

**CAFII EOC Meeting**

**Tuesday, February 18, 2014**

**Location: RBC Insurance**

**RBC Insurance, Royal Bank Plaza, South Tower, Capital Markets,  
200 Bay St., 5th Floor [Dominion Securities Room], Toronto, ON**

**1:00 – 4:00 pm**

*Conference call dial-in information:*

**416-764-8662 or 1.888-884-4534, participant pass code: 771017#, moderator pass code: 7661560#**

**Chair: J. Hines**

**Agenda**

- |  |                           |
|--|---------------------------|
| 1. Call to Order   | J. Hines                  |
| 2. Approval of Agenda  | All                       |
| 3. Minutes   | All                       |
| a. EOC Minutes and Action Items of January 14, 2013                            |                           |
| b. Board Minutes and Action Items of December 4, 2013                          |                           |
| 4. 2014 Budget Update  | R. Rajaram                |
| 5. Policy Issues and Decision Items  |                           |
| a. Customer Value Proposition of Creditor's Group Insurance Project            | S. Manson                 |
| b. CAFII Submission In Response To Proposed New Financial Consumer Code        | S. Manson                 |
| c. CAFII Input Submission On CCIR's 2014-17 Strategic Plan                     | B. Wycks                  |
| d. CAFII Letter Of Support For CISRO's LLQP Modernization Initiative           | B. Wycks                  |
| 6. Regulatory Update   | B. Wycks                  |
| a. Manitoba's ISI Licensing Regime Regulation; and Meeting With Minister       |                           |
| b. CAFII One-on-One Stakeholder Meeting With CISRO LLQP Committee              |                           |
| c. Regulatory Visit Plan 2014  |                           |
| i. Joint Visit to Atlantic Canada Regulators                                   |                           |
| ii. April 8/14 Lunch and Discussion with Louis Morisset, AMF CEO               |                           |
| 7. EOC Committee Updates 2014  |                           |
| a. Distribution and Market Conduct Committee                                   | S. Manson                 |
| b. Licensing Efficiency Issues Committee                                       | M. Gill                   |
| i. Follow-up Online CIPR Demo Presentation For CAFII and CADRI                 |                           |
| ii. CAFII Submission On BC Conflict Of Interest Guidelines                     |                           |
| iii. Submission to Alberta On "Representation for Restricted Licence Holders"  |                           |
| iv. Status of Saskatchewan Concept Proposal Re Representation                  |                           |
| c. Media and Advocacy Committee  | J. Lewsen/B. Wycks        |
| i. CAFII External Communications Strategy Update                               |                           |
| ii. Visual Identity Modernization  |                           |
| d. Events and Networking Committee   | P. Yeung/M. Sanchez-Chung |
| i. Feedback on February 11/14 Annual Members Luncheon                          |                           |
| ii. Proposed Speakers: June 10, October 7, 2014                                |                           |
| iii. Feedback on January 14/14 EOC Dinner                                      |                           |
| 8. Other Business  |                           |
| a. CAFII Compliance with Canada Non-Profit Corporations Act (CNCA)             | B. Wycks/J. Lewsen        |
| • Next EOC meeting is March 25, 2014, in Toronto                               |                           |
| • Next Board Meeting is April 8, 2014 in Montreal (QC) hosted by National Bank |                           |

**CAFII EOC Meeting Minutes  
Tuesday, January 14, 2014  
Action Items from the Meeting**

Agenda Item	Action Item	Responsible	Deadline
5a. Customer Value Proposition of Creditor's Group Insurance Comparative Project	<p>The DMC Committee shall elaborate on the answers to questions posed during the discussion including:</p> <ul style="list-style-type: none"> <li>What will the final quote be with and without the additional survey information? In the event that Towers Watson is unable to secure the survey information, will the project be scaled back rather seeking the services of another supplier?</li> <li>What can CAFII expect to receive in terms of final results?</li> </ul> <p>The revised proposal shall be circulated to the EOC for agreement before submission to the Board for approval.</p>	DMC	February 18, 2014
5b. Federal Government Consultation On A New Financial Consumer Code	The DMC to consolidate the key points and Brendan Wycks to draft CAFII's response for review by the EOC.	B. Wycks, DMC	February 28, 2014
5c. Media & Advocacy Committee	<ul style="list-style-type: none"> <li>Brendan Wycks and Leya Duigu to work on updating the website to reflect the new logo.</li> <li>Brendan Wycks to ensure that Regulatory Updates are posted online in the members' only area of the CAFII site.</li> </ul>	B. Wycks, L. Duigu B. Wycks	February 18, 2014
6a. CAFII Response to Second Draft of Manitoba's ISI Licensing Regime Regulation	Brendan Wycks to poll for Board member volunteers to attend a meeting with the Minister in Manitoba, once a meeting date is confirmed.	B. Wycks	January 31, 2014
6ai. Dec. 12/13 Meeting Re Representation For Restricted License Holders	<u>Next Steps:</u> CAFII to focus on completing our own analysis with legal and responding to the items which were raised during the Alberta Insurance Council meeting. Once CAFII has submitted its proposal to Alberta we will reach out to the CLHIA with the goal of including them earlier in the process and coordinating our respective efforts.	Licensing Committee	February 28, 2014

6c. LLQP Modernization	<ul style="list-style-type: none"> <li>Brendan Wycks to canvas EOC members for their availability to participate in the LLQP modernization stakeholder meetings on February 10 at 9:00 am</li> <li>CCIR activities listed on <a href="http://www.cafii.com">www.cafii.com</a> are out-of-date. Brendan Wycks to ensure this information is updated.</li> </ul>	B. Wycks  B. Wycks	January 31, 2014  February 21, 2014
6d. January 9/14 Meet Re Representation For Restricted Licence Holders	<ul style="list-style-type: none"> <li>FCAC to be added to the E-Newsletter distribution list.</li> <li>The Media &amp; Advocacy Committee to create FAQs that can be provided to the FCAC for posting on the FCAC website.</li> </ul>	L. Duigu  MAC	February 21, 2014  March 31, 2014
7a. Distribution and Market Conduct Committee	Brendan Wycks and/or members to reach out to the Ministry of Finance or FSCO members to find out more about the letter that was sent to stakeholders regarding a review of the online promotion of credit unions in insurance.	B. Wycks, DMC	February 18, 2014
7b. Licensing Efficiency Issues Committee	Brendan Wycks to work with AIC on setting up another online demo of the Canadian Insurance Participant Registry.	B. Wycks	February 21, 2014
7c. Events & Networking Committee	Brendan Wycks to connect with Chrys Lemon on the phone to provide him with background information on CAFII and the expected audience.	B. Wycks	January 24, 2014
8d. EOC and Committee Meetings 2014	<ul style="list-style-type: none"> <li>Leya Duigu to poll members for a new EOC meeting date in June due to an existing conflict on June 24, 2014.</li> <li>Leya Duigu to poll members for a new MAC meeting date in February due to an existing conflict on February 11, 2014.</li> </ul>	L. Duigu  L. Duigu	February 18, 2014  January 24, 2014

**CAFII EOC Meeting**  
**Tuesday, January 14, 2014**  
**Location: TD Insurance**  
**120 Adelaide St. W, 2<sup>nd</sup> Floor [Adelaide Room], Toronto, ON**

<b>Present:</b>	Rose Beckford	ScotiaLife Financial
	Charles Blaquiere	Canadian Premier Life Insurance Co.
	Emily Brown	BMO Insurance
	Andre Duval	Desjardins Financial Security Life Assurance
	Moirra Gill	TD Insurance
	Greg Grant	CIBC Insurance
	Jennifer Hines	RBC Insurance, Chair
	John Lewsen	BMO Insurance <i>(for part)</i>
	Sue Manson	CIBC Insurance <i>(by teleconference)</i>
	Raja Rajaram	CIBC Insurance <i>(by teleconference)</i>
	Maria Sanchez-Chung	TD Insurance
	Paul Yeung	RBC Insurance <i>(by teleconference)</i>
<b>Regrets:</b>	Eleanore Fang	TD Insurance
	Brian Wise	Assurant Solutions
<b>Also Present:</b>	Leya Duigu	T•O Corporate Services
	Brendan Wycks	CAFII Executive Director

**1. Call to Order**

The meeting was called to order at 2:05 pm. Jennifer Hines acted as Chair and Leya Duigu acted as Recording Secretary.

**2. Approval of Agenda**

“Website Update” was added under the MAC Committee agenda item, and the agenda was approved as amended.

**3. Minutes and Action Items**

**a. EOC Minutes and Action Items of November 26, 2013**

The Committee reviewed the Action Items from the previous meeting.

**b. Board Minutes and Action Items of December 4, 2013**

Jennifer Hines advised EOC members that further changes would be made to the format of the next Board meeting agenda, with the goal of being more efficient. There will be one single Board meeting agenda, covering both Consent Items and Discussion Items.

Discussion Minutes:

At this time, the only outstanding item is to review the initial agreement that CAFII had with Avalon Actuarial to confirm whether Avalon has the intellectual property rights to the research and the output of the project they conducted on behalf of CAFII in 2009.

#### **4. CAFII Preliminary Financial Statements for the fiscal year ended December 31, 2013**

Reporting on the preliminary CAFII financial statements for the just completed 2013 fiscal year, which had been prepared by the Association's Controller, Treasurer Raja Rajaram reported that expenses for that year were under budget in most areas.

At this time, the 2013 financials have been closed, he advised. Some invoices are still outstanding and will be included during the audit as adjustments. The balance sheet is healthy and CAFII is within its six months of reserves policy. With respect to investments, a GIC is set to mature in May 2014 and we will address this with the EOC when it is about to mature.

Jennifer Hines updated the meeting on some outstanding matters related to the 2014 budget, following an in-camera discussion that occurred during the Board meeting on December 4, 2013. Changes were anticipated to the Management Fees and Executive Director Compensation line item only, subject to approval by the CAFII Board of Directors. The EOC will make a recommendation via email for Board approval and this is indicated in the Board Minutes of December 4, 2013.

#### **5. Policy Issues and Decision Items**

##### **a. Customer Value Proposition of Creditor's Group Insurance Comparative Project**

Sue Manson provided an update based on the Distribution and Market Conduct (DMC) Committee's recommendation document included in the meeting materials. The committee is recommending Towers Watson as the actuarial services provider to carry out the project for the reasons stated.

**Action:** DMC Committee to provide answers to questions posed by the EOC, as follows:

- What will Towers Watson's final price quote be, with and without the additional survey information? In the event that Towers Watson is unable to secure the comparative data from individual insurers, will the project will be scaled back rather seeking the services of another supplier? What can CAFII expect to receive in terms of final results?

A revised proposal from the DMC is to be circulated to the EOC for agreement before submission to the Board for approval.

##### **b. Federal Government Consultation Process For a New Consumer Code**

The DMC Committee has discussed this consultation and recommends that CAFII participate in the consultation. Two key issues stand out including the establishment of:

- i. Comprehensive rules for consumer protection.
- ii. A regulatory regime.

The existing framework is focused on prohibiting some items but does not have a broad standard on how to treat customers.

Canadian Bankers Association (CBA) Communication on this matter: Brendan Wycks to reach out to the CBA. This is a very topical issue to begin a conversation with the CBA and Sue Manson can facilitate the introductions.

**Action:** The DMC to consolidate the key points and Brendan Wycks to draft CAFII's response for review by the EOC.

**c. Media and Advocacy Committee**

A brief update on activities was provided including the communications strategy, rebranding, website and co-chairing of the committee. A volunteer is being sought for the role of committee co-chair.

**Action:** Brendan Wycks and Leya Duigu to work on updating the website to reflect the new logo.

**Action:** Brendan Wycks to ensure Regulatory Updates are posted online in the members' only area of the CAFII site.

**6. Regulatory Update**

**a. CAFII Response to Second Draft of Manitoba's ISI Licensing Regime Regulation**

CAFII submitted a response to Manitoba's second draft of the ISI Licensing Regime Regulation and to date no response has been received.

Brendan Wycks will be touching base with Scott Moore to confirm he received the submission and a meeting will be requested with Manitoba's Minister of Finance for February.

**Action:** Brendan Wycks to poll for Board and EOC member volunteers to attend a meeting with the Finance Minister in Manitoba, once a meeting date is confirmed.

**b. Alberta Insurance Council:**

**i. Dec. 12/13 Meeting Re Representation For Restricted License Holders**

Brendan Wycks provided an update on the recent meeting with Joanne Abrams of the Alberta Insurance Council based on the written summary included in the meeting materials. As a result of the discussion, the option of having a sub-council reporting to the Insurance Council was removed from the list of possibilities. Moira Gill will be contacting Stikeman Elliott to begin work on a proposal for Alberta based on the discussion and feedback received.

Next Steps: CAFII to focus on completing our own analysis with legal assistance, and responding to the items which were raised during the Alberta Insurance Council meeting. Once CAFII has submitted its proposal to Alberta, we will reach out to the CLHIA with the goal of including them earlier in the process and coordinating our respective efforts. Members agreed that this was a reasonable approach in the interests of being collaborative and partnering with a like-minded association.

**c. LLQP Modernization**

Brendan Wycks advised that, as previously communicated, CISRO's LLQP Committee would be holding one-on-one stakeholder group meetings in Toronto on Monday, February 10. CAFII had been assigned the first meeting slot of the day, from 9:00 to 10:00 a.m.

**Action:** Brendan Wycks to canvas EOC members for their availability to participate in a one-on-one stakeholder group meeting with the CISRO LLQP Committee on February 10 at 9:00 a.m.

**Action:** CCIR activities listed on [www.cafii.com](http://www.cafii.com) are out-of-date. Brendan Wycks to ensure this information is updated.

**d. January 9/14 Meeting With FCAC Representatives**

Brendan Wycks elaborated on the summary of this meeting provided in the Regulatory Update.

The meeting served as an opportunity for Brendan Wycks to meet and get acquainted with some key FCAC personnel, and an opportunity to educate those FCAC contacts about CAFII.

The FCAC representatives indicated that while they attempt to consult broadly on issues, they are open to feedback from stakeholder groups, including feedback on information that has been published online. FCAC is also open to CAFII's participation in events and is willing to advertise CAFII events on its website. In addition, they are active in consumer financial literacy education and can help arrange future speakers on that topic for CAFII events.

**Action:** FCAC to be added to the E-Newsletter distribution list.

**Action:** The Media & Advocacy Committee to create FAQs that can be provided to the FCAC for posting on the FCAC website.

**e. Regulatory Visit Plan 2014**

**i. Meeting with Manitoba Minister of Finance**

As discussed above.

**ii. Joint Visit to Atlantic Canada Regulators**

Tentative dates are currently being discussed and a meeting is expected to be confirmed shortly.

**iii. April 8/2014 Discussion with Louis Morisset, AMF CEO**

Louis Morisset has indicated a preference to have a dialogue with the CAFII Board rather than delivering a formal presentation.

Proposed Format: In-camera board lunch with Mr. Morisset including Jennifer Hines and Brendan Wycks, followed by more formal discussion/remarks with a larger group including EOC members.

**Action:** Leya Duigu to notify Richard Hebert of the proposed format of this meeting.

## **7. EOC Committee Updates**

### **a. Distribution and Market Conduct Committee**

Moira Gill advised members of a discussion that occurred regarding CAFII's engagement in the consultation on insurance powers for credit unions. At the Insurance Brokers Association of Ontario Convention in October 2013, Premier Kathleen Wynne spoke about possibly reining in the online promotion powers of credit unions with respect to insurance, which is analogous to the same issues in the banks-in-insurance industry. The consultation process is beginning shortly and round table meetings are to be scheduled. Stakeholders were notified via a letter and, to date, CAFII has not received that letter of notification.

**Action:** Brendan Wycks to reach out to Ministry of Finance officials to find out more about the letter that was sent to stakeholders regarding a review of the online promotion powers of credit unions with respect to insurance. Distribution and Market Conduct Committee to review this issue and make a recommendation.

### **b. Licensing Efficiency Issues Committee**

#### **i. January 8/2014 Canadian Insurance Participant Registry Demo Presentation**

Only a few CAFII members were able to attend this demonstration, so the Alberta Insurance Council has agreed to provide another one online in a few weeks' time. The CIPR is still very much in beta mode and they expect it to be closer to something final by the next demonstration.

The members who did attend were impressed with the accomplishments of the AIC's small IT staff group that has been working on this. Also impressive was Alberta's leadership in this online registry initiative which they are encouraging other provinces to join. A summary of this meeting was provided in the Regulatory Update.

**Action:** Brendan Wycks to work with the Alberta Insurance Council to set up an online demo of the Canadian Insurance Participant Registry for CAFII members.

### **c. Events and Networking Committee**

#### 2014 Annual EOC Dinner at Momofuku

Members were reminded of tonight's EOC Annual Dinner at Momofuku.

#### February 11, 2014 Annual Members Luncheon

The Annual Members Luncheon and Speaker Forum will be held at The Law Society of Upper Canada, with Chrys Lemon of Washington D.C.-based McIntyre & Lemon PLLC as the speaker.

**Action:** Brendan Wycks to connect with Chrys Lemon on the phone to provide him with background information on CAFII and the expected audience.

## **8. Other Business**

### **a. EOC Member Appointment and Organizational Issues**



Jennifer Hines advised members that RBC is appointing a new EOC member, Derek Blake, who will be joining the group at the next EOC meeting. Derek will also be joining the Distribution and Market Conduct Committee and would be open to joining other committees, if needed.

Moira Gill noted that the Licensing Committee would benefit from the addition of a compliance person to augment the group's expertise.

Members also discussed supplementing the existing committees with non-EOC members to help with some of the workload. During the last Board meeting, Directors discussed why several committees had not spent their 2013 budget provisions, which could be an indication that they were taking on too much with too few people.

The EOC has committed to provide a Balanced Scorecard, measuring the effectiveness of the Executive Director, the Association and T.O Corporate Services. The Board has requested a presentation on this at the next meeting on April 8, 2014. Jennifer Hines is seeking volunteers from the EOC to be involved in this initiative. They will be seeking answers to the following questions: Are we being effective and efficient in the running of the Association? What can we do to be more effective going forward?

**Volunteers: Greg Grant**

**b. CAFII Compliance with Canada Not-For-Profit Corporations Act (CNCA)**

Brendan Wycks will be meeting with Pamela Smith and Leya Duigu this coming Thursday, January 16, to begin the CNCA transition and compliance project. John Lewsen will become involved after the initial review work.

**c. Succession Planning**

The terms of office of Board Chair Marking Cummings and EOC Chair Jennifer Hines will be ending this year and, as a result, the Association needs to begin thinking about potential successors. The Nominating Committee could potentially be made up of Mark Cummings, Rick Lancaster and Rino D'Onofrio, it was suggested.

**d. EOC and Committee Meetings 2014**

**Action:** Leya Duigu to poll members for a new EOC meeting date in June due to the fact that June 24 is the St. Jean Baptise holiday in Quebec.

**Action:** Leya Duigu to poll members for a new MAC meeting date in February due to an existing conflict on February 11, 2014.

**9. Termination**

There being no further business, the meeting terminated at 4:15 p.m. The next CAFII EOC Meeting will be held on February 18, 2014, in Toronto.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chair

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

**CAFII Board Meeting Minutes  
 Wednesday, December 4, 2013  
 Action Items from the Meeting**

Agenda Item	Action Item	Responsible	Deadline
3.1 Customer Value Proposition of Creditor's Group Insurance Comparative Project	<p>The Board agreed that this initiative shall proceed as follows:</p> <ul style="list-style-type: none"> <li>DMC Committee and EOC to make recommendation/decision</li> <li>CAFII Secretary Jennifer Hines to seek approval from Chair Mark Cummings and the Board of Directors via email before the next Board meeting.</li> </ul>	DMC, EOC	Feb 18, 2014
		J. Hines	Feb 21, 2014

**CAFII Board Meeting Minutes**  
**Wednesday, December 4, 2013**  
**Location: BMO Insurance**  
**First Canadian Place, 100 King St. W, 68<sup>th</sup> Floor, Walker Room**  
**Toronto, ON**

<b>Present:</b>	Julie Barker-Merz	BMO Insurance	
	Mark Cummings	ScotiaLife Financial	<i>Chair</i>
	Dave Minor	TD Insurance	
	Rick Lancaster	CIBC Insurance	
	Isaac Sananes	Canadian Premier Life Insurance Co.	
	Linda Fiset	Desjardins Financial Security Life Assurance	
	Vivianne Gauci	AMEX Bank of Canada	
	Richard Hebert	National Bank Insurance Co.	
	Rino D'Onofrio	RBC Insurance	
	Bob Zanussi	Assurant Solutions	
<b>EOC Present:</b>	Rose Beckford	ScotiaLife Financial	
	Charles Blaquiere	Canadian Premier Life Insurance Co.	
	Emily Brown	BMO Insurance	
	Andre Duval	Desjardins Financial Security Life Assurance	
	Matthew Fabian	BMO Insurance	<i>Treasurer (outgoing)</i>
	Sara Gelgor	ScotiaLife Financial	
	Moiria Gill	TD Insurance	
	Greg Grant	CIBC Insurance	
	Jennifer Hines	RBC Insurance	<i>Secretary</i>
	John Lewsen	BMO Insurance	
	Sue Manson	CIBC Insurance	
	Raja Rajaram	CIBC Insurance	<i>Treasurer (incoming)</i>
	Maria Sanchez-Chung	TD Insurance	
	Paul Yeung	RBC Insurance	
<b>Also Present:</b>	Brendan Wycks	CAFII	<i>Executive Director</i>
	Leya Duigu	T•O Corporate Services	<i>Recording Secretary</i>
<b>Regrets:</b>	Brian Wise	Assurant Solutions	
	Eleanore Fang	TD Insurance	

**1. Call to Order and Welcome**

The meeting was called to order at 2:10 p.m. M. Cummings acted as Chair, J. Hines acted as Secretary, and L. Duigu acted as Recording Secretary.

**1.1. Approval of Discussion Agenda**

On motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

**The Discussion Meeting Agenda be approved as circulated.**

## **2. Financial Update**

### **2.1. Financial Statements as at October 31, 2013**

CAFII's bank balance remains healthy and our cash position is high because we haven't spent as budgeted on certain projects. We are in compliance with the CAFII Reserve Policy with unrestricted net assets at \$280K.

The Operating Expenses will be a little higher this year because we had accounted for the net expenses during last year's budget rather than gross expenses. The expenses related to conference calls have been reallocated to Association Operating Expenses, moved from the Networking and Events Committee budget.

Upon review of the different variable costs, we are under budget as expected. We came in under budget on the 15<sup>th</sup> Anniversary Celebration and Media and Advocacy Committee projects, to name a couple of examples; and we are currently at 54% of budget, well under where we were at the same point in time last year.

Membership fees haven't changed since the last meeting with all members being fully paid except the two Associate Members who resigned earlier in the year.

## **3. Policy Issues and Decision Items**

### **3.1. Customer Value Proposition of Creditor's Group Insurance Comparative Project**

CAFII did a study in 2009-10 entitled "A Comparison of Creditor's Group Mortgage Life & Disability Insurance and Equivalent Individual Insurance," using 2008 data. This project is an initiative of the Distribution and Market Conduct Committee, chaired by Sue Manson.

At the last Board meeting, the committee was asked to seek competitive quotes on the project as well as to review the quote received from Avalon Actuarial. The committee presented the results to the EOC during its meeting last week and it was decided to return to each of the three bidders to resolve some outstanding questions before making a decision. Ms. Manson summarised the EOC discussion and the results of the review process.

**Action:** The Board agreed that this initiative shall proceed as follows:

- DMC Committee and EOC to make recommendation/decision; and
- CAFII Secretary Jennifer Hines to seek approval from Chair Mark Cummings and, subsequently, the Board of Directors via email before the next Board meeting.

Sue Manson, Emily Brown and Brendan Wycks were recognized for their work on this initiative to date.

### **3.2. Revised CAFII Communications Strategy**

The CAFII Communications Strategy was presented and discussed during the previous Board meeting. Directors were happy with the proposal around the regulators audience, but requested some revisions to the media and public/consumer interest group audiences.

Brendan Wycks summarised the subsequent changes to the Communications Strategy, referencing a high level summary included in today's meeting materials.

It was noted that the Communications Committee of the Board needed to be resurrected and its role in the Association's Media Protocol process articulated.

In terms of external communications with media and public/consumer interest groups, there was Board consensus that the focus should be on educating them of the benefits of creditor insurance and maintaining a positive and consistent message.

### **3.3. Proposed 2014 CAFII Operating Budget *[in-camera]***

Outgoing Treasurer Matthew Fabian reviewed the proposed 2014 CAFII Operating Budget (new Treasurer Raja Rajaram will take on accountability for the budget going forward).

In discussion, the Board asked the EOC to ensure that CAFII has the capacity to execute on the initiatives budgeted for under each of the Working Committees.

Under Management Fees, it was noted that there were outstanding matters to be dealt with related to Executive Director Salary and T.O Corporate Services fees; and depending upon decisions to be made in this area, this line item in the 2014 budget could be impacted.

**On motion duly made, seconded and unanimously carried**

**IT WAS RESOLVED that:**

**The 2014 Budget be approved as presented, and in the event that further changes are required, these could be brought back to the Board of Directors for approval (via email).**

## **4. Regulatory Visits**

### **4.1. Regulatory Visit Plan 2013 and 2014**

Brendan Wycks summarised the Regulatory Visits Plan based on the document that had been circulated.

- Alberta: Joanne Abrams, CEO of the Alberta Insurance Council, is considering setting up a Council of restricted license holders. The EOC will be setting up a meeting with her to discuss this and offer assistance.
- Manitoba: After the previous Board meeting, it was determined that a meeting with the Minister of Finance should be requested in light of recent developments regarding the province's draft Regulation for an Incidental Sellers of Insurance licensing regime. Our main issues include the requirement to provide a detailed roster on a regular basis and maintenance of the education and professional development of restricted license holders generally.

## **5. Committee Reports Addressing CAFII Priorities (2013 and 2014):**

### **5.1. Licensing Efficiency Issues Committee**

#### **5.1.1. Representation for Restricted license Holders in Saskatchewan**

Moirra Gill reported that Saskatchewan has recently decided to take a step back and consider what principles they can use for a number of advisory or similar committees in the Council's

governance structure. Once determined, they will begin setting up the committee recommended recently by CAFII.

## **5.2. Distribution and Market Conduct Committee**

A couple of projects are coming to fruition in 2014 and future initiatives will be determined in the coming months.

## **5.3. Media and Advocacy Strategy Committee**

Brendan Wycks provided the Board with a brief update on the Media and Advocacy Committee's initiatives including CAFII's Communications Strategy which has been the major focus of the committee to date.

## **5.4. Events and Networking Committee**

### **5.4.1. December 4 Reception and Launch of New CAFII Logo and Visual Identity**

CAFII will be launching its new logo and visual identity at tonight's reception. The new logo will be displayed on signage and business cards have been created for CAFII Board and EOC members. In addition, CAFII will be giving out pens, key chains and coasters emblazoned with the new logo to each guest tonight.

A photographer has been secured for tonight's reception, who will be arriving early to take photos of the CAFII Board and EOC.

BMO Insurance was thanked for hosting today's events.

### **5.4.2. Speakers for 2014 CAFII Events**

The 2014 Speaker line-up was included in the meeting materials. To date, two speakers have been confirmed for next year including:

- Louis Morisset, President and CEO, Autorité des marchés financiers (AMF) on April 8, 2014 in Montreal (QC). This will provide a good relationship-building opportunity for CAFII. Mr. Morisset has indicated a preference for a casual lunch followed by a discussion with the Board and EOC, as opposed to a formal presentation by him.
- Chrys Lemon, Partner, McIntyre & Lemon, PLLC on February 11, 2014 in Toronto (ON). His topic will be what's taken place in the US regarding creditor insurance and debt cancellation products in the last two years. Members are encouraged to invite members in their organizations interested in this subject matter.

Brendan Wycks, Andre Duval and Charles Blaquiere were thanked for their assistance in securing these speakers.

### **5.4.3. Relocation of April 8, 2014 CAFII Board Meeting to Montreal**

Discussed previously under 5.4.2.

## 6. Other Business

### 6.1. CAFII Compliance with Canada Not-for-Profit Corporations Act (CNCA)

Brendan Wycks provided an update based on the memo included in the meeting package. CAFII is a federally incorporated not-for-profit corporation that must become compliant with the new legislation by filing Articles of Continuance by October 11, 2014.

CAFII is a small, uncomplicated association; however, there are still some important technical aspects that need to be considered. This is a good opportunity for CAFII to review its Bylaws and the goal is to have this completed in time for the June 2014 AGM. The legal firm we would like to work with is Fasken Martineau DuMoulin LLP, which is familiar with CAFII's Bylaws, having worked on them over the last few years.

Board members agreed that the participation of a legal firm was necessary and requested an opportunity to review the Bylaw analysis, to understand where CAFII is on-side and off-side with the CNCA.

### 6.2. Recognition of a Retiring Director

Board Chair Mark Cummings advised that Dave Minor would be retiring from TD Insurance within the next few months and, as a result, will be leaving the CAFII Board of Directors.

Dave has been a key player in CAFII for a number of years, serving as a Director for five years, as CAFII Chair for two years, and as Acting Chair whenever the need has arisen. He has represented CAFII at numerous regulator meetings and networking events, providing a well-respected voice for CAFII in key deliberations.

The Board thanked Dave for his many contributions and service over the years; and he was presented with a token of the Association's appreciation.

## 7. Termination

**On motion duly made, seconded and unanimously carried**

**IT WAS RESOLVED that:**

**The meeting be terminated at 3:50 p.m.**

It was noted that the next meeting of the Board would be held on Tuesday, April 8, 2014 in Montreal (QC) hosted by Desjardins.

*ADDENDUM to Minutes: The next meeting of the board will be hosted by National Bank. All other details remain the same.*

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chair

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

## Recommendation to CAFII Board of Directors

**Date:** February 14, 2014  
**To:** CAFII Board of Directors  
**From:** EOC  
**Subject:** Customer Value Proposition of Creditor's Group Insurance for Mortgages Initiative

### **Supplier Recommendation**

Towers Watson

### **Rationale for Recommending Towers Watson**

1. Towers Watson provides the best value for money among the companies that quoted:
  - a. Their proposal is a fixed fee of \$50,000 (inclusive of tax). Out of pocket expenses are additional but expect to be minimal if any. This capped amount was negotiated after several conversations and reflects a discount from their regular pricing.
  - b. Initially the Towers Watson quote was the highest because they had built in \$40k - \$60k for in-depth financial analysis of all of the creditor insurance programs; This analysis was not requested and has since been removed from the quote.
  - c. They are the only bidder whose proposal is to source data from a survey of individual insurers. Their proposal to which we have agreed includes a quid pro quo to provide the individual insurers with the aggregate individual insurance survey results. Towers agreed with our preference that disclosure of purpose of survey and who had commissioned is not required.
  - d. If Towers Watson is successful at obtaining insurer agreement to provide individual insurance data, there will be more depth to the information as well as long term potential to repeat the survey.
  - e. Should Towers Watson not be able source all of the insurance application and claims approval data, there will be no alteration in the cost, as they will try to obtain the required data from internal and public sources.
2. The sub-committee has the most comfort with Towers Watson because they have been the most inquisitive and thoughtful about CAFII needs and completely transparent throughout our discussions.

### **Other Candidates**

1. Initially we recommended Collins Barrow but on further examination it became clear that Collins Barrow does not have access to the individual insurance application and claims data more than any other candidate and had not given much thought to obtaining the data.
2. We are not recommending Avalon because there is no certainty that they will be able to source the individual insurance applications and claims data and obtain permission for its use and publication.



**Other Considerations**

1. Knowing that Avalon will be disappointed in our decision -- possibly assuming that this was a continuity project for their firm -- we need to manage communication of our decision to Avalon thoughtfully.
2. We are not constrained legally in sharing documentation from previous iterations of this study with a new supplier as we have satisfied ourselves that Avalon does not hold intellectual property rights.

## Recommendation to CAFII Board of Directors

### Background

Measure	Avalon	Towers Watson	PWC	Collins Barrow
Quote (excludes GST)	\$40k	\$45k	\$70	\$25
Quote capped unless scope changes	yes	yes	yes	yes
Knowledge and experience	yes	yes	yes	yes
Sub-committee overall comfort rank	#2	#1	#4	#3
Proposal to obtain individual insurance application and claims data	Ask for Munich Re for approval to publish from Munich Re 2012 survey data	Survey individual insurers; leverage existing insurer relationships	Directly from insurers by leveraging internal and CAFII contacts	Directly from insurers by leveraging internal and CAFII contacts
Recommend Quid Pro Quo with insurers	na	yes	yes	na
Sub-committee confidence that individual insurance application and claims data can be obtained	25%	65%	10%	10%
Depth of individual insurance application and claims data if obtained	1 variable	1-6 variables	Unknown	Did not guarantee any level of granularity
Proposal includes one presentation to CAFII members and non-members as deemed appropriate by CAFII	yes	yes	yes	yes

## **CAFII Submission to the Federal Government Consultation Process For a New Consumer Code**

### **Summary of CAFII's position**

February 14, 2014

#### Background

The CBA position is supportive of the Federal code if it "confirms and eliminates any ambiguity about its longstanding policy intent to have exclusive federal jurisdiction over banks and banking including in the consumer protection context." The CBA is supportive of Finance consolidating all existing consumer provisions to which banks are subject to into a single code that would be the only code applying to banking products and services. The CBA response does not mention or seem to contemplate the fact that insurance products offered by banks and bank owned insurers are subject to provincial regulations.

The CLHIA position is that insurers are already subject to a comprehensive consumer protection regime of the provinces such that a new code should be restricted to banking only. They also recommend that if the new code is to apply to insurers as well as banks then the governments should consult with CCIR and provincial regulators to ensure that such a new code is comprehensive and "does not impose a secondary layer of regulation where it is not needed."

#### Introduction and Context

CAFII can respond on behalf of all members (not just authorized insurance products). CAFII could take the position that members are subject to comprehensive consumer regulations of the provinces and that we are in favour of a solution that avoids conflict with the regulations with which we already comply. This position acknowledges the fact that we are subject to provincial regulations without going as far as the CLHIA does and without ignoring the fact that banks are subject to provincial regulations (i.e. an in-between approach).

#### Establishing a Comprehensive Set of Principles for Consumer Protection

Suggest that we focus on the IAIS core principles, internationally-vetted, and remove the paragraphs that suggest looking farther field for more examples. We also need to remind the government of our position which is that beyond FCAC oversight of consumer provisions we are already subject to extensive provincial regulations and standards for insurance product features and wording, marketing practices, consumer disclosure, complaint handling and the conduct and licensing of insurers and agents. In addition, a number of CCIR documents establish expectations for marketplace conduct. Considering all of this is why our goal is to avoid conflict between regimes.

#### Rules and Guidelines

Suggest we reinforce your original words of expectations and guidance, not regulations. In addition to existing codes and industry guidelines working well, our rationale is that industry guidelines will help us manage potential conflicts between provincial and federal regulations.

#### Addressing the Needs of Senior and Vulnerable Canadians

Suggest limiting our response to financial literacy. No need to imply that seniors are vulnerable - too broad brush.

### Responsibility of Financial Institutions to Consumers

In the DMC group discussion we wanted to point out that provincial regulators have long embraced principles-based market conduct. This provides an opportunity to point out ICP #19 as an example but that our concern would be ensuring conflict avoidance with existing regulations/rules.

Need to point out that CAFII members are subject to extensive obligations within insurance legislation and regulation, CCIR principles, provincial codes of conduct and insurer and association standards relating to disclosure

### Supervisory Powers for Accountability and Enforcement

The FCAC would have a similar role regarding provisions of a Code (i.e. consumer provisions compliance). Should add OHLI in paragraph 3.

### Innovation/Access to Financial Services

Suggest combining these two sections with our main point being that CAFII has been and will continue to be innovative in the "alternative distribution" space including electronic commerce. CAFII needs regulatory environment that enables and supports consumer access to alternative distribution, considering the large underserved middle market and Canada being at a 30 year low in life insurance ownership. Suggest removing items that speak to brokers and agents selling upscale, Bank Act access (last several paragraphs).

### Continuing the Conversation

Yes, engagement is required during implementation of new rules/principles but also on an ongoing basis, especially as CAFII members are subject to additional rules/principles and members trying to avoid conflict.

## **Regulatory Update - CAFII Executive Operations Committee, February 14, 2014**

Prepared By Brendan Wycks, CAFII Executive Director

### **Executive Summary of this Issue**

- Alberta Insurance Council Reviewing Codes of Conduct. **Page 2.**
- Alberta Insurance Council Requests Meeting With CAFII. **Page 2.**
- Insurance Councils of Saskatchewan Requests Commission Lists From Insurers/MGAs. **Page 3.**
- AMF (Quebec): Update On Two-Page Distribution Guide. **Page 3.**
- Office of the Superintendent of Financial Institutions: Fireside Chat With Julie Dickson. **Page 4.**
- FCAC: Partnering With “Collaborators” Around Consumer Financial Literacy. **Page 7.**
- International Monetary Fund: Financial Stability Report On Canada Released. **Page 8.**

## Alberta

### Follow-up Alberta Insurance Council Presentation On Canadian Insurance Participant Registry (CIPR)

On January 8, Tom Hampton, Chief Operating Officer, and Robin Thompson, Director of Information & Business Services, with the Alberta Insurance Council gave a demo presentation of the beta test version of the new *Canadian Insurance Participant Registry* (CIPR) to a group of CAFII members at TD Insurance in Toronto.

Given interest in CIPR from a number of CAFII members who were unable to attend the January 8 session, Robin Thompson agreed to Brendan Wycks' request that he repeat his presentation in an electronic, online format, in the near future. **CAFII is now in the process of organizing that follow-up presentation, which will be for both CAFII and CADRI members.**

The CIPR is designed to deal with all participants in the insurance industry; all will be issued a unique business identifier that will be their lone, lifetime identification number. Alberta already has a commitment from its LLQP education providers to use the unique CIPR identification number when communicating with licensees.

The CIPR is designed to be run "in the cloud"; it uses open source technology and modern development tools. AIC is currently the "host" of the system, but it has been designed to be handed off to an external host in due course.

CIPR is a back-end registration system which can facilitate a licensing system; but it is not a national licensing system in and of itself. The licensing process is still the responsibility of the individual provincial jurisdictions.

The CIPR addresses a need that CAFII has been advocating for years. If set up properly and adopted by other Canadian provinces, it can become a first step toward a national registration system. Tom and Robin advised that three or four other provinces, including New Brunswick, are working diligently to be able to join in on CIPR in the near future. They indicated that letters of encouragement from CAFII and other industry stakeholders have already been influential in prompting other jurisdictions to expedite their efforts to come on board.

### Code of Conduct Review

The Alberta Insurance Council has announced that it is currently updating its Codes of Conduct for Life and Accident and Sickness agents, General agents, and Insurance Adjusters. The Council's web site invites feedback on the Draft Codes that have been developed to date, but no deadline has been stated for submissions. Executive Director Brendan Wycks has followed-up with a query to CEO Joanne Abram's Executive Assistant to find out the timelines for this consultation.

### Meeting With CAFII On March 17, 2014

Alberta Insurance Council CEO Joanne Abram and Board Chair Ron Gilbertson have requested a meeting with CAFII Executive Director Brendan Wycks in Toronto on Monday, March 17. CAFII EOC members Moira Gill and John Lewsen will also attend the meeting.

While the topics or agenda for the meeting are not known at this time, the Council's 2013-15 Strategic Plan states an objective of ensuring that "Board decisions are shared with industry trade Associations and intermediaries and that industry issues and views are shared with the Board." And as well, "Senior Management will seek stakeholder comments and feedback on regulatory activities on an ongoing basis and report to the Board annually."

## **Saskatchewan**

### Commission Lists Requested To Ensure All Parties Transacting In Insurance Are Licensed

On January 14, the Insurance Councils of Saskatchewan issued a bulletin to insurers, agencies and adjusting firms related to its practice of requesting commission lists. It anticipates that this practice will increase in 2014 as it endeavours to ensure that business entities and/or individuals operating in the province are appropriately licensed.

Saskatchewan has identified numerous websites where businesses are soliciting insurance on behalf of an insurer, and receiving compensation for that solicitation, without holding an insurance licence. Websites that solicit insurance or which may have a mechanism for the consumer to obtain an insurance quote, or which may be linked to an insurer for the purpose, must be licensed. It is also not permissible for individuals who are not licensed to speak with Saskatchewan consumers about insurance and then refer them to a licensed individual to finalize a sale.

It is the insurer's responsibility to ensure that business entities and/or individuals are licensed in accordance with the Insurance Act before they accept insurance business from them.

## **Quebec**

### Update On Two-Page Distribution Guide

On January 14, in response to an e-mail from Brendan Wycks requesting a status update, Louise Gauthier, the AMF's Director, Distribution Practices and Self-Regulatory Organizations, advised that "due to other priorities, we have not had the chance to finalize the next iteration of the Guide. We should be able to do it during the next coming months. Please rest assured that you will be kept in the loop."

## **Federal/National**

### **Canadian Council of Insurance Regulators**

#### Discussion Paper On Options And Issues Re Compliance With International Supervision Standards

Now that the International Monetary Fund has released its assessment report on Canada's financial sector, CCIR has asked its Insurance Core Principles Implementation Committee to draft a discussion paper to outline the continuum of options available and issues to consider, to assist jurisdictions in deciding on their position regarding building and maintaining compliance with the international standards for insurance supervision expressed in the IAIS Insurance Core Principles.

## CCIR Strategic Plan, 2014-17

As the term of CCIR's current strategic plan is coming to an end, the Council has begun work on its next three-year plan. CCIR has therefore issued a formal call for stakeholder input, and CAFII will be making a submission by the deadline of February 21, 2014 indicated by Carol Shevlin, Policy Manager.

### **Canadian Insurance Services Regulatory Organizations (CISRO)**

#### One-on-One Stakeholder Group Meetings Re LLQP Modernization

On February 10, three CAFII representatives met with CISRO's LLQP Committee, chaired by Ron Fullan, for a one-on-one stakeholder group meeting about the LLQP modernization effort thus far. A separate Regulatory Visit Report on that meeting has been prepared by Brendan Wycks.

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

#### Superintendent Julie Dickson Addresses KPMG's Annual Insurance Issues Conference

On December 2, 2013, OSFI Superintendent Julie Dickson was interviewed by KPMG's National Insurance Leader Neil Parkinson in a 'fireside chat' format. Here is an excerpt from their conversation:

**Neil Parkinson:** Julie, last year I asked you if we would be able to sustain a made-in-Canada approach to financial services regulation. Over the past year, in particular with the Insurance Core Principles issued by the International Association of Insurance Supervisors (IAIS), there just seems to be an ever-increasing impact on what we do here in Canada, both federally and provincially. We still have a strong reputation for the quality of regulation and supervision internationally. But how do you think we're doing, and where do you think we need to go as an industry?

**Julie Dickson:** I think we are doing well. We were subject this year to an IMF Financial Sector Assessment Program (FSAP). The assessors were on site in June and again in September. Based on my discussions with the assessors, we will do well. And if there are opportunities for improvement noted, then we will address those. I think one reason why everyone is paying attention to the Core Principles is that they are new, and also because countries are being assessed against them. That's a part of Financial Stability Board (FSB) membership. You have to agree to be assessed on a regular basis by the IMF.

In terms of where the industry needs to go, you are the experts in terms of where you want to go as a business. From OSFI's perspective, understanding the speed of change is important. And the fact that the Financial Stability Board is looking over the shoulder of the insurance industry, I think things are going to happen a bit more quickly going forward than what the industry is used to. So, I would definitely focus on the speed of change.

**Neil Parkinson:** One issue about the Insurance Core Principles is very much related to market conduct, and I recognize of course that falls in the provincial sphere. But we've had some really massive compliance events in other countries. In the last year, the estimate I saw for the one in the UK in September was a total of 17 billion pounds for restitution and remediation costs, related to what we call the 'treating customer fairly' standard.



And that is very closely aligned with what is in the Insurance Core Principles. Do you see those global regulatory standards really shifting the emphasis more towards consumer protection issues going forward?

**Julie Dickson:** Well, it could be a combination of things. I think the Insurance Core Principles could be playing a role. But I also think that, as issues have been identified and made public, more people start to zero in on that area. And it's not only in the insurance area, of course. Market conduct in particular in the banking industry is a big issue. We can look at LIBOR manipulation, the 'Whale' (and most recently JP Morgan) and the issues with mortgage-backed securities and the mortgages that were feeding into those instruments, as well as that big settlement. I think this is an issue for regulators as well because these are eye-popping judgments. It really goes to the core of risk governance and what institutions are doing in that regard. Product approval processes, how you're selling your products, are critical. And we think that our focus on corporate governance and risk management certainly helps in that regard. We also think the risk culture work helps. And I know your next panel will cover that.

**Neil Parkinson:** Another thing, harkening back to last year, I was bemoaning how hard it was to make a buck on investments. And of course so are the insurers to this day. We still seem to be in a long period of low growth, uncertainty, and low investment returns and low interest rates generally. Do you think that the insurers have been able to adjust to protracted low investment returns?

**Julie Dickson:** We think Canada was pretty well situated. While there were a lot of complaints about the way our accounting standards worked, in effect they did force companies to recognize early the impact that low interest rates could have. We've seen a lot of re-pricing and a lot of strategic thinking by companies about where they want to go. So I think that they are well situated. We know that the Actuarial Standards Board (ASB) has also kicked into gear looking at some of the standards that were applicable. Some of those standards imposed a lot of costs on institutions due to the low interest rates. And the ASB will be coming out with some changes in that regard. But all-in-all, I think Canadian companies are very well situated now compared to others, in particular compared to the US insurance sector.

**Neil Parkinson:** I suppose they could react further, and here I'm thinking mostly of the life insurers, for example by increasingly shifting the risk of the investments back to the policy holder, with less implicit or explicit guarantees of investment returns. We sold a lot of participating product in this country and that's become less popular. There are places like France and Germany that have an awful lot of par type offerings for ordinary products. Do you think that is just good risk management, or does it give rise to another set of regulatory concerns about possible mis-selling, or over-selling the idea of what investment returns might be going forward?

**Julie Dickson:** Well, I think that a number of companies who had abandoned par policies are thinking about going back into par. But many companies had continued to sell par all along and are very familiar with the product. So for us, I think the bigger risk would be if companies start to get into completely different lines of business, where they don't have the controls and risk management that they need. Alternative investments could be one example. But par policies have been around for 200 years. A lot of experience still exists in that area. People have learned how important it is to get the risk transfer right, as well as the need to ensure that consumers know what they're buying. That risk has always been there, and always will be. But it is a risk that most companies have a pretty good feel for. So I think that, like anything, you have to be thinking about what you're doing. But for OSFI, it is more getting into other lines of business that would be a bigger deal.

**Neil Parkinson:** OSFI has also commented on the importance of internal audit, and you know, really supporting a whole range of control and oversight practices. And of course there are lots of smaller and mid-size entities who don't have internal audit, or they might be Canadian operations of foreign insurers that occasionally have a visit from the head office internal audit function. Do you think that the size of organizations which should have internal audit capabilities is dropping?

**Julie Dickson:** Well, our focus on internal audit now is really with respect to the large, complex financial institutions. That is where we need to be out there doing more cross-sector reviews and taking into account the fact that the bar has risen. If you look at guidance issued by the Basel Committee, as well as the risk governance review done by the FSB across the world last year, it's obvious that the bar has been rising in terms of what is expected of these internal audit functions. But that is focused mainly on the large, complex financial institutions. So in Canada, that would include the six domestic systemically important banks as well as the large life insurance companies, and we may add a few of the large P&C companies. But small institutions are not our current focus. We do recognize that, as you said, we've got a lot of very small institutions, and they will rely on the home office or on the parent for internal audit assistance. And we do look for effectiveness, but a small institution is clearly a very different animal than one of these large, complex institutions.

**Neil Parkinson:** One of my client CEOs is fond of observing that some of the more spectacular corporate failures on record have all had the apparent trappings of good risk management — Chief Risk Officers, risk committees and so on — and still manage to override them or ignore them anyway. Is risk culture sort of the secret sauce that makes risk management work?

**Julie Dickson:** Yes. We think it is. The person who talks about all these firms who had the right structure, those are characteristics, and we look at those, but it's all about effectiveness. So I would agree with whoever said that to you. Risk culture is extremely important, and the institutions we've been talking to are of the same view. We've begun discussions with major institutions about risk culture in their organizations. It is something that the boards in particular really want to talk about because directors come from a variety of different industries. They have different experiences, from different cultures, and I think they have a lot of really good observations on this front. And it's an area where they feel they can add a lot of value. They may not be experts in the industry, although we are seeing many more people on boards who understand the financial services industry. We're interested in culture because we have supervisory findings wherever we go that often go back to the culture within the organization. So this is becoming a big issue. An industry roundtable will be held in Amsterdam next week to discuss the FSB paper on this topic. We're looking for any comments that people have. So hopefully the next panel will come up with some feedback. You can give me a call on what you find.

**Neil Parkinson:** I sense they're hoping that you would help them answer questions they're going to deal with, but I suppose that's a bit like art. 'I don't know art, but I know what I like' sort of thing. Maybe the same thing would apply to risk, whether it's good or bad. Is there something that you recognize as being particularly effective, or examples of areas where you've got a dysfunctional risk culture?

**Julie Dickson:** It can be a challenge to tackle this issue. We focused on four general areas as being important, and we have some indicators under each. Things like tone from the top, and whether firms are actually taking any steps to try to figure out what the culture is, as opposed to assuming they know what it is. Because often it comes as a surprise, the kind of cultures that are evident in financial institutions. We're also focused on incentives. We're focused on effective challenge, and the kinds of challenge within an institution.

This is all about escalating problems and about challenging the CEO, for example. We're talking about accountability as well. Everybody has accountabilities within an institution, and if you see something and are not raising it, you are accountable for that.

We've tried to put a structure around it. Most of all, we've been very clear that this is something that supervisors have to pay a lot of attention to going forward, and that institutions need to pay attention to.

**Neil Parkinson:** A last question from me. I think I asked this last year. Since we're getting into the Christmas season, do you have a wish list for the industry?

**Julie Dickson:** Well, I usually don't ask for a lot for Christmas. But this year I'm going big. For the insurance industry, and the banking industry as well, we need to see the US economy pick up significantly because that will allow the Canadian economy to rotate more to export-driven growth as opposed to what we've seen —growth in household imbalances. That would also enable an increase in interest rates and an environment where you're seeing growth, which is a good thing. I'm going to also ask Santa for the US to fix its medium and long-term fiscal problems, and to do that with certainty and speed. That's a big one.

And on top of that, for the US to be able to exit the quantitative easing that they have employed without any major shocks or volatility. We saw what happened in May and June when they simply started talking about tapering. We saw the volatility and what that did to emerging markets. That emerging markets got through the episode may have actually comforted people, but it shouldn't. So that's on my list as well.

Turning to Europe, I'm going to ask Santa Claus for the European Central Bank to do a fantastic job on the asset quality review that they're about to embark on, and on the stress testing they are supposed to do before they take control of bank supervision a year from now. At this point, they haven't released their stress test. They haven't really released much detail. But I'm going to ask Santa to ensure that all works really well and nicely, so that things will be looking up for whoever is sitting here next year.

*The full transcript of the fireside chat with Julie Dickson can be found here: <http://www.osfi-bsif.gc.ca/Eng/osfi-bsif/med/sp-ds/Pages/jd20131202.aspx>.*

## **Financial Consumer Agency of Canada**

### FCAC Partners With Collaborators Around Consumer Financial Literacy

FCAC has posted information on its website about how it will work with businesses in the financial services industry and with other organizations on Consumer Financial Literacy initiatives. FCAC calls such partner organizations “collaborators.” Becoming an FCAC Collaborator is an opportunity worthy of exploration by CAFII.

### *How FCAC Works With its Collaborators*

Cooperating with business and community groups on initiatives that help Canadians make sense of the financial world is vital for FCAC to achieve its mandate. Collaboration has allowed us to bring innovative programs to more Canadians than we could alone.

If you know of an organization or program that would benefit from FCAC's materials, please contact us at 866-461-FCAC (3222) or email [outreach@fcac.gc.ca](mailto:outreach@fcac.gc.ca).

### *Become an FCAC Collaborator*

The Financial Consumer Agency of Canada has a wide range of collaborators, including government departments and agencies, community-based organizations and consumer groups, that help us provide information to Canadians.

Our goal is to continue to strengthen and expand relationships with a broad range of collaborators in the public, private and not-for-profit sectors.

We evaluate all potential collaborators according to their fit with FCAC's mandate. The criteria include:

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- access and/or influence with large numbers of FCAC's target audiences
  - established relationships with FCAC's target audiences
  - active involvement with target audiences (i.e., one of your primary business audiences is one of FCAC's target audiences)
  - established and timely communications vehicles to reach FCAC's target audiences. If you know of an organization or program that would benefit from FCAC's materials, please contact us at 866-461-FCAC(3222) or email [outreach@fcac.gc.ca](mailto:outreach@fcac.gc.ca)
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### **International/Global**

#### **International Monetary Fund (IMF)**

##### IMF Releases Financial System Stability Assessment Report On Canada

On January 29, the IMF released its Country Report titled Canada: Financial System Stability Assessment (FSSA) Update. This is a comprehensive assessment report on Canada's financial sector, the research for which included IMF assessor visits to the AMF in Quebec and FSCO in Ontario. Very little in the report is commentary directly on the business of insurance; in fact, less than three pages of the 70 page report address insurance.

The FSSA Update found that Canada's financial system successfully navigated the global financial crisis, and stress tests suggest that major Canadian financial institutions (banks and insurance companies) are resilient to credit, liquidity, and contagion risks arising from a severe stress scenario. Elevated house prices and high household debt remain an area of concern (despite the substantial level of government-guaranteed mortgage insurance), though targeted prudential and macro-prudential measures are proving to be effective. The regulatory and supervisory framework demonstrates strong compliance with international standards.

Nevertheless, the Update called for more clarity around the legal independence of OSFI and for assigning stronger prudential responsibilities to this regulator.

In the securities markets, provincial regulators and the federal government have made significant progress in implementing a robust and harmonized framework, but challenges remain in enforcement, risk identification, and timely policy making.

The FSSA Update argues that the federal system of safety nets is credible, although there is no single body with an explicit mandate to take a comprehensive view of systemic risks or to undertake crisis preparedness. Improving cooperation between federal and provincial authorities would further reinforce system-wide oversight arrangements.

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board. At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities.

The full Country Report on Canada, in which the main insurance industry-related content is on pages 23-24, can be found here: <http://www.imf.org/external/pubs/ft/scr/2014/cr1427.pdf>.

**Agenda Item 5(a)**  
**February 18, 2014 EOC Meeting**

**From:** Brendan Wycks [mailto:brendan.wycks@cafii.com]  
**Sent:** February-14-14 4:56 PM  
**To:** 'Manson, Sue'; 'emily.brown@bmlife.com'; 'alduval@dsf.ca'; 'rose.beckford@scotiabank.com';  
eleanore.fang@td.com; brian.wise@assurant.com; 'Hines, Jennifer' (jennifer.hines@rbc.com); 'Yeung, Paul'  
(paul.yeung@rbc.com); Gill Moira (moira.gill@td.com); Grant Greg (Greg.Grant@cibc.com); 'Lewsen, John';  
'Leya Duigu'; cblaquiere@aegonusa.com; derek.blake@rbc.com; Cecillia.Xiao@assurant.com  
**Subject:** Further Update From Scott Moore, Deputy Superintendent of Insurance, Re Manitoba ISI Regulation

**EOC Members:**

See below for an update from Scott Moore on Manitoba's ISI Regulation, which comes from a phone conversation we just had. The update is in the form of his comments, which I've inserted below in **bold**, in response to an e-mail I sent him yesterday.

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

**From:** Brendan Wycks [mailto:brendan.wycks@cafii.com]  
**Sent:** February-13-14 2:52 PM  
**To:** Moore, Scott (FINFIRB) (Scott.Moore@gov.mb.ca)  
**Cc:** jim.scalena@gov.mb.ca  
**Subject:** CAFII-Requested Meeting With Manitoba Minister of Finance Deferred To March 2014

Hi, Scott. In follow-up to our phone conversation on January 28, below is the message I told you about from the Minister's Scheduling Coordinator, deferring until March the meeting that CAFII had requested.

Thanks for calling to advise that the Draft ISI Regulation will be amended to address the concerns voiced by CAFII and other industry groups. CAFII members were pleased to learn that

- the roster requirement will be eliminated for both Restricted Licence Holders and Qualified Entities;  
**Correct**
- the provision related to the Superintendent's possible pre-licensing approval of some requirements will be removed; **Correct**
- the Statement of Number of Persons to be Transacting Insurance will be adjusted to an indication of the numerical range in which the authorized number of persons under the licence falls;

**This one needs some clarification. We actually didn't change the wording in this provision at all. The intent and the way it will work is that restricted licence applicants will still be required to state a specific number of persons at the time of the initial application; but for licence renewals, only a numerical range will be required.**

The specific number that's required with an initial application will not be monitored or policed. We and the Insurance Council realize that whatever number is stated is really just a number at a given point in time and it could change within minutes of the time that the application is filed. It's really just to give us a snapshot. And given that there's no longer a requirement to maintain a list/roster, having to state a specific number on an initial restricted licence application should really not be a bother or concern for CAFII members. And when your members go to renew the licence, they are all going to be at the highest tier in any event.

- while the definition of an Incidental Seller will not be changed at this time, if and when a future window of opportunity opens to review and amend the Insurance Act, you will look at the definition carefully at that time and determine if it's prudent to change it. **Correct**

In that connection, I'm wondering if you have any news or an update you can share on when you'll be circulating the new Draft of the Regulation, a target date for legislative approval, and a target effective/implementation date.

In terms of implementation timelines, we really have no idea. Superintendent Jim Scalena just had his second-ever meeting with the new Minister of Finance yesterday, and the topics they discussed were totally outside of the insurance area.

We're just putting together our briefing materials now on the ISI Regulation, and they have to go to the Deputy Minister first before they can move forward to the Minister's Office. We were hoping to have been further along on the path to legislative approval and closer to an implementation date by this stage, but we're dealing with certain realities and making good progress in the face of those realities. So legislative approval and implementation are not imminent and we really can't be specific yet on those timelines.

We're still operating under the premise that the Regulation is going to be approved this year. And when it is, we're not going to put the industry under the pressure of a short, compressed timeline for implementation. We're not going to give you just two months to get ready and make any systems changes or other adaptations that may be necessary. We're going to build in a fair and reasonable amount of time for implementation.

We do not plan on circulating a third draft of the Regulation, because that could potentially get things bogged down and cause further delays.

But what I will do next week is respond to your e-mail in writing, so that you have written confirmation of the amendments that we've made to Draft 2 of the Regulation.

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

**From:** Dobriansky, Kathy [<mailto:Kathy.Dobriansky@leg.gov.mb.ca>]

**Sent:** January-22-14 1:54 PM

**To:** 'Brendan Wycks'

**Subject:** RE: Follow-up Re CAFII's Preferred Dates For February Meeting With Manitoba Minister of Finance

Hello Brendan,

Minister Howard has now had an opportunity to review your request to meet and, unfortunately, advises that she is unable to meet with CAFII Board members until mid-March as she is focusing on preparing the Manitoba Provincial Budget. Also, because the Manitoba Legislative Assembly is scheduled to resume sitting on March 6<sup>th</sup>, I'm not able to provide tentative meeting dates until I receive the House schedule. I will therefore contact you mid-February once I have an indication of what Minister Howard's availability will be.

Thank you for your understanding.

Kathy Dobriansky  
Scheduling Coordinator to the  
Honourable Jennifer Howard  
Minister of Finance  
103 - 450 Broadway  
Winnipeg, MB R3C 0V8  
Telephone: 204-945-0519  
Fax: 204-945-6057

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

**Sent:** January-28-14 4:18 PM

**To:** 'David Minor'; 'Isaac Sananes'; 'Julie Barker-Merz'; 'Linda Fiset'; 'Mark Cummings'; 'Richard Hebert'; 'Rick Lancaster'; 'Rino D'Onofrio'; 'Robert Zanussi'; vivianne.g.maglione@aexp.com; 'André L. Duval'; 'Blaquiere, Charles'; 'Emily Brown'; Rajaram, Raja (Raja.Rajaram@cibc.com); 'Greg Grant'; 'Hines, Jennifer'; brian.wise@assurant.com; 'Lewsen, John'; 'Maria Sanchez-Chung'; 'moira.gill@td.com'; 'paul.yeung@rbc.com'; 'Rose Beckford'; 'Sue Manson'; eleanore.fang@td.com; Cecillia.Xiao@assurant.com; derek.blake@rbc.com

**Subject:** Update From Scott Moore, Manitoba Deputy Superintendent, On Changes To Draft ISI Regulation

#### **CAFII Board and EOC Members:**

Manitoba Deputy Superintendent of Insurance Scott Moore called this afternoon to provide an update on changes that will be made to *Part 2, Restricted Insurance Agent Licences*, of Manitoba's *Insurance Agents and Adjusters Regulation*, in response to the strong messages received from CAFII and other stakeholders.

**Overall, these changes constitute a Regulatory Advocacy win for CAFII and allied industry Associations (CLHIA and CBA).**

It is my sense that our decision to escalate and request a meeting with the Minister of Finance constituted a positive nudge in the right direction for the Superintendent's Office and the Insurance Council of Manitoba, which have been working together on the draft Regulation. Scott Moore suggested that the fact that certain matters have now been resolved "may or may not have an impact on the number of folks you want to have travel to Winnipeg for the meeting that you've requested with the Minister of Finance."

The changes that Scott highlighted are as follows:

#### **Roster Requirement**

This will be eliminated both for Restricted Licence Holders and for Qualified Entities. Manitoba will be harmonized with Alberta and Saskatchewan and no longer an outlier with this requirement.



### **Statement Of Number Of Persons To Be Transacting Insurance On Initial Licence Application**

This will be retained. However, as per CAFII's recommendation, Restricted Licence applicants will only be required to indicate a numerical range within which their authorized number of persons falls. And the indication of the numerical range will only be required for initial applications, not for Restricted Licence renewals. This will bring Manitoba into full harmony with the Alberta and Saskatchewan ISI regimes.

### **Superintendent's Pre-Licensing Approval Of Some Requirements**

This provision is being removed as well, which should eliminate any possible confusion around intent or practice. The Superintendent will not be seeking to pre-approve policies, procedures, or anything at the time of licence application or licence renewal.

However, as is set out elsewhere in the Regulation (redundancy was pointed out by CAFII and other stakeholders), Restricted Licence Holders will be expected to have appropriate policies and procedures in place throughout the duration of the licence period, and the Superintendent could call upon them to produce the documentation if the need arises.

### **Definition of "Incidental Sellers of Insurance"**

Unfortunately, the definition of an Incidental Seller, a definition that was actually put together by the CCIR, is in our Insurance Act and we cannot go back and amend the Act at this time. And we can't have something in a Regulation that over-rides the Act. So for the time being, we have to live with the definition of an Incidental Seller that's in the Act and with any limitations on our ISI regime that it imposes. However, if and when a future window of opportunity opens to review and amend the Act, we will look at the definition carefully at that time and determine if it's prudent to change it.

In an earlier phone conversation I had with Scott on January 15 – when I gave him a heads-up that CAFII was about to send a letter to the Minister of Finance requesting a meeting on a range of topics including the draft ISI Regulation – he said

- the Insurance Council seems to think that the push-back on the Roster Requirement is an issue of language/semantics as it seems that something is being lost in translation. (I quickly disabused him of that notion, and explained in some detail why the Roster Requirement would be an onerous and burdensome requirement for CAFII members, and which would not produce any incremental consumer protection benefits.); and, at the end of our conversation,
- we hear you and the other stakeholders loud and clear that the Roster Requirement could be a deal-breaker, especially if it's going to take 18 months for implementation. We're looking at what we can do to compromise and potentially harmonize to a greater degree with Alberta and Saskatchewan. We will find a solution.

On the assumption that we will see these changes reflected in Draft 3 of Manitoba's ISI Regulation shortly, the LEIC and EOC will discuss and make a recommendation as to whether we should maintain our request for a meeting with the Minister of Finance or withdraw it.

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

**Agenda Item 5(b)**  
**February 18, 2014 EOC Meeting**

**February 10, 2014 CAFII One-on-One Stakeholder Meeting With CISRO LLQP Committee**

On February 10, three CAFII representatives participated in an hour-long one-on-one stakeholder group meeting with CISRO's Life Licence Qualification Program Committee which is leading the current LLQP modernization initiative. CAFII was represented by Sandy Prokop and Laura Henderson from RBC Insurance, who work in Licensing, Contracting & Compensation Services, and Executive Director Brendan Wycks.

The perspectives brought to this informal feedback discussion by Sandy and Laura, who are involved day-to-day in management and oversight of licensed contact centre employees as well as independent agents and brokers, nicely complemented and augmented the more conceptual/theoretical perspective on education and licensure of professionals brought to the discussion by Mr. Wycks.

CAFII was thereby able to engage the provincial insurance regulators present, all members of the LLQP Committee, in a well-rounded discussion, which continued to strengthen CAFII's position as a "must consult with" industry Association.

All six LLQP Committee members present were very much "engaged" in the discussion, and thanked CAFII for a very informative and useful exchange. The LLQP Committee members in attendance were Ron Fullan, Chair, Saskatchewan; Gerry Matier, BC; Joanne Abram, Alberta; Warren Martinson, Alberta; Shonna Neil, Ontario; David Weir, New Brunswick; and Pat Chamberlain, Secretary to the LLQP Committee. Rene Brisson from Quebec's AMF was absent due to a flight delay.

Early on in the meeting, Mr. Wycks raised a question for clarification/elaboration on a point raised at a previous CAFII regulatory liaison meeting with the Canadian Council of Insurance Regulators.

(At CAFII's Industry Outreach Meeting with the CCIR Executive on October 30, 2013, Carolyn Rogers, Chair, said this to our delegation: *if CAFII feels that the modernized Life License Qualification Program (LLQP) – as a harmonized, national single standard – will be an improvement and bring more good than harm, the regulators would appreciate it if we would voice that support strongly at every available opportunity. The brokers don't like any national licensing-related initiatives, and have been loudly expressing their opposition to the new LLQP to CISRO.* We indicated that CAFII would be willing to put our support of the LLQP modernization effort in writing, if requested to do so.)

At the February 10 meeting, Ron Fullan advised that the pushback the committee is receiving is mainly from companies that put a lot of new candidates through the life licensing process on a continuous basis (eg. Primerica). Their pushback is that they don't want any change that is going to (i) make it harder for candidates to qualify; (ii) take longer to get through; and (iii) cost more money. Their main objection is a belief that with the modernized, modular LLQP, pass rates will go down.

The LLQP Committee's counter to those views is that (i) a modular approach actually makes it easier to pass and qualify for licensing, since learning, studying and preparation can be more targeted. And if someone fails an exam for one or more of the four modules, he/she will only need to rewrite the exam(s) that weren't passed; (ii) the body of knowledge is not being expanded, just modernized, clarified and compartmentalized. And it will be possible to write the exams for all four modules on the same day, if that's the candidate's wish; and (iii) any price increase with the modernized LLQP will be nominal/modest, although a component for the ongoing administration and maintenance of the program will need to be built-in (which is currently not in LLQP pricing). An estimated cost of \$70 per student will need to be built-in for this purpose.

Ron said his counter-argument back to the oppositional life agent companies boils down to this: “The more you argue that the modernized LLQP is going to make it harder for new entrants and that we need to make it fairly easy for them to qualify, the stronger the evidence is for us that we need to do this.”

As a further counter-point, Gerry Matier advised that at the time that the current/first version of the LLQP was introduced 12 years ago, the average first-time writer pass rate with the previous process was just 48%. With LLQP’s introduction, the first-time writer pass rate immediately jumped into the 70s and it’s currently quite stable at 70%.

Other insights gained from the discussion with the LLQP Committee were

- Once finalized, the modernized LLQP, which will have Quebec participating for the first time, will be a full harmonized, national standard that will foster interprovincial mobility of life agents. Quebec’s current requirement for life licensees to be a graduate of a CEGEP and its separate Group Insurance Licence will be eliminated.

The current modernization effort has benefited greatly from the resources that Quebec’s AMF has brought to the table.

That said, the current additional course content required for a life license in Quebec will continue to be required beyond the completion of the LLQP modernization. In response to a request from Sandy Prokop and Laura Bedford, the LLQP Committee agreed to look into ensuring that the Quebec additional course content will be offered and tested for in all jurisdictions, which would make it unnecessary for a candidate who wants to become licensed for Quebec to have to visit that province in order to meet the additional course content requirement. The LLQP Committee was receptive to taking action on this.

- Currently there are no plans to tackle harmonization of provincial Continuing Education requirements as an outgrowth from the LLQP modernization effort. At present, most provincial regulators are approaching Continuing Education from a “mutual recognition” model, which goes a long way toward achieving national harmonization.

Ron Fullan stated emphatically that in his opinion, if a nationally harmonized approach to Continuing Education is to be achieved, it must be driven by the industry. So keep up the strong push for that if you want to see it become reality, he advised.

### **CISRO Request For A CAFII Letter Of Support/Endorsement For LLQP Modernization Initiative**

On February 12, Executive Director Brendan Wycks received a call from Pat Chamberlain, Secretary to CISRO’s LLQP Committee.

The purpose of Pat’s call was to ask that CAFII act on its offer (made in two separate meetings) to provide a letter of support/endorsement for the LLQP modernization initiative and the committee’s work. She specifically asked that our letter mention the committee’s transparency and the consultative process it has followed. She asked that we address and send the letter to Ron Fullan asap, as the committee plans to share our letter with Ministers across the country.

### CAFII Regulator Visit Plan 2014

updated February 16, 2014

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
British Columbia	<b>Insurance Council of BC:</b> Gerry Matier, Exec. Dir.	X	-Update on Council priorities -Maintain and strengthen relationship	S. Gelgor J. Lewsen R. Beckford T. VanMeggelen B. Wycks	Invite when in Toronto	Five CAFII reps had liaison lunch meeting with G. Matier in Toronto on May 15, 2013; covered range of topics in CAFII Briefing document.  <b>G. Matier is member of CISRO LLQP Committee, which had engaging discussion with CAFII reps. in one-on-one stakeholder meeting on February 10, 2014 meeting.</b>

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	<b>Financial Institutions Commission(FICOM):</b> Carolyn Rogers , CEO, FICOM & Superintendent of Insurance (CCIR chair); Doug McLean, Deputy Superintendent	X	-update on FICOM priorities -Maintain and strengthen relationship  (-CAFII has decided not to submit a formal response to FICOM's summer 2013 Consultation on Use of Managing General Agents, as that is not CAFII members' distribution channel.)		Surrey, BC When Carolyn is in Toronto; or CAFII Board member in Vancouver	-Targeted networking with C. Rogers occurred during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013; at CLHIA Compliance Conference in Vancouver in May 2013; and at CAFII/CCIR Industry Stakeholder Meeting on October 30, 2013  -J. Lewsen and B. Wycks met with Harry James, of FICOM and Chair of CCIR's Agencies Regulation Committee, and Carol Shevlin of CCIR on September 26, 2013 around CCIR's TPA Review initiative. Presented opportunity to have brief side meeting with Harry around BC/FICOM regulatory issues

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
Alberta	<b>Alberta Insurance Council :</b> Joanne Abram, CEO; Tom Hampton, Chief Operating Officer; Ron Gilbertson, Chair (2012-15)	X	-Update on Council priorities -Council Representation -Licensing for 3 <sup>rd</sup> party providers -Business number registration system -Maintain and strengthen relationship	S. Gelgor M. Gill J. Lewsen R. Beckford T. VanMeggelen	When Joanne or Tom is in Toronto; or CAFII Board member in Edmonton	<p>B. Wycks met briefly with J. Abram over lunch at the CLHIA Consumer Complaints Officers Section Fall Seminar on November 21, 2013; insights captured in ED's Report</p> <p>M. Gill, J. Lewsen, B. Wycks and L. Duigu met with J. Abram and S. Boyetchko on December 12/13 around AIC's interest in Representation for Restricted Licence Holders in Alberta. Discussion captured in Regulatory Report. <b>CAFII to submit formal proposal on two viable options to J. Abram in February 2014</b></p> <p><b>J. Abram and W. Martinson of AIC are members of CISRO LLQP Committee, which had engaging discussion with CAFII reps. in one-on-one stakeholder meeting on February 10, 2014 meeting</b></p> <p>Five CAFII reps met with J. Abram and R. Gilbertson in Vancouver on May 7, 2013; discussion captured in Regulatory Visit Report</p> <p><b>J. Abram and R. Gilbertson have requested meeting with ED B. Wycks on March 17, 2014 when they'll be in Toronto. M. Gill and J. Lewsen will likely also attend</b></p> <p>CAFII arranged opportunity for two AIC staff execs. to give demo presentation of new "Canadian Insurance Participant Registry" (CIPR) to CAFII member audience on January 8/14. Highlights captured in Regulatory Update. <b>CAFII arranging follow-up opportunity for electronic demo presentation of CIPR for CAFII and CADRI members</b></p>

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	<b>Ministry of Finance:</b> Mark Prefontaine, Superintendent of Insurance  Brad Geddes, Deputy Superintendent of Insurance  Laurie Balfour, Acting Deputy Superintendent of Insurance		-Update on Superintendent's priorities -Maintain and strengthen relationship		When Mark is in Toronto; or CAFII Board member in Edmonton	Targeted networking with M. Prefontaine and B. Geddes occurred during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013  Effective June 27, 2013 Laurie Balfour became Deputy Superintendent of Insurance - Alberta. Brad Geddes has been seconded to the Government of Alberta's Flood Recovery Task Force as the Director of Stakeholder Engagement. This is for an indefinite period of time, likely for at least 6 months. Briefing networking with L. Balfour occurred during CAFII/CCIR Industry Stakeholder Meeting on October 30, 2013
	<b>New President of Treasury Board and Minister of Finance</b> Doug Horner					

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
Saskatchewan	<b>Sask. Insurance Council:</b> Ron Fullan, Chair	X	-Update on Council priorities -Council Representation -Maintain and strengthen relationship		Invite when Ron is in Toronto	<p>B. Wycks had Get Acquainted discussions with April Stadnek, Director of Compliance, Saskatchewan Insurance Councils, around CLHIA CCOS Fall Seminar and FSCO Life &amp; Health Sector Symposium, November 21-22, 2013; insights captured in Executive Director's Report</p> <p>Targeted networking with R. Fullan occurred during CAFII 15<sup>th</sup> Anniversary Event on April 10, 2013, and during CLHIA Compliance Conference in May 2013</p> <p>CAFII reps met with R. Fullan on July 29, 2013 to discuss main themes in CAFII's Proposal For Restricted Licensee Representation in Sask. Proposal submitted to R. Fullan on October 10, 2013.</p> <p><b>R. Fullan is Chair of CISRO LLQP Committee, which had engaging discussion with CAFII reps. in one-on-one stakeholder meeting on February 10, 2014 meeting</b></p>



<b>Jurisdiction</b>	<b>Regulator</b>	<b>Annual Courtesy Call</b>	<b>Purpose/Issues</b>	<b>Attendees</b>	<b>Date/Venue</b>	<b>Status</b>
	<b>Financial and Consumer Affairs Authority</b> , David Wild, Chairperson and Superintendent of Insurance;  Ian McIntosh, Deputy Superintendent of Insurance		-Courtesy visit, Introduction of CAFII -Insurance Act Review, ISI; Council Representation -Maintain and strengthen relationship		When David or Ian is in Toronto; or CAFII Board member in Regina	
	<b>Consultant (ex Superintendent)</b> Jim Hall		-Update on Insurance Act review -Maintain and strengthen relationship		When Jim is in Toronto; or CAFII Board member in Regina	

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
Manitoba	<b>Ministry of Finance:</b> Jim Scalena, Superintendent	X	-Update of Insurance Act review and ISI regime -Maintain and strengthen relationship		Winnipeg	<p>Targeted networking with J. Scalena, Superintendent, occurred during CAFII 15<sup>th</sup> Anniversary Event on April 10, 2013</p> <p>Manitoba's release of Draft ISI Regulation in early June 2013. CAFII responded with detailed submission</p> <p>S. Moore, Deputy Superintendent, called B. Wycks on October 2, 2013 with detailed update on progress and timelines re Draft ISI Regulation. In early November, B. Wycks had a follow-up telephone conversation with S. Moore, which confirmed that a CAFII meeting with the Minister would be prudent and necessary</p> <p>On January 10/14, CAFII responded to Draft 2 of ISI Regulation with detailed submission. CAFII will now pursue meeting with Minister of Finance re imperative of harmonization of Manitoba ISI Regime with other provinces, as directed by Board on October 8/13</p>

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	<b>Manitoba Insurance Council:</b> Erin Pearson, Exec Director;	X	-Update on Council priorities -Restricted Certificate holder representation on Council -Maintain and strengthen relationship		When Erin is in Toronto; or CAFII Board or EOC member or Executive Director is in Winnipeg	
	<b>Ministry of Finance</b> Minister Stan Struthers		Letter of introduction sent; include on a visit of CAFII Chair or other reps to Manitoba. Letter requesting meeting with Minister re Draft ISI Regime Regulation and other CAFII issues to be sent in January 2014, on heels of response submission on Draft 2 of ISI Regulation			
Ontario	<b>FSCO:</b> Phil Howell, CEO & Superintendent	X	-Update on FSCO priorities -Maintain and strengthen relationship		Toronto	Targeted networking during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013. B. Wycks had Get Acquainted lunch meeting with P. Howell, at his request, on July 5, 2013. Insights gained captured in Regulatory Visit Report

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	<p><b>FSCO:</b> Grant Swanson, Executive Director, Licensing &amp; Market Conduct Division</p> <p><b>FSCO:</b> Anatol Monid, Director, Market Regulation Branch</p> <p>Shonna Neil, Senior Manager, Licensing</p>		<p>Consultation Proposal on “Modernizing Disciplinary Hearings for Insurance Agents and Adjusters”</p> <p>Industry consultation on “Life Insurance &amp; Mortgage Broker Product Suitability Review”</p>			<p>On February 14, 2013, B. Wycks and Rosemary Troiani, RBC Insurance, met with G. Swanson, Isobel Scovino and Jim Fox around FSCO’s plans for Modernizing Disciplinary Procedures For Life Insurance Agents and Independent Adjusters</p> <p>Adrienne Warner of A. Monid’s team is “point person” for FSCO’s “Life Insurance &amp; Mortgage Broker Product Suitability Review,” scope of which was narrowed to cover just term life, whole life, and universal life sales</p> <p>CAFII reps participated in focus group discussion with A. Monid, A. Warner, and other FSCO reps on this matter on July 18, 2013. Follow-up discussion on draft survey of insurance agents occurred on September 6, 2013. FSCO issued two follow-up requests of CAFII member on Sept. 30/13 re removing Call Centre agents from universe for random sample for online survey; and recommending “paragon of best practices” agents for focused meetings</p> <p><b>S. Neil is member of CISRO LLQP Committee, which had engaging discussion with CAFII reps. in one-on-one stakeholder meeting on February 10, 2014 meeting</b></p>

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	FSCO: Annual Symposium for Life and Health Insurance Sector			-individual FI member reps. -CAFII Executive Director	Toronto November	FSCO's 6 <sup>th</sup> Annual Symposium for the Life and Health Insurance Sector took place on November 22, 2013. Networking by B. Wycks and several CAFII volunteer leaders in attendance occurred with G. Swanson, A. Monid, S. Neil, A. Warner, L. Miclescu, and other FSCO senior staff

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
Quebec	New AMF CEO effective July 2, 2013: Louis Morisset		-Update on AMF priorities -Maintain and strengthen relationship		When Louis is in Toronto; or CAFII Board member in Quebec City	R. Hebert, M. Gill, R. Beckford, I. Choquette, and B. Wycks met with Mario Albert, CEO; Eric Stevenson; Julien Reid; and Louise Gauthier in Quebec City on June 7, 2013 for a productive and informative liaison meeting  L. Morisset has accepted CAFII invitation to speak to CAFII Board & EOC group, in conjunction with CAFII Board meeting to be held in Montreal on April 8, 2014
	<b>AMF:</b> Superintendent, Client Services and Distribution Oversight: Eric Stevenson  <b>AMF:</b> Superintendent of Solvency, Patrick Dery	X				Targeted networking with E. Stevenson and P. Dery occurred during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	<b>AMF:</b> Stephane Langlois, Senior Director, Distribution Practices				Fall	B. Wycks had networking discussions with S. Langlois at CLHIA CCOS seminar and FSCO symposium on November 21-22, 2013. No further update at this time on release date for next iteration of two-page Distribution Guide

New Brunswick	Angela Mazerolle-Stephens, Superintendent of Insurance  David Weir, Deputy Superintendent of Insurance		-Update on Superintendent's priorities -Discuss/educate on creditor's group insurance (CGI) and Avalon Study; -Licensing issues, electronic licensing; Insurance Act Review Status; including consultation on "Opportunities for Reforming the Licensing Framework for Other-than-Life Agents and Brokers" announced in late August 2013 -Maintain and strengthen relationship  -David Weir is Chair of Atlantic Taskforce on ISI (dormant)		TBD Fredericton	Targeted networking with A. Mazerolle-Stephens and D. Weir, Deputy Superintendent of Insurance, occurred during CAFII 15 <sup>th</sup> Anniversary Event on April 10, 2013  <b>D. Weir is member of CISRO LLQP Committee, which had engaging discussion with CAFII reps. in one-on-one stakeholder meeting on February 10, 2014 meeting</b>
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	Consumer Advocate For Insurance, Ronald Godin		<ul style="list-style-type: none"> <li>-Update on Consumer Advocate's priorities</li> <li>-Discuss /educate on creditor's group insurance (CGI) and Avalon</li> <li>-Build relationship</li> </ul>		When Ronald Godin is in Toronto; or CAFII Board member in Fredericton	
Nova Scotia	Superintendent Doug Murphy		<ul style="list-style-type: none"> <li>-Update on Superintendent's priorities</li> <li>-Discuss/educate on creditor's group insurance (CGI) and Avalon Study;</li> <li>-Atlantic Taskforce on ISI</li> <li>-Build relationship</li> </ul>		TBD Halifax	Targeted networking with D. Murphy occurred during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013; and brief networking with him occurred following CAFII/CCIR Industry Stakeholder Meeting on October 30, 2013
PEI	Superintendent Robert Bradley		<p>Courtesy- Low priority for 2013 (only if CAFII Board member in Charlottetown)</p> <ul style="list-style-type: none"> <li>-Update on Superintendent's priorities</li> <li>-Build relationship</li> </ul>		Charlottetown	Targeted networking with R. Bradley occurred during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013
Newfoundland	<p>Superintendent Douglas Connolly (retirement expected in early 2014)</p> <p>Craig Whalen, Deputy Superintendent</p>		<ul style="list-style-type: none"> <li>-Update on Superintendent's priorities</li> <li>-Discuss/educate on creditor's group insurance (CGI) and Avalon</li> <li>-Build relationship</li> </ul>		St John's	<p>Targeted networking with D. Connolly occurred during CAFII 15<sup>th</sup> Anniversary event on April 10, 2013</p> <p>Brief networking with C. Whalen occurred immediately following CAFII/CCIR Industry Stakeholder meeting on October 30, 2013</p>



Atlantic Canada	Joint Forum of Insurance Regulators		<ul style="list-style-type: none"> <li>- Update on Superintendents' priorities</li> <li>-Discuss/educate on creditor's group insurance (CGI) and Avalon</li> <li>-Build relationships</li> </ul>		<p><b>Joint meeting to be held in Halifax or Moncton</b></p>	<ul style="list-style-type: none"> <li>-M. Gill contacted David Weir, Deputy Superintendent of Insurance, New Brunswick, re prospect of CAFII having a Joint Meeting with all four Atlantic Canada insurance regulators in Fall 2013</li> <li>- CAFII made proposal for joint meeting with all Atlantic Canada insurance regulators in Fall 2013 or Spring 2014; <b>this meeting to occur in Spring 2014 as Nova Scotia and New Brunswick have indicated strong preference for that timing</b></li> <li>-Such a joint visit to Atlantic Canada regulators was strongly encouraged by Phil Howell of FSCO</li> </ul>
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CCIR	Carol Shevlin, Policy Manager	X	-Annual lunch. Discuss priorities -Maintain and strengthen relationship		Toronto	-B. Wycks had a Get Acquainted Lunch with C. Shevlin in January 2013; and is in regular contact with her  -J. Lewsen and B. Wycks had meeting with Carol Shevlin and Harry James, ARC Chair, on September 26, 2013 around CCIR's TPA Review initiative
	CCIR Executive		Meet when pressing issues or opportunistic meeting occasions arise.		October 30, 2013 in Toronto	CAFI Board members, EOC members, and B. Wycks had "industry stakeholder meeting" with CCIR Executive on October 30, 2013. Discussion captured in Regulatory Update

CISRO	Ron Fullan Chair		-Update on CISRO priorities -Maintain and strengthen relationship -LLQP Modernization		-invite when in Toronto	<b>B. Wycks interacted and had private liaison conversations with CISRO LLQP Chair Ron Fullan and other LLQP Committee members during each of four Stakeholder Information Sessions held in Toronto in 2013</b>  <b>CAFI representatives (3) had very engaging and worthwhile one-on-one stakeholder meeting discussion with CISRO LLQP Committee on February 10, 2014</b>
Federal	<b>Federal Finance Dept.</b>		Educational – marketing of CGI			
	<b>OSFI:</b> Julie Dickson, Superintendent					
	<b>OBSI:</b> Doug Melville Ombudsman		Educational – marketing of CGI			

	<b>Financial Consumer Agency of Canada (FCAC)</b>		Financial Literacy re insurance			<p>Ursula Menkes retired from FCAC Commissioner role at end of May 2013; Finance Minister Flaherty announced appointment of Lucie Tedesco as new Commissioner on September 4, 2013</p> <p>M. Gill and B. Wycks had Get Acquainted/Refresh meeting with FCAC contacts January 9/14. Discussion captured in Regulatory Update</p> <p>CAFII participating in federal government consultation, being led by FCAC, around a new Consumer Code</p>
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**Date:** Tuesday, April 8, 2014

**Location:** Montreal, QC

**Event Type:** Lunch and Meeting

**Host:** National Bank

**Host Contact:** ?

**CAFII Contact:** Leya Duigu at [leya@cafii.com](mailto:leya@cafii.com) or 416-494-9224 ext. 316

**Deadlines:** Details and location to be provided to Leya by **February 25, 2014**

**Program & Requirements**

Time	Description	# of people	Setup	A/V	Comments
9:30 – 11:40 am	CAFII Board Meeting	25	Board room style	Conference phone that is appropriate for group size	Refreshments determined by host and could include tea, coffee, water, juice and cookies.
11:45 am – 12:30 pm	AMF Vision and Industry Issues discussion	30	Board room style	Conference phone that is appropriate for group size	Informal discussion between Louis Morisset/AMF Management Team and CAFII Board/EOC Group
12:30 – 1:30 pm	CAFII Board Lunch and casual conversation with Louis Morisset, CEO, and AMF Management Team	15-17	Lunch	none	Invited: Louis Morisset, CEO, and AMF Staff Executives (3-4); CAFII Board Members; Jennifer Hines; and Brendan Wycks

*\* the program above is tentative and could change prior to the event. For the latest information, please contact Leya Duigu.*

**PLEASE NOTE:** Hosts can be reimbursed for expenses related to hosting the CAFII Board meeting and reception. Please see Expense Reimbursement Guidelines on [www.cafii.com](http://www.cafii.com) under the Documents / Other / CAFII Association Documents tab.

February 21, 2014

Mr. Ron Fullan  
Chair, Life Licence Qualification Program Committee  
Canadian Insurance Services Regulatory Organizations  
c/o Insurance Councils of Saskatchewan  
Suite 310 – 2631 28<sup>th</sup> Avenue  
Regina, Saskatchewan  
S4S 6X3

Dear Mr. Fullan:

As Board Chair of the Canadian Association of Financial Institutions in Insurance, I'm pleased to communicate our Association's support for the Life Licence Qualification Program (LLQP) review and modernization effort being led by CISRO's LLQP Committee; and to outline our views on a number of other interprovincial harmonization issues germane to CISRO.

CAFII believes that, after more than a decade of experience with the current, first iteration of the LLQP, a modernization initiative was both necessary and timely.

We fully endorse the direction that the modernization effort is taking. We congratulate your committee on the significant progress it has made to date. And, in particular, we thank you for the open, transparent, and consultative process you have followed at every step along the way. We appreciate the pains you have taken to obtain stakeholder input.

CAFII has felt very involved and consulted throughout the project to date, through such channels as

- the Occupational Analysis Workshops conducted across the country;
- the opportunity to review and provide feedback on the Curriculum Design Document; and
- the quarterly, face-to-face Stakeholder Information Sessions you've held; and
- the one-on-one stakeholder group meetings with the committee recently held in Toronto.

CAFII endorses the modular (four) approach that the committee is pursuing in modernizing the LLQP. We believe that a modular approach will provide certain advantages to candidates pursuing a life licence and, in turn, to their employers as well.

We do not believe that a new, modular LLQP will make it harder for candidates to qualify or take much more time to get through. With respect to first-time writer pass rates, they should improve somewhat as candidates can be more targeted in their studying and preparation for the modular, multiple choice question exams.

### ***Importance of Labour Mobility and Mutual Recognition of Licenses in Insurance***

Insurance companies are increasingly using direct channels such as the internet and client contact centres to sell coverage in all jurisdictions. Currently, for individual life insurance, contact centres employ LLQP-trained agents, each of whom must hold licenses from all jurisdictions serviced by the centre, typically 13 different licences. Similarly for home and auto, contact centres employ agents who hold P&C licenses in all jurisdictions.

It is administratively very costly and cumbersome to have to manage licensing for 13 separate jurisdictions (including separate background checks; monitoring expiry dates for each jurisdiction; completion of forms; compliance with multiple continuing education, errors and omissions insurance, and notification requirements).

CAFII would like the regulatory model to recognize the importance of the telemarketing channel and alleviate the unnecessary burden imposed by multi-jurisdictional licensing.

The reality of client contact centre operations is that customers may contact a centre several times over the course of a transaction -- to ask questions, complete the transaction, or to change coverage. In each case, if the answering agent is not licensed for the jurisdiction of the caller, the call must be transferred and queued for the appropriate agent, even though the answering agent would be fully competent to handle the caller's needs. This cannot be considered quality customer service.

It is also costly and time-consuming to handle compliance with the requirements of multiple jurisdictions. Businesses have not been able to achieve the growth in these channels that customer demand warrants, for reasons directly related to multi-jurisdictional licensing challenges.

The current situation also poses risks to agents and companies in navigating the system, mainly through the possibility of errors and inadvertent non-compliance.

Ideally, if an agent is duly licensed in one jurisdiction, that license should be recognized by other Canadian jurisdictions under a system of mutual recognition, with no further local requirements imposed, other than registration and fee payments.

Making this change will better align with the Agreement on Internal Trade, which stipulates that individuals with recognized skills and qualifications should be able to work in their field in any jurisdiction in Canada, without undue impediment. In addition, the increasing use of electronic commerce, in all sectors of the insurance industry, has made physical location increasingly unimportant.

### ***Importance of a National Online System for Licensing***

In the life sector of the industry, the Life Licence Qualification Program (LLQP) has harmonized entry-level proficiency requirements for agents in all common law provinces; and the current LLQP modernization initiative will bring Quebec into the fold in 2015.

As a further comment on interprovincial harmonization and multi-jurisdictional licensing, CAFII strongly encourages all provinces and territories to join in on the Canadian Insurance Participant Registry (CIPR) initiative being led and rolled out by the Alberta Insurance Council. As an online system for licensing intended to be national in scope, the CIPR is an encouraging start on addressing a critical need that CAFII has been highlighting for years.

### ***Mandatory Continuing Education***

CAFII supports the view that mandatory continuing education is a key component of industry professionalism and consumer protection. There is widespread recognition among nearly all professions and licensure bodies that continuing professional development – an embodiment of commitment to career-long learning – is essential to maintaining both the integrity of a profession and its credibility with the public.

Six provinces (British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec) currently mandate continuing professional development for life agents.

However, for the reasons outlined above, it is CAFII's position that continuing education requirements **must** be harmonized across the country. For a number of years, we've been encouraging all provinces to take the optimal approach and harmonize.

### ***Probationary Licensing and Supervision***

The objective of the LLQP is to require that all life agents meet prescribed proficiency requirements before they begin interacting with consumers. Given the rigorous entry-level education and examination standards of the LLQP, CAFII firmly believes that a probationary period for life agents is not warranted.

With respect to the life sector of the industry, four provinces (British Columbia, Saskatchewan, Manitoba and Quebec) currently require that new life agents be supervised, with the duration and nature of the mandated supervision varying considerably.

It's important to note that in the life sector, the insurer is responsible for the sale of its products and therefore must monitor the performance, competence, and overall suitability of its agents on an ongoing basis. Guideline G8 of the Canadian Life and Health Insurance Association, to which all CAFII members also belong, stipulates that agent suitability includes compliance with regulatory requirements and using acceptable sales practices.

CAFII therefore submits that the risk-based, self-regulatory monitoring of agents required under CLHIA Guideline G8 makes mandatory supervision of new life agents unnecessary.

### ***Conclusion***

Thank you again, Ron, for the leadership, foresight, and determination that you and the other members of the CISRO LLQP Committee have shown in your LLQP modernization work. We wish you God Speed towards further success, completion of the project, and a timely launch of the new program. And we look forward to the important impact that a fully harmonized, national LLQP can and should have on other aspects of insurance licensing and regulation.

Yours sincerely,

Mark Cummings, Chair  
Canadian Association of Financial Institutions in Insurance