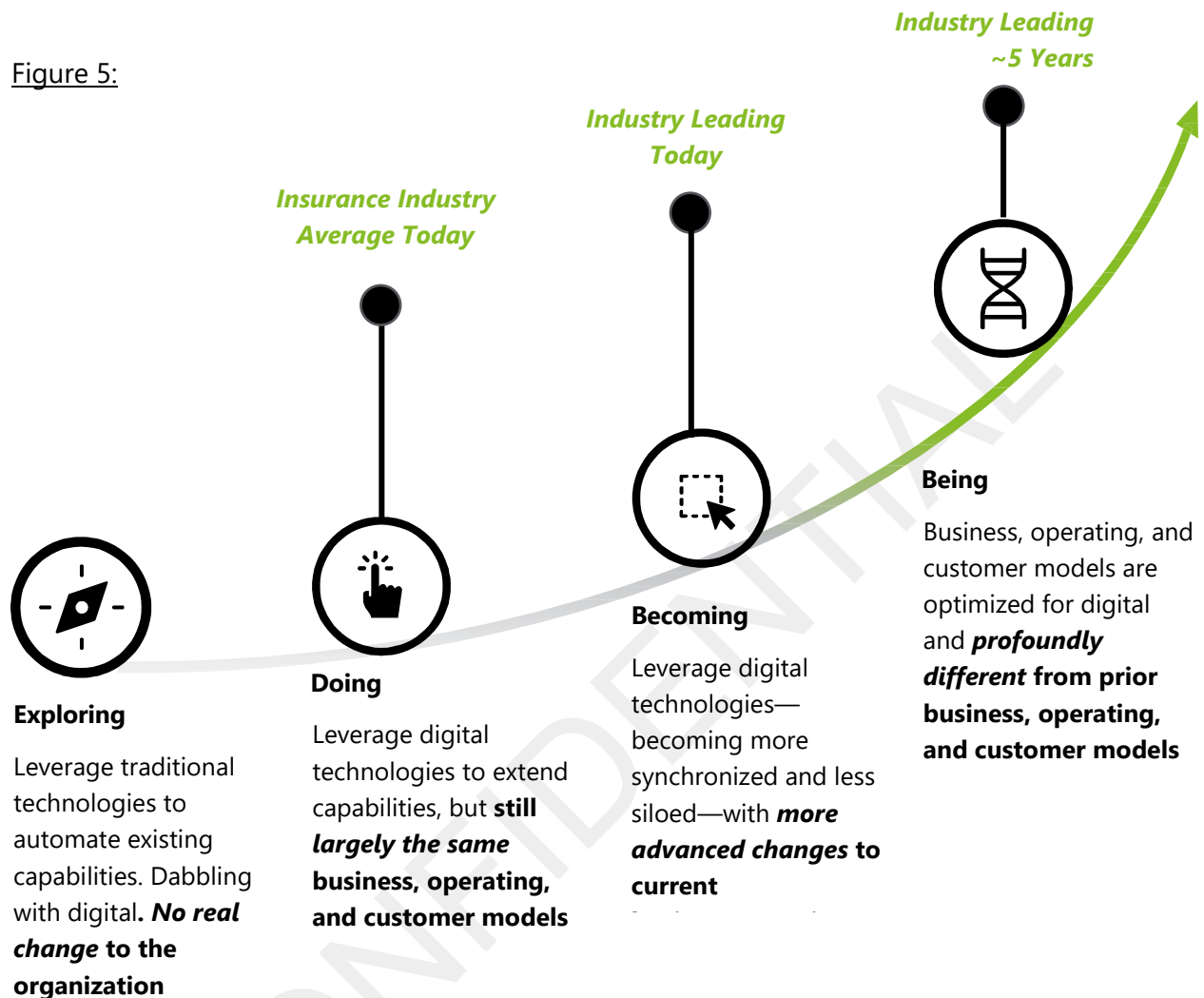


Pressure on Back-office Operational Efficiency

Rising margin compression has insurers actively looking to implement automation and digitization to improve productivity and efficiency across their operations

However, as insurers embark on digital transformations, they need to do more than just "Explore Digital", but rather, "Be Digital" – allowing digital transformation to alter their organizations to counteract the forces mentioned above. It is essential for insurers to understand where they are in their digital transformation journey, whether they are using data and technology to alter their business or whether they are just augmenting existing processes whilst leaving their organizations unchanged. Understanding this, along with having a perspective on where competitors in the market are in their digital transformations, will enable insurers to benchmark themselves and their progress, and inform the pace of investment in digital transformation to protect their market share.

Figure 5:



To enable insurers, to navigate the journey from “Exploring” to “Being Digital”, Deloitte, through its research & experience, has observed that leading digital insurance organizations exhibit six attributes and respective underlying capabilities. These attributes span strategy, to talent technology architecture, to the use of data, and together contribute to an insurance organization’s ability to offer leading digital experiences.

These attributes, listed on the subsequent page, serve as the core of Deloitte’s Framework for ‘Being’ Digital in Insurance & will serve as the basis from which we will identify the requirements to digitally enable CPI in Canada.

Figure 6:

Deloitte's 6 Attributes of a Digital Insurer



Articulated Strategy & Digital Ambition

High performing digital organizations have a well-articulated business and supporting digital strategy that has enterprise executive support and alignment



User Centric Digital Experiences

Highly customer-oriented in how they do business and take a human-centered design approach to designing their end-to-end user journey allowing for seamless and highly personalized engagement models across digital and non-digital channels



Hyper Focused on Operational Efficiency

Digital-enabled insurers have a commitment to relentless expense efficiency, optimizing investments in technology & data through process automation and digitization with a lean towards end-to-end business model innovation vs. incrementalism



Sophisticated Data, Analytics & Insights

Inform business priorities, product development, and customer experiences all based on data-driven insights - allowing for hyper personalization of experiences, features, pricing, and risk assessment



Scalable Technology Architecture

Utilize modern (e.g., cloud based, APIs) technology architecture to support flexibility, modularity, and speed to market allowing for seamless integration with ecosystem partners through APIs



Digital Talent & Culture

Digital culture, skills, and ways of working (e.g., agile) are embedded throughout the organization driving a holistic culture of innovation and moving away from isolating digital as a standalone team

Current State Digital Maturity of the Canadian CPI Industry

Unique Considerations for Digitizing CPI

The Canadian CPI industry has several characteristics that lead to unique considerations with regards to its digitization. Not only does the industry require the close collaboration from stakeholders across the value chain, but the product purchasing habits are also tied to the acquisition of other financial assets (e.g., mortgages). Finally, recent regulatory changes aiming to ensure consumer value in markets like Australia and the UK have significantly constrained their respective size and growth. Below we discuss a few key factors that should be considered when approaching the digitization of CPI.

Evolving Regional Regulation

A lack of harmonization in the regulatory and legislation across provinces forces national distributors to adhere to the strictest of digital sales practices which can be difficult to deliver as a scalable & seamless digital experience

Inability for Personalization & Advice

As CPI needs to be group underwritten, it does not create an opportunity to provide greater personalization in pricing and product design relative to individual insurance; similarly, differentiating based on personalized advice will be difficult under the current sales regulations

Strong Ties to Lending

CPI sale is highly connected to the lending journey, which is increasingly moving towards digital and human-assisted channels; strong collaboration is required with lending partners

Multiple Stakeholders

The client journey is owned by multiple stakeholders at varying stages of the policy lifecycle and requires significant alignment on roles, priorities, and capabilities amongst underwriters & distributors

Eligibility and Sales Practices

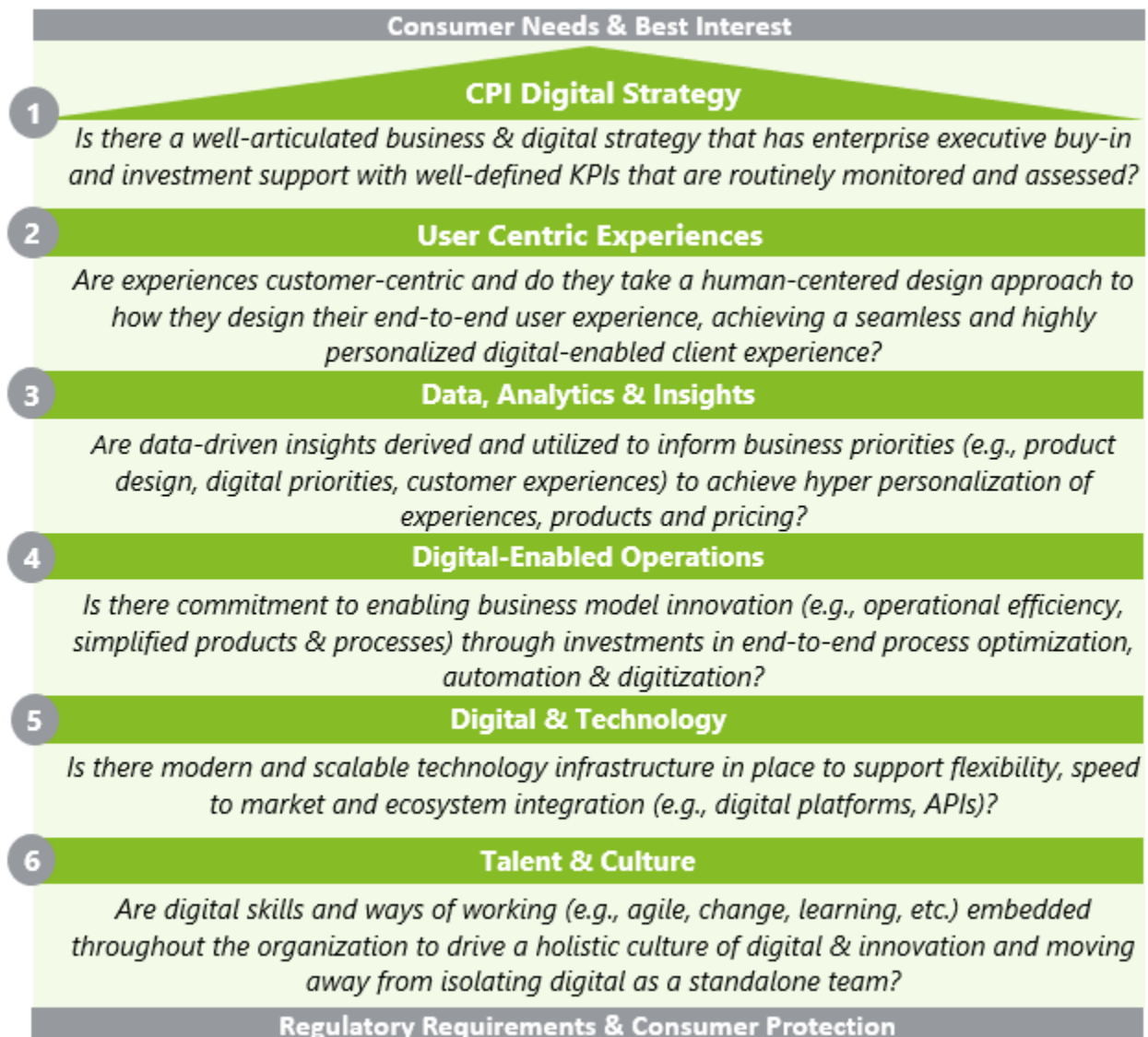
Distributors must ensure that a customer purchasing a CPI product goes through a specific eligibility and exclusion assessment, adding steps & therefore friction to the purchasing journey

Along with the unique considerations for digitizing CPI noted above, during the interviews conducted by Deloitte, distributors and underwriters both commented on the difficulties they face in digitizing their businesses.

Deloitte's Framework for Digitizing CPI

Utilizing the 6 attributes for 'Being' a digital insurer and our analysis on the Canadian CPI industry, we have defined a framework to assess the current digital maturity of the Canadian CPI industry.

Figure 7:



In the following section, we have summarized key CPI research findings across each of the 6 layers in Deloitte's Digital CPI framework to inform distinct capabilities required for CPI distributors and underwriters as well as to inform strategic priorities.

1. CPI Digital Strategy

While all participants identify digitizing CPI as a key strategic priority, the alignment with lending experiences and the required executive buy-in across the organization create a risk in delivering on the digital ambition.

Survey responses reflected that across both underwriters and distributors, digitization of CPI was a strategic priority, with all respondents saying it was strategically important and almost half expecting a larger share of their business to be generated via digital means.

Despite this, over half of distributors surveyed ranked their digital maturity as being somewhat behind relative to their peers. However, this statistic does not reflect the differing ambitions between industry participants. Whilst some distributors were looking to provide end-to-end digital fulfilment, claims, and servicing to lead as a digital CPI provider, others were only looking to keep pace with digital lending and not be digital-first or a digital leader as they felt they could not replicate the human-guided model through digital means.

Critical to digitizing CPI, due to its strong links to lenders and intermediated value chain, will be strong partnerships with aligned stakeholders as 67% of respondents marked the strong alignment to digital lending processes from bank and credit unions as key for successful CPI digitization.



"Traditionally you got a mortgage, so we offered mortgage protection, now it needs to be customer-centric, based on all your needs here are the best options for you" - Underwriter

Figure 8:

100%

of respondents indicated digitizing CPI as strategically important

57%

of distributors ranked their current digital maturity relative to their peers as being 'somewhat behind'

43%

of distributors expect up to 40% of new CPI insurance applications to be completed fully online by 2025

An important element of a CPI digital strategy is tracking its success with clearly defined metrics. For CPI distributors and underwriters alike, an increase in customer engagement and an increase in sales penetration rate were the two metrics that would be tracked to determine whether a CPI digitization was successful. Over 60% of underwriters and 70% of distributors referenced an

increase in customer engagement to be their primary metric for measuring success of their digital experience investments.

While all participants identified digitizing CPI as a priority, most referenced the need to compete with broader enterprise priorities & investment as a challenge in accelerating their progress. Future ambitions for digital varied significantly amongst distributors with digital leaders aspiring towards an end-to-end fully digital client experience by 2025.

Many distributors referenced their structure influencing the degree of collaboration with their lending partners whilst all respondents described that digital transformation would require strong alignment across multiple organizations (banks, distributors, underwriters) and business partners.

2. User Centric Experiences

A differentiating CPI experience will be omni-channel and will successfully incorporate human-assisted elements at key moments in the journey, while allowing customers to easily access digital self-serve capabilities when they want to.



"Finding the right approach to mirror a face-to-face experience into digital channels is, and will remain, our biggest challenge" - Distributor

What emerged as a clear outcome from the primary research was the importance that advisors play in the sales process and the need not only to create customer-centered digital capabilities but also advisor-centered capabilities for those interacting and providing human-led services to the end customers.

Figure 9:

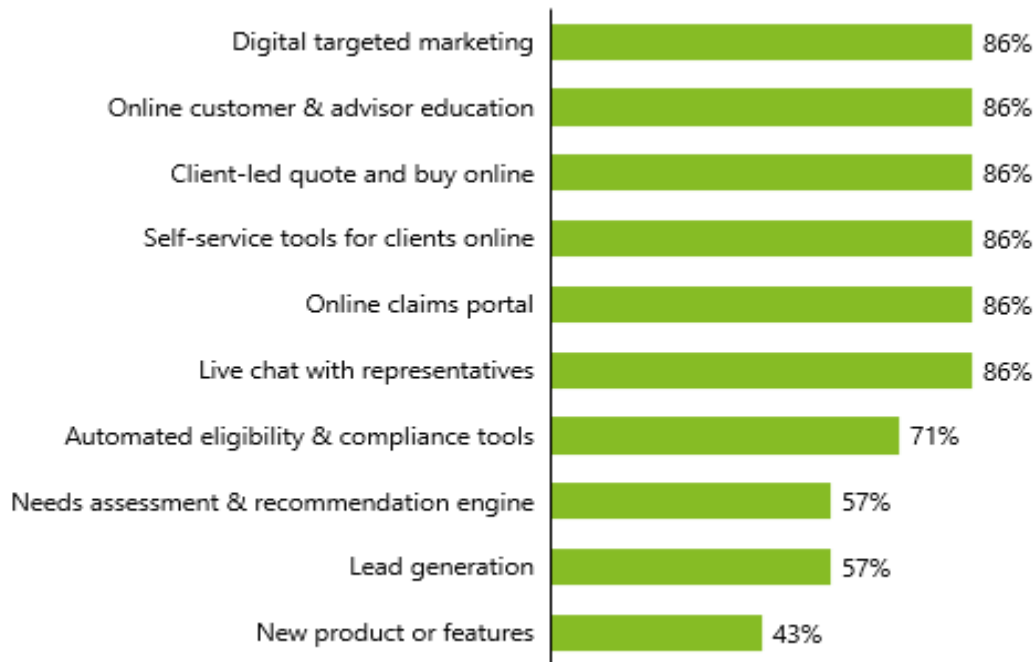
86%

*of distributors want to offer digital tools to their sales representative **AND** the same proportion also ranked "inefficient advisor sales processes" as a primary friction point*

Later in the same customer journey, all distributors (100%) were unanimous in identifying digital claims portals and processes as being the biggest opportunity for their underwriting counterparts to support their digitization efforts.

Future distributor investment in the customer experience focuses on marketing, education, and online quote and bind functionality.

Figure 10:



To date, most distributors have prioritized their investments in improving the systems and digital tools for sales representatives rather than client-facing experiences. Replicating the human-guided purchasing experience in digital continues to be a challenge as demonstrated by low digital client-led penetration rates (less than 5% for core lending products).

Digital experiences reliant on underwriting partners (e.g., underwriting, claims) were the most cited friction points in the end-to-end client journey. Distributors referenced the opportunity for automation of client eligibility at point of sale, and the need for health questions via advisors negatively impacting the purchasing experience

3. Data, Analytics, & Insights

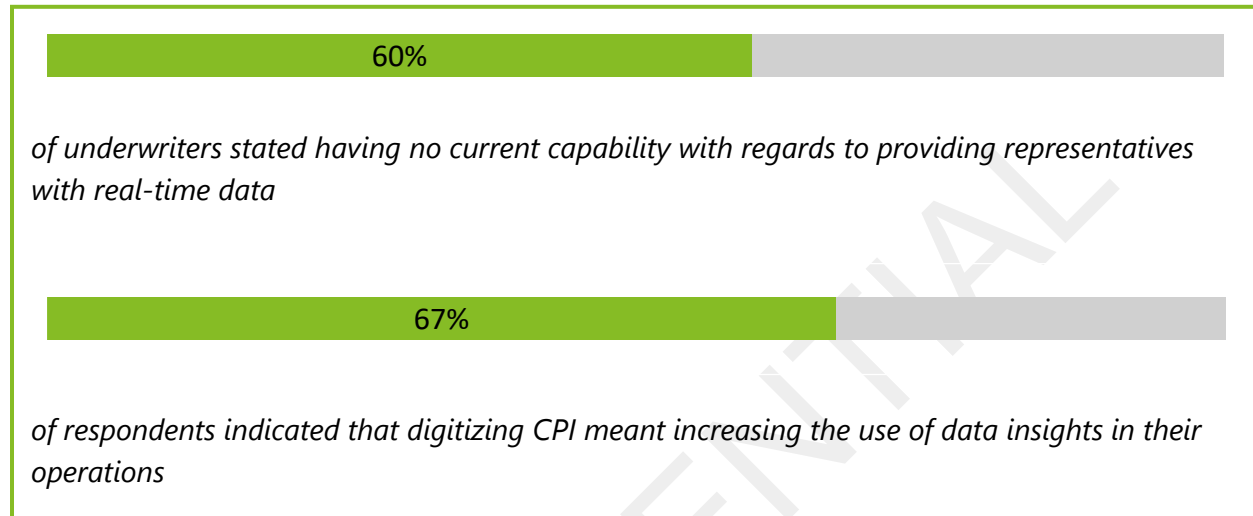
Customer acquisition and retention are two areas where leading institutions are already actively leveraging data, but companies also have an opportunity to better use data-driven insights to prioritize digital investments.

To inform the digital experience design for CPI customers and the execution thereof, data and insight generation will be a key enabler. While opportunities for hyper personalization are scarce in CPI due to sales regulation and group underwriting requirements, lead generation and digital marketing are areas where companies can leverage new sources of data and analytics to unlock growth. Data and analytics will also enable representatives within the sales process to better

understand their clients through unified customer profiles including personal and loan data, which only 50% of distributors currently provide their representatives.

However, ensuring that all actors throughout the value chain have access to real time data will be an important area of investment for underwriters and distributors in digitizing CPI.

Figure 11:

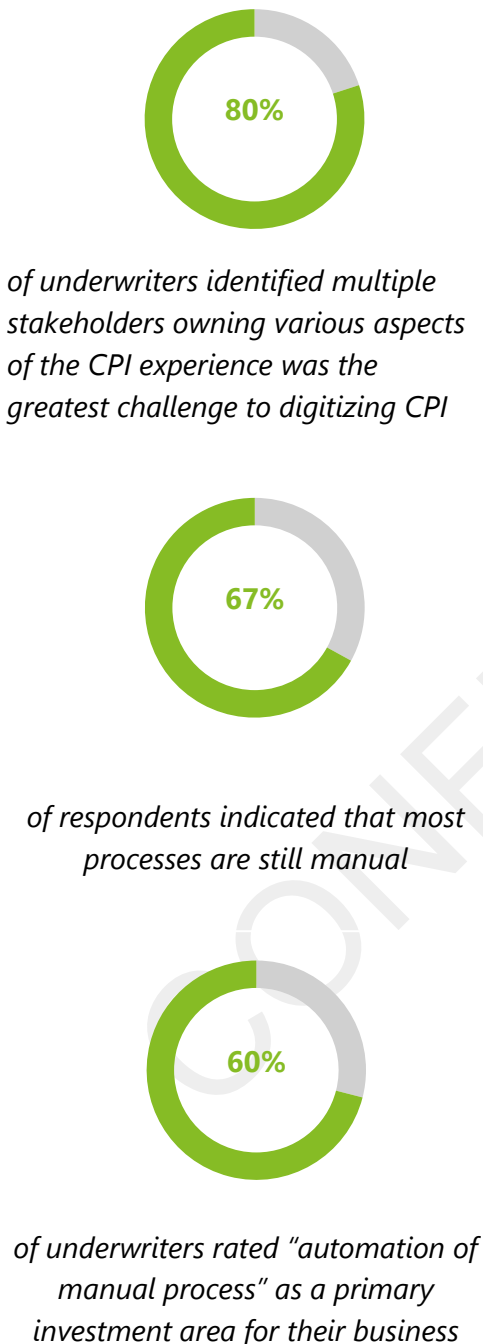


Increase in sales penetration is still the main metric that is tracked to determine the success of an initiative, but we expect that companies will expand the range of data they collect and analyze to inform digital investment decisions. New & 3rd party data sets are expected to continue to help improve underwriting and risk assessment, but regulatory limitations on data usage was cited by underwriters as a challenge.



4. Digital-Enabled Operations

Figure 12:



For distributors and underwriters alike, there are significant opportunities to streamline, automate and digitize back-end processes across the CPI journey as manual procedures and paper-based information exchange remain widespread.

This view is supported by the survey responses with 92% of all respondents believing that 'being digital' requires digitizing mid- & back-office processes.

To date, investments have primarily been focused on improving the external facing sales & servicing aspects of the CPI journey with 100% of distributors having invested in digitizing their quote engine, whilst 80% of underwriters have historically invested in automation of manual processes.

To achieve the scale and efficiency benefits of digitization, mid- & back-office operations must be digitally enabled. This digital enablement will also lead to distributors being able to deliver the customer experiences and product offerings required by customers.

However, the requirement to digitally enable CPI distributors and underwriter processes is highly dependent on the ability to redesign existing processes and seamlessly exchange data between underwriters and distributors.

5. Digital & Technology

Technology modernization stands out as a key investment priority across participants, together with a continuous focus on capabilities that enable better integration across systems, organizations, and channels.

Underwriters' priority investment areas will shift from the automation of manual processes (80% historically) to the modernization of technology (100% going forward). This in an area where underwriters and distributors are aligned, with 80% of distributors seeing modernized technology (including APIs, claims or underwriting engines) as their priority investment area in future.

An initial potential application of the increased investment in modernized technology will be to address the need to integrate not only a single customer's multi-channel CPI journey (i.e., purchasing a policy in-person and subsequently servicing that policy on a digital platform) but also, integration between underwriters and distributors.

Figure 13:

100%

of underwriters have identified the integration with CPI distributors systems as a primary friction point

86%

of distributors indicated that integrating multiple channels into a single customer journey is a key success factor in digitizing CPI



"Each partner has their own Loan Origination System and it's archaic, we can't integrate so a lot of the interactions are done over the phone" - Underwriter

Legacy technologies are still limiting the ability of underwriters and distributors to seamlessly transfer data and information. Additionally, underwriters quote challenges with the need to integrate with multiple different loan origination systems of distributors.

6. Talent & Culture

To successfully deliver on the digitization of their CPI business, organizations will need to attract and retain new types of talent while promoting digital ways of working within their teams and with their partners.

On the path to “Being Digital”, organizations will have to shift the demands made on their staff members accordingly. Those within the CPI industry are unlikely to be immune to the challenges of the broader industry, where an international study showed that 43% of respondents said that finding and retaining skilled candidates is a primary concern.

To deliver on digital initiatives, companies will need to ensure they develop attractive career paths for new talent (e.g., UX designers, API integration specialists, data engineers). As insurance knowledge and expertise are critical to best position the value of CPI, organizations should leverage digital to facilitate access to training and education for CPI representatives.

Figure 14:

Talent areas where insurance-related organizations have greatest concerns

- 1. Information Technology*
- 2. Marketing*
- 3. Cybersecurity*
- 4. Risk Management*
- 5. Finance*

Along with talent, those in the CPI industry will need to ensure cultural shifts are made to ‘Be Digital’. Organizations must ensure that both employees working on digital CPI solutions and advisors using digital to service CPI customers understand the value of the protection that CPI brings to Canadians, and that digitizing this process provides the opportunity to scale CPI operations and make CPI more accessible to all Canadians.

A more collaborative mind-set and approach across distributors & underwriters will be a key success factor to meeting the expectations of CPI clients throughout their policy life cycle.

Future Best-in-Class CPI Experience and Capabilities

Bringing the 6 layers together

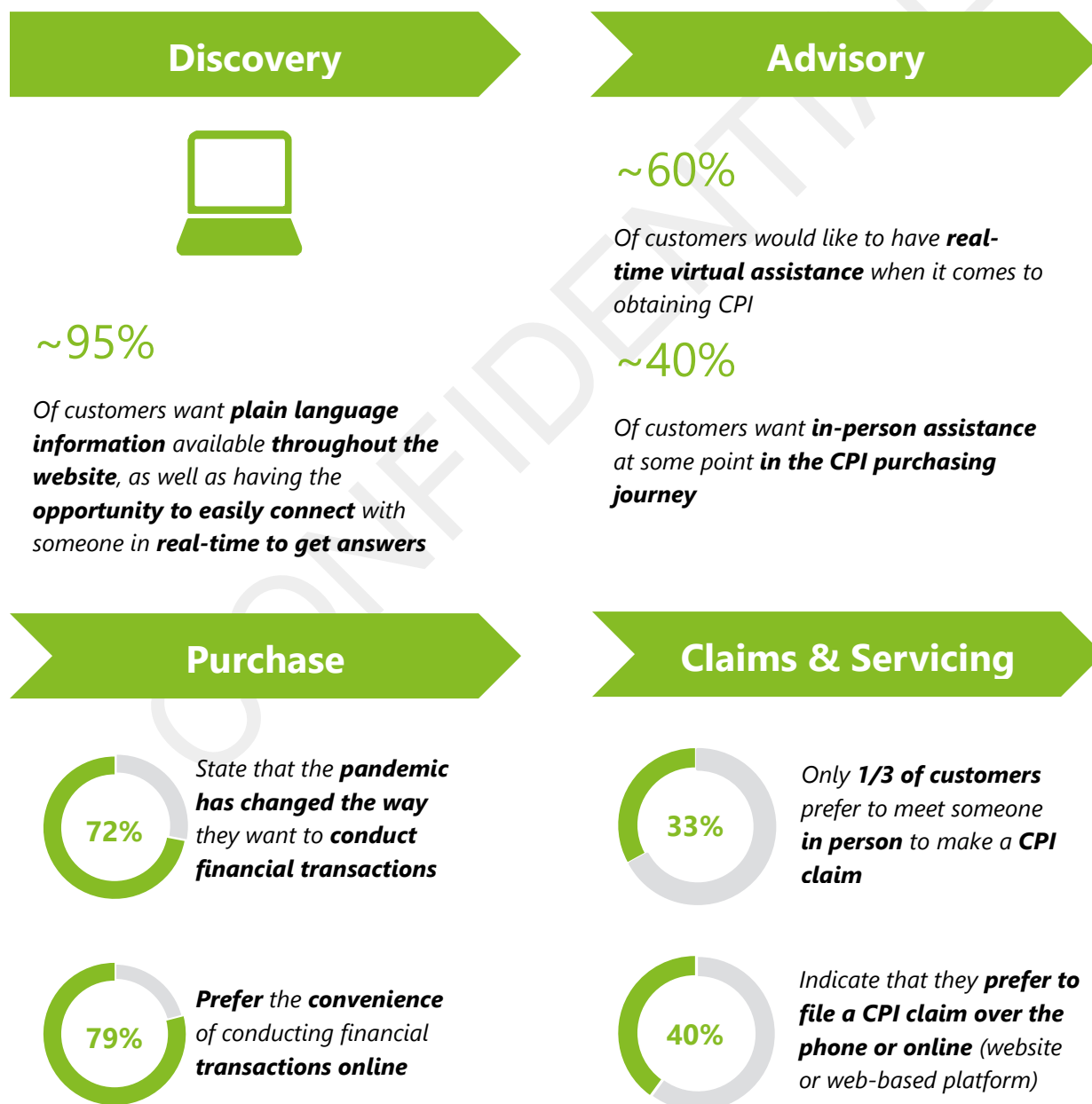
To enable digital experiences for customer and advisors, capabilities across each of the 6 layers discussed above are required. In the following section, we will explore an illustrative best-in-class CPI journey, highlighting the required capabilities at each layer for which we have conducted a preliminary assessment of the Canadian CPI industry's maturity.



Future Best-in-Class CPI Experience and Capabilities

To inform what a best-in-class future digital CPI customer journey for CPI could look like, Deloitte leveraged specific data points in the CAFII Consumer Research done in March 2021⁵. This research revealed that CPI customers are looking for digital-interaction throughout the customer journey but despite this, customer preferences are almost evenly split between virtual and in-person assistance, highlighting the need for building omnichannel capabilities to create an omnichannel customer experience.

Figure 15:

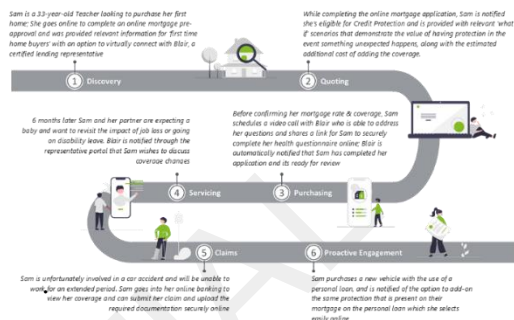


To define and bring to life the “Best-in-Class CPI Experience” we will walk through an illustrative customer journey, utilizing the data points shown above to identify key pain points that can be resolved through digital. We will then assess the functional capabilities required at each layer, as well as the current maturity of the industry for each capability identified.

Illustrative Future Digital CPI Customer Journey

Based on the outputs from our primary and secondary research, we have developed an illustrative best-in-class journey where both the customer and their advisor interact seamlessly through digital tools, enabling not only an improved experience for both, but also increased value for the customer and transparent and consistent reporting.

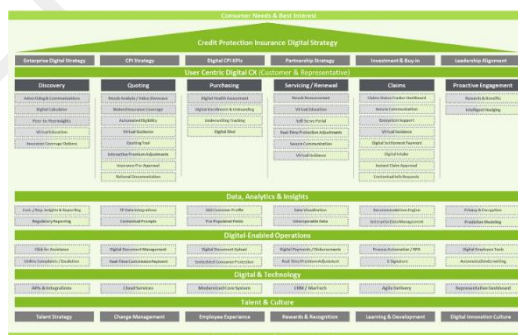
See page 26 for full graphic



Deloitte's Digital CPI Capability Framework

Across each of the layers of Deloitte's Digital CPI framework, we have identified key functional capabilities that enable a best-in-class digital CPI customer experience. Capabilities were identified as being primarily led by either the distributor, underwriter, or a joint capability. One key takeaway is that most capabilities were identified as being joint, further amplifying the need for collaboration across the industry. Each functional capability is accompanied by a definition that can be found in the appendix.

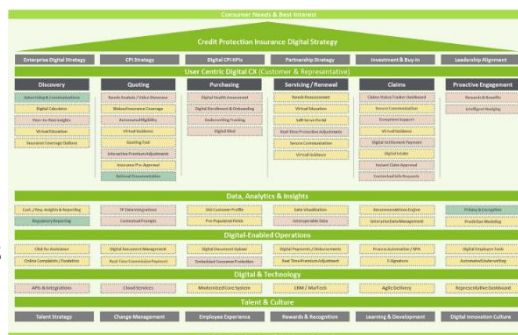
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Deloitte's Digital CPI Capability Maturity

Across each of the functional capabilities identified, we assessed the overall maturity of the Canadian CPI Industry based on CAFII member engagement as well as industry research. While some capabilities were identified as relatively mature, most of the capabilities are either low in maturity, or significantly varied across the industry.

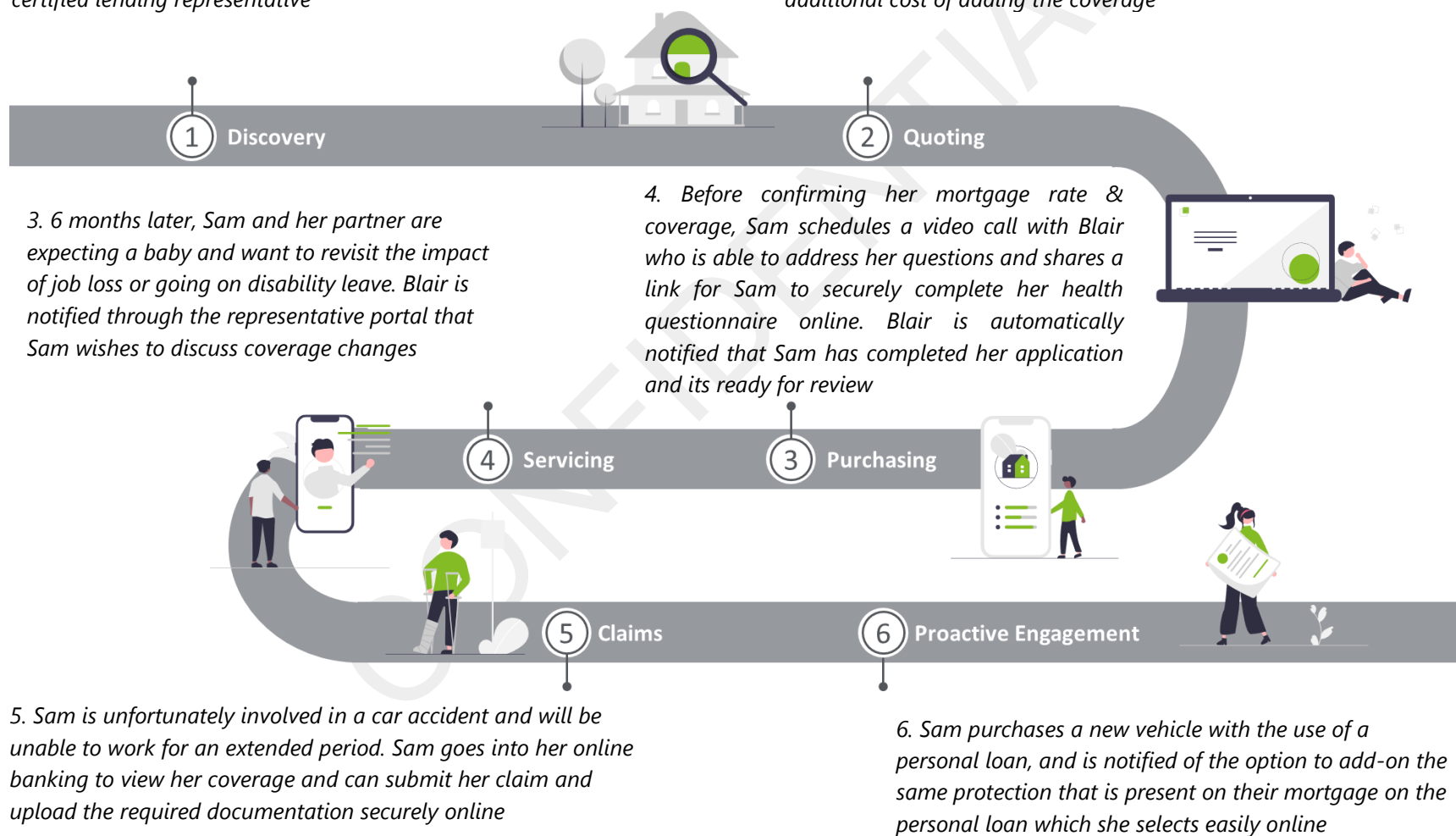
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Illustrative Future Digital CPI Customer Journey – Graphic (Figure 16)

1. Sam is a 33-year-old Teacher looking to purchase her first home. She goes online to complete an online mortgage pre-approval and was provided relevant information for 'first time home buyers' with an option to virtually connect with Blair, a certified lending representative

2. While completing the online mortgage application, Sam is notified she's eligible for Credit Protection and is provided with relevant 'what if' scenarios that demonstrate the value of having protection in the event something unexpected happens, along with the estimated additional cost of adding the coverage



Illustrative Future Digital CPI Customer Journey – Discussion

Discovery: First Home Purchase

Key Pain Point Addressed: Due to the nature of CPI being tied to lending products, the digitization of the lending journey requires CPI to be digitized to continue to reach potential customers

Differentiating Feature: Embedding advice options within the experience such as “Click to Chat”

Leading Insurance Example: PolicyMe tailored educational content

Quoting: Online Mortgage Application

Key Pain Point Addressed: The digitization of lending experiences has caused a downward pressure on CPI penetration rates, primarily due to the loss of opportunity to advise consumer on their risk and the value of CPI

Differentiating Feature: “Productize” advice into self-serve digital channels for consumers

Market Example: La Capitale and Breathe Life’s algorithm-driven customized advice and recommendations

Purchasing: Mortgage Confirmation

Key Pain Point Addressed: While consumers increasingly value digital channels, there continues to be a strong need for real time advice to be available at key moments throughout the journey, namely before purchasing to ensure peace of mind

Differentiating Feature: Integrating access to advisors within the journey, and empowering advisors with tools to support their customers

Market Example: Sonnet’s online self-service tools and access to live advisors

Servicing: Growing Family

Key Pain Point Addressed: Protection needs of customers evolve throughout their life, and to ensure their CPI continues to provide value, it must be flexible and easily adjustable

Differentiating Feature: Digital self-serve portals and advisor platforms that enable real time adjustments

Leading Insurance Example: Ladders’ on-demand coverage changes service on platform

Claims: Car Accident

Key Pain Point Addressed: In the event of a claim, the priority should be providing the customer access their eligible payouts and reducing friction from surrounding requirements

Differentiating Feature: Digital claims portals integrated within the same app / platform as their credit product

Market Example: Lemonade’s AI-empowered AI claim approval process

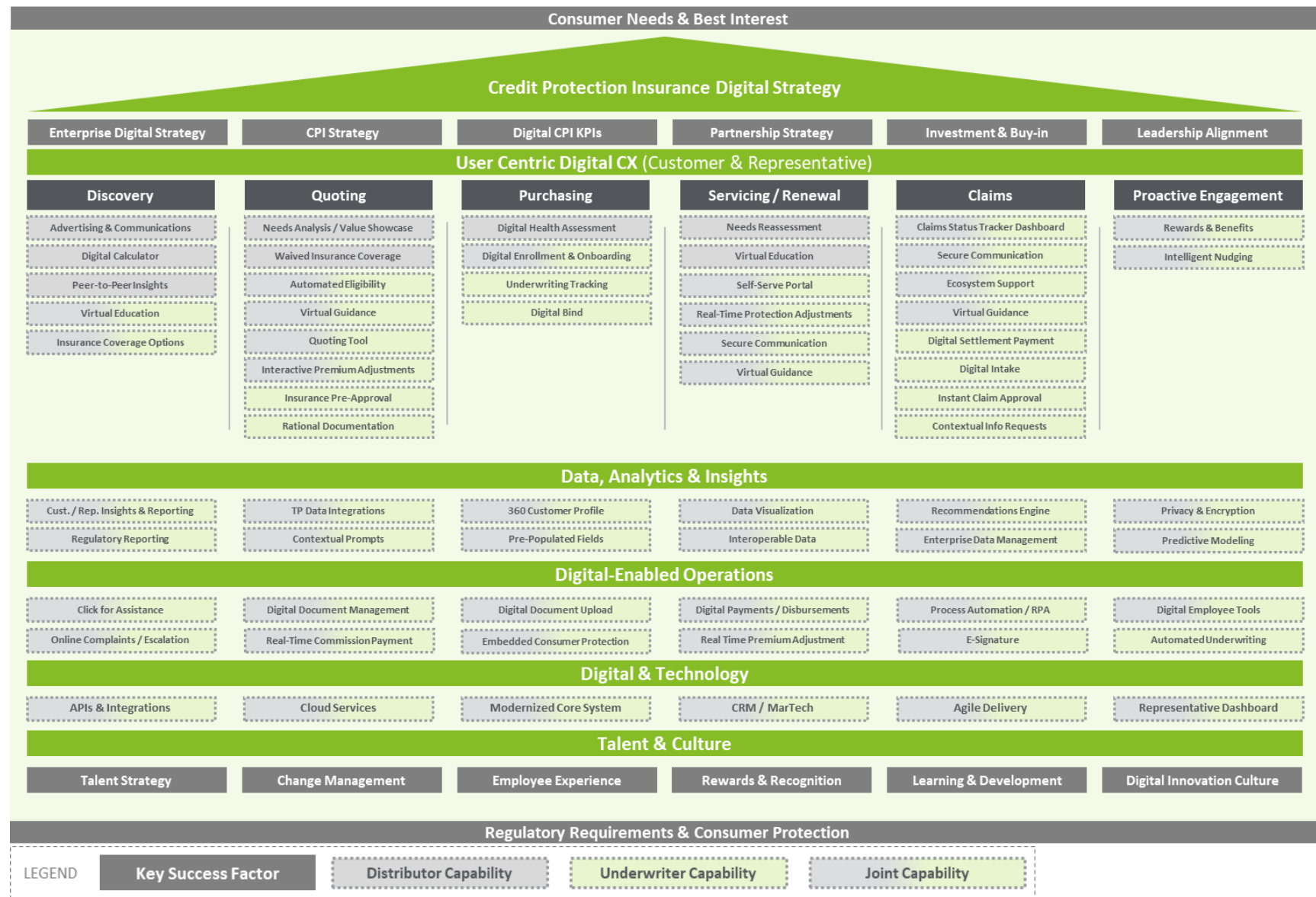
Proactive Engagement: New Vehicle Purchase

Key Pain Point Addressed: Customers aren’t always aware how changes in their assets affect their risk profile nor what options are available to them in order to address them

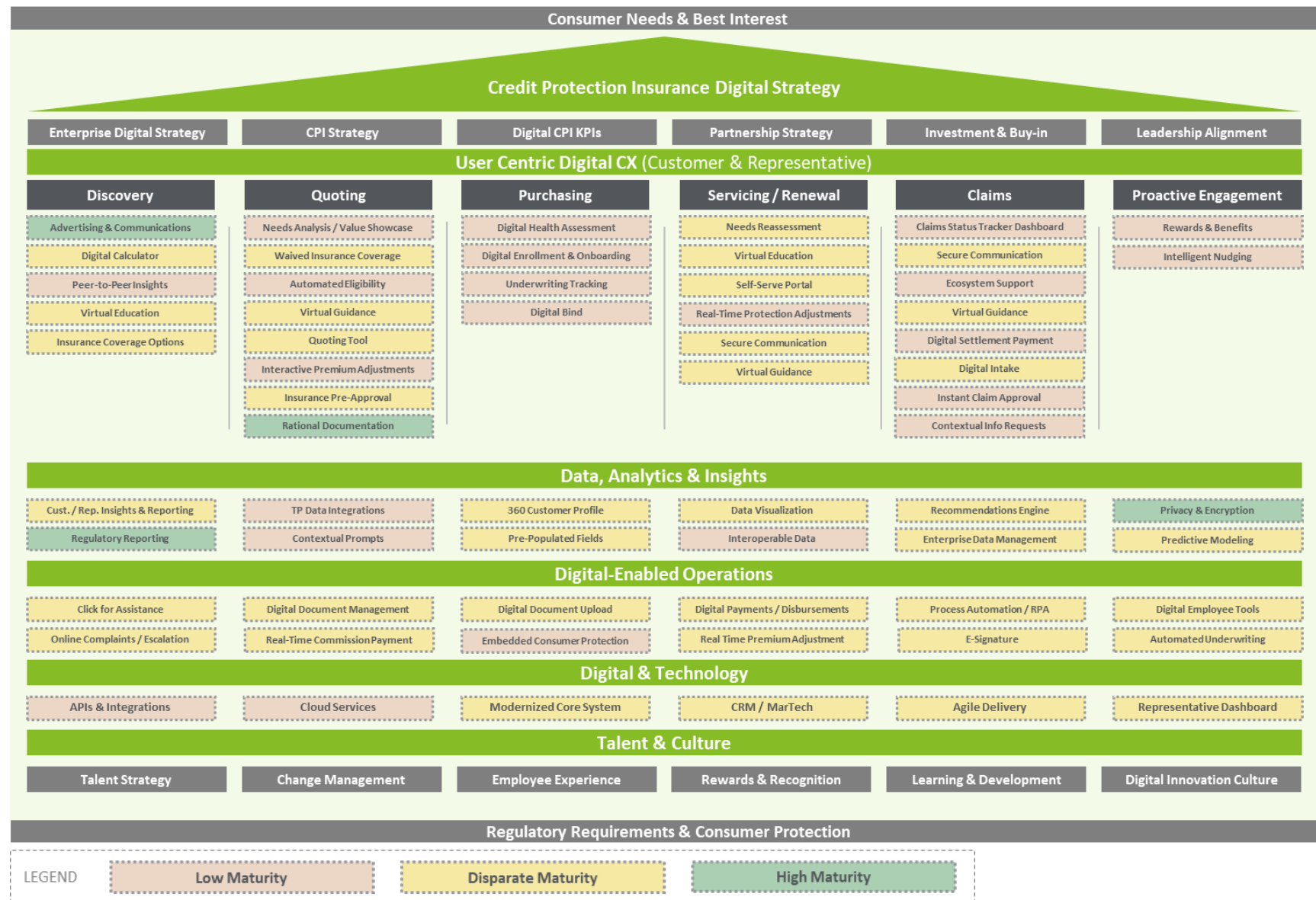
Differentiating Feature: Digital customer profiles can identify gaps in coverage

Market Example: Manulife & Vitality’s ‘next best action’ advisor nudge service

Deloitte's Digital CPI Capability Framework (Figure 17)



Deloitte Digital CPI Capability Maturity (Figure 18)



Deloitte's Digital CPI Capability Framework & Maturity – Discussion

While we discuss each layer in more detail below, two of the primary insights that are visualized by the capability framework and maturity assessment are:

- Almost all capabilities are identified as being joint between distributors and underwriters – further reinforcing the need for collaboration and partnerships across the industry
- Most of the capabilities were assessed as being of “Disparate Maturity” – highlighting that while investments in digitizing CPI have been made, the level of maturity remains extremely fragmented, especially across distributors



Given the strategy of each organization will be unique, the industry's maturity was not assessed, and instead of capabilities, key success factors that need to be in place to drive a winning CPI Digital Strategy were identified:

- Enterprise Digital Strategy
- CPI Strategy
- Digital CPI KPIs
- Partnership Strategy
- Investment and Buy-in (at all levels)
- Leadership Alignment

Beyond the success factors identified, it should be noted that if the organization competes in more than the CPI market, its CPI strategy should be rooted and aligned to its overall enterprise strategy.



Current digital investments have primarily been focused on “Sales & Servicing” type interactions, due to their alignment with lending experiences as well as their direct association to penetration rates. While current market leaders are starting to launch digital capabilities across the entire journey (e.g., digital claim portals), it will soon become table stakes to offer fully digitized experiences. To prioritize investments in digital capabilities and features, organizations should ensure they have a good understanding of their target consumer needs and preferences first.

While over 75% of underwriters can provide automated underwriting and eligibility at the point of sale for most applications, less than 25% of underwriters can assess, quantify, and pay a claim without human interaction.

Although survey data continues to showcase the importance of integrating human advice and digital self-serve experiences, over 75% of distributors indicated not having the ability to allow customers to move seamlessly between digital and in-person channels for an application.

To enable streamlined experiences, as well as create personalization at scale, analytics are critical. While historic analytics investments were primarily targeted at maintaining regulatory compliance, future investments in the area will have the opportunity to lead to significant differentiation, namely when it comes to the integration of third-party data sources that may simplify and potentially replace a large portion of the quoting and purchasing experience while enabling customers to obtain offers that are hyper-personalized to their needs.

Less than 30% of distributors indicated that their representatives could view a unified profile of their customers in a single platform that would include current loan and protection data.

Very few organizations have made significant investments in mid- & back-office digitization, with almost 70% of CAFII members indicating that most processes remain manual. Investments in this area are often larger, requiring process redesign and having significant impact on staff responsibilities and requirements; they are however required to fully capture benefits of front-end digitization.

Beyond modernizing core technology systems, which all of the underwriters engaged agreed is critical in order to deliver digital experiences to customers and advisors, underwriters, distributors, and regulators should focus on integration technologies. By enabling players across the ecosystem to collaborate and share consumer data, the industry will enable increased value for consumers.

None of the underwriters engaged indicated having the ability to provide their distributors immediate access to an advisor through video call or chat messaging to support with an application or a claim.

Similar to the first layer (CPI Digital Strategy), Talent & Culture capability requirements are unique to each organization and we have identified success factors that will support the delivery of "Best-in-Class Experiences".

Although specific "People" capabilities required will vary from organization to organization, to attract and retain talent with digital skills, most incumbent CPI distributors and underwriters will need to invest significantly to achieve the required culture shift.

Conclusion and Looking Forward

Based on the Deloitte Digital CPI Framework, Deloitte has identified priority investments across each of the six layers of the Digitization of CPI that span across underwriters and distributors.

1. Assess gaps in current CPI digital strategy

To ensure CPI investments are supporting a unified direction, the first step should be to review the current strategy, ensuring there is alignment around key questions such as:

- Who are the target customers?
- What are our digital ambitions?
- What are our financial and non-financial objectives?
- How will we measure success of digital? (i.e., KPIs)

2. Define end-to-end journey

Once the strategy is defined, organizations should ensure that future state customer and representative journeys are designed in sequence with human-centered design to integrate digital features and human-led advice in a seamless fashion. Organizations should also validate that target state journeys are aligned to all regulatory requirements.

3. Identify required capabilities and features

Leveraging the CPI Digital Framework, and their respective target state journeys, organizations should identify the required capabilities to enable the experience across the mid-, front- and back-office.

4. Assess current maturity and prioritize initiatives

Once capability requirements are defined, organizations should assess their own respective maturity to identify and prioritize gaps to be addressed based on business priorities, projected benefits and strategic KPIs.

5. Identify the APIs and Integrations required

To enable seamless customer and representative experiences, the identification of required APIs and integration tools as well as alignment on partner collaboration models across distributors / underwriters is critical.

6. Develop the workforce of the future

Assess gaps in enabling Talent & Culture, with plans for addressing talent gaps by upskilling, hiring, partnering with, and acquiring talent whilst enabling change through culture shifts and building new skills across the business.

7. Integrate consumer value and protection

Refine customer protection strategy, identifying opportunities to ensure value delivery through digital customer experiences at key moments within the journey.

Appendix

Deloitte Digital CPI Framework Functional Capability Definitions (Figure 19)

Each functional capability from Deloitte Digital CPI Framework is defined below.

1. Discovery		2. Quoting	3. Purchasing
CX RX	1.1 Advertising & Communications Deploy targeted ads regarding lending and CPI products on digital channels, provide representatives with promotional material, with the ability to share them on-demand	CX RX 2.1 Needs Analysis / Value Showcase Intake consumer information which is used to assess and identify their loan and insurance needs; client-led and representative-guided tool, showcasing protection value	CX RX 3.1 Digital Health Assessment Answer additional health questions directly in the online application or on a digital form in-branch
	CX RX 1.2 Digital Calculator Consumer facing digital loan calculator, which includes creditor protection insurance calculation—available on the representative dashboard as well	CX RX 2.2 Waived Insurance Coverage Access to waiving insurance coverage and selecting reason from a drop-down field for each waived coverage for completion by clients or representatives	CX RX 3.2 Enrollment & Onboarding Enroll consumers with their personal details and coverage details with underwriter; policy documents automatically generated and shared with clients
	CX RX 1.3 Peer-to-Peer Insights Access to "people like you" engine for client online discovery, including common coverages and cost benchmarks to support education for consumers	CX RX 2.3 Automated Eligibility Based on needs analysis, determination of potential consumers eligibility for product based on local regulation, consumer protection, and value derived from product	CX RX 3.3 Underwriting Tracking Ability for consumer and representative to view current quote underwriting status through a self-serve channel
	CX RX 1.4 Online Education Access to landing page on FI's website with information about the different loan and insurance products, with an option to show tools, videos or articles based on needs	CX RX 2.4 Virtual Guidance Virtual tailored support through automated, asynchronous and synchronous channels, enabling consumer to make informed decisions	CX RX 3.4 Digital Bind Ability for consumer and representative to bind a policy digitally without need of live interaction with consumer
	CX RX 1.5 Insurance Coverage Options Access to coverage details in common language on the different insurance coverage options available to each consumer's personal situation	CX RX 2.5 Quoting Tool Access to a self-serve online or guided in-branch quoting loan and insurance tool that shows a unified premium including the loan payment and insurance premium	
		CX RX 2.6 Interactive Premium Adjustments Ability to see real-time time impact on premium of any protection and loan adjustments, including any changes in conditions or eligibility	
		CX RX 2.7 Insurance Pre-Approval Receive immediate pre-approval for certain consumers based on their existing information	
		CX RX 2.8 Rational Documentation Recording of rational for consumer declining or accepting the quote provided, to be used for future reference (e.g., consumer protection, service improvement)	

LEGEND
CX Customer Experience
RX Representative Experience
Distributor Capability
Underwriter Capability
Joint Capability

Deloitte Digital CPI Framework Functional Capability Definitions Cont. (Figure 20)

4. Servicing / Renewal		5. Claims		6. Continued Engagement	
CX RX	4.1 Needs Reassessment Ability for the customer and the representative to reassess protection needs during the renewal process or after a significant life moment	CX RX	5.1 Claims Status Tracker Dashboard View the progress of in-process claims and receive notifications each time the status changes, allowing for a consolidated dashboard of all claims, and generate reports	CX	6.1 Rewards & Benefits Ability to provide active policy consumers with additional perks and benefits that are aligned to their specific needs and preferences through proactive engagement
CX	4.2 Virtual Education Receive and manage representative commission payment based on periodic sales performance	CX RX	5.2 Secure Communication Ability for customer, representative, and claims representative to securely communicate through digital channels	CX RX	6.2 Intelligent Nudging Send proactive notifications of upcoming renewals, proposed coverage amendments/cancellations, and additional perks / benefits utilization
CX	4.3 Self-Serve Portal Manage consumer account information (e.g., address, payment method) digitally (e.g., self-serve), through the call center or in-branch	CX	5.3 Ecosystem Support Access to broader ecosystem of support benefits and perks that may provide value to the customer in the event of a claim (i.e., mental health virtual care)		
CX RX	4.4 Real-Time Protection Adjustments Scale-up or down consumer existing coverage via rebuilt options based on future needs and life events	CX RX	5.4 Virtual Guidance Virtual tailored support through automated, asynchronous and synchronous channels, enabling consumer to make informed decisions		
CX RX	4.5 Secure Communication Ability for customer and representative to securely communicate through digital channels	CX RX	5.5 Digital Intake Initiate FNOL digitally by uploading relevant documentation for the claim, or via representative through the branch/call center		
CX RX	4.6 Virtual Guidance Virtual tailored support through automated, asynchronous and synchronous channels, enabling consumer to make informed decisions	CX	5.6 Instant Claim Approval Ability to provide automatic claim approval based on consumer provided data as well as access to authorized TP data (e.g., lender data)		
		CX	5.7 Contextual Info Requests Receive and send requests for additional information / documentation when necessary, or additional information when a claim is denied		
		CX	5.8 Digital Settlement Payment Ability to receive and send payment directly to the consumer's financial institution based on settlement eligibility through digital channels		

LEGEND

CX Customer Experience

RX Representative Experience

Distributor Capability

Underwriter Capability

Joint Capability

Deloitte Digital CPI Framework Functional Capability Definitions Cont. (Figure 21)

8. Data, Analytics, & Insights		
8.1 Cust. / Rep. Insights & Reporting Delivery of actionable insights on customers and representatives based on habits and usage data to appropriate stakeholders	8.5 360 Customer Profile Single customer profile, showcasing all products / policies as well as general profile and preference information, as permitted by local regulation	8.9 Recommendations Engine Ability to generate contextualized recommendations for consumers and representative based on available data
8.2 Regulatory Reporting Delivery of required regulatory reports and disclosures based on local jurisdiction	8.6 Pre-Populated Fields Ability to pre-populate fields for consumers and representative throughout the journey (e.g., quote, claims) leveraging internal and external data as permitted	8.10 Enterprise Data Management Ability of an organization to precisely define, easily integrate and effectively retrieve data for both internal applications and external sources as permitted
8.3 TP Data Integrations Inbound and outbound data transfers with TP data sources related to the consumer as permitted by jurisdiction requirements and consumer permissions	8.7 Data Visualization Enabling employees and representatives to visualize historical data related to consumer and representatives CPI / lending behaviors	8.11 Privacy & Encryption Ability to appropriately protect data while being stored and transmitted, abiding by required privacy protocols
8.4 Contextual Prompts Delivery of automated actionable nudges, recommendations and insights to consumers and representatives based on specific needs, situations, and preferences	8.8 Interoperable Data ability of systems and services that create, exchange and consume data to have clear, shared expectations for the contents, context across platforms	8.12 Predictive Modelling Ability to develop and improve predictive models based on available data
7. Digital-Enabled Operations		
7.1 Click for Assistance Access to talk to an representative or contact center rep for guidance by through a call, online chat, or in-person / branch meeting	7.5 Digital Document Upload Ability for consumers to upload digital documentation to their CPI application and customer profile	7.9 Process Automation / RPA Digitization and automation of redundant internal manual processes
7.2 Online Complaints / Escalation Ability for customer to easily file a complaint, or escalate an issue through a variety of channels including digital	7.6 Embedded Consumer Protection Inclusion of digital controls to ensure consumers using self-serve options are only provided with options that deliver value and are made aware of policy conditions	7.10 E-Signature Ability to accept and provide digital signatures that are aligned with local Jurisdiction requirements
7.3 Digital Document Management Ability to store, access, update, and track documentation in digital formats, as well as digitizing paper-based documents in readable/ searchable formats	7.7 Digital Payments / Disbursements Ability to securely accept and disburse payments sent in electronic forms and through widely available payment platforms (e.g., apple pay)	7.11 Digital Employee Tools Enabling employees to perform their work with digital tools and processes
7.4 Real-Time Commission Payment Calculate, update and pay representative commission payment based on periodic sales performance and adjustments	7.8 Real-Time Premium Adjustments Ability to adjust premium and related commission amounts in real-time based on changes to protection and underlying conditions	7.12 Automated Underwriting Ability to underwrite CPI applications without human intervention
9. Digital & Technology		
9.1 APIs & Integrations Ability to enable connections with external applications via their APIs (application programming interfaces) that allow systems to exchange data sources	9.3 Modernized Core System Suite of core systems that can enable digital processes and integrations with required digital platforms (internal and external)	9.5 Agile Delivery Enable teams to make simplified process decisions around incremental and iterative solution delivery
9.2 Cloud Services Availability of applications and data storage in the cloud as permitted by regulation	9.4 CRM / MarTech Ability to leverage customer / representative profiles make data-driven relationship management decisions	9.6 Representative Dashboard Ability for a representative to access all relevant tools and information through a digital self-serve portal as well as interact with their customers throughout the journey
<div>LEGEND</div> <div><div>CX</div>Customer Experience</div> <div><div>RX</div>Representative Experience</div> <div><div>Distributor Capability</div></div> <div><div>Underwriter Capability</div></div> <div><div>Joint Capability</div></div>		

Endnotes

- 1) What is Credit Protection Insurance? Accessed from The Canadian Association of Financial Institutions in Insurance, <https://www.cafii.com/credit-protection-insurance/>
- 2) Accessed from Canadian Life & Health Insurance Association via email
- 3) Credit Protection Insurance – Process and Methods – Research Report, March 2021, Canadian Association of Financial Institutions in Insurance
- 4) *Ibid.*
- 5) *Ibid.*

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Senior Consultant, Insurance
Strategy Consulting

Briefing Note

CAFII EOC Meeting 26 April, 2022—Agenda Item 4(d)i Committee Updates— Networking & Events-- Survey of EOC Members For Input On Topics and Presenters/Panelists for Future CAFII Webinars and In-Person Events

Purpose of this Agenda Item – Update

An update on CAFII's survey of EOC members, Board members, and other Member representatives on topics and presenters/panelists for future CAFII webinars and in-person events.

Background Information

A survey will be sent shortly to EOC members to get their input on possible topics and panelists for future CAFII webinars and in-person events.

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 26 April, 2022—Agenda Item 4(d)(ii)

Committee Updates— Networking & Events-- Plans for May 3/22 CAFII Webinar On “*Principles-Based Regulation (PBR); The Emergence of Rule-Making Authority; and How They Work Together: A Complementary, Harmonious Fit Or ‘Dynamic Tension’ For Canada’s Insurance Regulators?*”

Purpose of this Agenda Item – Update

This is an update on an upcoming CAFII webinar.

Background Information

CAFII will be holding a webinar on 3 May, 2022 webinar on “*Principles-Based Regulation (PBR); The Emergence of Rule-Making Authority; and How They Work Together: A Complementary, Harmonious Fit Or ‘Dynamic Tension’ For Canada’s Insurance Regulators?*”

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(d)(ii)
April 26/22 EOC Meeting

From: Canadian Association of Financial Institutions in Insurance <info@cafii.ccsend.com> **On Behalf Of**
Canadian Association of Financial Institutions in Insurance

Sent: April-19-22 3:50 PM

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

Subject: You're Invited: CAFII Webinar on Principles-Based Regulation; The Emergence of Rule-Making Authority; and How They Work Together: Harmonious Fit Or Regulatory 'Dynamic Tension'?

Having trouble viewing this email? [Click Here](#)

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

Hello Brendan,

You're Invited!

We are pleased to invite you to attend our CAFII Webinar on;

Principles-Based Regulation (PBR); The Emergence of Rule-Making Authority; and How They Work Together: A Complementary, Harmonious Fit Or 'Dynamic Tension' For Canada's Insurance Regulators?

Tuesday, May 3, 2022
from 1:00 to 2:00 pm EDT
via Zoom Webinar

A CAFII-Moderated Panel Discussion with



Dr. Cristie Ford
*Professor, Peter A. Allard School of Law,
University of British Columbia*
(For capsule biography, [click here](#))



Stuart Carruthers,
Partner, Stikeman Elliott
(For capsule biography, [click here](#))

This webinar will feature two expert panelists who will address the following in a virtual Fireside Chat with moderator Keith Martin:

- What is PBR and how does it differ from rules-based regulation?;
- Where do PBR and rules-based regulation fit on the spectrum of approaches: are they polar opposites?;
- Relationship and interplay between PBR and Fair Treatment of Customers (FTC);
- Pros and cons of PBR and the rationale for favouring its deployment? (for regulators and for regulated entities);
- The role of PBR in fostering innovation and in product design;
- PBR's historical evolution both outside and within Canada;
- PBR's application/implementation in Canada in financial services generally, and in insurance specifically;
- Recent Canadian provincial and nationally-co-ordinated initiatives deploying PBR in insurance;
- The emergence of Rule-making authority at provincial insurance regulators: a complementary, harmonious fit with commitments to PBR or not so much?
 - Is the result merely increasing dis-harmonization?;
- Impacts of the intersection between PBR and regulatory Rule-making authority upon Canada's insurance industry:
 - the role of ingrained attitudes within regulators and within regulated entities;
 - the role of business culture within regulated entities;

- the roles of Boards of Directors and senior management;
- the roles of legal, compliance, and internal audit functions (certainty versus ambiguity);
- Relationships and dialogue between regulators and regulated entities.

[Register Here](#)

We look forward to welcoming you to this first CAFII webinar of 2022.

Sincerely,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
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Briefing Note

**CAFII EOC Meeting 26 April, 2022—Agenda Item 4(e)i
Committee Updates— Travel Insurance Experts-- Issues Discussed in and Insights Gained from Recent
Meetings of Travel Insurance Experts Committee**

Purpose of this Agenda Item – Update

This is an update on meetings around travel insurance issues.

Background Information

CAFII's Travel Insurance Experts Committee is meeting on a regular, recurring basis, and this is an update on learnings from those meetings.

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

**CAFII EOC Meeting 26 April, 2022—Agenda Item 4(e)(ii)
Committee Updates— Travel Insurance Experts-- Insights Gained From CAFII/CLHIA/THIA Bi-Weekly
Meetings Re Impact Of COVID-19 On Travel and the Travel Insurance Industry**

Purpose of this Agenda Item – Update

This is an update on meetings around the impact of COVID-19 on travel and the travel insurance industry.

Background Information

CAFII has held regular, biweekly meetings with CLHIA and THIA on COVID-19 and travel insurance. This is an update on insights gained from those meetings.

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 26 April, 2022—Agenda Item 5(a)

Committee Updates— Recent and Upcoming Strategic and Regulatory Initiatives--Re-Engagement/Re-Launch of CAFII Working Group on Compliance With AMF's Expectations Re RADM's Applicability To Credit Card-Embedded Insurance Benefits To Assess Need For Reply and/or Action(s) In Response To AMF's April 1/22 Feedback Letter To The Industry On December 17/21 Action Plans

Purpose of this Agenda Item – Update

This is an update on issues CAFII is working on in relation to AMF regulations.

Background Information

CAFII and its relevant/affected insurer Members received on April 1/22 a feedback letter from the AMF around CAFII members' Action Plans, submitted on December 17/21, related to bringing credit card-embedded insurance benefits into compliance with the AMF's expectations arising from its Regulation respecting Alternative Distribution Methods (RADM).

This has led CAFII to hold another meeting of the CAFII Working Group on Compliance With AMF's Expectations Re RADM's Applicability To Credit Card-Embedded Insurance Benefits. This agenda item is to provide the EOC with a summary of the conclusions reached at that meeting.

Recommendation / Direction Sought – Update

This is an update item only.

Attachments Included with this Agenda Item

No attachments.

Quebec City, April 1, 2022

By e-mail: brendan.wycks@cafii.com

Mr. Rob Dobbins
Chair, Executive Operations Committee and Board Secretary
Canadian Association of Financial Institutions in Insurance
200-411 Richmond Street E
Toronto, ON, M5A 3S5

Sir:

Client No.: 3001449692
Reference No.: 2032425050

Subject: Credit Card-Embedded / Included Insurance Benefits

This follows receipt of the December 2021 action plans from insurers active in the credit card-embedded insurance industry.

The Autorité des marchés financiers (the “AMF”) is satisfied with the timelines suggested for the implementation of the action plans. However, we wish to provide some general comments that will be useful to insurers as they implement their action plans.

- Travel insurance and debit/credit card insurance are two different products under two separate sections of the Distribution Act.

As such, we expect these products to be in separate summaries disclosed under separate DWR files. Some insurers chose to put these summaries together in one document/brochure with a table of contents. In this case, we emphasize that each summary must be easily identified, and each must meet the requirements of the *Regulation respecting Alternative Distribution Methods* (“RADM”).

- Delivery of the product summary:

Offer in person:

The AMF directs you to section 431 of the Distribution Act which stipulates that the distributor must describe the product to the client and explain to him or her the nature of the guarantee and the exclusions.

Québec
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Téléphone : 418 525-0337
Télécopieur : 418 525-9512
Numéro sans frais : 1 877 525-0337

Montréal
800, square Victoria, 22^e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Téléphone : 514 395-0337
Télécopieur : 514 873-3090

Offer by phone:

The AMF wishes to emphasize that by virtue of section 23 of the RADM, the insurer must ensure that the distributor mentions the information contained in the summary to the client.

Offer via Internet (made by the distributor):

When the distributor's offer is done through the Internet, the product summary must be delivered, not just made available, to the consumer at the time the product is offered. It must be in a format that allows it to be saved.

- We are concerned that some insurers mentioned in their action plan that the product summary could be sent via email or another electronic means when the offer is made in person. The objective is for the consumer to read the summary before he or she applies for the card, not to consult it at home afterwards. Thus, a consumer who is comfortable consulting the product summary on his or her phone could agree to receive it electronically, but the purpose of delivering this document at the time of the offer should not be circumvented.
- We remind insurers that they must disclose to the AMF the hyperlink used by distributors to offer the product over the Internet. They can use the AMF E-Services to add it.

The AMF expects insurers to comply with their submitted action plans for the delivery of product summaries and other obligations even though discussions about the notice of rescission and the fact sheet are still ongoing. Insurers that disclosed credit card-embedded insurance will be informed of the outcome of these discussions.

The AMF also requires that insurers provide us with a confirmation when the product summary deployment is completed.

Do not hesitate to contact the analyst, Ms. Charlene Boucher (charlene.boucher@lautorite.qc.ca), if you have any questions pertaining to the above.

Please note that this letter should not be construed by any insurer as a waiver by the AMF of its rights and recourses under any law or regulation for any other past, present, or future breach by insurers.

Yours truly,



Mario Beaudoin
Director, Alternative Insurance Distribution Practices

c.c. Insurers that disclosed credit card-embedded insurance products
Travel Health Insurance Association ("THIA")

Agenda Item 5(a)(2)
April 26/22 EOC Meeting

Re-Engagement/Re-Launch of CAFII Working Group on Compliance With AMF's Expectations Re RADM's Applicability To Credit Card-Embedded Insurance Benefits To Assess Need For Reply and/or Action(s) In Response To AMF's April 1/22 Feedback Letter To The Industry On December 17/21 Action Plans

CAFII Working Group on Compliance With AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits

Proposed Agenda --Thursday, 21 April, 2022 (3-4pm)

1. Welcome and thanks to Working Group Members for participating today (Jennifer Russell, Chair)
2. Review of the letter from the AMF regarding members' Action Plans (Jennifer Russell, Keith Martin);
3. Confirmation that members are not distributing Fact Sheet / Notice of Rescission at this time (Keith Martin/all);
4. Request from a member to review how to meet AMF's expectations around Phone Channel (Penny Corogiannis, all)
5. Other Business / conclusion of meeting (Jennifer Russell)

Background Information on AMF Expectations around Action Plans and Phone Channel

From: Cordogiannis, Penelope (She/Her/Hers) <penelope.cordogiannis@rbc.com>

Sent: April 19, 2022 10:45 AM

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

Cc: Johnston, Susan <susan.johnston@rbc.com>; Brendan Wycks <brendan.wycks@cafii.com>;

Kasperski, Karyn <karyn.kasperski@rbc.com>; Cordogiannis, Penelope (She/Her/Hers)

<penelope.cordogiannis@rbc.com>

Subject: RE: Meeting of the CAFII Working Group on Compliance With AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits--Discussion of Letter from AMF on Members' Action Plans

Hi Keith,

We were hoping to raise the issue around 'delivery' given the information that came out of the meeting with the AMF in January (I've copied relevant sections from the notes CAFII shared below).

I'm not sure how much others are willing to share in a meeting or if these questions would be better shared via email anonymously.

One of the challenges we are having is with the mailing of the product summary in cases where a client consents to receiving it at a later time (specifically for clients calling through to our call centre). We do not have room in our credit card fulfilment package to include them (we believe this was also an issue with other members), and sending out separately is logistically challenging.

Assuming, 1) clients consent to receiving the product summaries later, and 2) we go over the contents of the product summary with the client to aid them in making their decision at the time of offer, *is anyone still considering providing the customer with a link to where they could locate a printable/savable version of the document rather than physically mailing the document? Is anyone considering email as a solution?*

One of the potential solutions we're considering is including additional language in the fulfillment package (card carrier or other existing insert) that states something to the effect of: *To print or save a copy of the Product Summary, please refer to this link.* At this point the client would've already decided on their card, there's no penalty to cancel the card, and would be receiving the insurance certificate anyway which is the ultimate document the client will need. Note: the client could also be directed to the link while on the phone to review the summary along with the agent.

Below is an excerpt from the discussion CAFII held with the AMF on January 19th where this was discussed. At first glance, we didn't feel the AMF would consider the proposed solution. However, given that their criteria would be met (printable/savable, current link that is monitored to not be stale dated, summary read to the client, consent granted), and given their expressed willingness to work with the industry, *is this type of approach something other members are considering?*

Thank you,
Penny

From the CAFII communication regarding highlights of the meeting held with the AMF on January 19th.

Mr. Beaudoin elaborated on this point, stating that *simply telling/directing the consumer as to where to find the Product Summary is not good enough.* What's required is direct and active, not passive, delivery of the Product Summary; and *the onus should not be placed on the customer to find it.* And *even when a sale is completed in person, the Product Summary cannot just be handed over to the customer and left at that,* it must be described and explained as well. This is not a legal disclosure; it is a way to help the customer make the right decision, Mr. Beaudoin stressed.

In that connection, Mr. Beaudoin expressed the AMF's concern about some companies' Action Plan-stated *intention to merely provide an internet customer with a link/URL to the Product Summary on the insurer's website,* opining that "the information posted at internet links often quite rapidly becomes outdated and incorrect."

However, in response to a question from Brendan Wycks, Mr. Beaudoin indicated that the *AMF would be open to further discussion/negotiation about the use of internet links to fulfil the Product Summary disclosure obligation, if the link was to a PDF and there was a commitment on the regulated entity's part to constantly monitor the link and the related PDF to ensure that they are always functional and up-to-date.*

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

Briefing Note

CAFII EOC Meeting 22 March, 2022—Agenda Item 6(a)

Governance Matters—Draft Minutes of March 22/22 EOC Meeting

Purpose of this Agenda Item—*Approval*

Approval.

Background Information

The EOC is being asked to approve the minutes of its March 22, 2022 meeting.

Recommendation / Direction Sought – *Approval*

Approval.

Attachments Included with this Agenda Item

1 attachment.

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

Tuesday, March 22, 2022, 2:00-4:00pm

MINUTES

EOC Present:

Rob Dobbins	Assurant and EOC Chair
Karyn Kasperski	RBC Insurance and Vice Chair
Tony Pergola	ScotiaLife Financial and Treasurer
Martin Boyle	BMO Insurance
Asma Desai	Canadian Premier Life Insurance Company
John Burns	Canadian Premier Life Insurance Company
Anuraj Bains	CIBC Insurance
Ben Gray	CIBC Insurance
David Self	CIBC Insurance
Almas Satwat	CUMIS/The Co-operators
Casandra Litniansky	CUMIS/The Co-operators
Michelle Costello	CUMIS/The Co-operators
Robert Huang	CUMIS/The Co-operators
Afsheen Aslam	Manulife Financial
Carmelina Manno	Manulife Financial
Katia Umutoniwase	Manulife Financial
Marie Nadeau	National Bank Insurance
Charles MacLean	RBC Insurance
Fernando Heleno	RBC Insurance
Penelope Cordogiannis	RBC Insurance
Stacey Hughes-Brooks	RBC Insurance
Brad Kuiper	ScotiaLife Financial
Emily Brown	Sun Life
Fay Coleman	TD Insurance
Fergal Murphy	TD Insurance
Moir Gill	TD Insurance
Peter Thorn	TD Insurance
Dallas Ewen	The Canada Life Assurance Company
Sharon Apt	The Canada Life Assurance Company
Jacqlyn Marcus	Valeyo
Marco DeiCont	Valeyo

Regrets:

Corrine Gagné	Canadian Tire Financial Services
Farhad Eslah	Canadian Tire Financial Services
Jonine McGregor	Canadian Tire Financial Services
Esther Lee	CIBC Insurance
Diane Quigley	CUMIS/The Co-operators
Isabelle Choquette	Desjardins Insurance
Nathalie Baron	Desjardins Insurance
Caroline Cardinal	National Bank Insurance

Ivan Murray	National Bank Insurance
Aneta Murphy	ScotiaLife Financial
Mindy Tarantelli	ScotiaLife Financial
Aanchal Gulia	Sun Life
Anaar Jessa	Sun Life
Edward Kuo	Sun Life
Susanne Oleksandriw	Sun Life
Andrea Stuska	TD Insurance

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

EOC Chair Rob Dobbins called the meeting to order.

Item 1 (b): Welcome to New EOC Members

Rob Dobbins welcomed the following new members to the EOC: John Burns, Canadian Premier Life; Robert Huang, CUMIS/Co-operators; and Jacqlyn Marcus, Valeyo; and Almas Satwat, CUMIS/Co-operators. Each of those new EOC members provided a brief self-introduction.

Item 1 (c): Appointment of Jacqlyn Marcus, Valeyo, as Chair of Media Advocacy Committee

The EOC formally approved the appointment of Jacqlyn Marcus, Valeyo, as the new Chair of the Media Advocacy Committee. Rob Dobbins thanked Ms. Marcus for taking on this leadership role.

Item 1 (d): Members' Contributions to CAFII's Advancement Through Contribution of Volunteer Resources to Committee Chair, Committee Vice-Chair, and Committee Member Roles: Current Status and Next Steps Needed

Rob Dobbins noted that while much progress had been made in filling leadership roles within CAFII, there was still a requirement to find a new Treasurer by June 7/22 when current Treasurer Tony Pergolas will be stepping down after five years of exemplary service in that key volunteer Officer leadership role.

Item 2: Consent Items

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

- Consultations/Submissions Timetable
- Regulatory Update
- February 15/22 CAFII Response Submission to FSRA on "Information Guidance on Complaints Resolution"
- February 18/22 CAFII Response Submission to FCNB on "Proposed Rule INS-002: Insurance Fees"
- February 18/22 CAFII Response Submission to AMF on "Incentive Management Guideline"

- f. March 1/22 CAFII Response Submission to BCFSa on “Discussion Paper: Information Security Incident Reporting”
- g. Regulator and Policy-Maker Visit Plan Recap
- h. Summary of Board and EOC Action Items
- i. Board-Approved Schedule of CAFII 2022 Meetings and Events

Item 3: Financial Management Matters

Item 3 (a): CAFII 2021 Audited Financial Statements and Independent Auditor’s Report Thereon

Tony Pergola reported that KPMG’s audit of CAFII’s 2021 financial statements had gone smoothly and there was a clean audit opinion. Mr. Pergola gave an overview of the main elements of the audited financial statements, noting that in 2021 revenues were \$956K, expenses were \$834K, leading to a \$122K surplus. CAFII began the year with \$383K in financial reserves and ended the year with a \$505K in financial reserves. The EOC endorsed the audited financial statements, for presentation to the Board for approval at its upcoming April 12, 2022 meeting.

Item 3 (b): Critical Path for KPMG Audit of CAFII 2021 Fiscal Year Financial Statements

Brendan Wycks reported that the audit process for CAFII’s 2021 fiscal year financial statements remained on schedule and the next step was for the Board to approve the Draft Audited Financial Statements and Independent Auditor’s Report Thereon at the upcoming April 12, 2022 Board meeting, after which that document would be formally approved at the 7 June, 2022 Annual Meeting of Members.

Item 3 (c): Dissemination of 2022 Member Renewal Letters and First Instalment Dues Invoices; and 2022 Associate Renewal Letters and Dues Invoices

Brendan Wycks reported that CAFII members had now been sent their 2022 Membership Renewal letter and first instalment dues invoice, and Associates had also been sent their 2022 Renewal letter and dues invoice.

Item 4: Committee Updates

Item 4 (a): Travel Insurance Experts

i. Issues Discussed and Insights Gained from Two Recent Meetings of Travel Insurance Experts Committee

Katia Umutoniwase, Chair of the Travel Insurance Experts Committee, reported that two recent meetings of the Committee had identified that this was a tremendously busy time for the travel insurance sector as COVID restrictions are being lifted and people begin to travel again. There are still issues around airlines not refunding travellers for cancelled trips, leading people to make insurance claims. Travel prices are set to soar due to heightened demand, and the increase in fuel prices which will make flying more expensive. Insurers are dealing on a case-by-case basis with potential claims from Canadians going to Ukraine to support the resistance effort to the Russian invasion there.

ii. Insights Gained From CAFII/CLHIA/THIA BiWeekly Meetings Re Impact Of COVID-19 On Travel Insurance Industry

Brendan Wycks reported that there were fewer developments to report as travel restrictions began to be lifted, and that CLHIA and THIA had not had any recent meetings with Global Affairs Canada on travel-related issues.

Item 4 (b): Networking & Events

Carmelina Manno, Chair of the Networking & Events Committee, reported that CAFII was very active in webinars that have attracted significant interest and positive feedback.

I. Insights Gained from January 31/21 CAFII Webinar on “The Ins and Outs of Life Insurers’ Health and Wellness Incentivization Programs”

Keith Martin reported that the January 31/21 webinar on health and wellness incentivization programs had generated some excellent insights and that there had been strong attendance by insurance regulators and policy-makers at that webinar.

ii. Insights Gained From March 7/22 CAFII Webinar on “Mental Health Issues and Challenges in the Workplace, At Home, and In Society: Coping With The Persistent Pandemic’s Impact”

Keith Martin reported that the webinar on mental health issues was extremely well-received, with excellent commentary and insights, and keen interest and attendance from insurance regulators and policy-makers. These webinars are proving to be an excellent way to enhance CAFII’s profile and to provide an effective way to reach out to regulators, he advised.

iii. Plans For CAFII 25th Anniversary Celebration In 2022, Including Possible Movement from June 7/22 to October 11/22

Brendan Wycks reported that ongoing discussion was happening about the considerable uncertainty existing around holding in-person events in the coming months. While the CAFII 25th anniversary celebration is currently slated for June 7, 2022, there is also the possibility of postponing it to a later date, with one possibility being to hold it after the 11 October, 2022 Board meeting.

Item 4 (c): Marketing Conduct & Licensing

Brad Kuiper, Chair of the Market Conduct & Licensing Committee, reported that CAFII was still working through an unprecedented number of back-to-back-to-back regulatory consultations and submissions.

i. CCIR/CISRO Consultation With Industry Stakeholders On Incentives Management (Submission Deadline: April 4/22)

Keith Martin reported that CAFII was well-advanced on a submission to CCIR/CISRO on incentives management.

ii. FCNB Informal Joint Sounding Board Consultation With CLHIA and CAFII On Imminent Amendments to Life and Health Sections of New Brunswick Insurance Act: David Weir Request For Smaller CAFII Review/Input Group, Given Confidential/Embargoed Terms of Release

Brendan Wycks reported that CAFII is co-ordinating a response with CLHIA to questions from FCNB on imminent amendments to New Brunswick’s Life and Health Sections of the New Brunswick Insurance Act.

iii. FSRA Consultation on Principles-Based Regulation (Submission Deadline: April 29/22)

Keith Martin reported that CAFII will be making a submission in response to a FSRA consultation document on its proposed approach to principles-based regulation.

Item 4 (d): Media Advocacy

i. 2022 Scope of Work Proposal From Operatic Agency

Media Advocacy Chair Jacqlyn Marcus provided an update on the proposed 2022 scope of work on the CAFII website with Operatic Agency, noting that one video would be produced in 2022 while other funds in the Board-approved budget in this area would be devoted to improving the French section of the website, producing more FAQs, and continued investment in improving search engine optimization results. The EOC approved the recommended 2022 Scope of Work Proposal From Operatic Agency.

Item 4 (e): Research & Education

i. Next Steps for Deloitte Canada Thought Leadership Paper on Trends, Consumer Demands/Expectations, and Best Practices in Digitization of CPI; Including Possible Public Release of Results

Andrea Stuska, Chair of the Research & Education Committee, provided an update on the Deloitte Canada thought leadership paper research effort, which was now largely complete and which had received positive feedback from CAFII Members. CAFII is now working on a proposed public release of some of the elements of the research results. Ms. Stuska shared the proposed plan for selective release of the research results, which the EOC endorsed and which will now be presented to the Board for approval at its upcoming 12 April, 2022 meeting.

[Action Item: Present plan for public release of selective components of Deloitte thought leadership paper research results to the Board, for approval; A. Stuska, K. Martin, 12 April, 2022.]

Item 5: Recent and Upcoming Strategic and Regulatory Initiatives

Item 5 (a): Insights Gained From CAFII Internal Dialogue and Subsequent Email Exchange With AMF, Which Led To Cancellation Of Scheduled CAFII March 15/22 Feedback/Dialogue Meeting with AMF on RADM's Governance of Insurance Offered/Sold Over The Internet Since 2019

CAFII was planning to attend a consultation meeting with the AMF on the RADM and internet sales of insurance, but upon further discussion with the AMF it was determined that the consultation was limited to Chapter 2 of the RADM, which is related to direct sales of insurance on the internet and not the focus of CAFII's mandate. CAFII is more focused on distribution without a representative, which is the subject of Chapter 3 of the RADM. As a result, it was agreed that the meeting would no longer be held.

Item 5 (b): AMF's Plans For Issuing Feedback Letter To The Industry With Respect To December 17/21 Action Plans Submitted For Bringing Credit Card-Embedded Insurance Benefits Into Compliance With AMF's RADM-Based Expectations

Keith Martin reported that the AMF is planning on issuing a letter to industry on its main observations around the Action Plans submitted by CAFII members to the AMF on December 17/21 on how to bring credit card-embedded insurance benefits into compliance with the RADM.

Item 5 (c): AMF's Consideration of CAFII's January 17/22 Submission on Proposed Wording Modifications To Fact Sheet and Notice of Rescission to Make Them Fit/Suit Credit Card-Embedded Insurance Benefits

Keith Martin reported that CAFII is still waiting for the AMF to provide its response to CAFII's proposed changes to the wording of the Fact Sheet and Notice of Rescission.

Item 5 (d): Insights Gained from February 24/22 CAFII Virtual Consultation Meeting With BCFSa Staff Executives On Authority's "Discussion Paper: Information Security Incident Reporting"

Brendan Wycks reported that CAFII held a very successful dialogue meeting with BCFSa staff on its proposed approach to information security incident reporting, with CAFII emphatically recommending that instead of creating a new reporting requirement, BCFSa should just replicate the existing OSFI incident reporting process.

Item 5 (e): Insights Gained From February 17/22 Meeting With FCAC Staff Executives For Feedback on How CAFII's Submission on "Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks" Has Resonated With FCAC and Influenced Final Version of the Guideline (Released February 24/22)

Brendan Wycks reported that CAFII had held several successful meetings with FCAC to advance its views on the FCAC's Appropriateness Guideline, and the final version of the FCAC Guideline did include some significant changes that reflected some of the concerns expressed by CAFII.

Item 5 (f): Insights Gained from February 22/22 CAFII Feedback Meeting with Auditor General of Ontario on FSRA's Performance

Keith Martin reported that CAFII's Co-Executive Directors had held a successful meeting on 22 February, 2022 with a representative of the Auditor General of Ontario on FSRA's performance and value-for-money. CAFII was generally laudatory about FSRA's performance, but did mention a concern about annual budget increases that were in excess of the general rate of inflation.

Item 6: Governance Matters

Item 6 (a): Draft Minutes of February 15/22 EOC Meeting

The draft minutes of the February 15, 2022 EOC meeting were approved.

Item 6 (b): EOC Members' Comfort With Return To In-Person EOC Meetings Planned For May 17/22?

There was a discussion about whether members were comfortable with a return to in-person meetings starting with the 17 May, 2022 EOC meeting. There was a variety of views expressed, with a general view being that it was worthwhile to try to hold the meeting in-person, so long as there was an option for virtual attendance as well.

Briefing Note

CAFII EOC Meeting 22 March, 2022—Agenda Item 6(b)

Governance Matters—Draft Minutes of April 12/22 Board Meeting

Purpose of this Agenda Item—*Endorsement*

Endorsement.

Background Information

The EOC is being asked to endorse the minutes of the April 12, 2022 Board meeting, for presentation to the Board for approval at its next meeting.

Recommendation / Direction Sought – *Endorsement*

The EOC is being asked for an endorsement.

Attachments Included with this Agenda Item

1 attachment.

**CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
BOARD OF DIRECTORS VIRTUAL MEETING**

Tuesday, April 12, 2022

2:00 to 4:00 p.m. EDT

Minutes

Board Members

Present:

Nicole Benson	Valeyo
Paul Cosgrove	Assurant
Zack Fuerstenberg	ScotiaLife Financial
Louie Georgakis	The Canada Life Assurance Company
Chris Lobbezoo	RBC Insurance; <i>Board Chair</i>
Peter McCarthy	BMO Insurance
Ian Oncea	CIBC Insurance
Wally Thompson	Manulife Financial
Peter Thompson	National Bank Insurance; <i>Board Vice-Chair</i>
Kelly Tryon	CUMIS/The Co-operators
Rob Robinson	Canadian Premier Life Insurance Company
Chantal Gagné	Desjardins
Sophie Ouellet	Sun Life
Atanaska Novakova	TD Insurance (<i>for part</i>)

Regrets:

Adam Vespi	Canadian Tire Financial Services
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Also Present:

Brendan Wycks, Co-Executive Director
Keith Martin, Co-Executive Director
Rob Dobbins, EOC Chair and Board Secretary
Karyn Kasperski, RBC Insurance; EOC Vice-Chair and Vice-Board Secretary
Jake Becker, Recording Secretary

Item 1: Welcome, Call to Order, and Meeting Confirmation

Chris Lobbezoo welcomed all to this meeting of the CAFII Board of Directors, which was held virtually on the Microsoft Teams platform, and called the meeting to order at 2:02 p.m. Jake Becker acted as Recording Secretary.

Item 1(a): Declaration of Meeting Properly Called and Constituted

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

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

Item 1(b): Approval of Agenda

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

Item 2: Consent Items

- a. Draft Board Meeting Minutes, December 7/21
- b. Summary of Board and EOC Action Items
- c. January 2022 Regulatory Update
- d. February 2022 Regulatory Update
- e. March 2022 Regulatory Update
- f. Consultations/Submissions Timetable
- g. Regulator and Policy-Maker Visit Plan
- h. Board-Approved Schedule of CAFII 2022 Meetings and Events

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

*On a further motion duly made, seconded and unanimously carried **IT WAS RESOLVED** that the minutes of the Board of Directors held December 7, 2021 be and are adopted in the form presented, and that a copy of those minutes be signed and placed in the minute book of the Corporation.*

Item 3: Governance Matters

Item 3(a): Appointment of a New CAFII Director

Mr. Lobbezoo recalled that Janice Farrell-Jones had taken on a new position within TD Bank; and, as a result, TD Insurance had nominated Atanaska Novakova, Senior Vice-President, TD Life and Health Insurance, TD Bank Group as TD Insurance's new Director on the CAFII Board.

*On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that Atanaska Novakova be appointed as the new TD Insurance Director on the CAFII Board.*

Ms. Novakova was then contacted and invited to join this CAFII Board meeting, in progress.

Item 3(b): Welcome to and Self-Introduction by New CAFII Director Atanaska Novakova, TD Insurance

Chris Lobbezoo welcomed Atanaska Novakova to the CAFII Board. In response to Mr. Lobbezoo's invitation, Ms. Novakova introduced herself to her fellow Board members.

Item 3(c): Need For Successor CAFII Treasurer

Chris Lobbezoo noted that after five years of exemplary service as Treasurer, Tony Pergola had informed CAFII that it would be necessary for him to step down from that role, such that the Association would need to have a new Treasurer in place by the 7 June, 2022 Annual Meeting of Members and immediately ensuring first meeting of the 2022-23 Board of Directors.

Mr. Pergola provided an overview of the responsibilities and time commitment involved in serving as CAFII Treasurer, and Brendan Wycks provided some additional contextual information about the role. Mr. Lobbezoo said that this issue would be further discussed in the *in camera* session of today's Board meeting.

Item 3(d): Plans for June 7/22 Return to In-Person CAFII Annual Meeting of Members; First Meeting of 2022-23 CAFII Board; and CAFII 25th Anniversary Celebration

Mr. Lobbezoo noted that the Association was exploring a return to in-person meetings, with the particular intention of holding an in-person 2022 CAFII Annual Meeting of Members; immediately followed by the first meeting of the 2022-23 CAFII Board; then followed by a CAFII 25th Anniversary Celebration, all on Tuesday, June 7/22 and hosted by BMO Insurance in its parent bank's corporate event space on the 68th floor of First Canadian Place in Toronto.

To gauge the comfort of CAFII member representatives with proceeding with these in-person events, CAFII had surveyed Board and EOC members on their views around the options available.

Brendan Wycks, assisted by CAFII Account Co-ordinator at Managing Matters Jake Becker, then screen-shared the results of that survey in this meeting.

The survey results indicated that a hybrid (in-person and virtual) model for the Annual Meeting of Members and immediately ensuing Board meeting would work, but that there was still considerable hesitancy among many CAFII Board and EOC members around an in-person celebratory event on 7 June.

*On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that:*

- An in-person meeting of the Annual Meeting of Members, and Board meeting, would be held on 7 June, 2022;*
- the in-person CAFII 25th Anniversary celebration event be held later in the year, after Labour Day 2022;*
- the in-person CAFII 25th Anniversary celebration event does not need to be held on the same day as a Board meeting; and*
- the in-person CAFII 25th Anniversary celebration should be held on a date that maximizes regulators' ability to participate.*

[Action Item: Consult with CCIR & CISRO to find a date for holding the in-person CAFII 25th Anniversary celebration that maximizes regulators' participation; B. Wycks, K. Martin, April 30, 2022.]

Item 4: Financial Management Matters

Item 4(a): Draft CAFII 2021 Audited Financial Statements and Independent Auditor's Report Thereon

Mr. Lobbezoo advised that CAFII's 2021 Audited Financial Statements and Independent Auditor's Report Thereon must be approved by the Board prior to being presented to the membership for approval at the Association's 2022 Annual Meeting which was coming up on Tuesday, June 7.

CAFII Treasurer Tony Pergola presented an overview of the audit's findings, noting that KPMG had delivered a clean audit opinion and the Association's finances were very sound. KPMG Partner Huston Lopez said that the audit process had gone smoothly and KPMG had received full co-operation from CAFII management.

*On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the Board approves the Draft 2021 CAFII Audited Financial Statements and Independent Auditor's Report Thereon, in the form presented, for presentation to the Membership for approval at the 2022 Annual Meeting of Members on June 7, 2022.*

Item 4(b): Timelines for Board and Membership Approval of CAFII 2021 Audited Financial Statements

Brendan Wycks reported that the audited financial statements would now be included in the materials distributed to Directors in conjunction with the Annual Meeting of Members on 7 June, 2022, where they will be presented for formal approval.

Item 4(c): Recommendation Re Closure of Existing Restricted Fund In CAFII Financial Statements; and Related Transfer of Residual Funds into General Fund during Fiscal Year 2022

Treasurer Tony Pergola recalled that CAFII had previously created a special Restricted Fund which had been funded via a Special Levy upon members to carry out a special project on credit card balance protection insurance.

Most of the Restricted Fund monies were subsequently spent, but residual funds of approximately \$12,000 remain in the Restricted Fund.

Board members had previously indicated that they felt that the amount was too low to warrant a pro ratas refund to their member companies.

With the Restricted Fund's residual monies no longer needed as the special project is now concluded, Mr. Pergola advised that he, as Treasurer, and the Co-Executive Directors, as CAFII management, were recommending that the Restricted Fund be wound down and that its residual monies be transferred into the Association's General Fund during the Association's 2022 fiscal year.

*On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the Board approves the winding down of CAFII's Restricted Fund and that its residual monies be transferred into the Association's General Fund during the 2022 fiscal year.*

[Action Item: Work with CAFII's Treasurer and assigned Controller to wind down the Restricted Fund and transfer its residual monies into the Association's General Fund during the 2022 fiscal year; B. Wycks, K. Martin, December 31, 2022.]

Item 4(d): CAFII Financial Statements as at February 28/22

Treasurer Tony Pergola said that in the first two months of 2022, CAFII had revenues of \$166K, expenses of \$114K, producing a \$52K surplus which is \$55K favourable to budget. He advised that this is mostly due to the timing of expenses, for example no legal expenses have been incurred to date. Mr. Pergola also noted that the Association's financial reserves are currently at a very healthy 55% of annual operating expenses, but that level of reserves is expected to drop to 47% of annual operating expenses by the end of the 2022 fiscal year, which is on the higher end of the 25% to 50% range that the Association targets.

Item 4(e): Forecast for CAFII 2022 Fiscal Year as at February 28/22

Treasurer Tony Pergola reported that a key change had recently been made to the CAFII 2022 fiscal year forecast document: a 4% salary and benefits increase for the two Co-Executive Directors, resulting from the just-completed 2021 performance appraisal process. The amounts in the Management Fees line will therefore be slightly higher on a go-forward basis, than the amounts previously included there under the mid-range 3% salary increase Scenario.

The 2022 fiscal year forecast as at February 28/22 calls for \$996K in revenue and \$1022K in expenses, which would produce a deficit of \$26K and year-end financial reserves constituting 47% of annual operating expenses, Mr. Pergola concluded.

Item 4(f): Dissemination of 2022 Member Renewal Letters and First Instalment Dues Invoices; and 2022 Associate Renewal Letters and Dues Invoices

Brendan Wycks reported that the 2022 Membership Renewal letters and related first instalment dues invoices had been distributed to members in early March; and he encouraged Board members to confirm that their organizations were in the process of paying their first instalment dues invoices on a timely basis.

Item 4(g): Canadian Premier Life's Acquisition of Sun Life's CPI Business; and Resulting Loss of Sun Life as a CAFII Member After 2022

Brendan Wycks highlighted for Board members' information the fact that CAFII had learned that Sun Life had recently sold its CPI business to Canadian Premier Life; and, pending regulatory approval which was expected later in 2022, that would mean that Sun Life would no longer be in the CPI business. Therefore, CAFII was expecting to lose Sun Life as a member of the Association at the beginning of the 2023 membership/fiscal year.

Item 5: Strategy Setting and Implementation; and Regulatory Matters

Item 5(a): Next Steps on Deloitte Canada Research Paper on "Best Practices In The Digitization Of Credit Protection Insurance": Recommendation from EOC Re Public Release/Publication of Results

Research & Education Committee Chair Andrea Stuska and Keith Martin reported that the EOC had endorsed a proposed plan for the selective public release of components of the Deloitte Canada thought leadership paper research results.

The Board was now being asked to formally the EOC's recommendation for a selective public release of the research results, which was in line with the strategic plan objective to use research to enhance CAFII's proactive communication with regulators, and to enhance our public profile including on the CAFII website.

On a motion duly made, seconded, and unanimously carried IT WAS RESOLVED that:

1. *A slightly modified version of the Powerpoint deck presented to the CAFII Board should be presented in a Deloitte Canada webinar for insurance regulators and policy-makers;*
2. *A slightly modified version of the Powerpoint deck presented to the CAFII Board should be presented to allied industry Association representatives (CLHIA, THIA, CBA);*
3. *A slightly modified version of the Powerpoint deck presented to the CAFII Board should be publicly posted on the CAFII website, along with a press release to industry press; and the highlights of that Powerpoint deck should also be displayed on the CAFII website via a visually-pleasing info-graphic designed by a graphic designer;*

4. *The detailed MSWord document produced by Deloitte Canada should be for the exclusive information and use of CAFII member representatives and should not be publicly released or shared with non-CAFII members;*
5. *At the time of the news release, CAFII will explore having Deloitte Canada share the public documentation through its marketing platforms;*
6. *Deloitte Canada will make an entirely optional offer to CAFII members to make customized presentations to them of how the research best applies to their organizations.*

[Action Item: Implement the Board resolution around public release of selective components of the Deloitte Canada thought leadership paper research results; B. Wycks, K. Martin, June 30, 2022.]

Item 5(b): CAFII's Next Steps on AMF Credit Card-Embedded Insurance Benefits Issue

- i. **AMF's Consideration of CAFII's January 17/22 Submission on Proposed Wording Modifications to Fact Sheet and Notice of Rescission to Make Them Fit Credit Card-Embedded Insurance Benefits**

Keith Martin provided an overview of the history of this file, noting that in January 2022 CAFII had submitted to the AMF its proposed wording modifications to the Fact Sheet and Notice of Rescission to make them appropriate to distribute to the holders of credit cards with embedded insurance benefits. CAFII is now waiting for the AMF to respond to its proposed wording modifications.

- ii. **AMF's Plans for Issuing Feedback Letter to The Industry With Respect to December 17/21 Action Plans Submitted for Bringing Credit Card-Embedded Insurance Benefits into Compliance with AMF's RADM-Based Expectations**

Keith Martin provided a background context update to the AMF's recent delivery of a feedbackletter to the industry on the Action Plans which relevant insurers submitted on December 17 of last year, in order to bring credit card-embedded insurance benefits into compliance with the regulator's expectations arising from its Regulation respecting Alternative Distribution Methods, or RADM. The April 1/22 letter was sent to CAFII, with relevant/affected insurers being blind-copied on it.

Item 5(c): Insights Gained from February 17/22 Meeting with FCAC Staff Executives for Feedback on How CAFII's Submission on Consultation on Proposed "Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks" Has Resonated with FCAC and Influenced Final Version of the Guideline (Released February 24/22)

Keith Martin reported that CAFII had made significant headway in enhancing its profile with the FCAC and sharing the unique characteristics of the CPI industry. The FCAC had asked CAFII for several meetings to discuss issues related to its Proposed "Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks, including a 17 February, 2022 meeting at which the FCAC shared the major elements of its pending final version of the Guideline. That final version included some important modifications to the previous version's language; and, as well, two FCAC staff executives communicated to CAFII's Co-Executive Directors that ensuring the appropriateness of a financial product – including an Authorized Insurance Product -- did not necessarily require a needs analysis, which is an important concession for CAFII given that its members' employee typically are not provincially/territorially licensed to provide advice to consumers in connection with an offer of credit protection insurance or travel insurance.

Item 5(d): Insights Gained From CAFII/CLHIA/THIA Biweekly Meetings Re Impact of COVID-19 on Travel and the Travel Insurance Industry

Brendan Wycks provided an overview of the insights gained from the biweekly meetings of CAFII, CLHIA, and THIA on the impact of COVID-19 upon travel and the travel insurance industry, noting that there were fewer issues at play recently, as there had been no recent CLHIA or THIA meetings with Global Affairs Canada.

Item 5(e): Highlights of EOC-Approved 2022 Scope of Work Proposal from Operatic Agency Re CAFII Website and Search Engine Optimization Results Enhancements

Media Advocacy Chair Jacqlyn Marcus provided an overview of the EOC-approved 2022 Scope of Work which had been proposed by CAFII's website firm Operatic Agency, which included one new website video this year rather than two, with the funds thereby freed up being used to enhance the French section of the Association's website, along with continued work on search engine optimization, FAQs, and Google My Business enhancements.

In response to a question as to the timing of the approved website enhancements, Keith Martin stated that the subject of the new 2022 video would likely be the results of the recent Deloitte Canada thought leadership research on Best Practices in the Digitization of CPI, and it would be targeted for the fall of 2022, with the other deliverables coming on stream throughout the 2022 calendar year.

Briefing Note

CAFII EOC Meeting 22 March, 2022—Agenda Item 6(c)

Governance Matters— CAFII Formal “Thank You” Recognition of 2021 Committee Chairs and Vice-Chairs; and External Body Appointees, Executed On April 1/22

Purpose of this Agenda Item—*Update*

This is an update only.

Background Information

On April 1/22, CAFII sent to each relevant CAFII Board member (with a c.c. to other internal staff executives and the CAFII volunteer leader “honouree” him/herself) a formal Thank You Card, recognizing the individual’s leadership contributions to CAFII in 2021 as a Committee Chair, Committee Vice-Chair, or as a CAFII appointee to an external body.

CAFII intends to continue this practice, as an annual tradition, early in each new calendar year.

Recommendation / Direction Sought – *Endorsement*

Update only.

Attachments Included with this Agenda Item

1 attachment.

Thank you

Thank You For Your Team Member's Leadership Participation In CAFII:
Andrea Stuska, Chair, Research & Education Committee, Has Been Essential
To Our Success in 2021-22!

Briefing Note

CAFII EOC Meeting 22 March, 2022—Agenda Item 6(d)

Governance Matters— Preparation and Dissemination of CAFII 2022 Annual Meeting of Members Materials Package

Purpose of this Agenda Item—*Update*

This is an update only.

Background Information

The Annual Meeting of Members will be held on 7 June, 2022 and this is a brief update on the materials that will be distributed prior to the meeting, along with the timing for the distribution of these materials.

Recommendation / Direction Sought – *Endorsement*

Update only.

Attachments Included with this Agenda Item

No attachments.

Agenda Item 6(d)

April 26/22 EOC Meeting

Preparation and Dissemination of CAFII 2022 Annual Meeting of Members Materials Package

Email sent by Jake Becker to each of CAFII's 15 2021-22 Board members on April 14/22:

Dear Name:

As the June 7, 2022 CAFII Annual Meeting of Members and the 21 days prior deadline for dissemination of the related Annual Meeting Materials Package are fast approaching, I'm reaching out at this time to confirm who from your CAFII member company will be its CAFII Director nominee/appointee for the Association's 2022-23 governance year.

If you will be continuing as your member company's Director on the CAFII Board for 2022-23, please simply indicate such in reply to this information request.

However, if you will be concluding your term as a CAFII Director and not continuing on the Board next year; and your member organization will therefore be nominating/appointing a successor CAFII Director, please provide me with that person's name and contact information (company position; phone number; email address; and name and contact information of Executive Assistant, if applicable).

In either case, please also re-confirm, in your response, your member company's up-to-date corporate name, in English and French, as it should be displayed in CAFII's records; in "About CAFII" material; on the Association's website, etc.

To help in the timely production and dissemination of the Annual Meeting Materials Package for the June 7/22 Annual Meeting, I ask that you respond to this information request by end of day on **Tuesday, April 26, 2022**.

Thank you,

Jake Becker

Briefing Note

CAFII EOC Meeting 26 April, 2022—Agenda Item 7(a)

Read Only Items—CISRO's Finalization and Dissemination of "Principles of Conduct For Insurance Intermediaries"

Purpose of this Agenda Item – Read Only Item

To update the EOC on the final version of the CISRO "Principles of Conduct For Insurance Intermediaries."

Background Information

CISRO has released its final version of the "Principles of Conduct For Insurance Intermediaries." Among the attached documents is the final version of the principles, an analysis of the changes made, and a document comparing the draft with the final version.

Recommendation / Direction Sought – Read Only Item

This is a read only item.

Attachments Included with this Agenda Item

9 attachments.



NEWS RELEASE

CISRO releases Principles of Conduct for Insurance Intermediaries

April 6, 2022

TORONTO - The Canadian Insurance Services Regulatory Organizations (CISRO) has published the Principles of Conduct for Insurance Intermediaries (Principles) to help ensure the fair treatment of customers in the life & health and property & casualty insurance sectors.

The [Principles](#) are an achievement in CISRO's [Strategic Plan 2019-2022](#), which includes the development of national practice standards for intermediaries to facilitate a cooperative approach to the regulatory oversight of intermediaries.

CISRO finalized the Principles following consultation with stakeholders in summer 2021. Stakeholder feedback received is available on the [CISRO website](#).

The Principles reflect minimum regulatory conduct standards that are common across Canada regarding the fair treatment of customers, while recognizing that each jurisdiction has its own regulatory approach for the conduct of business. Intermediaries should conduct their business, following the relevant Principles that apply, while ensuring compliance with all applicable laws, regulations, rules, or regulatory codes within all jurisdictions where they carry on business. Any more stringent requirements, rules or standards of conduct take priority over the Principles.

"CISRO members are committed to supporting a consistent approach to consumer protection through the regulation of insurance intermediaries. The Principles will be a resource for consumers to better understand the conduct they should expect from insurance professionals," said Eric Jacob, Chair of CISRO.

The Principles are intended to complement and supplement the Canadian Council of Insurance Regulators (CCIR) / CISRO Fair Treatment of Customers (FTC) Guidance.

To support the publication of the Principles, a Q&A document can be found on the [CISRO website](#).

About CISRO:

The Canadian Insurance Services Regulatory Organizations is a forum of Canadian regulatory authorities that are dedicated to consistent qualifications and conduct of business standards for insurance intermediaries.

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COMMUNIQUÉ

Les OCRA publient des Principes de conduite à l'intention des intermédiaires en assurance

6 avril 2022

TORONTO – Les Organismes canadiens de réglementation en assurance (OCRA) ont publié les Principes de conduite à l'intention des intermédiaires en assurance (les Principes) afin d'assurer le traitement équitable des clients dans les secteurs de l'assurance, notamment l'assurance vie, santé et maladie et l'assurance de dommages (ou assurance générale ou assurance IARD).

Les [Principes](#) représentent une réalisation du [Plan stratégique 2019-2022 des OCRA](#), qui prévoit l'élaboration de normes de pratique nationales pour les intermédiaires afin de faciliter une approche coopérative de l'encadrement des intermédiaires.

Les OCRA ont finalisé les Principes après avoir consulté les intervenants au cours de l'été 2021. Les commentaires reçus des intervenants sont disponibles sur le [site Web des OCRA](#).

Les Principes traduisent les normes de pratique et de déontologie minimales communes dans l'ensemble du Canada en ce qui concerne le traitement équitable des clients, tout en tenant compte du fait que chaque territoire a sa propre approche réglementaire pour la conduite des activités. Les intermédiaires devraient mener leurs activités dans le respect des Principes qui leur sont applicables en se conformant aux lois, règlements, règles ou codes de déontologie applicables dans les territoires où ils exercent. Toute exigence, règle ou norme de conduite plus stricte a préséance sur les Principes.

« Les membres des OCRA demeurent déterminés à soutenir une approche cohérente de la protection des consommateurs par l'encadrement des intermédiaires en assurance. Les Principes constitueront une ressource permettant aux consommateurs de mieux comprendre la conduite à laquelle ils peuvent s'attendre des professionnels de l'assurance », a déclaré Éric Jacob, président des OCRA.

Les Principes visent à compléter et à enrichir la Directive du Conseil canadien des responsables de la réglementation d'assurance (CCRRA) et des OCRA sur le traitement équitable des clients (TEC).

Dans le cadre de la publication des principes, un document de questions et réponses est disponible sur le [site Web des OCRA](#).

À propos des OCRA :

Les Organismes canadiens de réglementation en assurance sont un réseau d'organismes de réglementation canadiens qui se consacrent à l'uniformisation des normes de qualification et de

conduite des affaires pour les intermédiaires en assurance.

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Canadian Insurance Services Regulatory Organizations (CISRO)

Principles of Conduct for Insurance Intermediaries

Preamble

The CISRO Principles of Conduct for Insurance Intermediaries (the Principles) reflect common regulatory standards for insurance intermediaries in Canada. The Principles outline professional behaviour and conduct expectations for the fair treatment of Customers.

Intermediaries should conduct their business following the Principles that are relevant to them, while ensuring compliance with all applicable laws, regulations, rules, or regulatory codes within all jurisdictions where they carry on business. Any more stringent requirements, rules or standards of conduct take priority over the Principles.

The Principles are intended to supplement, complement and build upon the intermediary elements in the *Guidance on Conduct of Insurance Business and Fair Treatment of Customers* (FTC), issued by CISRO and the Canadian Council of Insurance Regulators (CCIR). The Principles also align with Insurance Core Principles (ICP) of the International Association of Insurance Supervisors (IAIS).¹

The Principles reinforce the fair treatment of Customers throughout the life cycle of the insurance product as a core component of the intermediary business culture. This includes conducting business in an honest and transparent manner. Expectations for the conduct of insurance business may differ depending on the nature of the relationship to the Customer, the type of insurance provided, and the distribution method. Intermediaries with oversight responsibilities must take appropriate measures to ensure that their employees and representatives meet high standards of ethics and integrity.²

Definition of Intermediary: Intermediary is given broad meaning, and will differ based on the applicable definitions within different jurisdictions across Canada. It encompasses adjusters, agents, brokers and representatives, as well as business entities that distribute insurance products and services, including managing general agencies and third party administrators. It also applies to all distribution methods, including over the internet.³

Definition of Customer: Customer refers to policyholder (which may include a certificate holder) or prospective policyholder with whom an insurer or intermediary interacts, and includes, where relevant, other beneficiaries and claimants with a legitimate interest in the policy. Customer may also refer to a consumer, which includes all actual and potential customers for insurance products.

¹ International Association of Insurance Supervisors. Insurance Core Principles, ICP 18 and ICP 19, updated November 2019. <https://www.iaisweb.org/page/supervisory-material/icp-on-line-tool>

² The Insurer is responsible for fair treatment of Customers 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.

³ This definition aligns with the CCIR/CISRO FTC guidance. These Principles apply to all Intermediaries that are authorized to do business within any jurisdiction, whether licensed, registered or exempted from licensing or registration.

The Principles outline professional behaviour and conduct expectations for the fair treatment of Customers:



1. Compliance / Outcomes: Intermediaries must comply with all applicable laws, regulations, rules and regulatory codes to which they are subject.



2. Customers' Interests: Intermediaries are expected to place Customers' interests ahead of their own. This includes when an Intermediary is developing, marketing, recommending, distributing and servicing products.



3. Conflicts of Interest: Intermediaries are expected to identify, disclose and manage any actual or potential conflict of interest that is associated with a transaction or recommendation. They are expected to avoid entering into or pursuing agreements for which conflicts of interest cannot be managed, or if they interfere with the fair treatment of Customers.



4. Advice: When providing advice to or for a Customer, Intermediaries are expected to seek appropriate information from the Customer in order to understand and identify their unique needs. Intermediaries are expected to provide objective, accurate and thorough advice that enables the Customer to make an informed decision. Advice is expected to be suitable for the needs of the Customer based on the Customer's disclosed circumstances.



5. Disclosure: Intermediaries are expected to provide Customers with objective, appropriate, relevant, timely and accurate information and explanations so that they can make informed decisions. Intermediaries are expected to:

- Properly disclose the information to all necessary parties, including the insurer; and
- Disclose information and explanations in a manner that is clear and understandable for Customers, regardless of the distribution model or medium used.



6. Product and Service Promotion: Intermediaries are expected to ensure that products and services are promoted in a clear and fair manner. Regardless of the distribution model or medium used, Intermediaries are expected to ensure that promotions are not misleading, and are easy to understand. Product promotions are expected to disclose all necessary and appropriate information.



7. Claims, Complaints Handling, and Dispute Resolution: Intermediaries are expected to handle or cooperate in the handling of claims, complaints and disputes in a timely and fair manner.



8. Protection of Personal and Confidential Information: Intermediaries are expected to take necessary and appropriate measures to protect and manage personal and confidential information. They must comply with all applicable privacy legislation.

Customers should be confident that Intermediaries:

- Only collect and retain information that is necessary and appropriate for the fulfillment of the service or product provided; and
- Use and disclose the information only for purposes and for the duration for which the Customer has given consent or as required by law.



9. Competence: Intermediaries are expected to maintain an appropriate level of professional knowledge, and should stay current through continuing education to ensure the fair treatment of Customers. Where applicable, continuing education requirements must be fulfilled. Intermediaries are expected to not misrepresent their level of competence or conduct business beyond their level of professional knowledge and experience, and duties must match training/education.



10. Oversight: Intermediaries with contractual or regulatory oversight obligations are also responsible for the conduct of any employee or third party involved in the marketing, distribution or servicing of an insurance product. Intermediaries are expected to have tools at their disposal such as policies and procedures, training and control mechanisms to ensure the fair treatment of Customers is achieved in relation to their oversight obligations.

Principes de conduite à l'intention des intermédiaires en assurance

Préambule

Les Principes de conduite à l'intention des intermédiaires en assurance (les « Principes ») formulés par les OCRA traduisent les normes réglementaires communes aux intermédiaires en assurance au Canada. Ils définissent les attentes relatives à la conduite professionnelle et à la déontologie pour le traitement équitable des clients.

Il est attendu que les intermédiaires en assurance mènent leurs activités dans le respect des Principes qui s'appliquent à eux tout en se conformant à l'ensemble des lois, règlements, règles et codes réglementaires applicables dans tous les territoires où ils exercent ces activités. Toutes les exigences, règles ou normes de déontologie plus strictes que les Principes prévalent sur ces derniers.

Les Principes visent à servir de complément et de suite aux dispositions relatives aux intermédiaires de la *Directive – Conduite des activités d'assurance et traitement équitable des clients* publiée par les OCRA et le Conseil canadien des responsables de la réglementation d'assurance (CCRRA). Ils sont également conformes aux principes de base de l'assurance (Insurance Core Principles, ICP) de l'Association internationale des contrôleurs d'assurance.¹

Les Principes renforcent le traitement équitable des clients tout au long du cycle du produit d'assurance en tant qu'élément fondamental de la culture d'entreprise des intermédiaires. Ils supposent honnêteté et transparence dans la conduite des activités. Les attentes relatives à la conduite des activités d'assurance peuvent différer selon la nature de la relation avec le client, le type de produit d'assurance proposé et la méthode de distribution. Les intermédiaires qui ont des responsabilités de supervision doivent prendre les mesures appropriées pour veiller à ce que leur personnel et leurs représentants respectent des normes élevées de déontologie et d'intégrité.²

Définition d'intermédiaire : Le terme « intermédiaire » reçoit un sens large qui peut varier selon les définitions applicables dans les différents territoires du Canada. Il englobe les experts en sinistre, les agents, les courtiers et les représentants, ainsi que les entités qui distribuent des produits et des services d'assurance, dont les agences générales et les tiers administrateurs. Il s'applique également à toutes les méthodes de distribution, y compris par Internet.³

Définition de client : Le terme « client » désigne tout titulaire de police (et, selon le cas, tout titulaire de certificat) actuel ou potentiel avec lequel un assureur ou un intermédiaire interagit, y compris, s'il y a lieu, les autres bénéficiaires et demandeurs d'indemnité ayant un intérêt légitime dans la police. Le client peut également désigner tout consommateur, ce qui inclut tous les consommateurs actuels et potentiels de produits d'assurance.

¹ Association internationale des contrôleurs d'assurance. Principes de base de l'assurance (Insurance Core Principles), ICP 18 et ICP 19, mis à jour en novembre 2019. <https://www.iaisweb.org/page/supervisory-material/icp-on-line-tool>

² L'assureur est responsable du traitement équitable des clients tout au long du cycle de vie du produit d'assurance, car il est l'ultime porteur du risque, ce qui ne décharge toutefois pas les intermédiaires de leurs propres responsabilités.

³ Cette définition est conforme à la directive du CCRRA et des OCRA sur le traitement équitable des clients. Ces Principes s'appliquent à tous les intermédiaires autorisés à exercer des activités dans un territoire, qu'ils soient titulaires de permis, inscrits ou dispensés de permis ou d'inscription.

Les Principes définissent les attentes relatives à la conduite professionnelle et à la déontologie pour le traitement équitable des clients :



1. Conformité / Résultats – L'intermédiaire doit se conformer à l'ensemble des lois, règlements, règles et codes réglementaire qui lui sont applicables.



2. Intérêts du client – L'intermédiaire devrait faire passer l'intérêt du client avant le sien, y compris dans ses activités d'élaboration, de commercialisation, de recommandation, de distribution et de service après-vente de produits.



3. Conflits d'intérêts – L'intermédiaire devrait déceler, déclarer et gérer tout conflit d'intérêts réel ou potentiel lié à une transaction ou à une recommandation. Il devrait éviter de conclure ou de maintenir une entente dans le cadre de laquelle il est impossible de gérer les conflits d'intérêts ou qui nuit au traitement équitable du client.



4. Conseils – Lorsqu'il formule des conseils à un client ou à son égard, l'intermédiaire devrait chercher à obtenir des renseignements appropriés de sa part afin de comprendre et de cerner ses besoins particuliers. Il devrait fournir des conseils objectifs, exacts et rigoureux qui permettent au client de prendre une décision éclairée. Les conseils devraient convenir aux besoins du client selon l'information fournie sur sa situation.



5. Communication d'information – L'intermédiaire devrait communiquer au client des explications et des renseignements objectifs, appropriés, pertinents, opportuns et exacts pour lui permettre de prendre des décisions éclairées. Il devrait :

- communiquer adéquatement les renseignements à toutes les parties concernées, notamment à l'assureur;
- présenter les renseignements et les explications d'une manière claire et compréhensible pour le client, quels que soient le modèle ou le moyen de distribution utilisés.



6. Promotion des produits et des services – L'intermédiaire devrait veiller à ce que la promotion des produits et services soit faite d'une manière claire et juste. Quels que soient le modèle ou le moyen de distribution utilisés, il devrait veiller à ce que la promotion n'induisse pas en erreur et soit facile à comprendre. Dans la promotion de produits, tous les renseignements nécessaires et appropriés devraient être communiqués.



7. Demandes d'indemnisation, traitement des plaintes et règlement des différends –

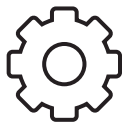
L'intermédiaire devrait régler les demandes d'indemnisation, les plaintes et les différends ou coopérer à leur règlement promptement et de manière équitable.



8. Protection des renseignements personnels et confidentiels – L’intermédiaire devrait prendre les mesures nécessaires qui conviennent pour protéger et gérer les renseignements personnels et confidentiels. Il doit se conformer à toutes les lois applicables en matière de protection des renseignements personnels.

Le client devrait être assuré que l’intermédiaire :

- recueille seulement les renseignements qui lui sont nécessaires et utiles pour la prestation du service ou la gestion du produit fourni;
- utilise et communique ces renseignements seulement aux fins et pour la durée auxquelles le client a consenti ou que la loi prévoit;



9. Compétence – L’intermédiaire devrait avoir un niveau adéquat de connaissances professionnelles, et se tenir à jour grâce à la formation continue pour assurer le traitement équitable des clients. S’il y a lieu, il doit satisfaire aux exigences de formation continue. Il ne devrait pas présenter de façon inexacte son niveau de compétence ni mener des activités qui dépassent son niveau de connaissances et d’expérience professionnelles, et ses tâches doivent correspondre à sa formation et à son éducation.



10. Supervision – L’intermédiaire qui a des obligations contractuelles ou réglementaires de supervision est également responsable de la conduite de tout membre du personnel ou tiers qui participe à la commercialisation, à la distribution ou au service après-vente d’un produit d’assurance. Il devrait disposer de moyens comme des politiques et des procédures, de la formation et des mécanismes de contrôle pour veiller au traitement équitable des clients relativement à ses obligations de supervision.



Questions and Answers: CISRO Principles of Conduct for Insurance Intermediaries

1. How are the Principles aligned with the Canadian Council of Insurance Regulators (CCIR)-CISRO Fair Treatment of Customers (FTC) guidance?

The Principles supplement and build upon the intermediary elements in the FTC. The two documents are aligned, but the Principles are more targeted to intermediaries.

2. How can the Principles help customers?

The Principles summarize CISRO members' expectations of insurance intermediaries in a plain language format. Intermediaries are encouraged to share and explain the Principles with customers to help them understand what to expect from an intermediary. Applying the Principles can help intermediaries protect, inform and build trust with their customers.

3. How will the Principles be adopted / implemented by the individual CISRO members?

The Principles have been agreed upon by the CISRO members. Consistent with the CCIR-CISRO FTC guidance, individual regulators will potentially publicly endorse / release communications about the implementation of the Principles in their jurisdictions.

Intermediaries should conduct their business following the Principles that are relevant to them, while complying with all applicable laws, regulations, rules, or regulatory codes within all jurisdictions where they carry on business. Any more stringent requirements, rules or standards of conduct from the regulators take priority over the Principles.

4. How does CISRO expect industry to implement the Principles?

Consistent with the CCIR-CISRO FTC guidance, the Principles were created to communicate to industry expected outcomes in ensuring the fair treatment of customers in a principles-based manner.

Intermediaries should conduct their business following the Principles that are relevant to them, while complying with all applicable laws, regulations, rules, or regulatory codes within all jurisdictions where they carry on business. Any more stringent requirements, rules or standards of conduct from the regulators take priority over the Principles.

Intermediaries are encouraged to share and explain the Principles with their customers as a leading practice.

CISRO members envision that insurers and intermediaries with contractual or regulatory oversight obligations for intermediaries will:

- Ensure intermediaries are aware of the Principles that are relevant to them and that these Principles are reflected in education / training materials; and
- Align policies and procedures, codes of conduct and other relevant business documents with the Principles.

As the Principles are aligned with the CCIR-CISRO FTC Guidance, which has been and continues to be implemented by industry, the adoption of the CISRO Principles should not create more burden.

5. Are the Principles applicable to direct relationship insurers and captive agents?

Yes, all insurance agents should conduct their business following the Principles that are relevant to them. This includes any captive agents, including those that work for direct relationship insurers.

6. Are the Principles applicable to restricted agents and those exempted from licensing or registration?

Yes, all intermediaries authorized to conduct insurance business within any jurisdiction should follow the Principles that are relevant to them. This includes restricted agents, and those exempted from licensing or registration, who are involved with selling insurance associated with another product (e.g., banks, credit unions, travel agencies, car dealerships, etc.).

7. Are the Principles applicable to National Accounts?

The Principles apply to business entities that distribute insurance products and services. If a National Account engages in these types of activities, then yes, the Principles apply and it should conduct its business following the Principles that are relevant to it.

8. Are the Principles applicable to all adjusters?

Yes, all types of adjusters should conduct their business following the Principles that are relevant to them. This includes “in-house” employees of licensed insurers who are acting in an adjuster role and adjusting claims, independent adjusters who may work for a third-party company, and public adjusters.

9. How is Principle 7 — Claims, Complaints Handling and Dispute Resolution — applicable to intermediaries whose primary responsibilities do not include the handling of claims, complaints and disputes?

Intermediaries that do not have a primary role in these processes should pass on claims or complaints to the right area to handle or resolve in a timely manner, and to provide information to support the processes as needed.



Questions et réponses: Principes de conduite à l'intention des intermédiaires en assurance des OCRA

1. Comment les Principes s'arriment-ils avec la directive du Conseil canadien des responsables de la réglementation d'assurance (CCRRA) et des OCRA sur le traitement équitable des clients (la directive TEC)?

Les Principes visent à compléter et enrichir les dispositions de la directive TEC relatives aux intermédiaires. Les deux documents sont harmonisés, mais les Principes sont axés davantage sur les intermédiaires.

2. Comment les Principes peuvent-ils aider les clients?

Les Principes résument les attentes des membres des OCRA à l'égard des intermédiaires en assurance dans un langage simple. Les intermédiaires sont encouragés à partager et expliquer les Principes avec les clients pour favoriser une meilleure compréhension de ce qu'ils peuvent attendre d'un intermédiaire. L'application des Principes par les intermédiaires contribue à la protection de leurs clients, à une meilleure information et à l'établissement d'un lien de confiance avec eux.

3. Comment les Principes seront-ils adoptés / mis en œuvre par les différents membres des OCRA?

Les Principes ont été approuvés par les membres des OCRA. Conformément aux orientations du CCRRA et des OCRA et de la directive TEC, les organismes de réglementation individuels pourront éventuellement approuver publiquement ou publier des communications sur la mise en œuvre des Principes dans leurs territoires.

Les intermédiaires devraient mener leurs activités dans le respect des Principes qui s'appliquent à eux tout en se conformant aux lois, règlements, règles ou codes de déontologie applicables dans les territoires où ils exercent. Toute exigence, règle ou norme de conduite plus stricte des organismes de réglementation a priorité sur les Principes.

4. Quelles sont les attentes des OCRA quant à la mise en œuvre des Principes par l'industrie?

Conformément aux orientations de la directive TEC, les Principes ont été créés pour communiquer à l'industrie les attentes des organismes de réglementation visant à assurer un traitement équitable des clients. Ces attentes sont fondées sur des principes.

Les intermédiaires devraient mener leurs activités dans le respect des Principes qui les concernent tout en se conformant aux lois, règlements, règles ou codes de déontologie applicables dans les territoires où ils exercent. Toute exigence, règle ou norme de conduite plus stricte des organismes de réglementation a priorité sur les Principes.

Les intermédiaires sont encouragés à partager et expliquer les Principes à leurs clients.

Les membres des OCRA envisagent que les assureurs et les intermédiaires ayant des obligations contractuelles ou réglementaires de supervision des intermédiaires :

- S'assureront que les intermédiaires connaissent les Principes qui les concernent et que ces Principes seront reflétés dans la documentation d'éducation/de formation; et
- Intégreront les Principes dans les politiques et procédures, les codes de conduite et autres documents commerciaux pertinents.

Comme les Principes correspondent aux orientations de la directive TEC, qui ont été et continuent d'être mises en œuvre par l'industrie, l'adoption des Principes des OCRA ne devrait pas créer de fardeau supplémentaire.

5. Les Principes s'appliquent-ils aux assureurs directs et aux agents exclusifs?

Oui, tous les agents d'assurance devraient exercer en respectant les Principes qui les concernent. Cela inclut tous les agents exclusifs, y compris ceux qui travaillent pour des assureurs directs.

6. Les Principes sont-ils applicables aux agents à permis restreint et à ceux qui sont exemptés de certification ou d'inscription?

Oui, tous les intermédiaires autorisés à exercer des activités d'assurance dans un territoire donné devraient suivre les Principes qui les concernent. Cela inclut les agents soumis à des restrictions (permis restreints) et tous ceux qui sont exemptés de certification ou d'inscription et qui sont impliqués dans la vente d'une assurance associée à un autre produit (p. ex., les banques, les coopératives de crédit, les agences de voyages, les concessionnaires automobiles, etc.).

7. Les Principes sont-ils applicables aux comptes nationaux?

Les Principes s'appliquent aux entités commerciales qui distribuent des produits et services d'assurance. Si un compte national effectue ce genre d'activités, les Principes s'appliquent et il doit mener ses activités en suivant les Principes qui le concernent.

8. Les Principes sont-ils applicables à tous les experts en sinistre?

Oui, tous les types d'experts en sinistre devraient mener leurs activités en suivant les Principes qui leur sont applicables. Cela inclut les employés des assureurs qui effectuent le travail d'expert en sinistre et traitent les réclamations, qu'ils soient certifiés ou non, les experts indépendants qui peuvent travailler pour une société tierce et les experts publics.

9. Comment le Principe 7 – Demandes d'indemnisation, traitement des plaintes et règlement des différends – s'applique-t-il aux intermédiaires dont les responsabilités principales ne comprennent pas le traitement des demandes d'indemnisation, des plaintes et des différends?

Ces intermédiaires devraient transmettre les demandes d'indemnisation ou les plaintes au bon département pour qu'elles soient traitées ou résolues en temps utile, et fournir les informations recueillies pour soutenir les processus au besoin.



Canadian Insurance Services Regulatory Organizations (CISRO)

Principles of Conduct for Intermediaries

Preamble

The CISRO Principles of Conduct for Intermediaries (the Principles) reflect common regulatory standards for insurance intermediaries in Canada. The Principles outline professional behaviour and conduct expectations for the fair treatment of Customers.

Intermediaries should conduct their business following the Principles that are relevant to them, while ensuring compliance with all applicable laws, regulations, rules or regulatory codes within their respective jurisdiction. Any stricter or more specific requirements, rules or standards of conduct take priority over the Principles.

The Principles are intended to supplement, complement and build upon the intermediary elements in *the Guidance on Conduct of Insurance Business and Fair Treatment of Customers* (FTC), issued by CISRO and the Canadian Council of Insurance Regulators (CCIR). The Principles also align with Insurance Core Principles (ICP) of the International Association of Insurance Supervisors' (IAIS).¹

The Principles reinforce the fair treatment of Customers as a core component of the intermediary business culture. This includes conducting business in an honest and transparent manner. Expectations for the conduct of insurance business may differ depending on the nature of the relationship to the Customer (whether it is direct or indirect), the type of insurance provided and the distribution method. Intermediaries with oversight responsibilities must ensure that their employees and representatives meet high standards of ethics and integrity.²

Definition of Intermediary: Intermediary is given broad meaning, and will differ based on the applicable definitions within different jurisdictions across Canada. It encompasses adjusters, individual agents, brokers and representatives as well as business entities that distribute insurance products and services, including managing general agencies and third party administrators. It also applies to all distribution methods, including the internet.³

Definition of Customer: Customer refers to policyholder (which itself, as the case may be, includes a certificate holder) or prospective policyholder with whom an insurer or intermediary interacts, and includes, where relevant, other beneficiaries and claimants with a legitimate interest in the policy.

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² The Insurer is responsible for fair treatment of Customers 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.

³ This definition aligns with the CCIR/CISRO FTC guidance. These Principles apply to all Intermediaries that are authorized to do business within any jurisdiction, whether licensed, registered or exempted from licensing or registration.

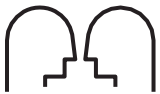
The Principles outline professional behaviour and conduct expectations for the fair treatment of Customers:



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2. Customers' Interests: Intermediaries must place Customers' interests ahead of their own. This includes when an intermediary is developing, marketing, distributing and servicing products.



3. Conflicts of Interest: Intermediaries must identify, disclose and manage any actual or potential conflict of interest that is associated with a transaction or recommendation. They must avoid entering into or pursuing agreements for which conflict(s) of interests cannot be managed, or if it interferes with the fair treatment of Customers.



4. Advice: If providing advice to or for a Customer, intermediaries must seek complete information from the Customer in order to understand and identify their unique needs. Intermediaries must provide objective, accurate and thorough advice that enables Customers to make an informed decision. Advice must be suitable for the needs of the Customer based on the Customer's disclosed circumstances.



5. Disclosure: Intermediaries must provide Customers with objective, complete, relevant, and accurate information and explanations so that they can make informed decisions. Intermediaries must:

- Properly disclose relevant information to all necessary parties; including the insurer; and
- Disclose information and explanations in a manner that is clear and understandable for Customers, regardless of the distribution model or medium used.



6. Product and Service Promotion: Intermediaries must ensure that products and services are promoted in a clear and fair manner. Regardless of the distribution model or medium used, Intermediaries must ensure that promotions are not misleading, and are easily understandable. Product promotions must disclose all necessary and appropriate information.



7. Claims, Complaints Handling, and Dispute Resolution: Intermediaries must handle or assist in the handling of claims, complaints, and disputes in a timely and fair manner.



8. Protection of Personal and Confidential Information: Intermediaries must take necessary and appropriate measures to protect personal and confidential information. They must:

- Only collect information that is necessary and appropriate for the fulfillment of the service or product provided;
- Use and disclose the information only for purposes and for the duration for which the Customer has given consent; and
- Comply with all applicable privacy legislation to appropriately manage the information.



9. Competence: Intermediaries must maintain an appropriate level of professional knowledge to ensure the fair treatment of Customers. Continuing education requirements must be fulfilled and duties must match training/education. Intermediaries must not misrepresent their level of competence or conduct business beyond their level of professional knowledge and experience.



10. Oversight: Intermediaries with contractual or regulatory oversight obligations are also responsible for the conduct of any employee or third party involved in the distribution or servicing of an insurance product. Intermediaries have tools at their disposal such as policies and procedures, training and control mechanisms to ensure the fair treatment of Customers is achieved in relation to their oversight obligations.



Canadian Insurance Services Regulatory Organizations (CISRO)

Principles of Conduct for Insurance Intermediaries

Preamble

The CISRO Principles of Conduct for Insurance Intermediaries (the Principles) reflect common regulatory standards for insurance intermediaries in Canada. The Principles outline professional behaviour and conduct expectations for the fair treatment of Customers.

Intermediaries should conduct their business following the Principles that are relevant to them, while ensuring compliance with all applicable laws, regulations, rules, or regulatory codes within their respective jurisdiction. All jurisdictions where they carry on business. Any, stricter or more, specific stringent requirements, rules or standards of conduct take priority over the Principles.

The Principles are intended to supplement, complement and build upon the intermediary elements in the Guidance on Conduct of Insurance Business and Fair Treatment of Customers (FTC), issued by CISRO and the Canadian Council of Insurance Regulators (CCIR). The Principles also align with Insurance Core Principles (ICP) of the International Association of Insurance Supervisors (IAIS).¹

The Principles reinforce the fair treatment of Customers throughout the life cycle of the insurance product as a core component of the intermediary business culture. This includes conducting business in an honest and transparent manner. Expectations for the conduct of insurance business may differ, depending on the nature of the relationship to the Customer (whether it is direct or indirect), the type of insurance provided, and the distribution method. Intermediaries with oversight responsibilities must take appropriate measures to ensure that their employees and representatives meet high standards of ethics and integrity.²

Definition of Intermediary: Intermediary is given broad meaning, and will differ based on the applicable definitions within different jurisdictions across Canada. It encompasses adjusters, individual agents, brokers and representatives, as well as business entities that distribute insurance products and services, including managing general agencies and third party administrators. It also applies to all distribution methods, including over the internet.³

Definition of Customer: Customer refers to policyholder (which itself, as the case may be, includes may include a certificate holder) or prospective policyholder with whom an insurer or intermediary interacts, and includes, where relevant, other beneficiaries and claimants with a legitimate interest in the policy. Customer may also refer to a consumer, which includes all actual and potential customers for insurance products.

¹ International Association of Insurance Supervisors. Insurance Core Principles, ICP 18 and ICP 19, updated November 2019. <https://www.iaisweb.org/page/supervisory-material/icp-on-line-tool>
<https://www.iaisweb.org/page/supervisory-material/icp-on-line-tool>

² The Insurer is responsible for fair treatment of Customers 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.

³ This definition aligns with the CCIR/CISRO FTC guidance. These Principles apply to all Intermediaries that are authorized to do

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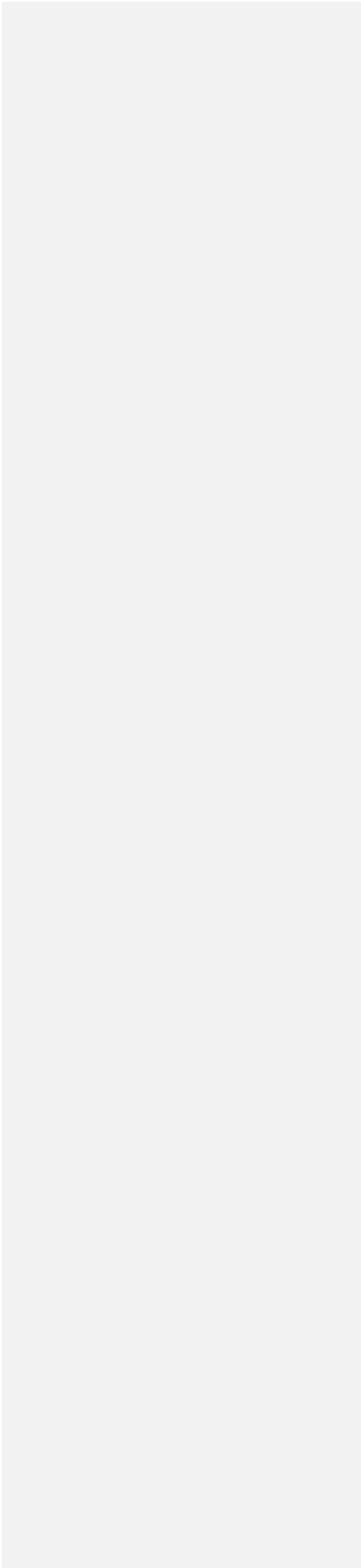
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business within any jurisdiction, whether licensed, registered or exempted from licensing or registration.



The Principles outline professional behaviour and conduct expectations for the fair treatment of Customers:



1. Compliance / Outcomes: Intermediaries must comply with all applicable laws, regulations, rules and regulatory codes to which they are subject.

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2. Customers' Interests: Intermediaries mustare expected to place Customers' interests ahead of their own. 2. Thisincludes when an intermediaryIntermediary is developing, marketing, recommending, distributing and servicing products.

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3. Conflicts of Interest: Intermediaries mustare expected to identify, disclose and manage any actual or potential conflict of interest that is associated with a transaction or recommendation. They mustare expected to avoid enteringinto or pursuing agreements for which conflict(s)conflicts of interestsinterest cannot be managed, or if it-interferesthey interfere with the fair treatment of Customers. of Customers.



4. Advice: When providing advice to or for a Customer, intermediaries mustIntermediaries are expected to seek completeappropriate information from the Customer in order to understand and identify their unique needs. Intermediaries mustare expected to provide objective, accurate and thorough advice that enables Customersthe Customer to make an informeddecision. Advice mustis expected to be suitable for the needs of the Customer based on the Customer's disclosedcircumstances.

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6.5. Disclosure: Intermediaries mustare expected to provide Customers with objective, completeappropriate, relevant, timely andaccurate information and explanations so that they can make informed decisions. Intermediaries mustare expected to:

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- Properly disclose relevantthe information to all necessary parties, including the insurer; and
- Disclose information and explanations in a manner that is clear and understandable for Customers, regardless of the distribution model or medium used.

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7. Product and Service Promotion: Intermediaries mustare expected to ensure that products and services arepromoted **6.** in a clear and fair manner. Regardless of the distribution model or medium used, Intermediaries mustare expected to ensure that promotions are not misleading, and are easily understandable.easy to understand. Product promotions mustare expected to disclose all necessary and appropriate information.

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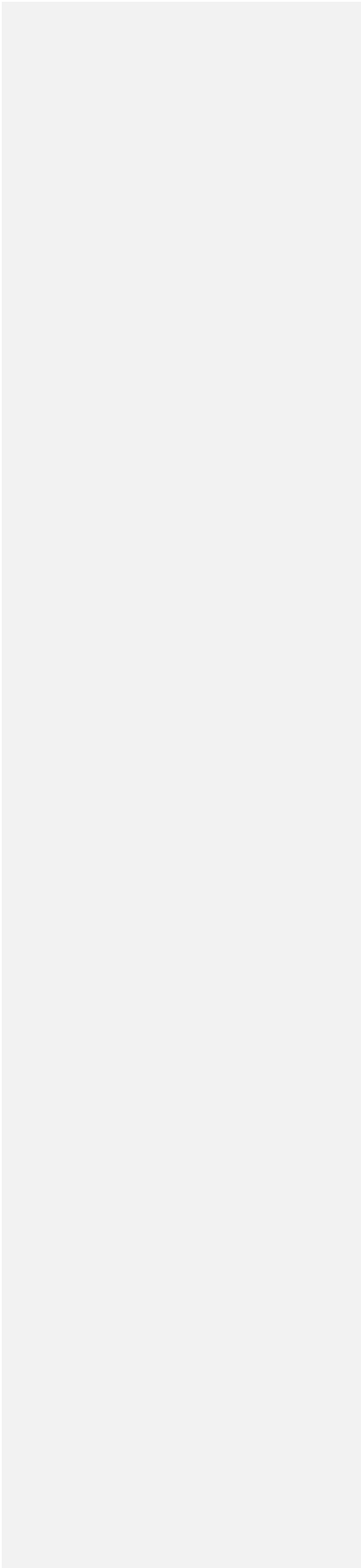
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7. Claims, Complaints Handling, and Dispute Resolution: Intermediaries ~~must~~are expected to handle or ~~8-~~cooperate in the





9-8. Protection of Personal and Confidential Information: Intermediaries mustare expected to take necessaryand appropriate measures to protect and manage personal and confidential information. They must: comply with all applicable privacy legislation.

Customers should be confident that Intermediaries:

- Only collect and retain information that is necessary and appropriate for the fulfillment of the service or product provided; and
 - Use and disclose the information only for purposes and for the duration for which the Customer has given consent; and or as required by law.
- Comply with all applicable privacy legislation to appropriately manage the information.

10. Competence: Intermediaries mustare expected to maintain an appropriate level of professional knowledge and should stay current through continuing education to ensure the

9. fair treatment of Customers. ContinuingWhere applicable, continuing education requirements must be fulfilled and duties must match training/education. Intermediaries mustare expected to not misrepresent their level of competence or conduct business beyond their level of professional knowledge and experience, and duties must match training/education.

11. Oversight: Intermediaries with contractual or regulatory oversight obligations are also responsible for the conduct of any employee or third party involved in the marketing, distribution or servicing of an insurance product.

10. Intermediaries are expected to have tools at their disposal such as policies and procedures, training and control mechanisms to ensure the fair treatment of Customers is achieved in relation to their oversight obligations.

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Agenda Item 7(a)9)
April 26/22 EOC Meeting

Analysis of Changes Made by CISRO to the Principles of Conduct for Intermediaries.

In its 9 July, 2022 submission to CISRO, CAFII made the point that

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

CISRO did not make this change.

A more important point made by CAFII was that:

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

In a significant modification by CISRO, this change was made throughout the document, with "must" dropped throughout and replaced by "are expected to" — a change made 15 times in the document.

CAFII reminded CISRO that providers of CPI cannot offer advice, and that this raised concerns with respect to section #4 on Advice, where CISRO stipulated that: "Advice must be suitable for the needs of the Customer based on the Customer's disclosed circumstances." Nevertheless, CAFII indicated that it was not that concerned with this section because CISRO's document used qualifiers that could exempt CPI from some of the advice expectations. CAFII also expressed concern that the term "complete information" was not consistent with the original CCIR/CISRO FTC Guidance, and recommended changing "complete" to "appropriate." That change was made by CISRO, and CISRO also made other changes to make this section more palatable for CPI.

Specifically, the draft including the following wording, with relevant words highlighted by CAFII for easy comparison:

If providing advice to or for a Customer, intermediaries **must seek complete** information from the Customer in order to understand and identify their unique needs.

This was changed to:

When providing advice to or for a Customer, Intermediaries are expected to seek appropriate information from the Customer in order to understand and identify their unique needs.

CAFII also made the recommendation that “complete information” should be changed to “appropriate information” in *Principle #5 Disclosure* of the document, and CISRO made that change as well.

The original wording was:

Intermediaries must provide Customers with objective, complete, relevant, and accurate information and explanations so that they can make informed decisions.

This was changed to:

Intermediaries are expected to provide Customers with objective, appropriate, relevant, timely and accurate information and explanations so that they can make informed decisions.

Finally, CAFII stated that

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

CISRO made the change that CAFII recommended.

Overall, CISRO was very responsive to the changes that CAFII recommended the great majority of which are reflected in the final draft of its document.

Briefing Note

CAFII EOC Meeting 26 April, 2022—Agenda Item 7(b)

Read Only Items—2022 CLHIA Compliance and Consumer Complaints Virtual Conference, May 4-5/22

Purpose of this Agenda Item – Read Only Item

To update the EOC on the upcoming CLHIA Compliance and Consumer Complaints Virtual Conference.

Background Information

CLHIA will hold its 2022 Compliance and Complaints Virtual Conference on 4-5 May, 2022.

The draft Agenda can be found here:

[Agenda: CO406-2022 Compliance and Consumer Complaints Annual Conference \(swoogo.com\)](https://swoogo.com/CO406-2022-Compliance-and-Consumer-Complaints-Annual-Conference)

You can register for the event here:

[Begin Registration: CO406-2022 Compliance and Consumer Complaints Annual Conference \(swoogo.com\)](https://swoogo.com/CO406-2022-Compliance-and-Consumer-Complaints-Annual-Conference)

There are some very interesting regulatory updates that CAFII will monitor closely:

Update from the Canadian Council of Insurance Regulators, May 4, 2022: 12:00 PM - 12:30 PM

Join us for the annual update from our inter-jurisdictional association of insurance regulators on their priorities and current initiatives.

Robert A. Bradley, Superintendent of Insurance, Financial and Consumer Services Division, Department of Justice & Public Safety, PEI

Regulatory Perspectives from Across Canada, May 4, 2022: 1:15 PM - 2:15 PM

It's time to hear from our panel of insurance superintendents. Our panelists will discuss their regulatory priorities, perspectives on current issues in life and health insurance and where they see our industry headed in the future.

Panelists:

Angela Mazerolle, Superintendent of Pensions and Insurance, Financial and Consumer Services Commission, FCNB

Chris Carter, Vice President of Financial Institutions and Mortgage Brokers Market Conduct, BC Financial Services Authority (BCFSA)

Louise Gauthier, Directrice principale, Autorité des marchés financiers (AMF)

Moderator:

Jill McCutcheon, Partner, Torys

Chief Compliance Officers Panel, May 4, 2022: 3:00 PM - 4:00 PM

A panel of insurance industry chief compliance will discuss their key priorities and challenges. Discussion will include the evolving role of the CCO and CRO in compliance issues. Post covid issues.

Panelists:

Matthew Onyeaju, Vice President & Chief Compliance Officer, Sun Life of Canada

Mylène Sabourin, Responsable de la conformité, de la protection des renseignements personnels et de la lutte contre la criminalité financière, Desjardins

Richard Hogeveen, Vice President, Chief Compliance Officer Canada, Manulife

Moderator:

Meaghan Obee Tower, Partner, Stikeman Elliott LLP

Provincial Insurance Councils Panel, May 5, 2022: 3:50 PM - 4:35 PM

Oversight models

We've put together a panel of the heads of Canada's provincial Insurance Councils to discuss their views on hot topics in the industry including technological advancement, market conduct, oversight frameworks and the evolving role of MGAs. Hear what the latest developments are and what to expect looking forward.

Panelists:

April Stadnek, Director of Strategic Initiatives, Insurance Councils of Saskatchewan

Janet Sinclair, Chief Executive Officer, Insurance Council of British Columbia

Joanne Abram, Chief Executive Officer, Alberta Insurance Council

Moderator:

Dylan Friedmann, Vice President, Chief Client Officer, APEXA

Recommendation / Direction Sought – Read Only Item

This is a read only item.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 26 April, 2022—Agenda Item 7(c)

Read Only Items—Insurance Councils of Saskatchewan’s Appointment of April Stadnek as New Executive Director

Purpose of this Agenda Item – Read Only Item

To update the EOC on the new Executive Director of the Insurance Councils of Saskatchewan.

Background Information

Ron Fullan is retiring as the Executive Director of the Insurance Councils of Saskatchewan, although he will remain as a consultant for several months; and he will be succeeded as of 18 April, 2022 by April Stadnek.

CAFII’s Co-Executive Directors have each sent Ms. Stadnek an email of congratulations.

Recommendation / Direction Sought – Read Only Item

This is a read only item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 7(c)
April 26/22 EOC Meeting

From: Fullan, Ron (ICS) <Ron.Fullan@skcouncil.sk.ca>

Sent: April-07-22 4:36 PM

To: Fullan, Ron (ICS) <Ron.Fullan@skcouncil.sk.ca>

Subject: Appointment - Executive Director, Insurance Councils of Saskatchewan

TO: All Insurance Industry Stakeholders

The Insurance Councils of Saskatchewan are pleased to confirm the appointment of April Stadnek as our new Executive Director, effective April 18, 2022.

April brings a wealth of regulatory experience to her new role. April's regulatory career began over 20 years ago with the Securities Division of the Financial and Consumer Affairs Authority, where she held positions as an Investigator and Acting Deputy Director of Enforcement. In 2007, April took a one-year leave of absence from her role with the Securities Division and worked at the Head office of a Mutual Fund Firm/MGA as a Compliance Officer and Branch Manager. This year in the field provided April with valuable insight into the day-to-day operations of investment and life insurance advisors.

April joined the Insurance Councils of Saskatchewan in December 2008 as an Investigator. She was promoted to Director of Compliance in 2011. She was appointed as Director of Strategic Initiatives in June 2018, and then to her current role as Director, Compliance and Enforcement in January of 2020. She has completed an extensive list of industry courses related to Securities and life insurance and is currently working towards her Chartered Insurance Professional (CIP) designation.

April will be familiar to many of you as an active contributor at the national level through committee work on behalf of the Canadian Insurance Services Regulatory Organization (CISRO) and the Canadian Council of Insurance Regulators (CCIR). She is currently a member on joint CISRO/CCIR working groups on Fair Treatment of Customers, Segregated Funds and Fintech, as well as the CISRO working group on Information Sharing. She has been part of past working groups on the development of the Canadian Insurance Regulatory Discipline Actions Database (CIRDA), and Common Licensing Standards. April is also an appointed member of the Senate of the University of Regina.

Ron Fullan, the current Executive Director will continue with the Insurance Councils of Saskatchewan until his retirement on July 31, 2022. Ron will be supporting April in her transition into the Executive Director role.

Please pass this announcement on to your members.

ANNE PARKER

Chair of the Insurance Council of Saskatchewan

From: Brendan Wycks <brendan.wycks@cafii.com>
Sent: April 7, 2022 4:58 PM
To: Stadnek, April (ICS) <April.Stadnek@skcouncil.sk.ca>
Cc: Fullan, Ron (ICS) <Ron.Fullan@skcouncil.sk.ca>; Keith Martin <Keith.Martin@cafii.com>
Subject: FW: Appointment - Executive Director, Insurance Councils of Saskatchewan

Hearty congratulations from CAFII, April, on your appointment as the new Executive Director of the Insurance Councils of Saskatchewan.

A very astute selection decision by the Council members; and a richly deserved appointment for you!

ICS is fortunate to be in such good and sure hands for the future, and to have you signed up and locked-down as its Executive Director/Chief Staff Officer successor to Ron.

Keith and I look forward to working with you (and Ron) as you transition into your new role over the next several months; and to working with you as the new Executive Director starting August 1.

All the best for much continued success as you take on your new leadership responsibilities,

Brendan Wycks, BA, MBA, CAE

Co-Executive Director
Canadian Association of Financial Institutions in Insurance
Brendan.wycks@cafii.com

From: Stadnek, April (ICS) <April.Stadnek@skcouncil.sk.ca>
Sent: April-07-22 5:37 PM
To: Brendan Wycks <brendan.wycks@cafii.com>
Subject: RE: Appointment - Executive Director, Insurance Councils of Saskatchewan

Brendan, thank you kindly for these very thoughtful comments. I am honoured to be given the opportunity to take the reins from Ron, and continue with our strong working relationship with you and Keith at the helm of CAFII.



April Stadnek
Director of Compliance and Enforcement
Insurance Councils of Saskatchewan
310 – 2631 28th Avenue
REGINA SK S4S 6X3
april.stadnek@skcouncil.sk.ca
P: 306-347-0862 Ext. 232
F: 306-347-0525

From: Keith Martin <Keith.Martin@cafii.com>
Sent: Thursday, April 7, 2022 3:17 PM
To: Brendan Wycks <brendan.wycks@cafii.com>; Stadnek, April (ICS) <April.Stadnek@skcouncil.sk.ca>
Cc: Fullan, Ron (ICS) <Ron.Fullan@skcouncil.sk.ca>
Subject: RE: Appointment - Executive Director, Insurance Councils of Saskatchewan

Hi April,

I could not agree more with Brendan. There could not be a more qualified and well-respected person to run the ICS other than Ron himself; and the organization and the Board has made a very wise decision that will command respect across all stakeholders.

I too very much look forward to working with you after you transition into your new role.

Warm regards,

--Keith

From: Stadnek, April (ICS) <April.Stadnek@skcouncil.sk.ca>
Sent: April-07-22 5:53 PM
To: Keith Martin <Keith.Martin@cafii.com>; Brendan Wycks <brendan.wycks@cafii.com>
Cc: Fullan, Ron (ICS) <Ron.Fullan@skcouncil.sk.ca>
Subject: RE: Appointment - Executive Director, Insurance Councils of Saskatchewan

Keith, thank you so very much.

As I said in my response to Brendan, I am honoured to be taking on this role and the opportunity to continue to work with all of you.

Have a fabulous evening.



April Stadnek
Director of Compliance and Enforcement
Insurance Councils of Saskatchewan
310 – 2631 28th Avenue
REGINA SK S4S 6X3
april.stadnek@skcouncil.sk.ca
P: 306-347-0862 Ext. 232
F: 306-347-0525

Briefing Note

CAFII EOC Meeting 26 April, 2022—Agenda Item 7(d)

Read Only Items—Members' Contributions to CAFII's Advancement Through Contribution of Volunteer Resources to Committee Chair, Committee Vice-Chair, and Member Roles

Purpose of this Agenda Item – Read Only Item

To update the Association on efforts to strengthen the leadership of and membership participation on Committees and Working Groups.

Background Information

CAFII seeks to have a Chair and Vice Chair for each of its Committees and Working Groups.

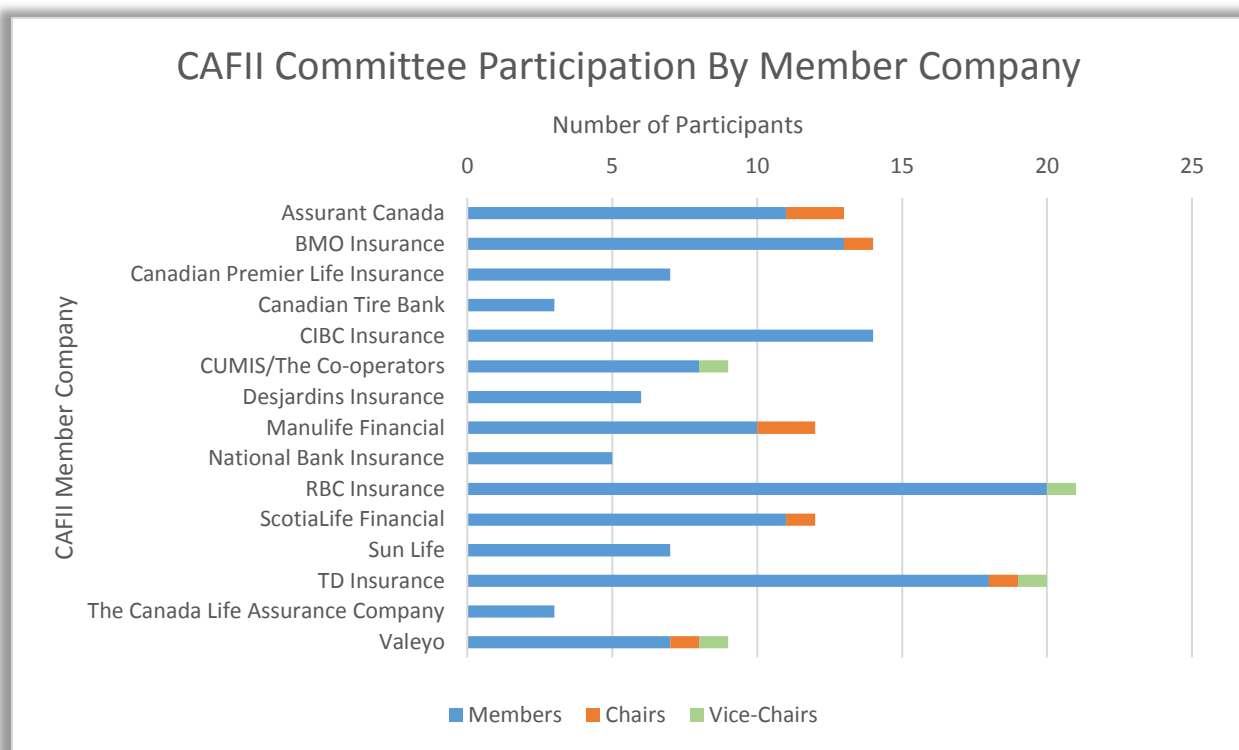
Recommendation / Direction Sought – Read Only Item

CAFII EOC members will be asked to continue to investigate appointing volunteers to CAFII Committees and Working Groups.

Attachments Included with this Agenda Item

1 attachment.

CAFII Member Company Committee & Working Group Involvement



Notes: Acting Chairs and Vice-Chairs of Committees & Working Groups were also counted as Members of that same Committee or Working Group. See below the raw data count of each Member company's Committee/Working Group participation.

Company	Members	Chairs	Vice-Chairs	Total
Assurant Canada	11	2	0	13
BMO Insurance	13	1	0	14
Canadian Premier Life Insurance	7	0	0	4
Canadian Tire Bank	3	0	0	3
CIBC Insurance	14	0	0	14
CUMIS/The Co-operators	8	0	1	9
Desjardins Insurance	6	0	0	6
Manulife Financial	10	2	0	12
National Bank Insurance	5	0	0	5
RBC Insurance	20	0	1	21
ScotiaLife Financial	11	1	0	12
Sun Life	7	0	0	7
TD Insurance	18	1	1	20
The Canada Life Assurance Company	3	0	0	4
Valeyo	7	1	1	9

Briefing Note

CAFII EOC Meeting 22 March, 2022—Agenda Item 7(e)

Read Only Items— April 20/22 Torys LLP Webinar Deck on “Fundamentals of banking and insurance law – business & investment powers and federal players”

Purpose of this Agenda Item—*Update*

This is an update only.

Background Information

On April 20/22, Torys LLP offered a complimentary webinar on a subject of high relevance to CAFII member companies. This read-only information document is the presentation deck from that webinar.

Recommendation / Direction Sought – *Endorsement*

Update only.

Attachments Included with this Agenda Item

1 attachment.

TORYS

Fundamentals of banking and insurance law – business & investment powers and federal players

Blair Keefe (bkeefe@torys.com)
Eli Monas (emonas@torys.com)
Melissa Prado (mprado@torys.com)

April 20, 2022

-
- Presentation will briefly provide
 - background on the *Bank Act (Canada)* and the *Insurance Companies Act (Canada)*
 - an overview on the business powers and constraints
 - including discussion of 2018 Budget Implementation Act amendments
 - an overview of the investment regime
 - including discussion of 2018 Budget Implementation Act amendments
 - an overview of the principal federal players

-
- This overview is not remotely comprehensive
 - the *Bank Act* and the *Insurance Companies Act* (collectively, the Acts) each contain about 1000 sections and the Carswell consolidations have over 1000 additional pages of regs, guidelines and other regulatory documents
 - Historically, the Bank Act was required to be revised every 10 years and there was no sunset clause in the federal insurance legislation
 - In 1992 this was changed to every 5 years for the BA and added to the ICA
-

-
- At the same time, the Acts received a significant modernization, and corporate provisions were incorporated from the CBCA
 - Corresponding or concurring sections to the *Trust and Loan Companies Act* and the *Cooperative Credit Associations Act* were introduced into those statutes at the same time

-
- Classes of Insurance set out in Schedule to ICA
 - Names of Banks set out in Schedule to the BA
 - Schedule I - domestic banks
 - Schedule II - foreign bank subsidiaries
 - Schedule III - foreign bank branches
 - full services
 - lending

OVERVIEW OF THE BUSINESS POWERS AND CONSTRAINTS

TORYS

- Insurance companies and banks are given the capacity of a natural person and, subject to the respective Acts, the rights, powers and privileges of a natural person
- Subject to the respective Acts, an insurance company/bank has the power to carry on business outside of Canada to the extent permitted by the foreign laws

Main Business Powers (Part VIII)

- Subject to the ICA, an insurance company shall not engage in or carry on any business other than such business generally as appertains to the business of providing financial services (s. 440(1))
- The BA is similar in that a bank shall not engage in or carry on any business other than the business of banking and such business generally as appertains thereto (s. 409(1))

Very Broad Powers

- OSFI has ruled that an insurance company may provide another insurer with underwriting services, issue & decline requests for insurance coverage, handle customer service requests & supply the associated systems to support these services (Ruling 2003-1)
- Case law under the BA where the bank undertakes activities to promote its products and services, such as giveaways of toasters or iPads and allowing a professional photographer to take pictures at the bank branch as part of the business of banking (Laarakker v. Royal Bank of Canada et al., 1980 CanLII 1830 (ON SC))

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- For greater certainty, an insurance company may
 - act as a financial agent, receiver, liquidator or sequestrator;
 - provide investment counselling services and portfolio management services; and
 - issue payment, credit or charge cards and, in cooperation with others including other financial institutions, operate a payment, credit or charge card plan.
 - The BA is the same except that it explicitly permits a bank to provide “any financial service” (likely viewed as necessary as under the BA the business powers of banks merely reference the business of banking).

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- In addition, a company may
 - (a) act as an agent for vendors, purchasers, mortgagors, mortgagees, lessors or lessees of real property and provide consulting or appraisal services in respect of real property;
 - (b) hold, manage and otherwise deal with real property;
 - The BA includes the same power as (b) but only allows the activities referred to in (a) to be provided through a real property brokerage entity

ADDITIONAL BUSINESS POWERS...cont'd

TORYS

- In addition, a company may
 - provide information processing services in Canada that the company has developed for its own use and that are an integral part of the company's operations to entities in which the company has a substantial investment that do not provide information processing services to other entities (441(1)(c))
- No similar provision is in the BA – likely of limited use as the activities likely fall within the main business powers in any event

ADDITIONAL BUSINESS POWERS...cont'd

TORYS

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- A company/bank may outside Canada or with the prior written approval of the Minister, in Canada, engage in any of the following activities:
 - collecting, manipulating and transmitting
 - information that is primarily financial or economic in nature
 - information that relates to the business of a permitted entity, or
 - any other information that the Minister may, by order, specify,
 - It is very cumbersome to obtain the approval of the Minister for these activities, particularly given how pervasive they are in today's business environment
 - The approvals tend to limit the activities to that which is specifically required in the application rather than providing a broad authority
 - No need to seek approval if the activities fall within the main business powers referred to above
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ADDITIONAL BUSINESS POWERS...cont'd

TORYS

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- A company/bank may outside Canada or with the prior written approval of the Minister, in Canada, engage in any of the following activities:
 - Provide advisory or other services in the design, development or implementation of information management systems,
 - Design, develop or market computer software, and
 - Design, develop, manufacture or sell, as an ancillary activity to any activity referred to in any of subparagraphs (i) to (iii) that the company is engaging in, computer equipment integral to provision of information services related to the business of financial institutions or to the provision of financial services;
 - These additional sub-bullets are sometimes helpful, particularly in the ability to market computer software (however, Ministerial approval would be required for the same)
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ADDITIONAL BUSINESS POWERS...cont'd

TORYS

- A company/bank may with the prior written approval of the Minister develop, design, hold, manage, manufacture, sell or otherwise deal with data transmission systems, information sites, communication devices or information platforms or portals that are used
 - to provide information that is primarily financial or economic in nature,
 - to provide information that relates to the business of a permitted entity, or
 - for a prescribed purpose or in prescribed circumstances;
- Note approval is required whether the activity is conducted inside or outside of Canada
- Effectively allows companies to engage in commercial activities in the information and technology area
- Nothing has been prescribed

ADDITIONAL BUSINESS POWERS...cont'd

TORYS

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- Budget Implementation Act Part I passed in June 2018
 - proposed amendments to “information processing” and “information technology” powers
 - intended to be broader than existing powers and no MOF approval
 - proposed additional power to allow in-house activities that the financial institutions engage in to be commercialized in subsidiaries and used outside of the financial services industry
 - specific power to provide authentication, verification and identification services (in force)

ADDITIONAL BUSINESS POWERS...cont'd

TORYS

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- In addition, a company/bank may:
 - promote merchandise and services to the holders of any payment, credit or charge card issued by the company/bank;
 - Very broad power if the company/bank has issued any payment cards (which is not a defined term)
 - In addition, a company/bank may engage in the sale of tickets, including lottery tickets, on a non-profit public service basis in connection with special, temporary and infrequent non-commercial celebrations or projects that are of local, municipal, provincial or national interest, urban transit tickets, and tickets in respect of a lottery sponsored by a government
 - Not likely of much commercial importance

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- Restriction
 - Except as authorized by or under the respective Acts, a company/bank shall not deal in goods, wares or merchandise or engage in any trade or other business.
 - This provision has become somewhat challenging with some fintech investments/developments as the technology can be used in the non financial sector

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- A company/bank may:
 - act as agent for any person in respect of the provision of any service that is provided by a financial institution, permitted entity, or a prescribed entity;
 - enter into an arrangement with any person in respect of the provision of that service or
 - refer any person to such financial institution or entity
 - Intended to make clear the natural person power to refer clients to other entities
 - Has generally been interpreted by OSFI as a restriction (i.e. you cannot refer a customer to anyone except as permitted by the provision)
 - proposed new powers pursuant to 2018 BIA
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- Then the Acts set out a number of constraints
 - insurance companies cannot insure any risk other than classes of insurance which have been approved
 - insurance companies cannot accept deposits except as otherwise permitted by the ICA
 - cannot act as a trustee for a trust in Canada
 - cannot generally issue guarantees of unlimited amounts, except to subsidiaries
 - cannot deal in securities in Canada to the extent prohibited by the regulations

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- cannot provide operating leases or auto leases in Canada
 - cannot provide residential mortgages in Canada above a 80% loan-to-value ratio
 - cannot grant security interests except in accordance with the policy established by the board
 - cannot be a partner in a partnership or a general partner in a limited partnership
 - cannot directly or through a subsidiary hold shares in the company/bank or its holding company (insurance companies can hold shares in a seg fund which mirrors a recognized index)
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- banks cannot undertake the business of insurance (generally in Canada) except to the extent permitted by the regulations
 - cannot act as agent in Canada for any person in the placing of insurance
 - cannot lease or provide space in any branch in Canada to any person engaged in placing of insurance

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- Authorized Types of Insurance
 - may administer an authorized type of insurance
 - permitted to promote and provide advice on authorized types of insurance but not on other types of insurance
 - may, however, provide advice in respect of insurance policy that is not an authorized type of insurance if advice is general in nature; and not in respect of a specific risk, insurance policy or service, or any particular insurance company, agent or broker

- Authorized types of insurance are
 - credit or charge card-related insurance
 - creditors' disability insurance
 - creditors' life insurance
 - creditors' loss of employment insurance
 - creditors' vehicle inventory insurance
 - export credit insurance
 - mortgage insurance, or
 - travel insurance

Other Insurance Restrictions for Banks

- bank cannot share customer information with, or promote, an insurance company, agent or broker
- bank cannot provide telecommunications device that is primarily for the use of customers in Canada and that links a customer with an insurance company, agent or broker

OVERVIEW OF THE INVESTMENT REGIME

TORYS

- Introduction/Key Concepts
 - Any acquisition of control of or substantial investments in an entity needs to be reviewed to determine if the acquisition is a permitted investment for the federally regulated financial institution (FRFI), and, if so, whether any approvals are required
 - Some acquisitions of control or a substantial investment are not permitted, some require approval from the Minister of Finance; others require approval from OSFI; and some require no approvals

OVERVIEW OF THE INVESTMENT REGIME...*cont'd*

TORYS

- Need to be sensitive to the acquisition of “control” or the acquisition of the substantial investment (greater than 10% of the votes or 25% of the equity or 25% of ownership interest in an unincorporated entity) in any entity
- Below that level, the Acts do not generally restrict investments, although they would need to be in accordance with the investment policy established by the board and be within any applicable statutory aggregate limits

OVERVIEW OF THE INVESTMENT REGIME ... *cont'd*

TORYS

- Control includes circumstances in which the FRFI would own a majority of the voting shares of the entity, but also if the FRFI has “direct or indirect influence that if exercised would result in control in fact of the entity” or is a general partner in a partnership.
- Substantial investment includes direct ownership and indirect – through entities controlled by the FRFI
- These concepts also flow into the definition of subsidiary, which does not need to be a body corporate or legally controlled

OVERVIEW OF THE INVESTMENT REGIME ... *cont'd*

TORYS

- Highlights Permitted Investment Rules
 - Permitted to own a broad range of financial services providers including banks, insurance companies, trust and loan companies, securities dealers, mutual fund entities, factoring companies, financial leasing entities, financial agents, etc.
 - In general, a FRFI is permitted to invest in any entity that carries on financial services activities or certain other activities that the institution is permitted itself to carry on (other than deposit-taking, fiduciary services, prohibited securities dealing activities, underwriting insurance etc.)
 - **proposed amendment to allow FIs to invest in entities that engage in non-permitted activities so long as the "majority" of the activities of the entity's business consists of financial service activities**
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OVERVIEW OF THE INVESTMENT REGIME ... *cont'd*

TORYS

- Highlights Permitted Investment Rules
 - Permitted to act as a service corporation to provide services exclusively to affiliated entities and other financial service providers
 - Permitted to act as a holding company or engage in activities of a mutual fund entity, mutual fund distribution entity and closed end fund

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- The ICA and BA permit investments to be made as “temporary investments” and for the institution to seek the approval after the fact, although there is a risk of not getting the approval and being required to divest the investment within a period of time

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- Specialized financing investments
 - ICA and BA permit investments in non permitted entities subject to certain limits and restrictions
 - aggregate limit of 10% of regulatory capital - does not permit certain investments (e.g., other financial institutions) - 13 years maximum holding period and individual investments capped at \$250 million each
 - in addition some permitted investments that need approval can be made as a specialized financing investment without approval (e.g., information services corporation)

OTHER INVESTMENT RESTRICTIONS

TORYS

- Minority Investment Regs
 - Permits non-controlling substantial investments in entities that the FI is otherwise required to control
 - Aggregate limit of 50% of the bank or insurance company's regulatory capital
- Prudent Person Standard
- Exposure to one entity or associated group not to exceed 25% of regulatory capital

OTHER INVESTMENT RESTRICTIONS ... *cont'd*

TORYS

- Limit on the investments in real property interests of 10% of institution's total assets; on equity investments (excluding substantial investments in permitted entities) of 25% of institution's total assets; and 35% in the aggregate
 - exception for widely held institutions with equity over certain thresholds
 - Commercial loans cannot exceed >5% of total assets of the company
 - not applicable to banks
 - large companies may seek OSFI approval to increase threshold
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- Everyone has heard about OSFI or the Office of the Superintendent of Financial Institutions, but we thought it might be helpful to provide a little background on the role and responsibilities of the various federal regulatory bodies which impact on the bank in Canada
 - Presentation does not deal with provincial regulatory authorities such as the provincial securities commissions

PRINCIPAL FEDERAL PLAYERS – DEPARTMENT OF FINANCE

TORYS

- Department responsible for advice on Canada's economic and financial affairs
- Minister reports to Parliament on several key bodies, including OSFI, FCAC, Bank of Canada
 - by statute, has some discretionary authority (approvals)
- Financial Sector Policy Branch is the main participant within the Department
- Responsible for coordinating amendments to the Bank Act and the other financial institutions statutes

PRINCIPAL FEDERAL PLAYERS – OSFI

TORYS

- OSFI was formed in 1987 by combining the former Office of the Inspector General of Banks and the Department of Insurance
- Performs statutory duties under the four principal FRFI acts and the federal pension legislation
- Three central elements of its activity: (i) risk assessment and intervention, (ii) rule making (includes guidelines and input to legislation and regulations and (iii) approvals

PRINCIPAL FEDERAL PLAYERS – OSFI ... *cont'd*

TORYS

- OSFI's mandate is to regulate “so as to contribute to public confidence”
- Specific recognition that regulation and supervision may reduce risk, but that failures may occur
- Relationship managers for each institution provide a focused approach
- Two main divisions
 - Supervision – based in Toronto
 - Regulation – based in Ottawa

PRINCIPAL FEDERAL PLAYERS – OSFI ... *cont'd*

TORYS

- Both a “regulator” and a “supervisor”
 - *Regulation* – set rules of good prudential behavior
 - *Supervision* – assess safety and soundness of financial institutions and pension plans – analyze financial data and confirm existence of appropriate risk controls – and monitor the financial industry for systemic risks
- May issue directives or compliance orders, impose sanctions, or even take control, as detailed in the FI legislation

PRINCIPAL FEDERAL PLAYERS – FCAC

TORYS

- Since 2001, OSFI no longer administers the consumer provision that has been transferred to the Financial Consumer Agency of Canada (FCAC)
- Its objects are to
 - supervise financial institutions to monitor compliance with the “consumer provisions” in the legislation
 - strive to protect rights/interests of consumers and the public
 - promote implementation of consumer provisions and voluntary codes of conduct
 - strengthen financial literacy of Canadians and promote consumer awareness
 - foster understanding of financial services and related issues

PRINCIPAL FEDERAL PLAYERS – CDIC

TORYS

- Canada Deposit Insurance Corporation insures deposits in its member institutions (up to \$100,000 of savings insured when deposited in an eligible account)
- Statutory objects, as set out in its legislation (CDIC Act), are to provide insurance against the loss of part or all of deposits, and to promote and otherwise contribute to the stability of the financial system in Canada
- CDIC is Canada's resolution authority for banks, federally regulated credit unions and trust and loan companies

PRINCIPAL FEDERAL PLAYERS – BANK OF CANADA

TORYS

- Bank of Canada has a broad mandate to promote the efficiency and stability of the financial system, and to manage and control risk in the financial system
 - forms and implements monetary policy
 - the government's fiscal agent
 - as the banks' banker, it manages settlement balances and provides liquidity to the payments system

PRINCIPAL FEDERAL PLAYERS – BANK OF CANADA...cont'd

TORYS

- The Bank of Canada promotes the stability and efficiency of the financial system by providing central banking services:
 - liquidity facilities;
 - overseeing key domestic clearing and settlement systems;
 - providing advice on financial system issues to various domestic and international policy-making bodies;
 - conducting and publishing research on policy issues affecting the financial system;
 - encouraging dialogue and awareness on systemic (macroprudential) issues important to Canada

PRINCIPAL FEDERAL PLAYERS - SAC, FISC AND HEAD OF AGENCIES

TORYS

- Senior Advisory Committee (SAC) operates as an *ad hoc* consultative body on policy matters
 - Financial Institutions Supervisory Committee (FISC) is established pursuant to the *OSFI Act* for consultation on matters relating to the supervision of financial institutions
 - Members of both:
 - Deputy Minister of Finance
 - Superintendent
 - Chairman of CDIC
 - Governor of Bank of Canada
 - Commissioner of FCAC
 - Heads of Agencies deals with issues of shared interest between securities regulators and federal agencies (e.g. capital market issues)
 - Membership includes representatives from the CSA
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- Questions/Comments

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