

CAFII Executive Operations Committee Meeting

Date: Tuesday, January 15, 2019
Location: BMO Insurance, 6th Floor Boardroom, 60 Yonge St., Toronto, ON
Chair: M. Boyle

Time: 3:00 – 5:30 p.m. EST
Dial-in: 416-477-0921; 514-447-8925; or 1-888-543-2449
Participant: 1500; Moderator: 1501
Zoom URL: <https://zoom.us/j/305617579>

Agenda

Item		Presenter	Action	Document
1. Call to Order	3:00 p.m.	M. Boyle		
a. Welcome to new EOC Members				
2. Consent Items	3:02 p.m.	M. Boyle		
a. Summary of Board and EOC Action Items			Receipt	✓
b. CAFII Submission on AMF's Regulation Respecting Alternative Distribution Methods			Receipt	✓
c. CAFII Submissions on FSRA's Proposed Fees and Assessments Rules			Receipt	✓ (2)
3. Approval of Agenda and Previous Minutes	3:03 p.m.			
a. Agenda for January 15/19 EOC Meeting		All	Approval	✓
b. Minutes of November 20/18 EOC Meeting		All	Approval	✓
c. Minutes of November 27/18 Board Meeting		All	Approval	✓
d. Minutes of December 10/18 CAFII Special Purpose Board Meeting		All	Approval	✓
4. Strategy and Governance	3:06 p.m.			
a. Special Project On Credit Card Balance Protection Insurance and Next Steps:				
i. Engagement of firm to manage/co-ordinate research on consumer value proposition and/or international comparisons of CCBPI		K. Martin	Update	✓ (5)
ii. February 2019 Visit of Helen Troup, General Manager, Comminsure, Australia, to Toronto for Confidential Meetings with CAFII, Member Companies, and Allied Industry Associations		B. Wycks/K. Martin	Update	
b. Possible CAFII Association-Level Action/Intervention Re AMF Letters To Individual Members Directing A Cease To Spousal Coverage Under Business/Consumer Creditor Protection Insurance		M. Boyle/B. Wycks	Discussion	✓ (2)
c. Re-Admission of National Bank Insurance As A CAFII Foundation Member		B. Wycks	Update	
d. CAFII Initiation Member, Returning Member, and Associate Prospects		B. Wycks/K. Martin	Update	✓ (2)
i. Sun Life Financial				
ii. Chubb Insurance Canada				
iii. HSBC Bank Canada				
e. Possible Member Request For Review of CAFII Member Dues Structure		B. Wycks/K. Martin	Update	
5. CAFII Financial Management	3:40 p.m.	T. Pergola		
a. Financial Statements as at November 30/18			Approval	✓
b. Board-Approved CAFII 2019 Operating Budget			Review	✓
6. Regulatory	3:47 p.m.			
a. Consultations/Submissions Timetable		B. Wycks	Update	✓
b. Regulatory Update				
i. Proclamation Delay for New Saskatchewan Insurance Act and Regulations		B. Wycks	Update	✓
ii. Next Steps Arising From AMF's Regulation Respecting Alternative Distribution		B. Wycks	Update	✓
iii. RAMQ Requirement of Insured's Written Consent for Life Insurance Claim Investigation		K. Martin	Discussion	✓
iv. November 28/18 CAFII Meeting with CCIR/CISRO FTC Working Group; and CAFII Responses To Requests For Sharing of Data on (a) Implementation of FTC Guidance; and (b) Credit Card Balance Protection Insurance		P. Thorn/B. Wycks	Update	✓
v. December 5/18 CAFII Meeting With David Weir Re New Brunswick Insurance Act Rewrite		K. Martin/B. Wycks	Update	✓
		B. Wycks/K. Martin	Update	✓ (2)

vi. December 5/18 Industry Meeting with CCIR Travel Insurance Working Group; and Ongoing Co-ordinated Response to TIWG Request for Travel Health Insurance Industry Data	S. Manson/K. Martin	Update	
vii. FSCO: Implementation Plans for ISI Market Conduct Questionnaire and CEO Attestation	K. Martin	Update	
c. Regulator and Policy-Maker Visit Plan	B. Wycks	Update	✓
i. Industry Advisory Group – Life and Health Insurance Meeting with FSRA Re 2019-20 Priorities and Budget, November 26/18; and Follow-up Meetings on January 28/19 and February 8/19	B. Wycks/K. Martin	Update	✓

7. Committee Updates	4:35 p.m.			
a. Research & Education	D. Quigley/K. Martin			
i. Deployment of Credit Protection Insurance Research Results	D. Quigley/K. Martin	Discussion		
ii. CAFII Research Priorities, 2019		Discussion		
b. Market Conduct	B. Kuiper	Update		
c. Media Advocacy	C. Blaquiere/K. Martin	Update		
i. New CAFII Website Video On Travel Medical Insurance Research Results	K. Martin	Update		
ii. CAFII Website Enhancements, 2019	K. Martin	Update		✓
d. Licensing Efficiency Issues, including	M. Gill	Update		
i. Saskatchewan Restricted Insurance Agent Advisory Committee	M. Gill/K. Martin	Update		
e. Travel Medical Experts	S. Manson	Update		
f. Networking & Events	J. Lewsen/S. Kirby	Update		
i. 2019 CAFII Annual Members' Luncheon on February 19/19	K. Martin	Update		
ii. Proposed Speaker for April 2019 CAFII Reception Event; In Comparison To Proposed Revised Location and Approach for October 2/19 CAFII Board Meeting; Liaison Lunch and Industry Issues Dialogue with AMF Staff Executives; and CAFII Reception Event	K. Martin	Update		✓
8. Other Business	5:10 p.m.			
9. In Camera Session	5:15 to 5:30 p.m.	M. Boyle	Discussion	
10. Tracking Issues				
a. BC 10-Year Review of Financial Institutions Act				
b. FCNB Plans To Introduce An RIA Licensing Regime in New Brunswick				
c. AMF 2018 Consultation on Updating Sound Commercial Practices Guideline				
d. Alberta Government Plans to Create a Single Financial Services Regulator				
e. FCAC: Phase 2 of Domestic Bank Retail Sales Practices Review				
f. Australian Royal Commission on Banking, Superannuation and Financial Services Industry				

EOC Annual Appreciation Dinner: will immediately follow this January 15/19 EOC meeting, from 6:00 to 8:00 p.m. at Terroni Adelaide, Basement Caverns (inside historic former York County Court House), 57 Adelaide St. East, Toronto

Annual Members' Luncheon: Tuesday, February 19/19, from 11:45 a.m. to 2:15 p.m., at Arcadian Loft, 401 Bay St., Toronto

Next EOC Meeting: Tuesday, February 26/19, 2:00 – 3:00 p.m. (*Teleconference only*) 416.477.0921 / 1.888.543.2449 | Participant code: 1500#

Next Board Meeting: Tuesday, April 16/19, 3:00 – 5:00 p.m.; Location: TBA; followed by Reception, Location: TBA; Host: CUMIS Services Inc.

10 December, 2018

Ms. Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22^e étage
C.P. 246, tour de la Bourse Montréal (Québec) H4Z 1G3
E-mail: consultation-en-cours@lautorite.qc.ca

Re: Regulation respecting Alternative Distribution Methods

Dear Ms. Beaudoin:

On behalf of the Canadian Association of Financial Institutions in Insurance (CAFII), I'm writing with respect to your 10 October, 2018 invitation to industry stakeholders to provide input into the draft Regulation respecting Alternative Distribution Methods issued by the Autorité des marchés financiers (AMF).

CAFII members believe fundamentally in consumer choice in the purchase of insurance protection; and in making multiple options available to consumers in the marketplace. In that connection, we believe that the Regulation is a well-considered and important contribution to supporting and fostering consumer choice. Providing the opportunity for companies to offer insurance through alternate distribution methods will lead to more consumer choice, more competition, and will promote innovation in the marketplace. For those reasons, we applaud the intent of the Regulation and believe it will contribute to a strengthening of the Quebec insurance industry and consumer satisfaction.

We are therefore pleased to offer the following specific points of feedback on the draft Regulation.

- In the 17 October, 2018 webinar on the Regulation, there were several references made to how the ability to offer insurance through alternative platforms such as the Internet would not eliminate the requirement to provide a needs analysis where required. We wish to confirm that this is restricted to the offering of insurance where a firm is involved, and not when the insurance is offered through a distributor. As a point of clarification, CAFII members offer optional creditor protection insurance to protect a debt obligation (e.g. a mortgage or home equity line of credit). However, a needs analysis involves advice; and we would like to emphasize the fact that CAFII members are strictly prohibited from offering advice in conjunction with "Authorized Insurance Products" (the various forms of creditor protection insurance) under the federal Bank Act and the related Insurance Business (Banks and Bank Holding Companies) Regulations.
- We also noted that at the webinar, reference was made to Article 68 of the Insurers Act, which gives the AMF the power to tell firms they must cease offering products, in situations where the AMF deems such a cease and desist order to be appropriate. Since this is a very broad and impactful power, we request additional information on what company behaviours would elicit such a response from the AMF; what objective decision criteria and processes will be put in place related to the application of this power; and what appeals process will be available to a company that finds itself subject to such an order to cease offering products. Also, we understand that

based on Section 465 of the Act, there will be a notification period that provides a firm with the opportunity to correct non-compliance before a cease and desist order takes effect.

- Article 2 of the Regulation states that *“A firm that offers products and services without the intermediary of a natural person must do so through a platform, namely, a digital space used to interact directly with clients who satisfy the requirements under this chapter.”* Some platforms are not transactional in nature; these platforms may not include the capability of fulfilling or completing an actual sale, but have other features such as permitting the initial quoting process to occur online. We believe that the definition of “platform” is intended to apply to websites or platforms that are transactional in nature. We believe that if non-transactional websites or platforms were to be included in scope, it would not provide additional consumer benefit, and would increase complexity unnecessarily.
- We would encourage the AMF to consider including language that ensures that future technologies are not excluded from the Regulation. The language of the Regulation leans toward internet and other “written-oriented” platforms, but emerging audio and virtual reality technologies, combined with artificial intelligence capabilities, are making it increasingly possible to envision sales without a person typing information into a platform. As the AMF is committed to enabling innovation in the marketplace, it would be beneficial to use more technology-inclusive language that could capture and permit technologies as they develop, which would remove the need to revisit and revise the Regulation in future. For example, the expression “digital device” would be more inclusive.
- With respect to Article 4 of the Regulation, we would ask that providing the required information to the AMF “without delay” could produce challenges, and we would request that this language be replaced with “within 60 days of the enforcement of the Regulation, or within 60 days of a change to any of these items.” Regarding Articles 4 and 5 in the Regulation, we note that some of the references appear to target P&C insurance or make reference to activities, such as producing financial plans that our members do not engage in (*Article 5: “The firm must disclose annually to the Authority through its maintenance of registration application, the number of financial plans prepared, claims settled and insurance policies issued, and the amount of premiums written solely via its platform”*). It would be helpful to spell out that only the applicable information relevant to the activities actually conducted by the firm needs to be reported on, for example by adding “where applicable” in those instances where a reporting activity may not be relevant to certain firms. CAFII members offer insurance products such as life, disability, critical illness, job loss, and travel insurance, and are not permitted to offer advice in the sale of Authorized Insurance Products. Many CAFII members do not operate as firms as defined by the applicable laws covering Insurance sales in Quebec.

We would also seek clarity on whether “claims settled” applies to the activities of life and health insurance companies, as we were under the impression this was directed to P&C insurance companies.

- With reference to Articles 4, 5, 21, and 22 in the Regulation, many CAFII members are required to provide detailed reporting information to the CCIR through the AMF-administered Annual Statement on Market Conduct (ASMC). As much of the reporting information required in the Regulation is already delivered by insurers (supported by their distributors) through CCIR’s ASMC, we believe that the reporting requirements set out in these Articles can and should be fulfilled

through the ASMC. We therefore encourage the AMF to achieve these reporting requirements through the already-in-place ASMC, of which the AMF is the technology and data analysis administrator on behalf of CCIR, thereby avoiding duplication of effort and inefficiencies.

In addition, those requirements in these Articles of the Regulation which are not already captured in the existing ASMC would be better captured by adding those reporting requirements into future iterations of the ASMC, thereby avoiding two sets of reporting and the inefficiencies that would create for both the AMF and the companies engaged in the reporting.

- Regarding Articles 22(1) and 22(2) in the Regulation, CAFII members consider this information to be proprietary and sensitive. It is not clear to us what additional benefit will be gained beyond the provision of financial information already provided to the AMF through CCIR's ASMC. Furthermore, the information requested in these sections appears to refer to all policies issued, premiums collected, and claims paid through a distributor, which we feel is outside the scope of a Regulation on Alternative Distribution Methods.
- Article 8 lists information that must be visible on the platform at all times. The list is sufficiently long that it risks creating a cumbersome, clunky, and potentially frustrating online user experience for consumers. We recommend that the AMF require that the information be "easily accessible at all times," and allow firms to determine how best to fulfil that requirement. To insist on information being visible "at all times" means that it would need to appear on every page or screen image, which would be onerous for website applications, and very disruptive to mobile applications on smartphones which have small screens and limited space to display information. In general, we appreciate and support the intent of the AMF with respect to most of these requirements, but would strongly recommend that instead of prescribing the means of fulfilling a requirement, firms be given the opportunity to use their marketplace knowledge to determine how best to fulfil the principle the AMF is advancing.
- Regarding Article 9(1), we are not clear on the intent of this Article and ask that it be clarified. In the case of CAFII members, the majority of insurance products offered are associated with consumers' debt obligations such as mortgages, loans, and credit card balances. As such, the type of clientele the products are intended for is borrowers. We ask that the AMF clarify the type of information it is seeking to have displayed on the platform arising from this Article, and in particular that this is only applicable to firms and not to distributors.
- Turning to the issue of clients always having access to a representative, it is our understanding that Bill 141 provides for this obligation in Clause 71.1: *"However, it must take the necessary steps to ensure that representatives of its own interact, in sufficient time, with clients who express the need to interact with a representative..."* We recognize that this language is in legislation that has been adopted by the National Assembly, but we would request consideration be given to the Regulation including interpretive language that makes the meaning and intent of that clause clearer. Specifically, "of its own" (*"qui sont les siens"*) could mean employees, or it could mean third party, outsourced staff who support the activities of the firm. We believe that if a firm is responsible for representatives and their activities and is engaged in their training, then the broader interpretation should meet the requirements of the clause in question. The flexibility offered by a broader interpretation of "of its own" more realistically reflects the reality of how the modern insurance industry deploys human resources. Therefore, we would encourage the

Regulation's inclusion of a clarification that third-party, outsourced staff who support the activities of a firm can be interpreted to meet the "of its own" requirement.

- Further with respect to the issue of clients always having access to a representative, there is a related requirement that a representative must interact "in sufficient time" (*"en temps utile"*) with a client. If a platform is available 24/7, access to a physical representative via the phone or another mechanism may only happen on the next business day. A statement in the Regulation that 24/7 access to a representative is not expected would be a helpful clarification.
- We would also seek confirmation that depending on the nature of the product being sold, the representative may not have to be a licensed representative. CAFII members sell creditor insurance products which are Authorized Insurance Products under the federal Bank Act and the Insurance Business (Banks and Bank Holding Companies) Regulations, for which offering advice is prohibited. So when a consumer is offered creditor insurance when he or she is taking on a new debt obligation such as a home mortgage, the CAFII member's representative would not be able to provide advice in connection with the optional insurance coverage for their debt obligation. Likewise, CAFII member client service representatives supporting online insurance sales would not be licensed, nor able to offer advice.
- Article 9.2 in the Regulation states that the platform must present to the client "the fact that the client must or may, as the case may be, subscribe for or enroll in a contract through the intervention of a representative or solely through the platform." It is our understanding from the 17 October AMF webinar that the intent of this clause is to inform the client upfront about the business model of the firm he or she is interacting with through the platform, for example to clarify whether the firm offers the opportunity to fulfil the transaction entirely online or, alternatively, whether a representative is required at some point in the transaction. We believe that the intent of this wording in Article 9(2) could be stated in clearer and simpler terms, for example "whether or not the transaction can be completed without a representative."
- We believe that much of the information disclosure required in Article 10 in the Regulation is duplicative of information that would be contained elsewhere on the platform. Article 10 also produces a more onerous requirement than exists in the phone channel. As well, some of this information may be better transmitted to the client via email or other means, as opposed to being placed on the platform. We believe that since a product summary and a "specimen of the policy" must be available on the website, all of the information disclosure requirements in Article 10 would be met through those documents. Since the requirements related to the product summary and the specimen of the policy are spelled out elsewhere in the Regulation, we feel that Article 10 is itself largely duplicative and unnecessary.

If the AMF decides to keep Article 10, a potential issue with sub-clauses 10(2) and 10(3) is that this may be quite a bit of content (depending on the product) to produce on a platform, with the potential to overwhelm the customer. If the article is maintained, we would suggest that the usual industry approach of providing a general statement about terms/conditions which may limit or exclude coverage with the disclosure of significant exclusions/limitations would be sufficient.

We also request clarification as to whether Article 10(8) is requesting that taxes be included in the price or separated out.

- We ask for clarification on what is meant by a “specimen” in Articles 11 and 33 of the Regulation. Creditor protection insurance, which is group insurance, has a Master Policy document that covers all of the members of the group, who then receive an individual Certificate of Insurance. The Master Policy document would not contain the right information for individual clients, and would contain company proprietary information that companies would not want to place on a public platform. We believe that a Certificate of Insurance is the right document to fulfil the requirement of access to a “specimen” for the products offered by CAFII members, and we would request confirmation that the AMF is in agreement with this interpretation.

We also recommend that the phrase “make available on its platform at all times” be changed to “make accessible on its platform at all times” in order to make it clear that this information does not need to appear on every page or screen of a website or mobile application.

- Article 15 seems to set out an obligation of results. We would recommend that the wording be modified to replace "The firm must ensure that its platform can..." by “The firm must take reasonable measures to ensure that its platform can....”
- Regarding Article 18 in the Regulation, we interpret it to mean that the information from completed applications must be stored by the firm for future retrieval. If a customer begins an application but does not complete it, that information will be lost and the client will have to re-enter it. We would appreciate receiving the AMF’s confirmation of CAFII’s view that incomplete applications should not be kept in the client record, and a client record for a new client should not be created until the client completes the purchase of a product.
- While we feel that most of the requirements in Articles 14 to 18 are within CAFII members’ existing capabilities, we will need to ensure that all of the requirements can be fulfilled and we will need sufficient time to test these requirements to ensure that they are functioning properly. For that reason, we request that the AMF provide a transition period of one year beyond the 13 June, 2019 in-force date of the Regulation, for the full implementation of the Regulation.
- We would like some clarification regarding what is meant by *"procedure relating to the design, use and maintenance of its platform"* in Article 17.
- With respect to Article 18, we would like understand if there is a specific retention period requirement. We would note that an insurer already has obligations under Quebec law to retain all customer information, regardless of how it is received, for a period of time.
- It is our interpretation of Regulation Article 19(2) that additional insurance coverages beyond the one initially selected can be presented to the client, so long as none of these are pre-selected. We would appreciate receiving the AMF’s confirmation of that view. In the English version of the Regulation in Article 19(1), we would propose changing “present advertising when a client completes a proposal” to “present advertising when a client completes an application.” There is no concern with this clause in the French version of the Regulation.
- Article 21 states that *"The insurer must notify the Authority without delay of any change in the information provided"*, but it is not clear what is meant by "without delay." We would request that this be changed to providing the information within 60 days. Where there are business

reasons to remove a distributor, such as a contract breach, or issues around compensation expectations, we may be unable to disclose this information due to confidentiality agreements. We would propose in those situations to be able to advise the AMF that a distributor was removed because they were “in a situation of non-compliance practices.”

- With respect to Article 22(4), if a third party has a contract with a distributor, the insurer may not have access to information about the compensation paid to the third party. The insurer would have obligations placed on the distributor including on its management of third-party service providers, but specifics around compensation may not be available to the insurer.
- Article 25 states that the insurer must be able to provide all of the information and documents presented to the client at the time of the offer, but it is not clear if this would include the questions and responses from the application, or if this refers only to the product summary and fact sheet.
- We would seek clarification on what is meant by a “durable medium” in Article 29(5). We support the approach taken to the product summary (Article 30), where the AMF provides guidance on expectations but the actual wording is developed by companies who have the ability to use a summary approach, rather than listing the limitations / exclusions etc. For example, with respect to sub-clauses 30(6), 30(7), and 30(8), it is our understanding that a firm could use a high-level statement about there being limitations and exclusions and direct the customer to where they could find this information in more detail. We believe that such an approach is necessary if we are to fulfil on the AMF’s intention of keeping the product summary simple and concise.
- As we have noted elsewhere, target audience typically is borrowers for creditor products sold by CAFII members and as such we are not sure that this section of the Regulation pertains to our members’ activities. We are also unclear on what is intended to be covered under Article 30(8). Any clauses that affects the insured’s coverage should be covered by Article 30(7) on exclusions/limitations.
- When an insurance product is sold through a distributor, Article 33 should be a requirement for the distributor as opposed to the insurer. We would propose to modify the language of Article 33 to read “the insurer or distributor, depending on who the consumer purchases the product from, must make....”
- Articles 34 and 35 of the Regulation contain wording around training that concerned us. The regulation should make clear that training is only expected to be provided to individuals who interact with customers. There may be cases where the transaction is entirely online and the client chooses not to interact with a representative.
- In a similar vein, Article 35 in the Regulation seems to be about distributor representatives communicating directly with clients, which might not occur in many scenarios where alternative distribution methods are used. Separate legislative and regulatory requirements as well as CLHIA Guidelines, already cover the issue of distributor training requirements; and it is not clear why this has been included in this Regulation or how it fits within a Regulation focusing on alternative distribution methods.

- We recommend that Article 36 -- and particularly Article 36(1) -- be reworded to make it easier to understand and implement. For example, in which context would the time period be more than 180 days?
- We would seek to avoid any interpretation that an insurer is prohibited from setting different compensation for similar products between different distributors, for example paying distributor A 25% and distributor B 30% because the latter has a bigger customer base. Article 36(3) also states that no insurer may “set different commission rates applicable to a distributor for products with similar insurance coverage,” but as was noted in the 17 October 2018 AMF webinar, there are some products that are theoretically similar (term life and credit protection life insurance on a mortgage, for example), but which have very different target audiences. Based on industry consultation in the auto sector, we understand that the concern is that a distributor “may offer a product based solely on the potential remuneration they would receive and thus favour the product with the highest remuneration.” Therefore, we recommend modifying the wording of this Article, as follows: “set different commission rates applicable to a distributor for products with similar insurance coverage and similar target customers.” We would also seek confirmation that Article 36(1) does not apply to insurance under revolving accounts, for which there is no term and for which the insurance is renewable monthly.

At a more general level, we are not clear why a Regulation on Alternative Distribution Methods includes reference to compensation practices. There are other examples of requirements within the Regulation that appear to be outside of its natural scope and focus, and we would recommend that the AMF consider whether such clauses fit appropriately within this Regulation. More general, principles-based language requiring adherence to fair treatment of customers guidelines, as set out by the AMF and the CCIR/CISRO would, we believe, more effectively achieve the objectives of the AMF and avoid introducing language and concepts that are outside the scope of this particular Regulation.

- Regarding Schedule 1 on rescission of a contract (which is more commonly referred to as cancellation of a contract in English, as such we would suggest changing the word "rescission" to "cancellation" for clearer language), we ask that the AMF provide confirmation that our view is correct that these rights do not apply in certain circumstances, for example a client cannot purchase travel medical insurance; have it in force during their trip; then, after they return, (assuming it is less than 10 days after they took out the insurance) cancel the insurance and get a refund of the premium.

Schedule 1 also states that “To rescind the contract, you must give the insurer notice, within the applicable time, by registered mail or any other means that allows you to obtain an acknowledgement of receipt.” We recommend removing the reference to registered mail and simply stating “by any appropriate means” so as to avoid prescribing the means to achieve an objective, as opposed to focusing on the outcome and leaving the mechanism to achieve it to the firms operating in the marketplace.

We also would like to receive confirmation of our understanding that while the final version of Schedule 2 form will be unalterable, Schedules 1, 3, 4, and 5 are templates that can be modified by individual firms. We are concerned that if that is not the case, the AMF is prescribing details that may not properly reflect the full rights of a consumer and which will constrain a firm's ability to communicate information in language that they feel is most effective. For example, Schedule 1 says "The Act allows you to rescind an insurance contract, **without penalty**, within 10 days of the date on which it is signed. However, the insurer may grant you a longer period." While correct, we believe it would be more beneficial to actually state the period over which the consumer can cancel an insurance contract without penalty, which for many of our members is longer than 10 days. Our members have considerable experience with presenting information and forms to consumers, and just as the AMF has required with the product summary, we feel it would be more effective to indicate what are the principles the AMF is advancing and what are the expectations the AMF is requiring, and leave the specific language to individual firms operating in the marketplace.

- Regarding Schedule 2, we note that some of the pictograms utilized are automobile or traffic-related. Therefore, it would be problematic and potentially confusing to consumers to use such pictograms in life and health insurance-related documents.

In that connection, we would welcome the opportunity for some life and health insurance industry representatives, including from CAFII member companies, to meet with the AMF to review the content and format of the Schedule and offer feedback. In particular, we do have experts in the presentation of forms to clients who might be able to offer suggestions on how to make it a more consumer-friendly document. While we applaud your decision to hold a series of consumer focus groups on the forms, we believe that Schedule 2 is of critical importance and getting it optimally worded and formatted could benefit from additional input from a task-specific regulator/industry working group.

- We would recommend a one-year period for the full enforcement of the Regulation to ensure that our members have the time to ensure that the changes required are fully implemented and tested, and to make the customer experience from these changes as optimal as possible.

In conclusion, thank you again for the opportunity to provide input and feedback on the Regulation Respecting Alternative Distribution Methods. CAFII members appreciate the open and transparent communication relationship our Association has always enjoyed with the AMF, and the demonstrated willingness of your staff executives to engage in dialogue and consultations with the industry. We appreciate the opportunity to offer our considered views on this important and ground-breaking Regulation, and we look forward to continuing to engage in dialogue with you on this and other regulatory matters.

Should you require further information from CAFII or wish to meet with representatives from our Association at any time, please contact Keith Martin, CAFII Co-Executive Director, at keith.martin@cafii.com or 647-460-7725.

Sincerely,

A handwritten signature in black ink, appearing to be 'M Boyle', with a stylized, cursive script.

Martin Boyle
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

January 4, 2019

Mr. Mark White, CEO; and
Mr. Bryan Davies, Board Chair
Financial Services Regulatory Authority of Ontario
130 Adelaide St. West, Suite 800
Toronto, ON
M5H 3P5
<http://fsrao.ca/en/consultations/form?rule=assessment-and-fees>

RE: Proposed FSRA Rule 2019 – 001 Assessments And Fees: Notice And Request For Comment

Dear Sirs:

The Canadian Association of Financial Institutions in Insurance (CAFII) thanks the Financial Services Regulatory Authority (FSRA) of Ontario for the opportunity to provide comments on *Proposed FSRA Rule 2019 – 001 Assessments And Fees*.

In this response submission, we have restricted our comments and observations to those sections of *Proposed FSRA Rule 2019 – 001 Assessment And Fees* which are germane to CAFII members, i.e. to *Part 4: Insurance Sector Assessments and Fees*; and those sections that are of general application to all regulated sectors. Within *Part 4: Insurance Sector Assessments and Fees*, our input focuses exclusively on those clauses which pertain to accident, sickness and life insurance since those are the provisions of the Proposed Rule which are “in scope” for our Association.

Development of Proposed Fee Rule

CAFII supports FSRA’s Fee Rule Vision and Principles. We have been involved in FSRA’s Industry Advisory Group (IAG)-based pre-consultation process with respect to the Proposed Fee Rule; and we appreciate FSRA’s open, transparent, and consultative approach to its development.

We support FSRA’s proposed variable rate approach for the regulated sectors which have larger participants, including our own Insurance Sector. We concur that a variable rate approach will help to avoid potential intra-sector inequities; and will lend itself more readily to an annual transparent and well-governed process rooted in dialogue between FSRA and its stakeholders as to priorities, resources, and costs. We agree with FSRA’s expectation that this process will develop over time, as experience grows and lessons are learned, particularly following the Authority’s first budget cycle.

Substance and Purpose of the Proposed Fee Rule

CAFII is comfortable with and supports the rationale for the key changes that FSRA will be making to the approach currently used by FSCO, in particular that assessments will be based on budgeted expenses and expenditures rather than actual expenses and expenditures.

We also support the Proposed Fee Rule’s provision that any surplus or deficit from one assessment period will be taken into account in setting the budget for the subsequent assessment period.

Our Association supports FSRA’s proposed sectoral assessment process, under which a final FSRA budget in respect of an assessment period, after the Authority has consulted on it, will be posted on the FSRA website and be used for the sectoral allocation process related to the funding of FSRA’s expenses and expenditures.

CAFII appreciates and supports FSRA's inclusion of a commitment that strict governance mechanisms will be put in place to set and monitor the level of the contingency reserve amount; and that it will be capped at \$4 million in aggregate and can only be used if approved by the FSRA Board.

Comparison to FSCO/DICO Approach

With respect to the key change provision that "for the market conduct regulation of property and casualty insurance and accident, sickness and life insurance, the assessment basis has changed from net (i.e., net of reinsurance) premiums to direct written premiums," CAFII concurs with FSRA's view that direct written premiums are a reasonable proxy for the proportion of regulatory activity generated by each insurer.

However, we recommend that FSRA implement this change in a graduated manner over multiple years (at least two) in order to smooth out and ease the impact upon those companies affected (e.g. limit any increase to 50% of the prior year's assessment in Year 1 or some similar logic). This change to basing assessments upon direct written premiums, rather than upon net premiums as FSCO does at present, will result in a substantial increase in assessments for some insurers.

Appendix A, Part 4: Insurance Sector Assessments And Fees

CAFII is comfortable with and supports the following definitions and proposals set out in Appendix A, Part 4:

- the definitions related to accident, sickness and life insurance in 1(a) and 1(b); and the definition of "accident, sickness and life insurance market conduct activities in 1(c) on page 6;
- the definitions of "direct written premiums for accident, sickness, and life insurance" and "direct written premiums for accident and sickness insurance" in 1(f) and 1(g) on page 6;
- the definition of "total budgeted expenses for accident, sickness and life insurance market conduct activities" in 1(r) on page 8;
- the definition of "total budgeted fees for accident, sickness and life insurance market conduct activities" in 1(v) on page 8;
- the approach proposed in (2) of 4.1 Assessments on page 9 with respect to the determination and allocation of direct costs and common costs within the Insurance Sector; and
- the approach proposed in 4(1)(6) on page 10 as the formula for calculating an insurer's share of an assessment of the insurance sector for an assessment period in respect of accident, sickness and life insurance market conduct activities. We find the formula proposed to be an easily understood and transparent calculation formula.

In addition, we offer the following comments and observations with respect to other provisions within Appendix A, Part 4:

With respect to the assessment payment timelines/terms set out in 4(1)(8) on page 10 – ie. that assessments must be paid within 14 days after the date of the invoice for the assessment – CAFII strongly recommends that the assessment payment due date be set at 30 days after the data of the invoice for the assessment, which is more in keeping with industry standards and expectations.

Our Association is comfortable with the licence fees set out in the table under 4.2 (1) on page 11 of Appendix A, as we recognize that the fees specified are status quo amounts which have not been changed from the current fees charged by FSCO.

However, we also note that while the fees table set out here in FSRA's "Proposed Fee Rule 2019 – 001: Assessments and Fees" is nearly identical to the table set out on pps. 2-3 of FSRA's "Proposed Fee Rule 2019 – 001B: Fees and Assessments (Interim)," the one notable exception is that the latter includes an additional row at the end related to LLQP fees in respect of the purchase of LLQP course material. We therefore recommend that the fee tables in the two proposed Fee Rules be made identical to and consistent with each other.

With respect to Clause 1 under 10.1 Effective Date on page 20 of FSRA's "Proposed Fee Rule 2019 – 001: Assessments and Fees" which states that "This Rule comes into force on _____, 2019," CAFII respectfully requests that FSRA provide a minimum of 60 days' advance notice and confirmation of the date on which the Rule will come into force.

With respect to the several clauses in 10.2 (2) on page 21 of Appendix A, CAFII appreciates the rigour and care that FSRA is taking to specify that the double-billing of a fee will not be permitted to occur in the transition from the current regulatory regime to FSRA as the new regulator.

Conclusion

Thank you again for the opportunity to provide input and feedback on *Proposed FSRA Rule 2019 – 001 Assessments And Fees*. Should you require further information from CAFII or wish to meet with representatives from our Association at any time, please contact Brendan Wycks, CAFII Co-Executive Director, at brendan.wycks@cafii.com or 647-218-8243.

We also extend a note of thanks and appreciation to FSRA for inviting our Association -- as a key stakeholder within the Insurance regulated sector -- to participate, alongside the Canadian Life and Health Insurance Association, in Industry Advisory Group-based pre-consultation processes related to the Authority's assessments and fees; and the priorities and budget for your 2019-20 start-up year.

We have found our participation in the IAG – Life and Health Insurance to be meaningful and productive. In that connection, CAFII representatives have experienced directly FSRA's commendable commitment to put dialogue and consultation at the core of its approach to modernizing, launching, and regulating; and we appreciate your commitment to maintain that open, transparent, and consultative approach even after FSRA is launched this year as the successor regulator to FSCO and DICO.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Boyle', with a stylized flourish at the end.

Martin Boyle
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

January 4, 2019

Mr. Mark White, CEO; and
Mr. Bryan Davies, Board Chair
Financial Services Regulatory Authority of Ontario
130 Adelaide St. West, Suite 800
Toronto, ON M5H 3P5

RE: *Proposed FSRA Rule 2019 – 001B Fees And Assessments (Interim)*

Dear Sirs:

The Canadian Association of Financial Institutions in Insurance (CAFII) thanks the Financial Services Regulatory Authority (FSRA) of Ontario for the opportunity to provide comments on *Proposed FSRA Rule 2019 – 001B Fees And Assessments (Interim)*.

In this response submission, we have restricted our comments and observations to those sections of *Proposed FSRA Rule 2019 – 001B Fees And Assessments (Interim)* which are germane to CAFII members, i.e. to *Appendix X, Part 2.2: Insurance Sector*; and those sections that are of general application to all regulated sectors.

CAFII acknowledges that the principal benefit of the Interim Fee Rule is that it ensures that -- in the event that FSRA proposes material changes to proposed *FSRA Rule 2019 – 001 Assessments And Fees*, such that it cannot be implemented by the date on which FSRA will assume its regulatory mandate contemplated by the FSRA Act -- FSRA will still be financially able to commence its mandate without reliance upon additional government funding.

CAFII is also comfortable with the table of Insurance Sector fees set out in *Appendix X, Part 2.2*, particularly since the amounts specified are “status quo” fees which have not been changed from the current fees charged by FSCO.

Our Association therefore supports the Interim Fee Rule and its intended purpose.

CAFII commends FSRA for having developed *Proposed Fee Rule 2019 – 001B: Fees and Assessments (Interim)* as a failsafe and contingency mechanism; and for holding a public consultation on it, in parallel with the consultation on *Proposed Rule 2019 – 001: Assessments and Fees*.

Conclusion

Thank you again for the opportunity to provide input and feedback on *Proposed FSRA Rule 2019 – 001B Fees And Assessments (Interim)*. Should you require further information from CAFII or wish to meet with representatives from our Association at any time, please contact Brendan Wycks, CAFII Co-Executive Director, at brendan.wycks@cafii.com or 647-218-8243.

Sincerely,



Martin Boyle
Board Secretary and Chair, Executive Operations Committee

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BOARD MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

Tuesday, November 27, 2018

Location: The Canada Life Assurance Company

15th Floor Boardroom, 330 University Avenue

Toronto, Ontario

MINUTES

Board Present:	Nicole Benson	Canadian Premier Life <i>Chair</i>
	Christian Dufour	Desjardins Financial Security
	David Fear	Canada Life Assurance
	Chris Lobbezoo	RBC Insurance
	Peter McCarthy	BMO Insurance
	Chris Knight	TD Insurance (<i>for part</i>)
	Paul Cosgrove	Assurant
	Kelly Tryon	CUMIS Services Incorporated
	Sandra Rondzik	CIBC Insurance
	Zack Fuerstenberg	ScotiaLife Financial (<i>appointed at 1.3</i>)
Regrets:	Wally Thompson	Manulife Financial
EOC Present:	Martin Boyle	BMO Insurance
	Charles Blaquiere	Canadian Premier Life
	Dominique Julien	CIBC Insurance
	Scott Kirby	TD Insurance
	Bradley Kuiper	ScotiaLife Financial
	John Lewsen	BMO Insurance
	Sue Manson	CIBC Insurance
	Tony Pergola	ScotiaLife Financial
	Diane Quigley	CUMIS Services Incorporated
	Dallas Ewen	Canada Life Assurance
	Sharon Apt	Canada Life Assurance
Also Present:	Keith Martin	CAFII <i>Co-Executive Director</i>
	Brendan Wycks	CAFII <i>Co-Executive Director</i>
	Nicole Cork	Managing Matters Inc. <i>Recording Secretary</i>
	Lesli Martin	Pollara (<i>for part</i>)
	David Moorcroft	S2C (<i>for part</i>)

1: Call to Order, Meeting Confirmation, & Governance Matters

The meeting was called to order at 3:09 p.m. N. Benson acted as Chair; M. Boyle acted as Secretary (following his appointment at 1.4); and N. Cork acted as Recording Secretary.

B. Wycks confirmed that Notice of this meeting had been sent to all Directors in accordance with the Association's By-Law. He also confirmed that there was a quorum of Directors present at the meeting, noting that five eleven (11) Directors were present in-person; and two.

N. Benson declared this meeting of the Board of Directors of the Canadian Association of Financial Institutions in Insurance duly convened and properly constituted for the transaction of business.

1.1: Approval of Agenda

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that The meeting Agenda be and is approved as presented.

1.2: Appointment of Board Vice-Chair

N. Benson recalled that during the *in-camera session* which concluded the Board meeting on October 2, 2018, Chris Lobbezoo, CAFII Director from RBC Insurance, was nominated to serve as Vice-Chair of the CAFII Board of Directors. It was now required that the Board formalize Mr. Lobbezoo's appointment as Vice-Chair via the approval of a motion which can be captured in the minutes of the Corporation.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that Chris Lobbezoo be and is appointed Vice-Chair of the CAFII Board of Director, effective November 27, 2018 until the next Annual Meeting in June 2019.

N. Benson congratulated Mr. Lobbezoo on his appointment as Board Vice-Chair.

1.3: Appointment of a CAFII Director

N. Benson recalled that in mid-October, CAFII was advised that Bob Grant, the current CAFII Director from ScotiaLife Financial, would be retiring from Scotiabank effective January 1, 2019; and that, as such, he would be resigning from the CAFII Board of Directors, effective with this meeting.

ScotiaLife Financial has therefore nominated Zack Fuerstenberg, currently Vice-President, Creditor Products & Operations at ScotiaLife Financial, be appointed to the CAFII Board of Directors.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that Zack Fuerstenberg be and is appointed as the Director representing ScotiaLife Financial on the CAFII Board of Directors, effective November 27, 2018 until the next Annual Meeting in June 2019.

N. Benson congratulated Mr. Fuerstenberg on his appointment as a CAFII Director.

On behalf of the Board of Directors and everyone else connected with Association, N. Benson expressed thanks and appreciation to Bob Grant for three years of distinguished service as the Director from ScotiaLife Financial, and wished him all the best for a rewarding and fulfilling retirement.

1.4: Appointment of CAFII EOC Chair and Board Secretary

N. Benson recalled that during the *in-camera session* which concluded the Board meeting on October 2, 2018, Martin Boyle of BMO Insurance was nominated for appointment as CAFII Executive Operations Committee Chair and Board Secretary.

It became necessary to identify a successor because EOC Chair and Board Secretary Pete Thorn had communicated his intention to step down after a year-and-a-half of exemplary service in that volunteer leadership role, due to new priorities and demands upon his time in his position at TD Insurance.

It was now required that the Board formalize Mr. Boyle's appointment as EOC Chair and Board Secretary via the approval of a motion which can be captured in the minutes of the Corporation.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that Martin Boyle be and is appointed as CAFII Executive Operations Committee Chair and Board Secretary, effective November 27, 2018 until the next Annual Meeting in June 2019.

N. Benson congratulated Mr. Boyle on his appointment as Executive Operations Committee Chair and Board Secretary.

1.5: Appointment of CAFII Cheque Signing Authorities

N. Benson advised that the next item on the agenda arose from the just-completed appointment of a new EOC Chair and Board Secretary. That change necessitates an updating of the CAFII Cheque Signing Authorities in a manner that meets the requirements of the Association's bank.

N. Benson called upon Co-Executive Director Brendan Wycks to read a recommendation to the Board for the approval of a formal Resolution on the appointment of new CAFII Cheque Signing Authorities.

B. Wycks read aloud the memorandum document that outlined the formal Resolution, and asked if there were any questions from the Board about it.

On a motion duly made, seconded and unanimously carried.

IT WAS RESOLVED that Martin Boyle, Tony Pergola, Brendan Wycks, Keith Martin, Jenny Faucher, and Tara Moran be and are appointed as CAFII's Cheque Signing Authorities, under the terms specified in the Board Resolution dated November 26, 2018.

1.6: Proposed Schedule of 2019 CAFII Meetings and Events

B. Wycks provided a brief update on the Proposed Schedule of 2019 CAFII Meetings and Events, for which Board approval was requested. He noted that the proposed schedule had been circulated to EOC members for review in October. The key dates in the schedule were the four Board meeting dates – with the fourth Board meeting of 2019 and the immediately ensuing Holiday Season/Year-End Reception to be held in early December, rather than late November – and the target date of February 19/19 for the Annual Members' Luncheon.

CAFII Board Meeting Minutes, November 27, 2018

On a motion duly made, seconded and unanimously carried.

IT WAS RESOLVED that The Proposed Schedule of 2019 CAFII Meetings and Events be and is approved.

2: Approval/Receipt of Consent Items

N. Benson noted that documents had been posted for each of the six consent agenda items.

On a motion duly made, seconded and unanimously carried.

It was RESOLVED that The Consent Agenda items be and are approved or received for the record, as indicated in the Action column in the Consent section of the agenda.

And further, **IT WAS RESOLVED** that the minutes of the meeting of the Board of Directors held October 2, 2018 be and are adopted in the form presented, and that a copy of those minutes be signed and placed in the minute book of the Corporation.

3: Financial Matters

3.1: CAFII Financial Statements as at October 31, 2018

Treasurer T. Pergola reported on the highlights of CAFII's financial statements as at October 31/2018, which included:

- a positive variance on the revenue side, due to additional membership revenues received from the two new Initiation Members of the Association, which had not been budgeted for.
- expenses are currently under budget about \$54K; however, this is largely due to timing difference on budgeted expenses which have not yet been incurred, but which are expected to be incurred before year-end.
- currently there is a positive net revenue of \$127K, as opposed to the budgeted deficit of \$86K.
- financial reserves are currently at 32% of annual operating expenses, which is well within the target range of between 25% and 50%; but as more 2018 expenses are incurred, we will be moving closer to the 25% lower limit of that target range

3.2: Draft CAFII 2019 Operating Budget Options

N. Benson advised that discussion of the Proposed 2019 CAFII Operating Budget Option would be deferred to the *in-camera session* at the conclusion of this meeting.

4: Regulatory Matters

4.1: October 25/18 CAFII Stakeholder Meeting With CCIR

N. Benson noted that the first item in the Regulatory section of the agenda relates to CAFII's 2018 Stakeholder Meeting with CCIR, which occurred on October 25, with a sizeable delegation from our Association present in-person and several additional representatives participating via teleconference.

CAFII Board Meeting Minutes, November 27, 2018

B. Wycks reported that this was a worthwhile meeting and that CAFII had the largest delegation of representatives attending, among the 10 or 11 stakeholder groups which met with CCIR on that day. The meeting focused on the CCIR/CISRO's "Guidance: Conduct of Insurance Business and Fair Treatment of Customers," release on September 27/18, which there will be a follow-up meeting about tomorrow with the CCIR/CISRO Fair Treatment of Consumers Working Group. Another key topic was the recent Financial Sector Assessment Program visit from International Monetary Fund officials, who were conducting an audit of some provincial insurance regulators in Canada and which the AMF's Patrick Déry, Chair of CCIR, was engaged in and reported to be a very time-consuming and intense process.

B. Wycks noted that in a follow-up meeting which he and K. Martin had had with CCIR Policy Manager **Tony Toy**, he complimented CAFII as the most organized and well-prepared stakeholder group among those with which CCIR liaises.

4.2: CAFII Dialogue With CCIR/CISRO Re Fair Treatment of Customers Guidance

B. Wycks updated the Board on the status of CAFII's dialogue November 28/18 meeting with the CCIR/CISRO Fair Treatment of Consumers Working Group with respect to its recently issued "Guidance: Conduct of Insurance Business and Fair Treatment of Customers."

K. Martin advised that a two item agenda for tomorrow's meeting on this issue had initially been shared with CAFII, but a new item has now been added to a revised agenda -- credit card balance protection insurance -- which might have been stimulated by the 9 November, 2018 CBC marketplace story on this issue.

On the matter of whether there was a common view among CAFII members of the 9 November, 2018 CBC Marketplace story, K. Martin stated that the shared view among Media Advocacy Committee members within was that the story was one-sided and unbalanced.

4.3: CAFII Dialogue with CCIR Re Travel Health Insurance Data Gathering

N. Benson called upon Sue Manson, Chair of CAFII's Travel Medical Experts Working Group, to update the Board on the status of CAFII's recent dialogue with CCIR's Travel Insurance Working Group (TIWG) with respect to its desire to gather industry data related to travel health insurance on an ongoing basis.

S. Manson reported that the main agenda item at CAFII's recent meeting with CCIR's Travel Insurance Working Group (TIWG) was to review the travel health insurance data request which had recently been made by the TIWG. The Travel Medical Experts Working Group met in advance to consolidate the CAFII feedback that would be provided.

Ms. Manson advised that there is another meeting tentatively scheduled for next week to review the progress that has been made. The CAFII working group is currently preparing for this meeting.

K. Martin noted that Harry James, Chair of CCIR's TIWG, made a comment at the recent meeting about "voided policies" which seemed to suggest that he was suspicious of CAFII's Pollara Travel Medical Insurance Consumer Research claims statistics, which found that 97% of claims were paid in full or in part. Mr. James seemed to be suggesting that some policies were being removed from the category of a denied claim by being classified as "voided."

CAFII Board Meeting Minutes, November 27, 2018

4.4: CAFII Response Submission on AMF's Regulation Respecting Alternative Distribution Methods

N. Benson called upon Keith Martin and Brad Kuiper, Chair of the Market Conduct Committee, to update the Board on the Association's response submission on the AMF's Regulation Respecting Alternative Distribution Methods, which was released on October 10 for a 60-day consultation period.

K. Martin noted that this submission is due by December 10/18. CAFII is currently continuing to receive input on the submission, which will also be shared with our Quebec legal counsel Sylvie Bourdeau of Fasken, after which it will be translated into French prior to being submitted to the AMF. K. Martin reported that the submission is well-advanced and in good shape.

B. Kuiper acknowledged and thanked K. Martin for his efforts on this submission.

4.5: CAFII Response Submission on FSRA's Proposed Fees and Assessments Rules

B. Wycks updated the Board on CAFII's response submissions on FSRA's Proposed Fees and Assessments-related Rules, which were released in early October for a 90 day public consultation.

He noted that a pre-consultation had been held with an Industry Advisory Group – Life and Health Insurance, which CAFII is represented on, in October. Work will begin next week on CAFII's response submissions, which will be finalized and delivered by the January 4/19 deadline.

4.6: 2018 FSCO Life and Health Insurance Market Conduct Symposium

K. Martin provided the Board with a brief report on FSCO's 2018 Market Conduct Symposium for the Life and Health Insurance Industry, which took place on November 16. The major theme at the event was FSCO's Treating Customers Fairly (FTC) Guideline, which was release in late September. On the issue of there being two FTC Guidelines, one from FSCO and one from CCIR, FSCO said that companies could just pick one of the two and use that to guide their activities.

K. Martin also reported that Izabel Scovino from FSCO took him aside to let him know that the Incidental Sales of Insurance Questionnaire would be re-introduced and further consultations would be held on it with the industry.

4.7: 2018 AMF Rendez-Vous Conference

B. Wycks and K. Martin gave a brief report on the AMF's 19 November, 2018 annual Rendez-Vous Conference in Montreal.

K. Martin noted that the keynote speaker was Eric Girard, Quebec's recently appointed Minister of Finance, who stated that Quebec would not be joining the national securities agency despite the Supreme Court ruling that it was a legitimate entity. He said that "I love Canada" and "I am a federalist," and that the reason was entirely about Quebec's interests, and not about taking an anti-Canadian stand. K. Martin also noted that the speech was noteworthy for how pro-business the Finance Minister's comments were.

B. Wycks noted that National Bank Insurance President Peter Thompson was in attendance at the Rendez-Vous, and that he was also intending to come to tonight's CAFII Reception following this Board meeting, but no longer could do so due to inclement weather in Montreal.

However, P. McCarthy and K. Martin are having a lunch with Peter Thompson on November 30/18 in Montreal, to discuss with him the benefits of NBI rejoining CAFII as a member.

4.8: Industry Advisory Group – Life and Health Insurance Dialogue with FSRA Re: 2019-20 Priorities and Budget

B. Wycks updated the Board on a meeting of the Industry Advisory Group – Life and Health Insurance, which is comprised of representatives from both CAFII and CLHIA, with FSRA which took place on November 26/18 on the subject of FSRA's priorities and budget in its 2019-2020 start-up year. B. Wycks noted that during this meeting FSRA walked the group through FSRA's budgetary priorities for its upcoming fiscal year.

4.9: Implementation of Saskatchewan's New Insurance Act and Regulations

B. Wycks advised that Saskatchewan's Financial and Consumer Affairs Authority had communicated, on November 26/18, its intention to delay the implementation date of the province's new Insurance Act and related Regulations by one year, to January 2020.

4.10: New Brunswick Insurance Act Rewrite

B. Wycks reported that David Weir, New Brunswick's Deputy Superintendent of Insurance, had recently communicated to CAFII that he had been assigned to lead a multi-year Insurance Act Rewrite project, which subsume the initiative to introduce an Restricted Insurance Agent licensing regime in that province.

Mr. Weir would be holding a pre-consultation meeting with CAFII about the Insurance Act Rewrite on December 5/18, which would focus on a series of high level environmental scan questions related to the past, present, and future of the insurance industry and the factors impacting upon it.

5: Strategy & Research

N. Benson welcomed two visitors to the Board meeting: Lesli Martin, Vice-President at Pollara Strategic Insights; and David Moorcroft, CAFII's Media Consultant.

5.1: Results of Pollara Credit Protection Insurance Research Project

L. Martin highlighted for the Board the results of the Credit Protection Insurance Research Project which her firm Pollara had recently completed for CAFII with respect to consumers' experiences and satisfaction with credit protection insurance on mortgages and Home Equity Lines of Credit (HELOCs).

A strong majority of consumers who purchased the product felt it provided good value for money, but those who did not purchase the product felt much less convinced of this. People who purchased the product had a high degree of confidence that they would be paid if they made a claim, and nearly 90% of life claims were reported to have been paid.

K. Martin noted that the percentage of life claims that are paid will also be directly collected from our members, and he added that the analysis of the results was still in progress and these results were preliminary.

5.2: Deployment of Credit Protection Insurance Research Results

David Moorcroft, CAFII's media consultant, advised that while the results for the travel medical insurance consumer research study were more positive than the results for this current study, the credit protection insurance research results were still generally very positive. He indicated that not all the results needed to be released, but that an executive summary of the key results warranted a public release, including a media release.

K. Martin advised that there would be further exploration about this and when that analysis was complete, a follow-up recommendation would be shared with the Board.

5.3: CAFII Research Priorities, 2019

K. Martin noted that it was difficult for the Research & Education Committee to offer suggestions on 2019 research priorities until the 2019 operating budget was finalized, and until decisions were made around potential research on credit card balance protection insurance. The CAFII Research and Education Committee would be meeting on these priorities and there would be follow-up on this with the Board.

5.4: CAFII Video On Travel Medical Insurance Research Results

K. Martin noted that CAFII was moving forward on developing a website video on the research results of the Travel Medical Insurance study.

5.5: Credit Card Balance Protection Insurance; and CAFII "Next Steps"

5.5(i) CBC Marketplace and GO Public Stories

K. Martin noted that the view of media representatives from CAFII was that the CBC Marketplace story on credit card balance protection insurance which aired on November 9/18 could have been much more problematic for the industry. It was so one-sided and anecdotal that it was not credible.

5.5(ii) CAFII-Sponsored Research on Consumer Value Proposition and/or International Comparisons of Balance Protection Insurance

K. Martin noted that there could be value to research that allowed CAFII to understand how Canada compared to other jurisdictions where there have been regulatory actions taken against credit card balance protection insurance, as well as identify areas of potential reform that could allow CAFII and its members to buttress its case in defending the protect. This will be a topic more fully discussed by the Board in the *in-camera* section of this Board meeting.

5.5(iii) CAFII-Developed Guidelines/Standards and/or Training/Certification Program Related To Balance Protection Insurance

K. Martin noted that the Association is doing work around options around developing common training standards or a possible certification program, but actually moving forward on this work would require a budget and dedicating resources to it, as it would be a large project.

5.5(iv): CAFII Special Purpose GR/PR Campaign In Support Of Balance Protection Insurance

N. Benson advised that Zack Fuerstenberg, Director from ScotiaLife Financial, would be called upon to speak to the Board about his concept and proposal for a CAFII special purpose government relations and public relations campaign in support of credit card balance protection insurance during the *in-camera* session at this meeting.

5.6: CAFII Response to Recent B. Goulard, FCAC, Presentation: Next Steps

K. Martin reported on options available to the Association to follow-up on the Special Purpose CAFII Board meeting held with FCAC Deputy Commissioner Brigitte Goulard on September 14/18. Options included a written submission to the FCAC; a meeting with them where a presentation on some of the issues Ms. Goulard raised could be addressed; and possibly sharing some of the initiatives that the Association is exploring taking on a variety of issues.

5.7: CAFII Initiation Member, Returning Member, and Associate Prospects

B. Wycks and K. Martin provided an update on recent efforts and progress made with respect to CAFII Initiation Member, Returning Member, and Associate prospects. Good progress has been made with National Bank Insurance and with Sun Life Financial; and discussions are also continuing with HSBC.

6: Other Business

6.1: Informal Dialogue Session With FSRA CEO Mark White Following This Board Meeting; and His Presentation and Other Notable VIP Guests At Ensuing CAFII Reception

B. Wycks provided an update on the two separate CAFII events which would follow the conclusion of this Board meeting: a Dialogue Session with FSRA CEO Mark White; followed by the Association's Holiday Season/Year-End Reception at which Mr. White would be the guest speaker.

6.2: Presentation Concept for 2019 CAFII Annual Members' Luncheon

K. Martin shared with the Board a proposal for the 2019 Annual Members' Luncheon: a panel of insurance lawyers discussing emerging legal and regulatory issues in the industry, moderated by Board Chair Nicole Benson. There was general support for Mr. Martin's proposal.

7: Termination and In Camera Session

N. Benson thanked everyone for their participation in this meeting. There being no further business, the meeting was terminated at 4:53p.m.

Date

Board Chair

SPECIAL PURPOSE BOARD MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
Monday, 10 December, 2018
Location: Teleconference only
MINUTES

Board Members Present:

Nicole Benson	Canadian Premier Life <i>Chair</i>
David Fear	Canadian Life Assurance
Zack Fuerstenberg	ScotiaLife Financial
Peter McCarthy	BMO Insurance
Kelly Tryon	CUMIS Services Incorporated
Chris Knight	TD Insurance
Wally Thompson	Manulife
Chris Dufour	Desjardins
Chris Knight	TD Insurance

Representing Board Members:

Sue Manson	CIBC Insurance
Rob Dobbins	Assurant

Also Present:

Martin Boyle	BMO Insurance (EOC Chair)
Tony Pergola	ScotiaLife Financial (Treasurer)
Keith Martin	CAFII <i>Co-Executive Director</i>
Brendan Wycks	CAFII <i>Co-Executive Director</i>

1. Call to Order

N. Benson, Chair, called the meeting to order at 3:04 p.m.

M. Boyle, Board Secretary, confirmed that a Notice of Meeting had been circulated to all Directors, in accordance with the Association's Bylaw; and that a quorum of Directors was present on the phone.

N. Benson therefore declared the meeting properly constituted for the transaction of business.

1.2. Approval of Agenda

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that

The meeting agenda be modified such that Approval of the 2019 CAFII Operating Budget follows the discussion on credit card balance protection insurance; and that the agenda be approved, so modified.

1.3. Discussion on Credit Card Balance Protection Insurance

N. Benson noted that a document "CAFII Credit Card Balance Protection Insurance (CCBPI) Project—Board Briefing Document" had been circulated. The document identified some of the issues on which the Board needed to make decisions.

There was thorough Board discussion of the options set out in the Briefing Document, including the need as part of this project to engage a competition lawyer, and the importance of research to provide a common understanding of the issues, risks, and opportunities for the Canadian CCBPI industry.

It was agreed that there would be value to an internationally focused, comparative research project which would identify the major concerns which regulatory authorities and consumer groups had identified in other jurisdictions, specifically Australia, the U.K., the U.S., and Ireland. The research project could then identify which of those were issues in Canada as well, and which were not, and recommend areas for possible product reforms. The research project could also tackle the similarities and differences that existed in Canada versus other jurisdictions, including the regulatory environment and the business culture.

It was emphasized that the purpose of the comparative research project was to develop an evidence-based understanding that could inform next steps, which could include identifying possible reforms (some at an industry level, some at the proprietary level) that could be undertaken; and which could provide a basis for a second phase which would involve a government relations / public relations (GR/PR) effort based on the findings, and building on any reforms undertaken. The research findings could also operate as a catalyst for action, if it was found that the Canadian industry was vulnerable to regulatory and other challenges based on what had occurred in relevant comparator jurisdictions. The experience in other markets may be a cautionary tale for the Canadian market, and may also alert us to the short time span we have to act on a plan to respond. There was agreement that the research needed to demonstrate where the industry's biggest exposures lie, and what the best potential remedies might be.

There was also a thorough discussion about the mechanics of how to undertake the research. It was agreed that a competition lawyer must be involved in the process, and it was also noted that a variety of different firms were capable of undertaking the research. The discussion concluded that instead of issuing two RFPs (one for a competition lawyer, one for a firm to undertake the research), we should ask a law firm to be the "general contractor" and manage the entirety of the project.

In their proposals to CAFII in response to an RFP, qualified law firms would have to identify whether they had the internal resources to conduct the research component, or whether they wished to outsource this to a strategy, consulting, or research firm, and also whether there were outside firms they wished to engage for the strategic recommendations coming out of the research findings. Such an approach would task them with managing this process, at one overall cost. It was also agreed that preference should be given to law firms that are current CAFII Associates (BLG and Torys).

In further Board discussion, it was proposed and unanimously agreed that

- CAFII would issue an RFP to Torys and BLG;
- the RFP would be for the entire Phase I of a CCBPI Special Project, which would include oversight by a competition lawyer of the process; research into the comparison of the Canadian CCBPI situation relative to Australia, the U.K., the U.S., and Ireland; and strategic recommendations coming out of the research findings; and
- the GR/PR effort, should we seek to engage in that next step, would not be part of this RFP and would be a separate Phase II effort that would be decided on after Phase I was completed.

Because there might be different responses to the RFP depending on how large the research and strategic recommendations effort was, it was also agreed that the RFP should invite the bidding firms to present different ranges of costs based on the size of the effort. In other words, the bidding firm could say that a smaller research project could cost one amount, a larger one another amount.

In terms of timelines, it was agreed that an RFP, when approved, could be issued early in 2019, with 30 days for a response. A Special Purpose Board Meeting would then be called to review the proposals and select the winning firm. When a winning firm was selected, it would be asked to complete the project within 60 days. Based on this timeline, Phase I of the Special CCBPI Project would be completed no later than early April, 2019.

There was also a suggestion that other industry players who were involved in the CCBPI space, but were not CAFII members, might need to be engaged in this effort in some way. These players included Canadian Tire Financial, PC Financial, Walmart Bank, Rogers Bank, HBC, Sears, and Chubb. As well, as this project moved forward, CAFII would need to find a way to keep the Canadian Bankers Association and the Canadian Life and Health Insurance Association informed of developments.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that

CAFII move ahead to develop a general contractor-type RFP for Phase I of a Special Project on Credit Card Balance Protection Insurance, for review and approval by the Board prior to issuance to a select group of law firms with expertise in insurance law and competition law.

1.4 Helen Troup, Commonwealth Bank of Australia

Zack Fuerstenberg has spoken with Helen Troup, who gave hours of testimony to the Australian *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry* in September 2018, and he feels that she could provide members of CAFII with excellent insights and information. As such, a proposal was tabled to bring Ms. Troup to Canada in January 2019 to speak to the members of the Association, at an expense of roughly \$15K CAD. The motion was unanimously approved.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that

CAFII invite Helen Troup, Commonwealth Bank of Australia, to visit Canada to dialogue with our Association about the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry and related developments in Australia which could have implications for Canada at a cost of approximately \$15,000.

1.5 Proposed CAFII 2019 Operating Budget

CAFII Treasurer Tony Pergola reviewed the proposed 2019 CAFII Operating Budget, which had been revised based on feedback at the 27 November, 2018 Board meeting. The major revision made was to add \$44K to the revenue line to reflect the anticipated securing of one additional Initiation Member at the top tier of membership dues.

It was also noted that there are roughly \$100K of expenses in the budget for research and website enhancements that are discretionary, and if the revenue that has been added does not materialize, there is the option to address that revenue shortfall with expense reductions from those line items.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that

The Proposed 2019 CAFII Operating Budget be approved as presented.

7. Termination

N. Benson thanked everyone for their participation at the Board meeting.

There being no further business, the meeting was terminated.

Date

Board Chair

Recording Secretary

CONFIDENTIAL TO CAFII BOARD MEMBERS; NOT FOR WIDER DISTRIBUTION**Background**

Credit Card Balance Protection Insurance (CCBPI) has been identified by some regulators, including the FCAC, as a “problematic” product. There are signals that Canadian regulatory authorities may focus more attention on this product. We have also seen some media focus on this product, for example the 9 November, 2018 CBC Marketplace story on CCBPI.

It is important for the industry to be prepared for such developments, to be able to articulate and provide evidence of the value of this product, and potentially to develop enhancements to the product to strengthen the industry’s case that it is listening and responding to concerns from regulators and consumer groups. There would be value to presenting positive information about the product to the public and stakeholders.

CAFII is the industry Association most directly focused on CCBPI and it can play a leadership role in promoting the interests of the industry around this product.

International Issues

There have been significant criticisms of CCBPI in the UK, the US, and most recently in Australia, where there is a Royal Commission Report whose CCBPI findings are expected to be published in February 2019. There is a risk that some of these criticisms and reports could be picked up by Canadian regulators and have a negative spill-over affect. There is also an opportunity to learn from developments in these jurisdictions, including understanding where there are differences in the Canadian market from other markets; and where there are similarities that may expose the Canadian industry to challenges.

Possible Activities and Output

There have been discussions at the CAFII Board level about investing additional resources in a CCBPI project that would involve a series of activities to help both the Association and individual CAFII members get ahead of this issue and be well-prepared to make the case for CCBPI. Options for funding the activities include a special-purpose investments from CAFII members.

Because there are a series of separate but interconnected issues, this Board Briefing Document will attempt to identify the options; the implications of different approaches; and, where possible, the costs associated with different choices.

Engage a Competition Lawyer

Because part of the CCBPI discussions which CAFII members may engage in includes the value proposition to consumers of the product and potential enhancements to it, and because we must remain fully compliant with the Competition Act, we should retain the services of an expert competition lawyer who can advise us of the areas of permissible discussion and those which must be avoided. Initially, we could provide background on the types of activities we seek to engage in, to get general advice. However, if we ultimately decide to pursue discussions with each other in areas of potential sensitivity from a competition law perspective, it would be advisable that we do so with the involvement of a competition lawyer so as to ensure, and be able to document, that no inappropriate discussions inadvertently take place.

There are many ways we could engage a competition lawyer, and that is one of the decisions the CAFII Board will need to make. We could engage a lawyer on a retainer; or have the firm bill us for time; or scope out a project lasting a certain amount of time. When there is agreement on how best to engage a competition lawyer, it is suggested that CAFII Management ask for proposals from the three legal firms we have recently engaged on insurance law and regulatory matters—Fasken, Stikeman Elliott, and Torys.

Proposal: After the CAFII Board decides on the level of initial investment / engagement needed from a competition lawyer, CAFII Management will ask for proposals and costs from Fasken, Stikeman Elliott, and Torys.

Understand Similarities and Differences Between Canada and Other Markets; and Value Proposition of CAFII Members' CCBPI

Before developing a GR/PR campaign (if we ultimately decide to do so), there may be a benefit to a research program that develops our understanding of the marketplace in Canada and how it compares internationally. Among the questions that a research program might be able to address are:

- What features of CCBPI most concerned regulators in Australia, the UK, and the US?
- How are those features different, or similar, in the Canadian marketplace?
- What is the value proposition of the product in Canada?
- What are the major criticisms levied at the product in Canada by regulators, media, and consumer groups?
- How does the product differ among different CAFII members? This could be a table showing, based on public information, how each product differs in terms of price, exclusions, limitations, eligibility, claims approach (what is paid out if a claim is made) etc.
- What features (such as the regulatory environment, controls, compliance, training, adherence to Fair Treatment of Customers) of the Canadian marketplace are different from the environment in other jurisdictions?
- What is the loss ratio in other jurisdictions? What indications are there in Australia, the UK, and the US of what regulators and consumer groups consider a minimum acceptable loss ratio?

There are also many different ways this research could be conducted. A legal firm could produce this research, as could a consultancy firm.

The intention is to consider a GR/PR campaign when we have reviewed the research and have the information necessary to turn it into outputs, such that a GR/PR firm could use the research for that purpose; but such a firm could also be a candidate for an end-to-end engagement, starting with conducting the research.

Examples of potential firms that could be engaged in this effort are listed below in Table One.

Table One
Potential Firms that could Produce CAFII CCBPI Research

<u>Legal Firms</u>	<u>PR/GR Firms</u>	<u>Consultancy / Accounting Firms</u>
Torys	Hill + Knowlton Strategies Canada	KPMG
Fasken	Fleishman Hilliard Public Relations	McKinsey & Company
Stikeman Elliott	Ipsos	E&Y
		PWC
		Deloitte Consulting
		Boston Consulting Group
		Bain

Board Decision: Which type of firm does the Board wish to engage for the research project?

Proposal: After a decision is made on which type of firm should be engaged, CAFII Management will produce a Request for Information (RFI) about the scope of the project and broad project cost ranges, and timelines.

Invite Expert Speaker From Australia to Share Learnings

Helen Troup, General Manager of Comminsure at Commonwealth Bank of Australia, provided 5 hours of testimony to the *Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry* in September 2018. CAFII Board Member Zack Fuerstenberg has had a lengthy conversation with her, and Zack feels Ms. Troup could provide excellent insights and learnings to CAFII members. Ms. Troup has offered to travel to Toronto to speak to CAFII members sometime in January 2019.

Proposal: Arrange and pay for Helen Troup, General Manager of Comminsure at Commonwealth Bank of Australia, to travel to Toronto to speak to and share CCBPI insights with CAFII members in January 2019.
Cost: \$15K. **Source of funding:** CAFII budget.

Possible Reforms and Enhancements to the CCBPI Product

One area for potential exploration is what CCBPI reforms would be most impactful and would allow us to strengthen our message by demonstrating that the industry has enhanced the value proposition even more. (This would need to be reviewed in conjunction with a competition lawyer; some items identified might be for proprietary consideration alone, others like an industry training program or industry guidelines, might be enacted at a CAFII level.)

GR/PR Campaign

When CAFII members have the information about what are the risks and opportunities around CCBPI in Canada, a GR/PR firm could be engaged on how to use the research to develop a series of outputs which could include the following:

- What can we point to in the Canadian experience that demonstrates the positives today of the CCBPI product, especially in relation to other jurisdictions?
- Development of key messages.
- Development of a government relations / public relations campaign (materials, speeches, key decisionmaker meetings, possible advertising and media campaign etc.)

- Development of messages based on any reforms or enhancements to the CCBPI product.

While a GR/PR program might be the ultimate output after a series of intermediary activities such as a research program, there could be a proposal to a limited number of GR/PR firms to address our Board members on how such a campaign might work, where it has worked elsewhere, how it would be structured etc.

Proposal: Board agreement for CAFII Management to put together a proposal which would be sent to GR/PR firms asking them to address our Board on how they would structure a CCBPI GR/PR campaign.

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Materials for Consultation

Matt Comyn— CEO of Commonwealth Bank (Helen Troup’s boss)— Testimony to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry – September 2018 **
Relevant section is from 3H55M to 5H25M

<https://www.youtube.com/watch?v=67defRV4wdY&t=6766s>

Links to the exhibits that are cited in the testimony given by Matt Comyn (over 2 days). This includes emails on related issues written by Matt Comyn, and internal bank documents, all of which have been obtained by the Royal Commission and posted for public review.

Day 60 – Nov 19, 2018 - <https://financialservices.royalcommission.gov.au/public-hearings/Pages/hearings/2018/Public-hearing-19-November-2018.aspx>

Day 61 – Nov 20, 2018 - <https://financialservices.royalcommission.gov.au/public-hearings/Pages/hearings/2018/public-hearing-20-november-2018.aspx>

Helen Troup – Colonial Mutual Life Assurance – Testimony to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry – September 2018
<https://www.youtube.com/watch?v=HyY-vf62474>

Australian Securities and Investments Commission October 2011 Report 256 *Consumer credit insurance: A review of sales practices by authorised deposit-taking institutions:*
[file:///C:/Users/Keith/Desktop/CAFII/Research%20&%20Thought%20Leadership/Research%20Papers/re p256-issued-19-October-2011.pdf](file:///C:/Users/Keith/Desktop/CAFII/Research%20&%20Thought%20Leadership/Research%20Papers/re%20p256-issued-19-October-2011.pdf)



REQUEST FOR PROPOSAL

LAW FIRM TO MANAGE SPECIAL PROJECT

ON

CREDIT CARD BALANCE PROTECTION INSURANCE

FOR

CANADIAN ASSOCIATION OF FINANCIAL

INSTITUTIONS IN INSURANCE (CAFII)

JANUARY 2019

CAFII Request for Proposal for Law Firm to Manage Special Project on Credit Card Balance Protection Insurance

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CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

REQUEST FOR PROPOSAL FOR LAW FIRM TO MANAGE SPECIAL PROJECT ON CREDIT CARD BALANCE PROTECTION INSURANCE

EXECUTIVE SUMMARY

The Canadian Association of Financial Institutions in Insurance (CAFII) is currently seeking proposals from law firms to manage a special project on credit card balance protection insurance (CCBPI).

Credit Card Balance Protection Insurance (CCBPI) has been identified by some regulators, including the Financial Consumer Agency of Canada (FCAC), as a “problematic” product. There are signals that Canadian insurance regulators may focus increased attention on this product. There has also been heightened media focus on this product recently, for example the 9 November, 2018 CBC Marketplace story on CCBPI.

It is important for the industry to be prepared for such developments, to be able to articulate and provide evidence of the consumer value proposition of this product, and potentially to make enhancements to the product to strengthen the industry’s case that it is listening and responding to concerns from regulators and consumer groups.

CAFII is the industry Association most directly focused on CCBPI and intends to play a leadership role in promoting the interests of the industry around this product. CAFII needs to put itself and its Members in a position of poised readiness to present positive information about the product to regulators, media, consumer groups, and other stakeholders.

This RFP, in its entirety, provides a detailed explanation of the nature and purpose of this special project. In summary, however, CAFII, on behalf of its Members, seeks to identify the concerns that CCBPI has elicited from regulators and consumer advocacy groups in other countries and compare them to the situation in Canada; to identify where the situation is the same or different in Canada, and what are the risks and opportunities this presents for the Canadian industry; and from those findings, to determine what aspects of CCBPI could be reformed, either at an industry or proprietary level, and make recommendations on those opportunities.

We seek a law firm with a national and international insurance and financial services regulatory presence who can manage this entire process, which may include outsourcing certain components to research, strategy, or other consulting firms, as appropriate. **The reason that we have chosen to seek a law firm to manage this process is our overarching desire to have a competition law lens oversee the entire process, to ensure that at no time would CAFII and its Members inadvertently stray into conversations or actions that are prohibited under the Competition Act or be otherwise inappropriate.**

Clarification questions on this RFP can be sent directly to CAFII Co-Executive Director Keith Martin at keith.martin@cafii.com. All questions will be collected into one document and a consolidated document with all the answers will be sent to all organizations who indicate that they will be participating in this RFP. The identity of the organization posing a question will not be disclosed. The deadline for submitting clarification questions is **5:00 PM, Tuesday, 22 January, 2019**; and CAFII will distribute a consolidated response document by **Tuesday, 29 January, 2019**.

The deadline for submission of proposals is **5:00 PM, Thursday, 14 February, 2019**. Each firm submitting an RFP response will then be invited to present their proposal in a meeting with a Selection Committee of the CAFII Board of Directors. We anticipate that presentation meetings will occur on **Thursday, 21 February, 2019**. Proposals should be submitted electronically through an email sent to keith.martin@cafii.com.

INTRODUCTION AND BACKGROUND ON CAFII

The Canadian Association of Financial Institutions in Financial Services

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

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

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

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

TIMELINES

CAFII has identified the following timelines for this RFP:

January 11, 2019 – Distribution of NDA; after signed NDA is received, firm will be sent RFP

January 22, 2019 (5:00P PM)—Deadline for submission of RFP clarification questions

January 29, 2019—CAFII circulates consolidated responses document to answer RFP clarification questions

February 14, 2019 (5:00 PM) – Deadline for RFP Submissions

February 21, 2019 – Presentations by respondent firms to CAFII Board of Directors

Post February 21, 2019 – CAFII's Selection Decision Announced

7 Weeks Following Selection Decision—Deadline for Submission of final outputs with winning firm presenting to Board of Directors on 16 April, 2019

CONFIDENTIALITY AND ACCESS TO MATERIALS

All data and information which firms participating in this RFP gather from CAFII or its Members must be managed in a strictly confidential manner and be maintained on computer programs in a secure and encrypted manner. All firms bidding on this RFP are to have pre-signed an NDA. Any third-party firms the bidding firm seeks to engage in this RFP, and with whom it shares any information contained in the RFP, is expected to sign an NDA with the bidding firm prior to any information being shared with that third-party.

DETAILED REQUIREMENTS

Competition Law Lens Throughout the Process

Because part of the CCBPI discussions which CAFII Members may engage in includes the consumer value proposition of the product and potential enhancements to it, and because we must remain fully compliant with Canada's Competition Act, we seek to retain the services of a firm with recognized expertise in both competition law and insurance law, which can advise us of the areas of permissible discussion and those which must be avoided. Initially, CAFII will provide background on the types of activities we seek to engage in, to obtain general competition law advice. However, if we ultimately decide to pursue discussions among Members of the Association in areas of potential sensitivity from a competition law perspective, it would be advisable that we do so with the involvement of a competition lawyer so as to ensure, and be able to document, that no inappropriate discussions inadvertently take place. For this reason, we will also seek to have the law firm manage the entire process including outsourcing to special expertise firms to be engaged with respect to some of the outputs we seek.

As part of the proposal to us, please identify which remuneration model you recommend for the competition law lens (for example: retainer, billing for actual time, or lump-sum based on expected effort for overall project). Please indicate your expectations around remuneration

(paid up front, paid upon completion of project, portion paid up front and remainder paid upon completion etc.)

Understand Similarities and Differences Between Canada and Other Markets; and the Consumer Value Proposition of CAFII Members' CCBPI

As a key output of this special project, CAFII seeks an internationally-focused comparative research project. This is not intended to be technical or legalistic analysis. Rather, we are trying to compare Canada to four jurisdictions, in particular: Australia, U.K., U.S., and Ireland, along the following dimensions: what was it about CCBPI that upset regulators and consumer groups in these jurisdictions?; with respect to those issues that upset regulators and consumer groups in those countries, what is the same here in Canada? What is different here in Canada? What can we change here (possible reforms, some at an industry level, some proprietary)?

More specifically, following is an illustrative, and not exclusive, list of some of the questions that a research program might be able to address:

- What features of CCBPI most concerned regulators in Australia, the UK, the US, and Ireland?
- How are those features of CCBPI different, or similar, in the Canadian marketplace?
- What is the consumer value proposition of the product in Canada? What are the major benefits to consumers as CCBPI is currently structured in this country?
- What are the major criticisms levied at the product in Canada by regulators, media, and consumer groups?
- How does the product differ among different CAFII Members? (This could be a table showing, based on public information, how each product differs in terms of price, exclusions, limitations, eligibility, claims approach (what is paid out if a claim is made) etc.)
- What features of the Canadian CCBPI marketplace are different from the environment in other jurisdictions (such as the regulatory environment, controls, compliance, training, adherence to the fair treatment of customers, etc.)?
- What is the CCBPI loss ratio in other jurisdictions? What indications are there in Australia, the UK, the US, and Ireland of what regulators and consumer groups consider a minimum acceptable loss ratio for this type of insurance product?
- What are the similarities and differences in the CCBPI regulatory environment in Canada versus those in the four other jurisdictions?
- What are the differences and similarities between Canadian business culture and support for the fair treatment of customers, relative to the four other jurisdictions?
- What are the similarities and differences around CCBPI controls / training / monitoring / sales incentives in Canada relative to those in the four other jurisdictions?

Criticisms of CCBPI

By way of further clarity on the issues that the research should explore, following are some of the complaints that have been made about CCBPI:

- Aggressive/high-pressure sales tactics;
- Consumers enrolled in the product without express consent;
- CCBPI typically offers bundled insurance coverages, parts of which the customer may not be eligible for e.g. a retiree signs up for a bundled package which includes job loss insurance;
- FIs enrol consumers who are not eligible (for example, job loss coverage for unemployed people);
- Not clear on pre-existing conditions / exemptions / exclusions;
- Too many exemptions / exclusions;
- “Post-claims underwriting” with a high percentage of claims denials;
- Difficulty to make a claim – high claims denial rate;
- Too expensive / low loss ratio;
- Profit machine for banks;
- Consumers not aware of free look period;
- Free look period used as leverage in a high-pressure sales process
- Employees incented to sell product/have sales targets, resulting in a conflict of interest.

Decision about Firm that Conducts the Comparative Research Project

We will leave it to the firms bidding on this RFP to determine whether they wish to conduct the comparative research project using internal resources, or would outsource to an outside company with expertise in this area. If the latter, we expect to be engaged in the effort and seek to have the selected law firm provide competition law lens oversight throughout the process. For illustrative purposes only, following are examples of firms that we believe could have the required expertise to conduct this comparative research project.

Table One—Potential Firms to Conduct Research and Offer Strategic Advice

<u>Legal Firms</u>	<u>PR/GR Firms</u>	<u>Consultancy/Strategy/Research Firms</u>
Torys	Hill + Knowlton Strategies Canada	KPMG
Fasken	Fleishman Hilliard Public Relations	McKinsey & Company
Stikeman Elliott	Ipsos	E&Y
Blakes		PWC
BLG		Deloitte Consulting
		Boston Consulting Group
		Bain & Company

Research Methodology

We will leave it to the firms bidding on this RFP to determine what is the methodology to answer these questions, but we believe that among the methods are:

- Review of public documents;
- Review of website information;

- Academic and government studies;
- Other publicly available documents;
- Interviews with experts including CAFII Members, business people in the other jurisdictions, and experts within the law firm itself or outsourced firms who have knowledge of these matters.

Research Effort and Price Ranges

CAFII is seeking the research output, and the strategic recommendations as outlined in the next section, within 60 days of the granting of the contract. As there could be a variety of different types of reports depending on the complexity and depth of analysis, we are open to bidding firms providing cost ranges based on the depth of the analysis—for example, a 25-page report with limited analysis at price A, a 50-page report with more detailed analysis at price B, etc.

Final Report to Include Strategic Recommendations Including Possible Reforms and Enhancements to the CCBPI Product

A key objective of this research is to identify where there may be risks for the Canadian CCBPI product and the industry which offers it. Another objective is to identify where the criticisms and concerns levied in other jurisdictions may not be relevant and applicable here. Out of these research findings, we also seek **expert strategic recommendations** on what are the risks and opportunities for the Canadian industry, including possible reforms that could demonstrate that the industry is being proactive and responsive to the concerns of insurance regulators and consumer advocacy groups. Some of these reforms could be at an industry level (for example, one option would be Guidelines similar in nature to CLHIA Guidelines); others might be changes made at a proprietary level within individual companies. **In all cases, it is critical that this component of the effort include a competition law lens that ensures that all discussions, and any actions taken, fully comply with obligations under the Competition Act.**

ENGAGEMENT OF THE WIDER INDUSTRY

This section of the RFP is for background information purposes only. If coming out of this Special Project, there are reforms contemplated to CCBPI, there are non-members of CAFII whom we may wish to engage in the industry-wide reforms opportunity. This will be a consideration that CAFII will discuss with its Members. The non-members of CAFII players include Canadian Tire Financial, PC Financial, Walmart Bank, Rogers Bank, HBC, Sears, and Chubb Insurance. As well, as this project moves forward, CAFII would need to find a way to keep the Canadian Bankers Association (CBA) and the Canadian Life and Health Insurance Association (CLHIA) informed of developments.

POSSIBLE PHASE II OF THE SPECIAL PROJECT ON CCBPI

After considering the output of Phase I of this project, CAFII and its Members may consider a Phase II which would involve an RFP to engage a government relations / public relations firm which would develop a GR/PR campaign based on our findings in Phase I, including any reforms that may be made at an industry or proprietary level. This will only be decided upon after the

completion of Phase I, but if we do proceed with a Phase II, a competition law firm would also be engaged as part of that effort.

ADDITIONAL WORK COMING OUT OF THIS SPECIAL PROJECT

It is possible that individual CAFII Members will seek the involvement of a competition law firm to guide them through any proprietary CCBPI reforms they may engage in coming out of this industry Association-led special project on CCBPI.

PROPOSAL SUBMISSION—REQUIRED CONTENT

Review all of the detailed requirements as outlined above and provide a written submission detailing how your organization is able to meet or exceed these requirements, including pricing for each of the services required and any and all additional costs you would charge for.

Provide details around how your firm would structure this process and the required outputs, and detail the costs associated with each component part as well as the overall cost.

Provide details on what components of this special project you would outsource and the process for such outsourcing.

CAFII EVALUATION CRITERIA

<u>Criteria</u>	<u>Weight</u>
Firm has demonstrated a thorough, comprehensive, credible understanding of the project; has demonstrated that it has the required expertise and experience within the firm to lead the project; and has proposed an efficient and effective process for managing the project	45%
Firm's price is competitive	25%
Firm has a solid outsourcing plan to supplement its own expertise, as appropriate	15%
<p>Firm has demonstrated knowledge of CAFII and its Members, including being an Associate of CAFII, so that CAFII time and effort required for orientation and assistance in climbing learning curve will be minimal.</p> <p><u>Specifically:</u></p> <p>CAFII Associates get 3 automatic points in this category</p> <p>All bidding firms are assessed on "demonstrated knowledge of CAFII and its Members," with a maximum possible score on this dimension of 12 points</p>	15%

APPENDIX A

Non-Disclosure Agreement

Competition Laws. WINNING FIRM represents and warrants that it is familiar with, has complied with, and will comply, in all respects, with applicable competition laws including the provisions of Canada's Competition Act and will implement appropriate policies, conduct appropriate training of its employees and directors, and adopt appropriate processes for meetings and documentation to ensure that it and they will remain compliant.

Third-Parties. All firms bidding on this RFP are to have pre-signed an NDA. Any third-party firms the bidding firm seeks to engage in this RFP, and with whom it shares any information contained in the RFP, is expected to sign an NDA with the bidding firm prior to any information being shared with that third-party.

General Provisions. WINNING FIRM agrees and undertakes to maintain in strict confidence any data or information provided by CAFII and CAFII Members ("Confidential Information") by virtue of the Initiative, to restrict access to the Confidential Information only to those employees engaged in the Initiative and who have a need to know for the purposes described herein to the exclusion of any other employees who do not provide services in connection with the Initiative, and use the Confidential Information for no other purposes than those set out herein (except if required otherwise by applicable laws, court or governmental agency). Moreover, WINNING FIRM agrees to not use or attempt to use the Confidential Information in any way that would be in violation of any applicable law or in any manner that could be deemed anticompetitive. WINNING FIRM will be liable for any failure by its employees to comply with the terms of this agreement.

All Confidential Information will remain the exclusive property of the applicable disclosing party, and WINNING FIRM will have no rights, by license or otherwise, to use the Confidential Information except as expressly provided in this agreement.

WINNING FIRM will not use Confidential Information for any purpose other than evaluation and implementation of the Initiative. WINNING FIRM will not disclose, make available to, or provide or permit access to or use of any Confidential Information, by a third party except as permitted by this agreement. WINNING FIRM agrees that it will establish safeguards to ensure that all data is uniquely identified as to the Initiative participant to whom it belongs and all Confidential Information will be secure from unauthorized access and/or use.

In the event of any actual or suspected security breach involving Confidential Information WINNING FIRM will immediately notify CAFII and CAFII Members, immediately allocate

required resources to address and cure the breach and implement all reasonable mechanisms to mitigate the risk and prevent future occurrences, including cooperating in all reasonable respects with CAFII and CAFII Members to minimize the impact of the security breach or loss and any damage resulting therefrom.

Upon written request from CAFII or a CAFII Member, WINNING FIRM will promptly return or destroy, and verify in writing its destruction of all material, in any form, embodying a disclosing party's Confidential Information.

This agreement will be governed by and construed in accordance with the laws in force in the Province of Ontario, and the parties attorn to the nonexclusive jurisdiction of the courts of Ontario.

Confidentiality and Data Privacy. Each party shall protect all confidential information which the other party provides to it (whether orally, in writing or in any other form) against unauthorized access, use, disclosure, destruction, loss or alteration using at least the same degree of care that a party uses to protect its own confidential and/or proprietary information, but in no event less than a reasonable degree of care.

Each party's obligations will not apply to information: (i) already known to it at the time of disclosure; (ii) in the public domain or publicly available; (iii) available from a third party who is under no such obligation of confidentiality; or (iv) independently developed by it. Each party may disclose confidential information to its legal advisors to protect its own legitimate interests and to comply with any legal or regulatory requirements. If any court, regulatory authority, professional body or legal process requires the recipient to disclose information covered by this confidentiality obligation, then the recipient may make any such disclosure; provided that the recipient will, if permitted by law, advise the other party promptly of any such requirement and cooperate, at such other party's expense, in responding to it.

Irrespective of where WINNING FIRM receives or holds individually identifiable personal information ("Personal Data") on behalf of any of the other parties, WINNING FIRM confirms that, acting as data processor it will take appropriate technical, physical and organizational/administrative measures to protect that Personal Data against accidental or unlawful destruction or accidental loss or unauthorized alteration, disclosure or access. WINNING FIRM will only use that Personal Data for the purposes of providing services to the other parties or for other reasonable purposes which are related to the services WINNING FIRM provides, unless the parties instruct otherwise. The other parties and WINNING FIRM shall each comply with the provisions and obligations imposed on each of them by applicable data privacy legislation and regulations.

Limitation of Liability. If WINNING FIRM services do not conform to the requirements agreed between all parties, WINNING FIRM will be notified promptly and it shall re-perform any non-conforming services at no additional charge or, at WINNING FIRM option, refund the portion of the fees paid with respect to such services.

If re-performance of the services or refund of the applicable fees would not provide an adequate remedy for damages, the aggregate liability of WINNING FIRM and its employees, directors, officers, agents and subcontractors (the “related persons”) to the parties whether in contract, tort (including negligence), breach of statutory duty or otherwise for any losses arising from or in any way connected with our services shall not exceed in aggregate the greater of (a) \$250,000 or (b) the total amount of the fees paid to WINNING FIRM for the services provided pursuant to this agreement, unless otherwise agreed in writing. Nothing in these terms shall exclude or limit the liability of WINNING FIRM or its related persons in the case of: (a) death or personal injury resulting from our or our related person’s negligence; (b) willful misconduct; (c) fraud; or (d) other liability to the extent that the same may not be excluded or limited as a matter of law. In no event shall WINNING FIRM or any of its related persons or affiliates be liable for any incidental, special, punitive, or consequential damages of any kind (including, without limitation, loss of income, loss of profits, or other pecuniary loss).

Where WINNING FIRM are jointly liable with another party, WINNING FIRM shall to the extent permitted by law only be liable for those losses that correspond directly with its share of responsibility for the losses in question.

SIGNED BY REPRESENTATIVE OF WINNING FIRM

Critical Path for CAFII Credit Card Balance Protection Insurance (CCBPI) Special Project, Phase 1

Task	Responsible	Timing/Deadline
Special Purpose Board Meeting to Decide on Path to Take	B. Wycks	10 December, 2018 (complete)
Develop a draft RFP on Phase I of the Research Project	K. Martin	17 December, 2018 (complete)
Modifications to/approval of Draft 1 of RFP	N. Benson	23 December, 2018 (complete)
Distribute RFP to Board Members for their feedback by 8 January, 2019 (end of day)	K. Martin	24 December, 2019
Provide feedback to K. Martin on Draft 2 of RFP	Board Members	9 January, 2019 end of day
Based on feedback from the Board, modify and recirculate Draft 3 of RFP (as final document)	K. Martin	10 January, 2019
Circulate NDA to law firms invited to bid, and upon receiving a signed copy, distribute final RFP to law firms invited to bid	K. Martin	11 January, 2019
Receive all RFP responses	K. Martin	14 February, 2019
Special Purpose Board Meeting(s) to hear presentations from bidding law firms and make selection decision	K. Martin/B. Wycks/N. Benson	21 February 2019
Award contract to winning law firm	K. Martin/B. Wycks	After 21 February, 2019
Winning law firm presents final findings to CAFII at regularly scheduled but extended Board meeting	K. Martin	16 April, 2019

APPENDIX A

Non-Disclosure Agreement

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Third-Parties. All firms bidding on this RFP are to have pre-signed an NDA. Any third-party firms the INTERESTED FIRM seeks to engage in this RFP, and with whom it shares any information contained in the RFP, is expected to sign an NDA with the INTERESTED FIRM prior to any information being shared with that third-party.

General Provisions. INTERESTED FIRM agrees and undertakes to maintain in strict confidence any data or information provided by CAFII and CAFII Members ("Confidential Information") by virtue of the Initiative, to restrict access to the Confidential Information only to those employees engaged in the Initiative and who have a need to know for the purposes described herein to the exclusion of any other employees who do not provide services in connection with the Initiative, and use the Confidential Information for no other purposes than those set out herein (except if required otherwise by applicable laws, court or governmental agency). Moreover, INTERESTED FIRM agrees to not use or attempt to use the Confidential Information in any way that would be in violation of any applicable law or in any manner that could be deemed anticompetitive. INTERESTED FIRM will be liable for any failure by its employees to comply with the terms of this agreement.

All Confidential Information will remain the exclusive property of the applicable disclosing party, and INTERESTED FIRM will have no rights, by license or otherwise, to use the Confidential Information except as expressly provided in this agreement.

INTERESTED FIRM will not use Confidential Information for any purpose other than evaluation and implementation of the Initiative. INTERESTED FIRM will not disclose, make available to, or provide or permit access to or use of any Confidential Information, by a third party except as permitted by this agreement. INTERESTED FIRM agrees that it will establish safeguards to ensure that all data is uniquely identified as to the Initiative participant to whom it belongs and all Confidential Information will be secure from unauthorized access and/or use.

In the event of any actual or suspected security breach involving Confidential Information INTERESTED FIRM will immediately notify CAFII and CAFII Members, immediately allocate

required resources to address and cure the breach and implement all reasonable mechanisms to mitigate the risk and prevent future occurrences, including cooperating in all reasonable respects with CAFII and CAFII Members to minimize the impact of the security breach or loss and any damage resulting therefrom.

Upon written request from CAFII or a CAFII Member, INTERESTED FIRM will promptly return or destroy, and verify in writing its destruction of all material, in any form, embodying a disclosing party's Confidential Information.

This agreement will be governed by and construed in accordance with the laws in force in the Province of Ontario, and the parties attorn to the nonexclusive jurisdiction of the courts of Ontario.

Confidentiality and Data Privacy. Each party shall protect all confidential information which the other party provides to it (whether orally, in writing or in any other form) against unauthorized access, use, disclosure, destruction, loss or alteration using at least the same degree of care that a party uses to protect its own confidential and/or proprietary information, but in no event less than a reasonable degree of care.

Each party's obligations will not apply to information: (i) already known to it at the time of disclosure; (ii) in the public domain or publicly available; (iii) available from a third party who is under no such obligation of confidentiality; or (iv) independently developed by it. Each party may disclose confidential information to its legal advisors to protect its own legitimate interests and to comply with any legal or regulatory requirements. If any court, regulatory authority, professional body or legal process requires the recipient to disclose information covered by this confidentiality obligation, then the recipient may make any such disclosure; provided that the recipient will, if permitted by law, advise the other party promptly of any such requirement and cooperate, at such other party's expense, in responding to it.

Irrespective of where INTERESTED FIRM receives or holds individually identifiable personal information ("Personal Data") on behalf of any of the other parties, INTERESTED FIRM confirms that, acting as data processor it will take appropriate technical, physical and organizational/administrative measures to protect that Personal Data against accidental or unlawful destruction or accidental loss or unauthorized alteration, disclosure or access. INTERESTED FIRM will only use that Personal Data for the purposes of providing services to the other parties or for other reasonable purposes which are related to the services INTERESTED FIRM provides, unless the parties instruct otherwise. The other parties and INTERESTED FIRM shall each comply with the provisions and obligations imposed on each of them by applicable data privacy legislation and regulations.

Limitation of Liability. If INTERESTED FIRM services do not conform to the requirements agreed between all parties, INTERESTED FIRM will be notified promptly and it shall re-perform any non-conforming services at no additional charge or, at INTERESTED FIRM option, refund the portion of the fees paid with respect to such services.

If re-performance of the services or refund of the applicable fees would not provide an adequate remedy for damages, the aggregate liability of INTERESTED FIRM and its employees, directors, officers, agents and subcontractors (the “related persons”) to the parties whether in contract, tort (including negligence), breach of statutory duty or otherwise for any losses arising from or in any way connected with our services shall not exceed in aggregate the greater of (a) \$250,000 or (b) the total amount of the fees paid to INTERESTED FIRM for the services provided pursuant to this agreement, unless otherwise agreed in writing. Nothing in these terms shall exclude or limit the liability of INTERESTED FIRM or its related persons in the case of: (a) death or personal injury resulting from our or our related person’s negligence; (b) willful misconduct; (c) fraud; or (d) other liability to the extent that the same may not be excluded or limited as a matter of law. In no event shall INTERESTED FIRM or any of its related persons or affiliates be liable for any incidental, special, punitive, or consequential damages of any kind (including, without limitation, loss of income, loss of profits, or other pecuniary loss).

Where INTERESTED FIRM are jointly liable with another party, INTERESTED FIRM shall to the extent permitted by law only be liable for those losses that correspond directly with its share of responsibility for the losses in question.

SIGNED BY REPRESENTATIVE OF INTERESTED FIRM

Proposed List of Firms to Invite to Bid on CCBPI RFP

<u>Firm</u>	<u>Representative</u>	<u>Email</u>
Torys	Jill McCutcheon	McCutcheon, Jill <jmccutcheon@torys.com>
BLG	Jeffrey Graham	'Graham, Jeffrey S.' <JGraham@blg.com>
Fasken	Robert McDowell	'Robert W. McDowell' <rmcdowell@fasken.com>
Stikeman Elliott	Stuart Carruthers	Stuart Carruthers <SCarruthers@stikeman.com>
Blakes	Paul Belanger	paul.belanger@blakes.com

**Anonymized Results Of CAFII Member Responses To Confidential Poll Re
“AMF Letter of Inquiry Re Selling Spousal Coverage Under Creditor Protection Insurance”: December 2018
Number of Respondent Members: N=8
(CCBPI = Credit Card Balance Protection Insurance)**

Question	Do you offer business creditor coverage in Quebec which includes spousal coverage?	If yes, for how long?	Has your company recently received an AMF letter of inquiry about such spousal coverage?	If yes, what does the letter say?	Do you offer business creditor coverage, which includes spousal coverage, in other provinces?	If yes, for how long?	If yes, has your company ever received a regulatory inquiry from a province/territory other than Quebec on this matter?	View expressed on whether this issue warrants a CAFII Association-level response?
Member #1 (raised the issue)	Yes	20+ years	Yes	Offering spousal coverage is not in accordance with the Regulation as creditor doesn't hold pecuniary interest in spouse's life or health. Submit Action Plan to AMF by January 30/19	Yes, across Canada	20+ years	No	Implied that a CAFII-level response is warranted
Member #2	Yes, but it doesn't include spousal coverage. See Note 1.	N/A	No (N/A)	N/A	N/A	N/A	No (N/A)	Not addressed
Member #3	Not a business creditor coverage, but yes re a consumer CCBPI coverage for credit card holders and their spouses	20+ years	Yes	See Note 2.	No, but yes re same consumer CCBPI for credit card holders, including spouses, offered across Canada	20+ years	No, not to best of our knowledge	Not addressed
Member #4	No	N/A	N/A	N/A	No, only offer a term life product on small business loans, for single applicants only	N/A	No	Not addressed
Member #5	Yes, but it doesn't include spousal coverage. See Note 3.	N/A	No (N/A)	N/A	N/A	N/A	No (N/A)	Not addressed
Member #6	Yes	7 years	Yes	Very similar to AMF letter to Member raising the issue.	Yes	7 years	No	Yes implied.

Question	Do you offer business creditor coverage in Quebec which includes spousal coverage?	If yes, for how long?	Has your company recently received an AMF letter of inquiry about such spousal coverage?	If yes, what does the letter say?	Do you offer business creditor coverage, which includes spousal coverage, in other provinces?	If yes, for how long?	If yes, has your company ever received a regulatory inquiry from a province/territory other than Quebec on this matter?	View expressed on whether this issue warrants a CAFII Association-level response?
Member #7	Not a business creditor coverage, but yes re a consumer CCBPI coverage for credit card holders and their spouses through both (i) our CAFII Member FI client; and (ii) our own firm	(i): 25+ years; (ii) 1 year	Yes, received an AMF letter of inquiry last week re our consumer CCBPI coverage for spouses for both (i) and (ii)	Very similar to AMF letter sent to Member which raised the issue. But because we offer consumer CCBPI coverage to a spouse who is a supplementary credit card holder, AMF says that spouses do not have a pecuniary relationship with the creditor.	Yes, the same consumer CCBPI, including spousal coverage, offered in all jurisdictions (in Alberta, also offer this product through ATB Financial)	(i): 25+ years; (ii) 1 year; and ATB: 20 years	No, not to best of our knowledge	Yes: "We think an Association-level response would be appropriate"
Member #8	Not a business creditor coverage, but we distribute a consumer CCBPI coverage for credit card holders and their spouses (secondary cardholders)	Current coverage offering: 5 years; previous iteration: 25+ years	No, but our underwriter of this consumer CCBPI coverage has received an AMF letter of inquiry about the product	N/A	Yes, we distribute the same consumer CCBPI product, including spousal coverage, in all jurisdictions	Current coverage offering: 5 years; previous iteration: 25+ years	No, not to best of our knowledge	Not addressed
Member #9	Not a business creditor coverage, but yes re a consumer CCBPI coverage for credit card holders and their spouses	10+ years	Yes	Same as Members #1 and #3. Deadline for a response is same January 30, 2019	Yes, the same consumer CCBPI coverage for credit card holders and their spouses in all jurisdictions across Canada	10+ years	No, not to best of our knowledge	Yes, we believe that a CAFII-level response is warranted

1. Member #2: We offer business creditor life insurance in Quebec but it doesn't include spousal coverage. An eligibility condition is that an applicant be "liable for the credit facility, in whole or in part, either directly or as a guarantor or endorser." This is consistent with the Regulation.

2. Member #3: Letter is labeled “Distribution Without a Representative: Coverage Offered to Persons Other Than Debtors.” It says that our CCBPI products, offered other than through a representative, do not comply with Section 76 of the Regulation because they are offered to a spouse when the spouse is not a debtor, and the creditor has no pecuniary interest in the life or health of such non-debtor spouses. Letter asks for an Action Plan, including a timeline for implementing a strategy to make our products compliant for both new business and in-force certificates and for revising relevant documentation. Also asks for the total number of in-force certificates for each product and the number of certificates that include coverage for non-debtor spouses.
3. Member #5: We offer business creditor life insurance in Quebec but it doesn’t include spousal coverage. An eligibility condition is that an applicant must be one of the following: sole proprietor, partner, guarantor, shareholder with at least 10% voting rights, or a key employee.

chapter A-32, r. 1

Regulation under the Act respecting insurance

Act respecting insurance
(chapter A-32, ss. 420 and 420.1).



The fees prescribed in the Regulation have been indexed pursuant to the notice published in Part 1 (French) of the Gazette officielle du Québec of 10 February 2018, page 94. (s. 88). (Effect from 1 January 2018.)

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CHAPTER I

CONSTITUTION, CONTINUANCE AND AMENDMENT OF THE ARTICLES OF INSURANCE COMPANIES

DIVISION I

APPLICATION FOR CONSTITUTION

1. An application for the constitution of an insurance company must be accompanied by the following documents:

- (1) the résumés of the persons proposed as directors;
- (2) the proposed internal by-law;
- (3) a description of the composition and operation of the committee on ethics, the audit committee and, if applicable, the executive committee, the investment committee and any other proposed committee, as well as the names of the persons proposed as members of those committees;
- (4) the proposed rules of ethics applicable to directors;
- (5) a description of its links with financial institutions that are affiliated legal persons within the meaning of sections 1.2 to 1.4 of the Act respecting insurance (chapter A-32);
- (6) a description of the products that will be offered;
- (7) copies of the proposed insurance policies and riders;
- (8) the proposed product marketing and distribution policy and claim settlement policy;
- (9) the proposed investment policy;
- (10) copies of the proposed reinsurance contracts;
- (11) the name and address of the person proposed as auditor;
- (12) the name and address of the person proposed as actuary; and
- (13) a list of the shareholders having more than a 10% voting equity interest.

The documents must be sent to the Minister and to the Autorité des marchés financiers.

O.C. 887-2009, s. 1.

2. An application for the constitution of an insurance company must also be accompanied by a business plan that contains opening financial statements, 5-year financial forecasts and a description of the organizational structure.

The business plan must be supported by a minimum 5-year actuarial projection pertaining to the balance sheet, income statement and statement of retained earnings, and capital adequacy.

The actuarial projection must contain a description of the calculation assumptions used, and be drawn up by an actuary who is a Fellow of the Canadian Institute of Actuaries practising in the insurance of persons or damage insurance, depending on the type of insurance to be transacted by the company.

The documents must be sent to the Minister and to the Autorité des marchés financiers.

O.C. 887-2009, s. 2.

DIVISION II

AMENDMENT OF ARTICLES OR CONTINUANCE

3. An insurance company that applies for the authorization required by sections 35.2 and 37 of the Act respecting insurance (chapter A-32) must send the following documents to the Autorité des marchés financiers:

- (1) the constituting act of the company and amendments;
- (2) the proposed articles of amendment;
- (3) a certified true copy of its internal by-law;
- (4) a certified true copy of the by-law adopted by the directors of the company regarding the proposed amendments;
- (5) an attestation by the secretary of the company that the by-law referred to in paragraph 4 was approved at the general meeting of shareholders, and the notice calling that meeting;
- (6) a description of any change in the capital stock of the company and, if the capital stock has been reduced, an attestation by the auditor of the company that the company's financial statements permit the reduction having regard to the requirements of the Companies Act (chapter C-38) or, as the case may be, the Act respecting the special powers of legal persons (chapter P-16); and
- (7) if applicable, a copy of the notice mentioned in paragraph 2 of section 38 of the Act respecting insurance.

O.C. 887-2009, s. 3.

4. An insurance company that requests confirmation of a continuance by-law pursuant to section 200.0.15 of the Act respecting insurance (chapter A-32) or the authorization required by section 200.0.16 of the Act must send the following documents to the Minister and to the Autorité des marchés financiers:

- (1) the constituting act of the company and amendments;
- (2) the proposed articles of continuance;
- (3) a certified true copy of its internal by-law;
- (4) a certified true copy of the by-law adopted by the directors of the company regarding its continuance under Part IA of the Companies Act (chapter C-38);
- (5) an attestation by the secretary of the company that the by-law referred to in paragraph 4 was approved at the general meeting of shareholders, and the notice calling that meeting; and
- (6) a description of any change in the capital stock of the company and, if the capital stock has been reduced, an attestation by the auditor of the company that the company's financial statements permit the reduction having regard to the requirements of the Companies Act or, as the case may be, the Act respecting the special powers of legal persons (chapter P-16).

O.C. 887-2009, s. 4.

DIVISION III

SPECIAL PROVISION

5. For the purposes of section 88.1 of the Act respecting insurance (chapter A-32), a member of a mutual insurance company who has received the support of 5 voting members may give notice to the company of the proposals that the member intends to submit to the annual meeting.

O.C. 887-2009, s. 5.



This section will take effect on the date of coming into force of section 39 of the Act to amend the Act respecting insurance and other legislative provisions (2002, chapter 70), which replaces section 88.1 of the Act respecting insurance.

CHAPTER II

CONSTITUTION OF MUTUAL INSURANCE ASSOCIATIONS, FEDERATIONS OF MUTUAL INSURANCE ASSOCIATIONS AND GUARANTEE FUNDS

DIVISION I

APPLICATION FOR CONSTITUTION

6. An application for the constitution of a mutual insurance association must be accompanied by the following documents, in addition to the articles of the association and the documents required by section 93.18 of the Act respecting insurance (chapter A-32):

(1) the résumés of the persons proposed as directors;

(2) the proposed internal by-laws;

(3) a description of the composition and mode of operation of the committee on ethics, the audit committee and, if applicable, the executive committee, the investment committee and any other proposed committee, as well as the names of the persons proposed as members of those committees;

(4) the proposed rules of ethics applicable to directors;

(5) a description of the products that will be offered;

(6) copies of the proposed insurance policies and riders;

(7) the proposed product marketing and distribution policy and claim settlement policy;

(8) the proposed investment policy;

(9) copies of the proposed reinsurance contracts;

(10) the authorization of the federation to carry on the proposed activities;

(11) a description of the organizational structure; and

(12) a minimum 3-year business plan that contains opening financial statements and financial forecasts.

The business plan must be supported by a minimum 3-year actuarial projection pertaining to the balance sheet, income statement and statement of retained earnings, and capital adequacy.

The actuarial projection must contain a description of the calculation assumptions used, and be drawn up by an actuary who is a Fellow of the Canadian Institute of Actuaries practising in damage insurance.

O.C. 887-2009, s. 6.

7. An application for the constitution of a federation of mutual insurance associations must be accompanied by the following documents, in addition to the articles of the federation and the documents required by section 93.121 of the Act respecting insurance (chapter A-32):

- (1) the résumés of the persons proposed as directors;
- (2) the proposed internal by-law;
- (3) a description of the composition and mode of operation of the audit committee and, if applicable, the executive committee, the investment committee, the committee on ethics and any other proposed committee, as well as the names of the persons proposed as members of those committees;
- (4) the proposed rules of ethics applicable to directors;
- (5) the name and address of the person proposed as auditor;
- (6) a certified true copy of the resolution of the board of directors of each of the mutual insurance associations, duly confirmed by the members, authorizing the founders to apply for the constitution of the federation; and
- (7) a development plan describing the proposed activities of the federation over a period of 5 years, specifying the nature of the services that it will offer to its members, the means to be used to establish and maintain its services, including an estimate of costs, the training it will provide to its personnel and, if applicable, its investment policy for the investment fund.

O.C. 887-2009, s. 7.

8. An application for the constitution of a guarantee fund must be accompanied by the following documents, in addition to the articles of the fund and the documents required by section 93.218 of the Act respecting insurance (chapter A-32):

- (1) the résumés of the persons proposed as directors;
- (2) the name and address of the person proposed as auditor;
- (3) the proposed internal by-law; and
- (4) an audited statement showing the amount subscribed and paid up by each of the founding mutual associations to constitute the capital of the guarantee fund.

O.C. 887-2009, s. 8.

DIVISION II

NAME OF A MUTUAL INSURANCE ASSOCIATION

9. For the purposes of paragraph 6 of section 93.22 of the Act respecting insurance (chapter A-32), public authorities are those listed in section 1 of the Regulation respecting the names of companies governed by Part IA of the Companies Act (chapter S-31.1, r. 1.02).

O.C. 887-2009, s. 9.

10. The cases in which the name of a mutual insurance association suggests that the association is related to another person, partnership or group are those mentioned in section 3 of the Regulation respecting the corporate names of companies governed by Part IA of the Companies Act (O.C. 1857-93, 93-12-15).

The criteria to be taken into account to determine whether the name of an association suggests that the association is so related or leads to confusion with the name used by another person, partnership or group are those set out in sections 4 and 5 of that Regulation.

O.C. 887-2009, s. 10.

CHAPTER III

CLASSES OF INSURANCE

DIVISION I

GENERAL

11. A class of insurance that includes insurance against loss of property also includes insurance against loss of enjoyment resulting therefrom.

O.C. 887-2009, s. 11.

12. No class of insurance includes insurance against the financial consequences of liability arising out of damage unless specifically mentioned therein.

O.C. 887-2009, s. 12.

DIVISION II

INSURANCE OF PERSONS

13. Insurance in the “life insurance” class is insurance whereby the insurer undertakes to pay an agreed amount on the death of the insured. Such insurance may also include an undertaking to pay an amount during the life of the insured, depending on the insured being still alive at a specified time or on the occurrence of an event affecting the existence of the insured. Life and fixed-term annuities transacted by insurers are also included in this class.

O.C. 887-2009, s. 13.

14. Insurance in the “accident and sickness insurance” class is insurance whereby the insurer offers one or more of the following protections:

(1) payment of an indemnity in the event of bodily injury, including death, resulting from an accident sustained by an insured;

(2) payment of an indemnity in the event of sickness or disability of an insured;

(3) reimbursement for expenses incurred as a result of the sickness of or an accident sustained by an insured;

(4) reimbursement for expenses incurred for the health care of an insured.

O.C. 887-2009, s. 14.

DIVISION III

DAMAGE INSURANCE

15. Insurance in the “automobile insurance” class is insurance whereby the insurer undertakes to indemnify the insured against material loss or damage resulting from an event involving a motor vehicle, under the terms of the insurance policies approved by the Autorité des marchés financiers under section 422 of the Act respecting insurance (chapter A-32).

It includes protection against the financial consequences of liability arising out of bodily injury or damage to property caused by a motor vehicle or the use or operation of a motor vehicle.

Insurance providing for payment of an indemnity in the event of bodily injury, including death, resulting from an accident involving a motor vehicle is also included in this class, provided that such insurance is part of a motor vehicle liability insurance contract.

O.C. 887-2009, s. 15.

16. Insurance in the “aircraft insurance” class is insurance whereby the insurer undertakes to indemnify the insured against material loss or damage resulting from an event involving an aircraft. It includes protection against the financial consequences of liability arising out of bodily injury or damage to property caused by an aircraft or the use of it.

O.C. 887-2009, s. 16.

17. Insurance in the “property insurance” class is insurance whereby the insurer undertakes to indemnify the insured against loss of or damage to property, to the extent that the insurance does not cover property that is more specifically covered by another class of insurance.

O.C. 887-2009, s. 17.

18. Insurance in the “boiler and machinery insurance” class is insurance providing one or more of the following protections:

(1) insurance whereby the insurer undertakes to indemnify the insured against material loss or damage sustained by the insured by reason of the explosion or rupture of a boiler or any other pressure vessel, including any mechanism, component or accessory incidental to its operation, or material loss or damage resulting from an accident in the course of its operation;

(2) insurance against the financial consequences of liability arising out of bodily injury or damage to property caused by the explosion or rupture of a boiler or any other pressure vessel, including any mechanism, component or accessory incidental to its operation, or by an accident in the course of its operation;

(3) insurance whereby the insurer undertakes to indemnify the insured against material loss or damage sustained by the insured by reason of the use, breakage or breakdown of machinery;

(4) insurance against the financial consequences of liability arising out of bodily injury or damage to property caused by the use or operation of machinery.

O.C. 887-2009, s. 18.

19. Insurance in the “surety insurance” class is insurance whereby the insurer undertakes to guarantee the performance of an obligation or the payment of a penalty or indemnity for default on the part of the debtor. It does not include credit insurance, credit protection insurance or hypothec insurance, which are distinct classes.

O.C. 887-2009, s. 19.

20. Insurance in the “credit insurance” class is insurance whereby the insurer undertakes to indemnify an insured creditor against loss resulting from failure on the part of a debtor to repay the insured creditor. This class does not include protection for claims secured by hypothec.

O.C. 887-2009, s. 20.

21. Insurance in the “credit protection insurance” class is insurance whereby the insurer undertakes to indemnify a creditor against loss resulting from failure on the part of an insured natural person owing a debt to the creditor to repay the latter by reason of insufficient income, up to the amount of the debt.

O.C. 887-2009, s. 21.

22. Insurance in the “hypothec insurance” class is insurance whereby the insurer undertakes to indemnify an insured creditor against loss resulting from failure on the part of a debtor to repay a loan secured by a movable or immovable hypothec.

O.C. 887-2009, s. 22.

23. Insurance in the “fidelity insurance” class is insurance whereby the insurer undertakes to indemnify the insured against loss resulting from theft, embezzlement or breach of trust committed by an employee, an agent, a mandatary, a partner, an officer or a member. It includes insurance whereby the insurer undertakes to indemnify the insured should any of those persons fail to perform duties or perform them inappropriately.

O.C. 887-2009, s. 23.

24. Insurance in the “legal expenses insurance” class means insurance whereby the insurer undertakes to reimburse the legal costs of the insured, including fees and other costs incurred in respect of the provision of the legal services.

O.C. 887-2009, s. 24.

25. Insurance in the “hail insurance” class is insurance whereby the insurer undertakes to indemnify the insured against material loss caused by hail to crops in the field.

O.C. 887-2009, s. 25.

26. Insurance in the “fire insurance” class is insurance whereby the insurer undertakes to indemnify the insured against loss or damage that is the direct consequence of fire or the burning of insured property, regardless of the cause, including loss of or damage to property during transportation or resulting from the methods used to extinguish the fire.

O.C. 887-2009, s. 26.

27. Insurance in the “liability insurance” class is insurance whereby the insurer offers protection against the financial consequences of liability incurred by the insured for damage to a third person by reason of an injurious act. It includes insurance providing one or more of the following protections:

(1) protection against liability arising out of bodily injury or damage to property sustained by third persons, excluding the employees of the insured;

(2) protection whereby the insurer undertakes to indemnify in the event of an accident, whether liability exists or not, against damage sustained by a person neither living with the insured or on the insured premises, if the protection is provided for in a policy that also includes the protection referred to in subparagraph 1;

(3) protection against the liability of an employer arising out of bodily injury sustained by employees in the performance of their duties;

(4) protection whereby the insurer undertakes to indemnify in the event of an accident, whether liability exists or not, against damage sustained by employees in the performance of their duties, if the protection is provided for in a policy that also includes the protection referred to in subparagraph 3.

This class of insurance does not include liability covered by automobile insurance, aircraft insurance or boiler and machinery insurance.

O.C. 887-2009, s. 27.

28. Insurance in the “title insurance” class is insurance whereby the insurer undertakes to indemnify the insured against loss or damage resulting from

(1) the existence of a hypothec, a prior claim, a servitude or any other restriction on the right of ownership of property;

(2) a defect in a document that evidences a hypothec, a prior claim, a servitude or a restriction on the right of ownership of property;

(3) a defect in the title to property; or

(4) any other situation affecting title to property or the existence of another real right, including the right to the enjoyment of property.

O.C. 887-2009, s. 28.

DIVISION IV

MARINE INSURANCE

29. Insurance in the “marine insurance” class is insurance covering the risks incident to a marine adventure and may cover the risks of any adventure analogous to a marine adventure, land risks incidental to a marine adventure and risks incident to the building, repair and launch of a ship.

It includes protection against the financial consequences of liability arising out of bodily injury or damage to property arising out of such an adventure.

O.C. 887-2009, s. 29.

CHAPTER IV

APPLICATION FOR AN INSURER’S LICENCE

30. Every legal person, other than a professional order, that applies for an insurer’s licence must provide the Autorité des marchés financiers with a plan of its activities in Québec. The plan must set out

(1) the nature of the insurance contracts it proposes to offer in Québec;

(2) the sales methods to be used;

(3) the training to be given to its personnel;

(4) the claim settlement services to be set up for its insured in Québec;

(5) the investment policy to be implemented for the funds held for the benefit of its insured in Québec;
and

(6) the reinsurance policy and practices to be applied.

O.C. 887-2009, s. 30.

31. A licence application made by a legal person transacting insurance of persons, other than a legal person engaged exclusively in reinsurance, must be accompanied by an undertaking to be a party to a contract of adhesion with Assuris and to comply with the conditions stipulated therein, except if the legal person is already a party to such a contract or does not issue policies that guarantee for their duration the amounts of the benefits and premiums fixed in them.

O.C. 887-2009, s. 31.

32. A licence application made by a legal person transacting damage insurance, other than a professional order, a mutual insurance association or a legal person engaged exclusively in reinsurance, must also be accompanied by an undertaking to be a party to a contract of adhesion with the Property and Casualty Insurance Compensation Corporation (PACICC) and to comply with the conditions stipulated therein, except if the legal person is already a party to such a contract or intends to issue only insurance policies that are not subject to compensation under the contract.

O.C. 887-2009, s. 32.

33. Every legal person constituted under laws other than the laws of Québec that applies for a licence must send to the Minister and to the Autorité des marchés financiers the following documents:

(1) its certificate of registration, its licence or any other similar document issued by the authority in the place where it was constituted;

(2) its financial statements, as they stood at the close of the fiscal year preceding the licence application, that the legal person is required to file with the authority in the place where it was constituted; and

(3) the last inspection report submitted to it by the authority in the place where it was constituted and, if applicable, by any other authority in Canada.

O.C. 887-2009, s. 33.

CHAPTER V

COMMERCIAL PRACTICES AND DISCLOSURE OF CONDITIONS OF INSURANCE CONTRACTS

34. Insurers must present themselves under their true identity and not use a phrase that could cause confusion, particularly as regards trademarks or service marks, slogans, symbols or any other identification marks.

O.C. 887-2009, s. 34.

35. An insurer may not, in any insurance offer, exaggerate the extent of the protection offered or the amount of payable benefits, nor minimize the cost thereof.

Except in its advertising, an insurer must also specify the exclusions likely to affect the nature or scope of the protection under the contract. The insurer must also expose any limitation resulting from a waiting period.

Upon renewal, cancellation or termination of a contract, the insurer must refer to the relevant provisions in the contract.

O.C. 887-2009, s. 35.

36. An insurer advertising that no prior medical examination is required under the contract must specify whether the stipulation applies to the insurance application only, or also to the payment of benefits. The

insurer must also indicate the limits to protection under the contract in the case of death, illness or disability resulting from conditions existing prior to the effective date of the insurance.

O.C. 887-2009, s. 36.

37. No insurance offer may falsely claim or suggest that the insurance offered constitutes special protection and that the policyholder will be able to benefit from certain additional advantages if the insurance is taken out, or that the insurance is limited to a determined group of persons.

O.C. 887-2009, s. 37.

CHAPTER VI

INVESTMENTS

DIVISION I

GENERAL

38. In accordance with subparagraph 2 of the first paragraph of section 244.2 of the Act respecting insurance (chapter A-32), an insurer may acquire the shares of a legal person

- (1) whose principal activity is the purchase, management, sale or leasing of immovables;
- (2) whose principal activity is the offering of shares in investment portfolios, the making of loans and investments, factoring, leasing, the offering of computing services or actuarial advisory services;
- (3) whose principal activity is complementary to the distribution of certain insurance products such as travel assistance, legal assistance and road assistance; or
- (4) whose activities are those of a firm within the meaning of the Act respecting the distribution of financial products and services (chapter D-9.2) or that offers financial products and services outside Québec.

O.C. 887-2009, s. 38.

39. An insurer other than a mutual insurance association may acquire all or any of the shares of a legal person operating a residential and long-term care centre.

O.C. 887-2009, s. 39.

40. For the purposes of section 247.1 of the Act respecting insurance (chapter A-32), a subsidiary newly acquired by an insurer must undertake

- (1) to submit its financial statements each year to the Autorité des marchés financiers;
- (2) to submit any document and provide any information on its affairs required by the Autorité des marchés financiers to enable the Authority to verify the fair market value of the investments and whether the conditions set out in paragraph 5 are complied with;
- (3) to submit any document and provide any information required by the Autorité des marchés financiers relating to its financial situation or the financial situation of a holding company directly controlling the subsidiary or controlled by the subsidiary, as well as any document or information related to the application of the Act respecting insurance;
- (4) to permit the Autorité des marchés financiers or its representative to enter its head office and other establishments outside Québec at any reasonable time so that the Authority or its representative may

(a) examine and make copies of the books, registers, accounts, records and other documents relating to its financial situation or the financial situation of a holding company directly controlling the subsidiary or controlled by the subsidiary;

(b) require any information relating to the administration of the Act respecting insurance and the production of any related document; and

(c) require every person having the custody, possession or control of the books, registers, accounts, records and other documents to allow access to and facilitate examination of them;

(5) to provide, at its own expense, on request by the Autorité des marchés financiers, an assessment made by an independent expert of any proposed investment if, in the opinion of the Autorité des marchés financiers, the assessment made by the subsidiary does not reflect market value; and

(6) to not hold more than 30% of the voting shares issued by a legal person unless

(a) the legal person's principal activity is the purchase, management, sale or leasing of immovables;

(b) the legal person's principal activity is the offering of shares in investment portfolios, the making of loans and investments, factoring, leasing, or the offering of computing services or actuarial advisory services;

(c) the legal person's principal activity is complementary to the distribution of certain insurance products such as travel assistance, legal assistance and road assistance; or

(d) the legal person is an insurer, a bank, a trust company, a savings company, a firm within the meaning of the Act respecting the distribution of financial products and services (chapter D-9.2), a securities dealer or adviser, or offers financial products and services outside Québec.

O.C. 887-2009, s. 40.

DIVISION II

INVESTMENTS BY A FEDERATION OF MUTUAL INSURANCE ASSOCIATIONS

41. The following investments must be authorized in advance by the board of directors of a federation of mutual insurance associations:

(1) any transaction for the purpose of acquiring, using the federation's investment fund, securities issued by a restricted party in respect of the federation or by a legal person belonging to the same group as the federation; and

(2) any transfer of assets between the federation's investment fund and a restricted party in respect of the federation or by a legal person belonging to the same group as the federation.

Bad debts, unproductive assets and assets repossessed from a debtor in default may not be transferred to the investment fund.

O.C. 887-2009, s. 41.

42. The investment fund of a federation must be valued at least once a year at the time the accounts of the federation are audited. The valuation must be effected in accordance with generally accepted accounting principles.

O.C. 887-2009, s. 42.

43. A federation must, within 2 months after the end of its fiscal year, send a statement to its members setting forth, in comparison with the statement of the preceding year, the financial situation of the investment fund and the value of their participation as at the end of the fiscal year.

O.C. 887-2009, s. 43.

CHAPTER VII

ACTIVITIES OF A TRUST COMPANY

44. For the purposes of section 33.2.1 of the Act respecting insurance (chapter A-32), the activities of a trust company that an insurance company holding a licence issued under the Act is authorized to carry on are

(1) acting as trustee for any retirement plan, retirement savings plan, education savings plan, disability savings plan or any other plan, fund or mechanism of the same nature administered by the insurance company and registered under the Taxation Act (chapter I-3) or the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.));

(2) acting as trustee of an investment fund within the meaning of the Securities Act (chapter V-1.1) administered by the insurance company; and

(3) the activities that a trust company may carry on under the Act respecting trust companies and savings companies (chapter S-29.01) in respect of the annuity contracts administered by the insurance company and the insured amounts kept by it for the benefit of others.

O.C. 887-2009, s. 44.

CHAPTER VIII

ANNUAL STATEMENTS

DIVISION I

GENERAL

45. Every insurer that transacts insurance of persons and damage insurance must file annual statements for each of those activities.

O.C. 887-2009, s. 45.

46. Every insurer must keep, for inspection purposes, all documents including the working sheets used in determining the balance for each item in the annual statement.

O.C. 887-2009, s. 46.

47. Mutual benefit associations must send to the Autorité des marchés financiers, along with their annual statement, a true copy of their by-laws if they were amended in the last fiscal year.

O.C. 887-2009, s. 47.

DIVISION II

INSURER CONSTITUTED UNDER LAWS OTHER THAN THE LAWS OF QUÉBEC

48. Every insurer constituted under laws other than the laws of Québec that transacts insurance in Québec must send to the Autorité des marchés financiers, in addition to the annual statement required by sections 305

to 312 of the Act respecting insurance (chapter A-32), any annual or interim statements required to be filed with another authority in Canada.

O.C. 887-2009, s. 48.

49. Every insurer constituted under laws other than the laws of Québec that transacts only marine insurance in Québec must send to the Autorité des marchés financiers the annual statement required by sections 305 to 312 of the Act respecting insurance (chapter A-32).

O.C. 887-2009, s. 49.

CHAPTER IX

METHODS FOR THE VALUATION OF THE ASSETS AND LIABILITIES OF INSURERS

DIVISION I

GENERAL VALUATION METHOD

50. Subject to the special provisions in this chapter, the assets and liabilities of an insurer or of an insurance fund in the case of a professional order must be valued and presented in their annual statement in accordance with generally accepted accounting principles.

O.C. 887-2009, s. 50.

DIVISION II

INVESTMENTS IN LEGAL PERSONS CONTROLLED BY AN INSURER TRANSACTING DAMAGE INSURANCE

51. Investments in legal persons controlled by an insurer transacting damage insurance must be valued on an equity basis.

O.C. 887-2009, s. 51.

DIVISION III

SEPARATE FUNDS

52. The assets of separate funds maintained by an insurer transacting insurance of persons and contracting obligations that vary according to the market value of a specified group of assets must be valued in accordance with generally accepted accounting principles.

O.C. 887-2009, s. 52.

DIVISION IV

RESERVES MAINTAINED BY MUTUAL BENEFIT ASSOCIATIONS

53. Subject to section 54, the reserve of each of the funds established by a mutual benefit association must be calculated so that it is sufficient to guarantee payment at maturity of the association's obligations in respect of each of the funds.

In calculating the reserve, the actuary must not take into account a possible reduction in mutual benefits or increase in assessments arising from an amendment to the by-laws of the mutual benefit association after the valuation date.

O.C. 887-2009, s. 53.

54. If the mutual benefit association issues policies or certificates guaranteeing, for their duration, the amounts of the mutual benefits and assessments fixed in them, the reserve must be calculated in respect of the policies or certificates according to the methods applicable to every insurer under the Act respecting insurance (chapter A-32) and this Regulation.

O.C. 887-2009, s. 54.

CHAPTER X

LOANS

55. Every insurer proposing to contract a loan by issuing bonds or other unsecured evidences of indebtedness must be authorized to do so by its internal by-law and by a resolution of the board of directors fixing the terms and conditions of the issue.

O.C. 887-2009, s. 55.

56. The resolution required by section 55 must indicate

(1) the rate of interest on the bonds or other evidences of indebtedness or the fact that the rate may be determined by the board of directors;

(2) the due date and, if applicable, the possibility of pre-payment;

(3) the privilege, if applicable, to convert bonds into shares of the capital stock or that the board of directors is authorized to grant such a privilege;

(4) if the resolution authorizes the issue of one or more series of unsecured bonds, their designation, the rights and the conditions attached to each of them or, as the case may be, that each series has the same rights and conditions as the bonds of any other series, with the exception of the rate of interest, the payment of interest and the dates of issue and redemption for each series; and

(5) the total par value of the series or various series or, in the absence of such a value, the total par value of the unsecured bonds that the insurer proposes to issue immediately, with a statement that the amount may be exceeded only if the insurer is authorized to do so by a new resolution.

O.C. 887-2009, s. 56.

57. Unsecured bonds must mention the rights, conditions and restrictions attached to them.

O.C. 887-2009, s. 57.

58. Every insurer proposing to contract a loan by accepting subordinated loans must be authorized to do so by its internal by-law and by a resolution of the board of directors fixing the terms and conditions, in particular

(1) the total amount;

(2) the rate of interest or authority for the board of directors to determine it; and

(3) if applicable, the privilege to convert subordinated loans into shares in the capital stock or the authority for the board of directors to grant such a privilege.

O.C. 887-2009, s. 58.

CHAPTER XI

GROUP INSURANCE OF PERSONS

DIVISION I

CONDITIONS APPLICABLE TO CONTRACTS FOR GROUP INSURANCE OF PERSONS

§ 1. — *General*

59. A group life insurance contract or a group sickness or accident insurance contract may be issued under a master policy solely to cover the participants in a specified group and, in some cases, their families or dependants.

O.C. 887-2009, s. 59.

60. A specified group of persons is a group whose members share common activities or interests before a group insurance plan is offered to them, including socio-economic or cultural interests.

The group may be composed of such persons as, for example,

- (1) persons currently or formerly employed by one or more employers;
- (2) persons having the same profession or usual occupation;
- (3) the members of a financial services cooperative;
- (4) the members of a mutual insurance association.

O.C. 887-2009, s. 60; O.C. 724-2016, s. 1.

60.1. A specified group of persons may be composed of members of a voluntary retirement savings plan registered in accordance with the Voluntary Retirement Savings Plans Act (chapter R-17.0.1), provided those members do not constitute a group under section 60.

The same applies to members of a pooled registered pension plan within the meaning of the Pooled Registered Pension Plans Act (S.C. 2012, c. 16).

S.Q. 2013, c. 26, s. 136.

61. The policyholder of a group insurance contract must be able to provide for the management of the master policy, in particular the collection of the premiums for the insurer. If the policyholder is an association of employees or a professional syndicate, it may enter into an agreement with the employer or a third party so that the employer or third person manages the master policy in the name of the policyholder.

The first paragraph does not apply to the policyholder if the contract is a voluntary retirement savings plan registered in accordance with the Voluntary Retirement Savings Plans Act (chapter R-17.0.1) or a pooled registered pension plan within the meaning of the Pooled Registered Pension Plans Act (S.C. 2012, c. 16).

O.C. 887-2009, s. 61; S.Q. 2013, c. 26, s. 137.

§ 2. — *Conversion of a group life insurance contract*

62. Every group life insurance contract must give a participant who ceases to belong to the group before age 65 the option to convert all or part of the participant's life insurance protection or, as the case may be, that of the participant's family and dependants, into an individual life insurance contract.

The amount of insurance on the participant's life that may be converted must be at least \$10,000 and may not exceed the lesser of the amount of all the life insurance protections that the participant held under the contract on the conversion date and \$400,000.

In addition, the amount of life insurance that may be converted must be at least \$5,000 for each family member and each dependant, without exceeding the amount of insurance on the life of those persons on the conversion date.

That conversion option may be exercised by the participant within 31 days after leaving the group, without the participant having to provide evidence of insurability, including for the family and dependants. The group insurance coverage remains in force during that period or until converted into individual insurance.

The conversion option does not apply to sickness or accident insurance incidental to the life insurance contract.

O.C. 887-2009, s. 62.

63. The insurer must give a participant who leaves the group either of the following options without the participant having to provide evidence of insurability:

(1) individual life insurance, temporary or permanent, at the participant's option, providing protection comparable to that provided under the group insurance contract both as to amount and term; or

(2) individual life insurance for one year, providing protection comparable to that provided under the group insurance contract, but convertible at the end of the year, at the participant's option, into insurance described in subparagraph 1.

The premium for the first year of the insurance described in subparagraph 1 of the first paragraph may not exceed the premium for temporary one-year insurance.

O.C. 887-2009, s. 63.

64. The premiums for an individual life insurance contract resulting from a conversion must be uniform for the term of the contract, except the premiums for the first year. The premiums are established on the basis of the age and sex of the insured in accordance with the rate for standard risks that applies at the time of conversion.

Despite the foregoing, the insurer may, in respect of a participant subject to an extra premium before the conversion of the group insurance, apply a comparable increase at the time the premium for the individual insurance is established.

O.C. 887-2009, s. 64.

65. The insurer must allow a participant who opts for individual life insurance under section 63 to pay the premiums for the first year on a quarterly basis or on other terms agreed on.

O.C. 887-2009, s. 65.

66. A group life insurance contract must give a participant who has been insured for at least 5 years the option to convert all or part of the life insurance protection into individual life insurance within 31 days after the expiry of the master policy if the master policy is not replaced or the replacement contract provides for a lesser amount of insurance.

The amount of insurance that may be converted must be at least \$10,000 or 25% of the amount of the participant's life insurance on the expiry of the master policy, whichever amount is greater.

The participant is not required to provide evidence of insurability and the insurer must comply with sections 63 to 65.

The conversion option does not apply to sickness or accident insurance incidental to the group life insurance contract.

O.C. 887-2009, s. 66.

67. For the purposes of sections 63, 70 and 71, protection is comparable if the content is the same despite differences in the amounts of insurance, the amounts of premium waivers or the conditions of eligibility.

O.C. 887-2009, s. 67.

§ 3. — *Compulsory clauses*

68. Every group life insurance contract must stipulate that its expiry or the cancellation of any contract protection may not be set up against a claim based on an event that occurred while the contract was in force or on a death resulting from a disability that arose while the contract was in force.

O.C. 887-2009, s. 68.

69. Every group sickness or accident insurance contract must stipulate

(1) that its expiry or the cancellation of any protection may not be set up against a claim based on

(a) death or mutilation resulting from an accident that occurred while the contract was in force; or

(b) a disability that arose or a sickness contracted while the contract was in force; and

(2) that the insurer remains bound to compensate the participant for salary loss if the participant is still disabled after the contract expires.

O.C. 887-2009, s. 69.

70. Despite sections 68 and 69, the insurer is not bound to compensate the participant in the event of recurrence of the disabling affliction after the expiry of the contract if the participant has not been disabled for more than 180 days.

In all other cases, coverage ceases as soon as the participant becomes covered by another insurer under a group insurance contract having comparable provisions.

O.C. 887-2009, s. 70.

71. If a group life insurance contract or a group sickness or accident insurance contract is terminated and replaced within 31 days by a contract providing comparable coverage for all or part of the same group, the new group insurance contract must stipulate that

(1) a person insured under the former contract may not be excluded from the new contract or be denied benefits solely because of a pre-existing condition limitation that was not applicable or that did not exist in the former contract, or because the person is not at work on the date of coming into force of the new contract; and

(2) every person insured under the former contract is covered *pleno jure* by the new contract on the termination of the former contract if the cessation of insurance is exclusively attributable to the termination and the person belongs to a class of participant covered by the new contract.

O.C. 887-2009, s. 71.

72. Despite sections 68 and 69, the new insurer must cover an insured who suffers from a disabling affliction that arose under the former contract but was declared to the previous insurer more than 180 days after it arose, during the new contract.

In addition, even if the insured again has a disability covered by the new contract within 180 days after the end of the first disability, the former contract ceases to apply and the new contract applies as soon as the participant has accumulated 30 days of full-time work after the expiry of the former contract in duties in a class covered by the new contract.

O.C. 887-2009, s. 72.

73. A participant in the new contract is exempt from any waiting period if

(1) the new disability period is attributable to the same or related causes that gave rise to the payment of benefits under the former contract; and

(2) a period of less than 180 days has elapsed since the due date of the last benefit or the last premium for which there was waiver and the beginning of the new disability period.

O.C. 887-2009, s. 73.

74. Benefits owing by reason of death or mutilation covered by the former contract under sections 68 and 69 are not covered by the new insurer.

Despite the foregoing, the former contract ceases to apply and the new contract applies as soon as the insured has accumulated 30 days of full-time work after the expiry of the former contract in duties in a class covered by the new contract.

O.C. 887-2009, s. 74.

DIVISION II

CONDITIONS APPLICABLE TO GROUP INSURANCE CONTRACTS ON THE LIFE OR HEALTH OF DEBTORS AND ON THE LIFE OR HEALTH OF DEPOSITORS

O.C. 887-2009, Div. II; O.C. 1104-2014, s. 2.

§ 1. — *General*

75. In group insurance on the life or health of debtors and on the life or health of depositors, the enrollment form or loan agreement must indicate the premiums required to cover all or part of the cost of the life insurance or sickness or accident insurance. If the cost of the premiums is determined by a rate of interest added to the rate of interest for the loan, the enrollment form or loan agreement must indicate the percentage of added interest that constitutes the premium.

All questions or limitations regarding state of health as a condition of eligibility must be clearly specified on the enrollment form.

The policyholder must, at the time the enrollment form is signed by the participant, give a duly completed and signed copy of the form to the participant.

Any form used in the policyholder's business that contains an application for insurance constitutes an enrollment form.

O.C. 887-2009, s. 75; O.C. 1104-2014, s. 3.

§ 2. — *Conditions applicable to group insurance on the life or health of debtors*

76. Subject to the provisions of this subdivision, any creditor may underwrite a group insurance contract on the life or health of debtors that provides coverage up to the amounts loaned.

The insurance may also cover the life or health of persons other than debtors, but only if the creditor has a pecuniary interest in their life or health.

O.C. 887-2009, s. 76.

77. A creditor does not cease to act as the policyholder by reason of the assignment of the claim to a third person except that, in such a case, the amount payable under the contract must be paid to the assignee.

O.C. 887-2009, s. 77.

78. The amount payable under a group insurance contract on the life of debtors is limited to the net debt at the time of the death of the debtor.

O.C. 887-2009, s. 78.

79. Despite sections 76 and 78, a group insurance contract on the life or health of debtors may, at the debtors' option, provide for an amount payable that is equal to the amount of their loan or, in the case of a contract extending variable credit, equal to the amount of the variable credit authorized by the creditor.

The maximum amount payable to the creditor is limited to the net debt of the debtor, the balance being paid to the designated beneficiary or, if applicable, to that person's succession.

O.C. 887-2009, s. 79.

80. For the purposes of sections 78 and 79, "net debt" means the amount of the original claim increased by only the portion of the credit charges accrued up to the time of death, and decreased by the payments made by the debtor.

O.C. 887-2009, s. 80.

81. The group insurance contract on the life of debtors and the documents relevant to the contract given to the debtor must clearly indicate the amount of the benefits payable by the insurer or how that amount is determined.

O.C. 887-2009, s. 81.

82. If the debtors are responsible for payment in full of the insurance premiums, the master policy must state the amount of the premiums; the amount may not be greater than the amount remitted by the policyholder to the insurer.

O.C. 887-2009, s. 82.

83. The master policy must also stipulate that all the insurance premiums collected by the policyholder must be promptly remitted to the insurer.

O.C. 887-2009, s. 83.

84. No dividend or experience rebate may be directly or indirectly paid to the policyholder of a group insurance contract on the life or health of debtors, either during the contract or after its expiry, unless the premiums are paid in full by the policyholder.

Despite the foregoing, the master policy may stipulate that experience rebates and dividends are payable retroactively to the participants, that they may be applied to reduce premiums or that they are deposited with the insurer for the purpose of reducing future premiums.

O.C. 887-2009, s. 84.

85. In group insurance on the life or health of debtors, the master policy may not provide for policyholder remuneration other than reimbursement for expenses actually incurred by the policyholder to administer the contract.

Those expenses may not be calculated as a percentage of the premiums or be otherwise associated with the premiums, except in the case of expenses incurred for the collection of the premiums.

O.C. 887-2009, s. 85.

§ 3. — *Conditions applicable to group depositor insurance*

86. Subject to the provisions of this subdivision, any bank, financial services cooperative, trust company, legal person managing mutual funds or any other legal person carrying on similar activities may underwrite a group insurance contract on the life or health of depositors that provides coverage up to the amounts deposited or invested or up to the amounts to be deposited or invested by the depositor.

O.C. 887-2009, s. 86; O.C. 1104-2014, s. 4.

87. The amount payable on the occurrence of an event insured against under a group insurance contract on the life or health of depositors may not exceed the greatest of

- (1) the balance on deposit or the amount invested with the policyholder;
- (2) the amounts to be deposited or invested by the depositor with the policyholder;
- (3) the amount determined or to be determined, payable at maturity, if the depositor undertook to pay the amount in cash on a date that is specified or to be specified; and
- (4) an amount of \$25,000 in the case of insurance issued through a financial services cooperative.

The amount in subparagraph 4 of the first paragraph is adjusted annually based on the percentage increase in the average of the Consumer Price Index for Canada, published by Statistics Canada under the Statistics Act (R.S.C. 1985, c. S-19), for the 12 months of the preceding year compared to the 12 months of the year prior to that year.

If an annual average or the percentage calculated pursuant to the second paragraph or the amount thus adjusted has more than 2 decimals, only the first 2 decimals are retained and the second is increased by one unit if the third decimal is equal to or greater than 5.

O.C. 887-2009, s. 87; O.C. 1104-2014, s. 5.

CHAPTER XII

TARIFF OF FEES

88. The fees payable under this Regulation are set out in the following table and are payable to the Autorité des marchés financiers:

Tariff of fees	
Act	Fees payable to the Autorité des marchés financiers
Constitution of an insurance company	\$5,582
Constitution of a mutual insurance association	\$5,582
Constitution of a federation of mutual insurance associations	\$5,582
Constitution of a guarantee fund	\$5,582
Constitution of a fund to insure professional liability of members of a professional order governed by the Professional Code (chapter C-26)	\$5,582
Issue of supplementary letters patent to an insurance company	\$2,791
Filing of articles of amendment for an insurance company and issue of a certificate of amendment	\$2,791
Amendment to the articles of a mutual insurance association and issue of a certificate of amendment	\$2,791
Amendment to the articles of a federation of mutual insurance associations	\$2,791

INSURANCE — REGULATION UNDER THE ACT

Amendment to the articles of a guarantee fund	\$2,791
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Amendment to the articles of a mutual benefit association	\$2,791
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Amalgamation or conversion of an insurance company or mutual insurance association	\$2,791
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Filing of articles of continuance of an insurance company and issue of a certificate of continuance under section 200.0.15, 200.0.16 or 200.6 of the Act respecting insurance (chapter A-32)	\$2,791
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Issue of a first permit to an insurance company, a mutual insurance association or a professional order	\$2,791
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Issue of a first licence to a mutual benefit association after amalgamation	\$2,791
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Issue of a licence amended to indicate the classes of insurance	\$558
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Examination of application and reinstatement of an insurer's licence	\$2,791
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True copy of an insurer's licence	\$83,75
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True copy of the appointment of a representative in Québec or a proxy	\$83,75
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Change in the appointment of a representative in Québec or a proxy	\$223
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Certification of a document by the Autorité des marchés financiers	\$112
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O.C. 887-2009, s. 88; S.Q. 2010, c. 7, s. 277.

89. *(Revoked).*

O.C. 887-2009, s. 89; S.Q. 2010, c. 7, s. 278.

90. All fees payable under the Act respecting insurance (chapter A-32) and this chapter must be sent with the related application and paid to the Autorité des marchés financiers or, in the case of a fee set out in the Act respecting the legal publicity of enterprises (chapter P-44.1), paid to the enterprise registrar.

O.C. 887-2009, s. 90; S.Q. 2010, c. 7, s. 279.

CHAPTER XIII

TRANSITIONAL AND FINAL

91. An insurer who holds a licence to transact surety insurance under the Regulation respecting the application of the Act respecting insurance (R.R.Q., 1981, chapter A-32, r. 1), as it read on 9 September 2009, is deemed to hold a licence to transact surety and fidelity insurance under this Regulation, unless restrictions to the contrary appear on the licence.

O.C. 887-2009, s. 91.

92. An insurer who holds a licence to transact property insurance under the Regulation respecting the application of the Act respecting insurance (R.R.Q., 1981, chapter A-32, r. 1), as it read on 9 September 2009, is deemed to hold a licence to transact property insurance in addition to a licence to transact fire insurance under this Regulation, unless restrictions to the contrary appear on the licence.

O.C. 887-2009, s. 92.

93. An insurer referred to in section 264 of the Regulation respecting the application of the Act respecting insurance (R.R.Q., 1981, chapter A-32, r. 1), as it read on 9 September 2009, may continue to limit the amount of the insurance liable to conversion in the manner described in that section until the expiry of the master-policy in force.

O.C. 887-2009, s. 93.

94. An insurer that, on 18 December 2002, held a licence to transact damage insurance may transact insurance of persons if the insurer is authorized to transact automobile insurance or liability insurance, but only to the extent permitted by those classes of insurance.

O.C. 887-2009, s. 94.

95. This Regulation replaces the Regulation respecting the application of the Act respecting insurance (R.R.Q., 1981, chapter A-32, r. 1).

O.C. 887-2009, s. 95.

96. *(Omitted).*

O.C. 887-2009, s. 96.

TRANSITIONAL

2011

(2009, chapter 52) SECTION 716. A company constituted, continued or resulting from an amalgamation under Part IA of the Companies Act (chapter C-38) becomes, on 14 February 2011, a business corporation governed by this Act.

The same applies to an insurance company within the meaning of that expression in the Act respecting insurance (chapter A-32) to which Part IA of the Companies Act applies.

UPDATES

O.C. 887-2009, 2009 G.O. 2, 3151

S.Q. 2010, c. 7, ss. 277 to 279

S.Q. 2013, c. 26, ss. 136 and 137

O.C. 1104-2014, 2014 G.O. 2, 2811

O.C. 724-2016, 2016 G.O. 2, 3221

WRITTEN RESOLUTION #1 OF 2

IN LIEU OF MEETING OF THE BOARD OF DIRECTORS OF

THE CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE (CAFII)

BE IT RESOLVED THAT:

I support the resolution moved by Chris Lobbezoo, CAFII Director from RBC Insurance Holdings Inc.; and seconded by Peter McCarthy, CAFII Director from Bank of Montreal Insurance Company, that the CAFII Board of Directors hereby re-admits National Bank Insurance as a Foundation Member (a sub-class of Regular Member) of the Canadian Association of Financial Institutions in Insurance, effective January 1, 2019.

(The foregoing resolution is proposed pursuant to Article 5.13 of the Canadian Association of Financial Institutions in Insurance By-Law No. 1. This resolution may be executed in counterparts and such counterparts may be aggregated to constitute one single resolution in writing.)

CAFII Director: AMEX Bank of Canada

date

CAFII Director: Assurant Solutions

date

CAFII Director: Bank of Montreal Insurance Company

date

CAFII Director: Canadian Premier Life Insurance Company

date

CAFII Director: CIBC Life Insurance Company Limited

date

CAFII Director: CUMIS Services Inc./Co-operative Life Insurance Co.

date

CAFII Director: Desjardins Financial Security Life Insurance Company

date

CAFII Director: Manulife (The Manufacturers Life Insurance Company)

date

CAFII Director: RBC Insurance Holdings Inc.

date

CAFII Director: ScotiaLife Financial

date

CAFII Director: The Canada Life Assurance Company

date

CAFII Director: Toronto Dominion Life Insurance Company

date

WRITTEN RESOLUTION #2 OF 2
IN LIEU OF MEETING OF THE BOARD OF DIRECTORS OF
THE CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE (CAFII)

BE IT RESOLVED THAT:

I support the resolution moved by Peter McCarthy, CAFII Director from Bank of Montreal Insurance Company; and seconded by Chris Lobbezoo, CAFII Director from RBC Insurance Holdings Inc., that the CAFII Board of Directors hereby appoints Peter D. Thompson, Senior Vice-President, Insurance and President, National Bank Insurance, as the CAFII Director representing National Bank Insurance, a Foundation Member of the Association, effective January 1, 2019 until the next Annual Meeting of Members.

(The foregoing resolution is proposed pursuant to Article 5.13 of the Canadian Association of Financial Institutions in Insurance By-Law No. 1. This resolution may be executed in counterparts and such counterparts may be aggregated to constitute one single resolution in writing.)

CAFII Director: AMEX Bank of Canada

date

CAFII Director: Assurant Solutions

date

CAFII Director: Bank of Montreal Insurance Company

date

CAFII Director: Canadian Premier Life Insurance Company

date

CAFII Director: CIBC Life Insurance Company Limited

date

CAFII Director: CUMIS Services Inc./Co-operative Life Insurance Co.

date

CAFII Director: Desjardins Financial Security Life Insurance Company

date

CAFII Director: Manulife (The Manufacturers Life Insurance Company)

date

CAFII Director: RBC Insurance Holdings Inc.

date

CAFII Director: ScotiaLife Financial

date

CAFII Director: The Canada Life Assurance Company

date

CAFII Director: Toronto Dominion Life Insurance Company

date

Peter D. Thompson

(Professional Biography)

Peter began his career with CIBC Corporate Banking in Montreal in 1989. After obtaining his MBA (Finance) from the University of Western Ontario in 1993, he joined RoyNat where he specialized in term, subordinated debt and equity financing.

In 1998, he joined National Bank of Canada to start up a Structured Finance group, serving all the bank's commercial centres throughout Quebec. In 2000, Peter was appointed Vice President of Commercial Banking for Ontario and Western Quebec, based out of Ottawa until 2006. He returned to Montreal where he was Vice President of the bank's International division from 2006 until 2009. He then served as Vice President Commercial Banking for Laval, Northern & Western Quebec and Eastern Ontario until 2012. He was then named Vice President Real Estate Financing for Canada where he built a strong team and business across the country.

In April of 2018, Peter was appointed Senior Vice President, Insurance at National Bank of Canada and President & CEO of National Bank Insurance.

Peter is a board member of St. Mary's Hospital Foundation and Sun Youth Organization. He has been married to Laurie for over 25 years and is a proud father to Madison, Grayson, Malcolm and Kevin.

CAFII

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

Balance Sheet As at Nov 30, 2018

	30-Nov 2018	31-Oct 2018	31-Dec 2017
ASSETS			
Current Assets			
Bank Balance	\$294,880	\$343,157	\$192,706
Investments	\$0	\$0	\$0
Accounts Receivable	\$0	\$0	\$0
Interest Receivable	\$0	\$0	\$0
Prepaid Expenses	9,123	7,408	\$26,577
Computer/Office Equipment	\$8,014	\$8,014	\$8,014
Accumulated Depreciation -Comp/Equip	(\$4,511)	(\$4,416)	(\$3,469)
Intangible Assets-Trademarks	\$0	\$0	\$0
Accumulated Amortization-Trademark	\$0	\$0	\$0
Total Current Assets	\$307,506	\$354,162	\$223,827
TOTAL ASSETS	\$307,506	\$354,162	\$223,827
LIABILITIES			
Current Liabilities			
Accrued Liabilities	\$14,737	\$13,520	\$35,953
Account Payable ^B	\$2,985	\$4,055	\$7,427
Deferred Revenue	\$57,963	\$115,925	\$0
Total Current liabilities	\$75,685	\$133,500	\$43,380
TOTAL LIABILITIES	\$75,685	\$133,500	\$43,380
UNRESTRICTED NET ASSETS			
Unrestricted Net Assets, beginning of year	\$180,447	\$180,447	\$380,759
Excess of revenue over expenses	\$51,374	\$40,216	(\$200,312)
Total Unrestricted Net Assets	\$231,821	\$220,663	\$180,447
Total Unrestricted Net Assets	\$231,821	\$220,663	\$180,447
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$307,506	\$354,162	\$223,827

Financial Reserves Targets as per 2018 Budget:

Minimum 3 months (25%) of Annual Operating Expenses= \$ 174,518
Maximum 6 months (50%) of Annual Operating Expenses: \$ 349,035

Current Level of Financial Reserves (total unrestricted net \$231,821
Current Level of Financials Reserve (%): 33%

CAFII

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

Statement of Operations As at Nov 30, 2018

	Current Month	Budget Nov-18	Variance to Monthly Budget	Current YTD	Budget '18 YTD	Variance Budget to YTD	Budget 2018
Revenue							
Membership Fees	\$57,962	\$50,699	\$7,263	\$637,582	\$557,686	\$79,896	\$608,385
Interest Revenue	\$0	\$17	(\$17)	\$0	\$187	(\$187)	\$200
TOTAL REVENUE	\$57,962	\$50,716	\$7,246	\$637,582	\$557,873	\$79,709	\$608,585
Expenses							
Management Fees	\$37,111	\$37,917	\$806	\$423,188	\$417,083	(\$6,105)	\$455,000
CAFII Legal Fees/Corporate Governan	\$0	\$0	\$0	\$563	\$3,750	\$3,187	\$5,000
Audit Fees	\$1,217	\$1,217	\$0	\$13,219	\$13,387	\$168	\$14,600
Insurance	\$439	\$458	\$19	\$4,819	\$5,038	\$219	\$5,500
Website (incl translation)	\$839	\$1,166	\$327	\$5,604	\$12,826	\$7,222	\$14,000
Website SEO and Enhancements	\$1,967	\$3,416	\$1,449	\$14,915	\$12,979	(\$1,936)	\$14,220
Telephone/Fax/Internet	\$290	\$483	\$193	\$4,973	\$5,313	\$340	\$5,800
Postage/Courier	\$25	\$33	\$425	\$458	\$363	(\$95)	\$400
Office Expenses	\$89	\$166	\$77	\$2,285	\$1,826	(\$459)	\$2,000
Bank Charges	\$0	\$4	\$4	\$23	\$44	\$21	\$50
Miscellaneous Expenses	\$0	\$42	\$42	\$0	\$462	\$462	\$500
Amortization Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Computer/Office Equipm	\$95	\$100	\$5	\$1,041	\$1,100	\$59	\$1,200
Board/EOC/AGM							
Annual Members Lunch	\$0	\$0	\$0	\$10,503	\$10,000	(\$503)	\$10,000
Board Hosting (External)	\$0	\$0	\$0	\$15,618	\$15,000	(\$618)	\$15,000
Board/EOC/Meeting Expenses	\$1,310	\$2,600	\$1,290	\$18,268	\$23,400	\$5,132	\$26,000
Industry Events	\$0	\$0	\$0	\$1,243	\$1,000	(\$243)	\$1,000
EOC Annual Appreciation Dinner	\$0	\$0	\$0	\$763	\$800	\$37	\$800
Sub Total Board/EOC/AGM	1,310	2,600	1,290	46,394	50,200	3,806	52,800
Provincial Regulatory Visits	\$587	\$0	(\$587)	\$11,206	\$12,000	\$794	\$12,000
Research/Studies	\$445	\$0	(\$445)	\$18,632	\$52,500	\$33,868	\$52,500
Regulatory Model(s)	\$0	\$5,400	\$5,400	\$2,251	\$27,000	\$24,749	\$27,000
Federal Financial Reform	\$0	\$0	\$0	\$0	\$500	\$500	\$500
Media Outreach	\$2,260	\$2,000	(\$260)	\$36,262	\$28,000	(\$8,262)	\$30,000
Marketing Collateral	\$130	\$0	(\$130)	\$185	\$2,000	\$1,815	\$2,000
Tactical Communications Strategy	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Media Relations, CAFII Consultant	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Networking Events	\$0	\$0	\$0	\$0	\$500	\$500	\$0
Speaker fees & travel	\$0	\$600	\$600	\$0	\$2,000	\$2,000	\$2,000
Gifts	\$0	\$200	\$200	\$191	\$500	\$309	\$500
Networking Events	\$0	\$200	\$200	\$0	\$500	\$500	\$500
Sub Total Networking & Events	-	1,000	1,000	191	3,000	2,809	3,000
TOTAL EXPENSE	46,804	56,002	9,615	586,208	649,871	63,664	698,070
NET INCOME	11,158	- 5,286	16,861	51,374	- 91,998	143,372	- 89,485

Explanatory Notes:

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

CAFII

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

Membership Fees As At October 31st, 2018

	<u>Feb-18</u>		<u>Jul-18</u>	
	<u>To be billed</u>	<u>Received</u>	<u>To be billed</u>	<u>Received</u>
BMO Bank of Montreal	\$ 36,719.00	15-Mar-18	\$ 36,719.00	13-Aug-18
CIBC Insurance	\$ 36,719.00	25-Apr-18	\$ 36,719.00	23-May-18
RBC Insurance	\$ 36,719.00	12-Mar-18	\$ 36,719.00	30-Jul-18
ScotiaLife Financial	\$ 36,719.00	28-Feb-18	\$ 36,719.00	24-Jul-18
TD Insurance	\$ 36,719.00	27-Feb-18	\$ 36,719.00	26-Jul-18
Desjardins Financial Security Life Assurance Company	\$ 27,539.50	25-Apr-18	\$ 27,539.50	24-Aug-18
AMEX Bank of Canada	\$ 18,360.00	26-Mar-18	\$ 18,359.00	5-Sep-18
Assurant Solutions	\$ 18,360.00	28-Mar-18	\$ 18,359.00	19-Jul-18
Canadian Premier Life Insurance Company	\$ 18,360.00	6-Mar-18	\$ 18,359.00	10-Oct-18
Cumis Group Ltd/Co-operators Life Insurance Co.	\$ 18,360.00	28-Feb-18	\$ 18,359.00	30-Aug-18
Manulife Financial	\$ 22,000.00	20-Jul-18	\$ 22,000.00	20-Jul-18
The Canada Life Assurance Company	\$ 22,000.00	16-May-18	\$ 22,000.00	24-Aug-18
Willis Towers Watson	\$ 4,800.00	5-Mar-18		
RSM Canada Actuarial Services				
KPMG MSLP	\$ 4,800.00	3-Jul-18		
Munich Reinsurance Company Canada Branch (Life)	\$ 4,800.00	15-May-18		
Optima Communications	\$ 4,800.00	8-Mar-18		
RGA Life Reinsurance Company of Canada	\$ 4,800.00	5-Mar-18		
DGA Careers Inc.	\$ 4,800.00	28-Feb-18		
AXA Assistance Canada	\$ 4,800.00	26-Feb-18		
Torys LLP	\$ 4,800.00	23-Feb-18		
Feb Invoices	\$366,975		\$328,571	
July Invoices	\$328,571			
Total Membership Fees	\$695,545			
Total amount to reallocate monthly Jan-Sept	\$ 57,962			
Total amount to reallocate monthly Oct-Dec	\$ 57,962			

CAFII Monthly Budget 2019

	2018 Projection	2019 Budget	Jan Budget	Feb Budget	Mar Budget	April Budget	May Budget	June Budget	July Budget	Aug Budget	Sept Budget	Oct Budget	Nov Budget	Dec Budget	Total Budget	Comment/Rationale
Revenue																
Membership Dues	\$695,545	\$757,904	63,159	63,159	63,159	63,159	63,159	63,159	63,159	63,159	63,159	63,159	63,159	63,159	\$757,904	See breakdown in Member Dues Revenue Tab
Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
TOTAL REVENUE	\$ 695,545	\$ 757,904	\$ 63,159	\$ 63,159	\$ 63,159	\$ 63,159	\$ 63,159	\$ 63,159	\$ 63,159	\$ 63,159	\$ 63,159	\$ 63,159	\$ 63,159	\$ 63,159	\$ 757,904	
EXPENSE																
Management Fees	\$468,000	\$482,000	40,167	40,167	40,167	40,167	40,167	40,167	40,167	40,167	40,167	40,167	40,167	40,167	\$482,000	Includes MM Fees (3% increase) and two Co-Eds (3% increase)
CAFII Legal Fees/Corporate Governance	\$563	\$1,000	0	0	0	1,000	0	0	0	0	0	0	0	0	\$1,000	
Audit Fees	\$14,436	\$14,600	1,217	1,217	1,217	1,217	1,217	1,217	1,217	1,217	1,217	1,217	1,217	1,213	\$14,600	
Insurance	\$5,258	\$5,500	458	458	458	458	458	458	458	458	458	458	458	462	\$5,500	Includes CG Technology (\$250 per month), Translation (\$400), Domain (\$30) & CAFII Insurance Domain Name Renewal (\$999 USD)
Website Ongoing Maintenance	\$5,736	\$5,330	683	283	283	315	283	283	1,683	283	283	283	283	385	\$5,330	
Telephone/Fax/Internet	\$5,513	\$5,800	483	483	483	483	483	483	483	483	483	483	483	487	\$5,800	
Postage/Courier	\$450	\$400	33	33	33	33	33	33	33	33	33	33	33	37	\$400	
Office Expenses	\$2,100	\$2,000	166	166	166	166	166	166	166	166	166	166	166	174	\$2,000	
Bank Charges	\$30	\$50	4	4	4	4	4	4	4	4	4	4	4	6	\$50	
Depreciation Computer/Office Equipment	\$1,136	\$1,200	100	100	100	100	100	100	100	100	100	100	100	100	\$1,200	
Miscellaneous Expense	\$500	\$500	42	42	42	42	42	42	42	42	42	42	42	38	\$500	
Board/EOC/AGM																
Annual Members Luncheon	\$10,503	\$12,000	0	12,000	0	0	0	0	0	0	0	0	0	0	\$12,000	Four events at \$7,500
Board Hosting (External)	\$23,118	\$30,000	0	0	0	7,500	0	7,500	0	0	0	7,500	0	7,500	\$30,000	
Board/EOC Meeting Expenses	\$22,958	\$26,000	2,600	2,600	2,600	2,600	2,600	2,600	0	0	2,600	2,600	2,600	2,600	\$26,000	
Industry Events	\$1,243	\$1,300	0	0	0	0	0	1,300	0	0	0	0	0	0	\$1,300	
EOC Annual Appreciation Dinner	\$763	\$800	800	0	0	0	0	0	0	0	0	0	0	0	\$800	
Total Board/EOC/AGM	\$58,585	\$70,100													\$70,100	
Provincial Regulatory Visits	\$12,000	\$12,000	0	0	0	0	8,000	0	0	0	0	4,000	0	0	\$12,000	
Research/Studies	\$74,791	\$60,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	\$60,000	
Website SEO and Enhancements	\$16,701	\$40,000	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	\$40,000	
Regulatory Model(s)	\$10,000	\$25,000	0	0	5,000	0	0	5,000	0	5,000	0	5,000	5,000	0	\$25,000	
Federal Financial Reform	\$0	\$500	0	0	0	0	0	0	0	0	500	0	0	0	\$500	
Media Outreach	\$38,582	\$35,000	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	\$35,000	
																Includes Media Consultant's Monthly Retainer (\$2,260.00 per month)
Marketing Collateral	\$1,055	\$5,000	0	1,000	1,000	0	1,000	1,000	0	0	0	1,000	0	0	\$5,000	
Speaker fees & travel	\$600	\$2,000	0	0	700	0	0	700	0	0	0	0	600	0	\$2,000	
Gifts	\$300	\$500	0	0	150	0	0	150	0	0	0	0	200	0	\$500	
Networking Events	\$200	\$500	0	0	0	150	0	150	0	0	0	0	200	0	\$500	
TOTAL EXPENSE	\$ 716,536	\$ 768,980	\$ 58,003	\$ 69,803	\$ 63,653	\$ 65,485	\$ 65,803	\$ 72,603	\$ 55,603	\$ 59,203	\$ 57,303	\$ 74,303	\$ 62,803	\$ 64,419	\$ 768,980	
Excess of Revenue over Expenses	(\$20,991)	(\$11,076)	\$5,156	(\$6,644)	(\$494)	(\$2,326)	(\$2,644)	(\$9,444)	\$7,556	\$3,956	\$5,856	(\$11,144)	\$356	(\$1,260)	(\$11,076)	

2019 Opreational Budget - Member Dues Breakdown**2018 Member Dues Breakdown**

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

2019 (Base) Member Dues Breakdown

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

CAFII Consultations/Submissions Timetable 2019-20

Regulatory Issue	Deliverable	Deadline	Accountable
BC Ministry of Finance 10-Year Review of FIA (Initial Public Consultation Paper released June 2, 2015)	<ul style="list-style-type: none"> Preliminary Recommendations Paper on policy proposals for change CAFII Response to Preliminary Recommendations Paper Proposed Revised Financial Institutions Act released for consultation CAFII submission on proposed revised FIA <i>Meeting with Ministry of Finance officials, if necessary</i> 	<ul style="list-style-type: none"> Released March 19/18 June 19/18 Q2 2019 (expected) Q2 2019 <i>Q2 or Q3 2019</i> 	<ul style="list-style-type: none"> Joint Market Conduct/Licensing Committee; Co-EDs to monitor
Alberta Consultation on Creating a Single Financial Services Regulator	<ul style="list-style-type: none"> Alta Govt. releases Consultation Paper CAFII Submission on Govt. Consultation Paper 	<ul style="list-style-type: none"> <u>Q1 2019(expected)</u> <u>Q1 or Q2 2019</u> 	<ul style="list-style-type: none"> Joint Mkt Conduct/Licensing Committee; Co-EDs to monitor
AMF Sound Commercial Practices Guideline Update	<ul style="list-style-type: none"> 2018 “update” consultation announced by L. Gauthier AMF releases consultation document CAFII submission on updated Sound Commercial Practices Guideline 	<ul style="list-style-type: none"> May 3/18 <u>Q2 2019 (expected)</u> <u>Q2 or Q3 2019</u> 	<ul style="list-style-type: none"> Market Conduct Cttee; Co-EDs to monitor
Quebec Bill 141 and Related Regulations	<ul style="list-style-type: none"> Omnibus Bill 141 tabled and related Bill 150 subsequently tabled CAFII submission to National Assembly Committee on Public Finance National Assembly passes Bill 141 (certain Bill 150 provisions included) AMF releases Regulation Respecting Alternative Distribution Methods CAFII submission on Regulations Supporting Bill 141 <u>AMF Response to Feedback on Regulation Respecting Alternative Distribution Methods</u> 	<ul style="list-style-type: none"> Oct 5 and 23, 2017 January 16, 2018 June 2018 October 10, 2018 December 10, 2018 ? 	<ul style="list-style-type: none"> Joint Mkt Conduct/Licensing Committee; Co-EDs to monitor
CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers	<ul style="list-style-type: none"> CCIR releases Draft 2 of Guidance for formal industry consultation CAFII submission on Draft 2 of CCIR Guidance document CCIR issues final version of FTC Guidance document Meeting with CCIR/CISRO Working Group re Guidance implementation <u>Meeting with CCIR/CISRO Working Group re Guidance implementation</u> 	<ul style="list-style-type: none"> May 3, 2018 June 18, 2018 September 27, 2018 November 28, 2018 <u>March 27, 2019</u> 	<ul style="list-style-type: none"> Market Conduct Cttee; Co-EDs to monitor
CCIR Review of Travel Health Insurance	<ul style="list-style-type: none"> CCIR Travel Health Insurance Products Position Paper Released Meeting with TIWG Re Position Paper and industry reforms Follow-up meeting with TIWG re travel insurance data collection Further meeting with TIWG re travel insurance data collection 	<ul style="list-style-type: none"> May 31, 2017 January 29, 2018 October 24, 2018 December 5, 2018 	<ul style="list-style-type: none"> EOC; Co-EDs to monitor
SK Bill 177	<ul style="list-style-type: none"> FCAA releases The Insurance Amendment Regulations, 2018 CAFII submission on The Insurance Amendment Regulations, 2018 <u>FCAA delays implementation of new Act and Regulations to Jan 1/20</u> 	<ul style="list-style-type: none"> August 10, 2018 September 14, 2018 <u>November 26, 2018</u> 	<ul style="list-style-type: none"> Market Conduct Cttee; Co-EDs to monitor
<u>FCNB Insurance Act Rewrite and Introduction of RIA Regime</u>	<ul style="list-style-type: none"> FCNB informs CAFII that development of RIA regime is well-advanced FCNB launches industry consultation on RIA licensing regime model Meeting with David Weir, FCNB re Insurance Act Rewrite and Introduction of RIA Regime (embedded within Rewrite initiative) CAFII submissions on FCNB’s Insurance Act Rewrite and RIA Regime 	<ul style="list-style-type: none"> May 14, 2018 Q1 2019 (expected) December 5, 2018 <u>Q1 2019</u> 	<ul style="list-style-type: none"> Licensing Committee; Co-EDs to monitor

Underline = new/updated item since previous publication; **Boldface** = CAFII response pending; *Italics* = CAFII meeting with regulators/policy-makers pending

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Regulatory Update – CAFII Board of Directors and Executive Operations Committee

15 January 2019

Prepared by Keith Martin, CAFII Co-Executive Director

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Federal / National

Travel and Health Insurance Association of Canada (THiA)

THiA Survey Finds that One in Five Canadians Planning a Vacation this Year are Unaware of the Implications of Travelling with Cannabis

Insurance Business Canada reports that a recent survey by the Travel Health Insurance Association of Canada (THiA) found that one fifth of Canadians planning a vacation this year are unaware of the implications of travelling with cannabis. Furthermore, 22% of survey respondents with medical cannabis prescriptions said that now the drug is legal, they can pack medical cannabis products in their carry-ons just like other prescription drugs, regardless of where they're travelling to.

Under the Cannabis Act, which came into effect on October 17, 2018, the legalization and regulation of cannabis in Canada does not change the country's border rules. Taking cannabis or any product containing cannabis into, or outside of Canada, remains illegal and can result in serious criminal penalties both in Canada and abroad. This applies even when travelling to or from places that have legalized or decriminalized cannabis.

THiA executive director, Will McAleer, commented: "Even though cannabis has been legalized across the country, travellers need to be vigilant if they decide to travel with the drug. People work hard to enjoy their vacations and should be aware of all implications before they travel, regardless of whether they decide to travel with marijuana or not. The most popular travel destination for Canadians is the US, a jurisdiction where it's illegal under federal laws to possess cannabis in any form."

National Bank Insurance

National Bank Insurance Partners with Insurtech Breathe Life

Investment Executive reports that National Bank Insurance (NBI) has partnered with Breathe Life, an insurtech company that specializes in direct online insurance distribution. The partnership will accelerate the online availability of life insurance products to clients in a secure way, NBI says in a news release.

NBI's latest term life insurance product, designed by Breathe Life, will be offered via a network of licensed agents attached to National Bank Insurance Firm Inc., the release says. The product features an integrated single-session quote creation and application process, and offers up to \$30,000 of critical illness coverage and up to \$750,000 of coverage eligibility. Since NBI's term life insurance product has been offered online, 70% of traffic and purchases originate from mobile devices, says the release.

"We're thrilled to team up with a market leader like Breathe Life to continue driving forward relevant and seamless solutions for our clients," said Peter D. Thompson, Senior Vice President, Insurance and President, National Bank Insurance.

Mr. Thompson, who has just joined the CAFII Board of Directors, went on to say: "We're proud to offer the most differentiating life insurance product of this category in the market, which truly reflects consumer habits, preferences and needs. For us, it's fundamental to empower clients to choose how and when to purchase insurance, in a secure and effortless way. And for clients who want support in the process, our seasoned team of agents is only a phone call away to provide guidance and advice."

The Co-operators

The Co-operators has named Emmie Fukuchi as Executive Vice-President and Chief Digital and Marketing Officer

The Co-operators has named Emmie Fukuchi as executive vice-president and chief digital and marketing officer. A release said that Fukuchi's appointment takes effect January 14, 2019. Fukuchi was most recently senior vice-president of customer experience and marketing at Great-West Lifeco for the insurer's three life insurance brands. Prior to that role, she was vice-president of marketing innovation, digital and product development for LoyaltyOne, which operates the AIR MILES program.

"Emmie will play a key leadership role with The Co-operators as we embark on our next four-year corporate strategy," said The Co-operators president and CEO Rob Wesseling. "In addition to overseeing The Co-operators brand, she will lead the continuing development of our digital capabilities to ensure clients are free to choose how, when and where they do business with us. Emmie's strategic mindset and proven leadership experience in digital, client experience and marketing make her ideally suited for this position," Wesseling added.

"I'm excited to be joining The Co-operators," commented Fukuchi. "There is a significant opportunity to empower clients and partners to engage with the organization in ways that best suit their own lives and needs. I value The Co-operators' strong commitment to their clients and community, and look forward to contributing to that vision."

Scotiabank

Scotiabank Announces It Will Sell its Insurance Operations in the Caribbean

Insurance Business Canada reports on 27 November, 2017 that Scotiabank has announced plans to exit nine countries and sell multiple insurance operations amid a major business shake-up. The Canadian banking giant said it will refocus its business in the Caribbean region by selling its insurance operations in Jamaica and Trinidad & Tobago to Sagicor Financial Corporation. After the sale, Scotiabank will partner with Sagicor Financial to sell insurance in those countries. More recently, on 21 December, 2018 Scotiabank further announced that it will sell its insurance operations in the Dominican Republic.

Canadian Banks

Canada's Banks Turn to Hackers to Improve Cyber Resiliency

Insurance Business reports that with cyberattacks becoming more sophisticated and debilitating, Canada's major banks are choosing to fight fire with fire – by hiring other hackers to advise them on cybersecurity. According to a 2017 report by Statistics Canada, 21% of Canadian businesses reported that they were affected by a cyber security incident that disrupted their operations. Of the various industries and businesses affected by the attacks, banking institutions reported the highest level of incidents, at 47%.

To combat cyberattacks, several of Canada's biggest banks are turning to experts for help – specifically those with hacking experience. “We’re doing it exactly how our adversaries would do it... So if we find a weakness or something like that, we can close it or address it before a real attacker,” TD Bank vice-president of cyber threat management Alex Lovinger told *The Canadian Press*. Late last year, TD Bank established an in-house “red team” of ethical hackers. These ethical hackers are cybersecurity professionals who evaluate a computer network’s security by simulating an attack.

Other banks have introduced similar initiatives. BMO is currently looking for a senior manager with a certification in ethical hacking. The responsibilities of the senior manager include managing a team of “network penetration testing” specialists.

ATB Financial is similarly looking for a “senior penetration tester” with ethical hacking experience. The Bank of Nova Scotia has also established its own in-house “red team” of hackers as well. “Scotiabank has used and continues to use third-parties to handle this penetration testing. However, because the volume of global cyber threats has significantly risen, the Bank wanted to have its own capabilities in-house and created its own red team this year,” chief information security officer Steve Hawkins revealed.

RBC has had in-house ethical hackers for some years already, and the bank has been increasing its cybersecurity budget and team each year to keep up with threats. “We want to make sure that we are testing our defences to make sure they stay relevant,” said RBC vice-president of cyber operations and chief information officer Adam Evans.

Global Risk Institute in Financial Services

Sonia Baxendale tapped to lead the Global Risk Institute in Financial Services

Insurance Journal reports that the Global Risk Institute in Financial Services (GRI) announced Dec. 13 that Sonia Baxendale will be its new President and CEO, effective Jan. 7, 2019.

Baxendale succeeds Richard Nesbitt who is retiring as an officer and a director. Richard Nesbitt was CAFII’s keynote speaker at its 2018 Annual Members’ Luncheon.

Toronto-based GRI is a think tank for the management of risks in financial services. It is a non-profit, public and private partnership with 32 government and corporate members from asset management, banking, insurance and pension management.

"Sonia has experience at the highest levels of financial services and in many facets of the business that dominate the industry today," said Tiff Macklem, Chair of the GRI Board of Directors. "Her financial services background combined with her experience as a corporate director will bring perspective and leadership to further grow GRI's impact and build on our recent successes."

Baxendale is a Director of Laurentian Bank, Foresters Financial, SickKids Foundation, and Toronto Artscape Inc. She was previously the President of CIBC Retail Markets where she led the Retail and Wealth Management businesses from 2005 to 2011. From July 2017 to January 2018, Baxendale served as Co-Interim President and CEO of Foresters Financial. She was named one of the "Top 100 Most Powerful Women in Canada" for three years in a row and then joined the ranks of the Top 100 Hall of Fame in 2010.

"I am excited to join GRI to continue the excellent work with world leading institutions, government, regulators and academia in ensuring Canada continues to leverage its risk capability as a competitive advantage," said Baxendale. "Partnering in research and education will allow us to maintain a sound financial system in an increasingly complex world of global risks."

On behalf of GRI's Board, Tiff Macklem thanked Richard Nesbitt for his contribution to the organization's development. "Under Richard's leadership, the quantity, quality and reach of GRI's applied research has grown substantially and its risk education extends from graduate university programs to boards of directors."

Torys LLP

Torys LLP Lists Brigitte Goulard as a Toronto-Based Senior Counsel Lawyer With Their Firm

Torys LLP's website now lists former Financial Consumer Association of Canada (FCAC) Deputy Commissioner Brigitte Goulard as a member of their Toronto-based team, specializing in "Consumer Protection" and "Financial Services." She is listed as "Senior Counsel" and no press release or public announcement was made of her appointment. Ms. Goulard was first called to the Ontario Bar in 1989.

Equitable Bank

Equitable Bank Launches Line of Credit Backed by Life-Insurance

Insurance Journal reports that a subsidiary of the Equitable Group (no link to Equitable Life Insurance), Equitable Bank announced on its website that customers can borrow up to 90% of the surrender value of their policy tax-free. This small Toronto-based bank that employs over 650 professionals has \$26 billion in assets under management and specializes in loans and mortgage lines of credit, deposit services and commercial lending.

This new line of credit follows on the heels of its reverse mortgage *PATH Home Plan*, launched in May. A reverse mortgage lets homeowner borrow on a portion of the home equity to free up liquid assets for retirement. Equitable Bank CEO Andrew Moor thinks demand for this type of product is strong in Canada. The bank plans to expand its offer of financial solutions tailored to aging Canadians.

Equitable Bank notes that 22 million Canadians hold some form of life insurance, for total coverage of over \$4.3 trillion. As the population ages, the overall value of policies will increase. Equitable Bank estimates that the value of loans backed by life insurance will expand to \$1 billion by 2023.

“The Equitable Bank CSV Line of Credit gives a growing Canadian demographic financial flexibility to retire comfortably and pursue their retirement dreams, whether that is supporting a business venture or helping a loved one,” Moor explains. He says he wants to offer a variety of financial options to meet diverse needs.

Mahima Poddar, Vice President, Product and Corporate Development, at Equitable Bank, told *Insurance Journal* in an interview that the Bank is highlighting products intended for older people across Canada because traditional banks are not meeting their needs very well. “Their loan products, like mortgage and line of credit, require underwriting usually depending on regular income. Often, the income of aging people might be lower or more unpredictable than required by the big banks. We’ve streamlined our process and made our products available to the mass market.” She adds that Equitable Bank targets a similar niche to that of competitors like Manulife Bank.

What’s more, needs are growing. Poddar cites Statistics Canada figures that put the number of Canadians ages 65 and over at 4.2 million in 2005; the figure will rise to 10.1 million in 2035. “It’s an increase of 140%,” she says.

The new line of credit is similar to what the industry calls a collateral loan. “You’ll get quick access to cash and no ongoing payments are typically required while your policy continues to grow,” the bank explains. In its marketing brochure, Equitable Bank recommends that clients meet with an advisor to purchase the line of credit. “Meet with your financial advisor or a professional insurance broker to fill out an application. By working with them, we’ll review your eligibility to determine if you qualify,” it says.

The document mentions that clients who are accepted have four financing options: a single one-time amount, an ad-hoc advance, an advance scheduled on a monthly basis or a combination of these options. Poddar says the minimum amount of the loan equal to 90% of the surrender value is \$15,000.

Co-founder of Portag3 Ventures, Paul Desmarais III (member of the family that owns Great-West and subsidiaries) is excited to partner with Equitable Bank in this offer to help people make the most of their life insurance contracts, which he considers traditionally an underused asset.

In terms of the ventures available, Mahima Poddar said that Great-West and its subsidiaries were just a starting point. “We’re actively looking for other insurance companies,” she adds. Poddar also said that Equitable Bank wanted to continue extending its offer to other insurance-based products such as Insurance Financial Agreements.

Innovation Hub “Slice Labs”

Innovation hub for on-demand insurance products opens in Toronto

Canadian Underwriter reports that an insurance cloud platform provider has opened an “innovation hub” in downtown Toronto to “ideate, experiment, test and deploy” new on-demand insurance products.

Slice Labs announced Wednesday the opening of the Slice Launch Studio for the company and its partners to test and deploy new products on the Slice Insurance Cloud Services (ICS) platform. Insurers and technology companies from around the world can come to the Launch Studio to collaborate on hackathons, a key step in Slice’s approach to getting product to market quickly, the company said in a release. Slice will also host events year-round, bringing together thought leaders from across the globe to discuss and address emerging and increasing risks. Slice is currently working with insurers in the United States, Canada, United Kingdom and Southeast Asia to launch new on-demand insurance products, using a minimum viable product methodology which allows for launch in under three months.

The Co-Operators Group, which recently launched its digital insurance brand Duuo and an on-demand homeshare insurance product via Slice ICS, is the pilot partner for the Launch Studio. The Guelph, Ont.-based carrier will host a hackathon with the goal to build the vision for its next on-demand insurance product. Duuo provides insurance for homesharing hosts who rent their properties from sites like Airbnb, HomeAway and VRBO. The Co-operators president and CEO, Rob Wesseling, told *Canadian Underwriter* in July “there are a number of product ideas that we have on the list now.” Although he didn’t offer specifics, he said there will be a “steady stream” of product launches in the future. “The sky’s the limit in terms of P&C opportunities, life opportunities and health opportunities in the episodic and on-demand space.”

The Slice Launch Studio is located on the 42nd floor of the Scotia Plaza (40 King St. West in downtown Toronto) and is open from 9-5 p.m. ET Monday to Friday by appointment to protect the ICS user intellectual capital. Participants can make appointments at www.slice.is/launchstudio.

Provincial

Alberta

Alberta Insurance Council (AIC)

Alberta Insurance Council Fines Two Insurance Agents for Helping a Colleague Complete his Harmonized Life License Program Certification Examination

The Alberta Insurance Council (AIC) says two former insurance agents registered with World Financial Group Insurance Agency of Canada (WFG), Gurjeet Singh Kang and Jaspreet Singh Gill “demonstrated dishonesty or untrustworthiness” contrary to sections of the *Insurance Act* when they helped a colleague successfully complete his Harmonized Life License Program certification examination.

Both agents and the unnamed examinee were dismissed by WFG in October 2017 following an investigation into acts of collusion, when the course provider, Oliver Publishing, by webcam observed the two licensed associates assisting the candidate during the examination.

Kang and Gill both claim they were simply sharing the office, working on unrelated client files when the incident took place. In an email to the AIC, Gill, the senior agent, told investigators that the examinee would regularly use his office to practice mock exams. During the process he says the examinee could not always understand the English questions and would sometimes read the questions back to the agents to get a better understanding. “Sometimes I (would) read the questions on the computer screen and translate back to him in Punjabi language. I never had any intention to help him pass any of the exams,” Gill writes. It was, he says, an unconscious mistake to believe the exam was “just like the mock exam. We did not realize the person taking the exam has to be left alone. We thought the LLQP exam is an open book exam...and did not realize that being with a person would be considered cheating.”

After considering the images captured by the course provider where the agents are pictured sitting next to the examinee, despite claims that that they were present only to attend an unrelated meeting, the council concluded that the agent has “demonstrated dishonesty or untrustworthiness as described by section 480(1)(a) of the (*Insurance Act*).” The AIC ordered a civil penalty of \$5,000 be levied against each former agent.

Ontario

Financial Services Regulatory Authority of Ontario (FSRA)

Financial Services Regulatory Authority of Ontario (FSRA) Appoints Judy Pfeifer as its Chief Public Affairs Officer

FSRA has announced the appointment of Judy Pfeifer as FSRA's Corporate Secretary and Deputy General Counsel. Ms. Pfeifer attended the 27 November, 2018 CAFII reception at the Canada Life Building, at which FSRA President and CEO Mark White spoke, on what was her first official day of work with FSRA. In the announcement, FSRA states the following:

Judy Pfeifer is a dynamic and strategic senior leader with extensive expertise and experience in internal and external communications, communications strategy and planning, corporate reputation management, media relations, and stakeholder management. Recognized for her ability to inspire high performing teams, Judy will work with leaders and staff across FSRA to champion the organizational culture and vision and help manage FSRA's relationships with multiple stakeholders in government, industry, and with consumers.

Throughout Judy's career, she has held senior leadership positions across multiple sectors including the private, not-for-profit, public and municipal sectors, most recently as the Chief Communications and Public Affairs Officer at Metrolinx. She was also a Professor in the School of Media, Faculty of Communication, Art and Design at Seneca College.

A published author, Judy is a highly sought after speaker on public engagement, stakeholder relations and communications. She holds an Honours Bachelor of Arts in Political Science from Carleton University and a graduate Certificate in Human Resources Management from Seneca College.

Quebec

Autorité des marchés financiers (AMF)

Autorité des marchés financiers (AMF) Announces New Fees as of 1 January, 2019

The Autorité des marchés financiers (AMF) announced on 21 December, 2018 that as of January 1, 2019 the annual and other fees payable under the laws administered by the AMF will be adjusted. The adjusted fees are set out in three notices published in Part 1 of the *Gazette officielle du Québec* and in section 1.1 of the *AMF Bulletin* dated December 20, 2018 (Vol. 15, No. 50). The AMF notes that this information will be available on the AMF website via the *Regulations and obligations* page, in the Fees and costs payable to the AMF section under each Act administered by the AMF.

Specifically, fees in respect of the examination of a distribution guide prescribed in the Regulation respecting distribution without a representative will be adjusted by 1.71% as of January 1, 2019.

Appendix A**CAFII Alerts November 20, 2018 – January 15, 2019**

<u>Date of Email Alert</u>	<u>Topic of CAFII Alert</u>
January 4	National Bank Insurance Confirms Its Desire To Rejoin CAFII As A Foundation Member
December 21	Insurance Journal's Life and Health Insurance Industry "Outlook 2019": Challenges and Opportunities Facing the Industry
November 26	Deputy Commissioner Brigitte Goulard Leaving FCAC, Effective November 30/18, For A Position In The Private Sector
November 26	Financial and Consumer Affairs Authority Delays Proclamation of The Insurance Act (Saskatchewan), Likely to January 1, 2020
November 22	FCAC to probe banks' complaints handling processes

Agenda Item 6(b)(i)
January 15/19 EOC Meeting

From: Seibel, Janette FCAA [mailto:Janette.Seibel@gov.sk.ca]
Sent: Monday, November 26, 2018 4:47 PM
To: Seibel, Janette FCAA
Subject: Important Information regarding The Insurance Act (Saskatchewan)

Please be advised that The Insurance Act proclamation has been delayed and that we are now anticipating proclamation of the Act on January 1, 2020.

We ask that insurers and intermediaries subject to the legislation familiarize themselves with the new requirements set out in The Insurance Act and The Insurance Regulations. The legislation can be found at the following links:

The Insurance Act: <http://www.publications.gov.sk.ca/freelaw/documents/english/Chapters/2015/I9-11.pdf>

The Insurance Regulations:
<http://www.publications.gov.sk.ca/freelaw/documents/gazette/part2/2017/G2201727.pdf>

Bill 73, The Insurance Amendment Act, 2017: <http://docs.legassembly.sk.ca/legdocs/Bills/28L2S/Bill28-73.pdf>

In addition to the above, some minor amendments to The Insurance Regulations are currently being considered, and we are developing some interpretation bulletins and guidelines, all of which we hope to make public in the coming weeks. Further email notifications will be sent as they are available.

If you have any questions, please contact me at janette.seibel@gov.sk.ca.

Thank you,

Janette

Janette Seibel | Director | Insurance and Real Estate Division | Financial and Consumer Affairs Authority of Saskatchewan
601-1919 Saskatchewan Drive | Regina, SK S4P 4H2 | office: 306.787.2953 | fax: 306.798.4425 |
janette.seibel@gov.sk.ca

***Agenda Item 6(b)(iv)
January 15/19 EOC Meeting***

CAFII Meeting With CCIR/CISRO Fair Treatment of Consumers Working Group: 28 November, 2018
Meeting Summary

Attendees From CCIR/CISRO:

Louise Gauthier, AMF; Chair of CCIR/CISRO Fair Treatment of Consumers Working Group
Nathalie Sirois, AMF
Izabel Scovino, FSCO
Ron Fullan, Insurance Councils of Saskatchewan (ICS); Chair of CISRO
April Stadnek, ICS
Timothy Goff, RIBO
Vivian Lee, RIBO
Tony Toy, CCIR Policy Manager
Joanna Reading, CISRO Policy Manager

Attendees From CAFII:

In-Person

Rob Dobbins, Assurant
Charles MacLean, RBC Insurance
Huma Pubani, TD Insurance
Martin Boyle, BMO Insurance
Brendan Wycks, CAFII
Keith Martin, CAFII

On The Phone

John Lewsen, BMO Insurance
Michelle Costello, CUMIS Services Inc.
Brad Kuiper, ScotiaLife Financial
Sue Manson, CIBC Insurance
Laura Bedford, RBC Insurance
Leena Khan, Manulife Financial
Anita Mukherjee, RBC Insurance
Dallas Ewen, Canada Life Assurance
Dana Easthope, Canadian Premier Life Insurance/Valeyo

The agenda was focused on reviewing CAFII members' progress on implementing CCIR/CISRO's "Guidance: Conduct of Insurance Business and Fair Treatment of Customers," the final version of which was released on September 27/18. However, between the time the original agenda was circulated to Brendan Wycks and Keith Martin on 19 November and the 28 November meeting itself, an additional item on "credit card balance insurance" had been added to the agenda.

Louise Gauthier, Chair of the CCIR/CISRO FTC Working Group, welcomed all in attendance to the meeting and indicated that the CCIR/CISRO FTC Working Group was the "regulators' hub" on FTC and it was continuing to meet biweekly with a recurring agenda item on "the FTC Guidance" at each meeting, with a particular focus on the industry's implementation efforts.

Initially seeming to be reading from a prepared script during the introductory part of the meeting, Ms. Gauthier said that the Working Group wanted an open and collaborative dialogue with the industry on FTC Guidance implementation, and wanted the Working Group to be a “safe environment” for open discussion. She repeatedly said that the Working Group would find it valuable if industry could provide it with data and information about its practices, and share information as openly as possible.

She stated that there is more than one way for regulators to monitor industry implementation of the FTC Guidance; regulators could bring in Regulations. At several points in the meeting, she made reference to “possible future Supervisory action.” On that same subject of monitoring and enforcement options, Ms. Gauthier added that some of the provincial insurance regulators already have a “full enforcement kit” which they are willing to use, if necessary, to compel implementation of and compliance with the FTC Guidance. But she also indicated that another option is for the industry to self-regulate; and good industry practices and adhered-to industry Guidelines are respected by the regulators. She stated that that it was better for the industry to align itself with the FTC Guidance, rather than regulatory authorities having to dictate what the industry must do.

The FTC Working Group’s ultimate goal at this stage is to find and strike the right balance or “the right cocktail of actions” between regulatory enforcement and industry self-regulation, Ms. Gauthier emphasized. (Ms. Gauthier also mentioned that a related initiative being undertaken by the FTC Working Group at this time is a canvas of all provincial/territorial insurance regulators to find out exactly “what is in their enforcement toolkit?”)

It was suggested and agreed that these FTC Guidance implementation monitoring-focused meetings between the CCIR/CISRO FTC Working Group and CAFII should be held quarterly. *(In a phone call on January 8/19, Tony Toy advised that the next quarterly meeting would be held on Wednesday, March 27/19, with CAFII’s slot likely being from 3:30 to 5:00 p.m.)*

Ms. Gauthier asked for feedback and input from CAFII representatives on where additional clarity in the Guidance was needed, and where elements of the FTC Guidance might not be fully understood. In response, Keith Martin advised that because many elements of the FTC Guidance were about corporate culture, it could be challenging to provide hard measures of the adoption and implementation of some elements, as these are softer attributes that can be difficult to measure concretely. Ms. Gauthier replied that she thought that was a valid point.

CAFII representatives then offered preliminary examples of how the FTC Guidance is being implemented within their own businesses:

Huma Pabani, TD Insurance, said that TD Insurance was reviewing many existing TD Insurance documents to ensure their complete consistency with the FTC Guidance.

Rob Dobbins, Assurant, said that his company had given the Guidance a considerable amount of thought, and has developed an FTC Policy; implemented a complaints workshop with the FTC Guidance’s regulatory expectations built-in; and is developing a training module to reflect the Guidance’s expectations.

Charles MacLean, RBC Insurance, said that his company was working with its HR team to bake FTC components into “Executive Mandates” and that everyone in the chain of command was now focused on FTC expectations. There were multiple documents and policies at his company that addressed issues in the Guidance, but they were not centralized in one document. RBC Insurance was therefore examining how to develop one framework that captured everything FTC Guidance-related within one document or policy.

Ms. Gauthier said that one of the current priorities for the FTC Working Group was securing evidence that the industry's FTC Guidance implementation efforts were filtering down to the front line. Evidence of good governance policies among industry players was also a key area of focus. She asked CAFII to provide input at the next quarterly meeting on what priorities the FTC Working Group should focus in the area of governance policies and practices.

She said the FTC Working Group was concerned that there were incentives or sales practices that could trigger "bad behaviour" among employees, and could create conflicts of interest. The FTC Working Group wanted to have a frank and open dialogue with the industry about these issues; that there might be some "difficult discussions" around the ways things have been done in the past; and that we may need to rethink our approach on some of product offerings in the future.

Ms. Gauthier re-emphasized that the FTC Working Group wanted data and information, and asked us to focus on the following issues:

- how we handle credit card balance protection insurance;
- information on our incentive management programs;
- demonstrating some "quick wins" that involve our changing or eliminating certain practices, which CCIR and CISRO could then share on their websites; and
- our recommendations around demonstrating that we have absolutely complied with informed consumer consent, and the need to respond to negative public perceptions and doubts about some of our products.

The subject of the CBC Marketplace 9 November, 2018 story on credit card balance protection insurance was raised, with Ms. Gauthier saying it had publicized certain issues that required a response. She implied that the CBC story put pressure on the regulators, who now needed to demonstrate that they were "doing something" in response, and this led her to ask if there were any actions which CAFII or its members could take which the regulators could publicize as an example that they were responding.

Ms. Gauthier specifically asked "are there incentives embedded in the credit card balance protection insurance business which stimulate bad behaviours, i.e. sales targets?" As an addendum to this question, she again re-iterated that "there may be intense discussions about this that we need to have with you."

Brendan Wycks let the Working Group know that CAFII and its members did not view the story as fair or evidence-based, and invited Keith Martin to elaborate on this point.

Mr. Martin said that the story was one-sided, had many factual inaccuracies, and did not provide an even-handed overview of how these products worked.

Ms. Gauthier and the FTC Working Group did not challenge these comments, but an impression was left that the story had created pressures on them as regulatory authorities to demonstrate that they were regulating effectively and addressing industry bad practices.

In closing, Ms. Gauthier said that while there should be standard agendas for the agreed-upon quarterly FTC Guidance implementation-focused meetings between the FTC Working Group and CAFII, there could also be a special meeting on credit card balance protection insurance alone. It was agreed that there would be quarterly, one-hour meetings for the time being, at which CAFII and its members would be expected to demonstrate how the FTC Guidance was being implemented.

***Agenda Item 6(b)(v)(1)
January 15/19 EOC Meeting***

DRAFT ONLY

For Discussion Purposes Only At January 15/19 CAFII EOC Meeting

January 18, 2019

Mr. David Weir
Deputy Director, Insurance
Financial and Consumer Services Commission, Insurance Division
225 King St., Suite 200
Fredericton, New Brunswick
E3B 1E1

Dear Mr. Weir:

Re: CAFII Input On FCNB's Plans To Introduce An RIA Regime in New Brunswick

Thank you for arranging a preliminary dialogue meeting with CAFII representatives in Toronto on December 5/18 around the FCNB's plans to undertake a multi-year Insurance Act Rewrite project; and, as well, for discussing with us your plans to make the introduction of a Restricted Insurance Agent (RIA) licensing regime in New Brunswick part-and-parcel of the Insurance Act Rewrite initiative. We very much appreciate the FCNB's early and ongoing engagement with CAFII around these modernization initiatives, as a relevant and directly affected stakeholder.

The purpose of this promised follow-up letter is to share with you CAFII's experience-derived views on the optimal features of an RIA regime, which we strongly encourage you to build into your New Brunswick model.

As you may know, as a directly affected stakeholder Association, CAFII was instrumentally involved in advising on the establishment of Alberta's RIA regime in 2000; on the establishment of Saskatchewan's RIA regime in 2010; and on the establishment of Manitoba's RIA regime in 2014. We are also communicating at present with BC's Ministry of Finance about its proposal to introduce an RIA regime in that province.

To begin, we support the FCNB's plans to introduce an RIA licensing regime in New Brunswick. If properly and fairly implemented, an RIA regime can be an effective tool for managing the sale of certain insurance products, including creditor's group insurance and travel insurance. We welcome proper oversight of the marketplace; our members place a strong emphasis on the fair treatment of consumers; and they dedicate significant resources to training staff and others acting on their behalf, and on controls and monitoring.

We strongly encourage New Brunswick to harmonize with the existing RIA regimes in Alberta, Saskatchewan, and Manitoba, to the maximum degree possible.

To that end, a thorough consultation process with the industry will help to ensure that your new RIA regime is structured in a way that will produce the consumer protection and regulatory/industry efficiency and effectiveness results that it seeks.

There are many examples of where the involvement of industry associations such as CAFII was very helpful, at the earliest stages of issue identification, in discussing issues with provincial insurance regulators and CCIR/CISRO before any major regulatory initiatives were undertaken. CAFII was able to provide timely background information, help to vet issues, and provide our perspectives on measures being contemplated.

In that connection, we are pleased to highlight those features of an RIA licensing regime which CAFII views as optimal.

Three Key Features of an Optimal RIA Regime

We believe that the following three features are essential to an optimal RIA regime, a regime which strikes the “right balance” between achieving consumer protection through appropriately detailed and rigorous licensing, while not burdening business with overly restrictive requirements or red tape:

- ensuring sufficient clarity as to which insurance products may be offered under each RIA licence category, including insurance products as group accident insurance and travel insurance;
- implementing an online licensing/registration portal and digital platform, with timely electronic reminders and notifications to RIA licensees; and
- offering a “Head Office exemption,” i.e. an exemption from licensing for head office employees of the RIA licensee, who perform solely administrative and support services related to the insurance products.

Authorization for Contractors

Third parties contracted by a restricted licensee (such as a third party administrator) – where the licensee is a federally or provincially regulated financial institution – should be considered authorized under the financial institution’s RIA licence.

It is critically important to include contractors of RIA licensees as parties authorized under the licence because most financial institutions now outsource certain business activities, functions, and processes to meet the challenges of technology innovation, increased specialization, cost control pressures, and heightened competition. The contractual arrangement between the financial institution and the contractor makes the financial institution liable for the actions of the contractor. Further, federally regulated entities are subject to OSFI’s outsourcing Guideline B-10 which sets standards for monitoring and oversight of the contractor, and requires the financial institution to take ultimate responsibility for outsourced activities. Including contractors under the authority granted to financial institutions holding an RIA licence would recognize the application of OSFI’s outsourcing guideline and be appropriate with respect to the continued distribution of incidentally-offered insurance products by national financial institutions in New Brunswick.

This optimal RIA regime feature – which is fully in place in Manitoba and largely facilitated in Saskatchewan (third party contractors can apply for their own RIA licence, based on an agency contract with an existing RIA licence holder) -- is not yet in place in Alberta, the first province to introduce an RIA regime in 2000, which renders the functioning of its regime more cumbersome and inefficient.

Council Composition

In case the FCNB should ultimately decide to introduce an Insurance Council as part of the province’s new RIA regime, we offer the following pertinent observations.

Insurance Councils in Canada have been designed on the basis of “peer regulation and proportional representation,” principles which are intended to remove conflict of interest and ensure that Council representatives have appropriate knowledge and experience of the business they are regulating. Given the unique nature of incidentally-offered insurance products and of alternate distribution channels, successful oversight of these products requires different expertise and relies on the effective management of competitive sensitivities relative to the matters before a Council at any given point in time. Having a Council’s membership be comprised of all categories of stakeholders on a proportional basis is an important consideration and an approach that would ensure that the Council represents the interests of all stakeholders and permits a fair and informed approach to the oversight of all regulated entities.

To be more specific, CAFII believes that an Insurance Council should be structured and operated in a “channel neutral” manner. That is, the Council should be designed and populated such that the interests of all distribution channels are well-served and the representatives of any particular channel are not in a position to make decisions which could negatively impact consumers’ access to competing distribution channels.

This principle should, in our view, be incorporated into a Restricted Insurance Agent licensing regime in New Brunswick; and that will likely necessitate the creation, at a minimum, of an RIA Advisory Committee. CAFII has recently completed work with the Canadian Life and Health Insurance Association (CLHIA) on recommendations to the Insurance Councils of Saskatchewan on such an RIA Advisory Committee, and we would be pleased to provide additional information on our progress on this key initiative to the FCNB.

Conclusion and Follow-Up Meeting Request

Thank you for inviting CAFII to make this written submission outlining our views on an optimal RIA regime; and for consulting with us as a key stakeholder in your Insurance Act Rewrite project and the now-embedded RIA regime initiative.

In that connection, we would like to re-state our request for a special purpose meeting with you to elaborate on our views on the features of an optimal RIA regime; and what are some of the issues to be aware of and the pitfalls to avoid. A small group of CAFII representatives would like to meet with you for that dedicated purpose, ideally for about two hours. We would be pleased to travel to Fredericton to meet with you in-person at your FCNB office on a mutually convenient date; or, alternatively, during your next visit to Toronto, if there is a near-term date when you will be in town for meetings.

We look forward to hearing back from you at your earliest convenience on this meeting request, David; and hopefully being able to firm up a dedicated CAFII/FCNB consultation discussion on this important initiative which you are advancing and pioneering in Atlantic Canada.

Should you have any questions about the content of this letter or our follow-up meeting request, please contact Brendan Wycks, CAFII Co-Executive Director, at brendan.wycks@cafii.com or 647-218-8243.

Sincerely,

Martin Boyle
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

Agenda Item 6(b)(v)(2)
January 15/19 EOC Meeting

DRAFT ONLY

For Discussion Purposes Only At January 15/19 CAFII EOC Meeting

January 18, 2019

Mr. David Weir
Deputy Director, Insurance
Financial and Consumer Services Commission, Insurance Division
225 King St., Suite 200
Fredericton, New Brunswick
E3B 1E1

Dear Mr. Weir:

Re: CAFII Input On FCNB's Insurance Act Rewrite Environmental Scan Questions

Thank you for arranging a preliminary dialogue meeting with CAFII representatives in Toronto on December 5/18 around the FCNB's plans to undertake a multi-year Insurance Act Rewrite project; and, as well, for discussing with us your plans to make the introduction of a Restricted Insurance Agent (RIA) licensing regime in New Brunswick part-and-parcel of the Insurance Act Rewrite initiative. We very much appreciate the FCNB's early and ongoing engagement with CAFII around these modernization initiatives, as a relevant and directly affected stakeholder.

The purpose of this promised follow-up letter is to share with you, in writing, our input on several of the environmental scan questions you posed prior to our December 5 preliminary consultation meeting.

How has the insurance sector changed over the last 20 years?

From a consumer perspective

The life insurance needs and expectations of Canadians have evolved dramatically over the past 20 years. And the marketplace is evolving to embrace digital/internet distribution channels – including distribution through consumers' mobile devices – which provide increased opportunities for access to insurance for Canadians across the full spectrum of society.

Consumer habits and preferences continue to evolve rapidly, and more and more clients expect insurance offerings to cater to their specific needs.

From an economic/industry perspective

In addition to more traditional distribution channels, such as captive agents and independent brokers, the life insurance market has evolved to include new types of intermediaries, such as corporate agencies and Managing General Agents (MGAs), as well as direct distribution options such as client contact centres and the internet. These changes have shifted the insurance market and improved choice for consumers.

That said, a 2013 independent research study conducted by the Life Insurance Market Research Association (LIMRA) found that life insurance ownership in Canada is at a 30-year low with only 68% of households owning life insurance, down from 79% seven years earlier.

Further, a recent actuarial report prepared by Towers Watson shows that nationally in 2013, creditor insurance on mortgages provided Canadians with \$85B of new life insurance coverage. For the same year, Canadian Life and Health Insurance Association data indicates that the amount of new term life insurance purchased by Canadians was approximately \$170B. As such, both creditor and term life insurance are important components of risk protection for Canadians.

From a technological perspective

Online distribution has been a well-spring of innovation in the creditor's group insurance sector, and it has proven to be well-suited to making information readily available on a clear and complete basis. Many CAFII members have developed interactive online tools to enable consumers to model different scenarios; and to ask questions and secure additional information, e.g. via "click to chat" functionality, all designed with a view to enhancing consumers' understanding of the features and terms of coverage options and helping them to choose a product.

Direct and electronic distribution are now well-established and valued channels for Canadian consumers, and are distinguished from traditional channels by the following features:

- Simple product design
- Straightforward enrolment process
- Affordable protection products
- Convenient and broad access
- Focus on meeting the needs of the under-served lower and middle income market
- Immediate and reliable coverage
- Comprehensive disclosure and well-trained representatives

It is CAFII's position therefore that insurance legislation and regulation must ensure that consumer needs for direct and electronic access to protection are effectively met; they must not unduly impact consumer access to protection.

From a regulation perspective

CCIR identified the following three strategic priorities for the 2014-2017 period:

- Align supervision with international best practices to enhance consumer protection.
- Work collaboratively with regulatory partners to grow and leverage national regulatory capacity.
- Partner with industry stakeholders to identify opportunities to reduce inter-jurisdictional barriers.

CAFII believes that CCIR has made significant progress on the first two of these strategic priorities and that the underlying objectives have largely been achieved through the new Framework for Co-operative Market Conduct Supervision and the ensuing Annual Statement on Market Conduct.

However, we believe that opportunities remain to enhance results against the third strategic priority Partnering with industry stakeholders to identify opportunities to reduce inter-jurisdictional barriers, and that it should be elevated in terms of its importance and the allocation of resources it receives at both the provincial/territorial regulator and national co-ordinating body levels.

In your opinion, what drove those changes?

The marketplace – in which consumer needs/expectations have shifted and technology has enabled the industry to respond -- has driven the creation of new and innovative products, services, and delivery models; and while emerging financial technology (fintech) provides new opportunities, it also brings new challenges for everyone involved. CAFII shares regulators' objective of ensuring that consumers are well-protected while they also have the ability to purchase products through their channel of choice. In the insurance industry context, it is important to note that part of the overall objective of fair treatment of consumers is to ensure that the insurer can provide support and meet consumers' expectations throughout their user experience.

We agree with the International Association of Insurance Supervisors' (IAIS) observations, as noted in the media release announcing its recent FinTech Developments in the Insurance Industry report, that fintech may increase the insurance industry's focus on improving the customer experience; and that it has "the potential to change the way the insurance sector serves policyholders."

Insurance has traditionally been an industry marked by low consumer touch and slow adoption of new technologies. But today's insurance consumers, shaped by their experiences with other industries, expect on-demand, high touch, and rapidly innovating services. Major shifts in consumer demographics, behaviours, and expectations are underway and will have important implications for the insurance landscape.

This shift has been led by millennials, individuals born roughly between 1980 and 2000. This generation will constitute half of the global workforce by the end of the current decade. In Canada in 2015, they equalled Baby Boomers in terms of the largest share of the overall population (27% each) and already comprised the largest share of the employed population—at 37% versus 31% for Gen Xers and 30% for Boomers (source: Statistics Canada). Millennials, whose exposure to digital technology and innovative platforms from an early age has made them the first generation of "digital natives," are beginning to move into their peak earning and spending years and have become an influential segment of the population. Their high expectations for technology-based services, convenience, transparency, speed, regular engagement, and a personalized experience that reflects their needs are defining how products and services are delivered. Their preferences and expectations are a particular challenge for the insurance industry.

Hence, CAFII believes that the future of the life and health insurance industry will be marked by continued innovation and an increase in consumer demand for electronic commerce and other alternate forms of distribution. Consumers continue to demand greater access to sales through digital channels; and we believe these channels will play an increasingly important role in meeting the needs of Canadians.

Science and technology

Even though insurtech (digital innovation in the insurance industry) is currently at an infancy stage as compared to its more advanced fintech sibling, new innovative business models within the insurance industry have emerged, such as micro-insurance and pay-as-you-go insurance. The unique value proposition of insurtech innovation lies in the shift from complexity and long-termism to real-time, easy-to-use, configurable, customized and cost-friendly products and services, all offered with the utmost consumer convenience through digital devices.¹ The biggest winners from insurtech innovation will be the end customers, who will benefit from better user experience, more personalized insurance solutions, and possibly improved pricing through lower premiums.²

1. *Opportunities await: How Insurtech is reshaping insurance. Pwc Global Fintech Survey, June 2016.*

2. *Insurtech: Disruptions and opportunities in the Insurance Industry, Pinebridge Investments, October 2016.*

What things will accelerate, slow or prevent change? (rules, customs and traditions, physical or logistical constraints, patterns of behaviour, stakeholders)

1/CAFI members utilize electronic commerce extensively to distribute authorized and other life and health insurance products and we share regulators' objective of ensuring that consumers are protected while purchasing products through their channel of choice.

But at the same time, many regulatory requirements were designed for traditional paper-based and personal interaction sales practices and they will need to be revisited to ensure that they do not create inadvertent obstacles for innovation in alternate distribution models.

2/The need for harmonization, modernization, and simplification of licensing; and the need to foster an innovative and competitive marketplace, while ensuring consumer protection, are ongoing, major regulatory challenges for the insurance industry.

Canadian insurance providers are increasingly using direct channels such as the internet and client contact centres to sell coverage in all jurisdictions. Direct distribution of insurance has continued to grow due to the convenience and value that its channels provide to consumers.

Currently, for individual life insurance, client contact centres employ Life Licence Qualification Program (LLQP)-trained agents, each of whom must hold licences from the jurisdictions serviced by the centre, typically 13 different licences.

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; and compliance with multiple continuing education requirements, errors and omissions insurance requirements, and notification requirements). The current situation consumes a disproportionate amount of agent, insurer, and regulator time and resources. It also poses risks to licensed agents and companies in navigating the system, mainly through the possibility of errors and inadvertent non-compliance.

The increased costs of doing business caused by multi-jurisdictional licensing are borne by insurance providers, but ultimately have to be passed on to consumers.

The challenges created by multi-jurisdictional licensing give rise to operational inefficiencies and reduced growth in the client contact centre channel, resulting in reduced service standards and access for consumers. From an operational perspective, some companies choose to simplify their operations by offering products in only certain jurisdictions. Since the jurisdictions selected usually represent larger markets, the availability of insurance coverage can be negatively impacted in smaller jurisdictions, thereby reducing accessibility for population segments (rural, low and middle income, young families) that are already underserved by traditional face-to-face distribution channels.

The number of agents in a client contact centre who are able to serve consumers from all jurisdictions across Canada is limited by the complexity of the current multi-jurisdictional licensing system. In situations where an insurance provider has chosen to offer products in all jurisdictions, the reality is that at any given point in time, it's often only possible to have a portion of the agents licensed in all jurisdictions. Therefore, when a call comes in from a particular jurisdiction, the first agent in the queue may not have the appropriate provincial/territorial licence, and the caller must wait until an agent with a licence for his/her jurisdiction is available. In many cases, a caller may be asked to call back later because the queue is too long.

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 an appropriate agent, even though the answering agent would be fully competent to handle the caller's needs.

In some client contact centres, agents may not actually begin to answer phone calls until they have received the required licences for all jurisdictions; and if agents are kept off the phone while waiting to receive all required licences, the time lag reduces capacity and makes it more difficult for callers to get through to an agent.

The current multi-jurisdictional insurance licensing situation does not support quality customer service in a client contact centre environment; and some businesses have not been able to achieve the level of growth in that channel which customer demand warrants, for directly related reasons.

Solution: CAFII views a nationally harmonized insurance licensing model – one which recognizes the importance of the client contact centre channel and alleviates the unnecessary burden imposed by multi-jurisdictional licensing – as an imperative. Ideally, if an agent is duly licensed in one provincial/territorial jurisdiction, that licence 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. Such mutual recognition should be automatic and expeditious.

We note that the 2006 Reliance Model For Reciprocal Licensing introduced by the Canadian Council of Insurance Regulators (CCIR) and the Council of Insurance Services Regulatory Organisations (CISRO) intended to make it easier for regulators in other jurisdictions to rely on the requirements of an agent's home jurisdiction. Under this approach, a jurisdiction's requiring that an agent applicant meet further requirements beyond what they have met in their home jurisdiction, while optional, was not expected to be the norm.

While the Reliance Model For Reciprocal Licensing has not been implemented to any significant degree, two examples of where small progress has been made in this area are as follows:

Nova Scotia's Insurance Agents Licensing Regulations make provision for such automatic mutual recognition, via this clause: 10(1) Despite Sections 2, 3, and 4, the Superintendent may issue an insurance agent or agency license to an applicant who resides outside of Nova Scotia if the applicant holds a valid license in good standing for the same class of insurance issued by the jurisdiction in which the person resides as evidenced by a certificate of authority issued by that jurisdiction.

And in 2015, the Insurance Council of BC amended its policy on non-resident licence applicants who are subject to criminal record check requirements in their home province or territory. From that point in time forward, non-resident licence applicants who hold an insurance licence that is in good standing in their home province or territory have no longer been required to provide a criminal record check when they submit their licence application to BC.

CAFII views these Nova Scotia and BC modernizations as positive stepping stone developments.

The Future

What future evolutions do you see for the insurance sector?

It's our view that the future of life and health insurance will be marked by continued and accelerating innovation; and that regulation should embrace the role of all insurance channels in meeting the insurance needs of consumers. In particular, consumers continue to demand greater access to insurance information, purchasing opportunities, servicing, and claims fulfillment through digital means; and we believe that the digital space will play an ever more important role in meeting the insurance needs of Canadians.

CAFII believes that the insurance regulatory structure should foster an open marketplace where consumers are able to choose how and where to purchase coverage. Our members distribute Authorized Insurance Products (under the federal Bank Act and related Insurance Business Banking Regulations) and other types of life and health insurance products by direct mail, client contact centres, and through the internet; and we share regulators' objective of ensuring that consumers are protected while purchasing products through their channel of choice.

We encourage the FCNB to put specific mechanisms in place to support and foster innovation in the life and health insurance industry. It is critically important that the FCNB be able to evaluate and respond expeditiously when both of the following types of innovation are brought forward by the industry:

- (i) process improvements which are an evolution out of existing practices and are clearly provided for/allowed under the current legislative and regulatory regime; and
- (ii) significant leaps in innovation which were not contemplated by and therefore are not provided for/allowed under the current legislative and regulatory regime.

What opportunities and threats do these evolutions pose?

Who will resist, channel or accelerate change?

Insurance policy-makers and regulators have a large measure of control in this area. CAFII recommends that the FCNB pursue, as a strategic priority, an initiative to implement, in a full and consistent manner, previously established CCIR positions and recommendations. We offer the following examples for consideration:

- (i) CCIR's final position paper on Electronic Commerce in Insurance Products (2013)
CCIR should lead in an initiative to see all member jurisdictions implement the legislative and/or regulatory changes necessary to permit electronic beneficiary designations and electronic termination of insurance contracts, where both the insurer and the individual insured agree to those options, by the end of the next Strategic Plan period.
- (ii) CCIR's Final Report on Privilege Model and Whistle Blower Protection
Much of the data being requested in the Annual Statement on Market Conduct, as an example, is proprietary and its public release could be harmful to insurers and result in anti-competitive activities. However, only a minority of provinces/territories have adopted a self-evaluative privilege provision similar to the model endorsed by the CCIR in its Final Report on Privilege Model and Whistle Blower Protection. A CCIR strategic priority initiative in this area would see all member jurisdictions adopt self-evaluative privilege by the end of the next Strategic Plan period.

Conclusion and Follow-Up Meeting Request

Thank you for inviting CAFII to make this written submission outlining our input on the environmental scan questions posed prior to our December 5 preliminary consultation meeting.

Should you have any questions about the content of this letter or wish to meet with CAFII representatives at any time, please contact Brendan Wycks, CAFII Co-Executive Director, at brendan.wycks@cafii.com or 647-218-8243.

Sincerely,

Martin Boyle
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

CAFII Regulator and Policy-Maker Visit Plan 2018-19

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
British Columbia				
Insurance Council of BC: Janice Sinclair, Executive Director (started November 1/17)	-liaison meeting on May 3/18 during CLHIA Conference in Calgary -October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	-Spring 2019 CAFII Western Canada Regulators and Policy-Makers Visits Tour (13-17 May, 2019 proposed)	-CAFII's views on optimal features of an RIA regime in BC -CAFII's views on "post-claims underwriting" myth perpetuated by advice-based channel -Council's current view on 10-Year Review of Financial Institutions Act -Representation of alternate distribution/non-resident sellers on Council -Update on Council priorities	-Pending
FICOM: Frank Chong, Acting Superintendent of Financial Institutions (effective August 1/16)	-Oct.25/17 CAFII Stakeholder Dialogue with CCIR in Toronto -liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Nov 10/15 in Vancouver re CGI Information Bulletin	-Spring 2019 CAFII Western Canada Regulators and Policy-Makers Visits Tour (13-17 May, 2019 proposed)	-future of FICOM if proposals made in Ministry of Finance's "Preliminary Recommendations Paper" are brought to fruition -FICOM Information Bulletin on CGI ('effecting' of CGI in BC issue: ED and EOC to monitor re need for meeting/ dialogue around any member or industry issues re compliance with CGI Info Bulletin	-Pending
Doug McLean, Deputy Superintendent of Insurance	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	-See F. Chong above	-See F. Chong above	-Pending
Chris Carter, Acting Superintendent, Real Estate and Acting Registrar, Mortgage Brokers (effective August 1/16)	-April 14/16 teleconference re CAFII follow-up letter - Follow-up letter, seeking clarification on CGI Info Bulletin key issues, sent March 15/16 - Nov 10/15 in Vancouver re CGI Information Bulletin	-See F. Chong above	-See F. Chong above	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Michael McTavish, Acting Executive Director, Market Conduct (joined FICOM in Spring 2017)	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	-See F. Chong above	-See F. Chong above	-Pending
Lorena Dimma, Director, Market Conduct (assuming Harry James' former policy advisor role re 'effecting' of CGI issue)	-April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin	-See F. Chong above		
Harry James, Senior Regulatory Advisor (Chair of CCIR's Travel Insurance Working Group)	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -Dec. 8/16 cordial reply email to E. Fang, agreeing with CAFII's request that auto dealers are creditors for a moment-in-time issue be closed. -April 14/16 teleconference re CAFII's March 15/16 follow-up letter on CGI Info Bulletin	-See F. Chong above	-See F. Chong above	-Pending
Ministry of Finance: Carole James, Minister of Finance	-None to date. Appointed Minister of Finance in July 2017, with change in BC government. Delivered first provincial budget on September 11/17	-See Elizabeth Cole below	TBD until CAFII has a "direct ask" at Ministerial level	-Pending
Lori Wanamaker, Deputy Minister of Finance	-None to date. Appointed July 2017	-See Elizabeth Cole below	-See E. Cole below	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Elizabeth Cole, Executive Director, Strategic Projects & Policy (head of 10-Year Review of FIA) (on personal leave until sometime in mid- to late 2018)	-April 20/17 and June 23/16 telephone conversations with B. Wycks re updates on expected release date of Policy Paper and other FIA Review timelines -November 10/15 in Vancouver along with Dan Ashton; and separate meeting along with Brian Dillon and Kari Toovey	-Q2 or Q3 2019 in-person or teleconference meeting with Ministry of Finance officials, if necessary. -Spring 2019 CAFII Western Canada Regulators and Policy-Makers Visits Tour (13-17 May, 2019 proposed)	-Insurance policy changes to be set out in draft revised Financial Institutions Act, expected in Q2 2019.	-Pending -Pending
Brian Dillon, Director, Financial Institutions		-See Elizabeth Cole above	-See E. Cole above	-Pending
Kari Toovey, Acting Executive Director, Strategic Projects & Policy (head of 10-Year Review of FIA); normally Senior Policy Advisor	-liaison meeting on October 17/17 in Vancouver as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	-See Elizabeth Cole above	-See E. Cole above	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Alberta				
Alberta Insurance Council: Joanne Abram, CEO	<ul style="list-style-type: none"> -May 4/18 liaison meeting during CLHIA Conference in Calgary -liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -June 2/17 CAFII presentation to CISRO in Saskatoon -May 4/17 liaison lunch in London, Ontario 	<ul style="list-style-type: none"> -Q1 or Q2 2019 teleconference meeting to discuss Alberta Government consultation paper on plans to create a single financial services regulator in the province, once it is released -Spring 2019 CAFII Western Canada Regulators and Policy-Makers Visits Tour (13-17 May, 2019 proposed) 	<ul style="list-style-type: none"> -Alberta Government consultation paper on plans to create a single financial services regulator in the province -AIC's implementation of approved definition and process for CI to be sold under existing RIA licence -Representation for Restricted Licence Holders on Life Insurance Council 	<ul style="list-style-type: none"> -Pending -Pending
Anthonet Maramieri, COO	<ul style="list-style-type: none"> -liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -March 8/17 email to B. Wycks advising of Life Council's further look at definition of credit-related insurance approved to be offered under a Restricted Certificate, at April 12/17 meeting. - April 11/16 informal discussion with B. Wycks, at CISRO LLQP Info Session - Feb 27/15: Toronto: B. Wycks met A. Maramieri and had get acquainted chat at CISRO LLQP Stakeholder Info Session 	-See J. Abram above	-See J. Abram above	Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Warren Martinson, Legal Counsel	-May 4/18 liaison meeting during CLHIA Conference in Calgary -liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -June 2/17 CAFII presentation to CISRO in Saskatoon -W. Martinson in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG	-See J. Abram above	-See J. Abram above	Pending
Sylvia Boyetchko, Director of Licensing	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	-See J. Abram above	-See J. Abram above	Pending
Treasury Board and Ministry of Finance: Nilam Jetha, Superintendent of Insurance (made permanent at beginning of 2017, following one year interim period)	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	-Q1 or Q2 2019 teleconference, if necessary, re Alberta Government consultation on creating a single financial services regulator in the province -Spring 2019 CAFII Western Canada Regulators and Policy-Makers Visits Tour (13-17 May, 2019 proposed)	-Alberta Government plans to create a single financial services regulator in the province -Update on Superintendent's priorities -Communicate CAFII issues; build and strengthen relationship	-Pending -Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
David Sorensen, Deputy Superintendent of Insurance	-May 2/18 brief catch-up liaison discussion with K. Martin and B. Wycks during CLHIA Conference in Calgary -liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	-See N. Jetha above	-See N. Jetha above	Pending
Laurie Balfour, Director, Financial Compliance, Insurance Regulation and Market Conduct Branch (Chair of CCIR Insurance Core Principles Implementation Ctte)	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -CAFII 20 th Anniversary: April 5/17 -Sep 30/14: Fredericton, NB (informal meeting) -Jul 28/14: call with CAFII reps re: “effecting of CGI”	-See N. Jetha above	-Alberta Government plans to create a single financial services regulator in the province -See N. Jetha above	Pending
Wayne Maday, Director, Insurance Policy	-liaison meeting on October 18/17 in Edmonton as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	-See N. Jetha above	-Alberta Government plans to create a single financial services regulator in the province -See N. Jetha above	Pending
Joe Ceci, President of Treasury Board and Minister of Finance	No contact – appointed May 24/15	-None at this time	TBD until CAFII has a “direct ask” at Ministerial level	
Saskatchewan				

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Insurance Councils of Saskatchewan: Ron Fullan, Executive Director, (CISRO Chair)	<ul style="list-style-type: none"> -October 2018 teleconference meeting between B. Wycks and K. Martin, CAFII, and R. Fullan and A. Stadnek, ICS, re licensing requirements amendments being made to address industry's concerns related to what revised Insurance Act and related Regulations seem to be calling for. -July 17/18 joint CLHIA/CAFII Working Group meeting with R. Fullan and A. Stadnek in Toronto re enhancements and tweaks to Joint Proposal for a Restricted Insurance Agents Advisory Committee in Saskatchewan -May 3/18 liaison meeting during CLHIA Conference in Calgary -October 27/17 three-way meeting in Toronto -- involving ICS (R. Fullan and A. Stadnek), CAFII, and CLHIA -- re "Representation for RIA Licence Holders in Saskatchewan" 	-Spring 2019 CAFII Western Canada Regulators and Policy-Makers Visits Tour (13-17 May, 2019 proposed)	<ul style="list-style-type: none"> -establishing and implementing a Restricted Insurance Agents Advisory Committee -ICS-relevant aspects of implementation of new Saskatchewan Insurance Act and Regulations -Sask. RIA regime and licensure issues 	-Pending
April Stadnek, Director of Compliance	<ul style="list-style-type: none"> -See R. Fullan above -May 3/18 liaison meeting during CLHIA Conference in Calgary -October 27/17 three-way meeting in Toronto -- involving ICS (R. Fullan and A. Stadnek), CAFII, and CLHIA -- re "Representation for RIA Licence Holders in Saskatchewan" 	-See R. Fullan above	-See R. Fullan above	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Financial Consumer Affairs Authority (FCAA): Roger Sobotkiewicz, former Director of FCAA Legal Branch, became Interim Chairperson and Superintendent of Insurance, effective Feb. 1/15	-June 1/17 get acquainted and liaison meeting in Regina	-See J. Seibel below	-see J. Seibel below; and -introduce CAFII and build relationship -Regulations being developed following passage of <i>Bill 177, The Insurance Act (Saskatchewan)</i> -ISI: Representation for Restricted Licence Holders -Sask's imposition of PST on all insurance premiums - Update on Superintendent's priorities	-Pending (see J. Seibel below)
Ian McIntosh, Deputy Superintendent of Insurance	-Jul 28/14 call with CAFII reps re: "effecting CGI"	-see J. Seibel below	-see J. Seibel below; and -see R. Sobotkiewicz above	-Pending (see J. Seibel below)

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
<p>Janette Seibel, Lawyer, became lead on Bill 177 and Regulations file effective June 1/15</p> <p>Ministry of Finance Donna Harpauer, Minister of Finance (appointed Oct/17)</p> <p>(predecessor: Kevin Doherty, whom CAFII met with on June 1/17 in Regina)</p> <p>Brent Hebert, Deputy Minister</p>	<p>-October 31/18 telephone discussion with B. Wycks re revised wording for “consumer alert/warning” re online sales of insurance, which FCAA has resolved upon for inclusion in new Regulations</p> <p>-August 10/18 teleconference with B. Wycks and K. Martin re CAFII letter of concerns re Insurance Act and related Regulations (in support of CLHIA letter)</p> <p>-June 1/17 get acquainted and liaison meeting in Regina</p> <p>-March 2017 email exchange with B. Wycks re invitation to CAFII to provide feedback on FCAA-proposed definition of TPA, for inclusion in Insurance Regulations</p> <p>-February 17/17 call to B. Wycks advising that “in force” date for new Insurance Act and Regulations had been deferred to Spring 2018</p> <p>-Jan 2017 email exchange with B. Wycks re timing of “in force” date for new Saskatchewan Insurance Act and related Regulations</p> <p>-June 1/17 get acquainted and CAFII profile-raising meeting in Regina with Minister and Ministry officials re Sask’s imposition of PST on insurance premiums</p>	<p>-Spring 2019 CAFII Western Canada Regulators and Policy- Makers Visits Tour (13-17 May, 2019 proposed)</p> <p>-Spring 2019 CAFII Western Canada Regulators and Policy- Makers Visits Tour (13-17 May, 2019 proposed)</p>	<p>-confirmation of “in force” date for new Saskatchewan Insurance Act and related Regulations</p> <p>-CAFII’s response submissions on FCAA’s several Insurance Act and Regulations consultations</p> <p>-further introduce CAFII and build relationship</p>	<p>-Pending</p> <p>-Pending</p>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Manitoba				
Ministry of Finance: Scott Moore, Deputy Superintendent of Insurance	-CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto -CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto -liaison meeting on October 19/17 in Winnipeg, hosted by ICM, as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -CAFII 20 th Anniversary event: April 5/17 -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference) -April 15/15 teleconference with three CAFII reps -April 29/14: meeting in Winnipeg, MB	-Spring 2019 CAFII Western Canada Regulators and Policy-Makers Visits Tour (13-17 May, 2019 proposed)	-Maintain and build relationship -Representation for Restricted Licence Holders on Life Insurance Council -concern about amended Insurance Act's apparent residency requirement for employees of Restricted Insurance Agents	-Pending
Cameron Friesen, Minister of Finance	No contact – took office May 3/16	-See S. Moore above	TBD until CAFII has “direct ask” at Ministerial level	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Barbara Palace Churchill, Executive Director, Insurance Council of Manitoba (appointed late November 2016)	-May 3/18 liaison meeting during CLHIA Conference in Calgary -liaison meeting on October 19/17 in Winnipeg, hosted by ICM, as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers -June 2/17 CAFII presentation to CISRO in Saskatoon -May 4/17 short get acquainted/liaison meeting in London, Ontario	-Spring 2019 CAFII Western Canada Regulators and Policy- Makers Visits Tour (13-17 May, 2019 proposed)	-CAFII response letter of March 2018 re Single Premium Insurance Policies -Introduce CAFII and build/maintain relationship -Representation for Restricted Licence Holders on Life Insurance Council -Insurance Council's "ISI items for further review and development" -communicate CAFII issues	-Pending
Heather Winters, Director, Licensing & Compliance	-liaison meeting on October 19/17 in Winnipeg, hosted by ICM, as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	-See B. Palace Churchill above		-Pending
Lee Roth, Investigator	-liaison meeting on October 19/17 in Winnipeg, hosted by ICM, as part of CAFII tour of BC/Alberta/Manitoba regulators and policy-makers	-See B. Palace Churchill above		-Pending
Ontario				
FSCO:	3 December, 2018 in-person and teleconference meeting, with FSCO re Bank CEO Attestation Re Incidental Sales of Insurance and related Market Conduct Questionnaire (held at the CLHIA offices)			

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
FSCO: Brian Mills, appointed Interim CEO and Superintendent on October 18/14. Will likely be FSCO's last CEO, as Ontario Government transitions to a new Financial Services Regulatory Authority (FSRA) over next two years (2017 and 2018), as stated by B. Mills at FSCO Symposium on November 25/16.	-CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto -November 6/17: informal chat with B. Wycks during FSCO 2017 Life and Health Insurance Symposium -CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto -May 3/17: informal chat with K. Martin during CLHIA Conference -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -January 28/15 stakeholder meeting with CCIR	-None at this time	(i) Build/maintain relationship (ii) Ontario government review of FSCO's mandate (iii) next steps in Life Insurance Product Suitability Review (iv) CCIR review of travel health insurance (v) Update on Superintendent's priorities (vi) communicate CAFII issues	
Anatol Monid, Executive Director, Licensing and Market Conduct Division	-CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto -November 6/17: informal chat with B. Wycks during FSCO 2017 Life and Health Insurance Symposium -June 2017 liaison lunch with M. Gill and J. Lewsen re CAFII advice on FSCO's planned survey of bank insurers re sales practices -June 2/17: questions raised by A. Monid, on the phone, at end of CAFII presentation to CISRO in Saskatoon -May 3/17: informal chat with K. Martin during CLHIA Conference -CAFII 20 th Anniversary event: April 5/17 -June 7/16, December 8/15 and June 9/15: informal update conversations at CAFII Reception events	-None at this time	-FSCO consultation on Treating Consumers Fairly Guideline -FSCO consultation related to Incidental Sales of Insurance (ISI) Questionnaire and Bank-Owned Insurance Company CEO Attestation -next steps in Life Insurance Product Suitability Review -other FSCO initiatives re life insurance agent and/or insurer compliance -initiatives of FSCO LII Working Group	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Izabel Scovino, appointed Director, Market Conduct Regulation Branch in Nov/14	<ul style="list-style-type: none"> -informal conversation with K. Martin at November 16/18 FSCO Life and Health Insurance Market Conduct Symposium re FSCO's imminent reactivation of Bank CEO Attestation Re Incidental Sales of Insurance and related Market Conduct Questionnaire -February 28/18 meeting with joint CLHIA/CAFII Working Group re FSCO's planned "CEO Attestation for Bank-Owned Insurers" -February 1/18 meeting with joint CLHIA/CAFII Working Group re FSCO's planned "Incidental Insurance Market Conduct Questionnaire" -November 6/17 during FSCO 2017 Life and Health Insurance Symposium: private discussion with B. Wycks re setting up a consultation meeting with CAFII reps re FSCO's planned "Incidental Insurance Market Conduct Questionnaire and Attestation" - September 12/17 meeting of FSCO Life Insurance Industry Working Group (LII Working Group) of which Izabel Scovino is a member (K. Martin and H. Pabani) 	-None at this time	-see A. Monid above	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Heather Driver Director, Licensing Branch Licensing and Market Conduct Division (assumed position in Jan 2016, following retirement of Shonna Neil)	-September 12/17 second meeting of FSCO Life Insurance Industry Working Group (LII Working Group), of which H. Driver is Chair (K. Martin and H. Pabani) -June 2/17 CAFII presentation to CISRO in Saskatoon -May 30/17 initial meeting of LII Working Group (K. Martin and H. Pabani) - -Oct. 14/16 email exchange with B. Wycks following CAFII's delivery of input, requested by FSCO in Oct. 7/16 meeting, re optimal wording to use in FSCO communications re life insurance agent and insurer relationship -Oct. 7/16 meeting with CAFII reps, at FSCO's invitation, re FSCO initiatives around life agent and insurer compliance, particularly re E&O insurance (also attended by Richard Tillman, Allan Amos, Kelly Picard, and Abina Rogers of FSCO)	-None at this time	-see A. Monid above	-Pending
Andrea Chow, Senior Manager, Financial Services Regulatory Policy (joined FSCO in summer 2017; formerly with Ontario Ministry of Finance; currently on maternity leave)	-November 6/17: get acquainted chat with B. Wycks during FSCO 2017 Life and Health Insurance Symposium, which she chaired	-None at this time	-see A. Monid above	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Richard Tillman, Senior Manager, Insurance and Deposit Institutions Policy	-Oct. 7/16 meeting with CAFII reps re life agent and insurer compliance	-None at this time	-see A. Monid above	
Reena Vora, Manager, Market Regulation Branch, Licensing and Market Conduct Division	-December 8/16 with CAFII reps for feedback on draft questionnaire for life insurer examination visits (one pilot test visit planned in Q1 2017), as next phase in Life Insurance Product Suitability Review	-None at this time	-Life insurer examination visits	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Financial Services Regulatory Authority of Ontario (FSRA)				
Mark White, CEO	<ul style="list-style-type: none"> -November 26/18 meeting of IAG—Life and Health Insurance with FSRA CEO re FSRA's 2019-2020 policies and priorities -November 27/18 CAFII Reception (where Mark White will be guest speaker on a FSRA policy-related topic) 	<ul style="list-style-type: none"> -January 28, 2019 IAG – Life and Health Insurance meeting with FSRA Management re FSRA's 2019-20 priorities and budget -February 8, 2019 IAG Meeting #3 with FSRA Board of Directors re FSRA's 2019-20 priorities and budget 	-FSRA's start-up; transition from FSCO into FSRA; FSRA's rule-making authority; FSRA's plans for regulating the life and health insurance industry	-Confirmed
Bryan Davies, Chair, Board of Directors	<ul style="list-style-type: none"> -FSRA Fee Rule Industry Advisory Group – Life and Health Insurance meetings with FSRA Management and Consultant on August 21/18; and with FSRA Board on September 7/18 -CAFII Reception on June 5/18 -CAFII Reception on April 17/18 -FSRA Fee Rule Industry Advisory Group – Life and Health Insurance meeting with FSRA Board on September 7/18 -CAFII Reception event on April 17/18 -March 6/18 with three founding FSRA Board Members: Bryan Davies, Kathryn Bouey, Judith Robertson 	-See M. White Above		-Confirmed
Cathy Mallove, Communications Officer, FSRA	<ul style="list-style-type: none"> -FSRA Fee Rule Industry Advisory Group – Life and Health Insurance meetings with FSRA Management and Consultant -March 6/18, immediately prior to CAFII meeting with three founding FSRA Board Members 	-None at this time		

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Ontario Ministry of Finance				
-David McLean, Policy Advisor	-June 7/16 and April 12/16 informal conversations with B. Wycks at CAFII Receptions -July 30/15 life & health insurance sector roundtable -May 21/15 informal meeting: insurance sector round table	-None at this time		
-Paul Braithwaite, Policy Advisor	-November 27/18 CAFII Reception (where Mark White will be guest speaker on a FSRA policy-related topic) -November 6/17: informal chat with B. Wycks during FSCO 2017 Life and Health Insurance Symposium, as both at same small group table -June 29/17 CAFII stakeholder meeting with FSRA Implementation Secretariat -September 12/17 second meeting of FSCO Life Insurance Industry Working Group (LII Working Group) of which Paul Braithwaite is an attendee for the MOF (K. Martin and H. Pabani)	-None at this time		
Quebec				

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
AMF: Louis Morisset, CEO;	-AMF Rendez-Vous on November 19/18 in Montreal -CAFII/AMF Liaison Lunch and Industry Issues Dialogue on October 2/18 -AMF Rendez-Vous on November 13/17 in Montreal -AMF 2016 Rendez-Vous on November 14/16 in Montreal -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF	-Possible invitation to Mr. Morisset to be guest speaker at April 16/19 CAFII Reception event in Toronto	-(i) Bill 141 and Bill 150 to modernize Quebec's financial services sector, including the Distribution Act (both released by Ministry of Finance in October 2017) -(iii) Distribution Guide template and implementation timelines -(iv) Update on AMF priorities -(v) Communicate CAFII issues -(vi) Maintain and strengthen relationship	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Patrick Dery, Superintendent, Solvency (appointed CCIR Chair effective April 1/15)	-AMF Rendez-Vous on November 19/18 in Montreal -CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto -CAFII/AMF Liaison Lunch and Industry Issues Dialogue on October 2/18 -CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto -CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17 -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto	-None at this time	-see L. Morisset above	
Phillip Lebel, Director General of Legal Affairs	-CAFII/AMF Liaison Lunch and Industry Issues Dialogue on October 2/18 -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF -Liaison lunch and industry issues dialogue on October 6/15 in Levis, Quebec	-None at this time	-see L. Morisset above	
Nathalie Sirois, Senior Director, Supervision of Insurers and Control of Right to Practise	-AMF Rendez-Vous on November 19/18 in Montreal -CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto -CAFII/AMF Liaison Lunch and Industry Issues Dialogue on October 2/18 -CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17	-None at this time	-see L. Morisset above	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Frédéric Pérodeau (became new Superintendent, Client Services and Distribution Oversight on January 22/18, succeeding Eric Stevenson; joined AMF in 2012 and was previously Senior Director, Investigations)	-AMF Rendez-Vous on November 19/18 in Montreal -CAFII/AMF Liaison Lunch and Industry Issues Dialogue on October 2/18	-None at this time	-See L. Morisset above	
Louise Gauthier, Senior Director, Distribution Policies and Compensation (Chair of CCIR/CISRO Fair Treatment of Consumers Working Group; and member of CCIR Travel Insurance Working Group). Lead on AMF's Distribution Guide rewrite initiative.	- -AMF Rendez-Vous on November 19/18 in Montreal -CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto -CAFII/AMF Liaison Lunch and Industry Issues Dialogue on October 2/18 -informal conversation during May 2-4/18 CLHIA Conference in Calgary -February 21/18 CAFII liaison meeting with CCIR FTC Working Group re its proposed Draft Guidance on Conduct of Insurance Business and Fair Treatment of Customers -AMF 2017 Rendez-Vous in Montreal on November 13/17 -CAFII/AMF Liaison Lunch and Industry Issues Dialogue in Levis, Quebec on October 23/17 -CAFII 20 th Anniversary event: April 5/17 -L. Gauthier in attendance at Feb. 22/17 CAFII stakeholder meeting with CCIR TIWG -AMF 2016 Rendez-Vous on November 14/16 in Montreal	-None at this time	-See L. Morisset above	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Ministry of Finance: Eric Girard, Minister Richard Boivin, Assistant Deputy Minister, Financial Institution Policy and Corporate Law (departing in early 2019) Guillaume Caudron, Chief of Staff Yann Nachabé, Policy Advisor	-appointed October 2018, following election of new CAQ government in Quebec	-None at this time	-Ministry's direction on online distribution of insurance without involvement of an advisor	
Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status May 24/18
New Brunswick				
Financial and Consumer Services Commission (Insurance Division): Angela Mazerolle, Superintendent of Insurance	-May 14/18 liaison meeting in Fredericton -October 25/17 CAFII Stakeholder Dialogue with CCIR in Toronto -May 4/16 dinner meeting with Atlantic Canada regulators in Halifax -Oct 1/14: Fredericton, NB	-See David Weir below	-FCNB multi-year Insurance Act Rewrite project -FCNB plans to introduce an RIA regime in New Brunswick -refreshed "Seven Point Guide to The Creditor Insurance Regulatory Regime," to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -implementation of further phases of online licensing system -legislative/regulatory change to support electronic beneficiary designations -other New Brunswick licensing issues	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
David Weir, Deputy Superintendent of Insurance	-December 5/18 preliminary meeting in Toronto on New Brunswick Insurance Act Rewrite multi-year project -May 14/18 liaison meeting in Fredericton -June 2/17 CAFII presentation to CISRO in Saskatoon -Dec 9/16 informal discussion with B. Wycks at CISRO LLQP Session in Toronto -May 4/16 dinner meeting with Atlantic Canada regulators in Halifax -Oct 1/14: CAFII liaison meeting with Atlantic Canada insurance regulators in Fredericton, NB	-Q1 or Q2 2019 meeting to provide CAFII input on FCNB plans to introduce RIA regime in New Brunswick (D. Weir is leader of multi-year Insurance Act Rewrite project, within which RIA Regime introduction will be embedded)	-see A. Mazerolle above -timing of final recommendations on reforming licensing framework for other-than-life agents and brokers -CAFII feedback on New Brunswick online insurance licensing system	-Pending
Opportunities New Brunswick: Cameron Bodnar, Director, Strategy & Planning Jay Reid, Investment Attraction Officer	-May 15/18 liaison meeting in Fredericton, NB -Jun 3/14: Toronto, with Adam Mitton of predecessor organization Invest New Brunswick	-None at this time -None at this time	-Insurance Act and regulatory process changes necessary to support business efficiency and further inbound investment and additional jobs in New Brunswick -Introduce CAFII and build relationship -Position CAFII as an information resource	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Consumer Advocate for Insurance: Michele Pelletier, Consumer Advocate	-May 15/18 liaison meeting in Fredericton, NB	-None at this time		
Nova Scotia				
Superintendent of Insurance: William Ngu, Acting Superintendent of Insurance	-May 14/18 liaison meeting in Halifax, NS -May 4/16 dinner meeting with Atlantic Canada regulators in Halifax -Appointed June 2015; no previous CAFII contact	-None at this time	-refreshed “Seven Point Guide to The Creditor Insurance Regulatory Regime,” to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -Review of life and accident & sickness provisions of Insurance Act -legislative/regulatory change to support electronic beneficiary designations -Update on Superintendent’s priorities -Communicate CAFII issues; build and strengthen relationship	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Jennifer Calder, Deputy Superintendent of Insurance	-May 14/18 liaison meeting in Halifax, NS -CAFII 20 th Anniversary event: April 5/17 -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR (participated by phone) -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference) -May 4/16 dinner meeting with Atlantic Canada regulators in Halifax	-See W. Ngu above	-See W. Ngu above	
PEI				
Superintendent of Insurance: Robert Bradley, Superintendent	-CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto -May 16/18 liaison meeting in Charlottetown, PEI -CAFII 20 th Anniversary event: April 5/17 -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Oct 1/14: CAFII liaison meeting with Atlantic Canada insurance regulators in Fredericton, NB	-None at this time	-refreshed “Seven Point Guide to The Creditor Insurance Regulatory Regime,” to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -Review of life and accident & sickness provisions of Insurance Act (on April 23/15, R. Bradley advised that this may get underway in late 2015) -legislative/regulatory change to support electronic beneficiary designations -Update on Superintendent’s priorities -Communicate CAFII issues -Maintain and strengthen relationship	
Phillip McInnis, Compliance Officer	-May 16/18 liaison meeting in Charlottetown, PEI	-See R. Bradley above		

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Newfoundland				
Superintendent of Insurance: Craig Whalen, Acting Superintendent of Superintendent of Insurance Sean Dutton, Deputy Minister, Service Newfoundland Pam Senior, Senior Policy Analyst	-May 17/18 liaison meeting in St. John's, NF -Oct 1/14: CAFII liaison meeting with Atlantic Canada insurance regulators in Fredericton, NB -June 2/17 CAFII presentation to CISRO in Saskatoon -May 17/18 liaison meeting in St. John's, NF May 17/18 liaison meeting in St. John's, NF	-None at this time -See C. Whalen above -See C. Whalen above	-refreshed "Seven Point Guide to The Creditor Insurance Regulatory Regime," to be presented by CAFII as an educational resource to counteract false impression that ISI is unregulated -legislative/regulatory change to support electronic beneficiary designations -Update on Superintendent's priorities -Communicate CAFII issues; build and strengthen relationship	
FEDERAL/NATIONAL				
CCIR:				

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Tony Toy, Policy Manager	-November 28/18 CAFII follow-up meeting with CCIR/CISRO Fair Treatment of Consumers Working Group re industry implementation of “Guidance: Conduct of Insurance Business and Fair Treatment of Customers” -November 1/18 CCIR issues update meeting with CAFII (K. Martin and B. Wycks) -CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto -liaison meeting on May 18/18 -liaison lunch on November 17/17 -CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto (first meeting with CAFII)	-CAFII quarterly “Fair Treatment of Customers Guidance Implementation Forum” with CCIR and CISRO, March 27, 2019 3.30—5.00pm	-CCIR Annual Statement on Market Conduct -Framework for Cooperative Market Conduct Supervision -CCIR review of travel health insurance -Possible CCIR speakers/panelists at CAFII events -Update on CCIR 2017-20 Strategic Plan and related priorities -Communicate CAFII issues; and maintain and strengthen relationship -possible CAFII webinar(s) for CCIR audience	-Pending
Adrienne Warner, Policy Associate	-liaison meeting on May 18/18	-See T. Toy above		-Pending
Patrick Déry, Chair (Superintendent, Solvency, AMF)	-CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto -CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -Oct. 4/16 in Montreal: CAFII liaison lunch and Industry Issues Dialogue with AMF	-None at this time	-CCIR review of travel health insurance -Update on CCIR 2017-20 Strategic Plan and related priorities -Communicate CAFII issues; maintain and strengthen relationship	

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Harry James, Chair, CCIR Travel Insurance Working Group (TIWG)	<ul style="list-style-type: none"> -December 5/18 CCIR Travel Insurance Working Group (TIWG) follow-up meeting in Toronto with CAFII Travel Medical Experts Working Group re regulator's travel health insurance data collection -CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto -October 24/18 CCIR Travel Insurance Working Group (TIWG) meeting with CAFII Travel Medical Experts Working Group re regulator's travel health insurance data collection -January 29/18 meeting with Harry James and TIWG members re Travel Health Insurance Products Position Paper (released May 27/17) and proposed industry reforms -CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto -May 10/17 teleconference with CAFII reps re CCIR TIWG Communications Plan for release of Travel Health Insurance Position Paper 	-Follow-up meeting being arranged between CCIR Travel Insurance Working Group (TIWG) and CAFII/CLHIA/THIA re CCIR's travel health insurance data requests, likely to occur in February or March 2019	-CCIR Travel Health Insurance Products Position Paper and CAFII/industry response to same	-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Laurie Balfour, Chair, CCIR Insurance Core Principles Implementation Committee (ICPiC)	<ul style="list-style-type: none"> -November 23/17 CAFII Member-Exclusive Webinar On Year 2 Housekeeping Changes To CCIR Annual Statement On Market Conduct -CAFII liaison visit to Alberta Treasury Board & Finance, October 18/17 in Edmonton -CAFII 20th Anniversary event: April 5/17 -March 1/17 CCIR webinar presentation for CAFII members on CCIR expectations for insurer completion of Annual Statement on Market Conduct (presented by L. Balfour and M. Boyle) -Dec. 12/16 CAFII Stakeholder Dialogue with CCIR in Toronto -August 10/16 CAFII stakeholder meeting re CCIR travel health insurance Issues Paper (participated by teleconference) -May 19/16 CCIR ICPiC webinar presentation for CAFII members (L. Balfour and M. Boyle) 	-None at this time	<ul style="list-style-type: none"> -Harmonized Annual Statement on Market Conduct -Framework for Co-operative Market Conduct Supervision in Canada -ICPiC work on IAIS' Insurance Core Principles 	
Louise Gauthier, Chair of CCIR/CISRO Fair Treatment of Consumers Working Group; (member of CCIR Travel Insurance Working Group)	-CAFII "Fair Treatment Of Customers Guidance Implementation Forum" with CCIR And CISRO on November 28/18	-CAFII quarterly "Fair Treatment of Customers Guidance Implementation Forum" with CCIR/CISRO FTC Working Group, March 27, 2019, 3.30—5.00pm		-Pending

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
<p>CISRO: Ron Fullan, Chair (SK)</p> <p>Joanna Reading, CISRO Policy Manager</p>	<p>-November 28/18 CAFII follow-up meeting with CCIR/CISRO Fair Treatment of Consumers Working Group re industry implementation of “Guidance: Conduct of Insurance Business and Fair Treatment of Customers”</p> <p>-CAFII Stakeholder Meeting with CCIR on October 25/18 in Toronto</p> <p>-October 24/18 CCIR Travel Insurance Working Group (TIWG) meeting with CAFII Travel Medical Experts Working Group re regulator’s travel health insurance data collection</p> <p>-May 3/18 liaison meeting during CLHIA Conference in Calgary</p> <p>-February 21/18 with CCIR Fair Treatment of Consumers Working Group re CCIR Draft TCF Guidance</p> <p>-January 29/18 meeting with CCIR TIWG re Travel Health Insurance Products Position Paper</p> <p>-CAFII Stakeholder Meeting with CCIR on October 25/17 in Toronto (R. Fullan attends in capacity as CISRO Chair)</p> <p>-June 2/17 CAFII presentation to CISRO in Saskatoon</p> <p>-liaison meeting on May 18/18</p>	<p>-Follow-up meeting being arranged between CCIR Travel Insurance Working Group (TIWG) and CAFII/CLHIA/THIA re CCIR’s travel health insurance data requests, likely to occur in February or March 2019</p> <p>-CAFII quarterly “Fair Treatment of Customers Guidance Implementation Forum” with CCIR and CISRO, March 27, 2019 3.30—5.00pm</p> <p>-See R. Fullan above</p>	<p>-national, online licensing system for insurance and related harmonization issues</p> <p>-possible CISRO Strategic Plan and opportunity for stakeholders to provide input</p>	<p>-Pending</p> <p>-Pending</p>

Jurisdiction Regulator/Policy-Maker	Last Meeting /Contact	Proposed Meeting	Topics/Purpose	Status January 11/19
Financial Consumer Agency of Canada (FCAC): Lucie Tedesco, Commissioner	-June 12/18 informal conversation with B. Wycks and K. Martin following L. Tedesco's luncheon address to Economic Club of Canada -May 1/15: B. Wycks made self-introduction and chatted with L. Tedesco, following her speech at CLHIA Conference	-Follow-up meeting at FCAC office in Ottawa in Q2 or Q3 2019 for further information-sharing and education around creditors group insurance, if warranted	-FCAC consultation on its Proposed Supervision Framework and Publishing Principles for FCAC Decisions (released September 29/16 with November 14/16 deadline for submissions) of document expected). CAFII decided not to respond to this consultation, as out-of-scope	-Pending
Jane Rooney, Financial Literacy Leader	-Feb 10/15 (presentation at CAFII Annual Luncheon)	-None at this time		

**Agenda Item 6(c)(i)
January 15/19 EOC Meeting**

**From: CEO (FSRA) [mailto:CEO@fsrao.ca]
Sent: Friday, November 02, 2018 3:48 PM
To: CEO (FSRA)
Cc: Mallove, Cathy (FSRA)
Subject: FSRA Industry Advisory Groups**

Dear Industry Advisory Group (IAG) Member:

We want to thank you again for your participation in the FSRA Fee Rule IAG. The seven ad hoc, special purpose Fee Rule IAGs provided invaluable industry perspectives to the FSRA management and Board on the proposed FSRA fee rules. The formal consultations are now well underway and we welcome and encourage comments and questions from all interested parties until January 4, 2019. While we recognize that for some the timing is awkward given holidays, we will not be able to extend this date given tight timelines.

Thanks as well, to the many who completed our follow-up survey on the IAGs. It reflected positive feedback, and offered suggestions for improvement:

- 90.4% strongly agreed or agreed that the IAG was an effective mechanism for stakeholder input into the proposed fee rule
- 84.3% strongly agreed or agreed that their sector was appropriately represented at the IAG
- 64% strongly agreed or agreed there was sufficient information to provide appropriate feedback to FSRA. Comments received by IAGs related primarily to time constraints in forming the IAGs, scheduling meetings, and turnaround time for review of materials and preparation of the submission to the FSRA Board
- 100% expressed an interest in continuing to participate on the IAG or a similar committee to provide input on FSRA's 2019-20 priorities and budget

FSRA is committed to ongoing communications, collaboration and dialogue with stakeholders. We continue to evaluate and consider longer-term mechanisms to ensure ongoing, effective stakeholder input and engagement. As we do so, the Board has proposed that the current special purpose IAGs be engaged again to provide sector perspectives to inform our 2019-20 priorities and budget.

The mandate of the IAGs, defined in the current IAG Terms of Reference, will be expanded *as noted in italics*:

The FSRA Fee Rule Industry Advisory Groups (IAG) are special purpose, ad hoc groups being established to provide regulated sector industry insight and views to the FSRA management and Board of Directors related to the development of funding model options for FSRA, prior to formal, statutorily required 90-day consultations on a new fee rule, *and on the development of FSRA's 2019-20 priorities and budget*.

We would like to invite the current IAGs to participate in three proposed meetings. You will shortly receive an invitation to the first meeting of your IAG, and we will then confirm the dates of the other two meetings by mid-November.

1. Late November – early December: A dialogue on what priorities you would like to see for FSRA;
2. Late January: A meeting with FSRA management to go through FSRA's draft 2019-20 priorities and budget, to prepare the IAG for a meeting with the FSRA Board; and

3. Early February: An IAG meeting with FSRA directors, in which the IAGs will be invited to directly present their views on FSRA's draft 2019-20 priorities and budget

The list of IAG members is attached. By consensus of the current members, an IAG may propose changes to its membership, to a maximum of 10 members.

We appreciate your ongoing participation and look forward to hearing your input as we develop our future plans.

If you have any questions, or to submit your IAG's consensus proposal for changes in membership, please contact Cathy Mallove at cathy.mallove@fsrao.ca.

Regards,

Bryan Davies, Chair, Board of Directors
Mark White, Chief Executive Officer



CAFII - 2019 Program

Video & Search Experience

Delivered on: [November 16, 2018](#)

Prepared for: [Keith Martin](#)

Email: keith.martin@cafii.com

Prepared by: [Cornelius Mwalwanda](#)

Email: cjm@rankhigher.ca

THEY CAN'T FIND YOU...WE CAN HELP!

1) Video Production

Creation of 30 second whiteboard videos in English & French with the goal of introducing CAFII's members insurance products to consumers. The videos will explain how the products work, the benefits and consumer application.

- **Outputs:** 6 outputs, 30 seconds each, 3 English & 3 French
- **Voice Over:** English & French
- **Format:** Vimeo, YouTube or Mp4
- **Custom Animation:** Not Included.

Process

Script:

1. Outline of Key Messages (CAFII)
2. Draft (David)
3. Revision
4. Final Approval
5. French Script

Whiteboard Creation:

1. English
2. Story Board
3. Draft 1
4. Revision 1
5. Draft 2
6. Revision 2
7. English Final Approval
8. French Whiteboard Creation
9. Revision 3
10. French Final Approval

Voice Over:

1. English
 2. French
-

2) Consumer Examples

In collaboration with David Moorcroft we will create new consumer examples for the 10 insurance products. The examples will be deployed on the corresponding product pages and in the FAQ section.

- [Travel Insurance](#)
- [Mortgage Disability & Critical Illness Insurance](#)
- [Mortgage Disability Insurance](#)
- [Payment Protection Insurance for Loans](#)
- [Credit Card Insurance](#)
- [Mortgage Critical Illness Insurance](#)
- [Trip Cancellation & Interruption Insurance](#)
- [Critical Illness Insurance for Loans](#)
- [Travel Medical Insurance](#)
- [Other Insurance](#)

3) Product Optimization

We will help to continue the positive search performance and consumer engagement with information on the below products.

- [Travel Insurance](#)
- [Job Loss Insurance](#)
- [Mortgage Disability & Critical Illness Insurance](#)
- [Disability Insurance for Loans](#)
- [Mortgage Disability Insurance](#)

4) Reports

We will provide insightful reports including prioritized next steps to improve digital performance;

- [Website](#): Analytics, conversions, traffic, trends
- [Search Engine Optimization](#): Keyword rankings, backlink analysis, domain authority
- [Local Optimization](#): Google My Business, impressions, engagement & actions

Reporting will compare year-over-year data, in some cases quarter-over-quarter. Reports are delivered quarterly.

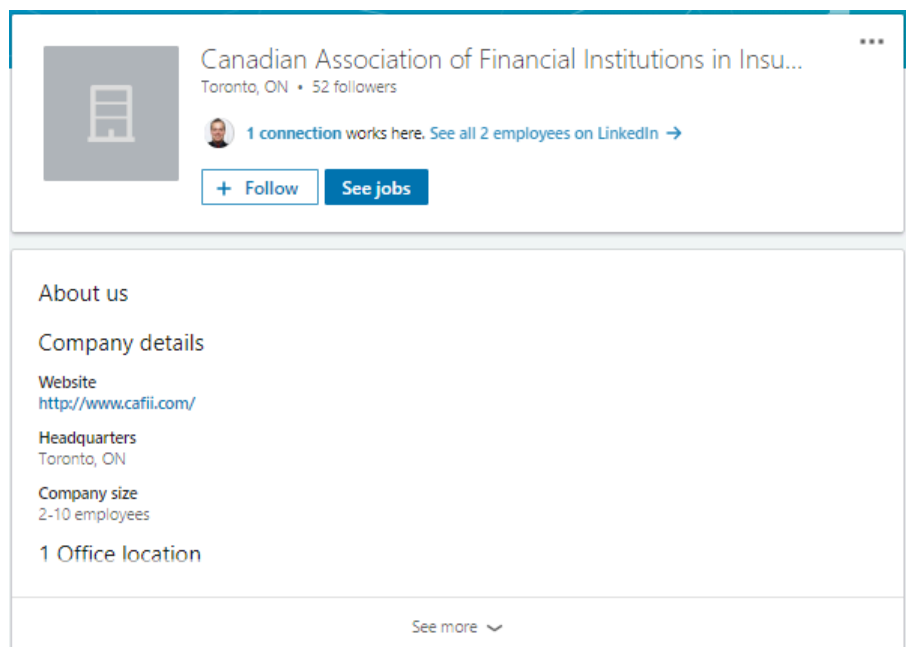
5) LinkedIn

We will optimize your profile to better represent the professionalism of the association. We will then collaborate with Cafii to encourage relevant individuals follow the association. Finally, we will post content to the LinkedIn page to grow your presence. This exercise will not only provide value from an awareness perspective but will also support continued Google Search improvement.

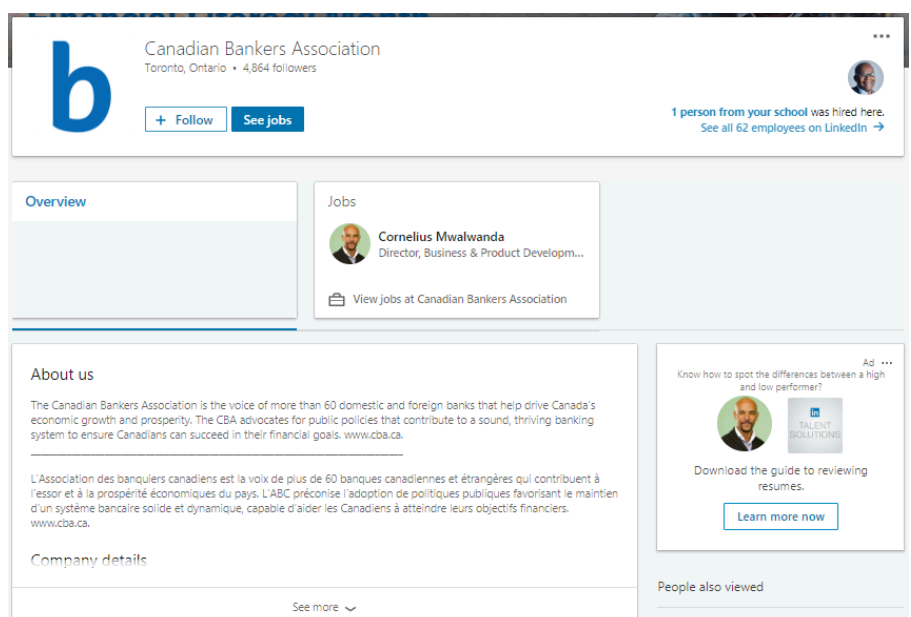
- **Profile Optimization:** Branding, Description & Company Details
- **Content Distribution:** Monthly positing of video, consumer examples, product details, or research. Each post will include Graphic Design, Content, Analytics & Measurement.

Cafii Profile:

- Issues:
- Branding
- Description
- Followers



CBA Profile:



Summary & Investment

Scope of Work	Investment
1) Video Production Creation of three white board videos.	\$18,000
2) Consumer Examples Development & Deployment of 10 examples on product & FAQ pages.	\$7,000
3) Product Optimization Optimization of the products on your website currently trending positively in search.	\$4,000
4) Reporting Quarterly Reporting (4 Total)	\$6,000
<input type="checkbox"/> 5) LinkedIn Optimization & Content Distribution <ul style="list-style-type: none"> • Optimization of your Profile • Graphic Design, Content, Analytics & Measurement for posting of Consumer Examples, Video & any relevant research Identified by Cafii. 1 post per month for 12 months. 	\$7,500
Subtotal	\$35,000
HST 13%	\$4,550
Total	\$39,550

Terms:

- **Whiteboard Video:** 50% deposit upon agreement, 50% on completion.
- **All Other:** Invoiced Monthly, beginning January 2019.

Net 30. Rankhigher.ca reserves the right to charge a late interest fee of 2% per month on invoices past due 30 days.

NEXT STEPS

1. This quote is good for 30 days.
2. Project will begin once deposit is paid.
3. Please read the contract on the previous page to make sure you understand all the details involved with us working together. It's really important to us that everything is transparent and understood from the beginning so that we lay a solid foundation for a great working relationship.
4. If you have any questions at all, please let us know. We're happy to clarify any points and there may be some items that we can sort out together. We're committed to finding the best way to work together.
5. Once you feel confident about everything and are ready to move forward, please click the 'sign here' button below.
6. Sign in the box that pops up to make the acceptance official.
7. Once we receive notification of your acceptance, we'll contact you shortly to sort out next steps and get the project rolling.
8. We'll email you a separate copy of the signed contract for your records.
9. If you'd like to speak to us by phone, don't hesitate to call 9055164895



SIGNATURE

Cornelius Mwalwanda

Cornelius Mwalwanda
Director of Product & Business Development



SIGNATURE

Keith Martin

Keith Martin

CAFI

Agenda Item 7(f)(ii)
January 15/19 EOC Meeting

DRAFT ONLY

For Discussion Purposes Only At January 15/19 CAFII EOC Meeting

January 17, 2019

Mr. Louis Morisset
Président-directeur général
Autorité des marchés financiers
800, Square Victoria, 22e étage
Tour de la Bourse, Montréal (Québec) H4Z 1G3

Dear Mr. Morisset:

As you may know, CAFII hosts three Social/Networking Receptions in Toronto each year, most often with a VIP guest speaker, at which the attendees are senior representatives of CAFII member organizations; insurance regulators and policy-makers from FSRA and the Ontario Ministry of Finance or from other Canadian jurisdictions who happen to be in Toronto on the evening of the event; representatives of related industry associations such as the Canadian Life and Health Insurance Association (CLHIA), the Canadian Bankers Association (CBA), the Travel Health Insurance Association (THIA); and influencers and opinion leaders relevant to the life and health insurance industry.

Our next CAFII Reception takes place on Tuesday, April 16, 2019, from 5:30 to 7:30 pm at a venue in downtown/central Toronto. We expect 90 to 110 guests to be in attendance.

For that April 16/19 CAFII Reception, we invite you – as CEO of Québec's single, integrated financial services regulator which is leading the implementation of a major financial services sector modernization in your province, which will have a significant impact upon the life and health insurance industry in la belle province and beyond – to be our guest speaker. If you are able to accept this invitation, we believe that there is wide range of relevant topics and themes on which you could focus your remarks to be of relevance to the audience, such as implementing Bill 141 generally; the Regulation Respecting Alternative Distribution Methods; replacement of the Distribution Guide; upcoming related Regulations; stakeholder engagement and managing competing interests; direct engagement of the AMF with fintech/insurtech, etc.

We very much hope that you will be able to accept this invitation. If so, the Order of Proceedings for the Reception will see your remarks begin between at approximately 6:00 p.m., with 20 to 25 minutes allocated for your presentation, followed by 10 to 15 minutes for a Q&A session with the audience.

We ask that you reply at your earliest convenience with an indication as to whether you are able to accept this invitation to be the featured guest speaker at our upcoming CAFII Reception on Tuesday, April 16/19 in Toronto.

Sincerely,

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

Keith Martin
Co-Executive Director