

## CAFII EOC Meeting

<b>Date:</b>	Monday, April 27, 2015	<b>Chair:</b>	G. Grant
<b>Location:</b>	ScotiaLife Financial 20 Queen Street, 35th Floor Toronto, ON	<b>Dial-in:</b>	416-764-8662 or 1.888-884-4534, participant code: 8504948#; moderator code: 2551109#
<b>Time:</b>	2:00 – 4:00 p.m.		

## Agenda

Item	Presenter	Action
1. Call to Order	G. Grant	Update
2. Approval of Agenda and Previous Minutes <ul style="list-style-type: none"> <li>a. EOC Minutes of March 24, 2015 <i>[attachment]</i></li> <li>b. Board Minutes of April 7, 2015 <i>[attachment]</i></li> <li>c. Summary of Board and EOC Action Items <i>[attachment]</i></li> </ul>	All	Approval Approval Update
3. Strategy and Governance <ul style="list-style-type: none"> <li>a. Balanced Scorecard <i>[attachment]</i></li> </ul>	G. Grant, B. Wycks	Update
4. CAFII Financial Management <ul style="list-style-type: none"> <li>a. Financial Statements as at March 31, 2015 <i>[attachment]</i></li> </ul>	R. Rajaram	Approval
5. Regulatory Relations and Advocacy <ul style="list-style-type: none"> <li>a. Manitoba Residency Requirement</li> <li>b. CCIR Working Group on Travel Insurance</li> <li>c. BC 10-Year Review of Financial Institutions Act</li> <li>d. BC “effecting” CGI contracts issue</li> <li>e. Regulatory Update <i>[attachment]</i></li> <li>f. Regulator and Policy-Maker Visit Plan <i>[attachment]</i></li> </ul>	B. Wycks, G. Grant B. Wycks, G. Grant B. Wycks, G. Grant B. Wycks, G. Grant B. Wycks B. Wycks	Update Update Update Update Information Update
6. EOC Committee Updates <ul style="list-style-type: none"> <li>a. Media Advocacy Committee</li> <li>b. Market Conduct Committee <ul style="list-style-type: none"> <li>i. Saskatchewan Bill 177</li> <li>ii. AMF E-commerce Paper</li> <li>iii. FSCO 2015 Draft Statement of Priorities <i>[attachment]</i></li> </ul> </li> <li>c. Research &amp; Education Committee <ul style="list-style-type: none"> <li>i. CAFII Value Proposition Project</li> <li>ii. Travel Insurance Project</li> </ul> </li> <li>d. Licensing Efficiency Issues Committee <ul style="list-style-type: none"> <li>i. Letter to Opportunities New Brunswick <i>[attachment]</i></li> <li>ii. Ontario Review of FSCO Mandate</li> </ul> </li> <li>e. Events and Networking Committee</li> </ul>	C. Blaquiere  B. Wycks, G. Grant B. Wycks, R. Beckford B. Wycks, R. Beckford  S. Manson E. Brown M. Gill B. Wycks M. Gill M. Sanchez-Chung	Update  Update Update Update  Update Update Update Update Update Update
7. Other Business	G. Grant	

- Next EOC Meeting is May 26/15 in Toronto hosted TBA.
- Next Board Meeting is Jun 9/15 in Toronto (ON) hosted by ScotiaLife Financial.

## CAFII EOC Meeting Minutes

Tuesday, March 24, 2015

Location: CIBC Insurance

Commerce Court, 199 Bay Street, 4<sup>th</sup> Floor [Imperial Room], Toronto, ON

**Present:**

Charles Blaquiere	Canadian Premier Life Insurance Co. <i>(by teleconference)</i>
Rose Beckford	ScotiaLife Financial
Emily Brown	BMO Insurance
Andre Duval	Desjardins Financial Security Life Assurance
Eleanore Fang	TD Insurance <i>(by teleconference)</i>
Moiria Gill	TD Insurance
Greg Grant	CIBC Insurance, <i>Chair</i>
Sue Manson	CIBC Insurance <i>(by teleconference)</i>
Rosemary Pulla	BMO Insurance
Maria Sanchez-Chung	TD Insurance <i>(by teleconference)</i>
Jodi Skeates	The CUMIS Group <i>(by teleconference)</i>

**Regrets:**

Carol Allen	Assurant Solutions
Derek Blake	RBC Insurance
John Lewsen	BMO Insurance
Diane Quigley	The CUMIS Group
Raja Rajaram	CIBC Insurance

**Also Present:**

Leya Duigu	T•O Corporate Services, <i>Recording Secretary</i>
Brendan Wycks	CAFII Executive Director

### 1. Call to Order

The meeting was called to order at 2:30 pm. Greg acted as Chair and Leya acted as Recording Secretary.

### 2. Approval of Agenda and Previous Minutes

The agenda was approved with the following amendments.

- *Item 5.c (i) CAFII Value Proposition Project will be an update.*
- *Item 5.c (ii) Travel Insurance Project update will be provided by Emily.*

#### a. EOC Minutes of February 17, 2015

The EOC Minutes of February 17, 2015 were approved with the following amendment:

- *Item 2.b. Summary of Board and EOC Action Items to read as follows: The Action Items were reported to be either completed and those that weren't would be discussed.*

**b. Summary of Board and EOC Action Items**

Brendan reviewed the Summary of Action Items list with members as follows:

- Item 1. Letter to Laura Albanase. Greg and Brendan discussed the merits of sending a letter to Ms. Albanase and decided against it due to the potential of getting into a letter writing war with Advocis and/or the Independent Financial Brokers of Canada (IFB).
- Item 2. Submission to the Ontario Credit Unions 5-Year Review. CAFII will not be making a submission on this.
- Item 5. A CAFII letter of support for CLHIA's proposed Terms of Reference for an RIA Advisory Committee to the Executive Director of the Insurance Councils of Saskatchewan shall be sent to Ron Fullan. It was agreed that the Action Item should be updated to remove the reference to CAFII requesting legal counsel to revise its own proposed Terms of Reference for an RIA Advisory Committee into legal language.

Action items not discussed above either have been completed or will be addressed in today's agenda.

**3. CAFII Financial Management**

**a. Financial Statements as at February 28, 2015**

The Statement of Operations shows a small surplus of revenue over expenses of \$37,390 and there is nothing out of the ordinary on the statement. CAFII has a maturing investment coming due in a few months, at which point the EOC will be approached regarding the amount to be re-invested and whether additional funds should be added. Unrestricted net assets are at \$320,815.

Members were advised that AMEX Bank of Canada' CAFII informed Brendan that Director, Vivianne Gauci, is no longer with AMEX and we are currently waiting for more information from AMEX regarding her successor.

**b. 2014 Draft Audited Financial Statements**

Raja provided a brief introduction of the 2014 Audited Financial Statements. Some minor adjustments to the wording will be proposed by Brendan and Raja, and an updated version of the audited statements shall be presented at the next Board of Directors meeting for approval.

**Action:** Revisions to be requested and the updated draft audited financial statements to be presented to the Board of Directors on April 7, 2015. *[Raja, Brendan; Mar 30, 2015]*

**4. Regulatory Relations and Advocacy**

**a. CISRO LLQP Implementation**

Brendan reported that Ron Fullan, Chair of CISRO's LLQP Committee, had reported at the February 27/15 Stakeholder Information Session that the per-student registration cost for the modernized LLQP would be a maximum of \$140. This amount could be lower as it includes a conservative estimate of the legal costs of defending against suits that have been filed against it.

**b. Canadian Insurance Participant Registry (CIPR)**

The new Chief Operating Officer of the Alberta Insurance Council (AIC), Anthonet Maramieri, reached out to Brendan recently advising that a new beta version of the Canadian Insurance Participant Registry (CIPR) is now available and the AIC is welcoming feedback on the latest iteration of the registry.

**c. Potential Membership Application: Canadian Securities Institute (CSI)**

Debra Bell, a representative from the Canadian Securities Institute (CSI) which is an LLQP course provider, also contacted Brendan recently regarding CAFII Associate status and he will be meeting with her and a CSI colleague in a few weeks to discuss this opportunity in more detail.

**d. Meeting with G. Matier, BC: Feb 27/15**

BC is considering nominations for a non-voting member position on council and CAFII members were asked to consider recommending an individual from their channel.

Members were also informed of an Insurance Council of BC proposal – to be brought forward during the upcoming formal consultation around the 10-Year Review of the province’s Financial Institutions Act -- that would place a dollar limit on the amount of creditor’s group insurance that can be sold under the licensure exemption that CGI currently has in BC. In speaking to other regulators in BC, M. Gill reported on other suggestions including product constraints instead of channel constraints. There was general EOC consensus that CAFII may need to be active in the upcoming Review of the FIA consultation; it was also agreed that a letter should be sent in response to the consultation; and consideration be given to conducting an education campaign on the Underserved Market with BC regulators and policy-makers.

**Action Items:**

- Draft CAFII response to Insurance Council of BC’s proposal – to be put forward during the 10-Year Review of the Financial Institutions Act -- that a dollar limit ceiling be imposed on the amount of coverage that can be sold under the province’s licensure exemption for CGI; and determine how our position should be communicated and to whom. *[Greg, Brendan; tba]*
- Investigate potential regulatory visit opportunities with licensing regulators from CISRO members during the CISRO LLQP Stakeholder Information Sessions that will be held in Toronto in June and September 2015, and add them to the Regulator and Policy-Maker Visit Plan. *[Brendan; Apr 21/15]*

**e. Travel Insurance Pan-Industry Project Group (TIPIP)**

Subsequent to the last EOC Meeting, Greg and Alex Bittner, current President of THiA, received confirmation from CLHIA that TIPIP will no longer meet. Instead, the CLHIA is forming a new committee of senior company representatives that will move this forward from a CLHIA perspective. Members were in agreement that CAFII will move forward on its own, in addition to working with our CLHIA representatives, and we anticipate that this work will advance quickly. CAFII will focus on issues specific to distribution while the CLHIA will have a broader mandate.

**f. Regulatory Update**

- CCIR. Carol Shevlin shall be retiring at the end of 2015, and she has agreed to attend CAFII's December Reception where she will be recognized for her many years of service to the industry and have an opportunity to say farewell to industry contacts.
- Ontario Review of FSCO's Mandate. Members were reminded of a past review in which suggestions were made that Ontario should move toward introducing a life agent counsel, a suggestion that was actively opposed by CAFII members. Based on this as well as the make-up of the recently announced three-member advisory panel, there is a possibility that a fundamental shift in the insurance regulatory environment in Ontario could occur. CLHIA has put out a call for individuals to work on this matter and CAFII may want to be actively involved as well. A consultation paper is expected to be posted online in early June for stakeholder and public input, with a report to be finalised in late Fall. The proposed update for the Board meeting on April 7th, includes raising awareness of this matter and reporting that a preliminary plan shall be formulated at the next EOC meeting. Members cautioned not to make assumptions about what the committee will ultimately recommend and to keep an open mind pending actual publication of the consultation paper.

**Action:** Draft a preliminary plan regarding the ON Review of FSCO's Mandate for Board consideration. *[Moir, EOC; April 28/15]*

**g. Regulator and Policy-Maker Visit Plan**

The Regulator and Policy-Maker Visit Plan includes today's meeting with CCIR Working Group on Travel Insurance Chair, Harry James. Brendan will also be adding potential meetings that will be scheduled around the CISRO meeting in June.

**5. EOC Committees Updates**

**a. Media Advocacy Committee**

Brendan reported on behalf of Charles who was unable to attend this portion of the meeting. The committee's biggest challenge currently is confirming new members. The remaining members have met since the last EOC meeting and are working on eight high level points, including a review of the FAQs drafted by Brendan.

TD Insurance and Desjardins confirmed they will be appointing replacement committee members in the next week.

**b. Market Conduct Committee**

Rose thanked members of the committee who stepped up to help with the Saskatchewan Bill 177 submission recently.

**i. Saskatchewan Bill 177: Meeting with Jim Hall & Jan Seibel**

A conference call was held with the leaders of Saskatchewan Bill 177 in response to CAFII's submission, and Jim Hall and Jan Seibel will be following up on a few questions raised in the submission. It will be important to focus on the regulations that will be drafted in the summer of 2015, and then released for a promised thorough consultation with industry. At this time,

some industry stakeholders feel there are issues of great concern about Bill 177 that remain outstanding.

**c. Research & Education Committee**

**i. CAFII Value Proposition Project**

The CAFII Value proposition project report was expected to be available for the EOC at today's meeting; however, the working committee felt there were still too many revisions to be made. Overall, the committee is pleased with the report, noting that Towers Watson has proven to be more objective in its findings by providing more data and comparisons, and less positioning.

**ii. Travel Insurance Project**

Emily reported that members of the newly formed travel insurance committee were asked to submit their hot button topics and the compilation of responses was included in today's meeting package. These experts were then asked which activities they were interested in participating in and this information was used to compile the action items / priorities list. In follow-up to the EOC's earlier discussion with the CCIR Travel Insurance Working Group Chair, Harry James, members suggested CAFII's travel experts could prepare a proposal that would meet the needs that CCIR has identified in its draft survey. Harry appeared open to feedback regarding how best to gather the information needed by CCIR.

**Action:** The Travel Insurance Action Items/Priorities to be presented to the Board of Directors on April 7<sup>th</sup> and members advised that the EOC will be proceeding under the existing subcommittee structure, working through the issues on the list. *[Emily, Sue; Apr 7/15]*

**d. Licensing Efficiency Issues Committee**

**i. Invest New Brunswick Letter**

A draft letter was included in the meeting package. Members requested that the point about an ISI regime, on page 5, be toned down or removed.

**e. Events and Networking Committee**

The next speaker presentation will occur on April 7<sup>th</sup> and EOC members were provided with a handout outlining the speakers from KPMG, Elizabeth Murphy and David Pelkola.

**6. Other Business**

**7. Termination**

There being no further business, the meeting was terminated at 4:00 p.m.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Recording Secretary

## CAFII Board Meeting Minutes

Tuesday, April 7, 2015

Location: CIBC Insurance

Commerce Court, 199 Bay Street, 56<sup>th</sup> Floor, Toronto, ON

### DRAFT

<b>Present:</b>	Rino D'Onofrio	RBC Insurance	<i>Chair</i>
	Linda Fiset	Desjardins Financial Security Life Assurance	
	Chris Knight	TD Insurance	
	Todd Lawrence	CIBC Insurance	
	Isaac Sananes	Canadian Premier Life Insurance Co.	
	Kelly Tryon	The CUMIS Group	
<b>EOC Present:</b>	Carol Allen	Assurant Solutions	
	Rose Beckford	ScotiaLife Financial	
	Derek Blake	RBC Insurance	
	Charles Blaquiere	Canadian Premier Life Insurance Co.	
	Emily Brown	BMO Insurance	
	Andre Duval	Desjardins Financial Security Life Assurance	
	Moir Gill	TD Insurance	
	Greg Grant	CIBC Insurance	<i>Secretary</i>
	Sue Manson	CIBC Insurance	
	Rosemary Pulla	BMO Insurance	
	Diane Quigley	The CUMIS Group	
	Maria Sanchez-Chung	TD Insurance	
	Jodi Skeates	The CUMIS Group	
<b>Also Present:</b>	Leya Duigu	T•O Corporate Services	<i>Recording Secretary</i>
	Brendan Wycks	CAFII	<i>Executive Director</i>
<b>Regrets:</b>	Joane Bourdeau	National Bank Insurance Co.	
	Darrell Bruce	ScotiaLife Financial	
	Eleanore Fang	TD Insurance	
	John Lewsen	BMO Insurance	
	Peter McCarthy	BMO Insurance	
	Raja Rajaram	CIBC Insurance	<i>Treasurer</i>
	Robert Zanussi	Assurant Solutions	

### 1. Call to Order

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

Members were advised that board member Vivianne Gauci is no longer with AMEX Bank of Canada and is therefore no longer on the CAFII Board. We expect AMEX to nominate a successor in due course.

### **1.1. Approval of Agenda**

On a motion duly made, seconded and unanimously carried

#### **IT WAS RESOLVED that:**

The Meeting Agenda be approved as circulated.

## **2. Adoption of Minutes:**

### **2.1. Draft Board Meeting Minutes, December 2, 2014**

On a motion duly made, seconded and unanimously carried

#### **IT WAS RESOLVED that:**

The Minutes of the meeting of the Board of Directors held December 2, 2014 be and are adopted in the form presented, and that a copy of these Minutes be signed and placed in the Minute Book of the Corporation.

### **2.2. Summary of Board and EOC Action Items**

Greg provided the Board with an update on the summary of Board and EOC action items highlighting hot button issues on the horizon including the AMF Ecommerce paper that was recently released. Progress has also been slower than expected with the Media Advocacy Committee initiatives due to losing many of its members since the first meeting and it is anticipated that this will change in the coming months with new appointments from member organizations.

## **3. Financial Update:**

### **3.1. Financial Statements as at February 28, 2015**

Brendan presented the financial statements as at February 28, 2015, as CAFII Treasurer Raja Rajaram was unable to attend. We are at 13% of the budgeted expenses year-to-date and have exceeded our budgeted allocation in the Members Annual Luncheon due to additional audiovisual costs and hosting the event at a more expensive venue. First instalments of 2015 membership dues are still being collected with additional cheques having been received at the office recently. The Balance Sheet shows that we have a reserve of 72% of annual operating expenses.

On a motion duly made, seconded and unanimously carried

#### **IT WAS RESOLVED that:**

The financial statements for CAFII as at February 28, 2015 be and are approved in the form presented.

### **3.2. 2014 Draft Audited Financial Statements**

On the Statement of Financial position, CAFII's assets grew by \$45,490 year-over-year, and unrestricted net assets grew by almost \$20,000 which is in line with the Statement of Operations on page 2. An adjustment was made to the opening paragraph of the Notes to the Financial Statements to reflect the date on which CAFII's filing for continuance under the Canada Non-Profit Corporations



Act was approved in 2014. The other Notes to the Statements are boilerplate content as per the accounting profession's auditing standards.

On a motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

The 2014 Draft Audited Financial Statements be and are hereby approved in the form presented and will be presented to the membership for approval at the Annual Meeting in June.

**4. Strategy and Governance**

**4.1. Balanced Scorecard**

The Balanced Scorecard has been broken up as per Brendan's three main areas of deliverables and the details can be found in the measures column. Brendan's time is divided between regulatory and advocacy, media and communications and association oversight activities as indicated in the Balanced Scorecard document. The last four months have been challenging due to the number of regulatory submissions that have come up.

The number one priority is to draft high quality submissions so regulators are listening to us and taking our position into consideration. A number of submissions have already been made this year including one on Saskatchewan Bill 177 and next will be a submission to British Columbia's 10-year review of the Financial Institutions Act (FIA). It's important to keep our regulatory relationships up-to-date, using the opportunity to speak to our key messages and receive information ahead of time. Brendan also has regular touch points with CLHIA staff.

Travel insurance has become a focal point this year and Brendan is regularly monitoring the industry, other Associations and regulators on this issue. Providing a regular update newsletter is a deliverable that was relocated within the Balanced Scorecard from the regulatory section to Association oversight.

**5. Regulatory:**

**5.1. CCIR Working Group on Travel Insurance**

The CCIR 2014-2017 Strategic Plan was included in today's meeting materials as a reminder of their priorities which are relevant to members, including travel insurance. It was recently confirmed that the Travel Insurance Pan Industry Project Group (TIPIP) will no longer be meeting. Instead, CLHIA has formed a high level group on travel insurance. CAFII also formed an internal working group on travel insurance ahead of receiving the news about TIPIP, and have established a focused group with well-defined priorities. Some overlap exists in membership between the CLHIA and CAFII groups, and Brendan will continue to work closely with CLHIA staff to ensure that the work proceeds in a complementary manner.

Members of the EOC and CAFII's travel insurance project group recently met with Harry James, Chair of the CCIR Working Group on Travel Insurance, to discuss the industry survey that CCIR is proposing. Members were able to impress upon Harry the enormity of the survey and the information it is seeking, such that it may not improve their understanding of the industry and issues. It was also suggested that CCIR start the process by contacting the ombudsman organizations which will likely

improve the survey's focus. The feedback was well-received and Harry indicated he would be proposing a slightly different approach for information gathering and the survey, and will likely be in contact with CAFII members again.

**Action:** EOC to determine the goals of the CCIR Working Group on Travel Insurance and propose a strategy on how to proceed with the travel insurance issue. *[Brendan, EOC; tba]*

#### **CCIR Executive Succession**

Brendan also reported that Carolyn Rogers (BC FICOM) was recently succeeded by Patrick Dery (AMF) as CCIR Chair and members were informed that Patrick looks forward to working on harmonization between the provinces. CAFII will be requesting a meeting with Patrick during the CLHIA Conference in Quebec City later this month. It is clear that CCIR is doing some fact-finding and the Board requested additional information on the goals or end game for its review of travel health insurance.

#### **5.2. BC 10-Year Review Of Financial Institutions Act**

As a follow-up to the roundtable meeting that Greg attended last November, it was reported that as part of the upcoming review of BC's Financial Institutions Act, the Insurance Council will be proposing that a dollar limit be imposed upon the amount of CGI that can be sold under the licensure exemption that this type of insurance currently has in the province. This is an area that will need to be monitored closely. A presentation will be received shortly on CAFII's Value Proposition Project which may provide some helpful information.

#### **5.3. Ontario Review of FSCO Mandate**

Since the Board last meeting, Ontario has launched a review of FSCO's mandate and a three-member expert panel has been appointed to lead the review. Moira advised that this is intended to be a fundamental review and recommendations are likely to include a self-regulatory licensing counsel. The consultation paper is expected to come out in June and the panel's final report is due in the Fall, providing us with a narrow window of opportunity for advocacy. Possible next steps include having the Licensing committee discuss the three scenarios likely to come out of this review and what CAFII can put forward ahead of time.

**Action:** Licensing Committee to determine potential issues relating to the Ontario review of FSCO's mandate, outline CAFII's position on each and potential next steps in addressing them. *[LEIC; tba]*

#### **5.4. Regulatory Update**

The Regulatory Update was tabled in the meeting and Brendan highlighted recent developments in New Brunswick relating to the Financial and Consumer Services Commission releasing a proposed Insurance Act-related rule for consultation.

#### **5.5. Regulator and Policy-Maker Visit Plan**

CAFII will be meeting with Carolyn Rogers in Quebec City, during the CLHIA Conference later this month, to discuss regulatory issues in British Columbia such as the 10-Year Review of the Financial Institutions Act. The October Board meeting will be held in Quebec City where CAFII members will have an opportunity to meet with Louis Morisset and his team from the AMF.

## **6. Committee Reports Addressing CAFII Priorities:**

### **6.1. Media Advocacy Committee**

The Media Advocacy Committee almost has a full complement of members now, thanks to recent appointments by Desjardins, TD and RBC. In the interim, members have focused their attention on short-term deliverables including leveraging the existing documentation through cataloguing it by key issues and formulating responses to these issues. In terms of a time line, the short-term deliverables will be rolled out first so we can leverage the expertise of the individuals on the committee.

### **6.2. Market Conduct Committee**

#### **6.2.1. Saskatchewan Bill 177**

CAFII submitted comments to Saskatchewan Bill 177 in February and held a conference call with the Ministry of Justice's leaders of the Bill on March 2, so they could address the concerns raised in our submission. Jim Hall and Janette Seibel from Saskatchewan provided reassurance to CAFII, asserting that the revised Insurance Act is not tampering with the province's existing RIA/ISI regime in the slightest and that there will be thorough consultation with the industry around the regulations that will be drafted over the summer of 2015 to support the Act. Jim Hall outlined the expected legislative timetable for the Bill, noting that they want to see the legislation passed by May 8, 2015, the last day of the legislature's current session, with final proclamation of the Bill expected to occur in the latter half of 2016.

### **6.3. Research and Education Committee**

#### **6.3.1. CAFII Value Proposition Project**

Towers Watson, an independent actuarial firm, was engaged by the Research and Education Committee in 2014 to compare the customer value proposition of Creditors Group Insurance to individual insurance. Board members were provided with the preliminary results of the project in today's meeting materials.

Helene Pouliot from Towers Watson provided a summary presentation of this preliminary report, noting that neither the report nor her presentation slides should be distributed to anyone outside of CAFII member organizations.

Following Helene's presentation and discussion with the Board, it was noted that the final Towers Watson report shall be provided shortly.

#### **6.3.2. Travel Insurance Project**

Emily reported that the travel insurance committee was formed recently with members from most member FIs. The group was first surveyed on what they perceive the hot button issues to be, and while there were some differences between the channels it is clear that some are hot button issues across the industry. The group reviewed the issues at an initial meeting, following which a list of key priorities/action items were developed and this list was included in the meeting materials for Board consideration. Emily reviewed the priorities briefly. Board members requested information regarding the hot button issues identified to date.

**Action:** Board members to be provided with the list of “hot button” issues identified during the initial consultation phase with members of CAFII’s travel insurance committee. [Brendan; asap]

#### **6.4. Licensing Efficiency Issues Committee**

##### **6.4.1. Invest New Brunswick**

In follow-up to a meeting with Invest New Brunswick last year, the licensing committee is working on a submission in support of CAFII’s position on licensing issues in that province. Recently, we have learned that the province’s new Premier has replaced Invest New Brunswick with a new organization, with a new name but much the same mandate. Moira connected with Opportunities New Brunswick recently and they expressed an interest in receiving a submission from CAFII and in particular our views on electronic licensing.

#### **6.5. Networking and Event Hosting Committee**

Maria reported on today’s guest speakers from KPMG, Elizabeth Murphy and David Pelkola, presenting on the Evolution of Market Conduct Expectations. Seventy one people have confirmed their attendance tonight including regulators and staff from allied association CLHIA. The next two CAFII Board meetings will not have speaker presentations including: June 9 due to the meeting space; and October 6 which will be held in Quebec City. Therefore, a speaker presentation will be considered following the December 8 meeting and FSCO’s interim CEO and Superintendent of Financial Institutions, Brian Mills, has been proposed as the potential speaker.

### **7. Other Business**

#### **7.1. CAFII Website and Regulatory Issues & Perspectives**

Greg reported that previous CAFII consultant Lawrie Savage provided a regulatory newsletter for the industry which has since been discontinued. We have also heard from regulators that they don’t always know what’s going on in other jurisdictions and they are interested in receiving this news. To fill this gap, a bi-monthly regulatory newsletter, based on Brendan’s Regulatory Update, is being proposed with the help of an outside contractor. The regulatory newsletter shall be posted online as part of the regulatory news section, and news will also be posted in the News & Media section. All this activity is designed to create value for regulators, keep CAFII top-of-mind and create information and drive traffic to the CAFII website. Brendan and Leya were thanked for their work on this initiative to date.

#### **7.2. Manitoba Residency Requirement**

Directors discussed a concern about a clause in Section 380.1(3) of the recently amended Manitoba Insurance Act which reads as follows:

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

The concern relates to the province’s intent behind its use of the words “through its employees in Manitoba.” A literal interpretation of these words would be problematic for CAFII members’ call centre operations, as that would mean that employees must be resident in Manitoba.

However, call centres are typically staffed by financial institutions' own employees and are located in different jurisdictions throughout the country. If these words are interpreted to mean that employees must reside in Manitoba, call centre employees would not be able to offer and enroll Manitoba consumers in creditor's group insurance.

Neither of the RIA/ISI regimes on which Manitoba's is modeled, namely Alberta and Saskatchewan, imposes such a residency requirement. And throughout the consultation process on the establishment of a Manitoba RIA/ISI regime, it was never indicated or suggested that a residency requirement was being contemplated, so we hope that you will be able to confirm that our concern is misplaced.

It was suggested and agreed that CAFII should make a confidential phone call to Scott Moore, Manitoba's Deputy Superintendent of Insurance, to seek clarification on this issue.

**Action:** CAFII to conduct an informal call with Scott Moore in Manitoba seeking clarification on the apparent residency requirement for employees of Restricted Insurance Agents found in 380.1(3) of the amended Insurance Act. [Brendan, Greg, Derek; tba]

### 7.3. LLQP Harmonization Efforts

Earlier this year, CAFII issued a follow-up letter of support for LLQP modernization to Ministers across the country responsible for insurance regulation; and some members have subsequently received a direct request from a regulator for their individual FI to provide a similar letter. Following Board discussion of this matter, it was decided that since not all members have received such a direct invitation, no further action will be taken by CAFII at this time.

### 8. *In Camera* Discussion

The Board of Directors met *in camera* from 4:15 to 4:55 p.m. Following this, members of the EOC, B. Wycks and L. Duigu were invited back.

### 9. Termination

There being no further business to discuss, the meeting was terminated at 4:56 pm. The next CAFII Board of Directors meeting will be held on June 9, 2015, in Toronto.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Recording Secretary

## 2015 Summary of Meeting Action Items: BOARD & EOC

	Source	Action Item	Responsible	Deadline	Status as of 23-Apr-15
<b>BALANCED SCORECARD / PERFORMANCE MANAGEMENT</b>					
<b>FINANCIAL MANAGEMENT</b>					
1	EOC Mar 24, 2015	<ul style="list-style-type: none"> <li>Revision to be requested and the updated draft audited financial statements to be presented to the Board of Directors on April 7, 2015.</li> </ul>	Raja, Brendan	30-Mar-15	Completed
<b>MEMBERSHIP</b>					
<b>GOVERNANCE AND ADMINISTRATION</b>					
<b>REGULATOR / POLICY-MAKER RELATIONS AND ADVOCACY</b>					
		<b>Central Canada: MB, ON, QC</b>			
2	Board April 7, 2015	<ul style="list-style-type: none"> <li>CAFI to conduct an informal call with Scott Moore in Manitoba seeking clarification on the apparent residency requirement for employees of Restricted Insurance Agents found in 380.1(3) of the amended Insurance Act.</li> </ul>	Brendan, Greg, Derek	tba	in progress
		<ul style="list-style-type: none"> <li><u>Ontario Review of FSCO Mandate</u>: Licensing Committee to determine potential issues relating to the Ontario review of FSCO's mandate, outline CAFI's position on each and potential next steps in addressing them.</li> </ul>	LEIC	tba	pending
3	EOC Mar 24, 2015	<ul style="list-style-type: none"> <li><u>Ontario Review of FSCO Mandate</u>: Draft a preliminary plan regarding the ON Review of FSCO's Mandate for board consideration.</li> </ul>	Moir, EOC	28-Apr-15	See above
		<b>Eastern Canada: NB, NL, NS</b>			
4	EOC- June 19, 2014	<ul style="list-style-type: none"> <li>Submit a letter on the potential changes to the New Brunswick Insurance Act to Opportunities-New Brunswick.</li> </ul>	LEIC	Jan 2015	Completed
		<b>Western Canada: BC, AB, SK</b>			
5	EOC Mar 24, 2015	<ul style="list-style-type: none"> <li>Draft CAFI response to Insurance Council of BC's proposal – to be put forward during the 10-Year Review of the Financial Institutions Act -- that a dollar limit ceiling be imposed on the amount of coverage that can be sold under the province's licensure exemption for CGI; and determine how our position should be communicated and to whom.</li> </ul>	Greg, Brendan	15-May-15	Pending
		<ul style="list-style-type: none"> <li>Investigate potential regulatory visit opportunities with licensing regulators from CISRO members during the CISRO LLQP Stakeholder Information Sessions that will be held in Toronto in June and September 2015, and add them to the Regulator and Policy-Maker Visit Plan.</li> </ul>	Brendan	21-Apr-15	In progress

	Source	Action Item	Responsible	Deadline	Status as of 23-Apr-15
6	EOC June 19, 2014	• Make recommendation to EOC on BC representation for banks-in-insurance sector.	LEIC	15-Sep-14	Completed
		<b>CCIR Working Group on Travel Insurance</b>			
7	Board April 7, 2015	• EOC to determine the goals of the CCIR Working Group on Travel Insurance and propose a strategy on how to proceed with the travel insurance issue.	Brendan, EOC	tba	In progress
		<b>Regulator and Policy-Maker Visit Plan</b>			
<b>INDUSTRY RESEARCH</b>					
		<b>Travel Insurance</b>			
8	Board April 7, 2015	• Board members to be provided with the list of “hot button” issues identified during the initial consultation phase with members of CAFII’s travel insurance committee.	Brendan	asap	pending
9	EOC Mar 24, 2015	• The Travel Insurance Action Items/Priorities to be presented to the board of directors on April 7th and members advised that the EOC will be proceeding under the existing subcommittee structure, working through the issues on the list.	Emily, Sue	7-Apr-15	Completed
10	EOC Feb 17, 2015	• CAFII to form an internal travel insurance project group, led by the Research & Education committee. Travel insurance resources and expertise to be sourced from Desjardins, CIBC, TD, RBC and a request to be issued to the remaining member companies by email.	Sue	tba	Completed
		<b>CAFII Value Proposition Project</b>			
11	EOC Oct 28, 2014	• An interim report to be presented to the EOC (November 18) and Board (December 2) at their upcoming meetings. The final results to be presented at the Board meeting in April 2015.	DMC	2-Dec-14	Completed
<b>MEDIA AND COMMUNICATIONS</b>					
		<b>Media Outreach</b>			
12	EOC July 22, 2014	• A plan to be developed leading to a future lunch meeting with Ms. Roseman, including documenting key messages and collecting data and, if appropriate, recommending an alternate media contact(s) to engage.	Brendan, Charles	30-Jul-14	Under review
13	Ad Hoc	• Schedule and hold additional media outreach sessions with other media, e.g. Ellen Roseman, Toronto Star; Rob Carrick, Globe and Mail; Gary Marr, National Post; Gail Vaz-Oxlade, independent consumer financial literacy writer, etc.	Brendan, Charles	TBD	Under review
<b>EVENTS AND NETWORKING</b>					

# CAFII - 2015 Executive Director Balanced Scorecard - April 23, 2015

CAFII - 2015 Executive Director Balanced Scorecard - April 23, 2015					
	H = High Priority; M = Medium; L = Low				
Priority	Objectives	Measures	Timing	Status As At March 30/15	Outcome
	Regulatory and Advocacy (50% of ED and EOC focus/time)				
#1 H	Draft and deliver highly quality regulatory submissions and follow up with regulators and policy-makers, as appropriate.	Regulatory submissions are well-written, comprehensive and produced on time; Board and EOC have sufficient time to review and provide input, which is given due and equitable consideration and included where appropriate; submissions reflect consultation with allied industry Associations where appropriate	Ongoing		
H		Bill 177, The Insurance Act (Saskatchewan)	Q1 2015 thru Q3 2016	Submission sent on Feb. 23/15; follow-up teleconference with Saskatchewan leaders on March 2/15 to address CAFII issues. Each party to get back to other side on two to three issues.	
H		British Columbia Consultation on 10-Year Review of Financial Institutions Act (FIA)	Q1 thru Q4 2015	Formal consultation paper finalized. Approval from Ministry of Finance to release is pending.	
H		BC FICOM's 'effecting' of creditor's group insurance issue	Q1 thru Q4 2015	File transferred from Harry James to Kristine Wright, FICOM's new Executive Director responsible for market conduct supervision. Directive letter on 'effecting' issue delayed due to transition.	
H		AMF's new consultation on E-Commerce in Insurance	Q2 thru Q4 2015	<b>Final E-Commerce in Insurance report released April 2/15. Market Conduct Committee to determine CAFII response, if any.</b>	
H		AMF's Distribution Guide template initiative	Q2 thru Q4 2015	Draft Regulation on Distribution Guide to be circulated to industry for brief consultation, likely in Q3 2015, with goal being to finalize it by end of 2015.	
M		Ontario government review of FSCO's mandate	Q2 thru Q1 2016	Expert panel appointed to assist in review. Consultation paper to be posted online for public comment on FSCO mandate issues. Review to be completed early in winter of 2015-16.	
M		Quebec government review of "An Act Respecting the AMF" (empowering and governing the AMF)	Q2 thru Q4 2015	Announced as part of Quebec provincial budget on March 26/15	
M		Letter to Opportunities New Brunswick re changes necessary to Insurance Act and regulatory processes to facilitate efficient business operations in the province.	Q1 2015	<b>Letter sent April 16/15, with copy to Superintendent of Insurance. Possible follow-up meeting with Jay Reid of Opportunities New Brunswick to be considered.</b>	
M		New Brunswick Consultation on Rule INS-001 Fees, In Relation To The Insurance Act	Q1 and Q2 2015	<b>Released Feb. 25/15 by FCNB. Licensing Committee to consider draft CAFII submission at April 24/15 meeting.</b>	
M		Conditions are amenable to smooth transition by CAFII members to Manitoba's new RIA Regime	Ongoing	In process	
M		Nova Scotia Direct Sellers' Regulation Act (DRSA)	Ongoing	CAFII made submission in Dec/14 in support of proposed insurance xemption language. Monitoring and liaising with Service Nova Scotia to ensure favorable exemption is enacted.	
L		Possible Nova Scotia review of life insurance sections of Insurance Act in 2015	Q1 thru Q4 2015	<b>On April 22/15, Superintendent of Insurance advised that NS unlikely to initiate this review in 2015 (continuing to monitor).</b>	
L		Possible PEI review of life insurance sections of Insurance Act in 2015	Q1 thru Q4 2015	<b>On April 23/15, Superintendent of Insurance advised that PEI may initiate this review in late 2015 (continuing to monitor).</b>	
#2 H	Develop and execute on Regulator and Policy-Maker Visit Plan in support of CAFII positions on legislative and regulatory issues	CAFII investments in regulator and policy-maker visits are appropriately scheduled; well-organized and executed, including briefing/preparation of CAFII participants. These meetings successfully support and advance CAFII's positions on legislative and regulatory issues	Ongoing	On Target	
#3 H	Maintain ongoing monitoring of and liaison/communications with regulators, policy-makers, allied Associations, and other industry stakeholders for relationship-building and intelligence gathering	EOC and Board members are kept well-informed of hot button, urgent, time-sensitive issues	Ongoing	On Target	
H		CAFII "Alerts" sent to EOC and Board members on hot button, urgent, time-sensitive issues	Ongoing	On Target	



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

# CAFII

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

## Statement of Operations As at March 31, 2015

	Current Month	Current YTD	Budget 2015	% Used
<b>Revenue</b>				
Membership Fees	35,333.00	105,999.00	424,000.00	25%
Interest Revenue	36.27	105.30	500.00	21%
<b>TOTAL REVENUE</b>	<b>35,369.27</b>	<b>106,104.30</b>	<b>424,500.00</b>	<b>25%</b>
<b>Expenses</b>				
Management Fees	21,887.35	65,691.76	249,264.00	26%
CAFII Legal Fees/Corporate Governan	0.00	0.00	5,000.00	0%
Audit Fees	0.00	0.00	14,000.00	0%
Insurance	432.00	1,296.00	5,368.00	24%
Website (incl translation)	2,452.50	4,077.37	6,260.00	65%
Telephone/Fax/Internet	884.26	1,591.77	8,000.00	20%
Postage/Courier	81.10	81.10	500.00	16%
Office Expenses	86.13	355.48	3,000.00	12%
Bank Charges	25.00	25.00	60.00	42%
Miscellaneous Expenses	0.00	0.00	0.00	
Amortization Expense	0.00	0.00	300.00	0%
Depreciation Computer/Office Equipm	38.89	116.67	0.00	
<b>Board/EOC/AGM</b>				
Annual Members Lunch	1,195.86	9,754.99	7,000.00	139%
Board Hosting (External)	0	0	9,000.00	0%
Board/EOC/Meeting Expenses	-768.18	731.51	10,000.00	7%
Industry Events	0.00	0.00	805.00	0%
EOC Annual Lunch	0.00	0.00	2,000.00	0%
<b>Sub Total Board/EOC/AGM</b>	<b>427.68</b>	<b>10,486.50</b>	<b>28,805.00</b>	
Provincial Regulatory Visits	0.00	204.53	10,000.00	2%
Research/Studies	0.00	0.00	90,000.00	0%
Regulatory Model(s)	0.00	0.00	12,000.00	0%
Federal Financial Reform	0.00	0.00	2,000.00	0%
Media Outreach	0.00	0.00	8,500.00	0%
Marketing Collateral	0.00	0.00	1,500.00	0%
<b>Networking Events</b>				
Speaker fees & travel	0.00	0.00	3,000.00	0%
Gifts	0.00	0.00	1,000.00	0.00
<b>Sub Total Networking &amp; Events</b>	<b>0.00</b>	<b>0.00</b>	<b>4,000.00</b>	<b>0%</b>
15th Anniversary Event	0.00	0.00	0.00	
<b>TOTAL EXPENSE</b>	<b>26,314.91</b>	<b>83,926.18</b>	<b>448,557.00</b>	<b>19%</b>
<b>NET INCOME</b>	<b>9,054.36</b>	<b>22,178.12</b>	<b>-24,057.00</b>	<b>-92%</b>

### Explanatory Notes:

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

**CAFII**  
 Toronto, ON M4V 2Y7  
**Membership Fees**  
**As At March 31, 2015**

	<u>Jan-15</u>		<u>Jul-15</u>
	<u>Billed</u>	<u>Received</u>	<u>Billed</u> <u>Received</u>
BMO Bank of Montreal	\$ 23,500.00		\$ 23,500.00
CIBC Insurance	\$ 23,500.00	Mar13,2015	\$ 23,500.00
RBC Insurance	\$ 23,500.00	Mar26,2015	\$ 23,500.00
ScotiaLife Financial	\$ 23,500.00	Mar6,2015	\$ 23,500.00
TD Insurance	\$ 23,500.00	Mar13,2015	\$ 23,500.00
AMEX Bank of Canada	\$ 11,750.00		\$ 11,750.00
Assurant Solutions	\$ 11,750.00	Mar6,2015	\$ 11,750.00
Canadian Premier Life Insurance Company	\$ 11,750.00	Mar13,2015	\$ 11,750.00
Desjardins Financial Security Life Assurance Company	\$ 11,750.00		\$ 11,750.00
National Bank Insurance Company	\$ 11,750.00	Mar13,2015	\$ 11,750.00
Cumis Group Ltd	\$ 11,750.00		\$ 11,750.00
Aimia	\$ 4,800.00		
Avalon Actuarial	\$ 4,800.00	Mar13,2015	
Collins Barrow Toronto Actuarial Services	\$ 4,800.00		
CSI Brokers Inc.	\$ 4,800.00		
KPMG	\$ 4,800.00		
Laurentian Bank of Canada	\$ 4,800.00		
Munich Re	\$ 4,800.00		
Optima Communications	\$ 4,800.00	Feb27,2015	
RGA Life Reinsurance Company of Canada	\$ 4,800.00		
The Canada Life Assurance Company	\$ 4,800.00	Mar13,2015	
<b>January Invoices</b>	<b>\$236,000</b>		<b>\$188,000</b>
<b>July Invoices</b>	<b>\$188,000</b>		
<b>Total Membership Fees</b>	<b>\$424,000</b>		
Total amount to realocate monthly Jan-Dec	\$35,333		

# CAFI

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

## Balance Sheet As at March 31, 2015

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

### Financial Reserves Targets:

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

**C A F I I**  
55 St Clair Ave West, Suite 255  
Toronto, ON, M4V 2Y7  
**Balance Sheet Items**  
**As at March 31, 2015**

**Item A**

**Investment Portfolio**

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

**Item B**

**Accounts Payable**

	Total
	376.03
	555.31
	13,560.00
	864.90
	25,000.00
<b>Total outstanding:</b>	<b><u>40,356.24</u></b>

**Regulatory Update – CAFII Executive Operations Committee, April 21, 2015**

Prepared By Brendan Wycks, CAFII Executive Director

**Introduction**

**Federal/National**

- **CCIR:**
  - Travel Insurance Working Group Revising Insurer Survey **(page 2)**
  - New CCIR Executive Officers Elected **(page 2)**
  - Committee's Work Leads To Memorandum of Understanding Among Regulators **(page 2)**
  - Standards of Practice Committee's Work Suspended **(page 3)**
  - Carolyn Rogers To Chair OmbudServices Oversight Committee **(page 3)**
  - CCIR To Expand Secretariat Resources **(page 3)**
- **OSFI:**
  - OSFI Appoints First Assistant Superintendent, Deposit-Taking Supervision Sector **(page 3)**
  - OSFI To Appoint First Assistant Superintendent, Insurance Supervision Sector **(page 3)**

**Provincial**

- **British Columbia:**
  - CAFII Awaiting Update On "Effecting Of Creditor's Group Insurance" Issue **(page 3)**
  - Consultation Paper On 10-Year Review Of FIs Act Expected Shortly **(page 4)**
  - Insurance Council Clarifies Residency Requirement To Serve On Council **(page 4)**
- **Saskatchewan:**
  - Ministry Of Justice Highlights Regulations In Support Of Revised Insurance Act (Bill 177) As A Priority **(page 4)**
  - CLHIA Pressing For Withdrawal Of Bill 177, The Insurance Act (Saskatchewan) **(page 5)**
- **Manitoba:**
  - Manitoba Confirms There Is No Residency Requirement For RIA Employees **(page 6)**
  - Manitoba Reviewing CLHIA Proposal To Saskatchewan For RIA Advisory Committee **(page 7)**
- **Quebec**
  - AMF Releases Final Report On Electronic Commerce In Insurance **(page 7)**
- **Nova Scotia**
  - Nova Scotia Unlikely To Review Insurance Act In 2015 **(page 8)**
  - Doug Murphy To Retire As Superintendent Of Insurance **(page 8)**
- **New Brunswick**
  - CAFII Submits Letter To Opportunities New Brunswick **(page 8)**
  - CAFII Submits Two "Myth Versus Reality" Statements For FCNB Annual Report **(page 9)**
- **Prince Edward Island**
  - PEI May Review Life And Accident & Sickness Provisions Of Insurance Act In Late 2015 **(page 9)**

## **Federal/National**

### **Canadian Council of Insurance Regulators (CCIR)**

#### Travel Insurance Working Group Revising Insurer Survey

Harry James, Chair of CCIR's Travel Insurance Working Group (TIWG), has advised Brendan Wycks that the TIWG is working on a revised survey of travel health insurers, based on the feedback received from industry stakeholders, including CAFII, in March. TIWG expects to be in a position to send out the survey in the late Spring.

In a related development, CLHIA's new senior level committee on travel insurance held its first meeting on April 21/15. The committee's mandate is to continue and advance the work begun by the Travel Insurance Pan-Industry Project Group (TIPIP) and represent the industry in interactions with CCIR's TIWG with respect to the Council's review of travel health insurance.

CAFII Director Isaac Sananes, Vice President and Managing Director of Canadian Premier Life Insurance, was invited by CLHIA to serve on the new senior level committee and has agreed to do so.

The agenda for the committee's first meeting focused on member introductions, setting the stage, and discussion of potential areas for reform and next steps. It is believed that an initial starting point for the committee, in terms of potential areas for reform, will be a review of the Travel Health Insurance Association's recommendations for changes and enhancements to policy terms, definitions, and related disclosures, which are aimed at better educating consumers about the coverage they're purchasing.

Frank Swedlove, CLHIA's President and CEO, is serving as Chair of the committee; and Stephen Frank, Vice-President of Policy Development and Health, is serving as its Secretary.

#### New CCIR Executive Officers Elected

At CCIR's March 26/15 meeting, the following were elected to executive positions for a two-year term ending March 31, 2017:

- Chair: Patrick Déry, Quebec
- Vice-Chairs: Robert Bradley, PEI; Brian Mills, Ontario; and Carolyn Rogers, BC

#### Committee's Work Leads To Memorandum Of Understanding Among Regulators

Arising from the work of CCIR's IAIS Insurance Core Principles Implementation Committee (ICPiC), a new Memorandum of Understanding (MOU) among provincial insurance regulators has been drafted, which the CCIR hopes will be signed by all parties this Spring.

The MOU stems from ICPiC's recently presented work plan for a new Co-operative Market Conduct Supervisory Framework. The purpose of the framework is to assist CCIR member jurisdictions in improving their compliance with the International Association of Insurance Supervisors' Insurance Core Principles (ICPs).

ICPIC was also charged with operationalizing CCIR's "Keeping Regulators Informed" initiative -- part of the market intelligence gathering work that will be necessary to support the new framework.

#### Standards Of Practice Committee's Work Suspended

CCIR has suspended the work of its Standards of Practice Committee, which is reviewing industry guidelines, until such time as the IAIS Insurance Core Principles Implementation Committee makes recommendations on how market conduct guidance can best be provided in Canada.

#### Carolyn Rogers To Chair OmbudServices Oversight Committee

Carolyn Rogers, BC Superintendent of Insurance, has assumed the role of Chair of CCIR's OmbudServices Oversight Standing Committee (OOSC), effective immediately.

Previous OOSC Chair Mark Prefontaine, Alberta Superintendent of Insurance, has taken on the role of Chair of the General Insurance Statistical Agency (GISA).

#### CCIR To Expand Secretariat Resources

CCIR members have agreed to expand their Secretariat over the next several months, to enable the Council to move forward better with its many current initiatives; and, in particular, to resource the work of its IAIS Insurance Core Principles Implementation Committee (ICPic).

### **Office of the Superintendent of Financial Institutions (OSFI)**

#### OSFI Appoints First Assistant Superintendent, Deposit-Taking Supervision Sector

Jeremy Rudin, Superintendent of Financial Institutions, has appointed Jamey Hubbs as OSFI's first Assistant Superintendent, Deposit-Taking Supervision Sector, effective April 7/15. Hubbs brings more than 25 years of experience in the financial services industry to the role, most recently as Senior Director, Credit Operations, Market and Model Risk within OSFI's Supervision Support Group. Prior to joining OSFI in May 2012, he was Executive Vice President and Managing Director, Co-Head of Global Markets CEO for HSBC Securities (Canada) Inc. He has also served in senior management positions at TD Securities, National Bank Financial, and Scotia Capital, both in Canada and London, England.

#### OSFI To Appoint First Assistant Superintendent, Insurance Supervision Sector Imminently

Jeremy Rudin, Superintendent of Financial Institutions, has announced that in the coming months, he will appoint someone to the newly-created OSFI position of Assistant Superintendent, Insurance Supervision Sector. Rudin advised that the two new Assistant Superintendent positions for deposit-taking and insurance replace the position of Deputy Superintendent for Supervision, which has been eliminated.

### **Provincial**

#### **British Columbia**

#### CAFII Awaiting Update On "Effecting Of Creditor's Group Insurance" Issue

Brendan Wycks has contacted Kristine Mactaggart Wright, BC FICOM's new Executive Director, Conduct Supervision, by phone and e-mail for an update on the "effecting of Creditor's Group Insurance" issue, but has not yet heard back from her at this time.



In March, Harry James FICOM's Director, Policy Initiatives, who had previously been responsible for this file, advised that the directive letter he had been working on related to the 'effecting' of CGI in BC had been further delayed, as the file had been transferred to a new Executive Director on the Commission's management team.

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

#### Consultation Paper On 10-Year Review Of BC Financial Institutions Act Expected Shortly

In an update provided to Brendan Wycks on April 20/15, Harry James advised that approval to release the discussion paper drafted to launch the formal consultation phase of the province's 10-Year Review of its Financial Institutions Act is still pending from the Office of the Minister of Finance. But approval is expected shortly.

When the green light is given, the Ministry of Finance's Financial and Corporate Sector Policy Branch (FCSPB) will be releasing the consultation paper and managing the review. The consultation paper will be sent to all industry stakeholders that participated in the November 21/14 pre-consultation roundtable discussion in Vancouver with Finance Minister Michael De Jong, where EOC Chair Greg Grant represented CAFII.

#### Insurance Council Clarifies Residency Requirement To Serve On Council

On March 31/15, Gerry Matier, Executive Director of the Insurance Council of BC, sent Brendan Wycks this follow-up communique with respect to representation for the banks-in-insurance sector on the Council:

*I am following up on our meeting last month, where we discussed representation on Council from banks-in-insurance. I have followed up on whether it would be possible for a person not resident in B.C. to be appointed and have been advised that it would be highly unlikely that such an appointment would be approved by the government.*

*If CAFII or one of its member companies has someone located in B.C. who would be interested in serving on Council, we will be pleased to consider them and put their name forward. As a reminder, a candidate must either be a licensed insurance agent or an officer or employee of an insurance company.*

#### **Saskatchewan**

#### Ministry Of Justice Highlights Regulations In Support Of Revised Insurance Act (Bill 177) As A Priority

In the Ministry of Justice's Plan for 2015-15 – recently published on its web site – the following Key Action is found under the Strategy of "Foster and protect the Saskatchewan economy and its prosperity":

- *work with stakeholders to develop regulations under the new Insurance Act, which will modernize the regulation of the Saskatchewan insurance industry in accordance with the regulatory frameworks in place in other Canadian jurisdictions, primarily Alberta.*

This aligns well with the information that was conveyed to CAFII on March 2/15 by Jim Hall and Jan Seibel in a follow-up teleconference about the Association's submission on Bill 177, The Insurance Act (Saskatchewan). They advised that Saskatchewan wants to limit the number of changes to Bill 177 itself so that it can be passed by the House by May 8/15, the last day of the current session. However, necessary changes can be addressed through the Regulations or a Superintendent's Directive. And they are planning a thorough, comprehensive consultation on the Regulations beginning in about November 2015, after they are drafted over the summer and early Fall.

#### CLHIA Pressing For Withdrawal Of Bill 177, The Insurance Act (Saskatchewan)

The Canadian Life and Health Insurance Association remains adamantly opposed to Bill 177 and is pressing to have the draft legislation withdrawn for substantive amendments before it proceeds further.

CLHIA's view on the Bill's status is that two or three additional letters of opposition from other industry stakeholders will result in a decision by the Minister of Justice to remove the Bill from the legislative timetable that would see it approved by the House by May 8/15, the last day of the current session.

CLHIA believes that Bill 177 is full of both major flaws – including TPA and MGA licensing that raises much uncertainty for the industry, and will make Saskatchewan an outlier among Canadian jurisdictions – and rife with drafting errors, causing many sections to be open to mis-interpretation.

In March, Frank Swedlove, CLHIA's President and CEO, and Frank Zinatelli, Vice President and General Counsel, spent two full days in Regina with Jim Hall, Senior Crown Counsel, Legislative Services, and Jan Seibel, Lawyer with the Financial Consumer Affairs Authority, going over the issues and problems that the Association sees in Bill 177. The CLHIA representatives pressed for a commitment that the Bill would be removed from the accelerated legislative timetable that it is on – to allow time for further consultation with the industry on major problem areas – but that they did not receive that commitment.

In follow-up correspondence from Jim Hall, CLHIA received a commitment that only a handful of minor housekeeping issues would be addressed via amendments to Bill 177. The legislation would proceed forward for passage in the House by no later than May 8, and other matters would have to be addressed in the Regulations.

Frank Swedlove therefore sent a letter to Minister of Justice Gordon Wyant, outlining CLHIA's significant concerns about Bill 177 and asking that it be withdrawn for further review and substantive amendments.

Subsequently, Mr. Swedlove sent a follow-up letter to Minister Wyant on Friday, April 17, communicating the industry's continued concern with Bill 177 and advising that CLHIA is unable to support the Bill at this time. To date, CLHIA has not received a response to its letters from the Minister.

## **Manitoba**

#### Manitoba Confirms There Is No Residency Requirement For RIA Employees

Following a teleconference which CAFII representatives Greg Grant, Derek Blake, and Brendan Wycks had with Scott Moore, Deputy Superintendent of Insurance, on April 15 to bring an issue of uncertainty and concern for the Association to his attention, Brendan Wycks submitted the following written request to Scott on April 16:

*Scott: Thanks very much for taking the time to speak with Greg Grant, Derek Blake and me yesterday to discuss our concern about a key clause in Section 380.1(3) of the amended Manitoba Insurance Act. As we discussed, we are concerned about the intent of “through its employees in Manitoba” as highlighted below.*

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

*This would be problematic for CAFII members’ call centre operations if interpreted to mean that employees must be resident in Manitoba, as the call centres are typically staffed by financial institutions’ own employees and located in different jurisdictions throughout the country. (This is not a concern for financial institution branch and mortgage specialists who are physically located in Manitoba.) If interpreted to mean that employees must reside in Manitoba, the applicable call centre employees would not be able to offer and enroll Manitoba consumers in creditor’s group insurance.*

*In addition, neither of the RIA/ISI regimes on which Manitoba’s is modeled, namely Alberta and Saskatchewan, imposes such a residency requirement.*

*Throughout the consultation process on the establishment of a Manitoba RIA/ISI regime, it was never indicated or suggested that a residency requirement was being contemplated, so we hope that you will be able to confirm that our concern is misplaced.*

**On April 22, Scott Moore sent CAFII the following response:**

*Mr. Wycks: Your understanding is correct that similar to non-resident agent and adjuster licences which Manitoba currently issues, it is not our intent to not licence non-resident Restricted Insurance Agents (RIA). For your reference, The Insurance Act states,*

***Not to act without licence***

***369(1)*** *No person shall act, or offer or undertake to act, as an insurance agent in this province without having first obtained a licence under this Act.*

*Thank you for bringing this matter to our attention. I trust our office has been of assistance by way of clarification. If you have any further questions, please do not hesitate to contact me.*

In a phone conversation with Brendan Wycks prior to sending the message above, Scott advised that it was never Manitoba’s intention to impose a residency requirement upon the employees of RIA licence holders (nor upon RIAs themselves as corporate entities). He acknowledged that the five words in question in 380.1(3) of the Act could give rise to an unintended interpretation of the province’s intent.

Manitoba will be looking at tweaking that clause in the Act at the next appropriate opportunity. There is an annual window of opportunity to do what are called “statutory corrections and minor amendments” to existing legislation. However, that window has already closed for 2015. So they will look at doing the tweak when the window opens again in 2016.

Scott thanked CAFII for bringing this matter to his attention, noting that “we haven’t heard from anyone else in the industry about this issue.”

### Manitoba Reviewing CLHIA Proposal To Saskatchewan For RIA Advisory Committee

Erica Hiemstra, Director, Distribution and Consumer Affairs at CLHIA, has advised Brendan Wycks that CLHIA's "Proposal On A Restricted Insurance Agency Licensee (RIAL) Advisory Committee Of The Saskatchewan Insurance Councils" has been shared with Erin Pearson, Executive Director of the Insurance Council of Manitoba.

This resulted from a conversation in which Erica asserted that there is an apparent conflict of interest in the looming situation under which policy and regulatory matters related to Restricted Insurance Agents in Manitoba would be decided upon by the Insurance Council's five-member Incidental Sellers of Insurance Sub-Committee, who are all distribution channel adversaries to RIA licensees.

When Erica then mentioned CLHIA's recent RIA Advisory Committee proposal to Saskatchewan, Erin Pearson requested a copy and was keen to consider it.

### **Quebec**

#### AMF Releases Final Report On Electronic Commerce In Insurance

On April 2/15, the AMF released its final report on electronic commerce in insurance titled "Internet Insurance Offerings in Quebec – Presentation of Consultation Findings and Orientations."

The report sets out 11 "Orientations" or guidelines as outcomes from the 13 Proposals that it originally published for consideration in its consultation paper on Electronic Commerce in Insurance.

In a media release that accompanied the report, Louis Morisset, AMF CEO, said "today we present eleven guidelines aimed at balancing the orderly development of electronic commerce in insurance and public protection. It is up to the government to decide whether regulatory changes are needed in order to implement these guidelines."

In a heads-up phone call to Brendan Wycks on April 1, Louise Gauthier, the AMF's Director, Distribution Practices and Self-Regulatory Organisations, shared the following with respect to the Report on E-Commerce in Insurance:

- the decision to move directly to issuing a final Report, rather than a consultation paper, was made in consultation with CEO Louis Morisset and largely because there are some things that the Quebec government has to take action on more quickly.
- some of the Orientations could be implemented by the industry immediately whereas others cannot because the Act is unclear or ambiguous/murky in certain areas. For example, the Orientation with respect to whether or not an advisor must be involved in an insurance transaction falls into the unclear category and the Act will need to be amended to remedy this. In contrast, the Orientation on what the AMF would like to see on an insurance e-commerce web site can be implemented immediately.

- the AMF will not be looking for immediate compliance with the Orientations. It will not be going around three months from now to every insurance entity doing e-commerce with Quebec consumers and doing audits/inspections. “We will be giving everyone time to digest everything in the Report and an appropriate amount of transition time. The deadlines for being in compliance with the Orientations is something we will be discussing with CAFII and other industry stakeholders.”
- the AMF doesn’t believe that anything in the Report will be a surprise to CAFII. Other than a couple of minor differences, everything in it is well-aligned with the final CCIR Report on E-Commerce in Insurance.

Based on a preliminary review of the AMF’s final e-commerce report, the guidelines set out therein are indeed well-aligned with CCIR’s final position paper on e-commerce in insurance products. However, in a few instances, the AMF has added prescriptive detail related to its expectations.

CAFII’s Market Conduct Committee will review the AMF report in detail, and determine whether the Association should issue a response to the AMF.

## **Nova Scotia**

### Nova Scotia Unlikely To Review Insurance Act In 2015

In response to a follow-up query from Brendan Wycks, Doug Murphy, Superintendent of Insurance, advised that he is unlikely to initiate a review of the life and accident & sickness provisions in the province’s Insurance Act in 2015. He noted that he has “had some informal discussions with other Maritime regulators and while they all concur that a review of the Nova Scotia Act would be constructive and advantageous for industry and consumers alike, no formal plan of action has been initiated to date. Resources continue to play a very significant role in the decision to proceed. I will keep you apprised should plans change.”

Earlier, during CAFII’s meeting with the Atlantic Canada insurance regulators in Fredericton on October 1/14, Doug had indicated that a review of the life and the accident & sickness provisions of the Nova Scotia Insurance Act was a possible objective for his office in 2015.

### Doug Murphy To Retire As Superintendent Of Insurance

Doug Murphy’s imminent retirement as Nova Scotia’s Superintendent of Insurance was announced at CCIR’s March 26/15 meeting, where he was thanked and recognized for his contributions to CCIR.

## **New Brunswick**

### CAFII Submits Letter To Opportunities New Brunswick

On April 16/15, CAFII submitted a letter to Jay Reid, Investment Attraction Officer with Opportunities New Brunswick, on “Insurance Act Amendments And Other Changes To Facilitate The Sale Of Insurance In New Brunswick.” The letter was shared with Angela Mazerolle, Superintendent of Insurance, and David Weir, Deputy Superintendent of Insurance.

The letter – which makes six recommendations for improvements -- was in response to an invitation from Invest New Brunswick, a predecessor organization, to outline the Association's views on Insurance Act amendments and other changes that we see as necessary to reduce red tape, improve the efficiency of business operations, and promote additional jobs in New Brunswick.

In a reply e-mail, Jay Reid said "thank you for this letter. . . . I will share this with our senior management as we are working to improve the licensing system as we speak. I will also seek some dates that can work for a face to face meeting in Fredericton as requested."

In a related development, Brendan Wycks contacted David Weir and requested an update on how the development of New Brunswick's online registration system for licensing was coming along; and whether the FCNB had a target launch date. David Weir replied that he should be able to provide an update by Friday, April 24.

#### CAFI Submits Two "Myth Versus Reality" Statements For FCNB Annual Report

In response to a request from David Weir, Deputy Superintendent of Insurance, CAFI submitted two "Myth Versus Reality" statements about the insurance industry in Canada for possible publication in the Financial Consumer Services Commission of New Brunswick's (FCNB) Annual Report . In making this request, Mr. Weir advised that "the Commission is working on publishing its next Annual Report. We were planning on including a little piece for consumers on common myths about the industries that we regulate. I was hoping that you could share some common myths about the insurance industry and/or products."

CAFI's first myth is that Canadian households generally have adequate life insurance coverage. The reality is that life insurance ownership in Canada is at a 30-year low and many households have insufficient coverage. Additional facts and data were provided to support this reality, drawn from LIMRA's 2013 Canadian Ownership Study.

CAFI's second myth is that the only way to buy life insurance is through a life insurance agent. The reality is that while, historically, life insurance was only available through an agent who came to you home or place of business, today consumers have many additional choices. Additional facts and data were provided to support this reality, drawn from LIMRA's The Role of the Internet in Canada, 2012.

#### **Prince Edward Island**

##### PEI May Review Life And Accident & Sickness Provisions Of Insurance Act In Late 2015

In response to a follow-up query from Brendan Wycks, Robert Bradley, Superintendent of Insurance, advised that a review of the life and accident & sickness provisions of his province's Insurance Act may get underway in late 2015. More specifically, he indicated that "we are currently in the midst of an election and our office is working to implement the auto reforms which were passed in the legislature in 2014. After that point in the Fall, unless the government sets a new priority, those provisions are something which our government may approve as a priority project."

"I do suspect this project will go forward at some point and when it does, due to the work completed both by Atlantic Regulators and elsewhere in Canada recently, I also suspect limited consultation would be appropriate/required as groups are already on government record as to where they stand on the various issues. Of course, any relevant new information provided at any point would be considered and I believe a final draft would be posted for final consultation."

## CAFII Regulator and Policy-Maker Visit Plan 2015

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status April 17/15
<b>British Columbia</b>				
Gerry Matier, Executive Director, Insurance Council of BC	Feb. 27/15 meeting in Toronto addressed review of BC FIA; representation for banks-in- insurance on Insurance Council; new CE requirements for new licensees; LLQP support; CCIR travel insurance initiative	When Gerry is in Toronto for CISRO/CCIR/related meetings	-10 yr. Review of BC Financial Institutions Act (FIA) -Representation for banks-in-insurance sector on Council -LLQP modernization -Update on Council priorities -Update on CCIR travel insurance review -Communicate CAFII issues -Maintain and strengthen relationship	Completed
Carolyn Rogers , CEO, FICOM & Superintendent of Insurance (CCIR <b>Vice-Chair</b> )	January 28/15 stakeholder meeting with CCIR  Informal discussion on October 7/14 during CAFII Speaker Reception	<b>Lunch meeting in Quebec City on April 30/15, in connection with CLHIA Conference</b>	-10 yr. Review of BC Financial Institutions Act (FIA) -Representation for banks-in-insurance sector on Council -“Effecting’ of CGI in BC issue -Update on CCIR travel insurance review -Communicate CAFII issues; maintain and strengthen relationship	<b>Confirmed</b>
Doug McLean, Deputy Superintendent of Insurance, FICOM	No contact/meeting for at least past two years	When Doug is in Toronto for CCIR/related meetings	See above	Pending
Harry James, Director, Policy Initiatives, FICOM (Chair of CCIR’s new Working Group on Travel Insurance)	January 28/15 stakeholder meeting with CCIR  Nov. 21/14: G. Grant chatted with H. James during FIA Review roundtable discussion  Jul 28/14: call with CAFII reps re: “effecting” CGI	When Harry is in Toronto for CCIR/related meetings	See above	Pending

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



Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status April 17/15
Robin Campbell, President of Treasury Board and Minister of Finance	No contact – appointed Sep 15/14	TBD	TBD until CAFII has a “direct ask”	Pending
<b>Saskatchewan</b>				
Ron Fullan, Executive Director, Insurance Councils of Saskatchewan and CISRO Chair	February 27/15 CISRO LLQP Stakeholder Info Session  January 28/15 stakeholder meeting with CCIR  Sep 30/14; Fredericton, NB (informal meeting)	<b>When Ron is in Toronto for LLQP Stakeholder Info Sessions on June 5/15 and in September 2015</b>	-Restricted Insurance Agents Advisory Cttee. -Sask RIA regime and licensure issues -LLQP modernization - Update on ICS and CISRO priorities -Communicate CAFII issues -Maintain and strengthen relationship	<b>Pending</b>
April Stadnek, Director of Licensing	Sep 30/14; Fredericton, NB (informal meeting)  November/13 in Toronto when April attended CLHIA CCOSS Seminar	When April is in Toronto for CISRO/CCIR/related meetings		Pending
Roger Sobotkiewicz, former Director of Financial Consumer Affairs Authority (FCAA)’s Legal Branch, became Interim Chairperson and Superintendent of Insurance, effective Feb. 1/15	-no previous contact; congratulatory letter on appointment sent March 4/15  -	<b>Q2 or Q3 2015 meeting in Regina if necessary, as follow-up teleconference with J. Hall and J. Seibel on CAFII submission occurred on March 2/15</b>	-introduce CAFII and build relationship <b>-Bill 177, The Insurance Act (Saskatchewan)</b> -ISI: Representation for Restricted Licence Holders -LLQP modernization - Update on Superintendent’s priorities -Communicate CAFII issues	<b>Pending</b>
Ian McIntosh, Deputy Superintendent of Insurance	Jul 28/14 call with CAFII reps re: “effecting CGI”	Same as above	See above	Pending
Consultant (ex-Superintendent) Jim Hall and Janette Seibel, Lawyer, FCAA, are point persons for review of SK Insurance Act	- teleconference meeting on CAFII submission on Bill 177, on March 2/15	<b>Same as per Roger Sobotkiewicz, but J. Hall slated to take full retirement at end of May 2015</b>	Bill 177, The Insurance Act (Saskatchewan)	<b>Pending</b>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status April 17/15
<b>Manitoba</b>				
<b>Ministry of Finance:</b>				
Jim Scalena, Superintendent <b>*Retired at end of 2014</b>	April 29/14; Winnipeg, MB	When successor or Scott is in Toronto for CCIR/related meetings	-Introduce CAFII and build/maintain relationship -Implementation of ISI regime -Representation for Restricted Licence Holders -Update on Insurance Act Review -LLQP modernization -Update on Superintendent's and Council's priorities -Communicate CAFII issues	Pending
Scott Moore, Deputy Superintendent, currently serving as Interim Superintendent of Insurance	<b>April 15/15 teleconference with three CAFII reps re concern about amended Insurance Act's apparent residency requirement for employees of Restricted Insurance Agents</b>			<b>Completed</b>
Greg Dewar, Minister of Finance	April 29/14: Winnipeg, MB  No contact – appointed Nov/14	TBD	TBD until CAFII has "direct ask"	Pending
Erin Pearson, Executive Director, Insurance Council of Manitoba:	Sept. 30/14: dinner in Fredericton, NB re: ISI implementation  Apr 29/14; Winnipeg, MB	When Erin is in Toronto for CISRO/related meetings	Same as above	Pending
<b>Ontario</b>				
<b>FSCO:</b>				
Brian Mills, appointed Interim CEO and Superintendent on October 18/14	January 28/15 stakeholder meeting with CCIR  November 21/14 at FSCO Life and Health Insurance Symposium	<b>Q2 2015: follow-up lunch or dinner</b>	(i)-Introduce CAFII and build/maintain relationship (ii) -next steps, if any, in Life Insurance Product Suitability Review (iii)-LLQP modernization (iv)-enhancing the national CRS (vi)-Update on Superintendent's priorities (vii) "Agency Review" of FSCO's mandate (viii)-communicate CAFII issues	<b>Pending</b>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status April 17/15
Anatol Monid, Interim Executive Director, Licensing and Market Conduct Division	January 28/15 stakeholder meeting with CCIR	Meeting, if required re (ii)		Pending
	November 21/14 at FSCO Life and Health Insurance Symposium			
	April 9/14 re: Interim Report of Life Insurance Product Suitability Review			
Isabel Scovino, appointed Director, Market Conduct Regulation Branch in Nov/14	Nov 21/14 FSCO Life & Health Insurance Symposium	Meeting, if required re (iv)	Item (iv) above	Pending
	Nov. 20/14 Networking Dinner following CLHIA CCOS Seminar			
	Nov 13/14 re: Report on Joint Review (FSCO and AMF) of National Complaint Reporting System (CRS)			
<b>Quebec</b>				
<b>AMF:</b> Louis Morisset, CEO;	Apr 8/14: Montreal, QC	<b>October 6/15 CAFII Board meeting to be hosted by Desjardins in Quebec City</b>	<b>-(i)AMF final paper on electronic commerce in insurance, setting out Orientations/expectations</b>	<b>Pending</b>
Patrick Dery, Superintendent, Solvency ( <b>appointed CCIR Chair effective April 1/15</b> )	January 28/15 stakeholder meeting with CCIR	<b>Pre-dinner meeting in Quebec City on April 29/15, along with other AMF staff executives and Carolyn Rogers, CCIR Vice-Chair</b>	<b>-(ii)Distribution Guide template and implementation timelines</b>	<b>Confirmed</b>
	Apr 8/14: Montreal, QC		<b>-LLQP modernization</b>	
			<b>-enhancing the national CRS</b>	
			<b>-Update on AMF priorities</b>	
			<b>-Communicate CAFII issues</b>	
			<b>-Maintain and strengthen relationship</b>	
Eric Stevenson, Superintendent, Client Services and Distribution Oversight	January 30/15 meeting in Toronto with E. Stevenson and L. Gauthier re (i) and (ii)	<b>Patrick Dery and Eric Stevenson will be in Toronto for meetings in late June 2015, and have offered to meet with CAFII then</b>		<b>Pending</b>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status April 17/15
<b>AMF cont'd :</b> Louise Gauthier, Director, Distribution Practices and Self-Regulatory Organisations  Nathalie Sirois, Senior Director, Monitoring and Control of Insurers' Right to Practice  Julien Reid, Senior Director, Financial Institutions and Deposit Insurance Supervision				
<b>Atlantic Canada</b>				
Joint Forum of Insurance Regulators (four provinces)	Oct 1/14: Fredericton, NB	Spring or Fall 2016	TBD	Deferred to 2016
<b>New Brunswick</b>				
Angela Mazerolle, Superintendent of Insurance	Oct 1/14: Fredericton, NB	None planned for 2015	TBD	Deferred to 2016
David Weir, Deputy Superintendent of Insurance	Oct 1/14: Fredericton, NB	<b>When David is in Toronto for June and September 2015 LLQP Stakeholder Info Sessions</b>	-New Brunswick licensure issues	<b>Pending</b>
<b>Jay Reid, Investment Attraction Officer, Opportunities New Brunswick</b>	Jun 3/14: Toronto, with Adam Mitton of predecessor organization Invest New Brunswick	<b>Q2 or Q3 2015 when Jay is in Toronto or, if necessary, in Fredericton</b>	- highlight and discuss CAFII submission re: Insurance Act and regulatory process changes necessary to support business efficiency and further inbound investment and additional jobs in New Brunswick	<b>Pending</b>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status April 17/15
Ronald Godin, Consumer Advocate for Insurance (NB govt. decision announced in Spring 2014 to eliminate Consumer Advocate, effective Jan 1/15, apparently reversed two weeks later)	No contact		-Introduce CAFII and build relationship -Position CAFII as an information resource	Pending
<b>Nova Scotia</b>				
Doug Murphy, Superintendent	January 28/15 stakeholder meeting with CCIR  Oct 1/14: Fredericton, NB	To Be Determined	- possible review of life and accident & sickness provisions of Insurance Act Review in 2015	Pending
<b>PEI</b>				
Superintendent Robert Bradley	Oct 1/14: Fredericton, NB	Q2 or Q3 2015 in PEI or Toronto	-Review of life and accident & sickness provisions of Insurance Act, previously communicated as a definite priority for 2015 -LLQP modernization -Update on Superintendent's priorities -Communicate CAFII issues -Maintain and strengthen relationship	Pending
<b>Newfoundland</b>				
Craig Whalen, Deputy Superintendent	Oct 1/14: Fredericton, NB	None in 2015	N/A	Deferred to 2016
<b>FEDERAL/NATIONAL</b>				
Carol Shevlin, Policy Manager, CCIR *Retiring at end of 2015	-Liaison lunch with B. Wycks on Feb. 23/15  -January 28/15 stakeholder meeting with CCIR	<b>-December 8/15 CAFII Holiday Season Reception</b>	- <b>Recognition and tribute to Carol, upon her imminent retirement at end of 2015 (confirmed as agreeable to her)</b> -Update on CCIR 2014-17 Strategic Plan and related priorities -CCIR review of travel health insurance -possible CAFII webinar(s) for CCIR in 2015 -succession plans for CCIR Policy Manager given upcoming retirement -opportunity to thank and acknowledge C. Shevlin at CAFII Reception later in 2015	<b>Pending</b>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status April 17/15
Carolyn Rogers, <b>CCIR Past-Chair and current Vice-Chair</b> (CEO, FICOM & Superintendent of Insurance)	January 28/15 stakeholder meeting with CCIR  Oct 7/14: Toronto, ON at CAFII Regulator Reception	<b>Pre-dinner meeting on April 29/15 in Quebec City, during CLHIA Conference, along with new CCIR Chair Patrick Dery and other AMF staff executives</b>	-Update on CCIR 2014-17 Strategic Plan and related priorities -CCIR review of travel health insurance -LLQP modernization -Communicate CAFII issues; and maintain and strengthen relationship	<b>Confirmed</b>
Harry James, Chair, CCIR Working Group on Travel Insurance (Director, Policy Initiatives, BC FICOM)	March 24/15 meeting with CAFII EOC re draft industry survey of travel insurance underwriters  January 30/15 and December 10/14, CAFII participated in TIPIP meeting with CCIR Working Group on Travel Insurance	When Harry is in Toronto for CCIR/related meetings	-CCIR review of travel health insurance	Pending
Ron Fullan Chair (SK); G. Matier (BC); J. Abram (AB), W. Martinson (AB); D. Weir (NB) <b>CISRO</b>	Feb 27/15: CISRO LLQP Stakeholder Info Session  Feb 10/14: Toronto, ON	<b>When Ron is in Toronto for LLQP Stakeholder Info Sessions on June 5/15 and in September 2015</b>	-LLQP modernization -possible CISRO Strategic Plan	<b>Pending</b>
Jeremy Rudin, Superintendent, Office of the Superintendent of Financial Institutions	No contact – appointed June/14	Q2 2015 “get acquainted” meeting in Ottawa or Toronto	-introduce/educate about CAFII, CGI and alternate distribution -build relationship <b>-invite to be speaker at a CAFII Reception event</b>	Pending
Doug Melville, Ombudsman, OBSI ( <b>resignation announced March 2015: departs OBSI at end of May 2015 for similar position in Channel Islands</b> )	None	None	TBD	Watch/monit or

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status April 17/15
<b>Financial Consumer Agency of Canada (FCAC):</b>				
Lucie Tedesco, Commissioner	No contact		-CAFII proposed enhancements to FAQs and other content on FCAC web site re creditor insurance	Pending
Brigitte Goulard, Deputy Commissioner	Jun 10/14		-CAFII involvement in consumer financial literacy initiatives, including Financial Literacy Month	Pending
Jane Rooney, Financial Literacy Leader	Feb 10/15 (presentation at CAFII Annual Luncheon)			
Jeremie Ryan, Director, Financial Literacy and Consumer Education	Feb. 10/15	Q2 2015 (either in-person in Ottawa or Toronto; or via teleconference)		
Karen Morgan, Marketing Officer	Jan 9/14			



Financial Services  
Commission  
of Ontario

# 2015 STATEMENT OF PRIORITIES

## FINANCIAL SERVICES COMMISSION OF ONTARIO



## 2015 Statement of Priorities

*Message from the Chair and Chief Executive Officer*

The Financial Services Commission of Ontario (FSCO) regulates insurance companies, agents and adjusters; pension plans; loan and trust companies operating in Ontario; credit unions and caisses populaires; mortgage brokerages, agents, brokers, and administrators; co-operative corporations in Ontario; and service providers who receive direct payment from auto insurers for certain statutory accident benefits. Established under the *Financial Services Commission of Ontario Act, 1997* (FSCO Act), FSCO is accountable to the Minister of Finance.

FSCO's legislative mandate is to provide regulatory services that protect the public interest and enhance public confidence in the sectors it regulates. As an organization, FSCO is committed to being a progressive and fair regulator, working with stakeholders to support a strong financial services industry, and protecting the interests of financial services consumers and pension plan members.

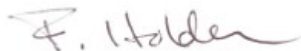
FSCO is governed by a five-member commission, consisting of the Superintendent of Financial Services, a chair, two vice-chairs, and the Director of Arbitrations. The chair and the two vice-chairs of the commission are, by virtue of their office, the chair and vice-chairs of the Financial Services Tribunal (Tribunal).

The Tribunal is an expert independent adjudicative tribunal established under the FSCO Act. The Tribunal hears applications and appeals on regulatory decisions made or proposed by the Superintendent.

This is FSCO's 18th Statement of Priorities, and this year marks the launch of FSCO's 2015-18 Strategic Plan. The statement outlines the strategic plan, priorities, and planned initiatives of FSCO and the Tribunal for the coming year, and highlights FSCO's key accomplishments in the previous year.



Brian Mills  
Chief Executive Officer &  
Superintendent of Financial Services (Interim)



Florence A. Holden  
Chair (Acting)  
Financial Services Commission of Ontario  
Financial Services Tribunal

## Introduction

Each year, FSCO releases a Statement of Priorities (“Statement”) outlining its proposed activities. Following is this year’s Statement, along with highlights of accomplishments from last year.

As an integrated regulator, FSCO undertakes regulatory activities governing the following sectors: insurance industry, pension plans, loan and trust companies, credit unions and caisses populaires, the mortgage brokering sector, health service providers, and co-operative corporations. FSCO uses a consistent and comprehensive risk-based approach to regulating these seven sectors. It gathers market intelligence from the sectors in order to make evidence-based decisions and focus regulatory efforts, thereby delivering regulatory services in an efficient and effective manner.

FSCO’s approach to fulfilling its legislated regulatory responsibilities is outlined in greater detail in its [Regulatory Framework](#) which is posted on the FSCO website. FSCO also reports back on its core activities through its [annual report](#). In conducting its business, FSCO provides regulatory services to enhance public confidence in the sectors it regulates through a balanced approach to protecting consumer interests and enabling healthy financial services industries.

As a regulatory agency that is accountable to the Minister of Finance, FSCO supports the Ministry of Finance’s objective of promoting a dynamic, innovative and growing economy, and managing the fiscal, financial and related regulatory affairs of the province of Ontario.

On December 9, 2014, the [2014 Annual Report of the Office of the Auditor General of Ontario](#) (OAGO) was tabled in the Legislative Assembly of Ontario. Section 3.03, Financial Services Commission of Ontario—Pension Plan and Financial Service Regulatory Oversight, reported on the findings of an OAGO Value for Money audit and set out nine recommendations. FSCO has developed action plans to respond to the recommendations.

In the [2014 Ontario Budget](#), the government announced it would be undertaking focused mandate reviews of government agencies. The [2014 Ontario Economic Outlook and Fiscal Review](#) announced a review of FSCO’s mandate and on March 3, 2015, the government [announced](#) an expert panel to conduct the review of the mandates of both FSCO and the Deposit Insurance Corporation of Ontario. FSCO welcomes the mandate review and is ready to work with the government to ensure that its activities and services are aligned with the needs of Ontarians.

## FSCO’s Core Activities

### Regulatory Policy

FSCO advises the government on existing or potential risks and policy issues in its regulated sectors. Policy development results from collaboration and consultations with stakeholders and the public. Effective policy development leads to informed allocation of resources and protection of public interests.

### Regulatory Coordination

FSCO plays an important role in coordinating regulatory efforts at a national level. Canadian regulators work together to coordinate activities, share information where necessary, proactively identify emerging trends and risks, look for harmonized approaches, reach consensus around solutions for common problems, and provide solutions and guidance on regulatory matters applicable to multiple jurisdictions across the country.

Coordination minimizes unnecessary duplication, potential delays related to regulatory processes, and regulatory costs through joint projects and resource sharing. FSCO works closely with other regulators, as needed, in order to achieve its legislative mandate.

### Licensing and Registration

By law, individuals and businesses require licences or registrations from FSCO in order to conduct certain activities within the regulated sectors. Licensing ensures that only qualified and suitable licensees conduct business. Similarly, pension plans must be registered with FSCO. Licensing and registration allow for supervision of the regulated sectors in order to protect financial services consumers and pension plan members.

### Filings and Applications

Once licensed or registered, regulated entities are required, by law, to submit information to FSCO on a regular basis. Certain transactions in the regulated sectors require FSCO's approval, and regulated entities must follow filing and application procedures to obtain approval. FSCO's ability to request information is an effective regulatory tool. The information FSCO gathers at both the entity and aggregate (systemic) levels is used to develop proactive supervisory strategies, including monitoring and compliance activities.

### Monitoring and Compliance

Monitoring and compliance are important ongoing supervisory activities. FSCO assesses whether regulated entities follow the law through compliance reviews. In addition to addressing specific cases of non-compliance, FSCO focuses on monitoring the degree of compliance in the regulated sectors as a whole. FSCO takes a risk-based approach to regulation and uses monitoring to track the overall potential negative impact that non-compliance can have on regulatory outcomes.

### Enforcement and Intervention

FSCO influences conduct in the regulated sectors through different strategies including, for example: education, partnering with stakeholders, compliance reviews, intervention, and ultimately enforcement. FSCO employs appropriate enforcement action for entities that fail to comply with the law.

### Alignment with Internationally Recognized Core Principles of Supervision

The International Association of Insurance Supervisors and the International Organisation of Pension Supervisors have published core principles for the effective supervision of the insurance and pension sectors. These core principles prescribe the essential elements of a supervisory regime that provide an adequate level of protection for policyholders and pension plan beneficiaries, and promote a financially sound insurance and pension sector. FSCO works to align its regulatory activities with these internationally recognized core principles.

### Administration of Special Purpose Funds and Dispute Resolution Services

FSCO's legislative responsibilities also include administering:

- The Motor Vehicle Accident Claims Fund which is a special purpose fund used to pay claims involving automobile accidents with uninsured motorists, and hit-and-run accidents where no insurance is available. The fund provides compensation to people injured in automobile accidents when no automobile insurance exists to respond to the claim.
- The Pension Benefits Guarantee Fund which provides protection to Ontario members and beneficiaries of privately sponsored single-employer defined benefit pension plans in the event of plan sponsor insolvency.
- Dispute Resolution Services which mediates and arbitrates disputes between claimants and insurance companies with respect to statutory accident benefits. Following a review of the dispute resolution system, the Ontario government passed legislation that will move dispute resolution services from FSCO to the Ministry of the Attorney General's (MAG) Licence Appeal Tribunal.

## FSCO's Strategic Plan

FSCO is guided by its 2015-18 strategic plan and works to implement a vision of being an effective regulatory supervisor that protects the public interest in the financial services marketplace. The plan positions FSCO to remain efficient, effective, and adaptive to changes in the regulatory landscape. In order to deliver on this vision, FSCO will be guided by the following three over-arching goals:

- Be risk-based, proactive, evidence-based, balanced, transparent, service-oriented, and collaborative in its work;
- Further a coordinated national approach to regulatory issues; and
- Be a recognized thought leader in regulatory policy.

In 2015-16, FSCO will focus on eight priority areas:

- Ensure financial services industry compliance with laws and regulations;
- Provide adequate disclosure of information to enable informed decisions by consumers and pension plan members;
- Raise awareness of FSCO's actions in the financial services marketplace;
- Meet or exceed internal performance standards;
- Create common and integrated processes enabled by integrated technology solutions;
- Enhance the collection, use, and sharing of market intelligence;
- Be an agile and adaptable organization; and
- Influence the development of provincial, national, and international regulatory policy.

The 2015 Statement of Priorities provides a snapshot of FSCO objectives over the coming year. FSCO recognizes that the financial services sector is a dynamic and fast-paced environment; in addition to this year's priorities, FSCO will also be prepared to address emerging regulatory needs as they arise.

## FSCO Priorities

### Ensure financial services industry compliance with laws and regulations

As noted in the 2014 Ontario Budget, the government is committed to continuously updating and adapting Ontario's financial services regulation to maintain a strong regulatory framework that protects consumers and pension plan members. This is achieved through periodic reviews of legislation and regulations; and proactive regulatory improvements that help ensure industry compliance in an evolving marketplace. In the next year, FSCO will be working with the Ministry of Finance to support the implementation of regulatory initiatives and ensure financial services industry compliance.

In 2015-16, FSCO will continue to assist the Ministry of Finance in supporting Parliamentary Assistant Laura Albanese's five-year statutory review of the *Credit Unions and Caisses Populaires Act, 1994*, and will support the implementation of recommendations from the five-year review of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*.

In addition, FSCO will advise and support the Ministry of Finance, as required, on the implementation of pension initiatives such as proposed legislation to allow Pooled Registered Pension Plans; and a new framework for converting or transferring an existing single employer pension plan to a jointly sponsored pension plan.

With respect to the *Fighting Fraud and Reducing Automobile Insurance Rates Act, 2014*, FSCO is providing support to the Ministry of Finance and the Ministry of the Attorney General in their work to transfer the FSCO dispute resolution system to the Licence Appeal Tribunal. FSCO also continues to support the broader implementation of the government's auto insurance cost and rate reduction strategy.

In 2014, the government amended the *Insurance Act* to require that long-term disability benefits are to be paid under an insurance contract that is undertaken by a licensed insurer. FSCO will work with the Ministry of Finance to develop the necessary regulations for this initiative.

Finally, FSCO and Canada's other insurance regulators are working with the Canadian Insurance Services Regulatory Organizations (CISRO) on a harmonized effort to ensure that life insurance agents are financially literate and well-prepared to comply with regulatory laws and regulations. FSCO and other regulators are combining two life insurance agent qualification programs into one standardized qualification program to be implemented across Canada in January 2016.

FSCO will ensure that it delivers the necessary regulatory activities in support of these initiatives, so that regulated entities understand their obligations under the law and are able to comply with them.

### Provide adequate disclosure of information to enable informed decisions by consumers and pension plan members

In the financial services industries, it is important that regulated entities provide consumers and pension plan members with access to accurate, relevant, and timely information, so that they are able to make informed decisions about their financial services. FSCO works to support this goal by providing guidance on how regulated entities should provide services to consumers and pension plan members; and by providing consumers and pension plan members with information on the financial services marketplace.

In 2012, FSCO procured consulting services of scientists and medical experts to develop an evidence-based protocol for minor injuries. The new protocol may form the basis of a new Superintendent Minor Injury Guideline and Minor Injury Treatment Protocol. The protocol could be used by health care providers and insurers when treating minor injuries resulting from automobile accidents, and to ensure that there is an extensive continuum of care based on current scientific and medical evidence. In January 2015, FSCO received the report from the consultants; it is now being reviewed and translated, and will be consulted on later this year.

As financial services consumers and pension plan members increasingly deal with complex products and services, there is also a need to enhance awareness about the financial marketplace. In 2015, FSCO will continue to distribute consumer protection and fraud prevention information and will also provide enhanced information to pension plan members about their plans and their plan performance.

### Raise awareness of FSCO's actions in the financial services marketplace

FSCO works to inform stakeholders and consumers about its actions in the regulated sectors and marketplace. FSCO's communication of its regulatory activities and functions supports compliance and consumer protection and education; and it benefits financial services consumers, pension plan members, and regulated entities.

In December 2014, FSCO began to licence and regulate health service providers that receive direct payment from auto insurers for specified statutory accident benefits. The new regulatory regime was launched to protect consumers from fraudulent billing practices in the sector and is a component of the government's auto insurance cost and rate reduction strategy. As the sector enters its first year as a regulated area, FSCO will continue to ensure compliance with the law through pro-active communications outreach and supervisory practices.

FSCO will also continue to issue bulletins and news releases to keep stakeholders and consumers up-to-date on its actions, and meet with stakeholders to update them on regulatory developments. The level of awareness of these activities will promote compliance and increased consumer protection in the regulated sectors.

### Meet or exceed internal performance standards

FSCO measures success in relation to meeting its overarching mandate of providing regulatory services that protect the public interest and enhance public confidence in the regulated sectors. FSCO's key performance measures include industry compliance levels, consumer and licensee satisfaction, consumer complaint resolutions, and adherence to all FSCO and Ontario Public Service standards. FSCO is examining its key performance measures and will align them with the 2015-18 strategic plan priorities, and establish a framework that ensures FSCO meets or exceeds them.

### Create common and integrated processes enabled by integrated technology solutions

To efficiently deliver regulatory activities, FSCO is working on introducing common and integrated processes across the organization. FSCO has concluded an Enterprise Business Architecture Project, from which a capital investment strategy will be advanced to build the technology solutions and establish these processes. In 2014, FSCO's Enterprise Development Project prototyped an automated business solution, including business-wide common components for the service provider regulatory regime. The implementation of these integrated processes and platforms will support more complete data gathering, enhanced information analysis, better internal controls, and improved risk assessments to help bolster consumer protection.

In a separate initiative, FSCO is working with regulators across Canada and the Mortgage Broker Regulators' Council of Canada to introduce a common database to share information on disciplinary decisions and regulatory actions taken against licensed mortgage brokers across Canada. The database will enhance information sharing and coordination among regulators, and allow FSCO to use the information in order to assess cross-jurisdictional activity that poses risks in the Ontario marketplace.

### Enhance the collection, use, and sharing of market intelligence

To be a responsive supervisory regulator, it is important for FSCO to have the information it needs to understand changes in how the regulated sectors function and how consumers and pension plan members are treated. FSCO collects market intelligence, and uses this information to identify areas that need greater regulatory focus.

FSCO is working to put in place data-sharing agreements with industry organizations and other regulators, and to leverage the appropriate forums for information collection and sharing. FSCO will use the data to support its regulatory decision making, the identification and monitoring of trends and risks in the marketplace, and the provision of specific recommendations to government on regulatory approaches.

### Be an agile and adaptable organization

As an integrated regulator, it is important for FSCO to have the organizational capacity to be flexible and forward-looking in delivering financial services regulation in a changing environment. To do so, FSCO will focus on building internal capacity by implementing a professional staff development program, promoting skill and knowledge transfer, developing succession management plans, and delivering effective staff engagement strategies. This focus on staff development will position FSCO to better provide expert regulatory services that keep pace with an evolving marketplace.

### Influence the development of provincial, national, and international regulatory policy

FSCO is part of a broader regulatory environment that includes other federal and provincial regulators, as well as industry and consumer stakeholders from Ontario and around the world. FSCO prioritizes cooperation among regulators, and will continue to play a leadership role in regulatory coordination. FSCO will work with other regulators to promote national approaches and regulatory harmonization where appropriate, share information across jurisdictions, and provide solutions and guidance on regulatory matters across Canada.

As part of this effort, FSCO is a member and host of the following national organizations that were established to promote regulatory coordination and harmonization among provincial authorities responsible for regulating pensions, insurance, and mortgage brokering:

- Canadian Association of Pension Supervisory Authorities (CAPSA);
- Canadian Council of Insurance Regulators (CCIR);
- Canadian Insurance Services Regulatory Organizations (CISRO);
- General Insurance Statistical Agency (GISA); and the
- Mortgage Broker Regulators' Council of Canada (MBRCC).

These organizations facilitate cooperation among regulators, enhance information sharing, and conduct joint regulatory initiatives. Their work helps ensure consumers benefit from similar levels of protection across Canada, and reduces the regulatory burden for industry participants that are active across provinces.

FSCO will work with other pension regulators through CAPSA to continue efforts to have the CAPSA multi-lateral agreement adopted and implemented by jurisdictions other than Quebec and Ontario, which have already adopted and implemented the agreement. FSCO will also work with other regulators through CAPSA to review pension plan governance guidelines, alternative plan designs, and longevity risk transfer products.

Through CCIR, FSCO will work with Canada's other insurance regulators to implement the international standards for market conduct supervision that were developed by the International Association of Insurance Supervisors. FSCO will also work with CCIR to examine the travel insurance industry, and review property insurance policy wording related to natural disaster coverage for consumers.

In the area of auto insurance, FSCO and GISA will continue to improve the harmonized collection and reporting of accurate, timely and relevant data and to support regulators in monitoring and responding to the evolving marketplace.

Through the MBRCC, FSCO will collaborate with other mortgage broker regulators to develop national licensing course standards to ensure that competency requirements are implemented consistently across the provinces. FSCO will also support the MBRCC in the development of a disciplinary database, and the MBRCC's work related to product suitability.

These and other initiatives allow FSCO and other regulators to keep apprised of regulatory and industry developments, and to develop and influence harmonization efforts that improve regulation across the country.



## Highlights from 2014-15

### *FSCO's Initiatives in the Past Year*

#### FSCO launched a licensing regime for health service providers in the auto insurance sector

On December 1, 2014, FSCO launched a licensing system for health service providers providing treatment and assessment services to injured auto insurance claimants. By December 1, 2014, FSCO had processed applications for almost 95 per cent of the top 1200 facilities by market share in the industry. In early 2015, FSCO started on-site compliance examinations of health service providers, who were selected on a random and targeted basis.

#### Auto Insurance Three-Year Review finalized

FSCO has finalized the mandatory, three-year review of Ontario's automobile insurance system. The report was the culmination of in-depth analysis, as well as consumer and stakeholder consultation on the subject of ensuring a stable, sustainable and competitive automobile insurance system.

#### Usage-based auto insurance rating plans approved

To date, FSCO has approved usage-based auto insurance programs for 11 insurers representing approximately 30.5 per cent of the Ontario private passenger automobile market. All approved usage-based auto insurance programs have been launched by insurers, and are now available for consumers. FSCO is continuing to work with several other insurers that have expressed interest in introducing usage-based programs in the near future.

#### Automobile Insurance Bodily Injury Claim Study completed

The 2014 Automobile Insurance Third Party Liability Bodily Injury Closed Claim Study in Ontario was published on FSCO's website on October 3, 2014. The study analyzed closed claims from selected insurers and gathered data on factors contributing to cost changes. The analysis will help FSCO to evaluate the potential impact of any future changes in the automobile insurance system on bodily injury (tort) claims.

#### FSCO continued to distribute fraud prevention information via social media

FSCO and the Toronto Police Services continued to host #fraudchat, a weekly Twitter chat on topics related to financial crime and fraud prevention. The program gives people regular access to a police officer and a representative from a financial services regulator to ask questions about scams and fraud prevention.

#### Mortgage Brokerages, Lenders and Administrators Act 2006 Review completed

Since the Ministry of Finance's appointee completed a review in early 2014 of the Mortgage Brokerages, Lenders and Administrators Act, 2006, FSCO has worked with the Ministry of Finance to implement a number of recommendations from the review – including, reviewing mortgage broker standards of practice to better combat fraud, and raising education standards for brokers and agents.

#### MBRCC completed national initiatives

FSCO, working together with the other members of MBRCC, has identified common competency and curriculum requirements for mortgage agent and broker licensing courses. These requirements are a first step in the harmonization of licensing courses across jurisdictions. The MBRCC also launched an online tool that provides guidance on licensing requirements that may apply in multi-jurisdictional mortgage brokering transactions.

#### MBRCC published standardized consumer protection materials for consumers across the country

FSCO worked with the MBRCC to publish *Know Your Mortgage Risks & Responsibilities*, which educates consumers about the risks and responsibilities associated with a mortgage commitment. The information applies to mortgage consumers across the country.



#### Life Insurance and Mortgage Broker Product Suitability Reviews completed

FSCO completed product suitability reviews to study ways in which life insurance agents and mortgage brokers and agents make product recommendations and assess the financial literacy of their clients. FSCO's research informed an MBRCC report on the review, which helps regulators across the country better understand mortgage broker activities related to product transactions.

#### Communication outreach to pension stakeholders undertaken

As a part of FSCO's communication outreach to pension stakeholders, FSCO hosted thirteen meetings with its pension advisory committees and four stakeholder consultation meetings. FSCO also provided guidance to its stakeholders on eight new pension policy positions via the FSCO website.

#### Risk-based regulatory framework implemented in supervision of pension plans

FSCO continues to implement its risk-based regulation framework in the supervision of pension plans. FSCO completed a pilot program with 141 pension plans to develop a process for conducting the first level of risk assessments.

#### 2014 Report on the Funding of Defined Benefit Plans published

The 2014 Report on the Funding of Defined Benefit Plans in Ontario was published on FSCO's website. The report provides pension stakeholders with up-to-date funding, investment, and actuarial information related to defined benefit pension plans registered in Ontario.

#### Pension Oversight Section launched

FSCO created a new Pension Oversight Section which will be responsible for risk analysis, data integrity & intelligence, and quality assurance and control of the information received through statutory filings. The section will ensure efficient and effective delivery of pension regulatory services to the industry, and its focus will be on modernizing service delivery through business automation solutions in order to optimize FSCO's deliverables to internal and external pension stakeholders.

## Financial Services Tribunal Priorities

The Financial Services Tribunal is an expert adjudicative tribunal established under the FSCO Act. It is comprised of members appointed to the Tribunal on a part-time basis. The Tribunal is charged with hearing applications and appeals from certain decisions made or proposed by the Superintendent, or other authorized persons or entities, under a range of Ontario statutes governing financial services matters including the:

- Credit Unions and Caisses Populaires Act, 1994
- Insurance Act
- Loan and Trust Corporations Act
- Mortgage Brokerages, Lenders and Administrators Act, 2006
- Pension Benefits Act

The Tribunal has exclusive jurisdiction to determine all questions of fact or law that arise in any proceeding before it; and the authority to create rules for the practices and procedures to be observed. In order to ensure that it is equipped to do so, the Tribunal is focusing on maintaining an expert pool of members, consulting with stakeholders on improvements on its practices and procedures, and updating the practices and procedures as needed. The Tribunal's 2015 priorities are as follows:

### Maintain a pool of qualified members to adjudicate hearings

The Tribunal will continue to appoint and train a pool of qualified members, in order to ensure that the appropriate expertise is available to hear Tribunal matters. The scope of matters qualifying for an application or appeal to the Tribunal continues to expand, resulting in an increasingly diverse workload for the Tribunal. The Tribunal Chair will work with the Ministry of Finance and the Public Appointments Secretariat towards the appointment of additional qualified members that will hear Tribunal matters.

To keep pace with legislative changes to the insurance agent and adjuster disciplinary process, the Tribunal will also train its members on the new process for these disciplinary matters. In addition, the Tribunal has established an adjudication training program that is provided to new appointees.

### Expand dialogue with members of the legal profession

The Tribunal will continue consultations with the Tribunal's Legal Advisory Committee on matters affecting hearing practices and procedures as necessary, and will receive annual input from the Committee Chair.

### Update Tribunal practices and procedures

The Tribunal will review rules, practices and procedures that require revisions as a result of the changes to the insurance agent and adjuster disciplinary process. The Tribunal will also continue to publish annual performance results that measure how well it meets its service standards and will review and revise its performance and service standards as required.

## Send us your comments

FSCO invites interested parties to make written submissions regarding FSCO's draft 2015 Statement of Priorities. Interested parties may send submissions by June 8, 2015. FSCO's 2015 Statement of Priorities will be submitted to the Minister of Finance in June 2015 and will be published in The Ontario Gazette shortly thereafter.

To send submissions or request paper copies of the Statement of Priorities, please contact:

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and Superintendent of Financial Services

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## For more information about FSCO

Visit the [Subscription Centre](#) on our website to sign up FSCO's various publications and RSS Feeds. You'll be able to stay up-to-date on the latest information concerning FSCO's regulated sectors; you'll get important sector updates, information and tips sent directly to your preferred email or RSS account.

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*Ce document est aussi disponible en français.*

April 16, 2015

Mr. Jay Reid  
Investment Attraction Officer  
Opportunities New Brunswick  
520 King Street, Suite 850  
PO Box 6000  
Fredericton, New Brunswick  
E3B 5H1

**Subject:** *Insurance Act* Amendments And Other Changes To Facilitate The Sale Of Insurance In New Brunswick

Dear Mr. Reid:

This letter is in follow-up to a meeting that representatives from the Canadian Association of Financial Institutions in Insurance (CAFII) had with Adam Mitton in Toronto in 2014 to discuss our concerns related to legislative and regulatory obstacles to efficient and effective insurance operations in New Brunswick. During that meeting Mr. Mitton extended an invitation to CAFII to submit a letter outlining our recommendations for *Insurance Act* amendments and other changes that we view as necessary to reduce red tape, improve the efficiency of business operations, and promote inbound investment and additional jobs in New Brunswick. We are pleased to respond to that invitation and our recommendations are listed below starting with initiatives that are already under consideration.

1. Expedite Launch Of Online Licensing System

CAFII supports the introduction of an online/electronic license system and we were pleased to learn in mid-2014 that the Insurance Division of the New Brunswick Financial and Consumer Services Commission had committed to develop and implement an online/electronic licensing system within one year.

The province's current paper-based system for insurance licence applications and renewals has led to bottlenecks and significant delays in the processing of applications and CAFII feels strongly that the one-year target date for implementation should not be allowed to slip.

CAFII also strongly recommends that the design and development of New Brunswick's online/electronic licensing system be undertaken with integration with a national system in mind. A national online system would facilitate multi-jurisdictional licensing as well as assist insurers and regulators in undertaking background checks and criminal record checks on license applicants.

2. Repeal Requirement That Licence Applications And Renewals Must Be Sworn Under Oath

CAFII strongly supports the Insurance Division's October 2013 proposal to repeal the *Insurance Act* requirement (found in clause 352(4)) that all licence applications and renewals must be sworn under oath. We acknowledge that this requirement has effectively already been eliminated for licence renewals; however, an *Act* amendment is still required to remove the oath requirement from the governing legislation.

3. Eliminate Distinctions Between Non-Residents And Residents and Between Agents and Brokers

CAFII supports the Insurance Division's October 2013 proposal to eliminate New Brunswick's current licensure distinctions between non-residents and residents, and between agents and brokers.

Having a single standard regardless of residency and or insurer affiliations would level the playing field for all who sell insurance in New Brunswick.

4. Empower Superintendent To Issue Temporary Licences

CAFII strongly supports the Insurance Division's October 2013 proposal that the Superintendent should have the power to issue a temporary licence in circumstances where issues pertaining to a licence renewal require investigation but where there is no significant risk to consumers. We recommend that this be addressed via an amendment to the *Insurance Act* at the earliest opportunity.

5. Implement a Mutual Recognition System For Licensees From Other Jurisdictions

CAFII recommends that New Brunswick develop a system of mutual recognition that would allow the province to recognize and automatically license applicants who hold an insurance agent licence from another Canadian jurisdiction, with no further requirements other than registration and fee payments.

For individual life insurance, CAFII member contact centres employ LLQP-licensed agents. Customers may call a centre several times over the course of a transaction. If the answering agent is not licensed for the jurisdiction of the caller, the call needs to be transferred and queued for an appropriately licensed agent, even though the answering agent would be able to handle the caller's needs.

This would not be a good customer experience so CAFII member contact centre agents typically hold licenses from all jurisdictions serviced by the centre. This results in as many as 12 separate licenses, each requiring separate forms, background and criminal record checks, monitoring of expiry dates, compliance with continuing education requirements, and errors and omissions insurance.

With life insurance ownership in Canada at a record low level, it is vitally important that customers have easy access to call centres, and CAFII would like the regulatory environment to alleviate the unnecessary burden imposed by multi-jurisdictional licensing.



A possible partial first step towards a system of mutual recognition would be for New Brunswick to accept an applicant's recently issued criminal record check from another Canadian jurisdiction.

#### 6. Amend Insurance Act To Allow Electronic Beneficiary Designations

Consistent with the Canadian Council of Insurance Regulators' (CCIR) October 2013 final position paper on "Electronic Commerce In Insurance Products," CAFII recommends that New Brunswick amend its *Insurance Act* to allow electronic beneficiary designations under clause 112(2) of the *Act* dealing with Notices.

The recommendations on insurance beneficiary designations in the CCIR final position paper are:

- to protect consumers, and to harmonize standards across Canadian jurisdictions, the Committee concluded that CCIR should recommend that insurers have in place effective systems for offering consumers the option of designating and changing beneficiaries by electronic means.
- electronic beneficiary designation transactions should be acknowledged by electronic or other means as a critical protection against fraud.
- any best practice guidelines, whether promulgated by industry or regulators, should clearly address evidentiary issues.

CAFII believes that regulations should permit insurers to receive beneficiary designations through the insured's channel of choice. The ability to name a beneficiary is of critical importance and it is our view that consumer protection will increase if it is more convenient and straightforward for consumers to complete and submit their initial beneficiary designation and/or notify the insurer of a subsequent beneficiary change.

However, in keeping with provincial electronic commerce legislation, an electronic beneficiary designation should be an option that requires the consent of both parties, and should not be mandatory for either the insured or insurer. Alberta is considering additional consumer protection such as requiring acknowledgment of the change in beneficiaries by electronic or other means and CAFII members already have processes in place which provide such protection against fraud.

#### **Conclusion**

We thank Opportunities New Brunswick for giving CAFII the opportunity to submit recommendations for *Insurance Act* amendments and other changes which we feel will reduce red tape, improve the efficiency of business operations, and promote additional jobs in New Brunswick.

We would be pleased to meet with you and/or with other representatives from Opportunities New Brunswick or from FCNB to discuss our recommendations in-person in Fredericton or by conference call, as you prefer.

If you would like to arrange a follow-up meeting, please contact Brendan Wycks, our Executive Director, at [brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com) or 647-218-8243 to arrange a mutually convenient time.

Sincerely,

A handwritten signature in dark ink, appearing to read "G. Grant". The signature is fluid and cursive, with the first name "Gregor" and last name "Grant" clearly distinguishable.

Gregor Grant  
Secretary and Chair, Executive Operations Committee

## ABOUT CAFII

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

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

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

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

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

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