

CAFII Executive Operations Teleconference Committee Meeting

Date: Tuesday August 14, 2018
Location: Teleconference Only
Chair: P. Thorn

Time: 2:00 – 3:00 p.m. EST
Dial-in: 416-477-0921 / 1-888-543-2249
Pin #: 1500

Agenda

Item	Presenter	Action	Document
1. Call to Order 2:00 p.m.	P. Thorn		
2. Consent Items 2:05 p.m.			
a. CLHIA-Requested CAFII Letter of Support for CLHIA Push-Back to Saskatchewan Re Certain Provisions of Revised Insurance Act and Related Regulations			✓
3. CAFII Governance 2:07 p.m.			
a. CAFII Market Conduct Committee Chair Succession	K. Martin/B. Wycks	Discussion	✓
b. October 2/18 CAFII Board and AMF Liaison Meeting in Montréal	B. Wycks	Update	✓
c. November 27/18 CAFII Board Meeting and Reception Hosted By Canada Life	B. Wycks	Update	
d. July 30/18 K. Martin and B. Wycks Get Acquainted Meeting with S. deGruchy, New Primary Contact at Member Amex Bank of Canada	K. Martin/B. Wycks	Update	
e. Content of Thank You Emails Sent To Attendees At CAFII Receptions	B. Wycks/J. Lewsen	Discussion	✓
4. Recent and Upcoming CAFII Regulatory and Strategic Initiatives 2:25 p.m.			
a. "FSRA Fee Rule Industry Advisory Group - Life and Health Insurance" Pre-Formal Consultation Process; and Related CAFII and CLHIA Joint Appointees	B. Wycks/K. Martin	Update	✓
b. August 9/18 Teleconference with Jan Seibel, Saskatchewan FCAA, Re Letter of Support for CLHIA Push-Back	B. Wycks/K. Martin	Update	✓
c. Saskatchewan Request for Feedback on Refunds of PST on Insurance Premiums	K. Martin	Update	
d. September 14/18 CAFII Board Meeting with Brigitte Goulard, FCAC Deputy Commissioner; and September 10/18 Preparatory Meeting	B. Wycks/K. Martin	Update	✓
e. CAFII Credit Protection Insurance Research With Pollara Strategic Insights:	D. Quigley/K. Martin	Update	
i. Key Issues, Decisions, and Outcomes			✓
ii. Next Steps			
iii. Budgetary Issues Re Creditor's Group Insurance Research			✓
f. Revised CAFII/CLHIA Joint Submission Re Sask RIA Advisory Committee	K. Martin/B. Wycks	Update	✓
g. Draft CAFII Input Submission for CISRO 2019-2022 Strategic Plan	K. Martin	Discussion	
h. Update on CAFII Website Enhancements	K. Martin	Update	
5. Tracking Issues			
a. AMF 2018 Consultation on Updating Sound Commercial Practices Guideline			
b. Alberta Government Plans to Create a Single Financial Services Regulator			
c. FCAC: Phase 2 of Domestic Bank Retail Sales Practices Review			
d. Australian Royal Commission on Banking			
e. FSCO: Treating Consumers Fairly Guideline (Final); ISI Market Conduct Questionnaire and CEO Attestation; and Succession by FSRA			

Next EOC Meeting: Tuesday, September 25/18, 2:00 – 4:00 p.m., Location: TBA
Next Board Meeting: Tuesday, October 2/18, 2:20 – 4:00 p.m., BMO Financial Group, Executive Dining Rooms, 14th Floor, 129 rue Saint Jacques, Montréal, QC

July 31, 2018

Mr. Roger Sobotkiewicz
Superintendent of Insurance
Financial and Consumer Affairs Authority
#601 – 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2

Dear Mr. Sobotkiewicz:

CAFII has become aware that the Canadian Life and Health Insurance Association (CLHIA) wrote to you on June 5, 2018 to reiterate and amplify upon unresolved concerns about several provisions in the pending Insurance Act in Saskatchewan and The Insurance Regulations developed to support the new Act.

The purpose of this letter is to convey CAFII's agreement with the concerns raised in CLHIA's letter. Our Association supports CLHIA's position that the provisions it has identified in the Act and the Regulations are of serious concern; and that they will be costly and problematic for the industry to implement, without proportionate benefit to consumers.

While we concur with and support all of the unresolved issues set out in CLHIA's letter, we particularly want to highlight the following five which are of major importance to CAFII members:

1) ***Free Look Should Not Apply to Group and Creditor's Group Life Insurance Contracts: Request That Exception to Insurance Act s. 7-21(1) Be Extended in s. 7-5 of The Insurance Regulations***

Saskatchewan's new insurance laws give policy owners the right to rescind their insurance coverage within 10 days of purchasing it. The new Act and the Regulations exempt group and creditor's group accident & sickness insurance contracts, in accord with CLHIA Guideline G10: "10-Day Insurance Contract Rescission Right." However, unlike Guideline G10, the pending laws do not exempt group and creditor's group life insurance contracts. This appears to be an unintended drafting error, as we presume the intent was to exempt both types of group and creditor's group insurance. CAFII strongly encourages Saskatchewan to make the necessary amendment(s) to achieve that objective.

2) ***Harmonize the s. 5-69 of The Insurance Act Definition of "Travel Insurance" Sold Under A Restricted Insurance Agent (RIA) Licence to Match the Definition in Alberta, Manitoba, and BC***

Under section 5-69 of the new Insurance Act, "travel insurance" means (a) a policy that provides certain insurance regarding trip cancellation, interruption, or baggage loss or delay, and (b) group insurance against certain other risks. In Alberta, Manitoba, and BC, the word "group" is not included in subsection (b) of the definition regarding restricted licensing or, in the case of BC, its "insurance licensing exemptions." It would be extremely helpful to the industry to have this provision harmonized with the other provinces that have an RIA licensing regime or insurance licensing exemptions. CAFII strongly encourages Saskatchewan to make the necessary amendment(s) to achieve that objective.

3) ***Premium Refunds: Reinstate Exception for Life Insurance – s. 7-5(2) & (3) of The Insurance Act***

It appears that in combining rules from various sections of the province's existing insurance law, the new Insurance Act inadvertently introduces a rule that requires insurers to issue a pro-rated premium refund on life insurance when the insurance is terminated. Under the province's existing insurance law, life insurance is exempted from this requirement. Life insurance is not priced for such a refund. CAFII strongly encourages Saskatchewan to clarify – via an Act amendment or a Regulation – that this requirement does not apply to life insurance.

4) ***Section 1-2 and 5-5(1) & (2), Insurance Act; and Section 5-2(1) The Insurance Regulations – Insurer's Representative (Definition)***

The current definitions of Insurer's Representative and Insurance Agent under the Act are so broadly worded that they will arguably require many insurance company employees who do not have any direct involvement with the sale of insurance to be licensed at significant cost. That additional cost will ultimately increase the cost of insurance to consumers, without any proportionate increase in consumer protection.

This issue is also of concern for employees of third party administrators, to whom insurers outsource clerical and administrative functions.

CAFII shares CLHIA's view that the focus of licensing requirements should be on those individuals who are engaged in the sale and negotiation of insurance. CAFII strongly encourages Saskatchewan to amend these sections; or, alternatively to clarify them through a Regulation in a manner similar to BC's Financial Institutions Act – Insurance Licensing Exemptions Regulation which contains an exemption for "a person who is an employee of an insurer or insurance agent if the employee does not solicit insurance, is paid a salary by the insurer or insurance agent, and does mainly clerical work."

5) ***Transition Regulation Requested***

It would be of great assistance to the industry if the FCAA could provide guidance, via a Transition Regulation, on how the transition is to be made with respect to the application of new provisions on existing insurance contracts, certificates, and claims. BC and Alberta provided Transition Regulation guidance when they last updated their respective Insurance Acts, which was very helpful in identifying sections that only applied to existing contracts when they were to be renewed or replaced.

Conclusion

As an overarching theme, CAFII urges Saskatchewan to align its new Insurance Act and The Insurance Regulations, to the maximum degree possible, with the recently updated insurance legislation and Regulations of other provinces so that inter-provincial harmonization across Canada can be maximized.

Our Association also shares CLHIA's primary concern that, in the absence of a comprehensive addressing of the unresolved concerns it has reiterated, industry participants will face major difficulties in complying with all of the provisions of the new Act and the related Regulations by January 1, 2019. We add our voice to CLHIA's in respectfully requesting that Saskatchewan delay proclamation of the Act and Regulations until further direction and clarity can be provided for the industry; and to allow sufficient time for compliance with the required changes. Such a course correction is necessary to enable the industry to make a transition that is seamless and effective for consumers.

Should you require further information from CAFII or wish to meet with representatives from our Association at any time on the matters raised in this letter, please contact Brendan Wycks, CAFII Co-Executive Director, at brendan.wycks@cafii.com or 647-218-8243.

Sincerely,



Peter Thorn
Board Secretary and Chair, Executive Operations Committee

c.c. Janette Seibel, Legal Counsel, Legal Branch, FCAA
Ron Fullan, Executive Director, Insurance Councils of Saskatchewan

About CAFII

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

CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services. Our members offer 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 our members' common ground.

CAFII's diverse membership enables our Association to take a broad view of the regulatory regime governing the insurance marketplace. We work with government and regulators (primarily provincial/territorial) to develop a legislative and regulatory framework for the insurance sector 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.

CAFII is currently the only Canadian Association with members involved in all major lines of personal insurance. Our members are the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players American Express, Assurant, Canadian Premier Life Insurance Company, CUMIS Services Incorporated, Manulife (The Manufacturers Life Insurance Company), and The Canada Life Assurance Company.

Agenda Item 3(a)
July 24/18 EOC Teleconference Meeting

From: Brendan Wycks [mailto:brendan.wycks@cafii.com]
Sent: Thursday, July 19, 2018 2:23 PM
Subject: Congratulations to Rose Beckford on New Position; and CAFII Market Conduct Committee Chair Succession

CAFII Board, EOC and Other Committee Members:

Keith Martin and I have been advised by Rose Beckford that she has moved into a new role at Scotiabank as Director, Canadian Banking Compliance, overseeing key priorities and providing advice on strategic initiatives.

Given this already-in-effect change, Rose will not be able to continue with her current CAFII responsibilities as an EOC Member from Scotiabank Financial and Chair of the Market Conduct Committee.

Brad Kuiper will continue to represent Scotiabank Financial on the EOC. Rose's successor or CAFII Director Bob Grant will advise of any further CAFII committee representation changes.

Rose asked Keith and me to convey that she has very much enjoyed serving the Association and wishes CAFII the very best as it heads into its next chapter.

(It has been a pleasure for Keith and me to work with Rose in her CAFII volunteer leadership capacities on the EOC and as Market Conduct Committee Chair; and we wish her great success in her new position at Scotiabank.)

If you would like to extend best wishes to Rose, her email address is rose.beckford@scotiabank.com.

Given Rose's news, we have included "CAFII Market Conduct Committee Chair Succession" as an item on the agenda for next Tuesday's EOC teleconference meeting.

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

Date: Tuesday, October 2, 2018 **Host:** BMO Insurance

Location: BMO Financial Group, Executive Dining Rooms,
14th Floor, 129 rue Saint Jacques,
Montréal, Québec

Event Type: Lunch and Meetings **CAFII Contact:** Natalie Hill at natalie@cafii.com or 416-494-9224, ext. 1
BMO Contact: Caroline Doutre at caroline.doutre@bno.com or 514-877-1787

Program & Requirements

Time	Description	# of people expected in-person	Setup	A/V	Comments
12:00–1:00 pm	CAFII informal lunch and casual conversation with Louis Morisset, CEO, and AMF staff executives	Approx. 30	Boardroom style or rounds of 6 or 8	none	<u>Invitees:</u> Louis Morisset, CEO, and AMF Staff Executives (6); CAFII Board Members (12); EOC Members (25); Co-Executive Directors (2); and Administrative Co-ordinator (1)
1:00 – 2:15 pm	Industry Issues Dialogue	Approx. 30	Board room style	Teleconference technology appropriate for group size; and screen with wired connection for projection of meeting documents or from internet	Informal discussion between Louis Morisset/AMF management team and CAFII Board/EOC group
2:20 – 4:00 pm	CAFII Board Meeting	Approx. 24	Board room style	Teleconference technology appropriate for group size; and screen with wired connection for projection of meeting documents or from internet	Cabs to be booked and on stand-by at 4:00 p.m. for transportation back to Dorval Airport

Agenda Item 3€
August 14/18 EOC Teleconference Meeting

From: Lewsen, John [mailto:john.lewsen@bmo.com]
Sent: Thursday, July 12, 2018 5:02 PM
To: Brendan Wycks; Keith Martin
Cc: 'INS Regulatory and Audit Correspondence CAFII'; Thorn, Peter
Subject: RE: CAFII June 5 Networking Reception - Thank You

Agreed – let's discuss as I feel it's important that we can and should be able to continuously cull and refresh our guest lists.

John Lewsen
Head of Insurance Compliance | Legal, Corporate & Compliance Group | BMO Financial Group
Chief Compliance Officer | BMO Life Assurance Company | BMO Life Insurance Company

From: Brendan Wycks [mailto:brendan.wycks@cafii.com]
Sent: July-12-18 1:21 PM
To: Lewsen, John; 'Keith Martin'
Subject: RE: CAFII June 5 Networking Reception - Thank You

Hi, John.

This post-event Thank You email went to those invitees who actually attended the June 5 Reception.

I see your point, though, re a possible downside of announcing the date of the next CAFII Reception in such a Thank You message, even though we did want the Thank You also to serve indirectly as a Save-the-Date for the next Reception.

Perhaps we can have a brief discussion on this matter during the July or August EOC teleconference meeting or at the September in-person EOC meeting, as time allows, to resolve on it for the future.

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance

From: Lewsen, John [mailto:john.lewsen@bmo.com]
Sent: Thursday, July 12, 2018 1:05 PM
To: Brendan Wycks; Keith Martin
Cc: INS Regulatory and Audit Correspondence CAFII
Subject: FW: CAFII June 5 Networking Reception - Thank You

Hi Brendan and Keith.

Does this placeholder automatically go to all recipients? If so, I am concerned about our ability to cull or change the list for the next reception/s.

Regards

John Lewsen

Head of Insurance Compliance | Legal, Corporate & Compliance Group | BMO Financial Group
Chief Compliance Officer | BMO Life Assurance Company | BMO Life Insurance Company

From: Canadian Association of Financial Institutions in Insurance [mailto:stefanie@cafii.com]

Sent: June-08-18 10:33 AM

To: Lewsen, John

Subject: CAFII June 5 Networking Reception - Thank You

Dear John Lewsen:

Thank you for attending CAFII's Networking Reception on June 5th. We hope you enjoyed the hors d'oeuvres, networking with industry colleagues, and the presentation presented by Neil Parmenter, President and CEO, Canadian Bankers Association (CBA).

CAFII looks forward to welcoming you to our next Networking Reception on Tuesday, November 27, 2018.

Sincerely,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance

Keith Martin
Co-Executive Director
Canadian Association of Financial Institutions in Insurance

Agenda item 4(a)

EOC Teleconference August 14/18 Meeting

From: Brendan Wycks

Sent: Thursday, August 9, 2018 3:37 PM

Subject: Further Re Request For CAFII Director Or EOC Member Interest In Serving On Short Term, Ad Hoc, Pre-Formal Consultation "FSRA Fee Rule Industry Advisory Group - Life and Health Insurance"

CAFII Board and EOC Members:

By way of update, here are the outcomes of the conference call which Keith Martin and I had on this matter with Stephen Frank, CLHIA's President and CEO, and Lyne Duhaime, CLHIA's President-Quebec and Senior Vice-President, Distribution, yesterday afternoon:

- the size of the Industry Advisory Group (IAG) – Life and Health Insurance roster which CAFII and CLHIA will jointly propose to FSRA will be comprised of eight (8) industry representatives from the two Associations. This falls within FSRA's preferred "sweet spot" of having between six (6) and eight (8) representatives on an IAG;
- there will also be one staff executive from each of the two Associations listed on the proposed IAG roster, but we will secure FSRA's agreement that those two individuals will not "count" towards the target roster size of eight (8) representatives.

For CAFII, the named staff executive will be Brendan Wycks, Co-Executive Director (particularly since Keith Martin will be on vacation during the final two weeks of August and therefore unavailable to attend the IAG – Life and Health Insurance's meeting with FSRA management and its consultant between August 21 and 29).

For CLHIA, the named staff executive will be Lyne Duhaime, President-Quebec and Senior Vice-President, Distribution;

- Lyne Duhaime will serve as FSRA's primary contact person and industry quarterback for the IAG – Life and Health Insurance. She will send the proposed IAG Roster to CAFII for review and feedback, before submitting it to FSRA on Friday, August 10; and she will ensure that Brendan Wycks and Keith Martin are copied on all correspondence re the IAG – Life and Health Insurance and/or alerted to new information promptly;
- it was recognized that particularly since Manulife Financial and Canada Life (part of Great-West Lifeco Inc.) are now Members of both CLHIA and CAFII, it will be the case that certain representatives on the IAG – Life and Health Insurance will be able to wear "dual hats" and provide a pan-industry perspective during the IAG's two meetings with FSRA;
- CLHIA plans to reach out to its five or six largest Members and invite each of them to name a representative for inclusion on the proposed IAG – Life and Health Insurance Roster.

(According to Investopedia, the six largest life and health insurers in Canada (by 2014 written premium) are Manulife Financial; Great-West Lifeco Inc.; Sun Life Financial; IA Financial Group; RBC Insurance; and Empire Life);

- CAFII will seek to recruit two to three representatives from among our Association's Members to represent the views and concerns of insurers and distributors in the creditor's group insurance and alternate distribution space on the IAG – Life and Health Insurance Roster.

Given that Keith and I have not received, to this point in time, any expressions of interest from Board or EOC Members in serving on the IAG – Life and Health Insurance Roster, we will now reach out directly to particular Directors and EOC Members, with a specific request that they consider taking on this important representational role, if their availability on the dates in question and other considerations allow them to do so. A prompt response will be requested, as we are under the time constraint/pressure of trying to submit the CAFII/CLHIA jointly proposed IAG – Life and Health Insurance Roster to FSRA by end of day tomorrow, Friday, August 10, as requested.

From: Brendan Wycks

Sent: Tuesday, August 07, 2018 12:48 PM

Subject: CAFII Alert: Request For CAFII Director Or EOC Member Interest In Serving On Short Term, Ad Hoc, Pre-Formal Consultation "FSRA Fee Rule Industry Advisory Group - Life and Health Insurance"

CAFII Board and EOC Members:

As both a heads-up alert and a request for CAFII Director (or long-serving, experienced EOC Member) participation consideration, please see the attached letter to CAFII and CLHIA, just-received from FSRA Board Chair Bryan Davies and FSRA CEO Mark White.

This FSRA letter came in after 4:00 p.m. last Friday, and it gives our two Associations one holiday-shortened week at to work together and respond to FSRA by Friday, August 10 with the names and contact information for between six (6) to ten (10) life and health insurance industry representatives who are willing to serve on a short-term, *ad hoc*, pre-formal consultation "FSRA Fee Rule Industry Advisory Group – Life and Health Insurance" and who can with certainty attend two meetings:

- an up to two hour meeting with FSRA Management and its consultants (Optimus/SBR) to be scheduled for a date between August 21 and 29; and
- a one hour to 1.5 hour meeting with the FSRA Board on either Wednesday, September 5 or Friday, September 7.

It is safe to assume that volunteering for this role would also involve at least one preparatory teleconference meeting among the CAFII's and CLHIA's appointed IAG members, prior to both the meeting with FSRA management and the meeting with the FSRA Board.

Following a FSRA Board meeting on Tuesday, August 14, FSRA will

- confirm the composition of the FSRA Fee Rule Industry Advisory Group – Life and Health Insurance;
- confirm the dates/times of the IAG's meetings with FSRA management and the FSRA Board; and
- circulate its proposed fee rule for the life and health insurance industry to the IAG, for review and comment in the pre-formal consultation meetings with FSRA management and with the FSRA Board.

Keith Martin and I have an initial teleconference meeting arranged with Stephen Frank, CLHIA's President and CEO, at 3:00 p.m. tomorrow, Wednesday, August 8, to discuss FSRA's request. Further information about this CAFII/CLHIA joint initiative which emerges from that discussion tomorrow will be shared with you promptly thereafter.

Particularly given the very tight timeframe associated with FSRA's request, **CAFII Directors (as well as long-serving, experienced EOC members) are asked to consider immediately whether you would be interested in and available (on the specific dates outlined above) to serve on the short-term, *ad hoc* FSRA Fee Rule Industry Advisory Group – Life and Health Insurance; and, if so, to communicate your interest in doing so to Keith and me by 12 Noon on Thursday, August 9.**

Some background/knowledge related to regulators' funding models and fee rule options would be a decided asset for serving on the IAG, but not an absolute necessity as Keith and I will secure and provide CAFII member views on the proposed fee rule which FSRA circulates after August 14, along with related analysis and perspectives.

While the FSRA letter and the appended "Terms of Reference: FSRA Fee Rule Industry Advisory Group" provide detailed information on the mandate, roles, responsibilities, etc. of the *FSRA Fee Rule IAG – Life and Health Insurance*, it is noteworthy that

- FSRA is setting up seven different fee rule-related Industry Advisory Groups for the sectors it will be regulating, including IAGs specifically for Life Insurance Agents and for Credit Unions. Given that Life Insurance Agents will have their own IAG (with a parallel letter presumably having been sent to Advocis and the Independent Financial Brokers of Canada), it is unclear who FSRA has in mind (in the fifth paragraph on page 3 of the letter) when it says "we request that any unrepresented (i.e. non-members of your Associations) industry participants that my contact you are consulted when you are forming the proposed IAG" (perhaps THIA?);
- each IAG is expected to use its best efforts to develop an industry consensus on the proposed fee rule and to express representative industry views to FSRA; and
- while the existence of FSRA's IAG pre-consultation process around proposed fee rules will be made public, FSRA will be treating IAG input as privately expressed views and does not intend to communicate publicly or attribute the views expressed to it by the IAG.

Our dialogue over the next few days with CLHIA will determine the size of the IAG which we jointly propose to FSRA by week's end, but it is reasonable to assume that

- if the proposed IAG is eight or nine members, we will push to have at least three nominees come from CAFII, to represent the particular views and interests of underwriters and distributors of creditor's group insurance through alternate distributions channels;
- if the proposed IAG is 10 members, we will push to have at least four nominees come from CAFII, to represent the particular views and interests of underwriters and distributors of creditor's group insurance through alternate distributions channels; and
- one of CAFII's nominees should be one of its Co-Executive Directors (Brendan Wycks to serve, as Keith Martin is away on vacation for the last two weeks of August).

Please consider immediately whether you would be interested in and available (on the specific dates outlined above) to serve on the short-term, *ad hoc*, pre-formal consultation FSRA Fee Rule Industry Advisory Group – Life and Health Insurance; and, if so, please communicate your interest in doing so to Keith and me by 12 Noon on Thursday, August 9.

From: Carter, Elizabeth (FSRA) [<mailto:Elizabeth.Carter@fsrao.ca>] **On Behalf Of** White, Mark (FSRA)

Sent: Friday, August 03, 2018 4:01 PM

To: Brendan Wycks; sfrank@clhia.ca

Subject: FSRA Fee Rule Industry Advisory Group - Life and Health Insurance

Attached please find a communication from FSRA Board Chair Bryan Davies and CEO Mark White.

Thank you.

Elizabeth Carter

Executive Assistant

Financial Services Regulatory Authority (FSRA)

Suite 800

130 Adelaide Street West

Toronto ON M5H 3P5

Email: Elizabeth.Carter@fsrao.ca

Tel: (416) 327-0297

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August 3, 2018

To: Brendan Wycks, Canadian Association of Financial Institutions in Insurance (CAFI)
Steven Frank, Canadian Life and Health Insurance Association (CLHIA)

RE: FSRA Fee Rule Industry Advisory Group - Life and Health Insurance

We are writing to request your assistance in the formation of an ad hoc, sector-specific, special purpose Fee Rule Industry Advisory Group (IAG) to provide views to the FSRA management and Board of Directors, in advance of pending formal 90-day public consultations on a proposed fee rule. The proposed Terms of Reference are attached for your information.

The Financial Services Regulatory Authority of Ontario (FSRA) is a new, independent regulatory agency established by the *Financial Services Regulatory Authority of Ontario Act, 2016* (FSRA Act) to regulate non-securities financial services and to improve consumer and pension plan beneficiary protections in Ontario and to enhance innovation and market integrity and stability.

It will regulate many sectors that are important to Ontario consumers and pension plan beneficiaries: property and casualty insurance, life and health insurance, credit unions and caisses populaires, loan and trust companies, mortgage brokers, health service providers (related to auto insurance), and pension plan administrators. When operational, FSRA will be a self-funded, well-resourced regulator capable of responding to the dynamic pace of change in marketplace, industry and consumer expectations.

FSRA is implementing a transition plan to assume regulatory functions currently under the auspices of the Financial Services Commission of Ontario (FSCO) and the Deposit Insurance Corporation of Ontario (DICO). FSRA is committed to an open, transparent and collaborative approach that involves stakeholders and ensures broad input and perspectives to inform its direction.

The legislative framework in the FSRA Act, when proclaimed, will provide FSRA with specific rule-making authorities under the regulated sector statutes and the FSRA Act, including the authority to make rules governing fees and other charges. FSRA is now working on a fee rule which will form the source of its funding. The FSRA Act, pending proclamation, provides for a 90-day formal public consultation process on proposed rules. Given that the fee rule will be its first rule-making activity and that FSRA wishes to obtain stakeholder input before the formal public consultation, FSRA would like each industry to provide feedback on the draft fee rule for its sector before the FSRA Board formally proposes a rule for consultation.

The legislative framework in the FSRA Act, when proclaimed, will provide FSRA with specific rule-making authorities under the regulated sector statutes and the FSRA Act, including the authority to make rules governing fees and other charges. FSRA is now working on a fee rule which will form the source of its funding. The FSRA Act, pending proclamation, provides for a 90-day formal public consultation process on proposed rules. Given that the fee rule will be its first rule-making activity and that FSRA wishes to obtain stakeholder input before the formal public consultation, FSRA would like each industry to provide feedback on the draft fee rule for its sector before the FSRA Board formally proposes a rule for consultation.

As respected, established organizations with a strong knowledge of stakeholders in the life and health insurance sector, we believe you are well-placed to ensure appropriate outreach and representation that reflects a breadth of perspectives from your industry.

We are requesting that CAFII and CLHIA work together to propose up to 10 (ideally 6-8) individuals for your IAG who will, pursuant to the Terms of Reference provided, be able to attend two meetings: one with FSRA management between August 21st – 29th, and one with the FSRA Board on either September 5th or 7th.

These meetings are intended as part of stakeholder engagement on FSRA's funding model, prior to the pending formal 90-day public consultation period, with the goal of ensuring FSRA is well informed of industry views and concerns before proposing a fee rule for formal consultation. We appreciate your assistance in proposing representatives for the IAG.

Please note we are seeking to ensure broad representation from a wide range of stakeholders in your industry. We request that any unrepresented (i.e., non-members of your associations) industry participants that may contact you are consulted when you are forming the proposed IAG. We will be communicating this letter and the attached Terms of Reference to other industry participants, including posting on the FSRA website, and plan to direct industry participants to contact you if they wish to participate in or influence your IAG.

Please provide the names and contact information for the proposed IAG and its lead contact point to Cathy Mallove at cathy.mallove@fsrao.ca by August 10, 2018.

Following the FSRA Board's August 14 meeting, we will confirm the composition of the IAG and the dates proposed for meeting with FSRA management and the FSRA Board.

If you require any further information, please contact Cathy Mallove at cathy.mallove@fsrao.ca .

Thank you in advance for your assistance with this important consultation - we look forward to working with you and your industry on this and other matters as we build FSRA and strengthen our financial services sector.

Regards,



Bryan Davies,
Chair, FSRA



Mark White
Chief Executive Officer, FSRA

cc: Brian Mills, CEO and Superintendent of Financial Services, Financial Services
Commission of Ontario

Guy Hubert, Chief Executive Office, Deposit Insurance Corporation of Ontario

David Wai, Assistant Deputy Minister, Financial Services Policy Division, Ontario
Ministry of Finance

Cathy Mallove, Communications Lead, FSRA



Financial Services Regulatory
Authority of Ontario

Terms of Reference: FSRA Fee Rule Industry Advisory Group

Name: FSRA Fee Rule Industry Advisory Group

Date: August 2, 2018

Mandate

The FSRA Fee Rule Industry Advisory Groups (IAG) are special purpose, ad hoc groups being established to provide regulated sector industry insight and views to the FSRA management and Board of Directors related to the development of funding model options for FSRA, prior to formal, statutorily required 90-day consultations on a new fee rule.

Overview

The FSRA Fee Rule Industry Advisory Group (IAG) is formed based on the background set out in, and for the purpose articulated, in the August 3, 2018 letter from The Financial Services Regulatory Authority of Ontario (FSRA) attached hereto.

Rule-making authority

Formal public fee rule consultations, as stipulated in the *Financial Services Regulatory Authority of Ontario Act, 2016* (FSRA Act), are planned for Fall 2018, pending proclamation of the Act. After the 90-day formal public consultation, FSRA will review the comments received and incorporate changes as it determines is appropriate. Any material changes would require an additional 90-day consultation period. After the 90-day FSRA public consultation is complete, the Board may recommend the fee rule to the Minister for approval, with the Minister approving or rejecting the proposed rule within a 90-day Ministerial review period.

Development of funding model options

FSRA management, with support from Optimus | SBR, FSCO and DICO, has conducted research and information gathering, including a jurisdictional scan, current state analysis, and informal interviews with other regulators and a representative sample of regulated sector opinion leaders.

Prior to the formal 90-day public consultations on a proposed fee rule, the FSRA Board is seeking industry views to inform its final decision on the rule to be subject to the public consultation. These industry views will be provided in each sector by the IAG governed by these Terms of Reference for that sector.

While FSRA may, in part based on its learnings from this stakeholder engagement, develop other industry advisory committees and mechanisms to ensure stakeholder input and engagement, it is not expected that the Fee Rule IAGs will be used for other purposes.



Representation

FSRA is seeking assistance from industry associations to ensure appropriate outreach and representation that reflects a breadth of perspectives from organizations in the sectors that FSRA will regulate. IAG representatives will be proposed by the industry associations noted in the attached letter.

IAGs will be asked to express representative industry views directly to FSRA management and the FSRA Board in meetings.

While the existence of the IAG process will be public, FSRA will be treating IAG input as privately expressed views and does not intend to publicly communicate or attribute the views expressed to it by the IAG. The IAG is permitted to communicate its views to its industry as it feels is most appropriate.

While FSRA is seeking to learn industry views prior to the formal 90-day public consultation period, FSRA will welcome all submissions during the 90-day consultation, and participation (or non-participation) in the IAG does not restrict the ability to comment during the 90-day consultation period.

Public description of submissions to FSRA on the proposed fee rule will occur as part of the formal 90-day public consultation process.

Composition

Each IAG will have a maximum of 10 members to allow for dialogue and discussion. IAGs will be established for the following sectors:

- Credit Unions
- General/Property and Casualty Insurance
- Health Service Providers
- Life Insurance Agents
- Life and Health Insurance
- Mortgage Brokers and Agents
- Pension Plans

Vision and Principles

FSRA would like industry views on the proposed guiding principles it is using to guide the development of a fee rule in each regulated sector. More detailed descriptions of the summary below will be provided to the IAGs to support meetings with FSRA's management and Board.

Vision	Principles
Simplicity	<ul style="list-style-type: none">- Low administrative burden for regulated entities and FSRA
Consistency	<ul style="list-style-type: none">- Predictability- Competitiveness and a level playing field
Fairness	<ul style="list-style-type: none">- Direct costs are borne by sectors- Proportional and causation-based cost bearing- Reasonable allocation of common costs (e.g. by activity level, regulatory benefit and/or ability to pay)
Transparency	<ul style="list-style-type: none">- Accessibility and disclosure- Comprehensibility
Future Focus	<ul style="list-style-type: none">- Prospective- Flexible
Support Regulatory Objectives	<ul style="list-style-type: none">- Support regulatory objectives

Proposed Fee Rule

In mid-August FSRA management expects to communicate a proposed fee rule, and detailed Vision and Principles, to the IAG for industry review and comment. Each IAG will be asked to consult within its industry to provide representative views on the fee rule proposed by FSRA. The nature and content of such consultation by the IAG with its industry members is in its discretion and is intended to be assisted by relevant industry associations.

The goal is to ensure that FSRA is aware of any industry views which may affect the proposed fee rule before FSRA formally proposes a fee rule and engages in the 90-day statutorily-required public consultation, pending proclamation of the FSRA Act.

Frequency and Duration

Each IAG will be invited to participate in two meetings to provide industry representative views on the fee rule:

- 1) August 21 – 29, 2018: an up to 2-hour meeting with FSRA management and its consultants. At this meeting FSRA will advise the IAG of the proposed fee rule for its sector and the reasons for such proposal. The purpose will be to inform FSRA of industry views and to permit the IAG to ask questions and prepare for the meeting with the FSRA Board.

- 2) September 5 or 7, 2018: a 1-to-1.5-hour meeting with the FSRA Board of Directors. This meeting will permit the IAG to present its views directly to the FSRA Board and for the Board and industry IAG to discuss issues related to the proposed fee rule.

It is anticipated that the IAG will conclude its work after the second meeting, but it may be asked for further input by FSRA management or Board of Directors.

Core Responsibilities

Specific responsibilities of the Fee Rule Industry Advisory Group in providing advice and feedback to FSRA on the proposed fee rule include, but are not limited to:

- Determining its own internal governance (e.g., Chair; spokespersons) and industry liaison
- Reviewing background material in preparation for meetings with FSRA management and the Board
- Using its best efforts to develop an industry consensus on the proposed fee rule and to express representative industry views to FSRA
- Preparing for and attending meetings with FSRA Management and Board

Agenda Item 4(b)
August 14/18 EOC Meeting

CAFII Briefing Note

RE: Teleconference meeting between Janette Seibel, Legal Counsel, Legal Branch, FCAA; and CAFII Co-Executive Directors Brendan Wycks and Keith Martin

TOPIC: Discussion about a 31 July, 2018 letter supporting an earlier CLHIA letter requesting changes to the pending Insurance Act in Saskatchewan as well as Insurance Regulations meant to support the Act

DATE: 9 August, 2018 (10.30 am to 11:00 am)

Janette Seibel informed us that Roger Sobotkiewicz, Superintendent of Insurance, Financial and Consumer Affairs Authority, Government of Saskatchewan was just back from vacation, and not able to attend the call. Ms. Seibel was courteous and engaged, and said she was very appreciative of the letter we wrote, and of our raising some of these pressing issues with the FCAA.

Ms. Seibel said that with respect several of the issues we had raised in our letter, a brief industry Consultation Paper would be released shortly which would provide an opportunity for CAFII and other industry stakeholders to comment on the FCAA's proposed solutions on a number of issues which had been identified as problematic. The in-development industry Consultation Paper would be released soon, on an embargoed basis, with a short turn-around for responses, i.e. likely a mid-September deadline.

With respect to the first issue raised in the CAFII letter, "Free Look Should Not Apply to Group and Creditor's Group Life Insurance Contracts," Ms. Seibel said that this was an issue that the FCAA understood, and that she thought this might be satisfactorily addressed in the Consultation Paper. Because it is difficult at this stage to make changes to the Insurance Act itself, there had been recent discussion internally at the FCAA on whether the Regulations supporting the Act could be adjusted to make it clear that there was a free look period exemption for Group and Creditor's Group life insurance contracts. She expressed the hope that such an approach could address the concerns of industry.

Ms. Seibel then moved directly to point 4 in the CAFII letter, about the definitions of Insurer's Representative and Insurance Agent in the Insurance Act and which parties will have to be licenced as a result. She said that she felt that this might be the biggest concern of industry, and as such addressing it satisfactorily could go a long way towards alleviating some of industry's worries. Brendan Wycks expressed the view that this was indeed one of the key issues and addressing it would be very helpful.

Ms. Seibel said that the FCAA "wants to get this resolved," and had recently commissioned the Insurance Councils of Saskatchewan (ICS) to develop guidelines to address the industry's concerns, addressing which industry players will need to be licenced, which players will not need to be licenced, and what type of licence will need to be obtained by those who do require licencing.

In addition to working on guidelines re insurance licencing, the FCAA and the ICS are working on modernizing the ICS' By-Laws and determining if they could be another mechanism for addressing concerns with respect to the breadth of industry players who will need to be licenced.

The intention is to publish the new guidelines on insurance licencing early this Fall, so that industry can still be in a position to be in compliance with the new Insurance Act and the related Regulations by 1 January, 2019.

Ms. Seibel encouraged CAFII to reach out to the ICS on this issue of the definitions of Insurer's Representative and Insurance Agent, reiterate our concerns, and hear directly from Ron Fullan and April Stadnek about the measures they are working on to address the industry's concerns. We committed to speak directly with Ron and April about this in the near future.

Discussion then turned to point 2 in our CAFII letter, the inclusion of the word "group" in the S 5-69 definition of travel insurance in the Insurance Act, which Ms. Seibel said would be a more difficult issue to address, because it would take more time to resolve. She said, however, that in the interim, the FCAA did not feel that the inadvertent inclusion of the word "group" in the definition of travel insurance would affect "the status quo." The FCAA was looking to achieve a permanent solution to the industry's concerns on this matter, she said, but doing so would likely require an amendment to the Act and that was not likely to be achieved prior to the 1 January, 2019 in force date.

With respect to point 2 in our CAFII letter, the issue of reinstating an exception for life insurance with respect to premium refunds, Ms. Seibel acknowledged the legitimacy of the industry's concerns and indicated that this section of the Act had the potential to produce "unintended consequences." She said that measures to address this would be included in the upcoming industry Consultation Paper.

Finally, Ms. Seibel said that with respect to point 5 in CAFII's letter, the request for a Transition Regulation, it would be helpful for the FCAA to know what are the specific issues on which a Transition Regulation is required, to which Keith Martin stated that that might be dependent upon how the other identified concerns are addressed—as some might no longer be as serious an issue and not require as much guidance, if some of the key concerns are effectively addressed. Ms. Seibel agreed, and said that progress on several fronts should be made through the upcoming mini industry Consultation Paper. She asked that we provide the FCAA with more details on the specific issues which we believe a Transition Regulation should address, as part of our response to the upcoming Consultation Paper, both of which the FCAA would like to receive by mid-September 2018 (assuming the expected imminent release of the Consultation Paper).

In conclusion, Mr. Wycks thanked Ms. Seibel for her time, her transparency, and her consultative approach, and said that the call had been extremely helpful; to which Ms. Seibel replied that the letter which CAFII had sent was itself extremely useful, and that the FCAA finds industry input extremely valuable and helpful.

Agenda Item 4(d)
August 14/18 EOC Teleconference Meeting

FCAC Presentation and Dialogue Meeting with CAFII Board and Executive Operations Committee,

Friday, September 14, 2018, 12:30 to 2:30 p.m.

CIBC Insurance, Ontario Room, 9th Floor, 18 York St., Toronto

Proposed Agenda

- 12:30 to 1:00 p.m.: Informal Buffet Lunch and Conversation
- 1:00 to 1:05 p.m.: Welcome and Participant Self-Introductions
- 1:05 to 1:25 p.m.: CAFII Presentation on New Association Strategic Plan; Strategic Initiatives; and How Valuable Credit Protection Insurance Is To Canadians
- 1:25 to 1:35 p.m.: Dialogue on CAFII Presentation Matters
- 1:35 p.m. to 2:10 p.m.: FCAC Presentation on Results of Domestic Banks' Retail Sales Practices Review, Phase 1; Plans for Phase 2 of Domestic Banks' Retail Sales Practices Review; New FCAC Supervision Framework; Plans/Objectives for "Deep Dives" at Individual Federally Regulated FIs
- 2:10 to 2:25 p.m.: Dialogue on FCAC Presentation Matters
- 2:25 to 2:30 p.m.: Wrap-up; Next Steps, If Any; and Adjournment

From: Brendan Wycks [mailto:brendan.wycks@cafii.com]

Sent: Monday, July 30, 2018 7:49 AM

Subject: Save the Date(s): Confirming Date/Time for September 2018 Special Purpose CAFII Board Meeting With FCAC Deputy Commissioner; and Date/Time of Preparatory Meeting

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

Thank you to CAFII Directors for responding to the availability poll of last week.

The best date/time option for a Special Purpose CAFII Board Meeting with FCAC Deputy Commissioner Brigitte Goulard for the majority of CAFII Directors is Friday, September 14/18 from 12:30 to 2:15 p.m. (Apologies to the few Directors who indicated that they would not be able to make a meeting on that date/time.)

In addition, the preferred date/time option for a Preparatory Meeting to familiarize Directors and EOC Members with the agenda and program planned for the meeting; and to ensure everyone's comfort with protocol, speaking roles, etc. is Monday, September 10/18 from 2:00 to 3:00 p.m. (or perhaps until 3:30 p.m.)

Natalie Hill will send out Outlook Invitations for both of these meetings shortly, to get them confirmed in everyone's calendars.

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance
brendan.wycks@cafii.com

From: Brendan Wycks [mailto:brendan.wycks@cafii.com]

Sent: Wednesday, July 25, 2018 9:04 AM

Subject: CAFII Director Availability Poll For September 2018 Special Purpose Board Meeting With FCAC Deputy Commissioner

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

In follow-up to my message of July 6/18 on this subject, based on the availability of both Brigitte Goulard, the FCAC's Deputy Commissioner who will be the FCAC staff executive meeting with our Association, we need to go back to the drawing board and do a further poll of CAFII Directors re the September date on which this meeting can occur.

(CAFII Directors: please complete and respond to the availability poll below via a reply email to Brendan Wycks, Keith Martin, and Natalie Hill, by end of day on Thursday, July 26/18.)

Since July 6, we have learned that

- both FCAC Commissioner Lucie Tedesco and Deputy Commissioner Brigitte Goulard are unavailable on Thursday, September 13/18 (the date CAFII originally proposed based on the initial poll of Directors); and
- given that Ms. Tedesco has a very busy September overall, she has designated Ms. Goulard as the FCAC official who will meet with CAFII in Toronto.

As further background related to this regulator meeting opportunity – based, in part, on a touchpoint teleconference involving Board Chair Nicole Benson, Immediate Past-Board Chair Peter McCarthy, Keith Martin, and myself – please be advised/reminded of the following:

- the FCAC has offered to meet with CAFII as part of its overall stakeholder engagement and communications strategy arising from the completion of its Review of domestic banks' sales practices. Its proposal is to have Deputy Commissioner Brigitte Goulard present to our Association the highlights of the Review's findings (including aspects related to bank sales of insurance); the FCAC's new Supervision Framework; general plans for future "deep dives" at individual FIs (which Ms. Tedesco and Ms. Goulard have indicated would begin in 2019 at the earliest), etc.; and that there be some dialogue around the information that she presents in the meeting;
- because the FCAC liaises with CCIR and its provincial insurance regulator and policy-maker members across the country, the information which Ms. Goulard will share is directly or indirectly relevant to all CAFII members; and all CAFII members should have a representative(s) present to hear it;
- as with nearly all of CAFII's liaison meetings with insurance regulators and policy-makers, this meeting is expected to be largely a listening and dialogue-around-the-information-shared activity;
- Ms. Goulard is not expected to ask any probing, inquisition-type questions in the meeting about bank sales of insurance or any other matter. It would be inappropriate to ask such questions in this type of forum, in any event. Further, CAFII would be unable to answer such questions at an Association-wide level as they typically do not lend themselves to industry-wide, common ground responses (the FCAC's interest in such questions typically relates just to one individual FI or a small group of FIs). CAFII should not hesitate to decline to answer such questions, should they unexpectedly arise in the meeting;
- CAFII members should not feel any anxiety or unease about possibly being put on the spot and being asked to render a candid opinion or provide FI-specific information in this meeting;
- the FCAC is not expecting CAFII to present anything as part of this meeting. Any presentation by CAFII during the meeting will be completely voluntary on the Association's part;
- the focus of the brief presentation which CAFII is planning to make as part of this meeting will be on "how valuable credit protection insurance is for Canadian consumers, across the board," drawing upon independent, third party research, i.e.

-preliminary results of Summer 2018 Pollara Strategic Insights Research on Consumers' Purchase Experience, Claims Experience, and Overall Satisfaction with Creditor's Group Insurance (if available by that point in September); or

-highlights of 2015 Towers Watson Research on the Consumer Value Proposition of Creditor's Group Life Insurance on Mortgages;

- we expect to have a protocol at the meeting which limits speaking participation to the 12 CAFII Directors (or, if absent, his/her designate) plus the Co-Executive Directors. EOC members will be observers at the meeting; and
- once the date for the Special Purpose CAFII Board Meeting with the FCAC's Brigitte Goulard is settled, we will also schedule a Preparatory Conference Call to familiarize Directors and EOC Members with the agenda and program planned for the meeting; and to ensure everyone's comfort with protocol, speaking roles, etc.

Thanks and best regards,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance
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**Agenda Item 4(e)(iii)
August 14/18 EOC Meeting**

Budgetary Issues Re CAFII Credit Protection Insurance Research With Pollara Strategic Insights

From: Keith Martin

Sent: Wednesday, August 08, 2018 5:02 PM

To: Benson, Nicole; Pergola, Antonio; Thorn, Peter; 'Diane Quigley'; Brendan Wycks

Cc: 'Johnson, Sarah'; Natalie Hill; Tara Moran; Charles.Blaquiere@valeyo.com

Subject: Discussion with CAFII Board Chair Nicole Benson on 2018 CAFII Research Spend

Hello Nicole,

Thank you very much for finding the time for a quick 15 minute teleconference call tomorrow 9 August, at 11.30am (Eastern time).

To ensure we keep to the time allocated, I am providing you with a short briefing note.

Objective of the Call

The purpose of the call is to share with you our proposal for conducting consumer research on Credit Protection Insurance. The research effort to conduct this research is larger than what was budgeted for in the original, approved 2018 budget and would entail a cost overrun of our 2018 research budget of \$22,291. The specific purpose of the call is to request your approval for exceeding the 2018 budget for research by \$22,291.

Original 2018 Total Budget, Research \$52,500

Proposed Spend if we do consumer research on Credit Protection Insurance \$74,791

Excess of proposed spend over original budget \$22,291

Background

- On 5 June, the CAFII Board expressed a desire to expedite consumer research on Credit Protection Insurance, similar to the Pollara consumer research (just completed and presented to the board at the 5 June meeting) on Travel Medical Insurance.
- A CAFII Working Group was subsequently struck under the direction of the Research & Education Committee (Chaired by Diane Quigley, CUMIS), and has made much progress. We have identified our objectives, scope, product lines, and have developed a draft of the questionnaire with our consumer research firm Pollara. We have now arrived at a point where we have identified sufficient details about the research that Pollara has been able to provide us with a specific proposal with costs.
- Because of the size and complexity of this research effort, it is a larger task than what was undertaken for the consumer research on Travel Medical Insurance. The proposal from Pollara, which we have reviewed and feel is fair, comes in at \$50,700; with HST the total is \$57,291. We have already spent \$17,500 (budgeted) money on the Travel Medical research study in 2018, so our total spend for 2018 would be \$74,791. (See summary below.)

Summary of 2018 Proposed Spend on Research, Including New Study on Pollara Credit Protection

Insurance

\$50,700	cost of 2018 Creditor Insurance research study
\$6,591	HST
\$57,291	2018 Total research forecast for Credit Protection Insurance Consumer Research
\$17,500	original 2018 actuals for Travel Medical spend in 2018
\$74,791	Total proposed 2018 Spend on Research

Recommendation

We have reviewed this proposed overspend with the CAFII Treasurer, Tony Pergola, who asked us to present him with a forecast of the CAFII anticipated revenues and expenses overall in 2018, based on actuals to date, and the reality that our original budget did not include revenues we now know are coming due to our two new Initiation Members, Manulife and Canada Life.

The original budget, approved by the board, anticipated an overall 2018 deficit of \$89,485. Our forecast with the additional \$22,291 research spend included is that the 2018 deficit will be \$31,867, or over \$55,000 less than originally budgeted.

Based on that information, and based on the Credit Protection Insurance consumer research study being identified as a strategic priority by the board, Tony was comfortable with our bringing this forward to you for your review, with a recommendation for approval.

Next Steps

During the short teleconference call, we will review the material presented here and see if you have any questions. We are seeking from you:

- approval to proceed with this Credit Protection Insurance consumer research study, and specifically approval to do so with the cost overrun;
- discussion with you on how you would like to engage the full board on this issue
- do you want to ask if they concur;
- or do you wish to share the decision with them for information;
- or do you wish to put this as an update to the board at the next regular board meeting on Tuesday, 2 October (in Montreal)?

Look forward to discussing this with you tomorrow, Nicole,

Regards,

--Keith

Keith Martin
Co-Executive Director / Co-Directeur général
Canadian Association of Financial Institutions in Insurance
L'association canadienne des institutions financières en assurance
keith.martin@cafii.com
T: 647.460.7725

CAFII – Mortgage and Secure Line of Credit Insurance
Draft

- A. Please select the province in which you live:
- a. Newfoundland & Labrador
 - b. Nova Scotia
 - c. Prince Edward Island
 - d. New Brunswick
 - e. Quebec
 - f. Ontario
 - g. Manitoba
 - h. Saskatchewan
 - i. Alberta
 - j. British Columbia
 - k. Northwest Territories
 - l. Yukon
 - m. Nunavut
 - n. Currently live outside Canada [TERMINATE]

[RECODE INTO REGIONS]

Atlantic Canada
Quebec
Ontario
Prairies
Alberta
BC and Territories

- B. Please enter your year of birth:
[ENTER] **[TERMINATE IF UNDER 18]**

- C. Please select your gender:
- Male
 - Female
 - Other
 - Prefer not to answer

Definitions

SHOW ON SEPARATE PAGE. RESPONDENTS MUST CLICK NEXT TO CONTINUE WITH SURVEY.

Today we are going to talk to you about credit protection insurance for mortgages and home equity lines of credit. Below are some definitions of what we will be referring to in the survey. Throughout the survey, if you would like a reminder of these definitions, just mouse over the name of the insurance policy and you can see the relevant definition.

Credit Protection Insurance for mortgages - is optional insurance used to pay out a mortgage (up to the maximum specified in the certificate of insurance) or to pay out a mortgage in the event of death, or make/postpone debt payments on the customer's behalf in the event of disability, job loss or critical illness. It is offered by banks and credit unions across Canada.

Note: credit protection insurance is NOT the insurance that is required by the Canada Mortgage and Housing Corporation (CMHC) on homes that were purchased with less than a 20% down payment, which will pay back the lender if the home owner were to default on their mortgage.

Credit Protection Insurance for Home Equity Line of Credit (HELOC) - is optional insurance used to pay out the balance of your secured line of credit in the event of death, or make or postpone payments on your behalf in the event of disability, job loss or critical illness (depending on the coverage you have chosen). It is offered by banks and credit unions across Canada.

Credit Protection Insurance Benefits

~~Life Insurance: Pays out the insured mortgage or HELOC balance (up to the maximum specified in the certificate of insurance) in the event of death.~~

~~Disability: Mortgage or HELOC payments will be covered after an initial waiting period (usually 60 days after diagnosis) and will continue until you go back to work or until you reach a designated maximum period of time, i.e. 24 months.~~

~~Critical Illness: Pays out the insured outstanding balance on your mortgage or HELOC, if you are diagnosed with a covered critical illness~~

~~Job Loss: On involuntary unemployment, provides payment protection by making specific debt payments on your behalf for a limited period of time.~~

~~**Home Equity Line of Credit** — a secured line of credit, based on the value of your home~~

~~**Personal Line of Credit** — an unsecured line of credit~~

~~**Term Life Insurance** — Is individual life insurance that pays a benefit during a specified term. Once the term expires, the policyholder can either renew for another term, convert to permanent coverage, or allow the policy to terminate. Add to questions~~

~~**Certificate of insurance (include?)**~~

~~**Pre-Existing Condition (include?)**~~

1. Do you have now, or have you ever had the following:

GRID COLUMNS

Have now

Had in the past but not now

Never had

Don't know

GRID ROWS (RANDOMIZE)

A mortgage

A home equity line of credit

A personal line of credit

2. **IF HAVE MORTGAGE IN Q1 ASK:** Do you currently have credit protection insurance for your mortgage?
- Yes
- No
- Don't know

IF NO OR DON'T KNOW, SKIP TO Q5

3. And what does the credit protection insurance cover you for? Please select all that apply.

Life – pays out the insured outstanding balance in the event of death

Disability – payments will be covered until you are able to go back to work or until you reach a designated maximum period of time (i.e. 24 months)

Critical Illness – pays out the insured outstanding balance if you are diagnosed with a covered critical illness

Job Loss – on involuntary unemployment, provides payment protection by making specific debt payments on your behalf for a limited period of time

None of the above

Don't know

4. When did you purchase or arrange for your mortgage insurance?

DROP DOWN BOX THAT SHOWS LESS THAN ONE YEAR, ONE YEAR INCREMENTS FROM ONE TO 25 AND MORE THAN 25 YEARS AGO. INCLUDE SEPARATE DON'T KNOW AND PREFER NOT TO ANSWER CATEGORIES

5. **IF HAVE LINE OF CREDIT IN Q1 ASK:** Do you currently have credit protection insurance for your Home Equity Line of Credit?
- Yes
- No
- Don't know

IF NO OR DON'T KNOW, SKIP TO Q8

6. And what does the credit protection insurance cover you for? Please select all that apply.

Life – pays out the insured outstanding balance in the event of death

Disability – payments will be covered until you are able to go back to work or until you reach a designated maximum period of time (i.e. 24 months)

Critical Illness – pays out the insured outstanding balance if you are diagnosed with a covered critical illness

Job Loss – on involuntary unemployment, provides payment protection by making specific debt payments on your behalf for a limited period of time

None of the above

7. When did you purchase or arrange for your line of credit insurance?

DROP DOWN BOX THAT SHOWS LESS THAN ONE YEAR, ONE YEAR INCREMENTS FROM ONE TO 25 AND MORE THAN 25 YEARS AGO. INCLUDE SEPARATE DON'T KNOW AND PREFER NOT TO ANSWER CATEGORIES

8. **ASK EVERYONE:** Have you ever submitted a claim under mortgage or home equity line of credit insurance? These claims would be made because a loved one had died, or you or a loved one had been diagnosed with a critical illness, disabled or lost your/their job? Please select all that apply

Mortgage

Home Equity Line of Credit

Both

None of the above

IF DO NOT HAVE MORTGAGE OR LINE OF CREDIT AND NEVER MADE A CLAIM ON MORTGAGE OR LINE OF CREDIT INSURANCE, TERMINATE.

QUOTAS:

NON-HOLDERS: HAVE A MORTGAGE/LINE OF CREDIT, BUT NOT MORTGAGE/LINE OF CREDIT INSURANCE

CURRENT HOLDERS: HAVE MORTGAGE/LINE OF CREDIT INSURANCE

CLAIMANTS: HAVE BEEN THE BENEFICIARY OF A MORTGAGE/LINE OF CREDIT INSURANCE CLAIM

IF HOLDER OF MORTGAGE INSURANCE – GO TO SECTION A: MORTGAGE INSURANCE HOLDERS

IF HOLDERS OF HELOC INSURANCE – GO TO SECTION B: HELOC INSURANCE HOLDERS

IF HOLDER OF BOTH MORTGAGE AND HELOC – RANDOMLY SELECT ONE OF SECTION A OR B FOR PARTICIPANT TO ANSWER

IF NON-HOLDER GO TO SECTION C – NON-HOLDER

SECTION A: MORTGAGE INSURANCE HOLDERS

A1. For the next few questions, please consider the credit protection insurance you have on your mortgage. Thinking of this insurance, in general, how confident are you that in the event of a claim, the credit protection insurer will...

GRID COLUMNS

Very confident

Somewhat confident

Somewhat doubtful

Very doubtful

Don't know

GRID ROWS (RANDOMIZE)

Clearly communicate the information needed to submit your claim

Provide the quality of service you would expect

Pay the claim as expected

A2. To what extent do you agree or disagree with each of the following statements about the credit protection insurance for your mortgage?

GRID COLUMNS

Strongly agree

Somewhat agree

Somewhat disagree

Strongly disagree

Don't know

GRID ROWS (RANDOMIZE)

Credit protection insurance is an affordable insurance option

Credit protection insurance effectively protects me and my family in case of certain unexpected event

Credit protection provides good value for the money

Credit protection insurance is a convenient way to protect me and my family in case of certain unexpected events

Without credit protection insurance, I do not know what would happen to my family in the case of an emergency

A3. Thinking back to when you got your mortgage, did the representative from the financial institution talk to you about credit protection insurance?

Yes

No

Don't know/Can't recall

[IF TALKED TO REPRESENTATIVE IN QA3 ASK QA4-QA5]

A4. To what extent do you agree or disagree with each of the following statements in regard to what your financial institution representative told you about the available credit protection insurance?

GRID COLUMNS

Strongly agree

Somewhat agree

Somewhat disagree

Strongly disagree

Don't know/Can't recall

GRID ROWS (RANDOMIZE)

I was told the options that were available to me

I was told the premiums/costs of the options available

I was told the benefits of the options

I was encouraged to take out the credit protection insurance as a way to protect my loved ones in case of an emergency

~~I was encouraged to take out the credit protection insurance to help ensure I was approved for the mortgage or line of credit~~

~~I was encouraged to take out the credit protection insurance to help me get a better interest rate on my mortgage or line of credit~~

A5. Did your representative explain the trial period that was available with the credit protection insurance, in which you could cancel this coverage at no cost to you?

Yes

No

Don't know/Can't recall

A6. Aside from talking to the financial institution representative, did you research the credit protection options that were available yourself?

Yes

No

Don't know/Can't recall

A7. Again, considering your credit protection insurance for your mortgage, what is your level of understanding of terms of insurance i.e., what is and is *not* covered?

Understand very well

Understand somewhat well

Do not understand very well

Do not understand at all

A8. Do you know how much coverage you have with your credit protection insurance for your mortgage?

- Yes, I know exactly how much
- I have a rough idea
- I am not sure, but I assume it is what I need
- I have no idea

A9. Would you say your credit protection insurance policy for your mortgage is set out in such a way that you can easily understand your coverage?

- I can very easily understand what is covered
- I can somewhat easily understand what is covered
- It is somewhat difficult to understand what is covered
- It is very difficult to understand what is covered
- I have never read my actual policy
- Don't know

A10. When researching or purchasing credit protection insurance for your mortgage, how important are the following factors:

GRID COLUMNS

- Most important
- Very important
- A consideration
- Not important
- Don't even think about it

GRID ROWS (RANDOMIZE)

- Price
- Overall amount of coverage
- Coverage for pre-existing conditions (that is health conditions that you had prior to purchasing the insurance)
- The financial institution enrolling you for credit protection
- The insurance company providing the credit protection
- Ease of overall purchase process
- Benefits and features of the coverage
- Ability to buy online
- Being able to speak to someone to answer your questions
- Other (please explain) [\[ANCHOR\]](#)

A11. The following questions are in regard to your experience purchasing your credit protection insurance for your mortgage. How did you *complete* the purchase of your credit protection insurance?

[RANDOMIZE]

- By phone with the financial institution
- Online, including mobile (e.g., smartphone, tablet)
- In-Person at the branch
- Through a financial institution representative that came to my house
- Through a mortgage broker
- Other [ANCHOR]

A12. Overall, how would you rate your level of satisfaction with the *purchase experience*, when you purchased your credit protection insurance for your mortgage?

- Very satisfied
- Somewhat satisfied
- Somewhat dissatisfied
- Very dissatisfied
- Don't recall

A13. More specifically, how satisfied were you with the following elements of the purchase process?

GRID COLUMNS

- Very Satisfied
- Somewhat satisfied
- Somewhat dissatisfied
- Very dissatisfied
- Don't recall
- Not applicable

GRID ROWS (RANDOMIZE)

- Availability of comprehensive information to help you make an informed decision
- Coverage details i.e. what was and was not covered – were written in a clear and easy to understand language
- Coverage details i.e. what was and was not covered – were explained well by the financial institution representative
- Responsiveness of the representative (e.g., answering questions in a timely manner)
- Quality of responses to your questions (e.g., comprehensive, easy to understand, etc.)
- Value for the money
- Ease of transaction/purchase
- The trial period that allowed you to cancel the purchase within a period of time with not cost

A14. If you have a question about your credit protection coverage, who would you call to get the information you need?

- The financial institution that has your mortgage or line of credit
- The insurance company
- Someone else
- Don't know

SECTION B: HELOC INSURANCE HOLDERS

B1. For the next few questions, please consider the credit protection insurance you have on your home equity line of credit. Thinking of this insurance, in general, how confident are you that in the event of a claim, the credit protection insurer will...

GRID COLUMNS

- Very confident
- Somewhat confident
- Somewhat doubtful
- Very doubtful
- Don't know

GRID ROWS (RANDOMIZE)

- Clearly communicate the information needed to submit your claim
- Provide the quality of service you would expect
- Pay the claim as expected

B2. To what extent do you agree or disagree with each of the following statements about the credit protection insurance for your home equity line of credit?

GRID COLUMNS

- Strongly agree
- Somewhat agree
- Somewhat disagree
- Strongly disagree
- Don't know

GRID ROWS (RANDOMIZE)

- Credit protection insurance is an affordable insurance option
- Credit protection insurance effectively protects me and my family in case of certain unexpected event
- Credit protection provides good value for the money
- Credit protection insurance is a convenient way to protect me and my family in case of certain unexpected events
- Without credit protection insurance, I do not know what would happen to my family in the case of an emergency

B3. Thinking back to when you got your home equity line of credit, did the representative from the financial institution talk to you about credit protection insurance?

Yes

No

Don't know/Can't recall

[IF TALKED TO REPRESENTATIVE IN Q83 ASK Q84-Q85]

B4. To what extent do you agree or disagree with each of the following statements in regard to what your financial institution representative told you about the available credit protection insurance?

GRID COLUMNS

Strongly agree

Somewhat agree

Somewhat disagree

Strongly disagree

Don't know/Can't recall

GRID ROWS (RANDOMIZE)

I was told the options that were available to me

I was told the premiums/costs of the options available

I was told the benefits of the options

I was encouraged to take out the credit protection insurance as a way to protect my loved ones in case of an emergency

~~I was encouraged to take out the credit protection insurance to help ensure I was approved for the mortgage or line of credit~~

~~I was encouraged to take out the credit protection insurance to help me get a better interest rate on my mortgage or line of credit~~

B5. Did your representative explain the trial period that was available with the credit protection insurance, in which you could cancel this coverage at no cost to you?

Yes

No

Don't know/Can't recall

B6. Aside from talking to the financial institution representative, did you research the credit protection options that were available yourself?

Yes

No

Don't know/Can't recall

B7. Again, considering your credit protection insurance for your home equity line of credit, what is your level of understanding of terms of insurance i.e., what is and is *not* covered?

Understand very well

Understand somewhat well

Do not understand very well

Do not understand at all

B8. Do you know how much coverage you have with your credit protection insurance for your home equity line of credit?

Yes, I know exactly how much

I have a rough idea

I am not sure, but I assume it is what I need

I have no idea

B9. Would you say your credit protection insurance policy for your home equity line of credit is set out in such a way that you can easily understand your coverage?

I can very easily understand what is covered

I can somewhat easily understand what is covered

It is somewhat difficult to understand what is covered

It is very difficult to understand what is covered

I have never read my actual policy

Don't know

B10. When researching or purchasing credit protection insurance for your home equity line of credit, how important are the following factors:

GRID COLUMNS

Most important

Very important

A consideration

Not important

Don't even think about it

GRID ROWS (RANDOMIZE)

Price

Overall amount of coverage

Coverage for pre-existing conditions (that is health conditions that you had prior to purchasing the insurance)

The financial institution enrolling you for credit protection

The insurance company providing the credit protection

Ease of overall purchase process

Benefits and features of the coverage

Ability to buy online

Being able to speak to someone to answer your questions

Other (please explain) [\[ANCHOR\]](#)

B11. The following questions are in regard to your experience purchasing your credit protection insurance for your home equity line of credit. How did you *complete* the purchase of your credit protection insurance? [\[RANDOMIZE\]](#)

By phone with the financial institution

Online, including mobile (e.g., smartphone, tablet)

In-Person at the branch

Through a financial institution representative that came to my house

~~Through a mortgage broker~~

Other [\[ANCHOR\]](#)

B12. Overall, how would you rate your level of satisfaction with the *purchase experience*, when you purchased your credit protection insurance for your home equity line of credit?

Very satisfied

Somewhat satisfied

Somewhat dissatisfied

Very dissatisfied

Don't recall

B13. More specifically, how satisfied were you with the following elements of the purchase process?

GRID COLUMNS

Very Satisfied

Somewhat satisfied

Somewhat dissatisfied

Very dissatisfied

Don't recall

Not applicable

GRID ROWS (RANDOMIZE)

Availability of comprehensive information to help you make an informed decision

Coverage details i.e. what was and was not covered – were written in a clear and easy to understand language

Coverage details i.e. what was and was not covered – were explained well by the financial institution representative

Responsiveness of the representative (e.g., answering questions in a timely manner)

Quality of responses to your questions (e.g., comprehensive, easy to understand, etc.)

Value for the money

Ease of transaction/purchase

The trial period that allowed you to cancel the purchase within a period of time with not cost

B14. If you have a question about your credit protection coverage, who would you call to get the information you need?

The financial institution that has your mortgage or line of credit

The insurance company

Someone else

Don't know

SECTION C: NON-HOLDERS

C1. While you do not currently hold credit protection insurance on your mortgage or home equity line of credit, we would like to understand your thoughts about these products. Thinking about what you have seen, heard or know about credit protection Insurance (again that is Mortgage Insurance or Home Equity Line of Credit Insurance) in general, how confident are you that in the event of a claim, the credit protection insurers will...

GRID COLUMNS

Very confident
Somewhat confident
Somewhat doubtful
Very doubtful
Don't know

GRID ROWS (RANDOMIZE)

Clearly communicate the information needed to submit the claim
Provide the quality of service you would expect
Pay the claim as expected

C2. To what extent do you agree or disagree with each of the following statements about credit protection insurance?

GRID COLUMNS

Strongly agree
Somewhat agree
Somewhat disagree
Strongly disagree
Don't know

GRID ROWS (RANDOMIZE)

Credit protection insurance is an affordable insurance option
Credit protection insurance effectively protects those who hold it, in case of certain unexpected event
Credit protection provides good value for the money
Credit protection insurance is a convenient way to protect holders, in case of certain unexpected events
I worry about how my loved ones will pay my mortgage or line of credit, if something were to happen to me

C3. Thinking back to when you got your mortgage or home equity line of credit, did the representative from the financial institution talk to you about credit protection insurance?

- Yes
- No
- Don't know/Can't recall

[IF TALKED TO REPRESENTATIVE IN C3 ASK QC4-QC5]

C4. To what extent do you agree or disagree with each of the following statements in regard to what your financial institution representative told you about the available credit protection?

- GRID COLUMNS
- Strongly agree
 - Somewhat agree
 - Somewhat disagree
 - Strongly disagree
 - Don't know/Can't recall

- GRID ROWS (RANDOMIZE)
- I was told the options that were available to me
 - I was told the premiums/costs of the options available
 - I was told the benefits of the options
 - I was encouraged to take out the credit protection insurance as a way to protect my loved ones in case of an emergency
 - ~~I was encouraged to take out the credit protection insurance to help ensure I was approved for the mortgage or line of credit~~
 - ~~I was encouraged to take out the credit protection insurance to help me get a better interest rate on my mortgage or line of credit~~

C5. Did your representative explain the trial period that was available with the credit protection insurance, in which you could cancel this coverage at no cost to you?

- Yes
- No
- Don't know/Can't recall

C6. Aside from talking to the financial institution representative, did you research the credit protection options that were available yourself?

- Yes
- No
- Don't know/Can't recall

C7. You mentioned that you have had a mortgage or line of credit but did not have credit protection insurance. Why did you choose not to have credit protection insurance on these debts? Please select all that apply. If there is another reason that is not listed, please add it in the box below.

- Did not know about this insurance
- It was too expensive/the premiums were too high
- It was not good value for the money
- Was told by friends/family not to get it
- Was told by mortgage broker not to get it
- Was told by financial institution not to get it
- Had other types of insurance to cover it
- Felt that other types of insurance would provide a better value for the money
- Did not feel the need to have insurance
- Was going to get it later but didn't get
- Did not think of it
- Other Specify
- Don't know/Can't recall

C8. When you incurred debt on your mortgage or line of credit, did you consider taking out a term insurance policy specifically to cover that debt in the case of an emergency?

- Yes, I consider it and I took it out
- Yes, I considered it but did not take it out
- No, I did not consider it
- Don't know

C9. Do you have a different type of insurance policy, that is not credit protection, that would provide you or your loved ones money if you were to have the following emergencies? Please select all that apply

- If you were to die
- If you were to become disabled
- If you were to become critically ill
- If you were to lose your job
- None of the above – no insurance policies (SINGLE SELECT)
- Prefer not to answer (SINGLE SELECT)

SECTION D: CLAIMS – CLAIMANTS CONTINUE, NON-CLAIMANTS SKIP TO DEMOGRAPHICS

D1. You mentioned that you have made a claim on your credit protection insurance. When was the last claim you had made?

- In the past year
- One to less than two years ago
- Two to less than three years ago
- Three to less than four years ago
- Four to less than five years ago
- Five years ago or more

D2. What type of claim was made?

- Life Insurance (due to the death of a loved one)
- Disability
- Critical illness
- Job loss
- Other
- Prefer not to say

D3. What was the result of your claim submission?

- It was paid
- It was denied
- The claim is still being processed **[SKIP TO D10]**

D4. Thinking back about the entire claim experience, from the initial contact to the final outcome, how would you rate your satisfaction with the overall experience?

- Very satisfied
- Somewhat satisfied
- Neither satisfied nor dissatisfied
- Somewhat dissatisfied
- Very dissatisfied
- Don't recall

D5. And how satisfied were you with each of the following factors involved in this claim?

GRID COLUMNS

Very satisfied

Somewhat satisfied

Somewhat dissatisfied

Very dissatisfied

Don't recall

Not applicable

GRID ROWS (RANDOMIZE)

The ease of contacting your insurer to start the claim process

The empathy and understanding the insurer's representative showed you when you called

The knowledge of the representatives you spoke with

The clarity and completeness of the representative's responses to your questions

The explanation you received about the steps involved in a claims process

The explanation you were given about what would be covered by your policy

The explanation you were given as to how long it would take to process your claim

The ease of understanding and completing the claim forms

The number of claim forms that you had to submit was reasonable

The required documentation was reasonable

The explanation of how the claim payment was determined

The claim was paid in a timely manner

D6. Would you say that the claim submission experience met, exceeded, or fell short of your expectations

Met

Exceeded

Fell short

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

Met

Exceeded

Fell short

D8. How would you rate the clarity of explanation your insurer gave you about **[IF D3=a]** your claim payment? **[IF D3=b]** the claim denial?

- Very good
- Good
- Poor
- Very poor
- Don't recall

D9. **[ASK IF ANSWERED CLAIM DENIED AT D3]** What was/were the reason(s) the partial payment (IF b) denial (IF c) of your claim? **[OPEN END]**

[ADD] Don't know

D10. Did you make a complaint about your claim at any point during or after the claim process?

- a. Yes
- b. No

D11. **[ASK IF ANSWERED 'Yes' AT D10]** How did you make this complaint? Please select all that apply

- Made a complaint to the financial institution I was dealing with
- Spoke to a supervisor or manager at the insurance company
- Lodged an official complaint to a regulator
- Lodged an official complaint to the insurance company Ombudsman
- Posted my complaint about the insurance company on social media
- Complained to family or friends
- Other (Specify)
- Prefer not to say

D12. **[ASK IF ANSWERED 'Yes' AT D10]** What was the **primary** reason for your complaint?

[RANDOMIZE]

- The length of time it took to process the claim
- Lack of clarity about what was required
- Lack of updates during the process
- Difficult to contact/unresponsive insurer representatives (e.g., calls/emails not returned)
- Conflicting information from different claims representatives
- Insurance wording unclear/ambiguous
- Excessive documentation (e.g., bills, receipts, records) required
- Lack of professionalism and courtesy of representatives
- Not happy with claim being denied
- Other **[SPECIFY]**

D13. **[ASK IF ANSWERED 'Yes' AT D10]** Were you satisfied with how the complaint was handled?

- Very satisfied
- Somewhat Satisfied
- Neither satisfied nor dissatisfied
- Somewhat dissatisfied
- Very dissatisfied
- Don't know

You are almost done. There are just have a few questions left to help us better analyze and understand responses to this survey.

SECTION Z DEMOGRAPHICS

Z1. Which of the following income brackets best represents your annual household income before taxes?

- Less than \$75,000
- \$75,000 to less than \$120,000
- \$120,000 or more
- Prefer not to answer

Z2. Do you have children in any of the following age groups? Please select all that apply.

- Under 18 years
- 18 years or older
- Do not have children **[EXCLUSIVE]**
- Prefer not to answer **[EXCLUSIVE]**

Z3. Which of the following best describes your employment status?

- Employed (full-time, part-time, self-employed)
- Full-time student
- Retired
- Other

Z4. How long have you been a resident of Canada?

- Born in Canada
- Less than 2 years
- 2 to less than 5 years
- 5 to less than 10 years
- 10 to less than 20 years
- More than 20 years

You have reached the end of this survey. Thank you for your responses and your time.



August 3, 2018

Mr. Ron Fullan
Executive Director
Insurance Council of Saskatchewan
Suite 310
2631 – 28th Avenue
Regina, Saskatchewan S4S 6X3

Dear Mr. Fullan,


On behalf of the Canadian Life and Health Insurance Association (CLHIA) and the Canadian Association of Financial Institutions in Insurance (CAFII), we are pleased to provide our joint proposal for a Restricted Insurance Agent Advisory Committee (RIA Advisory Committee) of the Saskatchewan Insurance Councils.

As you will recall at our meeting on October 27, 2017, we expressed our support for an RIA Advisory Committee that would ensure the Councils have the benefit of expert information and advice when dealing with issues involving restricted insurance agents. At the time, you had requested that the CLHIA and CAFII develop a joint proposal for consideration.

We have since met with members of CLHIA and CAFII to develop a proposal that sets out the principles upon which we recommend establishing an RIA Advisory Committee. We believe that the RIA Advisory Committee itself may be in the best position to determine how the committee will be managed, but offer some details for consideration in the attached suggested Terms of Reference.

The CLHIA and CAFII appreciate the opportunity to provide this joint proposal for your consideration. We would be pleased to discuss our proposal in more detail at your convenience.

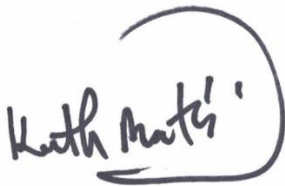
Sincerely,

A handwritten signature in black ink, appearing to read "Euan H.", with a stylized flourish at the end.

Assistant Vice President, Distribution
Canadian Life and Health Insurance Association

A handwritten signature in black ink, reading "Brendan Wycks", in a cursive style.

Brendan Wycks
Co-Executive Director
Canadian Association of Financial Institutions in Insurance

A handwritten signature in black ink, reading "Keith Martin", enclosed within a large, hand-drawn oval.

Keith Martin
Co-Executive Director
Canadian Association of Financial Institutions in Insurance

CLHIA and CAFII's Joint Proposal for a Restricted Insurance Agent Advisory Committee of the Saskatchewan Insurance Councils

Mandate

The RIA Advisory Committee will provide subject matter expertise to the Saskatchewan Life Council and General Council regarding Restricted Insurance Agents (RIAs). The Advisory Committee may also provide advice regarding the operational efficiency and effectiveness of regulations related to RIAs.

The RIA Advisory Committee will not advocate on behalf of the industry.

Scope

The RIA Advisory Committee will provide the Councils and/or Executive Director with advice and information on RIA-relevant issues, including:

- Information on relevant products and distribution channels;
- The consumer needs for which RIA-distributed products are designed;
- Impact of Council decisions on RIAs;
- The operational efficiency and effectiveness of the Saskatchewan RIA regulatory regime; and
- Any other issues brought forward by the Life and General Councils.

Terms of Reference

Within the first year of its existence, the RIA Advisory Committee will develop its own Terms of Reference for approval by the Life and General Councils. The Terms of Reference would determine how the RIA Advisory Committee will function, including quorum at meetings, agenda development, and minutes, among other things. A suggested Terms of Reference is attached as a "thought-starter" for the RIA Advisory Committee.

Membership

Given the broad interests already represented on the Life and General Councils, we believe the membership of the RIA Advisory Committee should be limited to experts in the products and distribution channels utilized under restricted licenses.

The RIA Advisory Committee members will include:

- at least two (2) restricted insurance agent representatives with distribution expertise in RIA products;
- at least two (2) insurer representatives with expertise in relevant products, distribution channels and practices; and
- the Executive Director of the Insurance Councils or designated staff.

A wide range of products are distributed under restricted insurance agent licenses through a variety of channels. In order to balance the need for relevant subject matter expertise with the need for continuity on the RIA Advisory Committee, the Committee may be augmented by additional subject matter experts, as needed and on an ad hoc basis.

For Committee members and ad hoc subject matter experts, CAFII and CLHIA shall be called upon to propose a list of representative candidates that could be appointed at the pleasure of the Councils. It should be noted, however, that CLHIA and CAFII can only propose representatives from the life and health insurance industry; and there may be a need, at some point, to include representatives from the property and casualty insurance industry. It is recommended that associations representing the P&C industry (e.g., IBC, CADRI) could be called upon to propose those representatives.

We believe the interests of consumers are well-represented through the Life and General Councils, and the Advisory Committee will always have access to the consumer representative expertise on the Councils.

RIA Advisory Committee members shall not be required to be residents of Saskatchewan.

Chair

In keeping with the Saskatchewan Life and General Councils' by-laws, the Chair of the RIA Advisory Committee will be appointed by the Life and General Councils.

Membership Rotation

Consistent with the Saskatchewan Life and General Councils model, RIA Advisory Committee members shall serve a three-year renewable term. This will ensure continuity of expertise while also providing the ability to bring in new members.

In appointing the first committee members, the Councils should consider allowing the initial appointments to fall outside of the rotation rule in order to ensure a staggered membership rotation going forward in support of continuity of expertise.

Frequency of Meetings

The RIA Advisory Committee will meet as necessary, at the request of the Chair. However, the RIA Advisory Committee shall meet no less than twice per year.

Where a Committee member feels that a meeting should be held to deal with an issue(s), they may request -- in writing to the Chair -- that a meeting of the Advisory Committee be held.

Duration of Committee

The duration of the RIA Advisory Committee's mandate is indefinite.

Review of Committee

Consistent with the Life and General Councils by-laws, the Life and General Councils, in conjunction with the Executive Director, shall review the Advisory Committee's role and effectiveness on an on-going basis. There may be some benefit in aligning this review process with the Advisory Committee's membership rotation schedule.

Transition Items Identified for the RIA Advisory Committee in its Inaugural Year

The following items have been identified for the RIA Advisory Committee to discuss during its first few meetings:

- Development of a Terms of Reference;
- Development of an appropriate disciplinary process for RIA-specific issues, including a protocol for RIA representation in disciplinary matters;
- Development of a process to address RIA-specific complaints and issues coming forward; and
- Identifying any other items to be managed by the Committee.

Suggested Terms of Reference for the Restricted Insurance Agent Advisory Committee of the Saskatchewan Insurance Councils

Below we have provided a suggested Terms of Reference for the RIA Advisory Committee's consideration.

Conduct of the RIA Advisory Committee's meetings and related procedures shall be as consistent as possible with those followed by the Life and General Councils.

Quorum

Quorum for meetings will be attendance by a simple majority of RIA Advisory Committee members. The Executive Director or a designated staff member shall always be in attendance, but shall not count as quorum.

Distance Support

The RIA Advisory Committee may meet in-person or by teleconference or other electronic means.

Agenda

The Chair of the RIA Advisory Committee shall prepare a meeting agenda. The Chair may request agenda items from members or the Councils.

Committee Records

The Executive Director or a designated staff member shall maintain minutes of the RIA Advisory Committee's meetings.

Conflicts of Interest

Members of the RIA Advisory Committee must be committed to the public interest regarding the insurance industry. If the RIA Advisory Committee is dealing with an issue where a member has a real or perceived conflict, that member shall remove him/herself from deliberations on the issue. The RIA Advisory Committee may wish to supplement its membership with another representative from the roster of *ad hoc* experts, if needed.

Remuneration

Remuneration of RIA Advisory Committee members' committee-related expenses, including travel expenses if any, shall be in accordance with the expense reimbursement policy of the Insurance Councils of Saskatchewan.

Amending the Terms of Reference

The RIA Advisory Committee's members, Executive Director or designated staff member may make recommendations to amend the terms of reference. Amendments will be approved by the Life and General Councils.