

CAFII Executive Operations Committee Meeting Agenda

Date: Tuesday, February 15, 2022

Chair: R. Dobbins

Location: [Virtual MSTEams Meeting](#)

Time: 2:00 – 3:30 p.m. EST

Dial-in: 437-703-4263

Phone Conference ID: 965 295 258#

1. Welcome, Call to Order, and Priority Matters	2:00 p.m.	Presenter	Action	Document
a. Call to Order		R. Dobbins		
b. Members' Contributions to CAFII's Advancement Through Contribution of Volunteer Resources to Committee Chair, Committee Vice-Chair, and Committee Member Roles: Current Status and Next Steps Planned/Needed		R. Dobbins/B. Wycks	Update	✓
c. Need For Successor CAFII Treasurer		R. Dobbins/T. Pergola	Update	

2. Consent Items	2:10 p.m.	Presenter	Action	Document
a. Consultations/Submissions Timetable				✓
b. Regulatory Update				✓
c. January 28/22 CAFII Response Submission on Revised "Sound Commercial Practices Guideline"				✓ (2)
d. January 31/22 CAFII Response Submission to FCNB on "New Brunswick Insurance Act Modernization: Questions For Industry"				✓
e. February 7/22 CAFII Response Submission to FCNB on "Rule INS-001: Insurance Intermediaries Licensing and Obligations"				✓
f. Regulator and Policy-Maker Visit Plan				✓
g. Summary of Board and EOC Action Items				✓
h. Board-Approved Schedule of CAFII 2022 Meetings and Events				✓

3. Financial Management Matters	2:12 p.m.	Presenter	Action	Document
a. CAFII Financial Statements as at December 31/21 (full 2021 fiscal year)		T. Pergola	Update	✓
b. Update on KPMG Audit of CAFII 2021 Fiscal Year Financial Statements		B. Wycks	Update	✓
c. CAFII Financial Statements as at January 31/22		T. Pergola	Update	✓

4. Committee Updates	2:25 p.m.	Presenter	Action	Document
a. Research & Education		A. Stuska		
i. January 19/22 Presentation of Results of CAFII-Commissioned Deloitte Canada Thought Leadership Paper on Trends, Consumer Demands/Expectations, and Best Practices in Digitization of Insurance; and Next Steps		A. Stuska/K. Martin	Update	✓
b. Media Advocacy				
i. Progress Report on Media Advocacy Initiatives		K. Martin	Update	
c. Market Conduct & Licensing		B. Kuiper	Update	✓
i. AMF "Critical Illness Insurance Supervisory Report" (Released February 9/22)		K. Martin/B. Wycks	Update	✓
d. Travel Insurance Experts		K. Umtoniwase	Update	
i. Insights Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact Of COVID-19 On Travel Insurance Industry		B. Wycks	Update	
e. Networking & Events		C. Manno	Update	
i. Insights Gained from January 31/21 CAFII Webinar on "The Ins and Outs of Life Insurers' Health and Wellness Incentivization Programs"		K. Martin/B. Wycks	Update	✓
ii. Plans for March 2022 CAFII Webinar on "How the Life and Health Insurance Industry Can Help Employees and Insureds Deal With Mental Health Challenges"		K. Martin	Update	✓

5. Recent and Upcoming Strategic and Regulatory Initiatives	2:50 p.m.	Presenter	Action	Document
a. Outcomes of January 6/22 CAFII Response Submission to FCAC on proposed "Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks"		K. Martin/B. Wycks	Update	
b. Insights Gained from January 19/22 CAFII Virtual Meeting with Mario Beaudoin and Charlene Boucher, AMF Re Member Action Plans Submitted CAFII By Members (December 17/21) For Bringing Credit Card-Embedded Insurance Benefits Into Compliance With RADMI, and Related Issues		K. Martin	Update	

c.	Outcomes of CAFII January 17/22 Submission to AMF on Proposed Wording Modifications To Fact Sheet and Notice of Rescission to Make Them Fit/Suit Credit Card-Embedded Insurance Benefits	K. Martin	Update	✓ (2)
d.	Insights Gained from January 27/22 FSRA "Exchange" Virtual Mini-Conference	K. Martin/ B. Wycks	Update	✓
e.	Insights Gained from January 27/22 Meeting of Saskatchewan Restricted Insurance Agents Advisory Committee (RIAC)	M.Gill/K. Martin/ B. Wycks	Update	
f.	Insights Gained from January 27/22 CAFII "Get Acquainted and Dialogue Meeting" with Saskia Tolsma, Vice-President, Stakeholder Engagement, and BCFSa Staff Executive Colleagues	B. Wycks/K. Martin	Update	
g.	Outcomes of CAFII February 8/22 Presentation to CISRO "Consumer Awareness Working Group" (CAWG) on CAFII's Consumer-Facing Website and Its Consumer Financial Literacy Content	K. Martin/B. Wycks	Update	
h.	Outcome of CLHIA Outreach to NWT Government on Credit Protection Insurance Licensing/Classes of Insurance Issue	D. Ewen/B. Wycks	Update	✓
i.	Q1 2022 Implementation of Working Group-Identified Enhancements to CAFII Quarterly Benchmarking Study Reports Produced by RSM Canada	K. Martin	Update	✓

6.	Governance Matters	3:15 p.m.	Presenter	Action	Document
a.	Draft Minutes of January 18/21 EOC Meeting		B. Wycks	Approval	✓
b.	Movement of EOC Annual Appreciation Dinner from May 17/22 to September 20/22		B. Wycks/K. Martin	Update/ Discussion	

7.	Read Only Items		Presenter	Action	Document
a.	February 2/22 Operatic Agency Annual Accountability Report On CAFII Website Performance In 2021				✓
b.	Penultimate Draft of CAFII Response Submission to FSRA on "Information Guidance on complaints resolution" (Submission Deadline: February 15/22)				✓
c.	Penultimate Draft of CAFII Response Submission to AMF on Draft "Incentive Management Guideline" (Submission Deadline: February 18/22)				✓
d.	Penultimate Draft of CAFII Response Submission to FCNB on "Proposed Rule INS-002: Insurance Fees" (Submission Deadline: February 18/22)				✓
e.	BCFSa Consultation on "Discussion Paper: Information Security Incident Reporting" (Submission Deadline: February 25/22)				✓ (2)

8.	Other Business	3:20 p.m.	Presenter	Action	Document

9.	In Camera Session	3:20 p.m.	Presenter	Action	Document

10.	Tracking Issues		Presenter	Action	Document
a.	Possible Movement of CAFII 25 th Anniversary Celebration from June 7/22 to October 11/22				
b.	CAFII March 15/22 Two Hour Consultation Meeting with AMF to Provide Feedback on Regulatory Regime Supporting Insurance Offered/Sold Over The Internet				
c.	AMF Consultation on Declaration of Operational Incidents				
d.	BCFSa Consultation on "Code of Conduct For BC-Authorized Insurers" (pending proclamation into force of section 94.3 of BC Financial Institutions Act)				
e.	BC Ministry of Finance Drafting of Regulations to Implement Financial Institutions Amendment Act, 2019				
f.	FCAC: Phase 2 of Domestic Bank Retail Sales Practices Review				

Next EOC Meeting: Tuesday, March 22/22, 2:00 to 4:00 p.m., Virtual MStTeams Meeting

Next Board Meeting: Tuesday, April 12/22, 2:00 to 4:00 p.m., Virtual MStTeams Meeting

Briefing Note

**CAFII EOC Meeting 15 February, 2022—Agenda Item 1(a)
Welcome, Call to Order, and Priority Matters: Call to Order**

Purpose of this Agenda Item

Start of meeting, and welcome to new EOC members.

Background Information

The meeting is called to order.

Recommendation / Direction Sought -- Update

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 1(b)

Welcome, Call to Order, and Priority Matters: Members' Contributions to CAFII's Advancement Through Contribution of Volunteer Resources to Committee Chair, Committee Vice-Chair, and Committee Member Roles: Current Status and Next Steps Planned/Needed

Purpose of this Agenda Item – Update

Update on identifying new volunteers on CAFII's Committees and Working Groups.

Background Information

EOC Chair Rob Dobbins will provide an update on the progress made thus far on identifying new CAFII volunteers and leaders on the various CAFII Committees and Working Groups. As a matter of policy, CAFII now attempts to have a Chair and Vice-Chair in place for all CAFII Committees. The only major remaining gap is on the Media Advocacy Committee, for which a Chair and Vice-Chair are sought.

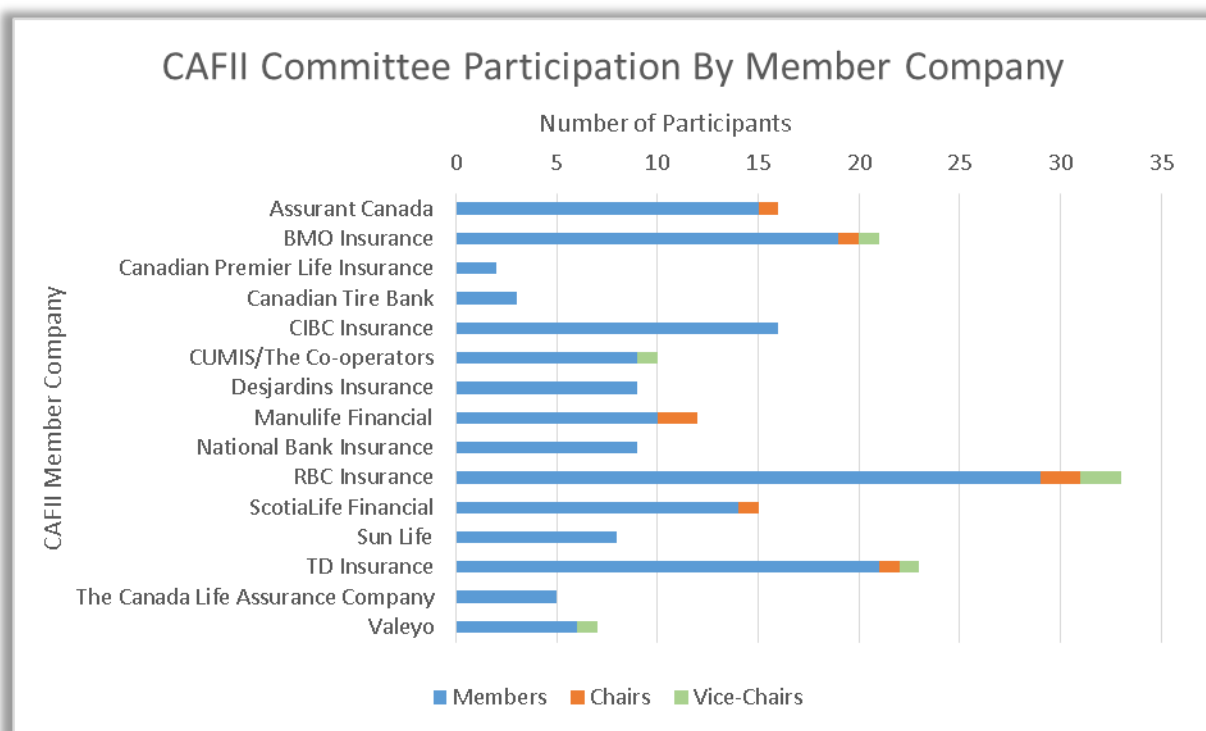
Recommendation / Direction Sought – Update

Update.

Attachments Included with this Agenda Item

1 attachment.

CAFII Member Company Committee & Working Group Involvement



Notes: Acting Chairs and Vice-Chairs of Committees & Working Groups were also counted as Members of that same Committee or Working Group. See below the raw data count of each Member company's Committee/Working Group participation.

Company	Members	Chairs	Vice-Chairs	Total
Assurant Canada	15	1	0	16
BMO Insurance	19	1	1	21
Canadian Premier Life Insurance	2	0	0	2
Canadian Tire Bank	3	0	0	3
CIBC Insurance	16	0	0	16
CUMIS/The Co-operators	9	0	1	10
Desjardins Insurance	9	0	0	9
Manulife Financial	10	2	0	12
National Bank Insurance	9	0	0	9
RBC Insurance	29	2	2	33
ScotiaLife Financial	14	1	0	15
Sun Life	8	0	0	8
TD Insurance	21	1	1	22
The Canada Life Assurance Company	5	0	0	5
Valeyo	6	0	1	7

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 1(c)

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

Purpose of this Agenda Item

To update the Association on the need for a new CAFII Treasurer.

Background Information

After many years of exemplary service, CAFII Treasurer Tony Pergola has let the Association know of his intention to step down no later than by the June 2022 Annual Meeting of Members.

Recommendation / Direction Sought – Information Only

CAFII EOC members will be asked to forward nominations for a new CAFII Treasurer.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 2(a-h) Consent Items

Purpose of this Agenda Item

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

Background Information

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

- a. Consultations/Submissions Timetable;
- b. Regulatory Update;
- c. January 28/22 CAFII Response Submission on Revised “Sound Commercial Practices Guideline”
- d. January 31/22 CAFII Response Submission to FCNB on “New Brunswick Insurance Act Modernization: Questions For Industry”
- e. February 7/22 CAFII Response Submission to FCNB on “Rule INS-001: Insurance Intermediaries Licensing and Obligations”
- f. Regulator and Policy-Maker Visit Plan;
- g. Summary of Board and EOC Action Items;
- h. Board-Approved Schedule of CAFII 2022 Meetings and Events.

Recommendation / Direction Sought – Information Only

No action required.

Attachments Included with this Agenda Item

8 attachments.

28 January, 2022

Mr. Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
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c.c. Mr. Éric Jacob, Superintendent, Client Services and Distribution Oversight
Mr. Patrick Déry, Superintendent, Solvency
Ms. Louise Gauthier, Senior Director, Distribution Policies
Mr. Mario Beaudoin, Director, Alternative Insurance Distribution Practices

Re: CAFII Feedback On AMF's Draft Sound Commercial Practices Guideline Update

Dear Mr. Lebel:

CAFII thanks the AMF for the opportunity to provide feedback comments on the Autorité's draft update to its existing Sound Commercial Practices Guideline.

General Feedback Comments

We note that the original Sound Commercial Practices Guideline (2013) was a 13 page document, and the updated version is much more detailed at 23 pages.

Germane to the document's level of detail and resulting overall length, CAFII strongly believes that market conduct-based regulations and guidelines should outline regulators' consumer outcome expectations but not get into prescriptive details as to how to achieve those outcomes.

By adding significantly more prescriptive content to the updated Sound Commercial Practices Guideline, the AMF has moved away from principles-based regulation and into specifying for regulated entities – the companies which have the direct business experience of dealing with consumers in the marketplace and with managing customer relationships – how they must act, in certain specific ways. That is altogether different from setting out the AMF's consumer outcome expectations as the regulator, and leaving it to regulated entities to determine the best ways and means to achieve your expectations. In CAFII's view, a largely prescriptive regulatory approach will result in increased regulatory burden and industry inefficiencies, while not providing any offsetting consumer protection benefits.

As a CAFII-specific opening comment, we also want to emphasize that the credit protection insurance (CPI) products that our members offer to Quebecers are very different from other types of life and health insurance coverage available in the marketplace.

CPI products are offered in connection with a related debt obligation, such as a mortgage, home equity line of credit, consumer loan, or credit card. Quebecers, like Canadians generally, are typically significantly underinsured or uninsured. Therefore, the offering of these products -- which in the case of mortgage life insurance protects consumers against a catastrophic loss associated with what is generally the largest debt obligation taken on in one's lifetime -- provides an important protection option for Quebecers.

However, CPI products are offered primarily by unlicensed individuals working in financial institutions -- under Quebec's Distribution Without Representation regime -- and those representatives cannot provide customers with advice nor perform a comprehensive needs analysis or suitability assessment.

While information is provided to customers to ensure that they can make an informed decision, representatives are not able to determine the suitability of products for the customer. Instead, information about the products is provided so that the customer can make his/her own assessment of suitability/appropriateness.

Specific Feedback Comments

It is CAFII's view that a very important section of the updated Guideline is Section 2 on Business Culture, and we agree with the AMF's view that "Business culture is one of the main vectors of staff behaviour within an institution." However, we also note that business culture is difficult to measure.

With respect to business culture, CAFII members are very committed to the fair treatment of customers (FTC), and act in a manner consistent with that commitment. As such, we feel that the AMF should not assume that companies do not have an FTC business culture in place, unless there are indicators to substantiate that.

With respect to intermediaries and other external service providers, CAFII members are committed to the principle that outsourcing certain activities to business partners does not remove the obligation to maintain and ensure FTC with respect to the outsourced activities.

With respect to conflicts of interest, CAFII members support -- and make every effort to embed in their organizational cultures -- the provisions on managing conflicts of interest which are set out in the CCIR/CISRO *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*. Those vigilant efforts include ensuring that the customer's interest takes precedence over the representative's/salesperson's/advisor's interest; disclosing conflicts or potential conflicts of interest; and addressing product suitability in an appropriate manner.

In that connection, we note that Section 6.7 of the updated Sound Commercial Practices Guideline on "Offering a product to a client" sets out an expectation that "*The institution's policies, procedures and controls should ensure that the product offered is suitable for the client.*" (page 17)

With respect to product suitability/appropriateness, it is CAFII's position that if a customer is 'eligible' for enrolment in CPI (a form of group insurance), then that insurance coverage is 'appropriate' to be offered to that individual. However, as noted above, due to insurance licensing regime requirements in Quebec (and other provinces/territories), a financial institution representative offering CPI cannot provide advice to nor perform a comprehensive suitability or needs analysis for the customer.

In that regard, in addition to complying with the *CCIR/CISRO Guidance*, CAFII members also adhere to all relevant CLHIA Guidelines; and we offer the following observations on directly relevant CLHIA *Guideline G13, Compensation Structure: Managing Conflicts of Interest*.

We strongly concur with *G13's* fundamental premises that "a robust compensation system is needed to attract and retain qualified professionals to offer, place and service life and health insurance products that meet the needs of the consumer. At the same time, it is important that well-designed compensation systems be alert to the risk that sales-related compensation could create conflicts of interest"; and that "one element of FTC is that remuneration and reward strategies take account of fair customer outcomes."

On a separate but important matter, our Association has concerns with the prescriptive nature of two particular clauses in the updated Guideline, the first of which is "Notify the client of any significant change that occurs regarding previously disclosed conflicts of interest."

It is our view that tracking and reporting to clients on changes to historical, previously disclosed conflicts of interest is of far less consumer protection value than having the necessary procedures and controls in place to ensure that current/existing conflicts of interests are managed properly.

The prescribed new "Notify the client" requirement will create a new regulatory burden upon the industry; and further, it will likely create confusion among consumers as to why they are receiving an update to a previously disclosed conflict of interest, without any offsetting enhancement to consumer protection that would outweigh the confusion created.

In a similar vein, in our view, the following clause is very prescriptive and would impose additional regulatory burden upon the industry, without providing any offsetting consumer protection benefits:

Document each conflict of interest situation that arises and how the institution managed it. The information collected should provide a basis for assessing the extent of the harm that may be caused to the client by such a conflict of interest.

We note that in footnote 10, the AMF seems to diminish and mitigate somewhat the impact of this new prescriptive requirement, by stating the following:

For example, if the harm to the client is insignificant, the financial institution could record the information in a more general manner, such as by category or type, rather than recording each case and the way it was handled.

CAFII members have millions of interactions each year with customers. Requiring regulated entities to document each conflict of interest situation in detail will not provide any additional consumer protection benefits, but will simply promote 'process and reporting' over 'appropriate business culture and practices.'

We believe that if the processes, procedures, controls, and training essential to protecting consumers are in place, it should not be necessary to require regulated entities to perform this newly prescribed 'busy work,' especially when any enhanced contribution to consumer protection is suspect.

There was no such requirement in the original 2013 Sound Commercial Practices Guideline; and we believe that the original approach is much more effective, where the AMF expected industry to have in place the following:

mechanisms and controls to identify and deal with any departure from the institution's strategies, policies and procedures, any conflicts of interest or any other situation likely to interfere with fair treatment of consumers (page 9).

We strongly encourage to AMF to reconsider *Section 6.2 – Handling conflicts of interest* in the updated Guideline, taking into account the practical implications of the new prescriptive requirement; and to return to a principles-based approach on this matter.

On the subject of Claims Examination and Settlement, we note that the AMF sets out the expectation that *"Everything is confirmed in writing to the client, who is offered the opportunity to request a review of the decision."* (page 20)

We ask the AMF to clarify and confirm that "in writing" is not intended to be limited to paper-based communication; and that communicating with customers digitally or by other electronic means will constitute compliance with this expectation.

With respect to Complaint Processing and Dispute Resolution, CAFII has recently made a detailed written submission on the AMF's separate consultation on its "Draft Regulation on Complaints Handling and Dispute Resolution in the Financial Sector."

Conclusion

As a key industry stakeholder, CAFII again thanks the AMF for the opportunity to offer feedback comments on the draft update to the Autorité's Sound Commercial Practices Guideline. Should you require further information from CAFII or wish to meet with representatives from our Association on this submission or any other matter at any time, please contact Keith Martin, CAFII Co-Executive Director, at keith.martin@cafii.com or 647-460-7725.

Sincerely,



Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

Le 28 janvier 2022

M^e Philippe Lebel
Secrétaire et directeur général des affaires juridiques
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Objet : Commentaires de l'ACIFA sur la mise à jour de la ligne directrice sur les saines pratiques commerciales de l'AMF

Cher Monsieur Lebel :

CAFII remercie l'AMF de lui avoir donné l'occasion de formuler des commentaires sur le projet de mise à jour de la ligne directrice sur les saines pratiques commerciales de l'Autorité.

Commentaires généraux

Nous notons que la ligne directrice initiale sur les saines pratiques commerciales (2013) était un document de 13 pages, et que la version mise à jour est beaucoup plus détaillée avec 23 pages.

En ce qui concerne le niveau de détail du document et la longueur totale qui en résulte, l'ACIFA croit fermement que les réglementations et les lignes directrices fondées sur les pratiques de marché devraient souligner les attentes des régulateurs en matière de résultats pour les consommateurs, mais sans entrer dans les détails prescriptifs sur la façon d'atteindre ces résultats.

En ajoutant beaucoup plus de contenu prescriptif à la version mise à jour de la ligne directrice sur les saines pratiques commerciales, l'AMF s'est éloignée de la réglementation fondée sur des principes pour spécifier aux entités réglementées - les entreprises qui ont l'expérience commerciale directe des relations avec les consommateurs et de la gestion des relations avec les clients - comment elles doivent agir, de certaines manières spécifiques. C'est tout à fait différent que de définir les attentes de l'AMF, en tant que régulateur, en matière de résultats pour les consommateurs, et de laisser les entités réglementées déterminer les meilleurs moyens de réaliser vos attentes. L'ACIFA est d'avis qu'une approche réglementaire largement prescriptive entraîne une augmentation de la charge réglementaire et des inefficacités du secteur, sans pour autant produire des avantages compensatoires en matière de protection des consommateurs.

En tant que commentaire préliminaire spécifique à l'ACIFA, nous voulons souligner que les produits d'assurance crédit offerts par nos membres aux Québécois sont très différents des autres types de couverture d'assurance vie et santé disponibles sur le marché.

Les produits d'assurance crédit sont proposés en relation avec un titre de créance connexe, tel qu'un prêt hypothécaire, une ligne de crédit hypothécaire, un prêt à la consommation ou une carte de crédit. Les Québécois, comme les Canadiens en général, sont généralement très peu assurés ou non assurés. Par conséquent, l'offre de ces produits - qui, dans le cas de l'assurance-vie hypothécaire, protège les consommateurs contre une perte catastrophique associée à ce qui est généralement la plus grande dette contractée au cours d'une vie - constitue une option de protection importante pour les Québécois.

Cependant, les produits d'assurance crédit sont principalement offerts par des personnes sans permis de représentants en assurance travaillant dans des institutions financières - en vertu du régime québécois de distribution sans représentant - et ces employés ne peuvent pas fournir de conseils aux clients ni effectuer une analyse complète des besoins ou une évaluation de la pertinence. Bien que des informations soient fournies aux clients pour qu'ils puissent prendre une décision éclairée, les employés ne sont pas en mesure de déterminer si les produits conviennent au client. Des informations sur les produits sont plutôt fournies afin que le client puisse évaluer lui-même leur convenance.

Commentaires spécifiques

L'ACIFA est d'avis qu'une partie très importante de la ligne directrice sur les saines pratiques commerciales mise à jour est la partie 2 sur la culture d'entreprise, et nous sommes d'accord avec l'avis de l'AMF selon lequel « La culture d'entreprise est l'un des principaux vecteurs dictant le comportement des membres du personnel au sein d'une institution. » Toutefois, nous constatons également que la culture d'entreprise est difficile à mesurer.

En ce qui concerne la culture d'entreprise, les membres de l'ACIFA sont très engagés envers le traitement équitable des clients, et agissent d'une manière conforme à cet engagement. À ce titre, nous estimons que l'AMF ne devrait pas présumer que les entreprises n'ont pas de culture d'entreprise de traitement équitable des clients en place, à moins qu'il n'y ait des indices pour le prouver.

En ce qui concerne les intermédiaires et autres fournisseurs de services externes, les membres de l'ACIFA s'engagent à respecter le principe selon lequel l'impartition de certaines activités à des partenaires commerciaux ne supprime pas l'obligation de maintenir et d'assurer le traitement équitable des clients en ce qui concerne les activités imparties.

En ce qui concerne les conflits d'intérêts, les membres de l'ACIFA soutiennent - et font tout leur possible pour intégrer dans leur culture organisationnelle - les dispositions relatives à la gestion des conflits d'intérêts qui sont énoncées dans le document du CCRR et des OCRA : *Conduite des activités d'assurance et traitement équitable des clients*. Ces efforts de vigilance consistent notamment à s'assurer que l'intérêt du client prime sur celui de la représentant ou du vendeur ou du conseiller; à divulguer les conflits d'intérêts ou les conflits d'intérêts potentiels; et à traiter la convenance du produit de manière appropriée.

À cet égard, nous notons que la partie 6.7 de la ligne directrice sur les saines pratiques commerciales mise à jour, intitulée « Offre d'un produit à un client », énonce une attente selon laquelle « Les politiques, procédures et contrôles de l'institution devraient permettre de s'assurer que le produit offert convient au client. » (Page 18)

En ce qui concerne la convenance du produit, la position de l'ACIFA est que si un client est « admissible » à l'adhésion à l'assurance crédit (une forme d'assurance collective), alors cette couverture d'assurance est « appropriée » pour cette personne. Toutefois, comme indiqué ci-dessus, en raison des exigences du régime de permis d'assurance au Québec (et dans d'autres provinces et territoires), un représentant d'une institution financière offrant l'assurance crédit ne peut pas fournir de conseils ni effectuer une analyse complète de la convenance ou des besoins du client.

À cet égard, en plus de se conformer aux lignes directrices du CCRR et des OCRA, les membres de l'ACIFA adhèrent également à toutes les lignes directrices pertinentes de l'ACAP; et nous offrons les observations suivantes sur la ligne directrice 13 de l'ACAP qui est directement pertinente, intitulée *Structures de rémunération : Gestion des conflits d'intérêts*.

Nous sommes tout à fait d'accord avec les prémisses fondamentales de la ligne directrice 13 selon lesquelles « Un solide mécanisme de rémunération est nécessaire si l'on veut attirer et retenir des professionnels qualifiés qui offriront et placeront des produits d'assurances de personnes répondant aux besoins des consommateurs. En outre, tout mécanisme de rémunération bien conçu doit prendre en compte le risque de conflit d'intérêts que présente la rémunération liée aux ventes », et que « l'un des éléments du traitement équitable des clients repose notamment sur des stratégies de rémunération et de récompense donnent des résultats équitables pour les clients ».

Sur une autre question importante, notre association est préoccupée par la nature prescriptive de deux clauses spécifiques de la ligne directrice mise à jour, dont la première est « Aviser le client de tout changement significatif qui survient relativement à la divulgation des conflits d'intérêts qui lui a déjà été transmise. »

Nous sommes d'avis que le fait de suivre et de signaler aux clients les changements apportés aux conflits d'intérêts historiques, précédemment divulgués, présente beaucoup moins d'intérêt pour la protection des consommateurs que le fait de mettre en place les procédures et les contrôles nécessaires pour garantir que les conflits d'intérêts actuels et existants sont gérés correctement.

La nouvelle exigence prescrite « d'aviser le client » créera une nouvelle charge réglementaire pour le secteur; de plus, elle entraînera probablement une confusion chez les consommateurs quant à la raison pour laquelle ils reçoivent une mise à jour d'un conflit d'intérêts déjà divulgué, sans qu'aucune amélioration compensatoire de la protection des consommateurs ne vienne contrebalancer la confusion créée.

Dans le même ordre d'idées, nous estimons que la clause suivante est très prescriptive et imposerait une charge réglementaire supplémentaire au secteur sans qu'aucune amélioration compensatoire de la protection des consommateurs :

« Documenter chaque situation de conflit d'intérêts qui survient et la façon dont l'institution l'a gérée. L'information colligée devrait permettre d'évaluer l'importance du préjudice qu'un tel conflit d'intérêts peut poser au client. »

Nous notons qu'à la note de la page 11, l'AMF semble diminuer et atténuer quelque peu l'impact de cette nouvelle exigence prescriptive, en déclarant ce qui suit :

« Par exemple, dans le cas d'un préjudice peu important envers le client, l'institution financière pourrait consigner l'information de façon plus générale, notamment par catégorie ou par type de conflit, plutôt que d'en consigner chaque cas et son traitement. »

Néanmoins, exiger des entités réglementées qu'elles documentent chaque situation de conflit d'intérêts de manière détaillée - alors que les membres de l'ACIFA ont des millions d'interactions chaque année avec les clients - revient à promouvoir « les processus et les rapports » plutôt que « la culture et les pratiques commerciales appropriées ».

Nous sommes d'avis que si les processus, les procédures, les contrôles, et la formation essentiels à la protection des consommateurs sont en place, il ne devrait pas être nécessaire d'exiger des entités réglementées qu'elles effectuent ce travail supplémentaire nouvellement prescrit, en particulier lorsque toute contribution accrue à la protection des consommateurs est suspecte.

Il n'y avait aucune exigence de ce genre dans ligne directrice initiale de 2013 sur les saines pratiques commerciales; et nous croyons que l'approche initiale est beaucoup plus efficace, alors que l'AMF s'attendait à ce que l'industrie ait mis en place les éléments suivants :

« Des mécanismes et des contrôles pour s'assurer que les dérogations aux stratégies, politiques et procédures de l'institution, les conflits d'intérêts ou toutes autres situations susceptibles de nuire au traitement équitable des consommateurs soient identifiés et traités; » (Page 5)

Nous encourageons vivement l'AMF à reconsidérer la partie 6.2 « Traitement des conflits d'intérêts » dans la ligne directrice mise à jour, en tenant compte des implications pratiques de la nouvelle exigence prescriptive, et à revenir sur cet aspect à une approche fondée sur des principes.

En ce qui concerne le traitement et règlement des demandes d'indemnités, nous notons que l'AMF prévoit que « Le tout est confirmé par écrit au client, et la possibilité de demander une révision de la décision lui est offerte. » (Page 21)

Nous demandons à l'AMF de clarifier et de confirmer que l'expression « par écrit » ne se limite pas aux communications sur papier et que la communication avec les clients par voie numérique ou par d'autres moyens électroniques sera conforme à cette attente.

En ce qui concerne le traitement des plaintes et le règlement des différends, l'ACIFA a récemment présenté une soumission écrite détaillée liée à la consultation de l'AMF sur son « Projet de règlement sur le traitement des plaintes et le règlement des différends dans le secteur financier ».

Conclusion

En tant qu'acteur clé du secteur, l'ACIFA remercie à nouveau l'AMF de lui donner l'occasion de formuler des commentaires sur le projet de mise à jour de la ligne directrice sur les saines pratiques commerciales de l'Autorité. Si vous souhaitez obtenir de plus amples renseignements de la part de l'ACIFA ou rencontrer des représentants de notre Association au sujet de cette soumission ou de toute autre question, veuillez communiquer avec Keith Martin, codirecteur général de l'ACIFA, à keith.martin@LACIFA.com ou au numéro 647-460-7725.

Veillez agréer, Monsieur Lebel, l'expression de mes sentiments les meilleurs.



Rob Dobbins

Secrétaire du Conseil d'administration et président du Comité exécutif des opérations

c.c. M. Éric Jacob, Surintendant de l'assistance aux clientèles et de l'encadrement de la distribution
M. Patrick Déry, Surintendant de l'encadrement de la solvabilité
Mme Louise Gauthier, Directrice principale des politiques d'encadrement de la distribution
M. Mario Beaudoin, Directeur des pratiques de distribution alternatives en assurance

À propos de l'ACIFA

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

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

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

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

Questions for Industry	CLHIA Response
<p>1. Section 133 of the NB Act provides that the life part applies to contracts made after July 1, 1962 and subject to subsections (2) and (3) applies to contracts made prior to July 1, 1962. In CLHIA’s comparison document for NS, you indicate that</p> <p>Although Manitoba’s Act doesn’t explicitly address this issue, Ontario, Alberta and British Columbia all introduced regulations for this purpose. See Ontario Insurance Act s. 172(1), Alberta Insurance Act s. 640(1), and British Columbia Insurance Act s. 39(1). We recommend that a transition provision be included in a regulation (see BC Insurance Regulation 108/2015 sections 13-15). This is consistent with other provincial acts. (BC Reg 403/2012)</p> <p>Can you elaborate on what you are seeking?</p>	<p>Our recommendation is to update this section to allow it to specify which changes to the Act will apply to existing insurance and which ones will only apply to insurance that takes effect after the changes.</p> <p>The transitional regulations were introduced by some of the provinces at the time that they made changes to their respective insurance acts to modernize the framework surrounding insurance contracts. The regulations were intended to provide guidance to the insurance industry and the legal community as to how existing and new insurance contracts and insurance claims were to be handled under the existing and new provisions. We have attached Alberta’s Transitional Regulation 185/2011 as an example. In our view, Alberta’s regulation is the best example of transitional provision because it is the clearest.</p> <p>We are not recommending any changes to the existing 133. But we need clarity on how these changes are going to apply.</p>
<p>2. Sask Reg s. 8-11 provides the following:</p> <p>In the case of a contract of creditor’s group insurance made with an insurer authorized to transact insurance in the Province at the time the contract was made, this part applies in determining:</p> <p>(a) the rights and status of the debtor insured’s personal representatives, and any debtor who is jointly liable for the debt with the debtor insured, with respect to claims for payment of insurance money if the debtor insured was resident in the Province at the time the debtor insured became insured; and</p> <p>(b) the rights and obligations of the debtor insured if the debtor insured was resident in the Province at the time the debtor insured became insured.</p> <p>This provision is similar to section 134 of the NB Act (s. 150 of the Manitoba Act), but deals with creditor’s group insurance. We are proposing to include it in our Act, but no other</p>	<p>The omission of this provision was a technical error in BC and AB (which was subsequently clarified outside of the legislation) but was later addressed by MB with the assistance of CLHIA. We support the inclusion of this provision because it provides the debtor insured with clear remedies under the Act. However, the Act is not set up to grant the right to a debtor insured to name a beneficiary for amounts in excess of the debt nor are insurance companies able to administratively support the naming of a beneficiary.</p> <p>In concert with CLHIA, CAFII also supports the inclusion of this provision because it provides the debtor insured with clear remedies under the Act.</p>

<p>jurisdiction has added it. We are also proposing to add it to the accident and sickness part similar to s. 8-14 of the Sask. Reg. We welcome your thoughts.</p> <p>We note that the new provision does not include “beneficiaries”. Obviously, with Creditor’s Group Insurance the “beneficiary” is the creditor as the purpose of the insurance is to repay a debt. However, is there the possibility that there could be a “beneficiary” in addition to the creditor, specifically if there is somehow a surplus above the debt. If that is the case, we feel “beneficiaries” should be included.</p> <p>We may have asked this previously, but I cannot find a record of it.</p>	
<p>3. in your submission to NS for changes to the accident and sickness part you suggested moving paragraph 224(6)(a) of the Manitoba Insurance Act up to a new paragraph that is equivalent to Manitoba’s 209(2)(e) for a new provision in Nova Scotia’s 72(1) that would read:</p> <p>(e) in the case of a contract of group insurance that replaces another contract of group insurance on some or all of the group life insureds under the replaced contract,</p> <p>(i) whether a designation of a group life insured, a group life insured's personal representative or a beneficiary as a person to whom or for whose benefit insurance money is to be payable under the replaced contract applies to the replacing contract; and</p> <p>(ii) if such a designation under the replaced contract applies to the replacing contract, the fact that the group life insured should review the existing designation to ensure it reflects the group life insured’s current intentions;</p> <p>We intend to do the same for 192(1) of the NB Act.</p> <p>For your submission to NS for changes to the life part, you suggested that NS adopt a new subsection 192(6) that is like Manitoba’s subsection 167(6) but without paragraph (a). However, unlike in the A&S part, you did not recommend that they adopt a similar provision to the above proposed 72(1)(e) for the new 179(1)(d) in NS. We assume that this was an oversight and we intend to adopt a similar provision for our updated section 138. Please confirm that this is correct.</p>	<p>We confirm that this was an oversight. We support the adoption of a similar provision for the update to section 138.</p>

<p>4. FCNB is recommending adopting provisions like Ontario’s section 179.1 which would allow a person who believes that their life or health is endangered under a life insurance policy to seek relief from the courts. As recommended, we are not including paragraph 179.1(1)(b) of Ontario.</p> <p>We appreciate that subsection (2) gives the court discretion to determine an appropriate remedy. However, all jurisdictions give two examples of orders that can be made i.e:</p> <ul style="list-style-type: none">• an order that the insurance on that person’s life under the contract is terminated in accordance with the terms of the contract other than any terms respecting notice of termination;• an order that the amount of insurance under the contract on the person’s life be reduced; <p>FCNB proposed to include the following two additional examples:</p> <ul style="list-style-type: none">• an order designating a different beneficiary; and• an order designating a different owner. <p>We accept that these two remedies, like the existing remedies, are captured by the wording “any order [the court] considers just in the circumstances”. We have not intend to narrow that discretion and don’t feel that they would anymore than the existing enumerated remedies. FCNB believes that setting these out will draw parties’ and court’s attention to these potential solutions. These remedies would allow the policy to remain in place at the same value, which may be significant if the insured’s circumstances have changed and they could not receive a new policy, or at least not at the same price. As you point out in your comments to NS, the insured could very well feel endangered by an irrevocable beneficiary. Allowing the court to change the beneficiary could reduce the risk, but the policy could continue at the same value. Likewise, designating a different owner would allow the contract to continue.</p>	<p>We agree with FCNB’s recommendation to adopt provisions like Ontario’s section 179.1 but not to include paragraph 179.1(1)(b). However, we do recommend against adding examples of what a court could order. In certain circumstances it may not be appropriate or possible for a different beneficiary to be designated such as in the case of some group insurance contracts. Adding examples would also create a provision that is unharmonized with other provincial insurance acts. We recommend not including the proposed two additional examples.</p> <p>Would it be possible to share the full provision that FCNB plans to recommend so that we could see the new wording in context?</p>
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<p>As indicated, FCNB will be recommending setting out these addition two remedies. We would like industry's input on the proposed wording.</p>	
<p>5. Further to the above proposal, we intend to recommend adopting a provision like subsection 155.1(5) of the Manitoba Act,</p> <p style="padding-left: 40px;">155.1(5) An order made under subsection (1) binds any person having an interest in the contract.</p> <p>However, we propose additional wording:</p> <ul style="list-style-type: none"> an order made by the court binds any person having an interest in the contract and, if applicable, discharges the insurer of all liabilities in respect of the contract terminated by the order. <p>We want to ensure that there are no unforeseen consequences from the additional wording.</p>	<p>We agree with FCNB's proposal to adopt a provision like subsection 155.1(5) of the Manitoba Act. However, we would like to suggest the following wording change which will include group insurance:</p> <p>Here are 2 suggestions, either will work:</p> <ul style="list-style-type: none"> an order made by the court binds any person having an interest in the contract and, if applicable, discharges the insurer of all liabilities in respect of the contract life insurance terminated under the contract by the order. an order made by the court binds any person having an interest in the contract and, if applicable, discharges the insurer of all liabilities in respect of the contract life insurance terminated by the order.
<p>6. The life part includes the following provision:</p> <p style="padding-left: 40px;">Where an insurer fails to disclose, or misrepresents, a fact material to the insurance, the contract is voidable by the insured; but in the absence of fraud the contract is not, by reason of such a failure or misrepresentation, voidable after the contract has been in effect for two years.</p> <p>We note that several jurisdictions have eliminated this. Those that have maintained it (Manitoba and Ontario) do not have an equivalent provision in the updated accident and sickness parts in their Acts? Do you recommend removing it for the NB Act?</p>	<p>We have searched our collective institutional records and memory and cannot find the reason for the inconsistency. If the provision is removed, consumers have similar rights under common law. We neither recommend retaining or removing this provision and we would support whatever drafting conclusion is made by FCNB.</p> <p>CAFII strongly recommends that if FCNB's drafting conclusion with respect to this provision is to retain it, it should be harmonized to the maximum degree possible with the parallel wording and placement/positioning as found in the Acts of those jurisdictions that have maintained such a provision.</p>
<p>7. As per our previous discussions, we are proposing a new provision similar to Manitoba's subsection 174(2).</p>	<p>We support FCNB's recommendation to include a new provision similar to Manitoba's subsection 174(2) and BC's s. 9.1 of Reg. 403/2012 as provided. We also support the recommendation to have this as a new stand-alone provision.</p>

<p>Despite subsection 168(1), if a beneficiary is designated irrevocably and has not consented as described in clause (1)(b), the insured may exercise any rights in respect of the contract that are prescribed by regulation.</p> <p>However, as per your advice, we are recommending to incorporate what is in BC’s s. 9.1 of Reg. 403/2012. The recommendation is that the provision read as follows:</p> <p>(1) Despite s. 152(1), if a beneficiary is designated irrevocably and has not consented as described in [clause 158(1)(b)], an insured may</p> <ul style="list-style-type: none">• exercise a right under a contract if one or both of the following apply:<ul style="list-style-type: none">○ the exercise of the right is required by law;○ the contract is an exempt policy within the meaning of Part III of the <i>Income Tax Regulations</i> (Canada) and if the insured does not exercise the right the contract will no longer be an exempt policy.• subject to [the next subsection], exercise one or more of the following rights under a contract:<ul style="list-style-type: none">○ a right relating to any insurance money or benefit to which the irrevocable beneficiary designation does not apply;○ a right to increase the amount of insurance;○ a right to add a new insured, or additional coverage, provisions or benefits to the contract;○ a right to make transfers between accounts or investment options, or to change the type of accounts or investment options;○ a right to assign the insured's rights and duties under the contract;	
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<ul style="list-style-type: none">○ a right to add, remove or substitute a revocable contingent beneficiary, if no irrevocable contingent beneficiary is designated;○ a right to add an irrevocable contingent beneficiary, if no irrevocable contingent beneficiary is designated. <ul style="list-style-type: none">• exercise any other rights that are prescribed by regulation. <p>(2) An insured may not exercise a right under [the second paragraph of the previous subsection] if the exercise of the right</p> <ul style="list-style-type: none">• reduces the amount of any insurance money or benefit to which the irrevocable beneficiary designation applies, or• results in the cancellation or surrender of<ul style="list-style-type: none">○ the contract, or○ a coverage, provision or benefit of the contract to which the irrevocable beneficiary designation applies. <p>We are proposing to have it added as a stand-alone provision following an updated subsection 158 in our Act. We would like your confirmation that this proposed provision is sufficient and that it is okay to have it as a new stand-alone provision.</p>	
<p>8. We are recommending the adoption of a provision like Alberta’s 672(3):</p> <p>If satisfactory evidence is provided to the insurer that the insurance money exceeds the debt then owing to the creditor, the insurer may pay the excess directly to the debtor insured or to a debtor who is jointly liable for the debt with the debtor insured.</p>	<p>In concert with CLHIA, CAFII also supports FCNB’s recommendation to adopt Alberta’s 672(3) <u>but without revision</u>.</p> <p>CAFII offers the following commentary on this recommendation, which differs slightly from CLHIA’s parallel commentary:</p>

<p>We note that this is somewhat different wording than the other jurisdictions, but agree that it is preferable. However, we note that all jurisdictions say “the insurer <u>may</u> pay the excess ...”. We feel that this should read “the insurer <u>shall</u> ...”. Thoughts? Why would it be discretionary?</p>	<p><i>For the most part, creditor’s group insurance will pay down a debt owing to the creditor. However, the Insurance Business (Banks and Bank Holding Companies) Regulations under the federal Bank Act permit an insurer to provide life insurance coverage for all or part of the amount of the <u>credit limit</u> of a line of credit, not just the debt owing against the line of credit, in respect of a line of credit held by a small business or a farm, fishery or ranch. The word “may” is permissive and allows the insurer to pay the excess to the debtor who is jointly liable for the debt (i.e. who may have continued to make payments on the debt). But this might not apply in all circumstances, for example, where existing contracts have provided for how the insurance money will be paid upon a valid claim.</i></p> <p>We do not recommend changing "may" to “shall” as it could have unanticipated consequences.</p>
<p>9. We are recommending the adoption of a provision like Manitoba’s subsection 184(3),</p> <p>(3) Subject to subsection (5), an action or proceeding against an insurer for the recovery of insurance money not referred to in subsection (1) must be commenced not later than two years after the date the claimant knew or ought to have known of the first instance of the loss or occurrence giving rise to the claim for insurance money</p> <p>We were hoping that you could elaborate on what is covered under “insurance money not referred to in subsection (1)”. Subsection (1) is clear in that it is “insurance money payable in the event of a person's death”. We assume subsection (3) includes disability insurance. Are there other types of insurance that would be captured by this provision?</p> <p>There is a similar provision in the proposed A&S part that is the equivalent to Manitoba’s 230.3(3). Can you also comment on that?</p>	<p>We support FCNB’s recommendation of adopting a provision like Manitoba’s subsection 184(3).</p> <p>New Brunswick’s Insurance Act defines “insurance money” in both the primary definition section and in section 132, of Part V, Life Insurance as the following:</p> <p>“insurance money” means the amount payable by an insurer under a contract, and includes all benefits, surplus, profits, dividends, bonus, and annuities payable under the contract”.</p> <p>Manitoba’s Act contains an identical definition of “insurance money” in the primary definition section.</p> <p>There are benefits that are covered under the Life part of the Act that do not include money payable in the event of a person’s death. These are always offered as part of a contract of life insurance (as opposed to being standalone) and can include:</p> <ul style="list-style-type: none">- Accidental Death and Dismemberment- Critical Illness- An annuity that is deemed to be part of the life insurance with periodic payments that may be unequal in amount, for a term dependent solely or in part on a life insured’s

	<ul style="list-style-type: none">- A bereavement benefit- Return of premiums. <p>We also support FCNB’s recommendation of adopting a provision that is similar to Manitoba’s 230.3(3) in the A&S part. These rules clarify how the limitation period interacts with benefits coverages other than life benefits.</p>
<p>10. We are recommending the adoption of a provision like Manitoba’s subsection 184(4),</p> <p>(4) If insurance money is not payable unless a loss or occurrence continues for a period of time specified in the contract, the date of the first instance of the loss or occurrence for the purposes of subsection (3) is deemed to be the first day after the end of that period.</p> <p>We were hoping that you could elaborate on what type of insurance is covered by this subsection in light of the wording in the other subsections of 184. Would it include accidental death or dismemberment?</p>	<p>We support FCNB’s recommendation of adopting a provision like Manitoba’s subsection 184(4). As mentioned in our response to #9 above, insurance coverages may be added as riders to life insurance policies and they are then considered to be part of the Life part of an insurance act. This is usually set out under classes of insurance.</p> <p>Examples of benefits that would not be payable unless a loss or occurrence continued for a specific period of time (often expressed as waiting periods) under the contract could include:</p> <ul style="list-style-type: none">- Critical Illness coverages for conditions with specified waiting periods such as a coma or persisting symptoms of a stroke- Accidental Death where the insured has been reported missing in an accident but death has not been confirmed- Accidental Dismemberment for total loss of a specific body function- Life Waiver
<p>11. Registered mail - there are several provisions that require notice to be sent by registered mail.</p> <p>Most jurisdictions that have modernized their Acts have maintained this provision. We are interested in allowing more electronic transactions. Do other jurisdictions allow these notices to be sent by electronic means. We are contemplating copying Alberta’s framework as outlined in section 547 and accompanying regulations.</p>	<p>We strongly support FCNB’s recommendation to allow notices to be sent by electronic transactions. We recommend that FCNB adopt a provision that is like BC’s s. 7. In our view, this provision is clearer than AB’s s. 547:</p> <p><i>BC Insurance Act</i> Electronic communications 7 (1) If under this Act a record is required or permitted to be provided to a person personally, by mail or by any other means, unless regulations referred to in subsection (4) of</p>

	<p>this section or under section 149 (2) (f) provide otherwise, the record may be provided to the person in electronic form in accordance with the Electronic Transactions Act.</p> <p>(2) Despite section 2 (4) (a) and (b) of the Electronic Transactions Act, in this section, "record" includes a contract or declaration that designates the insured, the insured's personal representative or a beneficiary as a person to whom or for whose benefit insurance money is to be payable.</p> <p>(3) If a record is provided in electronic form under this section,</p> <ul style="list-style-type: none"> (a) the record is deemed to have been provided by registered mail, and (b) a period of time that, under this Act, starts to run when that record, or notification of it, is delivered to the addressee's postal address starts to run when the record is deemed received in accordance with the Electronic Transactions Act. <p>(4) The Electronic Transactions Act and subsection (1) of this section do not apply to a record, or in relation to a provision, under this Act that is excluded from their application by regulation.</p>
<p>12. Subsection 198(2) of the A&S part reads:</p> <p>198(2) Where a cheque or other bill of exchange or a promissory note or other written promise to pay is given for the whole or part of a premium and payment is not made according to its tenor the premium or part thereof shall be deemed never to have been paid.</p> <p>A similar provision is found in the life part at section 142. This is the same as Manitoba's section 217.5.</p> <p>Alberta, BC and Saskatchewan removed this from their A&S parts but kept it in their life parts. Can you shed some light on that?</p>	<p>As with our response to #6, we searched our historical records and canvassed our members' and we cannot find an explanation as to why AB, BC and SK removed this provision from their A&S parts.</p> <p>We neither recommend retaining or removing this provision and we would support whatever drafting conclusion is made by FCNB.</p> <p>CAFII strongly recommends that if FCNB's drafting conclusion with respect to this provision is to retain it, it should be harmonized to the maximum degree possible with the parallel wording and placement/positioning as found in the Acts of those jurisdictions that have such a provision.</p>
<p>13. Section 202(1) of the A&S part reads:</p>	<p>We recommend that FCNB remove the underlined words in s. 202(1). Removing these words would make this provision consistent with BC, Manitoba and SK. In our view, the removal of these words would more accurately reflect the variety of application requirements that</p>

<p>202(1) An applicant for insurance <u>on his own behalf and on behalf of each person to be insured</u>, and each person to be insured, shall disclose to the insurer in any application, on a medical examination, if any, and in any written statements or answers furnished as evidence of insurability, every fact within his knowledge that is material to the insurance and is not so disclosed by the other.</p> <p>BC, Manitoba and Sask dropped the use of “on his own behalf and on behalf of each person to be insured”. Alberta and Ontario kept it.</p> <p>We were planning to keep it as it makes it more precise, but welcome your thoughts.</p>	<p>currently exist. There are situations where an applicant would be applying for insurance coverage on behalf of another person but that person would be submitting (and signing off on) their own evidence of insurability. Removing the words “on his own behalf and on behalf of each person to be insured” would eliminate any confusion that might be caused in this case and any unintended consequences of such wording.</p>
<p>14. Saskatchewan introduced the following:</p> <p>8-204(1) If a contract includes provision for disability benefits to be payable only during confinement of the person insured, the provision does not bind the insured, and the benefits with respect to disability under the contract during the disability are payable regardless of whether the person insured is confined or not.</p> <p>NB’s section 222(2) is similar, but is limited to policies after September 1, 1973. All other jurisdictions besides Saskatchewan reference a starting date. We understand that the date represents when the rules first took effect in each province. However, we are considering following Saskatchewan and dropping the date so that the same rule would apply to a contract issued before that date. That seems fairer to consumers and moves away from what appears to be an antiquated concept. We welcome your thoughts.</p>	<p>Out of an abundance of caution, we would recommend that FCNB retain the existing wording of s. 222(2) that is limited to policies issued after September 1, 1973. This would avoid any possible unanticipated consequences and this section would remain harmonized with all other insurance acts with the exception of Saskatchewan.</p>
<p>15 We are interested in the proposal to change statutory conditions to statutory rules to give the industry greater flexibility to have consistent policies for several provinces. Please elaborate on how you foresee that being accomplished from a legislative point of view.</p> <p>Update: FCNB is considering including the updated wording in other Acts but including a caveat that insurers could make “slight” modifications to wording or grammar that did not change the substance of the provision. If a dispute arose, the wording and grammar in the Act would apply.</p>	<p>We support FCNB’s recommendation to update the A&S Statutory Conditions to modernized wording but allow for slight modifications to wording or grammar that do not change the substance of the provisions. The wording and grammar of the Act would apply in the event of a dispute.</p> <p>We strongly recommend that FCNB use the Statutory Conditions wording of BC, AB or MB as a model to update the A&S Statutory Conditions.</p>

February 7, 2022

Corporate Secretary
Financial and Consumer Services Commission
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
secretary@fcnb.ca
c.c.: david.weir@fcnb.ca; ella-jane.loomis@fcnb.ca

Re: CAFII Feedback on FCNB Draft Rule INS-001: Insurance Intermediaries Licensing and Obligations

Dear Corporate Secretary:

CAFII commends FCNB for undertaking this consultation. As a key industry stakeholder, we appreciate the opportunity to provide feedback on the licensing provisions and related market conduct obligations set out in Draft Rule INS-001.

CAFII's focus as an industry Association is on credit protection insurance (CPI) and travel insurance, the product sectors of the life and health insurance industry in which our members offer simple, accessible, and affordable insurance solutions for Canadians through alternate distribution channels such as financial institution branches, internet/online/digital, contact centres, and direct mail. CPI and travel insurance are Authorized Insurance Products under the federal Bank Act and the related Insurance Business (Banks and Bank Holding Companies) Regulations.

Our major focus in this submission will be on the Draft Rule's provisions underpinning the introduction of a restricted insurance licensing regime in New Brunswick, which will be the first in Atlantic Canada, while also providing feedback on select other elements that are relevant to our Association's members.

High Level Feedback Germane To FCNB's Proposed Restricted Insurance Licensing Regime

In Draft Rule INS-001, there are a number of differences between FCNB's proposed definitions and key provisions related to the new restricted insurance licensing regime, on the one hand, and the counterpart provisions in the three existing Western Canada Restricted Insurance Agent (RIA) licensing regimes, on the other hand. Those differences will create compliance challenges and regulatory burden for CAFII members and other industry players, as they will have to navigate a new licensure regime that has the same overall consumer protection goals as the predecessor regimes but yet has numerous subtle and nuanced differences.

Therefore, CAFII believes that there is still room for New Brunswick to bring its restricted insurance licensing regime into fuller harmony with the existing RIA licensing regimes in Alberta, Saskatchewan, and Manitoba. Our view is that the Manitoba regime, the one most recently launched, is the one which operates most efficiently and effectively for both the regulator and RIA licensees; and we therefore encourage FCNB to align its new regime as closely as possible with the Manitoba model.

In that connection, CAFII is strongly of the view that FCNB will be doing itself, the industry, and ultimately consumers a disservice if it decides to call its new restricted insurance licensing regime a “Restricted Insurance Representative” regime. That’s because in common English parlance, the word “Representative” is typically used solely in connection with an individual person, whereas restricted insurance licences are issued almost exclusively to corporate entities. We believe that the proposed use of “Restricted Insurance Representative” for the name of the new regime and for the type of licence that it issues will cause wholesale and unhelpful confusion for all parties who are exposed to that terminology. We encourage FCNB to reconsider its proposed unique nomenclature and instead harmonize with the three existing Western Canada comparator regimes by calling the new regime a “Restricted Insurance Agent” licensing regime which issues “RIA licences” or “Restricted certificates.”

With a view to enhancing users’ ease of reading/referencing and utilizing the new Rule, we encourage FCNB to combine and integrate all of the RIA regime-related provisions into one discrete section. If the Rule is finalized as drafted, users will have to scan and search to find provisions that are scattered throughout the document in order to have confidence that they have not missed one or more important provisions. Our request for a complete integration into one discrete section – such that any RIA-relevant provision will be found only in that section and nowhere else -- will greatly assist both industry and FCNB with usability, understanding/assimilation, and industry compliance.

We also want to reiterate an RIA regime-related recommendation we made in our January 31, 2020 submission to FCNB on its *Consultation Paper Insurance 2019: Incidental Selling of Insurance, Restricted Insurance Licensing Regime*:

CAFII notes that when New Brunswick’s proposed restricted insurance licensing regime comes to fruition and is launched, it will be the only such regime in Canada that does not have oversight from an Insurance Council populated by industry representatives to help ensure that the regime is operated, maintained, and adjudicated efficiently and effectively.

Particularly because some adjudication/disciplinary issues are technical in nature and best understood by industry practitioners who have direct experience and expertise in the field, we believe that a Restricted Insurance Licensing Advisory Group would provide FCNB with a valuable mechanism for consultation and advice. Such an Advisory Group has been developed by the Insurance Councils of Saskatchewan, in consultation with industry stakeholders (CAFII and CLHIA), and is being launched in 2020 (actually launched in 2021 and now fully operational).

CAFII strongly suggests that New Brunswick’s new restricted insurance licensing regime would benefit immeasurably from an industry Advisory Group akin to the one about to be launched in Saskatchewan.

As a final point of feedback on FCNB’s proposed RIA regime itself, when provinces and territories are finalizing new regulatory changes, and especially when a new licensure regime is being launched, CAFII always requests that lead time of 12 to 18 months be provided to allow for our members’ implementation of the required changes. These changes inevitably become major projects within our members’ organizations and it takes time to ensure that the necessary systems changes are made, forms revised, staff trained, and consumers notified of how the changes will affect them.

Feedback On Specific Provisions/Clauses

With respect to Clause 4.2 (page 5), we recommend that FCNB specify that a person working from home for the company will be considered to be working at the head office of the insurer.

With respect to Clause 6(1)(a) (page 6), we question why the minimum age requirement to be issued an insurance licence by FCNB is 19 years of age, and not 18 years of age which is the age of majority to be eligible to vote in New Brunswick.

With respect to Clause 6(3) (page 6), we commend FCNB for the reciprocal recognition, harmonization, and industry flexibility it is supporting via this provision.

With respect to Clause 7(2) (page 7), given that there is no reference (which we could find) in any of the three existing Western Canada RIA regimes to a licence applicant having to be distant/removed enough from a negatively-framed “objectionable”-ness threshold/standard; and, as well, given that there does not appear to be any compelling reason for FCNB to include in its Rule such a vague concept – one potentially open to arbitrary interpretation -- we recommend that FCNB either (i) harmonize with the existing RIA regimes by removing all references to “objectionable”; or, failing that, (ii) provide clear guidance, and therefore greater certainty for regulated entities, as to what would constitute “objectionable.”

With respect to Clause 27(1) and 27(2) (page 11), the language here could be interpreted to mean that New Brunswick has its own particular life insurance agent licensure exam and accident & sickness insurance agent licensure exam, when in fact the LLQP exam (outside of Quebec) is the same throughout the country. Therefore, we encourage FCNB to modify the language to make that factual reality clear.

With respect to the definition of “mortgage insurance” found in Clause 31 (page 15), we recommend that FCNB should instead call the cited product “mortgage default insurance” in order to distinguish it from credit protection life/disability/critical illness/loss of employment insurance on a mortgage and thereby avoid confusion.

With respect to Clause 35(1)(d) (page 17), CAFII strongly requests that FCNB not require the provision and constant updating of branch lists, as that would be an onerous regulatory burden upon the industry; instead, we ask that FCNB work with the industry on identifying what essential information is needed and can be readily provided, so that a less onerous requirement can be put in place.

With respect to Clause 35(1)(h) (page 17), CAFII strongly requests that FCNB change this requirement by adopting the approach used in Alberta and Saskatchewan where restricted licence applicants with more than 500 employees are required to provide a numerical range for the number of employees who will be authorized to transact insurance, rather than a precise number, because in large employers/licence holders, the relevant number of employees is variable on an ongoing, practically daily basis.

With respect to Clause 36(a) (page 17), we are not clear on what “where applicable” means in this context and we ask that FCNB add clarity on that point. We are also concerned about how a call centre located outside of New Brunswick, but which supports New Brunswick customers, would fit and comply with this business name registration requirement.

With respect to Clause 37 (page 17), CAFII strongly requests that this requirement be changed to a numeric range of employees -- as opposed to a list of actual employee names -- which would alleviate an onerous, regulatory burden compliance requirement. We reiterate the following from our January 31, 2020 submission on the FCNB's *Consultation Paper Insurance 2019: Incidental Selling of Insurance, Restricted Insurance Licensing Regime*:

2.2 "Do you foresee any operational challenges with authorizing the Superintendent to obtain a list of employees engaged in the business of insurance and information on any such employee? If so, what do you propose?"

Yes, CAFII foresees significant operational challenges with authorizing the Superintendent to obtain a list of employees engaged in the business of insurance. It will be very difficult and onerous for a large restricted insurance licence holder/business, such as CAFII members, to provide such a list because the roster of employees is constantly changing, and HR and IT systems are not structured to provide real-time lists. Any such list of employees provided to the Superintendent would be outdated almost immediately and it would not put the FCNB in a position to make informed, effective decisions.

In addition, should New Brunswick include in its restricted insurance agent licensing regime the requirement to provide such a list upon the Superintendent's request, it would be the only RIA regime in Canada to have such a requirement and, as a result, would be an outlier in this regard (Saskatchewan's RIA regime requires a list of employees but only for applicants with fewer than 500 employees, and only at the time of initial application).

We believe that harmonizing with the Alberta, Saskatchewan, and Manitoba restricted licensing regimes on this point and not including the requirement to provide such a list will in no way compromise consumer protection; and doing so will also allow CAFII members and other insurance businesses to dedicate more of their resources to meeting consumer expectations and enhancing the consumer experience.

In contrast, we do not foresee any such operational challenge in providing the Superintendent with information on a given/specified employee, upon request, within the parameters permitted under applicable privacy legislation.

We note, by way of comparative example, that Manitoba's Insurance Agents and Adjusters Regulation requires, in its Clause 26(2)c, the following:

a statement of the number of persons who will be authorized to negotiate, solicit or transact insurance on behalf of the applicant when and if the license is issued. (Page 26.)

With respect to Clause 38 (page 17) around "Suitability," we recommend that the term/title "Knowledge" would be a better term than "Suitable"; that "knowledgeable" would be a better term than "suitable"; and that both of those alternate terms would be more consistent with the terminology used in the three existing Western Canada RIA regimes.

With respect to Clause 39(a) (page 18), while the requirements set out therein would be reasonable for the Designated Representative of the corporate licence holder, they would be very onerous and not achievable for financial institution (FI) branch personnel. Branch-level FI human resources policies and procedures do not currently screen for such requirements; and screening out based on such matters is not required in any of the three existing Western Canada RIA regimes. In those jurisdictions, the RIA licensee is responsible for the behaviour of its employees and for ensuring that they adhere to corporate and industry codes of conduct and guidelines; and CAFII strongly believes that should be the requirement in New Brunswick as well.

With respect to Clause 40(1) (page 18), we recommend that the words “for the related product or service” should be replaced with the following: “for the related debt obligation, product or service.”

Further with respect to Clause 40(1) (page 18), CAFII fully supports the requirement that an application for the classes/types of CPI specified therein shall use a form separate from the related debt obligation, product or service because that requirement will enhance the consumer’s ability to fully appreciate the nature of the insurance being offered and to assess whether it is appropriate for his/her needs. In that connection, we thank FCNB for adopting our previous recommendation and stipulating in 40(2) (page 18) that the application for insurance in subsection (1) can cover multiple classes or types of insurance.

However, that said, with respect to that same provision, we draw FCNB’s attention to the fact that use of the word “form” in this provision could be problematic – because it suggests a physical or standalone document. When an application for CPI is taken digitally, the application will be distinct from the application for the credit product but it can be part of the same digital flow. Therefore, the wording used by Alberta would be preferable, as follows:

Alberta, Insurance Agents and Adjusters Regulation

14(1) *When a holder of a restricted certificate negotiates or enters into a transaction with a person for credit-related insurance at the same time as a credit arrangement is being negotiated or entered into with the person, the holder must provide the person with a separate application for the insurance coverage.*

With respect to Clause 42 (page 19), we recommend that FCNB include additional language to clarify that informing a customer “in writing” includes digital or electronic communication; and that this same clarification point should also be added elsewhere in the Draft Rule wherever “in writing” is referenced.

With respect to that same provision, we want to draw to FCNB’s attention the fact that it is problematic to require that information be provided to a client ‘in writing at time of application’ because, particularly in the case of CPI, an application may be taken over the phone. It would be preferable to follow the approach taken by either (i) Alberta, which requires that information be provided to clients at time of application but does not specify that it be provided in writing (which allows for verbal disclosure); or (ii) Quebec, which allows for the required information to be delivered to the client when the certificate of insurance is delivered, if the client provides consent and the information is verbally disclosed to the client at time of application.

With respect to Clause 43 (page 19), CAFII has serious concerns about and strongly objects to this provision which imposes different and heightened disclosure requirements for a particular type/class of insurance products, in this case CPI products. We view this regulatory singling out as a “tilting of the level playing field” and a form of favouritism/bias. We have no objection to the disclosure requirements set out here, but they should apply equally to all types/classes of insurance, rather than just one. Should this Clause – which is not found in any of the three existing Western Canada RIA regimes -- remain in the final Rule, CAFII strongly implores FCNB to make it universal to all classes/types of insurance.

In a similar vein, CAFII has serious concerns about and strongly objects to Clause 45 because it squarely puts the regulator, FCNB, in a position of favouring one insurance distribution channel over a competing distribution channel. By forcing RIA representatives and employees to effectively refer clients to licensed insurance agents for a second opinion, the unintended but equally unacceptable consequence would be the tilting of what is otherwise a level playing field. Licensed agents will not recommend the simple, accessible, affordable CPI insurance products offered by FIs because such sales do not provide them with a commission. New Brunswickers and their fellow Canadians across the country are vastly uninsured and underinsured, and CPI provides them with an opportunity to obtain protection against unexpected life occurrences that could severely impair their ability to repay a major debt obligation, possibly leading to a catastrophic financial loss. This Clause – which is not found in any of the three existing Western Canada RIA regimes -- would effectively and practically eliminate that option, and thereby limit the degree of choice that consumers have in a competitive marketplace. We are strongly of the view that this Clause should be struck in its entirety.

That same provision may also cause FIs to breach inadvertently the Insurance Business (Banks and Bank Holding Companies) Regulations under the federal Bank Act, which prohibit banks from referring clients to insurance agents, brokers or companies.

With respect to Clause 46 (page 20) and Clause 52 (page 21), we believe that there is significant overlap between them and that it would be beneficial, and help to avoid confusion, to combine them.

With respect to Clause 75 (page 28), CAFII believes that use of the term “suitable” in subsection (1) and “suitability” in subsection (2) is inappropriate. Instead, we recommend that FCNB adopt the following wording found in Clause 28 of the *Manitoba Insurance Agents and Adjusters Regulation*:

*A person may not be the designated official under a restricted insurance agent licence unless
 (b) the person has the qualifications, and satisfies the educational, training and other
 standards, established under section 396.1 of the Act.*

With respect to Clause 77(2) (page 28), we believe that the expectation set out in this clause is too sweeping and broad. The designated representative has responsibility for, but not oversight of, all employees. Therefore, we recommend that FCNB adjust the wording of this responsibilities clause accordingly.

With respect to Clause 77(1) and 78(1) (both on page 28), CAFII views the two as highly duplicative. Given that 78(1) is more comprehensive, we recommend that you replace the current 77(1) with the current 78(1); delete the current 78(1) from its current position; and have the current 78(2) become 78(1).

Another feedback observation on Clause 77 (page 28) is that use of the term “firm” is not consistent with the terminology used in other provinces. We suggest that “entity” might be the best term, with other alternatives being “holder of the Certificate of Authority” or “owner of the Certificate.” In our view, it is also strongly advisable to make it clear that the sub-clauses found under 77 pertain to the licence holder and not to the entire FI; and also that they do not pertain to all insurance activities, just to those undertaken in relation to distribution.

With respect to Clause 81(3) (page 30), we note that the requirements set out therein are already set out in other relevant legislation and regulations, related to privacy and the use of personal information, such as the *Personal Information Protection and Electronic Documents Act (PIPEDA)*. It is also our view that the modifier words “without delay,” impose too onerous a requirement and should be modified.

With respect to Clause 84 (page 30), CAFII strongly recommends that clarification language be added to this provision to make it clear that brand names can also be displayed in relation to the activities authorized by the licence.

With respect to Clause 85(2) (page 30), CAFII strongly recommends that the language therein should be modified to indicate that it is acceptable to disclose potential conflict of interest information in the disclosure documents which are sent to the customer after a transaction has been completed.

With respect to Part 12 Duty to Report (pages 33-34), CAFII recommends that the notification/reporting period to the Superintendent be increased from 10 days to 15 days.

With respect to Clause 94(3)(b) (page 34), CAFII thanks FCNB for adopting our previous recommendation that it provide an exemption for RIAs that are federally regulated financial institutions (FRFIs), given that under the federal *Trust and Loan Companies Act*, FRFIs are exempt from having to carry errors and omissions insurance.

With respect to Clause 99 and Clause 104(1) under Part 14 Trust Accounts (pages 35-36), CAFII believes that, in the case of CPI, these matters are already fully covered by the wording set out in group master policies; and therefore, compliance with these provisions should not be a requirement to obtain or maintain an RIA licence for a CPI business.

With respect to Clause 105 (page 36), CAFII believes that the scenario contemplated therein applies to MGAs but not to CPI. Therefore, we recommend that reference to RIA licence holders be removed from this Clause.

Finally, with respect to Clause 112 (page 37), CAFII believes that an unintended drafting error can be corrected by changing the wording from “for 60 days after submitting the application” to “for 60 days after issuance of the licence,” as applicants cannot conduct activity until the licence is issued.

Concluding Comments

CAFII again thanks FCNB for the opportunity to provide key industry stakeholder feedback on *Draft Rule INS-001: Insurance Intermediaries Licensing and Obligations*. Should you require further information from CAFII or wish to meet with representatives from our Association on this submission or any other matter at any time, please contact Brendan Wycks, CAFII Co-Executive Director, at brendan.wycks@cafii.com or 647-218-8243.

Sincerely,



Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status February 11, 2022
		Association Strategy and Governance			
1	EOC and Board: October 2019	Launch CAFII EOC Working Group to Explore a New Lower Dues Category of CAFII Membership, via a first meeting and a draft Terms of Reference for this Working Group.	B. Wycks/K. Martin	31-Dec-21	In progress/ See #2
2	BOD: June 9, 2020	Revisit the launch of the CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership once the economic environment stabilizes, via a first meeting and a draft Terms of Reference for this Working Group.	K. Martin	31-Dec-21	In progress
3	EOC May 29, 2018	Develop a summary job description for the CAFII EOC Chair role and circulate it to EOC Members.	B. Wycks/K. Martin	31-Dec-21	In progress
4	EOC February 27, 2018	Document in writing the process for reviewing, approving, and admitting applicants for CAFII Members and Associate status	B. Wycks	31-Dec-21	In progress
		Regulatory Initiatives			
5	EOC October 26, 2021	Organize a meeting of the Market Conduct and Licensing Committee to review the CCIR document on adoption of the FTC guidance	K. Martin/B. Wycks	Jan/Feb 2022	In Progress

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

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

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

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

Board Meetings:

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

2022 Annual Members and Associates Luncheon:

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

2021 Board meetings Hosted by:

None, due to COVID-19 pandemic situation

2020 Board meetings Hosted by:

None, due to COVID-19 pandemic situation

2019 Board meetings Hosted by:

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

2018 Board Meetings Hosted by:

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

2017 Board Meetings Hosted by:

TD Insurance; CAFI; Desjardins; CIBC Insurance

2016 Board Meetings Hosted by:

CUMIS Group; Assurant Solutions; RBC Insurance; BMO Insurance

Recent Years' Annual Members and Associates Luncheons**2021 Annual Members and Associates Virtual Luncheon Webinar**

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

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

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

Venue: Virtual-Only Webinar

2020 Annual Members and Associates Virtual Luncheon Webinar

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

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

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

Venue: Virtual-Only Webinar

2019 Annual Members and Associates Luncheon

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

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

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

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

2018 Annual Members and Associates Luncheon

Topic: "Leading For Success in A Volatile World"

Speaker: Richard Nesbitt, CEO, the Global Risk Institute

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

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 3(a)

Financial Management Matters--CAFII Financial Statements as at December 31/21 (full 2021 fiscal year)

Purpose of this Agenda Item – Update

To update the EOC on the Association's financials as at 31 December, 2021.

Background Information

Treasurer Tony Pergola will provide an update on the CAFII Financial Statements as at 31 December, 2021. As this is the final update for 2021, the review will encompass the entire 2021 fiscal year.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 3(b) Financial Management Matters— Update on KPMG Audit of CAFII 2021 Fiscal Year Financial Statements

Purpose of this Agenda Item – Update

To update the EOC on the 2021 fiscal year audit.

Background Information

We are preparing for the KPMG 2021 fiscal year audit. A development that CAFII will need to manage is that CAFII's long-time accountant at Managing Matters, Tara Moran, has left, and her replacement did not work out, and has left Managing Matters. A new accountant, Tina Tu, is now on this file, but she now needs to be trained at precisely the time when a series of important financial matters need to be advanced, including working with KPMG to audit CAFII's financial statements for 2021.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Critical Path With KPMG For CAFII 2021 Audited Financial Statements

Task	Responsible	Timing/Deadline
Prepare Draft CAFII 2021 Financial Statements	T. Mu/P. Chen, Managing Matters	February 4/22
Conduct audit of Draft CAFII 2021 Financial Statements	KPMG	February and early March 2022
Provide Draft 1 of CAFII 2021 Audited Financial Statements for circulation prior to March 22/22 CAFII EOC Meeting	KPMG (assisted/facilitated by T. Mu and P. Chen)	March 14/22
Provide feedback on Draft 1 of CAFII 2021 Audited Financial Statements	EOC	March 22/22
Provide Draft 2 of CAFII 2021 Audited Financial Statements for circulation prior to April 12/22 CAFII Board Meeting	KPMG (assisted/facilitated by T. Mu and P. Chen)	April 4/22
Approve Draft 2 of CAFII 2021 Audited Financial Statements for presentation to membership at 2022 Annual Meeting of Members	CAFII Board	April 12/22
Provide Final Draft of CAFII 2021 Audited Financial Statements for inclusion in CAFII 2022 Annual Meeting of Members Materials Package	KPMG (assisted/facilitated by T. Mu and P. Chen)	April 25/22
Circulate CAFII 2022 Annual Meeting of Members Materials Package	J. Becker	April 26/22
Approve CAFII 2021 Audited Financial Statements At 2022 Annual Meeting of Members	Membership	June 7/22

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 3(c) Financial Management Matters--CAFII Financial Statements as at January 31/21

Purpose of this Agenda Item – Update

To update the EOC on the Association's financials as at January 31, 2021.

Background Information

Treasurer Tony Pergola will provide an update on the CAFII Financial Statements as at January 31, 2021.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 4(a)i

Committee Updates: Research & Education: January 19/22 Presentation of Results of CAFII-Commissioned Deloitte Canada Thought Leadership Paper on Trends, Consumer Demands/Expectations, and Best Practices in Digitization of Insurance; and Next Steps

Purpose of this Agenda Item – Update

To update the EOC on Deloitte's progress around a commissioned research study.

Background Information

Deloitte has now interviewed the majority of CAFII members, received survey results from CAFII members, and has conducted its internal research efforts on the best practices around digitization in insurance with a focus on CPI. Deloitte presented its initial findings to the CAFII EOC, Board, and Committee members on 19 January, 2022 and the feedback was that the research was useful, insightful, and impactful. Deloitte is now working on a more comprehensive MSWord document that shares all the research results.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.



JANUARY 19TH, 2022

The Canadian Association of Financial Institutions in Insurance

Digitization of CPI | Board Presentation

45

cafii
The Canadian Association of
Financial Institutions in Insurance

Deloitte.

Objectives and Agenda

Objective

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

Agenda

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

Our Team



Melissa Carruthers

Partner,
Insurance Strategy

Role: Project Leadership



Marc Lewis

Senior Manager,
Insurance Strategy

Role: Research Lead



Simon Knops

Senior Manager,
Insurance Strategy

Role: Research Lead

Context & Objectives

Background & Context

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

Background

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

Why are we here?

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

Report Approach & Research Methodology

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

Deloitte Research and Accelerators

Industry External Research

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

Deloitte's Digital Maturity Model

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

CAFII Members Surveyed and Interviewed



Notes:

1) Underwriters include all CPI product manufacturers

Survey & Interview Scope

CPI Digital Maturity - Sample Questions



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


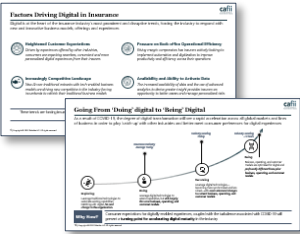
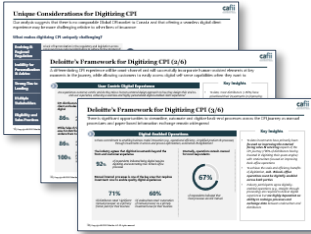
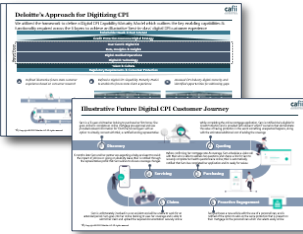
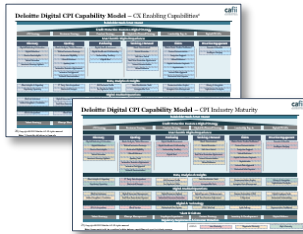
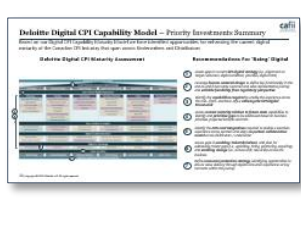
Challenges & Opportunities in Digitizing CPI - Sample Questions



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

Digitization of CPI Report Contents

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

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

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

Digitizing Canadian CPI – Key Takeaways

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

- 1** The **urgency to digitize CPI** is accelerating as customers are increasingly expecting to engage via digital channels, yet today the **digital maturity of CPI Distributors across the industry**, with majority feeling they are still behind despite recent investments

57% Of Distributors ranked their current digital maturity as being 'somewhat behind'
- 2** CPI distributors have been **challenged to keep pace to their lending partners' digitization efforts** amidst an **evolving regulatory environment**, and **competing priorities** across their organization resulting in **declining penetration rates**

75% Of CPI Underwriters and Distributors stated lack of alignment with lenders as leading risk to penetration rates and sales²
- 3** The industry agrees that **digitization extends beyond the front-end customer experience**, and will require investments in **digital-enabling operations** across people, process, data and technology

92% Of respondents indicated 'being' digital requires digitizing and automating mid- & back-office processes
- 4** As a result, the industry's ability to provide a seamless customer experience across the client lifecycle will require **strong collaboration amongst Distributors and Underwriters**

80% Of Underwriters identified multiple stakeholders owning various aspects of the CPI experience was the greatest challenge to digitizing CPI
- 5** **Digital-enabled experiences** provide an **opportunity to achieve simplicity, transparency and accessibility** of CPI to clients **at scale** at any point throughout their lending and protection journey but **will not replace the human-led experience**

86% Of Distributors have indicated that cross-channel integration is key for successful digital CPI experiences²
- 6** **Despite these challenges, CPI remains a strategic priority** for Canadian FIs and the industry feels **investments in digital will be critical** in its ability to **deliver affordable protection** to Canadians who are currently **under-advised & under-protected**

100% Of Underwriters and Distributors indicated digitizing CPI as a strategic priority²

‘Being’ a Digital Insurer

Factors Driving Digital in Insurance

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



Heightened Customer Expectations

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



Pressure on Back-office Operational Efficiency

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



Increasingly Competitive Landscape

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



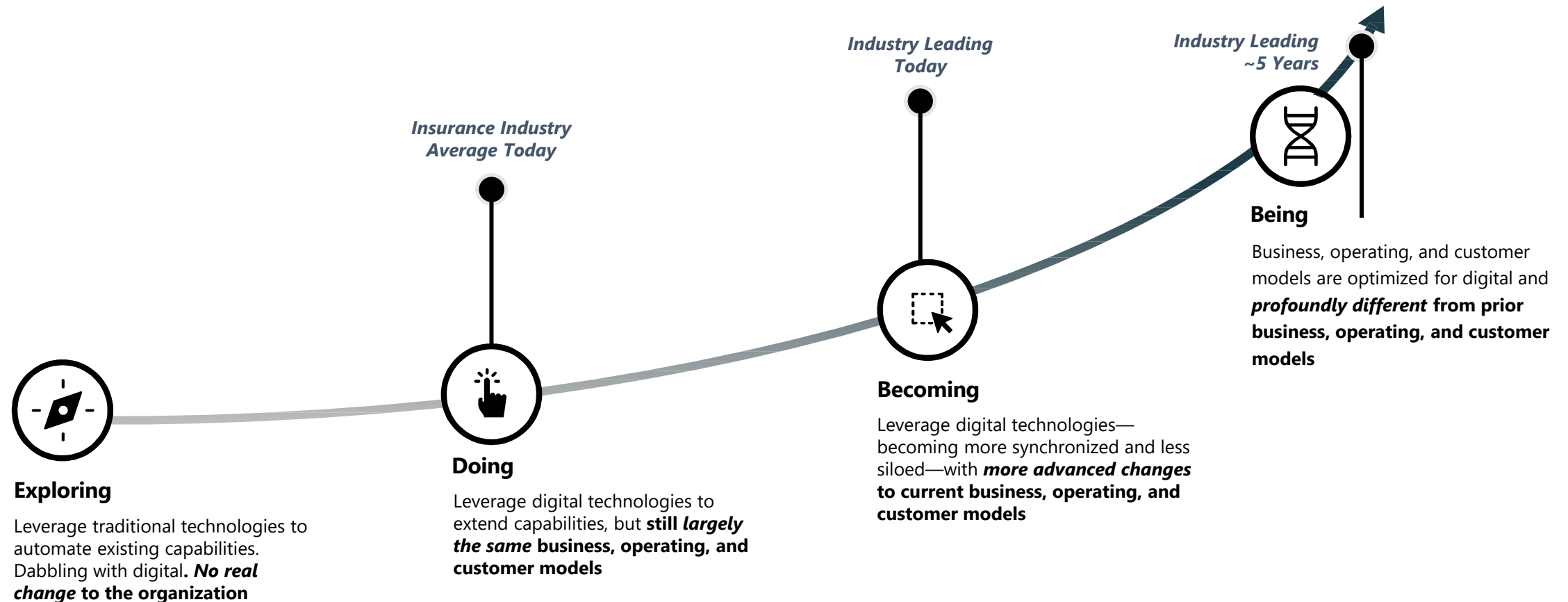
Availability and Ability to Activate Data

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

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

Going From 'Doing' digital to 'Being' Digital

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



Why Now?

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

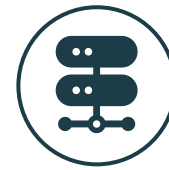
6 Key Attributes of 'Being' a Digital Insurer

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



Articulated Strategy & Digital Ambition

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



Sophisticated Data, Analytics & Insights

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



User Centric Digital Experiences

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



Scalable Technology Architecture

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



Hyper Focused on Operational Efficiency

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



Digital Talent & Culture

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

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

Digitizing CPI - Research Insights

Unique Considerations for Digitizing CPI

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

What makes digitizing CPI uniquely challenging?

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

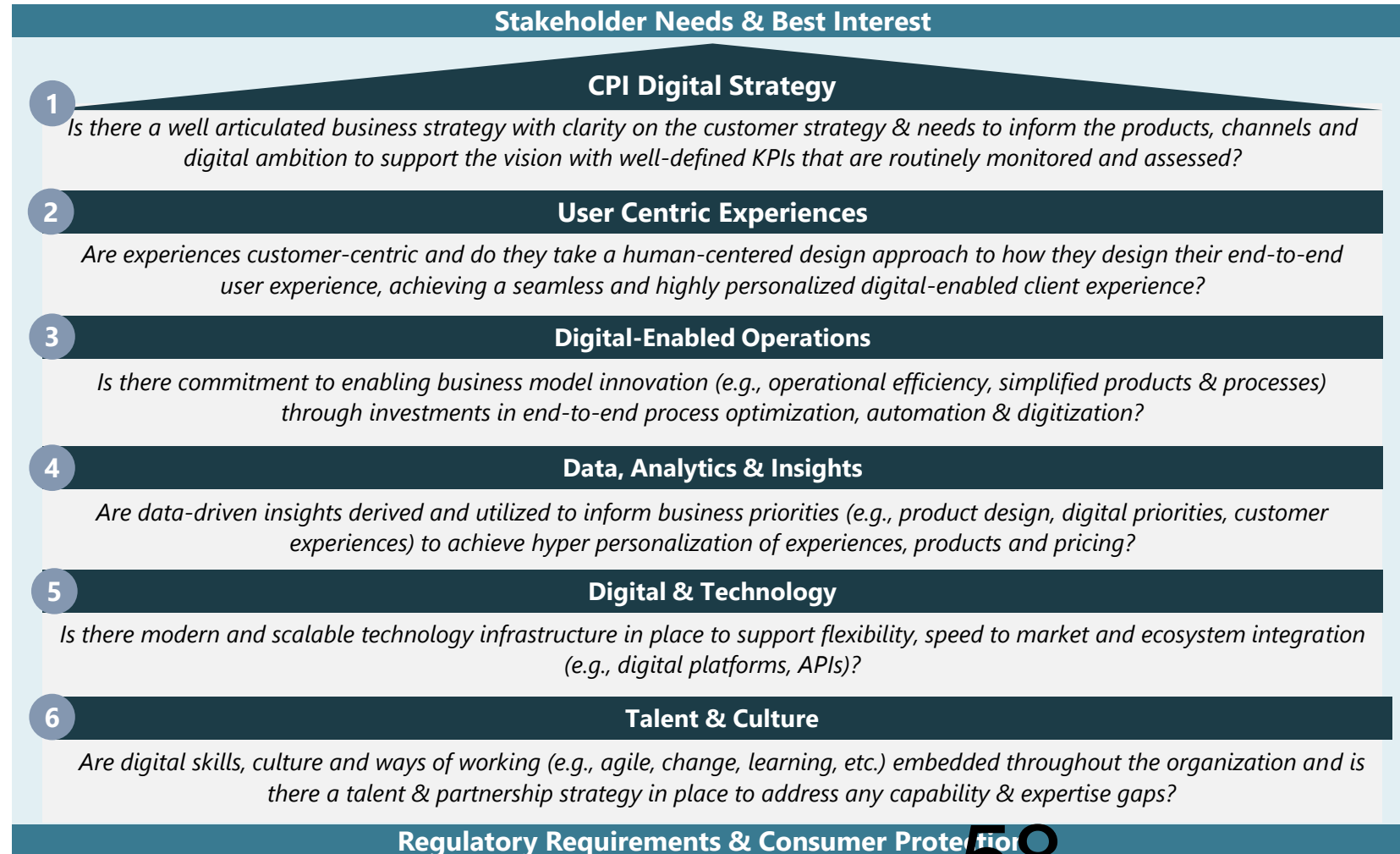
“Finding the right approach to mirror a face-to-face experience into digital channels is and will remain our biggest challenge”
- Distributor

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

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

Deloitte's Framework for Digitizing CPI

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



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

Future Best in Class CPI Experience

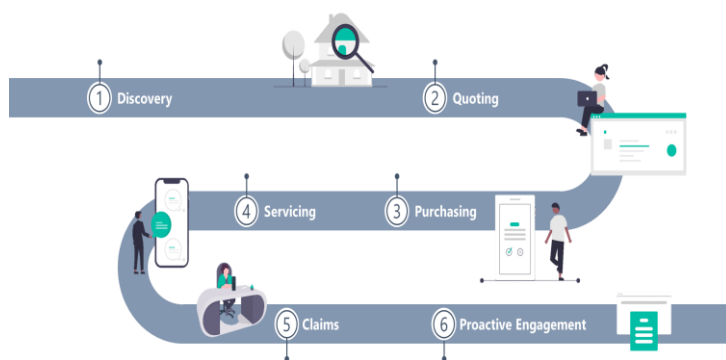
Deloitte's Approach for Digitizing CPI

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



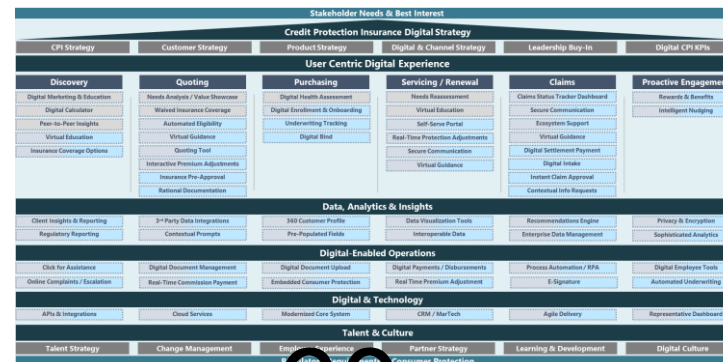
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Defined illustrative future state customer experience based on consumer research



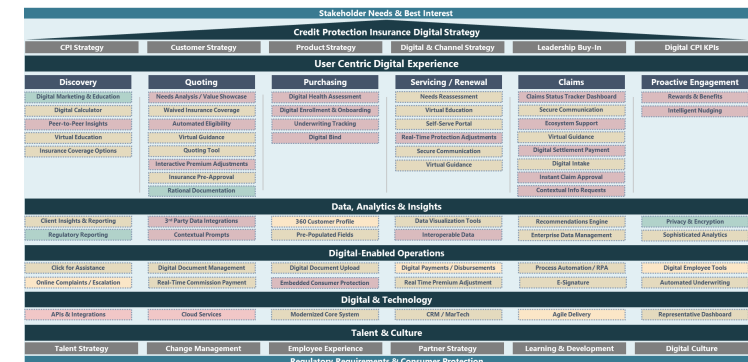
B

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



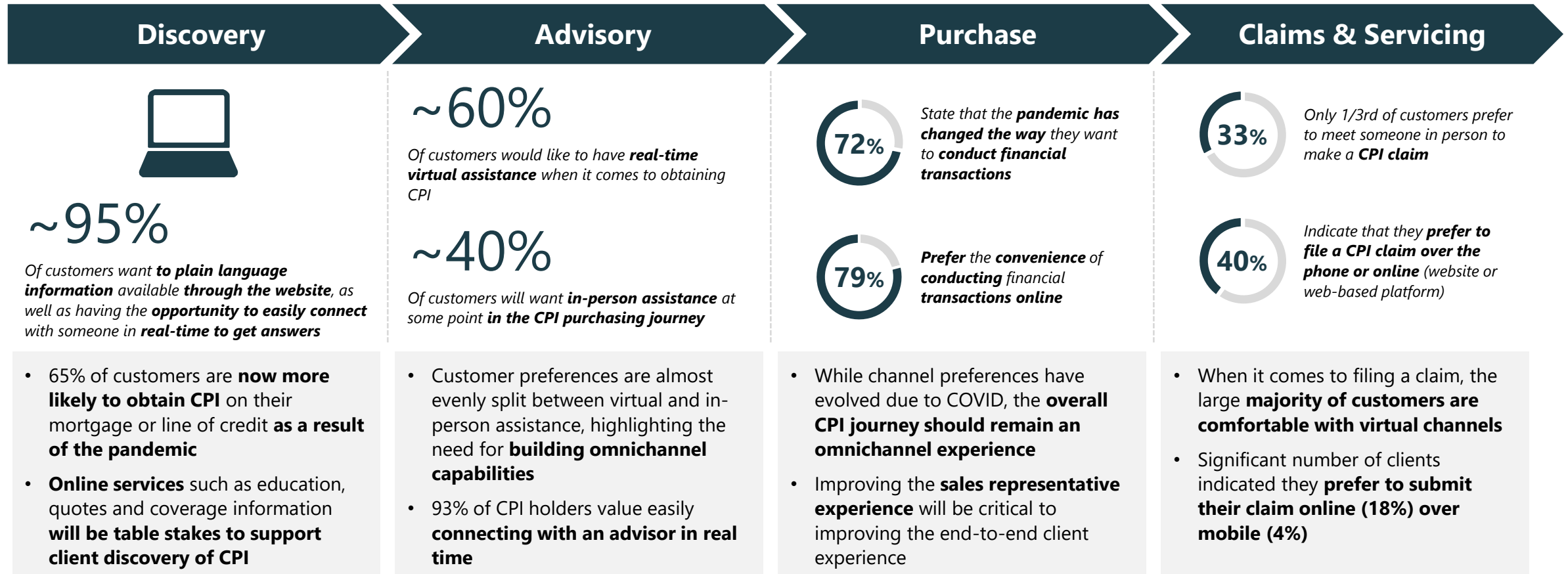
C

Assessed CPI industry digital maturity and identified opportunities for addressing gaps



Insights From Previous CAFII Consumer Research

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



Illustrative Future Digital CPI Customer Journey

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

1 Discovery



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

2 Quoting



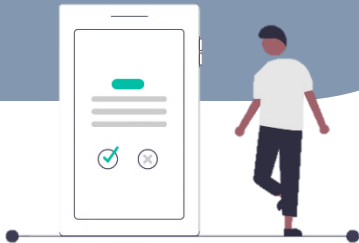
6 months later Sam and her partner are expecting a baby and want to revisit the impact of job loss or going on disability leave. Blair is notified through the representative portal that Sam wishes to discuss coverage changes

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

4 Servicing



3 Purchasing



5 Claims



6 Proactive Engagement



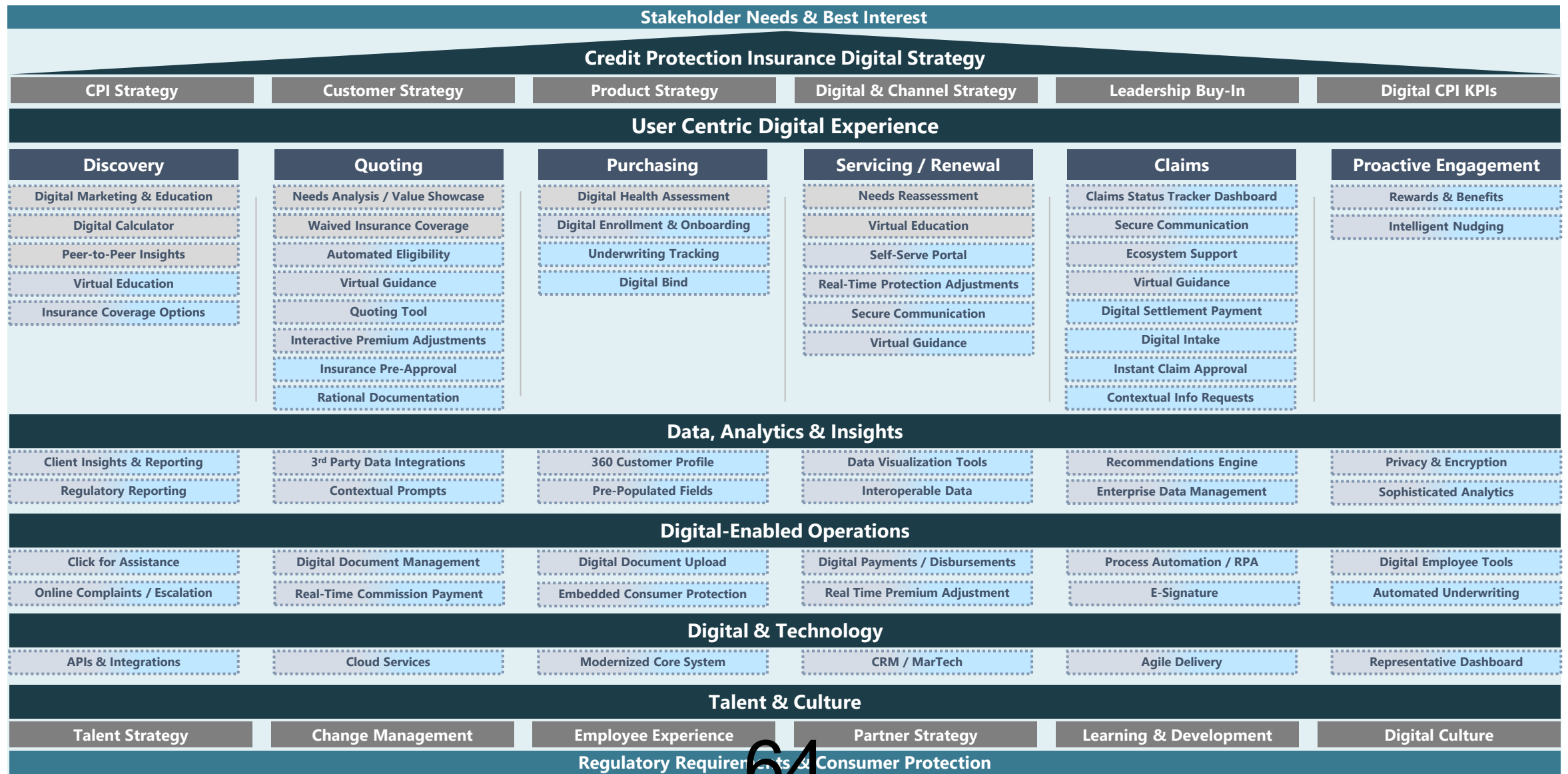
Sam is unfortunately involved in a car accident and will be unable to work for an extended period. Sam goes into her online banking to view her coverage and is able to submit her claim and upload the required documentation securely online

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

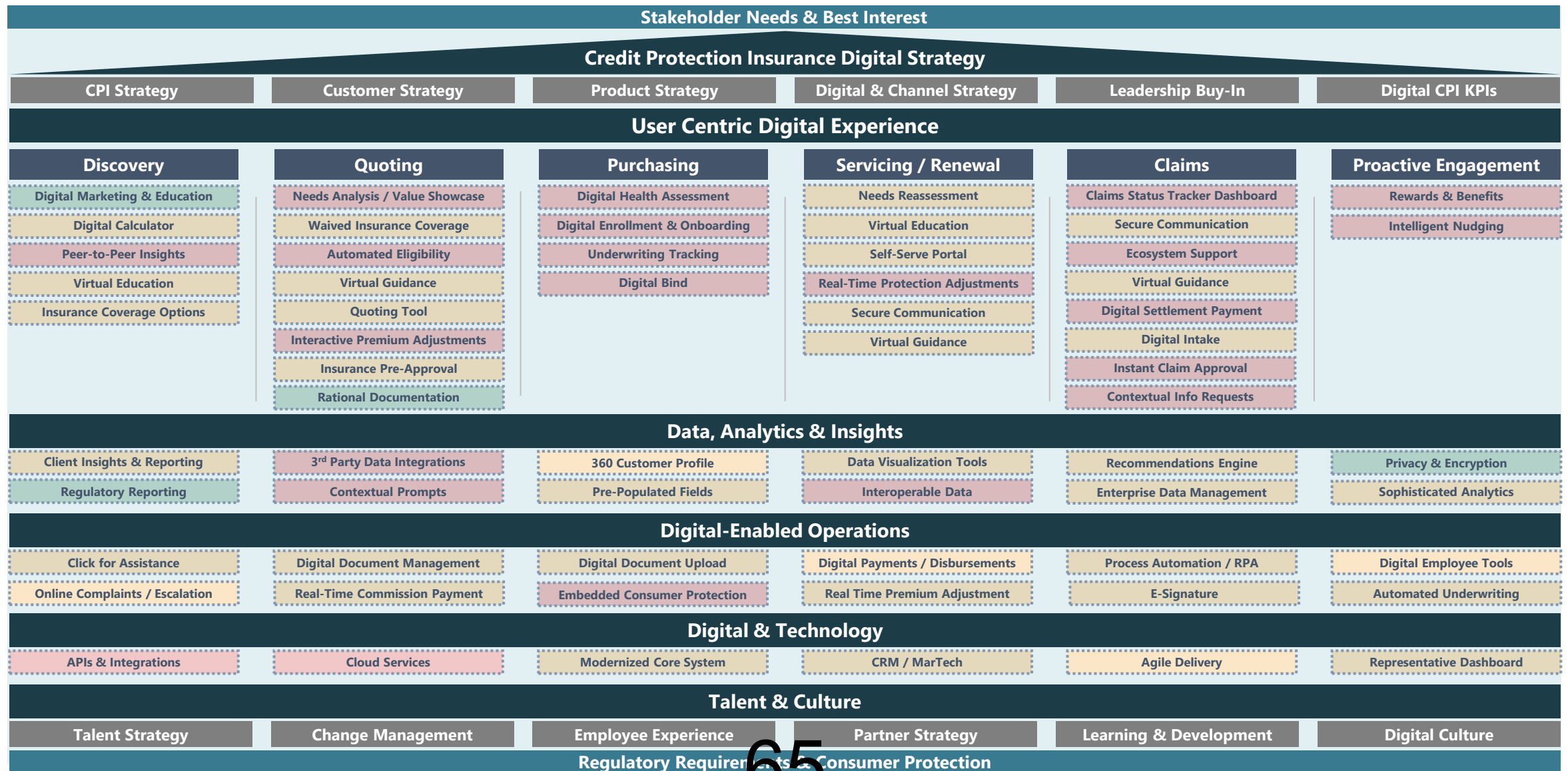


Required Capabilities & Maturity

Deloitte Digital CPI Capability Model – CX Enabling Capabilities¹



Deloitte Digital CPI Capability Model – CPI Industry Maturity



65

LEGEND

Low Maturity

Disparate Maturity

High Maturity

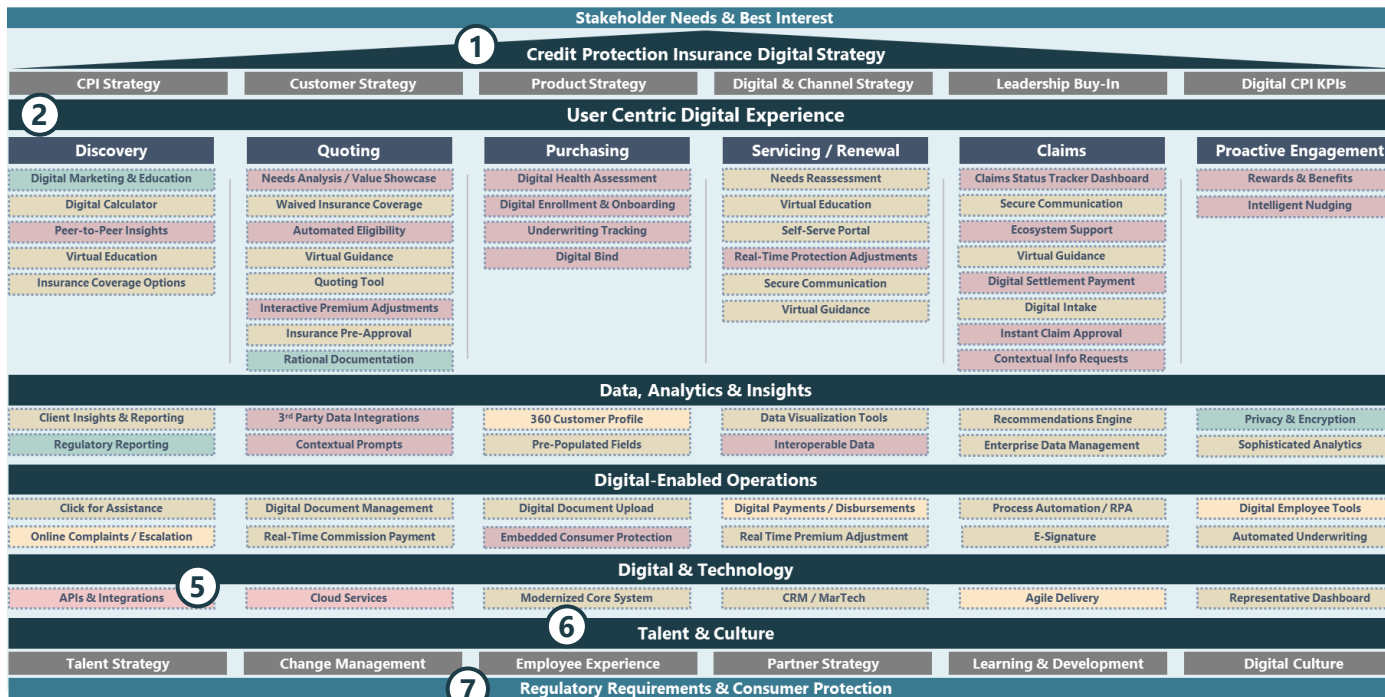
Looking Forward

66

Deloitte Digital CPI Capability Model – Priority Investments Summary

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

Deloitte Digital CPI Maturity Assessment



Recommendations For 'Being' Digital

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

Next Steps

Next Steps

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

1

Present report summary insights to regulators (to be scheduled)

2

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

3

Publish formal Digitization of CPI Report (February 2022)



Thank You

**Any
Questions?**

Appendix



Appendix A – Approach

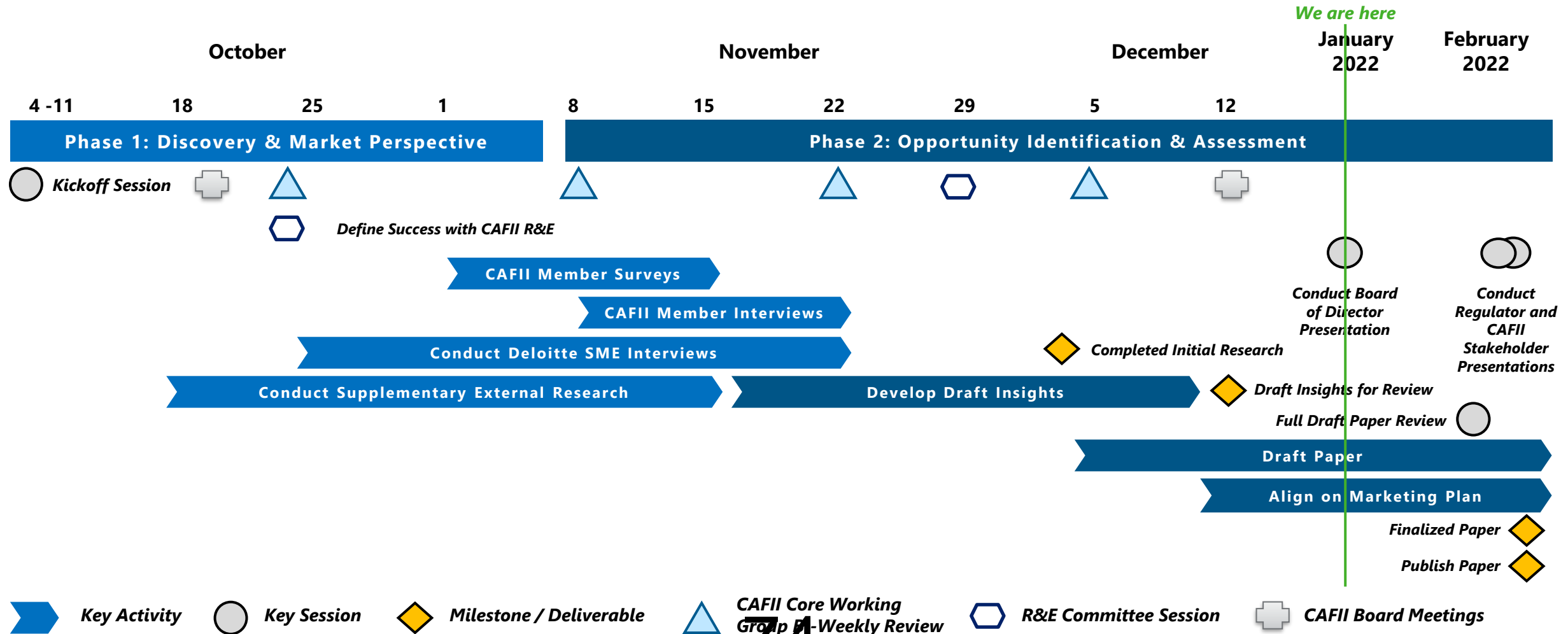
Research & Report Objectives

This research report focuses on identifying the key capabilities required to enable a leading digital CPI client experience in order to help inform digital investments and priorities for the future

Focus Area	What will be required for the Canadian CPI industry to offer best-in-class digitally-enabled client experiences?
Report Objectives	<ol style="list-style-type: none"> 1 Develop a perspective on what digital capabilities will be required to respond to and meet evolving customer needs and create a best-in-class digitally-enabled client experiences for their CPI customers 2 Provide a perspective on how the Canadian insurance industry compares in its digital maturity relative to its global peers and identify key considerations (e.g., regulatory) that the Canadian CPI industry should consider in its evolution to a digitally-enabled business model for CPI 3 Summarize insights into an independent perspective report to be shared with the CAFII Board, CAFII Stakeholders and industry regulators and on the Association's website
Key Outcomes	<div>  <div> CAFII Commissioned Deloitte Perspective Paper <i>The Digitization of CPI in Canada</i> </div> </div> <div>  <div> Three 60-minute Presentations <ul style="list-style-type: none">  Presentation 1: Board of Directors  Presentation 2: Regulators  Presentation 3: CAFII Stakeholders </div> </div>

Engagement Timeline

Over the course of 12 weeks, Deloitte and the CAFII core working team have collaboratively developed the Digitization of CPI Report to be published in February 2022





Appendix B – Additional Insights

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

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

1

CPI Digital Strategy

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

The industry agrees that digitization is a strategic imperative moving forward

100% of respondents indicated digitizing CPI as strategically important

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

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

Ambitions for future digital fulfillment vary significantly by distributor

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

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

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

71% of distributors expect new compliance and regulatory interventions

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

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

Key Insights

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

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

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

2

User Centric Digital Experience

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

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

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

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

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

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

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



Key Insights

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

77

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

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

3

Digital-Enabled Operations

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

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

92%

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

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

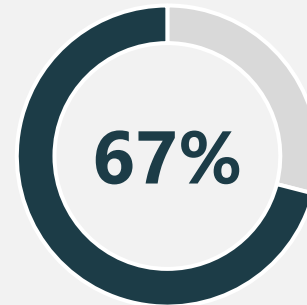
71%

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

60%

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

Internally, operations remain manual for most respondents



of respondents indicated that most processes are still manual

Key Insights

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

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

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

4

Data, Analytics & Insights

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

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

86%

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

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

60%

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

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

67%

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

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

50%

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

Key Insights

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

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

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

5

Digital & Technology

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

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

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

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

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

Improving technical integration between underwriters and distributors systems is a priority

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

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

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

Key Insights

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

80

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

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

6

Talent & Culture

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

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

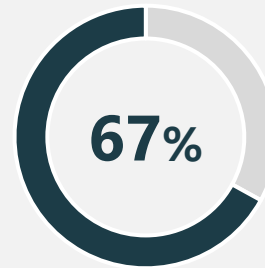
43%

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

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

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

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



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

Key Insights

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

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Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 4(b)i

Committee Updates: Media Advocacy: Progress Report on Media Advocacy Initiatives

Purpose of this Agenda Item – Update

To update the EOC on CAFII's 2022 website initiatives.

Background Information

CAFII has begun discussing with its website consultants Operatic Agency what its 2022 investments in the website might focus on. Operatic Agency has already recommended that resources be focused on improving the French side of the website, and on continuing to enhance search engine optimization. Additional investments in these areas may lead to a recommendation to the EOC that in 2022 we only produce one new video (in English and in French).

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

CAFII Multiple Regulatory Written Submissions Work-Back Schedule, Oct. 21/21 – Feb 18/22

	October		November				December					January				February		
Name of Submission	21-27	28-3	4-10	11-17	18-24	25-1	2-8	9-15	16-22	23-29	30-5	6-12	13-19	20-26	27-2	3-9	10-16	17-23
AMF Complaints Handling Draft Regulation																		
FCAC Complaints Handling Proposed Guideline																		
FCAC Appropriate Products & Services Guideline																		
AMF Revised Sound Commercial Practices Guideline																		
FCNB Proposed Rule INS-001 (Insurance Intermediaries)																		
FSRA Information Guidance on Complaints Resolution																		
AMF Incentive Management Guideline																		
FCNB Proposed Rule INS-002 (Insurance Fees)																		

Legend

- Phase 1: Start Date
- Phase 2: Committee Review/Input
- Phase 3: Preparation of Draft 1 (Whether from Cttee Input or Available Content)
- Phase 4: CAFII Representative Review/Feedback on Draft 1 (EOC, Cttee, WG)
- Phase 5: Preparation of Penultimate/Draft 2 (Reflecting CAFII Representative Input)
- Phase 6: Consultation with CLHIA for Submission Alignment
- Phase 7: Translation into French
- Phase 8: Finalize and Obtain Approval from EOC Chair for Submission
- Phase 9: Submission to Regulator

Regulatory Submissions Timeline Start/End Dates

- AMF Complaints Handling Draft Regulation: Oct. 21/21 – Dec. 8/21
- FCAC Complaints Handling Proposed Guideline: Nov. 24/21 – Dec. 11/21
- FCAC Appropriate Products & Services Guideline: Nov. 22/21 – Jan. 6/22
- AMF Revised Sound Commercial Practices Guideline: Nov. 30/21 – Jan. 28/22
- FCNB Proposed Rule INS-001 (Insurance Intermediaries): Jan. 6/22 – Feb. 7/22
- FSRA Information Guidance on Complaints Resolution: Jan. 13/22 – Feb. 15/22
- AMF Incentive Management Guideline: Jan. 6/22 – Feb. 18/22
- FCNB Proposed Rule INS-002 (Insurance Fees): Jan. 13/22 – Feb. 18/22

Agenda Item 4(c)
February 15/22 EOC Meeting

Recently Completed and Imminent/Pending CAFII Regulatory Submissions As At February 11, 2022

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

FCNB	"Proposed Rule INS-001: Insurance Intermediaries Licensing and Obligations"	CAFII submission sent on February 7/22	Among various matters, outlines specifics of FCNB's plan to introduce a Restricted Insurance Agent (RIA) licensing regime in New Brunswick, which will be the first in Atlantic Canada.
OSFI	Draft Guideline B-13: Technology and Cyber Risk Management	February 9, 2022	Insights gained from a November 30/21 OSFI Information Session webinar enabled CAFII to determine that this OSFI consultation is "out of scope" for our Association, as it is exclusively prudential regulation/"going concern"-focused and not inclusive of consumer-oriented, market conduct regulatory issues.
FSRA	"Information Guidance on complaints resolution"	February 15, 2022	Released on December 22/21 for a 55 days public consultation. CAFII has responded to FSRA consultations of this nature/type in the past.
FCNB	Proposed Rule INS-002: Insurance Fees"	February 18, 2022	Released on December 17/21 for a 60 days public consultation. CAFII has responded to FCNB consultations of this nature/type in the past.
AMF	Incentive Management Guideline	February 18, 2022	AMF extended deadline from the initial January 28/22, largely at CLHIA's behest.
BCFSA	"Discussion Paper: Information Security Incident Reporting"	February 25, 2022	CAFII's January 27/22 Get Acquainted and Dialogue Meeting with Saskia Tolsma, BCFSA's Vice-President, Stakeholder Engagement, and BCFSA Market Conduct area colleagues led to realization that this consultation is "in scope" for CAFII and its members, as it pertains to all BC-Authorized Insurance Companies, not just BC-Incorporated Insurance Companies.

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 4(c)i

**Committee Updates: Market Conduct & Licensing: AMF “Critical Illness Insurance Supervisory Report”
(Released February 9/22)**

Purpose of this Agenda Item – Update

To update the EOC on a report released by the AMF.

Background Information

The AMF has publicly released a “Critical Illness Insurance Supervisory Report” which is critical of some industry practices, including a 20% claim denial rate.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.



Critical Illness Insurance Supervisory Report

December 2021

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**AUTORITÉ
DES MARCHÉS
FINANCIERS**

Dépôt légal – Bibliothèque et Archives nationales du Québec, 2021

ISBN 978-2-550-90846-3 (PDF)

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Context

The Autorité des marchés financiers (AMF) is publishing the results of its **critical illness insurance supervisory work**¹ involving the largest critical illness insurers in Québec.²

In the course of its supervisory activities, the AMF chose to prioritize this work in light of the complex features of critical illness coverage and the technical language used in contracts. The work was conducted by means of:

- A request for information³ sent to Québec's 22 largest critical illness insurers, which together accounted for over 95% of the market share in the major classes of life and accident and sickness insurance:
 - 15 insurers were asked to complete a simplified questionnaire to obtain quantitative data on such things as premiums written, master contracts, certificates and policies, benefits paid and incurred, claims, denials (and the reasons for them), and complaints
 - Seven of the top market share holders were asked to complete a detailed questionnaire that included the same questions as the simplified questionnaire plus additional questions on the insurers' processes and critical illness insurance product features. These insurers also submitted a series of documents to the AMF relating primarily to documentation provided to insureds⁴ (e.g., brochures, forms, model letters)
- Interviews conducted with representatives of the insurers that had completed the detailed questionnaire

Critical illness insurance provides a sum of money if the insured suffers from an illness that matches the definition in the contract.

For the past 30 years, insurers in Québec have been offering critical illness insurance, in both individual and group insurance, and distributing it with or without advice from a representative.

This supervisory work allowed the AMF to develop an overall picture of current commercial practices in the industry and identify improvements that insurers should institute to promote the fair treatment of consumers.

1 The AMF relied on several components of the Sound Commercial Practices Guideline (the «Guideline»), which applies to all insurers governed by the *Insurers Act*, CQLR, c. A-32. (the «Insurers Act») https://lautorite.qc.ca/fileadmin/lautorite/reglementation/lignes-directrices-assurance/ligne-directrice-saines-pratiques-commerciales_an.pdf

2 The names and respective market shares of these insurers are listed in Appendix A.

3 The request for information covered a three-year period (2016 to 2018, inclusive) and was addressed solely to the largest insurers in Québec's critical illness insurance sector. It did not cover the activities of representatives duly certified with the AMF.

4 For ease of reading, the term “insured” used in this document may, depending on the context, refer to a “participant” in a group insurance plan, for example.

That picture⁵, along with the AMF's key findings and recommendations, is presented in this report, which also features useful information that is available to consumers on its website.

The AMF recommendations released by the AMF should enable consumers to:

- Better understand the product and what it covers
- Make an informed decision about the product's added value and its alignment with their needs
- Understand their rights and obligations and exercise them in a timely manner

In accordance with its Financial Institutions Supervisory Framework⁶, the AMF has also sent individual confidential supervisory reports, which include the recommendations in this report, to the principal insurers offering this product. The AMF will ensure that appropriate action is taken to address the expectations expressed in those reports.

Lastly, the AMF encourages all insurers to read this report and all other findings and recommendations released⁷ by the AMF so as to proactively incorporate the applicable recommendations into the activities of all their business sectors, with the appropriate modifications.



5 The figures in this report are based on information for the years 2016 through 2018 provided by insurers surveyed in September 2019 and have not been verified by the AMF or an independent third party. The analysis of these figures had to be delayed in order to allow the industry and the AMF to prioritize the management of issues arising from the Covid-19 pandemic. Although the figures may have changed slightly, the information obtained by the AMF shows that the findings and recommendations stemming from this analysis are still relevant today.

6 https://lautorite.qc.ca/fileadmin/lautorite/reglementation/assurances-inst-depot/2020/cadre-surveillance-2020_an.pdf

7 E.g., Group Disability Insurance Cross-Sectional Analysis Report published in March 2019: https://lautorite.qc.ca/fileadmin/lautorite/grand_public/publications/professionnels/assurance/Rapport-intervention-transversale-assurance-invalidite-collective_an.pdf

Overall findings and summary of recommendations

On average, critical illness insurance premiums totalled nearly \$510 million per year in Québec in 2016, 2017 and 2018.⁸ Critical illness insurance represents about 3% of total premiums written annually by insurers in Québec for all their insurance of persons products (approximately \$17 billion).⁹

While 73% of all premiums are written in individual insurance and 27% in group insurance, 18% of insureds hold an individual insurance policy, while 82% are covered through group insurance.

SOME FACTS

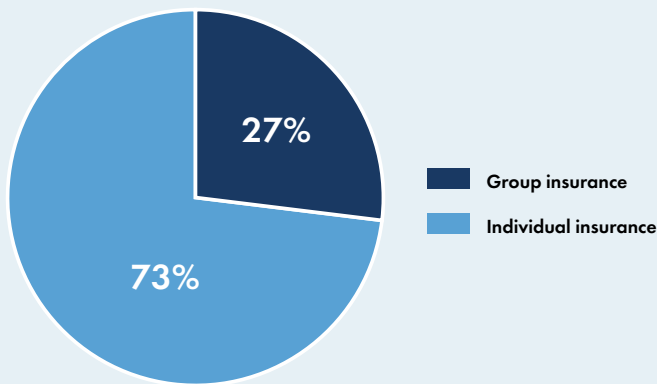


Fig. 1 Distribution of amount of premiums written by type of plan

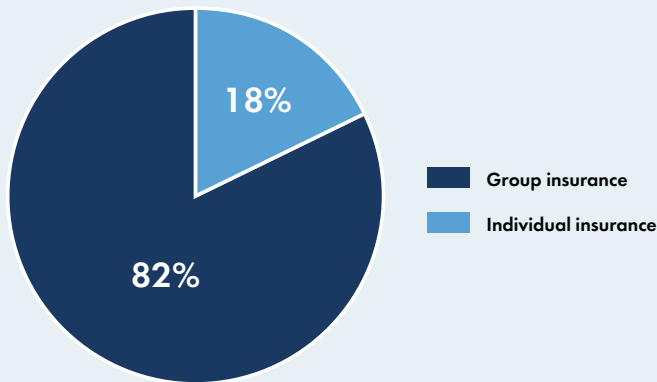


Fig. 2 Distribution of certificates (group insurance) and policies (individual insurance) by type of plan

8 Premiums are identified using the same methodology and definition as used for the Life Quarterly Return and Annual Supplement and for the Canadian Council of Insurance Regulators (CCIR) Annual Statement on Market Conduct.

9 The total premiums written (approximately \$17 billion) is the annual average of the data published by the AMF in the 2016, 2017 and 2018 Annual Reports on Financial Institutions.

The AMF notes that critical illness insurance offered through individual insurance policies generally includes broader coverage (larger number of covered illnesses and options, higher coverage amount), which may affect the premium amount charged and therefore the total volume of premiums written. This may explain why 18% of policies generate 73% of the premiums (in individual insurance, see charts above).

In each individual insurance policy or group insurance certificate, the illnesses covered are specified in the definitions in the contract.

The AMF has identified over 30 illnesses that may be covered by the various critical illness insurance products. Not all of these illnesses are included in all contracts. Some contracts only provide coverage for the most common illnesses, such as cancer (at a life-threatening stage), heart attack (myocardial infarction) and stroke.

The illnesses covered and their characteristics can differ from one product to the next, whether from one insurer to another or within a given insurer. Because of this, it is seemingly difficult for consumers to compare products.

Moreover, the contracts include many limitations and exclusions (e.g., pre-existing conditions) and various time limits (e.g., survival period and waiting period) that can be complex to understand.¹⁰

The findings in this report clearly show that consumers do not always understand the features of the products they purchase.¹¹

In light of these findings, the AMF has sent a number of recommendations to insurers and expects them to apply corrective actions so as to:

1. Avoid situations where prepared materials or advertising results in confusion for consumers or in an incorrect understanding of the product
2. Better help consumers properly understand the product
3. Assist and communicate with insureds to ensure they are informed and they understand and know when to exercise their rights and obligations
4. Better equip their distribution channels to properly advise their clients
5. Facilitate the claims, complaint examination and dispute resolution processes

The corrective actions taken by insurers in response to these findings and recommendations must ensure the fair treatment of consumers. The AMF will therefore follow up on the action plans submitted by the insurers, continue to track practices in this sector and take appropriate action when required.

10 For more information about the features of critical illness insurance, please refer to the AMF website at: <https://lautorite.qc.ca/en/general-public/insurance/critical-illness-insurance>

11 An insured may purchase (individual insurance) or enroll in (group insurance) critical illness insurance. For the purposes of this report and ease of reading, only the term “purchase” will be used.

Recommendations

1. AVOID SITUATIONS WHERE PREPARED MATERIALS AND ADVERTISING RESULT IN CONFUSION FOR CONSUMERS OR IN AN INCORRECT UNDERSTANDING OF THE PRODUCT

It is very common to use statistics and slogans in critical illness insurance materials for consumers.

When insurers reference **statistics**, they should limit their use to references that are actually related to what is covered by the contract definition of the illness. The definition and features set out in the contract are often more restrictive than the statistics presented.

Slogans should not result in confusion for consumers or in an incorrect understanding of what is covered by the product.

It should not appear to consumers as if the product covers more than it really does or as if they require more insurance than they really need.

For example:

Consumers who see an advertisement that references a more general statistic encompassing all stages of a particular critical illness may think that:

- All stages of the illness are covered, when, in reality, coverage is confined to those stages that meet the definition in the contract (i.e., they may believe that the coverage is broader than it really is)
- The risk of developing the illness is the same as the risk shown in the statistic, when, in fact, the percentage of people at risk of developing a cancer defined in the contract is smaller (i.e., the probability of developing the illness shown in the statistic may lead them to believe that their critical illness insurance needs are greater than their actual needs)

Insurers should therefore ensure that the statistics and slogans used in their information for both consumers and distribution channels:

- Are appropriate and relevant in terms of the actual features of the product offered
- Do not result in confusion for consumers or in an incorrect understanding of the product, the needs it satisfies or the coverage offered

SOME FINDINGS

All the insurers consulted said they use **statistics** in their advertising, on their websites, or in their brochures relating to critical illness insurance. The statistics come from various **sources**, most of which are external to the insurers, including foundations and organizations dedicated to education and research in specific types of illnesses.

2. BETTER HELP CONSUMERS PROPERLY UNDERSTAND THE PRODUCT

The vocabulary used in critical illness insurance contracts often includes complex technical terms specific to the medical and insurance fields that consumers find incomprehensible.

As previously indicated, the illnesses covered and how they are defined can vary from one contract to the next. The illnesses that are typically covered are cancer (at a life-threatening stage), heart attack (myocardial infarction) and stroke.

These products may also have the following features:

- Coverage for certain specific non-life-threatening surgeries or conditions
- A partial benefit

For example:

You purchase a \$100,000 critical illness insurance policy that offers you 35% of the insurance amount for loss of speech. Two years later, you lose your speech. You will receive \$35,000 (35% of \$100,000).

- Recovery assistance (e.g., monthly care benefit)
- Return of premiums (e.g., on the date specified in the contract for the exercise of the return of premium option or when no claims were filed with the insurers during the coverage period (upon death or maturity of the contract))
- Conversion of the contract (e.g., to a long-term care contract at a specified age (65, for example))
- Option to renew the contract (e.g., for term insurance)

SOME FACTS

The AMF analyzed the features of 81 critical illness insurance products offered by insurers, in both group and individual insurance, and distributed through representatives and noted that the return of premium option is included in **54% of all cases**. About one-third of the insurers consulted offer this option with more than 70% of their products, and the other two-thirds offer the option less than 50% of the time or do not include it among their options at all. The return of premium option is mostly available in individual insurance products.

DENIAL RATE OF CLOSE TO 20%

Insurers deny 20% of all claims submitted to them by insureds. According to AMF data regarding the range of insurance products available in the industry, a denial rate above 10% should lead insurers to ask questions and assess the causes. Insurers should determine whether being above the 10% threshold undermines the fair treatment of consumers and, if so, they should take appropriate action to correct the situation.

About **5%** of insureds whose claims were denied requested a review. In more than **80%** of these cases, the insurers upheld their decision to deny the claim.

The percentage of claims denied by insurers and the reasons for denial clearly illustrate the need to provide relevant and complete information to consumers, before and at the time of purchase, so that they can make an informed decision on the suitability of the product being offered.

Over 60% of claim denials by insurers are related to limitations or exclusions, pre-existing conditions, not meeting a definition, and survival and waiting periods.

SOME FACTS

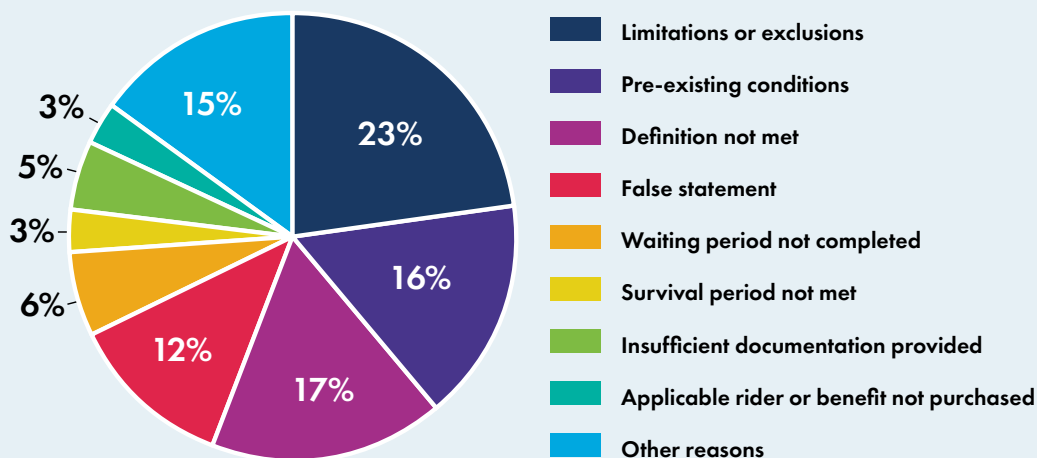


Fig. 3 Reasons for claim denials by insurers

Insurers should therefore create and provide **tools to help consumers** better understand the information that is given to them (e.g., guide, glossary or summary containing examples, explanations of terms of a more technical nature, illustrations, timeline with the various timeframes, FAQs), particularly regarding:

- The product and its features
- The scope of coverage (e.g., covered illnesses)
- The limitations and exclusions
- Pre-existing conditions
- The time periods specified in the contract (e.g., survival period, waiting period (or moratorium period))
- The features of the various types of products offered so that consumers can choose the product best suited to their needs (e.g., comparison between critical illness insurance, disability insurance, long-term care insurance and life insurance)

Insureds may purchase critical illness insurance coverage with or without being advised¹² by an insurance representative duly certified with the AMF. When a representative in insurance of person assists insureds, he or she is subject to a set of obligations and responsibilities, including the obligation to inquire into the insureds' situation in order to assess their needs and offer them a suitable product. Accordingly, before the contract is concluded, a representative will analyze an insured's needs and will describe and clearly explain the proposed product, the nature of the coverage offered and the particular exclusions of coverage in the critical illness insurance contract.¹³

¹² Close to 80% of premiums are written through certified representatives for policies offering typically greater amounts of coverage and broader coverage than products offered through distribution without a representative, which, however, accounts for most sales in critical illness insurance. Sales for this type of distribution are currently made, for example, through insurance offered incidentally with a mortgage loan or financing for the purchase of a vehicle from a dealer. In these cases, the critical illness insurance may be combined with life insurance and disability insurance or be part of these different coverage options.

¹³ *Act respecting the distribution of financial products and services*, CQLR, c. D-9.2, ss. 27 and 28, and the *Regulation respecting the pursuit of activities as a representative*, CQLR, c. D-9.2, r. 10, s. 6.

3. PROVIDE INSUREDS WITH POST-PURCHASE ASSISTANCE AND COMMUNICATIONS TO ENSURE THEY ARE INFORMED AND THEY UNDERSTAND AND KNOW WHEN TO EXERCISE THEIR RIGHTS AND OBLIGATIONS

Post-purchase **assistance** for critical illness insurance is essential to **support a better understanding** by insureds of **their rights**, which, depending on the coverage chosen or offered, may include:

- Return of premiums (e.g., where no claims are filed with insurers during the coverage period)
- Conversion of the contract (e.g., to a long-term care contract at a specified age (65, for example))
- Option to renew the contract (e.g., for term insurance)

Insureds must be adequately informed about the products they hold and the key actions they may or must take to exercise their rights.

Post-purchase assistance must also **support a better understanding** by insureds of **their obligations**.

For example, in some cases, insureds may be required to report certain events to their insurer within time periods specified in the contract (e.g., a cancer diagnosis within a waiting period (or moratorium period)).

When insurers receive such reports, some will offer insureds the following two choices:

- Cancel the coverage with a return of paid premiums
- Maintain the coverage in effect for illnesses other than the diagnosed illness but without any premium adjustment

The insureds must be told what options are available to them and what the related impacts and costs are.

The insureds can then assess, based on the portion of coverage still in effect, whether it is still worthwhile to maintain the insurance without any premium adjustment. This assessment is especially important in cases where cancer coverage is completely withdrawn by the insurer, given that cancer is the illness that makes up the largest number of claims.

With cancer coverage, the critical illness policy may be less attractive to the insured.

SOME FACTS

The most common claims are for cancer diagnoses (including certain early-stage cancers), accounting for 76% of all claims, followed by heart attacks (myocardial infarctions) and strokes.

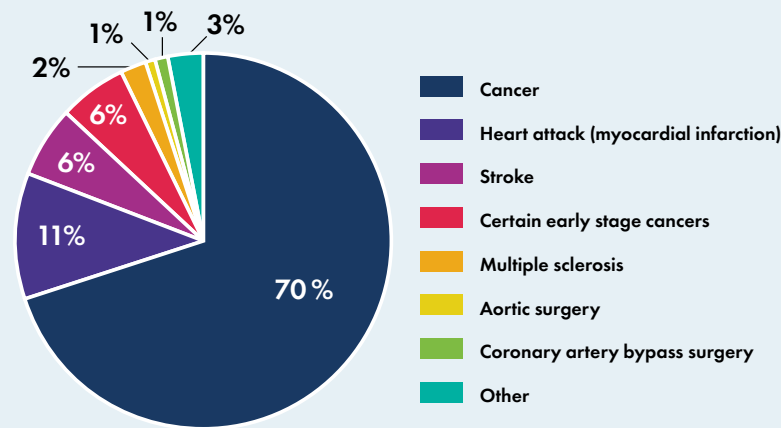


Fig. 4 Main illnesses for which claims are filed

The percentage breakdown of claims denied by insurers closely matches the breakdown for claims filed, with the bulk of such claims likewise being for cancers, heart attacks (myocardial infarctions) and strokes.

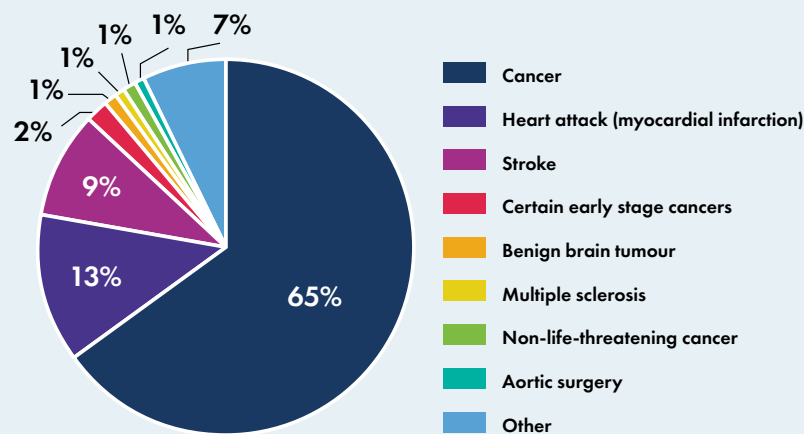


Fig. 5 Main illnesses for which claims are denied

To support a better understanding by insureds of their rights and obligations, insurers should establish means by which **information may be communicated to consumers after they purchase their insurance.**

For example, information about insureds' rights and obligation could be made available on a secure site. Insurers could also send periodic statements or reminders of options that may be exercised, regardless of the type of plan the insured purchases or enrolls in (i.e., individual or group). Such tools would help insureds stay up to date on their coverage and rights and exercise their rights in a timely manner.

4. BETTER EQUIP THE DISTRIBUTION CHANNELS TO APPROPRIATELY ADVISE THEIR CLIENTS

The various distribution channel actors need to be able to provide clear, sufficient and relevant information over the entire lifecycle of the product (at the time of purchase, when a claim or complaint is processed, etc.).

Representatives in individual insurance who are duly certified with the AMF must, in order to meet their obligations, have appropriate knowledge and tools to offer the product. It is therefore essential to ensure that representatives, as well as all other distribution channel actors, are well equipped and trained to assist insureds.

Insurers should improve their **training programs** and provide appropriate **reference tools** to their distribution channels, so that they can properly carry out their roles and responsibilities to their clients, especially their assistance role and, if applicable, their advisory role.

Such reference tools should include:

- Product features
- The vocabulary used in critical illness insurance, including:
 - Definitions of covered illnesses
 - Limitations and exclusions
 - Timeframes specified in the contracts
- The client group the product is suitable for (target client group) and not suitable for
- A comparison with other types of insurance products to assist consumers in choosing the product best suited to their needs (e.g., comparison between critical illness insurance, disability insurance, long-term care insurance and life insurance)
- The key elements to be disclosed to consumers so that they can have a good understanding of the product (e.g., presentation of product features, definitions of covered illnesses, limitations and exclusions, contract timeframes, etc.)
- The sources of the statistics used by insurers in the materials prepared for the distribution channels

5. FACILITATE THE CLAIMS, COMPLAINT EXAMINATION AND DISPUTE RESOLUTION PROCESSES

The claims process must remain readily accessible to insureds. It should be easy for them to locate the relevant forms on the website, as well as available and secure means of filing a claim or complaint.

Although information about the claims process may be found in the materials given to insureds at the time of purchase (e.g., summary, guide, brochure, etc.) or in reference guides for representatives, an industry best practice observed by the AMF is to provide quick and easy access to the process via the insurer's website.

The claims examination and settlement processes (including the claim form) were not present on some websites visited by the AMF. On sites where they were present, they were often hard to find or the information was not presented in a user friendly format.

When claims are denied, the reasons for denial must be clearly explained to insureds. They must know why they did not meet the contract definition of the illness or why a limitation or an exclusion was applied. Insureds should not be burdened with seeking the treating physician's assistance in understanding the technical terms used in the insurance product or denial letter.

The different steps in the file should also be explained in the letters sent to insureds.

A number of denial and decision uphold letters that were analyzed did not explain the next steps, such as the right to request a review of the decision (or file a complaint). Moreover, based on the results of this work, few insureds use the complaint examination process.

Insurers should therefore ensure that insureds are provided with adequate information and that insureds' claims are handled fairly by:

- Making the claim examination process and claim forms readily accessible on their website, while providing insureds with secure means of submitting the forms (e.g., a secure site)
- Providing sufficient information to insureds, in clear and plain language, on the reason for the decision and personalizing the letters sent to them
- Indicating, where possible (e.g., a progressive illness), the factors that would result in the insureds' claims potentially meeting the definition and encouraging the insureds concerned to file a new claim if their condition deteriorates or new information becomes available
- Clearly illustrating the different steps in the file in communications sent to insureds (e.g., review process in denial letters and dispute resolution process).

Consumer tools and assistance offered by the AMF

To further strengthen its consumer support capabilities, the AMF has completely redesigned its critical illness insurance web page.¹⁴ The new page provides a wealth of information demystifying this product, including things to consider when purchasing critical illness insurance, the features of the various types of products offered, and a host of other tools.

The AMF wishes to remind consumers that, before purchasing a critical illness insurance product, they should always take their time to make sure the product they are purchasing is right for them and that they understand it. Toward that end, they should assess their needs and determine whether they already have insurance with similar and sufficient coverage. Depending on the distribution channel, these steps can be carried out with the help of a representative.

Consumers can also obtain information, report an inappropriate practice or file a complaint by calling the AMF Information Centre or by using the appropriate on-line form.¹⁵

Appendixes

Appendix A Market shares of the largest critical illness insurers in Québec

Appendix B Glossary

¹⁴ <https://lautorite.qc.ca/en/general-public/insurance/critical-illness-insurance>

¹⁵ <https://lautorite.qc.ca/en/general-public/assistance-and-complaints>

APPENDIX A MARKET SHARES OF THE LARGEST CRITICAL ILLNESS INSURERS IN QUÉBEC

Market share (by average annual premiums for 2016, 2017 and 2018)	LARGEST INSURERS BY INSURANCE PLAN	
	Individual Insurance	Group insurance
Large (\$20 million and more in total premiums written in critical illness insurance)	<ol style="list-style-type: none"> 1. INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. 2. SUN LIFE ASSURANCE COMPANY OF CANADA 3. DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY 4. THE MANUFACTURERS LIFE INSURANCE COMPANY 5. BENEVA INC.¹⁶ 6. COMBINED INSURANCE COMPANY OF AMERICA 7. THE CANADA LIFE ASSURANCE COMPANY¹⁷ 8. BMO LIFE INSURANCE COMPANY 	<ol style="list-style-type: none"> 1. DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY 2. THE CANADA LIFE ASSURANCE COMPANY 3. BENEVA INC. 4. NATIONAL BANK LIFE INSURANCE COMPANY 5. SUN LIFE ASSURANCE COMPANY OF CANADA 6. INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC. 7. THE MANUFACTURERS LIFE INSURANCE COMPANY
Average (Between \$5 million and \$20 million in total premiums written in critical illness insurance)	<ol style="list-style-type: none"> 1. THE EMPIRE LIFE INSURANCE COMPANY 2. RBC LIFE INSURANCE COMPANY 3. THE UNION LIFE MUTUAL ASSURANCE COMPANY 4. NATIONAL BANK LIFE INSURANCE COMPANY 	<ol style="list-style-type: none"> 1. CANADIAN PREMIER LIFE INSURANCE COMPANY 2. AMERICAN BANKERS LIFE ASSURANCE COMPANY OF FLORIDA 3. CHUBB LIFE INSURANCE COMPANY OF CANADA 4. BMO LIFE INSURANCE COMPANY
Small (\$5 million and less in total premiums written in critical illness insurance)	<ol style="list-style-type: none"> 1. IVARI 2. HUMANIA ASSURANCE INC. 3. ASSUMPTION MUTUAL LIFE INSURANCE COMPANY 4. FORESTERS LIFE INSURANCE COMPANY 5. CO-OPERATORS LIFE INSURANCE COMPANY 6. THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA 7. CHUBB LIFE INSURANCE COMPANY OF CANADA 	<ol style="list-style-type: none"> 1. BLUE CROSS LIFE INSURANCE COMPANY OF CANADA 2. ASSUMPTION MUTUAL LIFE INSURANCE COMPANY 3. THE EMPIRE LIFE INSURANCE COMPANY 4. THE UNION LIFE MUTUAL ASSURANCE COMPANY 5. CO-OPERATORS LIFE INSURANCE COMPANY 6. HUMANIA ASSURANCE INC. 7. THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA

16 The request for information was originally sent to LA CAPITALE CIVIL SERVICE INSURER INC. and SSQ, LIFE INSURANCE COMPANY INC.

17 The request for information was originally sent to THE CANADA LIFE ASSURANCE COMPANY, including the subsidiaries THE GREAT-WEST LIFE ASSURANCE COMPANY and LONDON LIFE INSURANCE COMPANY.

APPENDIX B GLOSSARY

This glossary clarifies some of the terms used in this report:¹⁸

Term	Definition
Benefit	Amount paid out by an insurance company on an approved claim (e.g., amount paid when the insured suffers from a critical illness provided for in the contract).
Certificate of insurance	<p>A document that sets out the key features of the coverage provided under a group insurance plan. It specifies things like the type and amount of coverage, categories of dependents, deductibles and coinsurance, limits and exclusions, and instructions for filing a claim.</p> <p>For the purposes of this report, a certificate is a document held by an individual.</p>
Claim denial rate (denial rate)	<p>Number of claims denied by insurers divided by the number claims filed by insureds.</p> <p>For the purposes of this report, this calculation was based on an average of the three years covered by the AMF's work (from 2016 to 2018).</p>
Decision uphold rate	<p>Number of decisions upheld by insurers divided by the number of requests for review filed by insureds (following denial by the insurer).</p> <p>For the purposes of this report, this calculation was based on an average of the three years covered by the AMF's work (from 2016 to 2018).</p>
Disability insurance	<p>There are two types of disability insurance plan: group and individual.</p> <p>Being disabled means being unable to work or do your usual activities owing to an illness or injury.</p> <p>However, the definition of disability depends on the insurance contract.</p> <p>For more information, refer to the AMF website at:</p> <p>https://lautorite.qc.ca/en/general-public/insurance/group-insurance/disability-insurance</p>

¹⁸ Some of the definitions contained in this glossary are similar to or based on definitions presented on the CLHIA website: https://www.clhia.ca/web/CLHIA_LP4W_LND_Webstation.nsf/page/FF801CA8A20C46568525780E00665851!OpenDocument#C

Term	Definition
Distribution channel	<p>Networks, identified by insurers, through which the insurers offer and sell their products. Insurers may choose from among a variety of distribution channels: with the advice of a representative (exclusive or independent network), without the advice of a representative (DWR) and over the Internet.</p> <p><u>Distribution through a representative</u></p> <p>Distribution through a representative refers to any offer of insurance where the consumer determines which insurance product best suits his or her needs with the advice of a certified representative.</p> <p><u>Distribution without a representative</u></p> <p>Distribution without a representative ("DWR") refers to any offers of insurance (except for those made by a firm over the Internet) where the consumer determines which insurance product suits his or her needs without being advised by a certified representative.</p>
Insurance plan	<p><u>Group insurance plan:</u></p> <p>Employers, unions and professional associations frequently offer group insurance as a fringe benefit. Group insurance is insurance offered to all members of a group (e.g., all employees of a company).</p> <p><u>The following persons may be covered by group insurance:</u></p> <ul style="list-style-type: none"> • The member of the group insurance plan • The member's spouse • The member's minor children • Generally, the member's children under 25 who are full-time students <p>For more information, refer to the AMF website at:</p> <p>https://lautorite.qc.ca/en/general-public/insurance/group-insurance/disability-insurance</p> <p><u>Individual insurance plan:</u></p> <p>Insurance an insured buys on his or her own from a representative or insurance company. It differs from the group insurance that may be provided through the insured's employer.</p>
Insurance premium	<p>An insurance premium is a sum of money that a person or company must pay on a regular basis to maintain their insurance in effect. For example, if the insured is required to pay \$1,000 per year to maintain his or her critical illness insurance, the premium is \$1,000 per year.</p> <p>For more information, refer to the AMF website at:</p> <p>https://lautorite.qc.ca/en/general-public/insurance/critical-illness-insurance</p>
Life insurance	<p>Life insurance pays out a sum of money when the insured person dies. This money goes to the person(s) designated as beneficiary(ies) in the insurance contract.</p> <p>For more information, refer to the AMF website at:</p> <p>https://lautorite.qc.ca/en/general-public/insurance/life-insurance</p>

Term	Definition
Limitations and exclusions	<p>Contract clauses that can be invoked by the insurer to exclude or reduce the coverage offered (i.e., not compensate or only partly compensate the insured).</p> <p>Things that are not covered by an insurance policy, such as:</p> <ul style="list-style-type: none"> • certain medical conditions the insured had before applying for the insurance • high-risk activities such as skydiving <p>An insured can sometimes buy extra insurance to cover excluded risks.</p>
Long-term care insurance	<p>Long-term care insurance provides financial coverage if the insured becomes unable to take care of him or herself owing to an illness or accident, for example. The insurance may pay a regular benefit that can, among other things, be used to pay for long-term stays in specialized care centres or for home care services.</p> <p>Instead of paying a regular benefit, the coverage may reimburse the expenses associated the loss of independent existence, in which case the insured will have to submit invoices.</p> <p>For more information, refer to the AMF website at:</p> <p>https://lautorite.qc.ca/en/general-public/insurance/long-term-care-insurance</p>
Partial benefit	<p>Reduced amount paid out by an insurer on an approved claim (e.g., payment made when the insured suffers from a critical illness provided for in the contract).</p>
Policy	<p>A legal agreement between the insured and an insurer that sets out the terms of coverage.</p> <p>For the purposes of this report, the agreement covers individual, not group, insurance policies.</p>
Pre-existing condition	<p>A medical condition for which the insured experienced symptoms, consulted a medical professional or received treatment before applying for insurance or before his or her coverage took effect.</p> <p>Some types of insurance have pre-existing condition clauses that may limit or exclude benefits if the insured makes a claim relating to that condition</p>
Progressive illness	<p>Illness whose symptoms and effects on the insured usually become progressively worse over time.</p>
Recovery assistance	<p>This option is offered to insureds in certain contracts to assist them through the payment of a monthly recovery benefit (e.g., monthly care benefit).</p>

Term	Definition
Return of premiums	<p>Some insurance contracts may offer to return the premiums paid by the insured when certain situations occur (e.g., the contract ends or the insured dies (when the death occurs during the term of the contract).</p> <p>For more information about premium return options, refer to the AMF website at:</p> <p>https://lautorite.qc.ca/en/general-public/insurance/critical-illness-insurance</p>
Waiting period / Survival period	<p>Number of days an insured must wait before being entitled to receive benefits.</p> <p>The survival period usually begins on the date an illness is diagnosed and ends after a certain number of days specified in the contract (e.g., 30 days).</p>

Toll-free 1 877 525-0337

lautorite.qc.ca

Québec

Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
418 525-0337

Montréal

800, rue du Square-Victoria, 22^e étage
Place Victoria
Montréal (Québec) H4Z 1G3
514 395-0337

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 4(d)i

**Committee Updates: Travel Insurance Experts: Insights Gained From CAFII/CLHIA/THIA Weekly Calls
Re Impact Of COVID-19 On Travel Insurance Industry**

Purpose of this Agenda Item – Update

To update the EOC on insights gained from weekly meetings between CAFII, CLHIA, and THIA on the impact of COVID-19 on the travel insurance industry.

Background Information

CAFII, THIA, and CLHIA meet weekly on COVID-19 and the travel medical industry.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 4(e)i

Committee Updates: Networking & Events: Insights Gained from January 31/21 CAFII Webinar on “The Ins and Outs of Life Insurers’ Health and Wellness Incentivization Programs”

Purpose of this Agenda Item – *Update*

To update the EOC on insights gained from a CAFII webinar.

Background Information

CAFII held a January 31/21 CAFII Webinar on “The Ins and Outs of Life Insurers’ Health and Wellness Incentivization Programs.” The panellists were:

- Patti Annable, Assistant Vice-President, Marketing Communications, Lumino Health, Sun Life;
- Lisa Heath, CEO, MediResource Inc, business partner to Canada Life's Health Connected; and
- Paul Savage, Head of Product and Pricing, including for Vitality, Manulife.

The following regulators registered for the webinar:

- Quebec’s Autorité des marchés financiers, or AMF ;
- The Financial Services Regulatory Authority of Ontario, or FSRA;
- The Ontario Ministry of Finance;
- The Government of Alberta ;
- BC Financial Services Authority, or BCFSFA;
- The Insurance Council of BC;
- The Financial and Consumer Services Commission of New Brunswick, or FCNB; and
- The Insurance Councils of Saskatchewan;
- And the Canadian Insurance Services Regulatory Organizations, or CISRO.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Agenda Item 4(e)(i)
February 15/22 EOC Meeting

Subject: You're Invited: Upcoming CAFII Webinar On The Ins and Outs of Life Insurers' Health and Wellness Incentivization Programs

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

Hello Brendan,

You're Invited!

We are pleased to invite you to attend our first CAFII Webinar of 2022

The Ins and Outs of Life Insurers' Health and Wellness Incentivization Programs

Monday, January 31, 2022
from 1:00 to 2:00 pm ET
via Zoom Webinar

A CAFII-Moderated Panel Discussion with



Patti Annable, Assistant Vice-President, Marketing Communications, Lumino Health, Sun Life
(For capsule biography, [click here](#))



***Lisa Heath, CEO, MediResource Inc, business partner to
Canada Life's Health Connected***

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



***Paul Savage, Head of Product and Pricing, including for
Vitality, Manulife***

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

This dialogue with representatives from the health and wellness incentivization programs offered by three CAFII member life and health insurers will address the following aspects of these programs:

- Current and future target markets;
- Goals and objectives;
- Key program features;
- Internal management versus outsourcing;
- Importance and influence of plan sponsors in customizing programs;
- Importance of “gamification” to design, engagement, and success;
- Importance of technology: wearables; Artificial Intelligence; Internet of Things (IoT);
- Privacy concerns around “privately-held individual health data”;
- Challenges and impediments, including from the regulatory environment;
- Prevalence, success, and ROI of such programs to date;
- Program modifications made based on in-market experience;
- Further growth or plateauing ahead; and
- Other learnings and “words to the wise.”

[Register Here](#)

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

Sincerely,

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Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 4(e)ii

Committee Updates: Networking & Events: Plans for March 2022 CAFII Webinar on “How the Life and Health Insurance Industry Can Help Employees and Insureds Deal With Mental Health Challenges”

Purpose of this Agenda Item – Update

To update the EOC on webinar planned for March, 2022.

Background Information

CAFII plans to hold a March 2022 webinar on “How the Life and Health Insurance Industry Can Help Employees and Insureds Deal With Mental Health Challenges.” CAFII is asking EOC members to suggest possible panellists:

We are currently seeking three CAFII member company human resources (HR) professionals; or a human resources law expert(s); or a mental health practitioner(s) who have expertise in/knowledge about helping people to deal/cope with and recover from mental health issues/challenges in the workplace and/or other social contexts, and who would be willing to participate in CAFII webinar Fireside Chat panel with two other experts and moderator Keith Martin.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(e)(ii)
February 15/22 EOC Meeting

From: Meighan Pears <events@cafii.com>

Sent: February-08-22 2:54 PM

To: EOC Members

Cc: Jake Becker <jake.becker@cafii.com>; Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>; Janet Pacini Thibodeau <Janet_Pacini_Thibodeau@manulife.ca>

Subject: CAFII March 2022 Webinar | Seeking Panelists for Webinar on Mental Health Issues and Challenges in the Workplace, At Home, and In Society: Coping With The Persistent Pandemic's Impact

Good afternoon, CAFII EOC Members:

This message is being sent on behalf of CAFII Co-Executive Directors Keith Martin and Brendan Wycks.

Based on EOC member feedback following the January 18/22 meeting, we are currently attempting to organize an early March CAFII webinar on ***Mental Health Issues and Challenges in the Workplace, At Home, and In Society: Coping With The Persistent Pandemic's Impact.***

This webinar is tentatively scheduled for either ***Wednesday March 2, 2022 or Thursday March 3, 2022 from 1:00 - 2:00 pm EST.***

We are currently seeking three CAFII member company human resources (HR) professionals; or a human resources law expert(s); or a mental health practitioner(s) who have expertise in/knowledge about helping people to deal/cope with and recover from mental health issues/challenges in the workplace and/or other social contexts, and who would be willing to participate in CAFII webinar Fireside Chat panel with two other experts and moderator Keith Martin.

If you know of a suitably qualified HR professional from your member company or another organization, human resources lawyer, or mental health practitioner and would like to recommend him/her for our CAFII webinar panel, please reach out to me at events@cafii.com.

Please see below for some discussion points that we would potentially like to address in this webinar. Feel free to share these points with any HR professional, HR law expert, or mental health professional whom you think would be a great fit for this panel.

Discussion Points:

- Impact of the pandemic on the mental health of employees and customers;
- Emerging societal recognition that just as anyone can get physically sick, mental health issues and challenges are no different;
- Has the stigma around mental health issues really gone away?, or can a person's career still be negatively impacted if they reveal that they suffer from mental health issues?;

- Not all mental health issues have to be major incidents—the pandemic has caused low-level, chronic stress and anxiety in a lot of people’s lives—is this currently a major concern, and/or something with potential long-lasting implications?;
- In addition to helping their own employees, are CAFII member companies and/or industry peers trying to help customers cope with mental health issues and challenges caused by the persistent pandemic?

If you have any questions about this request, please reach out to me directly. I look forward to hearing from you!

Sincerely,

Meighan Pears

Event Planner

Canadian Association of Financial Institutions in Insurance

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Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 5(a)

Recent and Upcoming Strategic and Regulatory Initiatives: Outcomes of January 6/22 CAFII Response Submission to FCAC on proposed “Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks”

Purpose of this Agenda Item – Update

To update the EOC on a submission made to the FCAC.

Background Information

CAFII will update the EOC on any information we have received from the FCAC in response to the CAFII submission to it on the “Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks.”

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 5(b)

Recent and Upcoming Strategic and Regulatory Initiatives: Insights Gained from January 19/22 CAFII Virtual Meeting with Mario Beaudoin and Charlene Boucher, AMF Re Member Action Plans Submitted CAFII By Members (December 17/21) For Bringing Credit Card-Embedded Insurance Benefits Into Compliance With RADM; and Related Issues

Purpose of this Agenda Item – Update

To update the EOC on next steps arising from a meeting with the AMF.

Background Information

CAFII met with Mario Beaudoin and Charlene Boucher on January 19, 2022 and this agenda item is to provide an update on any information we have obtained coming out of that meeting.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 5(c)

Recent and Upcoming Strategic and Regulatory Initiatives: Outcomes of CAFII January 17/22

Submission to AMF on Proposed Wording Modifications To Fact Sheet and Notice of Rescission to

Make Them Fit/Suit Credit Card-Embedded Insurance Benefits

Purpose of this Agenda Item – Update

To update the EOC on next steps arising from a submission to the AMF.

Background Information

CAFII has submitted its recommended modifications to the Fact Sheet and the Notice of Rescission to make them appropriate for credit card-embedded insurance benefits, and we are waiting to hear back from the AMF on its response.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

2 attachments.

The purpose of this fact sheet is to inform you of your rights.
It does not relieve the insurer or the distributor of their obligations to you.

LET'S TALK INSURANCE!

Name of distributor: _____

Name of insurer: _____

Name of insurance product: _____



IT'S YOUR CHOICE

You are never required to purchase insurance:

- that is offered by your distributor;
- from a person who is assigned to you; or
- to obtain a better interest rate or any other benefit.

Even if you are required to be insured, **you do not have to** purchase the insurance that is being offered. **You can choose** your insurance product and your insurer ******.



**** This does not apply to insurance included with your credit card**

HOW TO CHOOSE

To choose the insurance product that's right for you, we recommend that you read the summary that describes the insurance product and that must be provided to you.



DISTRIBUTOR REMUNERATION

A portion of the amount you pay for the insurance will be paid to the distributor as remuneration ******.

The distributor **must** tell you when the remuneration exceeds 30% of that amount.



RIGHT TO CANCEL

The Act allows you to rescind an insurance contract, **at no cost**, within 10 days after the purchase of your insurance. However, the insurer may grant you a longer period of time. After that time, fees may apply if you cancel the insurance. **Ask** your distributor about the period of time granted to cancel it **at no cost**. ******

If the cost of the insurance is added to the financing amount and you cancel the insurance, your monthly financing payments might not change. Instead, the refund could be used **to shorten the financing period**. **Ask your distributor for details.**

**** This does not apply to insurance included with your credit card. You can decide not to use the insurance or contact the card issuer to obtain a different credit card with other insurance or no insurance—it's your choice**

Reserved for use by the insurer:

This fact sheet cannot be modified

SCHEDULE 5

(s.31)

NOTICE OF RESCISSION OF AN INSURANCE CONTRACT **

NOTICE GIVEN BY A DISTRIBUTOR

**** Note: This notice does not apply to insurance included with your credit card. You can decide not to use the insurance or to contact the card issuer to obtain a different credit card with other insurance or no insurance**

Section 440 of the Act respecting the distribution of financial products and services (chapter D-9.2)

THE ACT RESPECTING THE DISTRIBUTION OF FINANCIAL PRODUCTS AND SERVICES GIVES YOU IMPORTANT RIGHTS.

The Act allows you to rescind an insurance contract, without penalty, within 10 days of the date on which it is signed. However, the insurer may grant you a longer period.

To rescind the contract, you must give the insurer notice, within that time, by registered mail or any other means that allows you to obtain an acknowledgement of receipt.

Despite the rescission of the insurance contract, the first contract entered into will remain in force. Caution, it is possible that you may lose advantageous conditions as a result of this insurance contract; contact your distributor or consult your contract.

After the expiry of the applicable time, you may rescind the insurance contract at any time; however, penalties may apply.

For further information, contact the Autorité des marchés financiers at 1-877-525-0337 or visit www.lautorite.qc.ca.

NOTICE OF RESCISSION OF AN INSURANCE CONTRACT_ **-Note: Not applicable for insurance coverage(s) included with a credit card**

To: _____

(name of insurer)

(address of insurer)

Date: _____ (date of sending of notice)

Pursuant to section 441 of the Act respecting the distribution of financial products and services, I hereby rescind insurance contract no.: _____ (number of contract, if indicated)

Entered into on: _____ (date of signature of contract)

In: _____ (place of signature of contract)

_____ (name of client)

_____ (signature of client)

L'objectif de cette fiche de renseignements est de vous informer sur vos droits.
Elle ne dégage ni l'assureur ni le distributeur de leurs obligations envers vous.

PARLONS ASSURANCE !

Nom du distributeur : _____

Nom de l'assureur : _____

Nom du produit d'assurance : _____



LIBERTÉ DE CHOISIR

Vous n'êtes jamais obligé d'acheter une assurance :

- qui vous est offerte chez votre distributeur;
- auprès d'une personne que l'on vous désigne;
- ou pour obtenir un meilleur taux d'intérêt ou tout autre avantage.

Même si vous êtes tenus d'être assuré, **vous n'êtes pas obligé** d'acheter l'assurance que l'on vous offre présentement. **C'est à vous de choisir** votre produit d'assurance et votre assureur. **

**** Ne s'applique pas à l'assurance incluse avec votre carte de crédit.**



COMMENT CHOISIR

Pour bien choisir le produit d'assurance qui vous convient, nous vous recommandons de lire le sommaire qui décrit le produit d'assurance et que l'on doit vous remettre.



RÉMUNÉRATION DU DISTRIBUTEUR

Une partie de ce que vous payez pour l'assurance sera versée en rémunération au distributeur.
Lorsque cette rémunération est supérieure à 30 %, il a l'**obligation** de vous le dire.



DROIT D'ANNULER

La Loi vous permet de mettre fin à votre assurance, **sans frais**, dans les 10 jours suivant l'achat de votre assurance. L'assureur peut toutefois vous accorder un délai plus long. Après ce délai, si vous mettez fin à votre assurance, des frais pourraient s'appliquer. **Informez-vous** auprès de votre distributeur du délai d'annulation **sans frais** qui vous est accordé. **

Lorsque le coût de l'assurance est ajouté au montant du financement et que vous annulez l'assurance, il est possible que les versements mensuels de votre financement ne changent pas. Le montant du remboursement pourrait plutôt servir à **diminuer la durée du financement**. **Informez-vous** auprès de votre distributeur.

**** Ne s'applique pas à l'assurance incluse avec votre carte de crédit. Vous pouvez décider de ne pas utiliser l'assurance ou contacter l'émetteur de la carte pour obtenir une carte de crédit différente avec une autre assurance ou sans assurance - c'est votre choix.**

L'Autorité des marchés financiers peut vous fournir de l'information **neutre et objective**.

Visitez le www.lautorite.qc.ca ou appelez-nous au 1 877 525-0337.

Cette fiche ne peut être modifiée.

ANNEXE 5
(a.32)

AVIS DE RÉSOLUTION D'UN CONTRAT D'ASSURANCE **
AVIS DONNÉ PAR LE DISTRIBUTEUR

**** Nota :** Cet avis ne s'applique pas à l'assurance incluse avec votre carte de crédit. Vous pouvez décider de ne pas utiliser l'assurance ou de contacter l'émetteur de la carte pour obtenir une carte de crédit différente avec une autre assurance ou sans assurance.

Article 440 de la Loi sur la distribution de produits et services financiers (chapitre D-9.2)

LA LOI SUR LA DISTRIBUTION DE PRODUITS ET SERVICES FINANCIERS VOUS DONNE DES DROITS IMPORTANTS.

La Loi vous permet de mettre fin au contrat d'assurance, **sans pénalité**, dans les 10 jours suivant la date de la signature du contrat d'assurance. L'assureur peut toutefois vous accorder un délai plus long. Pour mettre fin au contrat, vous devez donner à l'assureur, à l'intérieur de ce délai, un avis par poste recommandée ou par tout autre moyen vous permettant de recevoir un accusé de réception.

Malgré l'annulation du contrat d'assurance, le premier contrat conclu demeurera en vigueur. Attention, il est possible que vous perdiez des conditions avantageuses qui vous ont été consenties en raison de cette assurance; informez-vous auprès du distributeur ou consultez votre contrat.

Après l'expiration du délai applicable, vous avez la faculté d'annuler le contrat d'assurance en tout temps, mais des pénalités pourraient s'appliquer.

Pour de plus amples informations, communiquez avec l'Autorité des marchés financiers au 1-877-525-0337 ou visitez le www.lautorite.qc.ca.

AVIS DE RÉSOLUTION D'UN CONTRAT D'ASSURANCE ** *Nota : Non applicable pour les couvertures d'assurance incluses avec une carte de crédit.*

À:

_____ (nom de l'assureur)

_____ (adresse de l'assureur)

Date: _____ (date d'envoi de cet avis)

En vertu de l'article 441 de la Loi sur la distribution de produits et services financiers, j'annule le contrat d'assurance no: _____ (numéro du contrat s'il est indiqué)

conclu le: _____ (date de la signature du contrat) à: __

_____ (lieu de la signature du contrat)

_____ (nom du client)

_____ (signature du client)

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 5(d)

Recent and Upcoming Strategic and Regulatory Initiatives: Insights Gained from January 27/22 FSRA “Exchange” Virtual Mini-Conference

Purpose of this Agenda Item – *Update*

To update the EOC on a virtual conference held by FSRA.

Background Information

On 27 January, 2022 FSRA held a virtual half-day mini-conference. There was not much information shared on insurance, but there was one very interesting panel session on the benefits of principles-based regulation (PBR) and how it can best be implemented by a regulator.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(d)
February 15/22 EOC Meeting



FSRA's Principles-Based Progress

In this eblast

February 2022 (*Le français suit*)

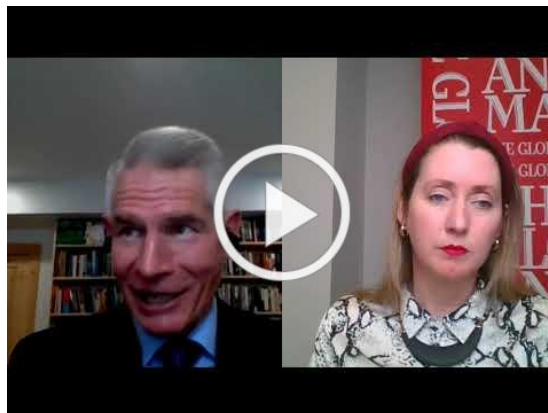


2022 FSRA Exchange Event

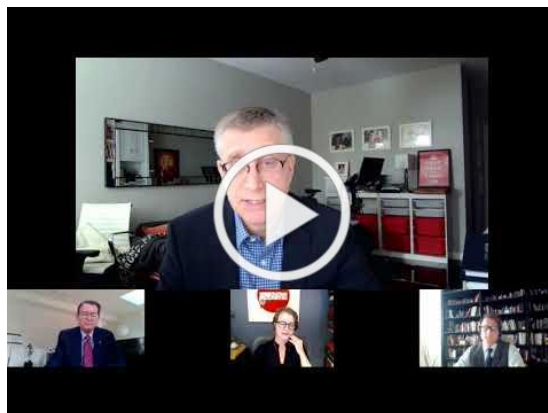
Moving beyond regulatory checklists to better protect consumers and encourage innovation in Financial Services

FSRA extends its appreciation to the nearly one thousand people who participated in the regulator's first ever Exchange Event held on January 27, 2022. It focused primarily on principles-based regulation and the importance of enabling innovation across all the sectors FSRA regulates.

WATCH: FSRA CEO Mark White explains how FSRA is working to protect drivers, pensioners, mortgage investors and how to balance competing interests in the sectors it regulates.



WATCH: Experts like Dr. Cristie Ford, Professor at UBC's Allard School explain why FSRA's principles-based approach to regulation is going to help unlock new innovations.

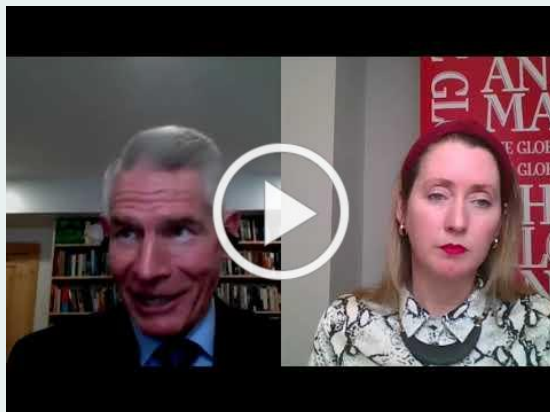


WATCH: Director of Financial Health at Fintech Cadence, Elvis Wong explains how FSRA's new Innovation Office will help encourage start-ups to invest in Ontario.





The entire 2022 FSRA Exchange Event can be viewed here:



Call for members

FSRA is seeking new members for its Stakeholder Advisory Committees. [Apply](#) by February 25, 2022.

FSRA is continuing to work with those we regulate to ensure financial safety, fairness and choice for consumers and members. Learn more at www.fsrdo.ca.

Please note: If you are a regulated licensee/registrant, regardless of whether or not you subscribe to e-communications, you will automatically receive important information from FSRA via the e-mail address you have provided. More importantly, as a regulated licensee/registrant, you will not be able to unsubscribe from these important email communications.

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 5(e)

**Recent and Upcoming Strategic and Regulatory Initiatives: Insights Gained from January 27/22
Meeting of Saskatchewan Restricted Insurance Agents Advisory Committee (RIAAC)**

Purpose of this Agenda Item – Update

To update the EOC on a meeting of the Saskatchewan RIA Advisory Committee.

Background Information

A Saskatchewan Restricted Insurance Agents Advisory Committee meeting was held on January 27/22.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 5(f)

Recent and Upcoming Strategic and Regulatory Initiatives: Insights Gained from January 27/22 CAFII “Get Acquainted and Dialogue Meeting” with Saskia Tolsma, Vice-President, Stakeholder Engagement, and BCFSa Staff Executive Colleagues

Purpose of this Agenda Item – Update

To update the EOC on a meeting held with BCFSa staff executives.

Background Information

A new staff member at British Columbia Financial Services Authority, Saskia Tolsma, Vice-President, Stakeholder Engagement, requested a meeting with CAFII to discuss upcoming regulatory initiatives of BCFSa. Ms. Tolsma and several of her staff colleagues updated CAFII on an upcoming Incident Reporting consultation, as well as another consultation on BC’s plans to issue its own guideline on the fair treatment of customers. CAFII emphasized the importance of harmonization and encouraged BCFSa to adopt the CCIR/CISRO *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*, as opposed to creating its own. BCFSa said it would reach out to CAFII to set up a dialogue meeting on these consultations with CAFII’s Co-Executive Directors and some of our member representatives.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 5(g)

Recent and Upcoming Strategic and Regulatory Initiatives: Outcomes of CAFII February 8/22

Presentation to CISRO “Consumer Awareness Working Group” (CAWG) on CAFII’s Consumer-Facing Website and Its Consumer Financial Literacy Content

Purpose of this Agenda Item – Update

To update the EOC on a meeting held with CISRO’s Consumer Awareness Working Group (CAWG).

Background Information

At CISRO’s request, CAFII presented to Ron Fullan, Chair of CISRO, and several of his CISRO CAWG colleagues, on the CAFII website and its consumer-facing, financial literacy content. There was engagement and good questions from CISRO.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 5(h)

Recent and Upcoming Strategic and Regulatory Initiatives: Outcome of CLHIA Outreach to NWT Government on Credit Protection Insurance Licensing/Classes of Insurance Issue

Purpose of this Agenda Item – Update

To update the EOC on a licensing issue with the NWT government.

Background Information

The CLHIA has reached out to the government of the Northwest Territories around a licensing issue related to job loss credit protection insurance. This will be an update on the outcomes of that dialogue with the NWT government.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(h)
February 15/22 EOC Meeting

From: Luke O'Connor
Sent: February 11, 2022 11:09 AM
To: Alternate and Creditors Distribution Cte <alternateandcreditorsdistributioncte@clhia.ca>
Subject: Update on issue with 'Loss of Employment' & 'Credit Protection' Classes of Insurance in Northwest Territories

Dear Members of the Alternate & Creditor's Distribution Committee,

We are pleased to be able to provide the following update on the issue in NWTs where the Superintendent is issuing classes of insurance insurer licenses for 'Loss of Employment', 'Credit Protection' etc. that are not currently defined in NWTs Insurance Act.

We have just heard from the Office of the Superintendent of Insurance in NWTs that they are now working to update the classes of insurance and they anticipate that the changes will occur this year. Additionally, they expect to be able to share drafts of the updated classes of insurance with us soon. And we are looking forward to sharing those drafts with you for feedback once we receive them.

The goal of our outreach to NWTs was for the status quo to continue by the Superintendent continuing to issue licenses to insurers for these classes under Northwest Territories law. So this is obviously positive news from NWTs.

We will look forward to being able to share drafts with you soon and are, of course, happy to answer any questions in the meantime.

I hope everyone has a great weekend.

Luke

Luke O'Connor (he/him)
Director, Market Conduct Policy and Regulation
Cell: 647-200-4466



Canadian Life and Health
Insurance Association
79 Wellington St. West, Suite 2300
P.O. Box 99, TD South Tower
Toronto, Ontario M5K 1G8

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 5(i)

Recent and Upcoming Strategic and Regulatory Initiatives: Q1 2022 Implementation of Working Group-Identified Enhancements to CAFII Quarterly Benchmarking Study Reports Produced by RSM Canada

Purpose of this Agenda Item – Update

To update the EOC on improvements about to be made to the RSM Canada Quarterly Benchmarking Study.

Background Information

RSM Canada was instructed to get the Quarterly Benchmarking Study out immediately after our contract with them was signed, “as is,” but to plan to work with members contributing to the study on how to improve its data quality and comparability. RSM Canada has worked with a working group of CAFII members on these improvements and is now in a position to implement them.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(i)
February 15/22 EOC Meeting

From: Wong, Jamie <jamie.wong@rsmcanada.com>

Sent: February-09-22 2:28 PM

Cc: Haymes, Matthew <matthew.haymes@rsmcanada.com>; Cao, Cecilia <Cecilia.Cao@rsmcanada.com>; Keith Martin <Keith.Martin@cafii.com>; Brendan Wycks <brendan.wycks@cafii.com>

Subject: CAFII Q1 2022 Benchmarking - Data Request

Good afternoon everyone,

We are happy to announce that the changes discussed among the CAFII benchmarking improvements working group will be implemented this quarter (Q1 2022). As discussed within the working group, some of the revisions within the attached data request are as follows:

1. Revision of the penetration metric definition to one agreed upon by all FIs in order to ensure consistency within the report and allow for a more consistent comparison of the metric between FIs. This is called the **market consistent metric**, and is defined in more detail in the Instructions tab of the attached data request.
2. Inclusion of a separate penetration metric definition aligned with your FI's own internal processes and not displayed to other participants. The purpose of this definition is to assist your FI in tracking the difference between the market consistent metric and the metric consistent with your own internal reporting purposes – that is, the metric that your FI currently uses or prefers to use internally. This is called the **internally consistent metric**.
3. Inclusion of total penetration metrics for each of the mortgage and credit card products (ie. all channels for a given product) within the Channel tab. This is to allow flexibility for FIs to prepare the metrics at an aggregate level, especially if the metric cannot be broken down between the different sales channels. We are hoping the information at an aggregate level is more accessible to each FI and as such, will allow all FIs to contribute this metric for a more complete comparison with other FIs.

In preparing for the first quarter of its implementation, we will require each FI to populate these metrics for Q1 2022 (Nov 2021 to Jan 2022), as well as the last eight quarters (2020 Q1 to 2021 Q4) based on these new definitions. We kindly ask that you provide the populated version of the attached information request by **Friday, March 4th** (instructions to populate are in the file).

You will receive an e-mail generated from our SFTP next week to request that you upload and share the completed data request. As mentioned previously, for security reasons, we will require that you re-create and verify your account on the on the SFTP each quarter going forward in order to send and receive files. Please do not hesitate to contact us should you have any questions regarding the data, the SFTP system, or the timeline.

Regards,

Jamie Wong

Manager, Actuarial Services

RSM Canada

11 King St. W., Suite 700, Box 27, Toronto, Ontario, Canada, M5H 4C7

D: 647.727.3633 **F:** 416.480.2646 | **E:** jamie.wong@rsmcanada.com | **W:** www.rsmcanada.com

Briefing Note

CAFII EOC Meeting 15 February 2022—Agenda Item 6(a)

Governance Matters—Draft Minutes of January 18/21 EOC Meeting

Purpose of this Agenda Item—*Approval*

Approval.

Background Information

The EOC is being asked to approve the minutes of the January 18, 2021 EOC meeting.

Recommendation / Direction Sought – *Approval*

Approval.

Attachments Included with this Agenda Item

1 attachment.

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

Tuesday, January 18, 2022, 2:00-4:00pm

MINUTES

EOC Present:

Rob Dobbins	Assurant and EOC Chair
Karyn Kasperski	RBC Insurance and EOC Vice Chair
Anuraj Bains	CIBC Insurance
Sharon Apt	The Canada Life Assurance Company
Martin Boyle	BMO Insurance
Dallas Ewen	The Canada Life Assurance Company
Ben Gray	CIBC Insurance
Charles MacLean	RBC Insurance
Carmelina Manno	Manulife Financial
Tony Pergola	ScotiaLife Financial
Katia Umutoiniwase	Manulife Financial
Fay Coleman	TD Insurance
Asma Desai	Canadian Premier Life Insurance Company
Esther Lee	CIBC Insurance
Stacey Hughes-Brooks	RBC Insurance
Fergal Murphy	TD Insurance
Afsheen Aslam	Manulife Financial
Andrea Stuska	TD Insurance
Peter Thorn	TD Insurance
Michelle Costello	CUMIS/The Co-operators
Penelope Cordogiannis	RBC Insurance
Fernando Heleno	RBC Insurance
Anaar Jessa	Sun Life
Edward Kuo	Sun Life
David Self	CIBC Insurance

Regrets:

Emily Brown	Sun Life
Isabelle Choquette	Desjardins Insurance
Farhad Eslah	Canadian Tire Bank
Moiria Gill	TD Insurance
Aanchal Gulia	Sun Life
Cassandra Litniansky	CUMIS/The Co-operators
Jonine McGregor	Canadian Tire Bank
Aneta Murphy	ScotiaLife Financial
Diane Quigley	CUMIS/The Co-operators
Vivek Sahni	RBC Insurance
Shawna Sykes	The Co-operators
Mindy Tarantelli	ScotiaLife Financial
Marie Nadeau	National Bank Insurance
Susanne Oleksandriw	Sun Life
Nathalie Baron	Desjardins Insurance

Caroline Cardinal	National Bank Insurance
Marco DeiCont	Valeyo
Corrine Gagné	Canadian Tire Bank
Brad Kuiper	ScotiaLife Financial

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

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

Item 1 (a): Call to Order and Welcome to New EOC Members (Afsheen Aslam, Manulife; and David Self, CIBC Insurance)

Rob Dobbins welcomed Afsheen Aslam of Manulife, and David Self of CIBC Insurance, to the EOC. Both Ms. Aslam and Mr. Self briefly introduced themselves.

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

Rob Dobbins provided an overview of the effort to reinforce the membership of CAFII Committees and Working Groups, including appointing a Chair and Vice-Chair for every Committee. Mr. Dobbins noted that the Association was still searching for a Chair and Vice-Chair of the Media Advocacy Committee.

Item 2: Consent Items

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

- Consultations/Submissions Timetable
- Regulatory Update
- December 8/21 CAFII Response Submission to AMF on "Draft Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector"
- December 11/21 CAFII Response Submission to FCAC on "Proposed Guideline on Complaint Handling Procedures for Banks and Authorized Foreign Banks"
- January 6/22 CAFII Response Submission to FCAC on proposed "Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks"
- Regulator and Policy-Maker Visit Plan
- Summary of Board and EOC Action Items
- Board-Approved Schedule of CAFII 2022 Meetings and Events

Item 3: Financial Management Matters

Item 3 (a): CAFII Financial Statements as at December 31/21 (full 2021 fiscal year)

CAFII Treasurer Tony Pergola noted that CAFII's Association Management Company (AMC) Managing Matters had recently seen its accountant depart, and while a new accountant is being recruited and trained, there will be delay in developing the December 31, 2021 financial statements. As such, there is no update to provide at this meeting for this month's financial statements.

Item 3 (b): Board-Approved CAFII 2022 Operating Budget

Tony Pergola noted that the Board had approved the proposed 2022 operating budget, and that it operated on the basis of a return to travel and in-person meetings starting in April, 2022. There are three scenarios or versions of the budget, which differ only in allocating different percentage salary increases for the two CAFII Co-Executive Directors (2%, 3%, 4%). There is a 5% increase in 2022 for the management fees for our Association Management Company Managing Matters, based on the term sheet proposal for a three-year contract renewal with it (2022-2024). The proposed operating budget if approved would produce a small deficit in 2022.

Item 3 (c): Canadian Premier Life's Acquisition of Sun Life's CPI Business; and Resulting Loss of Sun Life as a CAFII Member After 2022

Tony Pergola noted that Sun Life had confirmed with CAFII that it was selling its CPI business to Canadian Premier Life, with the deal expected to close later in 2022. Sun Life would remain a CAFII member in 2022, but was not expected to renew its membership in 2023.

Item 3 (d): Critical Path With KPMG For CAFII 2021 Fiscal Year Audited Financial Statements

Brendan Wycks provided an overview of the CAFII 2021 fiscal year audit critical path with auditor KPMG.

Item 3 (e): Dissemination of 2022 First Instalment CAFII Member Dues Invoices

Brendan Wycks reminded EOC members that the first installment of CAFII members dues invoices would be sent to members in the next few weeks.

Item 4: Committee Updates

Item 4 (a): Research & Education

i. Plans for January 19/22 Presentation of Results of CAFII-Commissioned Deloitte Canada Thought Leadership Paper on Trends, Consumer Demands/Expectations, and Best Practices in Digitization of Insurance

Research & Education Chair Andrea Stuska, and Keith Martin, reported that Deloitte has now interviewed the majority of CAFII members, received survey results from CAFII members, and has conducted its internal research efforts on the best practices around digitization in insurance with a focus on CPI. Deloitte is planning on presenting its key findings to a special-purpose Board meeting on 19 January, 2022. It was noted that the research effort was going well, and the Research & Education Committee had been receiving regular updates.

Item 4 (b): Media Advocacy

i. Production/Finalization of CAFII Website Videos on Pollara CPI Digitization Research Results; Job Loss CPI; and Consumer Protections Embedded In CPI; and Planned 2022 Initiatives

Keith Martin reported that CAFII is finalizing the second of three 2021-budgeted website videos, on job loss insurance. A third video on consumer protections embedded in CPI is in the works. CAFII is also working with Operatic Agency on the planned 2022 website enhancements.

Item 4 (c): Market Conduct & Licensing

Brad Kuiper, Chair of the Market Conduct & Licensing Committee, noted that CAFII was facing an unprecedented level of regulatory submissions, which was putting a strain on CAFII volunteer resources.

i. AMF Consultation on Revised “Sound Commercial Practices Guideline” (Submission Deadline: January 28/22)

Keith Martin reported that CAFII is finalizing its submission to the AMF on its revised “Sound Commercial Practices Guideline,” which includes many new powers and tools for the AMF around the fair treatment of customers. He noted that the original Guideline was 13 pages, and the new one that CAFII is reviewing is 24 pages, which reflects the greater level of detail in the new document.

ii. CAFII and CLHIA Collaboration on Joint Response to “New Brunswick Insurance Act Modernization: Questions For Industry” (15 Questions from David Weir, FCNB), with Late January/Early February Target Submission Date

Brendan Wycks reported that CAFII and CLHIA were collaborating on answering 15 questions that David Weir of New Brunswick has posed to the two Associations. Kate Walker of CLHIA will take the first cut at answering the questions with a CLHIA Committee’s input, and CAFII will then add its feedback to that first cut.

iii. FCNB Consultation on “Proposed Rule INS-001: Insurance Intermediaries Licensing and Obligations” (Submission Deadline: February 7/22)

Brendan Wycks reported that CAFII is preparing its response to the FCNB consultation on its changes to the New Brunswick Insurance Act, which will focus on the development of a new NB Restricted Insurance Agent regime.

iv. AMF Consultation on Draft “Incentive Management Guideline” (Submission Deadline: February 18/22)

Keith Martin reported that CAFII is preparing its submission to the AMF consultation on a guideline around incentive management.

v. FCNB Consultation on “Proposed Rule INS-002: Insurance Fees” (Submission Deadline: February 18/22)

Brendan Wycks reported that CAFII will make a short submission response to FCNB on its consultation around proposed changes to its insurance fees.

Item 4 (d): Travel Insurance Experts

i. Insights Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact Of COVID-19 On Travel Insurance Industry

Brendan Wycks reported that there have been very few meetings between Global Affairs Canada and CLHIA and THIA, respectively, around COVID-19 and the travel insurance industry in recent months, leading to these tripartite industry Association weekly meetings not being quite as rich in information-sharing as they were in the past.

Item 4 (e): Networking & Events

i. Insights Gained from November 30/21 CAFII Webinar with Marlena Labieniec, Director of FSRA Innovation Office, on FSRA's Innovation Framework

Keith Martin recalled that this CAFII webinar was held in response to a request for such a session from FSRA, and that organizing the session was something that FSRA appreciated. The webinar included good regulatory participation, and there were two poll questions conducted which was an interesting innovation that worked well.

Rob Dobbins noted that attendance at this webinar was lower than usual at around 45 attendees, and he encouraged EOC members to participate in these webinar sessions.

ii. Upcoming January 31/22 CAFII Webinar on "The Ins and Outs of Life Insurers' Health and Wellness Incentivization Programs"

Keith Martin reported that CAFII is organizing an upcoming webinar on January 31/22 with a panel of three experts on the "ins and outs of life insurers' health and wellness incentivization programs."

iii. Possible Topics and Dates For 2022 CAFII Webinars

Keith Martin reported that CAFII is planning on holding six webinars in 2022. EOC members were encouraged to share ideas and recommendations around topics and speakers.

Item 5: Recent and Upcoming Strategic and Regulatory Initiatives

Item 5 (a): Outcomes of December 20/21 CAFII Follow-up Meeting with Eric Jacob and Louise Gauthier, AMF Re Improving Future CAFII/AMF "Industry Issues Dialogue" Meetings

Keith Martin reported that CAFII held a virtual liaison meeting with the AMF in October 2021 at which the AMF asked some questions that were challenging for CAFII members to answer for confidentiality reasons. CAFII held an informal, constructive meeting with the AMF on 20 December, 2022 to explain the situation and to find ways of more effectively ensuring that the AMF's questions are answered, for example by asking them prior to the meeting so that CAFII can confidentially solicit answers and share them with the AMF in an aggregated, anonymous fashion. The conversation with Eric Jacob and Louise Gauthier was engaged, informal, friendly, and constructive, with Mr. Jacob saying on several occasions that he found the discussion very helpful and useful.

Item 5 (b): CAFII Working Group on Industry Alignment Around Compliance with AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits

Keith Martin recalled that for much of 2021, CAFII had a very active Working Group meet regulatory to determine how best to respond to the AMF's expectation that the Regulation respecting Alternative Distribution Methods (RADM) applies to credit cards-embedded insurance benefits. CAFII has now received agreement from the AMF that the Fact Sheet will not need to be distributed to consumers purchasing credit cards with embedded insurance benefits at this time, and has asked CAFII to provide recommended modifications to the Fact Sheet and Notice of Rescission so as to make it accurate and not misleading for customers.

As such, the Working Group's efforts are largely complete, and Chair Karyn Kasperski (RBC Insurance) will be stepping down. The Working Group Chair provided an update on the achievements of the Working Group.

Keith Martin thanked Karyn Kasperski for chairing the Working Group so effectively, and noted that if additional meetings of the Working Group were needed, the new Chair would be Jennifer Russell of Assurant Canada.

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

Keith Martin reported that on January 17/22, CAFII submitted proposed modifications to the Fact Sheet and Notice of Rescission to the AMF. Sister Association THIA (Travel and Health Insurance Association of Canada) separately submitted the same recommended modifications to the AMF. The proposed approach is not to rewrite the documents, but rather to use an asterisk approach to proposed modifications to the document. CAFII and THIA will now wait to hear what is the feedback of the AMF on the recommended changes.

Item 5 (d): Upcoming January 19/22 CAFII Virtual Meeting with Mario Beaudoin and Charlene Boucher, AMF Re Member Action Plans Submitted CAFII By Members (December 17/21) For Bringing Credit Card-Embedded Insurance Benefits Into Compliance With RADM; and Related Issues

Keith Martin reported that at a December 10/21 CAFII meeting with Mario Beaudoin and Charlene Boucher of the AMF, they requested a follow-up meeting, which has been scheduled for January 19/22 to discuss challenges which the AMF and the AMF have faced in areas of mutual interest. It is believed that the focus of the meeting will be to review the Action Plans submitted by CAFII members on or before December 17/21 around credit card-embedded insurance benefits.

Item 5 (e): CAFII Working Group on Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance

i. Completion of Working Group's mandate; Dissolution; and Accomplishments Highlights

Martin Boyle provided an overview of the achievements of the CAFII Working Group on the FCAC's Appropriateness Guideline, and said that he felt that the submission on this issue to the FCAC was excellent. CAFII will now wait to hear the FCAC's response to the submission, after which the Working Group may need to reconvene to discuss that response.

ii. Outcomes of January 15/22 CAFII Virtual Stakeholder Session with FCAC on proposed "Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks"

Brendan Wycks reported that CAFII had a virtual meeting with FCAC staff executives on January 15/22 on the Association's submission to the Agency's Appropriateness Guideline. CAFII members who attended the session felt that it was very successful, with Martin Boyle feeling that it provided another venue for CAFII's messages to be communicated to the regulator.

Item 5 (f): CAFII "Get Acquainted and Dialogue Meeting" with Saskia Tolsma, Vice-President, Stakeholder Engagement, BCFSA

BCFSA's Vice-President of Stakeholder Engagement has invited CAFII to meet with her, and a meeting is being arranged for late January.

Item 5 (g): 2022 FSRA “Exchange” Virtual Mini-Conference: Thursday, January 27/22

Keith Martin reported that FSRA is holding a “virtual mini-conference” on Thursday, January 27/22.

Item 6: Governance Matters

Item 6 (a): Draft Minutes of November 23/21 EOC Meeting.

The draft minutes of the November 23/21 EOC meeting were approved.

Item 6 (b): Draft Minutes of December 7/21 Board Meeting

The EOC endorsed the draft minutes of the December 7/21 CAFII Board meeting, for presentation to the Board for approval at its next meeting.

Briefing Note

CAFII EOC Meeting 15 February 2022—Agenda Item 6(b)

Governance Matters— Movement of EOC Annual Appreciation Dinner from May 17/22 to September 20/22

Purpose of this Agenda Item—*Update/Discussion*

This is a request for feedback from the EOC.

Background Information

The EOC is being asked to offer its feedback on CAFII moving the annual EOC Appreciation Dinner from May 2022 to September 2022.

Recommendation / Direction Sought – *Update/Discussion*

Feedback is requested.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 7(a)

Read Only Item: February 2/22 Operatic Agency Annual Accountability Report On CAFII Website Performance In 2021

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

On 22 February, 2022 Operatic Agency shared its annual report on the CAFII website metrics. The report is attached, and the virtual presentation was recorded and is available for viewing for anyone interested—please let Jake Becker know if you would like access to the video recording.

Recommendation / Direction Sought – Read Only Item

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

AGENDA

- 01** Relationship Recap
- 02** 2021 Program Summary
- 03** 2021 Performance Recap
- 04** 2022 Next Steps
- 05** Glossary of Terms



148 Making Insurance Simple, Accessible,
and Affordable for Canadians

01 Relationship Recap

2017 – 2022



Visibility

SEO Optimized
Website Foundation



Usability

Engaging Content

149

02 2021 Program Summary

Work We Completed Together

Element	Item	Status
Video Production	3 New Motion Graphic Videos (EN & FR version of each)	-1 (Digitization Research - Pollara) - Live -1 (Job Loss) - Final Polish 1- (Consumer Protection) - In Progress
Local Listings Enhancements	Google Business Profile, Bing Places, & Directory-Building (Top 5)	Complete
Website Enhancements	FAQ Content Support (Research, Strategy & Web)	Complete
	"Insight Blog" Website Template Development	Complete
	Website Maintenance & Support	Ongoing
Reporting & Communication	1 Performance Report / YE Executive Presentation	In Progress

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03 2021 Performance Recap

Website Traffic Overview

Website Metrics

2019 TOTAL VISITS
20,904

2020 TOTAL VISITS
28,036

2021
TOTAL VISITS

21,291

↓ 24.1% YoY

2019 UNIQUE VISITS
17,562

2020 UNIQUE VISITS
24,168

2021
UNIQUE VISITS

18,224

↓ 24.6% YoY

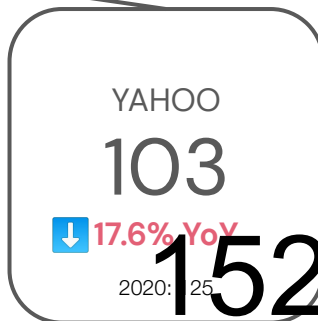
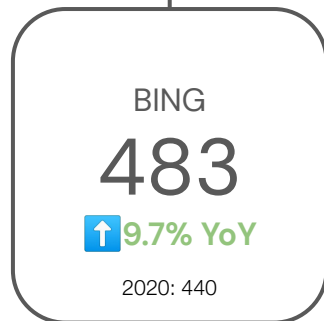
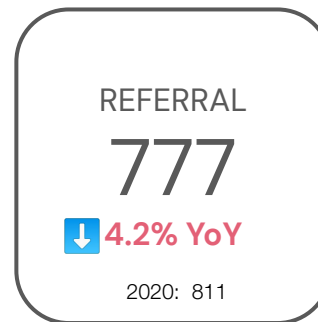
- Insurance as a category is down 21% YoY.
- Significant spike in search during the onset of the pandemic.
- Significant changes in both search behaviour and algorithms.
- **Next step:** To revisit SEO research, strategy and implementation in 2022.

151

03 2021 Performance Recap

Website Traffic Sources | Top Channels

Top Sources



152

03 2021 Performance Recap

Website Traffic Sources | Geography & Devices

Your Top Cities

City	Visits	Avg. Session Duration
Toronto	1,731	2:51
Montreal	547	1:23
Quebec City	417	0:05
Calgary	318	0:48
Hamilton	207	1:14
Ottawa	189	0:46
Edmonton	187	0:42
Vancouver	181	0:41
Brampton	152	0:43

Next step:

Improve the search experience for the French speaking audience.

Device Usage

Device	Visits
Desktop	10,061 (55%)
Mobile	7,895 (43.15%)
Tablet	338 (1.85%)

29% YoY Decrease



Top Mobile Device
Apple iPhone



Top Tablet Device
Apple iPad

153

03 2021 Performance Recap

Keyword Rankings

**Keywords in
1st Position**

46

↑ 43.8%
32 (2020)

**Keywords on
Page 1**

99

↑ 17.8%
84 (2020)

**Keywords with
Improved Rankings**

70

↑ 66.7%
42 (2020)

154

03 2021 Performance Recap

Keywords | In First Position

**Keywords in
1st Position**

46

↑ 43.8%
32 (2020)

155

Keyword Search Examples

credit card insurance
credit protection insurance
disability insurance for loans
how does credit card insurance work
job loss insurance
loan disability insurance
what is credit card insurance
what is credit insurance premium
what is mortgage disability insurance
what is trip interruption insurance

03 2021 Performance Recap

Keywords | On Page 1

Keywords on
Page 1

99

↑ 17.8%
84 (2020)

Keyword Search Examples

how does credit card insurance work

how does credit insurance work

job loss mortgage insurance

loan life insurance

mortgage disability insurance

critical illness insurance

mortgage life insurance

trip interruption insurance

what is credit card insurance

what is credit protection insurance

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03 2021 Performance Recap

Keywords | Improved Rankings – Top Movers

Keyword	Ranking Change	Current Position	Position in 2020
Home loan life insurance	↑53	25	78
What is critical illness insurance	↑50	45	95
Mortgage loan life insurance	↑46	19	65
Benefits of credit insurance	↑41	17	58
Trip interruption insurance	↑24	7	31
What is mortgage life insurance	↑21	2	23
Do I need critical illness insurance	↑17	63	80
Mortgage disability and critical illness insurance	↑15	2	17
Mortgage disability and critical illness	↑12	1	13
How does credit insurance work	↑12	1	13

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03 2021 Performance Recap

Business Listing Performance

Google search results for "cafi".

Search results for "cafi" (About 58,900 results (0.40 seconds))

<https://www.cafi.com>

CAFI | The Canadian Association of Financial Institutions in ...

Making Insurance Simple and Accessible for Canadians. Established in 1997 to provide a voice for financial institutions involved in selling insurance.

About CAFI

The Canadian Association of Financial Institutions in ...

What is Insurance?

As the COVID-19 situation evolves, CAFI continues to follow the ...

News & Research

The Canadian Association of Insurance Financial Institutions ...

What is Travel Insurance?

As the COVID-19 situation evolves, CAFI continues to follow the ...

Research

We remain open for business during this time and can be ...

What is Travel Medical ...

Travel Medical Insurance covers emergency medical care ...

[More results from cafi.com »](#)

<https://www.insurancebusinessmag.com> > breaking-news

CAFI: Abruptly ending out-of-country medical insurance ...

May 17, 2019 — The Canadian Association of Financial Institutions in Insurance (CAFI) has issued a statement in response to the Ontario government's ...

<https://www.investmentexecutive.com> > industry-news

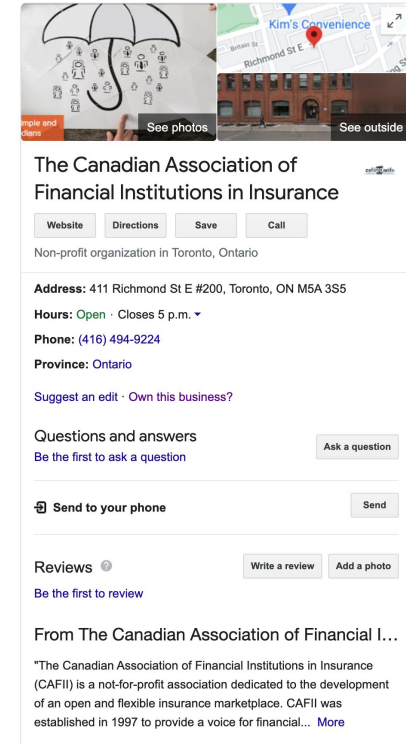
Manulife joins CAFI | Investment Executive

Apr 16, 2018 — (Manulife) has joined the Canadian Association of Financial Institutions in Insurance (CAFI) and Wally Thompson, vice president of sales ...

<https://www.investmentexecutive.com> > industry-news

CAFI welcomes Canada Life | Investment Executive

Apr 30, 2018 — (Canada Life) has joined the Canadian Association of Financial Institutions in Insurance (CAFI) and David East, senior vice president of ...



The Canadian Association of Financial Institutions in Insurance

Website Directions Save Call

Non-profit organization in Toronto, Ontario

Address: 411 Richmond St E #200, Toronto, ON M5A 3S5

Hours: Open · Closes 5 p.m. ▼

Phone: (416) 494-9224

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From The Canadian Association of Financial I...

"The Canadian Association of Financial Institutions in Insurance (CAFI) is a not-for-profit association dedicated to the development of an open and flexible insurance marketplace. CAFI was established in 1997 to provide a voice for financial... [More](#)

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03 2021 Performance Recap

Business Listing Performance

Your largest increase was with branded search views, which means more people than ever before sought you out, specifically by name.

That said, there was no improvement in terms of the individuals searching for you, progressing through to your website.

This is primarily because we're not active on Google Business Profile.

Next steps:

More images & videos uploaded, FAQs posed and answered monthly Google Posts utilized and at a minimum 5 reviews solicited.

KPI	2021 Performance	YoY
Searches		
Branded Searches (CAFI)	5,996	↑ 286% YoY
Non-Branded Searches	8,692	↓ 1.7% YoY
Total	14,688	↑ 34.4% YoY
Views		
Total	15,680	↑ 35.7% YoY
Actions		
Clicks To Website	96	↓ 12% YoY

159

04 2022 & Beyond

Synergistic & Simultaneous Efforts



Visibility



Usability

**Drives Traffic
& Engages**

160

Thank You!

OPERATIC

161

Glossary of Key Terms



162 Making Insurance Simple, Accessible,
and Affordable for Canadians

Glossary

Website – Key Terms

Website Visits

The overall number of visits to your website within a given period.
A single person can visit a website multiple times.

Unique Visits

The number of unique people who visited your website within a given period (ie: last quarter).

Bounce Rate

The percentage of individuals that instantly leave a website without taking any action.

Conversions

The completion of a specific action on a website deemed to be important to a business' success. (ie: Visitor fills out a contact form, clicks to make a phone call or clicks to write an email).

Contact Form (submission)

A website visitor who fills out a form on your website.

Phone Call

A website visitor who places a phone call from your website.

Email Click

A website visitor who clicks to email from your website.

Direct Website Visits

The visits that came to your website from someone typing in your website URL into a browser, or through browser bookmarks.

Organic Website Visits

The number of visits that came to a website through a search engine (not including paid advertisements).

Referral Website Visits

The visits that came to a website by clicking on a link placed on a different website.

Glossary

Google My Business – Key Terms

Branded Searches

Visitors who find your listing searching for your business name or address.

Non-Branded Searches

Visitors who find your listing searching for a category, product or service without using your brand in their search query.

Map Views

Users who view your listing on Google Maps.

Search Views

Users who view your listing on a Google Search Engine Results Page.

Clicks To Website

When a visitor finds you on Google My Business and clicks through to your website.

Clicks For Driving Directions

When a visitor finds you on Google My Business and clicks to find driving directions.

Clicks To Place Phone Call

When a visitor finds you on Google My Business and clicks to place a phone call.

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 7(b)

Read Only Item: Penultimate Draft of CAFII Response Submission to FSRA on “Information Guidance on complaints resolution” (Submission Deadline: February 15/22)

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

Attached is the most recent draft of the CAFII response to FSRA on “Information Guidance on complaints resolution” (submission deadline: February 15/22).

Recommendation / Direction Sought – Read Only Item

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

15 February, 2022

Mr. Mark White, CEO; and
Financial Services Regulatory Authority of Ontario
5160 Yonge St., 16th Floor
Toronto, ON M2N 6L9

RE: CAFII Feedback on FSRA's Information Guidance on Complaints Resolution: Policy Framework and Best Practices

Dear Mr. White:

The Canadian Association of Financial Institutions in Insurance (CAFII) thanks the Financial Services Regulatory Authority (FSRA) of Ontario for the opportunity to provide comments on FSRA's *Information Guidance on Complaints Resolution: Policy Framework and Best Practices*.

Given the importance of complaints handling to businesses' ability to satisfy and retain their customers, we applaud FSRA for publishing this Guidance, and support its approach based on a "principles-based, cross-sectoral framework designed to guide FSRA's policy work on complaints resolution."

Fair treatment in all aspects of an organization's dealings with customers is critical, and complaints resolution is no exception. CAFII members dedicate considerable resources to ensuring that proper resources, training, and support exist to ensure that customers who have a complaint are dealt with in a fair, timely, transparent and effective manner. We therefore fully support FSRA's expectation that complaints processes need to be consumer-focused and accessible, fair, timely, transparent, and effective.

We also support the G20/OECD definition of "complaint" which FSRA has adopted, for purposes of this Guidance, as follows:

a statement of a consumer's dissatisfaction with the action, service or product of a financial services provider or an authorized agent.

With respect to the nine best practices in complaints resolution identified by FSRA, we agree with and support each of them, save and except for #7. Below, we offer a brief feedback comment on eight of the nine best practices; and more detailed commentary on why we do not support best practice #7.

#1: Complaints resolution is an element of consumer protection frameworks. CAFII wholeheartedly agrees with this best practices statement. Our members have robust complaints handling systems in place for precisely that reason.

#2: Consumers have access to IDR through their financial service providers. CAFII agrees that internal dispute resolution (IDR) processes must be in place as a first avenue of redress for consumers who have a complaint.

#3: IDR processes are required to have certain consumer-focused features. CAFII agrees with all of the consumer-focused features which FSRA itemizes as being integral to internal dispute resolution (IDR), including accessibility, fairness, timeliness, transparency, and effectiveness.

#4: Consumers have access to EDR when their complaint cannot be adequately resolved through IDR: (In conjunction with this feedback comment on best practice #4, CAFII is asking all 15 member companies to confirm whether or not they have an external dispute resolution (EDR) service in place.) CAFII agrees with and supports the best practices premise that if a consumer complainant is not satisfied with the outcome of an IDR process, there then needs to be an external dispute resolution (EDR) mechanism available to the consumer. All of CAFII's members have an EDR service in place. We are of the view, however, that it is more effective to allow financial institutions to determine themselves the optimal mechanism for offering EDR to their customers. As such, we do not support the model used in Australia, where the Australian Securities and Investments Commission (ASIC) requires financial institutions to participate in and fund the Australian Financial Complaints Authority (AFCA) as a one-body-fits-all EDR approach.

#5: EDR mechanisms are independent from financial service providers and consumer groups: CAFII agrees with the best practice precept that the independence of EDRs is essential to their impartiality; and that consumers may not view an EDR process as impartial, free from bias, and fair if such independence is not readily and credibly apparent.

#6: EDR mechanisms have the ability to reliably secure redress for consumers: CAFII agrees with the best practice precept that EDR bodies need to be able to reliably secure redress for consumers, with strong emphasis placed on the operative "reliably" as opposed to "always." In that connection, it is our Association's view that current EDR mechanisms and processes in Ontario and Canada should not be changed or made more onerous – for regulated entities or for consumer complainants -- in the absence of clear evidence that such change is necessary to address an existing shortcoming. In Canada, GIO, OBSI, and OLHI are all non-binding EDR bodies; and they have been largely successful at resolving consumer complaints which have been escalated to them, and at securing redress for consumers where warranted. We believe that the current system of EDR bodies in Canada works well and does not require substantive change or replacement.

#7: There is only one EDR body for a particular financial services sector: CAFII takes issue with and does not support this best practice assertion, as we do not view it as evidence-based. While the system of EDR bodies in Canada has evolved to a state of there being more than one EDR utilized by the country's major banks, the current situation has not in our view resulted in any of the potential problems identified in this section of the Guidance. As noted above, our Association does not support a one-body-fits-all EDR approach. To that end, we concur with FSRA's astute observation in the Guidance that trying to have one EDR for the entirety of the financial services industry in Canada would not work, given the reality of different jurisdictional authorities over different sectors (e.g.s, federal jurisdiction over banks in general, but provincial jurisdiction over insurance including insurance offered by federally regulated financial institutions).

(CAFII asks for careful EOC and Market Conduct & Licensing Committee member scrutiny of and feedback on the above feedback comment on Best Practice #7, particularly through internal consultation with colleagues with expertise in complaints handling; internal legal counsel; compliance leaders, etc. CAFII will also consult with CBA, to determine if it will be making a response submission to FSRA on this consultation; and, if so, to ensure supportive alignment.)

#8: Regulators have access to complaints data from their regulated sectors and use the data to strengthen their regulatory efforts: CAFII strongly supports data and evidence-based financial services regulatory and policy-making decision-making. Every year, CAFII member insurers, and their FI distributor business partners, provide an extensive array of data to regulators, through CCIR's Annual Statement on Market Conduct (ASMC). In that connection, we are strongly of the view that it is far more efficient for complaints resolution information and other data points to be collected nationally by the CCIR ASMC, as opposed to having separate provincial/territorial data-gathering initiatives. All of the data provided through the AMSC are capable of being segregated on a provincial/territorial basis; and as such, ASMC data should be just as informative for FSRA as data gathered through a repetitive and burdensome, for industry, FSRA-independent initiative would be.

#9: Regulators serve an oversight role in the complaints resolution process: CAFII agrees with and supports best practice statement on the importance of regulatory oversight. We view the important FSRA Guidance being discussed here as an example of that oversight role in practice.

(While this FSRA Guidance came into effect on its release date – December 21, 2021 – it is being reviewed, through the current consultation process, and is subject to amendment. Therefore, there is merit in providing the feedback comments above on the nine best practices in complaint resolution set out therein. However, the primary purpose of the consultation is to allow FSRA to obtain stakeholder feedback on the following four questions. CAFII therefore asks EOC and Market Conduct & Licensing Committee members to consult internally on the four FSRA questions below – with colleagues with expertise in complaints handling; internal legal counsel; compliance leaders, etc. – and provide any question response input as part of your company's overall feedback on this draft submission.)

1. Best practices: are there additional best practices that FSRA should explore or consider in the context of its work on complaints resolution?
2. Policy Framework: does the Policy Framework include the appropriate principles? Are there any other principles that merit consideration in FSRA's Policy Framework?
3. FY2022-23 work: are there specific topics or issues that FSRA should explore during its upcoming work to strengthen its understanding of the current complaints resolution system?
4. General feedback: are there other topics, issues, or themes that FSRA should consider in the context of its work on complaints resolution?

Conclusion

CAFII again thanks FSRA for the opportunity to provide key industry stakeholder feedback on the Authority's *Information Guidance on Complaints Resolution*. We extend our Association's appreciation for FSRA's continued commitment to open and transparent communication and consultation. Should you require further information from CAFII or wish to meet with representatives from our Association on this submission or any other matter at any time, please contact Keith Martin, CAFII Co-Executive Director, at keith.martin@cafii.com or 647-460-7725.

Sincerely,

Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 7(c)

Read Only Item: Penultimate Draft of CAFII Response Submission to AMF on Draft “Incentive Management Guideline” (Submission Deadline: February 18/22)

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

Attached is the most recent English draft of the CAFII response to the AMF on its draft “Incentive Management Guideline” (submission deadline: February 18/22).

Recommendation / Direction Sought – Read Only Item

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

18 February, 2022

Mr. Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la cité, tour Cominar
2640, boulevard Laurier, 3^{ième} étage
Québec (Québec) G1V 5C1
Fax: 418-525-9512
E-mail: consultation-en-cours@lautorite.qc.ca

c.c. Mr. Éric Jacob, Superintendent, Client Services and Distribution Oversight
Mr. Patrick Déry, Superintendent, Solvency
Ms. Louise Gauthier, Senior Director, Distribution Policies
Mr. Mario Beaudoin, Director, Alternative Insurance Distribution Practices

Re: CAFII Feedback On AMF's Incentive Management Guideline November 2021

Dear Mr. Lebel:

CAFII thanks the AMF for the opportunity to provide feedback comments on the Autorité's draft Incentive Management Guideline.

Opening Comments

CAFII strongly believes that market conduct-based regulations and guidelines should outline regulators' consumer protection expectations in terms of outcomes, but should not get into prescriptive details as to how those outcomes can or should be achieved.

We are therefore pleased to advise that we find the AMF's draft Incentive Management Guideline to be principles-based and outcomes-focused, outlining the Autorité's expectations in suitable detail without straying into prescribing how regulated entities can or should meet those expectations. We believe that the principles-based and outcomes-focused approach which the AMF has taken with the draft Incentive Management Guideline leads to better regulatory outcomes because it gives businesses the latitude to use their knowledge of the marketplace and their customers, and their operational expertise, to achieve the regulator's fair treatment of customers (FTC) expectations efficiently and effectively.

Feedback On Incentive Management General Principles

CAFII recognizes that the AMF's current Incentive Management Guideline consultation -- as well as the updated Sound Commercial Practices Guideline which the Autorité recently consulted on; and the related supervisory examinations for compliance, from which the Incentive Management Guideline has emanated -- have their root in the management of incentives-based conflicts of interest precepts set out in the International Association of Insurance Supervisors' (IAIS) *Insurance Core Principle 19: Conduct of Business*. Our Association often refers to ICP 19 as a benchmark for discussing industry best practices

and ways that companies can do an even better job on FTC.

With respect to the situation here in Canada, we offer the following observation derived from CLHIA's very relevant February 2016 Issues Paper titled *"Insurance Distribution In Canada: Promoting A Customer-Focused System"*:

CAFII strongly supports CLHIA's assertion that "in Canada, the potential for conflicts of interest (or the perception of such) is managed in a twofold way – first, by fostering needs-based selling and making recommendations that are suitable to the customer; and second, by advisor disclosure about the insurers that they represent and how they are paid. This is reinforced through CCIR's principles for managing conflicts of interest, and supported by industry practices and guidelines."

CAFII members support, and make every effort to embed in their organizational cultures, the industry best practices guidance with respect to FTC and managing conflicts of interest which CCIR/CISRO provided in their *Guidance: Conduct of Insurance Business and Fair Treatment of Customers* – namely that the customer's interest must take precedence over the salesperson's/advisor's; that the salesperson/advisor must disclose conflicts or potential conflicts of interest; and that the product sold must be suitable for the needs of the customer.

CAFII members also comply with all applicable CLHIA Guidelines; and in particular, we offer the following observations on *Guideline G13, Compensation Structure: Managing Conflicts of Interest*; and *Guideline G14, Confirming Advisor Disclosure*, which are prime examples of how the industry has responded to regulators' concerns.

Our Association concurs with G13's fundamental premises that "a robust compensation system is needed to attract and retain qualified professionals to offer, place and service life and health insurance products that meet the needs of the consumer. At the same time, it is important that well-designed compensation systems be alert to the risk that sales-related compensation could create conflicts of interest" and that "one element of FTC is that remuneration and reward strategies take account of fair customer outcomes."

With respect to G14, our members support and comply with all applicable provisions related to Advisor Disclosure but particularly -- as alternate/direct distributors of credit protection insurance, travel insurance, and other types of life and health insurance -- its provision that "where an insurer accepts an application through a call centre or online process using a licensed life and/or accident & sickness insurance agent, the insurer's processes should also ensure that appropriate disclosure has been made."

Specific Comments and Observations On Draft Incentive Management Guideline

We agree that variable incentives, whether qualitative or quantitative, could raise a risk and need to be managed. But we do not view such incentives as inherently problematic, particularly where an incentive, such as a bonus, is structured as a component of an overall compensation package that is based on a number of objectives and not just sales or premium volume – for example, a package that includes FTC and related customer satisfaction objectives.

By way of background on the compensation methods and controls typically used by our members, CAFII member client service representatives – the majority of whom are salaried staff – are highly supervised both in branch and in client contact centres. Our members' client service representatives undergo comprehensive and recurring product training to enable them to provide consumers with accurate and reliable information; as well, they receive ethics and integrity training which underscores the importance of fair treatment of consumers (FTC). That training provides client service representatives offering insurance with the knowledge, skills, and tools to do their jobs and serve clients well. It also ensures that they, as sales personnel, and our member companies, as their employers, act in accordance with applicable federal and provincial/territorial insurance legislation and regulations; and industry guidelines.

In that connection, we concur draft Incentive Management Guideline's introductory statement that "Among the expectations set out in the Guideline, the AMF indicates that it expects any real or potential conflicts of interest to be avoided or managed in a manner that ensures the fair treatment of clients (FTC)." <<Parmi les attentes qui y sont énoncées², l'Autorité indique notamment qu'elle s'attend à ce que tout conflit d'intérêts réel ou potentiel soit évité ou géré de façon à assurer le traitement équitable des clients.>>

However, we do not agree with the following statement: "The incentives awarded to a financial institution's staff, intermediaries or any other person acting on its behalf who is involved in offering its products and services are a major source of conflicts of interest." <<Les incitatifs consentis aux membres du personnel d'une institution financière, aux intermédiaires ou à toute autre personne qui agit pour son compte et qui intervient dans l'offre de ses produits et services constituent une source importante de conflits d'intérêts.>> This statement implies that any incentive is inherently a conflict of interest, but in our view, if probably managed and subject to sufficient controls, that is definitely not the case.

Finally, we agree with and support the broad principles outlined in the draft Incentive Management Guideline's sections on Governance, Managing Incentive Arrangements, Identification and Assessment of Risks and Practices that Could Adversely Affect FTC, and Quality Monitoring. **FRANCAIS:** *Gouvernance, Gestion des mécanismes incitatifs, Identification et évaluation des risques de pratiques pouvant nuire autrement équitable des clients, Contrôles de la qualité.*

Conclusion

CAFII members are very aware that a significant proportion of Quebecers, and Canadians overall – typically those from lower and middle income households -- is vastly uninsured or under-insured with respect to life and health insurance coverage. According to a 2019 LIMRA Canadian Life Insurance Ownership Study, 50% of adult Canadians do not have any life insurance coverage. Life insurance is not something most people want to think about; and, as a result, these products are challenging to offer. A balanced approach to incentives that appropriately gives financial services representatives recognition, financial or otherwise, for offering these important products -- as part of a risk management conversation that most people wish to avoid -- can lead to important coverage being put in place for Quebecers, protection which they otherwise might not secure.

As a key industry stakeholder, CAFII again thanks the AMF for the opportunity to offer feedback comments on the draft Incentive Management Guideline. Should you require further information from CAFII or wish to meet with representatives from our Association on this submission or any other matter at any time, please contact Keith Martin, CAFII Co-Executive Director, at keith.martin@cafii.com or 647-460-7725.

Sincerely,

Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 7(d)

Read Only Item: Penultimate Draft of CAFII Response Submission to FCNB on “Proposed Rule INS-002: Insurance Fees” (Submission Deadline: February 18/22)

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

Attached is the most recent draft of the CAFII response to the FCNB on its “Proposed Rule INS-002: Insurance Fees” (submission deadline: February 18/22).

Recommendation / Direction Sought – Read Only Item

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

18 February, 2022

Corporate Secretary
Financial and Consumer Services Commission
85 Charlotte Street, Suite 300
Saint John, New Brunswick
E2L 2J2
E-mail: information@fcnb.ca

Dear Sir or Madam:

The Canadian Association of Financial Institutions in Insurance (CAFII) appreciates the opportunity to offer comments on proposed FCNB *Rule INS-002 Insurance Fees* in relation to the Insurance Act.

Overall, we support the thrust of the proposed changes. We are pleased to see that there will be no distinction in the licensing process and related fees between resident and non-resident applicants.

We would like to recommend that with respect to Part 4, "Refunds," that the refunds of license fees, in the circumstances specified, should be routine and automatic, rather than at the Superintendent's discretion. Making a refund automatic in those circumstances is only fair and reasonable.

CAFII thanks the Financial and Consumer Services Commission for the opportunity to submit our comments on *Rule INS-002 Insurance Fees*. If you require further information or clarification on any of our points, please contact Brendan Wycks, our Executive Director, at brendan.wycks@cafii.com or 647-218-8243 to arrange a mutually convenient time for a follow-up discussion.

Sincerely,

Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

c.c. David Weir, Financial and Consumer Services Commission, New Brunswick

ABOUT CAFII

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

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

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

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

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

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

Briefing Note

CAFII EOC Meeting 15 February, 2022—Agenda Item 7(e)

**Read Only Item: BCFSA Consultation on “Discussion Paper: Information Security Incident Reporting”
(Submission Deadline: February 25/22)**

Purpose of this Agenda Item – Read Only Item

This is a read only item.

Background Information

Attached are materials related to a BCFSA consultation on “Discussion Paper: Information Security Incident Reporting” (submission deadline: February 25/22).

Recommendation / Direction Sought – Read Only Item

This is an update only.

Attachments Included with this Agenda Item

2 attachments.

Advisory

BCFSA Discussion Paper: Policy Issues Related to Information Security Incident Reporting

Date: January 10, 2022

Distribution: All Credit Unions, Insurance Companies, and Trust Companies Authorized to Do Business in B.C.

Advisory Number: 22-001

PURPOSE

BC Financial Services Authority ("BCFSA") is issuing for comment a [Discussion Paper](#) on policy issues related to Information Security ("IS") Incident Reporting.

BCFSA is seeking feedback on the policy issues related to IS Incident Reporting in order to inform the development of a potential new rule under the *Financial Institutions Act*. The new rule would apply to all credit unions, insurance, and trust companies authorized to do business in B.C., as well as extraprovincial companies with clients in B.C. (collectively, financial institutions or "FIs").

BACKGROUND INFORMATION

The objective of an IS Incident Reporting Rule is to ensure that BCFSA is aware of material IS incidents that impact the financial institutions it regulates.

Under an IS Incident Reporting Rule, financial institutions would be required to notify BCFSA within specified timelines of IS incidents that could jeopardize their operations, disclose confidential client or corporate information, result in customers being unable to access their deposits or accounts, and impact the stability of the financial services sector.

The Discussion Paper outlines the objectives and scope of a potential rule, possible triggers to reporting an IS incident to BCFSA, and the potential range of the reporting requirements.

ADDITIONAL INFORMATION

As a first step, BCFSA is issuing the Discussion Paper to seek feedback from stakeholders, including financial institutions, on important issues related to reporting IS incidents to the regulator. Key questions for consideration are highlighted throughout the paper.

Please submit your feedback to policy@bcfsa.ca by February 25, 2022.

Responses and feedback on the paper will inform BCFSA's next steps, including seeking ministerial approval to conduct a separate public consultation on a draft IS Incident Reporting Rule.

JANUARY 2022

Discussion Paper: **Information Security Incident Reporting**

Contents

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Introduction

As our economies and societies grow more dependent on digital technology, it is important to ensure that the associated risks are properly managed. On October 1, 2021, BCFSA released its Information Security (“IS”) Guideline for financial institutions. The guideline outlines principles that regulated entities are expected to implement and follow to mitigate IS risks.

Like IS guidance in other jurisdictions, BCFSA’s Information Security Guideline includes expectations to report specified IS incidents. However, BCFSA is aware that in some jurisdictions with IS incident reporting expectations, organizations have not been reporting these incidents to regulatory authorities.

Given the potentially serious implications for consumers, individual financial institutions, and the financial services sector, BCFSA is exploring stronger measures to ensure timely and accurate reporting of IS incidents. BCFSA is considering the establishment of a new rule under the *Financial Institutions Act* to require financial institutions to report material IS incidents to the regulator. As a first step, this document is intended to seek feedback from stakeholders including financial institutions on the policy issues related to the reporting of IS incidents to BCFSA. Key questions for consideration are highlighted throughout this Discussion Paper. Please submit feedback by February 25, 2022 to policy@bcfsa.ca.

Responses and feedback on this Discussion Paper will inform BCFSA’s next steps, including seeking ministerial approval to conduct a separate public consultation on a draft Incident Reporting Rule.

Objective: Why is Incident Reporting Important for Effective Regulation?

BCFSA's role is to safeguard confidence and stability in B.C.'s financial sector by protecting consumers while also allowing the financial sector to take reasonable risks and compete effectively.

The objective of an Information Security Incident Reporting Rule would be to ensure that BCFSA is aware of material IS incidents at financial institutions authorized to do business in the province. Financial institutions would be required to notify BCFSA within specified timelines of a reportable IS incident that could: impair the operations of an individual financial institution; disclose confidential customer or corporate information; result in customers being unable to access their deposits and other accounts; or impact the stability of the financial services sector.

Receiving timely information about reportable IS incidents would enhance the ability of BCFSA to protect consumers and safeguard the stability of the financial services sector by:

- Supporting BCFSA to verify appropriate actions are being taken to mitigate impacts on customers and the financial institution when services are disrupted;
- Positioning BCFSA to conduct analyses across financial institutions aimed at improving guidance and adjusting supervisory programs to prevent similar incidents and to improve resilience after an incident has occurred;
- Allowing BCFSA to share sharing information with Financial Institutions on patterns or trends it detects through an analysis of IS incident reports, in an anonymized fashion; and,
- Improving BCFSA's awareness of risks arising in the financial services sector.

Q. Are you comfortable with BCFSA sharing information on patterns or trends it detects through an analysis of IS incident reports, in an anonymized fashion? How can BCFSA best share this information with financial institutions?

Scope

BCFSA is considering developing a rule that would apply to all credit unions, insurance and trust companies authorized to do business in B.C., including extraprovincial companies with customers in B.C. (collectively, "financial institutions").

For extraprovincial financial institutions, BCFSA would rely on the primary regulator of that financial institution's province or territory to determine the financial implications of an IS incident on the institution. However, BCFSA would need to be made aware of IS incidents in a timely manner to assess potential impacts on customers living in B.C. For this reason, the reporting requirements may vary by "class" of institution. For example, financial institutions incorporated and prudentially regulated in B.C. may be one class of institution while extraprovincial financial institutions may be another.

An Information Security Incident Reporting Rule would not apply to pension plan administrators as the *Pension Benefits Standards Act* does not provide rule-making authority. However, the reporting expectations outlined in the Information Security Guideline will remain and pension plan administrators are expected to report material IS incidents.

Compliance

Failure to comply with a rule is a contravention of the *Financial Institutions Act* ("FIA") and may subject the non-compliant financial institution to regulatory action by BCFSA. This includes, but is not limited to, an administrative penalty up to \$50,000 for a corporation or \$25,000 for an individual.

Reporting Requirements

The following section describes the potential range of proposed reporting requirements.

Reporting Criteria

Under a potential Information Security Incident Reporting Rule, an IS incident would include:

- Unauthorized, illegal, or accidental use, disclosure, access to, modifications, or destruction of personal information, business information, or data; and/or
- Impairment of network systems.

To avoid requiring financial institutions to report on all IS incidents, BCFSA's focus is on the reporting of material incidents with consideration for scope, impact, and significance.

A reportable IS incident would include one that has caused or has the potential to cause material harm to consumers, or financial or reputational damage to financial institutions¹ or the financial services sector.

Examples of what BCFSA would consider to be a reportable IS incident could include incidents that have already or may adversely affect:

- The operations of critical information systems or data;
- A financial institution's operational or customer data, including confidentiality, integrity, or availability of such data;
- Internal users that are material to customers or business operations;
- Systems or services impacting customers or business operations;
- A financial institution's reputation (for example, public/media disclosure);
- Critical deadlines/obligations in financial market settlement or payment systems (for example, Financial Market Infrastructure);
- A third-party deemed material by the financial institution; and

¹ As noted in the Outsourcing Guideline, outsourcing service providers are expected to comply with BCFSA's Information Security Guideline including reporting of material IS incidents affecting the FI. Material incidents reported to an FI by an outsourcing service provider would be required to be reported to BCFSA.

- Other financial institutions or the B.C. financial services sector.

This is not an exhaustive list of all incidents that financial institutions may be required to report; however, BCFSA has included examples consistent with those provided by other Canadian financial services regulators.

An IS incident report to the regulator could be triggered by the actions of a financial institution in response to an IS incident. A financial institution may be required to report an IS incident if the incident was:

- Reported, or is reasonably expected to be reported, to the media or to the financial institution's members, users, customers, or participating organizations;
- Escalated to internal or external legal counsel, senior management, or Board of Directors;
- Reported to the Office of the Privacy Commissioner, law enforcement agencies, other regulatory authorities; or
- Reported to a cyber-insurance company.

Q. Is the definition of what constitutes a material incident clear? If not, why?

Q. Do the identified triggers provide sufficient guidance on when reporting is required?

Q. Based on the above definition and triggers, how many IS reports would you estimate that you might complete on an annual basis?

Notification Requirements

Initial Notification

In the event of a reportable IS incident, BCFSA's Incident Reporting Rule would require a financial institution to report the incident to BCFSA as soon as possible and no later than 24 hours after the incident is identified.

Incident Report

As previously noted, the incident reporting requirements may vary by class of financial institution. BCFSA proposes two classes:

- (i) B.C. incorporated financial institutions (where BCFSa is the primary regulator); and
- (ii) extraprovincially incorporated financial institutions (where a jurisdiction other than BCFSa is the primary regulator).

When reporting an information security incident to BCFSa, a financial institution would be required to do so in writing. Where specific details are unavailable, the institution would be required to provide best known estimates and all other details available at the time of reporting.

For financial institutions incorporated in B.C., an incident report would include the following:

- Date and time the incident was detected;
- Date and time the incident took place;
- Incident type (for example, denial of service, malware, data breach, extortion, or internal breach);
- Incident description, including:
 - Known direct/indirect impacts,
 - Extent and sensitivity of information released,
 - Known impact to one or more business segments, business units, lines of business or regions, including any third party involved,
 - Technologies affected,
 - Site/location affected,
 - Description of sensitive information compromised or at risk (for example, customer and financial information),
 - Whether the incident originated at a third party, or has impact on third party services, and
 - Number of clients impacted;
- Primary method used to identify the incident;
- Status of incident;
- Date of internal incident escalation to legal counsel, senior management, or Board of Directors;
- Mitigation actions taken or planned;
- Known or suspected root cause;
- External notifications (for example, cyber insurance providers, other authorities, customers); and

- Name and contact information for the IS incident executive lead and the principal contact for BCFSa.

For extraprovincially incorporated financial institutions, an incident report would include information related to customers residing in B.C., including:

- Date and time the incident took place;
- Incident description, including:
 - Known direct/indirect impacts,
 - Extent and sensitivity of information released, and
 - Known impact to one or more business segments, business units, lines of business or regions, including any third party involved;
- Incident type (for example, denial of service, malware, data breach, extortion, or internal breach);
- Known direct/indirect privacy impacts;
- Number of B.C. customers affected;
- Mitigation actions taken or planned;
- External notifications (for example, cyber insurance providers, other authorities, or customers); and
- Name and contact information for the IS incident lead and the principal contact for BCFSa.

Subsequent Reporting Requirements

With a reporting rule, all financial institutions would be required to provide updates at intervals determined by BCFSa as new information becomes available, including any short-term and long-term remediation actions and plans. These updates would be required until the incident is resolved.

Following containment, recovery, and resolution of the IS incident, financial institutions would be required to report to BCFSa on its post-incident review, including lessons learned.

-
- Q. Are these reporting timelines reasonable? Which elements would be difficult for an FI to respond to within the timelines and why?*
- Q. Is the content of the incident report and subsequent report clear and reasonable?*
- Q. Are there any other considerations you want to share with us that we have not addressed in the document?*
-



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