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The Canadian Association of Financial Institutions in Insurance | L'association canadienne des institutions financières en assurance

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CAFII Executive Operations Committee Meeting Agenda

Date: Tuesday, January 17, 2023
Time: 2:00 – 4:00 p.m. EST
Chair: R. Dobbins
Dial-in: 437-703-4263
Location: Virtual MSTeams Meeting
Phone Conference ID: 447 859 005#

1. Call to Order, Welcome, and Priority Matters	2:00 p.m.	Presenter	Action	Document
a. Call to Order and Welcome to New EOC Members: -Konstance Allain, CIBC Insurance -Ibrahim Idowu, CIBC Insurance -Doug Weir, CIBC Insurance -Deliska Beauregard, Canadian Premier Life Insurance -Shannon Dowe, RBC Insurance		R. Dobbins		

2. Consent Items	2:09 p.m.	Presenter	Action	Document
a. Consultations/Submissions Timetable				✔
b. November 30/22 CAFII Response Submission to CCIR on "Draft 2023-2026 Strategic Plan"				✔
c. November 2022 to January 2023 Regulatory Update				✔
d. Regulator and Policy-Maker Visit Plan Recap				✔
e. Summary of Board and EOC Action Items				✔
f. Board-Approved Schedule of CAFII 2023 Meetings and Events				✔

3. Financial Management Matters	2:10 p.m.	Presenter	Action	Document
a. CAFII Financial Statements as at December 31/22 (full 2022 fiscal year)		D. Hinnecke	Update	✔
b. Board-Approved CAFII 2023 Operating Budget		D. Hinnecke	Update	✔

4. Committee Updates	2:19 p.m.	Presenter	Action	Document
a. Market Conduct & Licensing	**2:19 p.m.**	B. Kuiper	Update	✔
i. AMF Second Consultation on Updated "Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector" (Submission Deadline: February 6/23)	**2:21 p.m.**	K. Martin	Update/ Discussion	✔ (6)
ii. AMF Publication of Final Updated "Sound Commercial Practices Guideline: 2022"	**2:26 p.m.**	K. Martin	Update	✔ (7)
iii. FCNB December 13-14/22 Publication of 'Notices to Industry' Re February 1/23 Coming Into Force of Rule INS-001: Insurance Intermediaries Licensing and Obligations and Rule INS-002: Insurance Fees (Including Launch of "New Licensing Framework for a Restricted Insurance Representative for the Incidental Sale of Insurance Products")	**2:29 p.m.**	B. Wycks	Update/ Discussion	✔
iv. BCFSA Interim Update on How It Plans to Proceed on Proposed "Insurer Code of Market Conduct" and Related "Supplemental Guideline"	**2:35 p.m.**	B. Wycks	Update	✔
v. BC Ministry of Finance Next Steps for Development of BC Restricted Insurance Agent Licensing Regime Framework	**2:38 p.m.**	B. Wycks	Update	✔
vi. CCIR December 15/22 Publication of "2021 Annual Statement on Market Conduct Public Report"	**2:41 p.m.**		Update/ Discussion	✔ (2)
b. Media Advocacy	**2:46 p.m.**	J. Marcus		
i. Launch of EOC-Approved CAFII LinkedIn Strategy	**2:48 p.m.**	J. Marcus/K. Martin	Update	
ii. Plans for January 23/23 Chris Barrett, CEO, Operatic Agency, Presentation on 'CAFII Website Enhancement, Search Engine Optimization, and Other 2022 Results Achieved'	**2:51 p.m.**	K. Martin	Update	
c. Research & Education	**2:54 p.m.**	A. Stuska		
i. Results of Informal CAFII Member Survey Re Research On 'The Consumer Financial Resiliency and Social Resiliency Benefits of Credit Protection Insurance'	**2:56 p.m.**	B. Wycks	Update	✔
ii. Results of CAFII 2022 Tracking Study Research with Pollara Strategic Insights on 'Consumers' Satisfaction with Credit Protection Insurance'	**2:59 p.m.**	A. Stuska/K. Martin	Update/ Discussion	
iii. Possible CAFII 2023 Research Initiatives	**3:05 p.m.**	A. Stuska/K. Martin	Update	
d. Networking & Events	**3:10 p.m.**	C. Manno	Update	
i. Plans for Q1 2023 CAFII Webinars	**3:12 p.m.**	K. Martin	Update	

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e. Travel Insurance Experts **3:15 p.m.**	K. Umutoniwase	Update	
i. Insights Gained From CAFII/CLHIA/THIA Bi-Weekly Meetings Re Impact Of COVID-19 On Travel and the Travel Insurance Industry; and Related Regulatory Issues **3:16 p.m.**	B. Wycks	Update	

5. Recent and Upcoming Strategic and Regulatory Initiatives **3:19 p.m.**	Presenter	Action	Document
a. Insights Gained and Next Steps Arising from CAFII Board Chair Peter Thompson's Dialogue with AMF Superintendent Eric Jacob Re Finding A Solution To Impasse Issues Around RADM's Applicability to Credit Card-Embedded Insurance Benefits **3:19 p.m.**	K. Martin/B. Wycks	Update/ Discussion	✔
b. Insights Gained from CAFII December 14/22 Virtual Meeting with Nathalie Sirois, AMF on Clarifications Associated With CAFII's Feedback Comments in November 4/22 Virtual Stakeholder Meeting with CCIR on Its "Draft 2023-2026 Strategic Plan" **3:24 p.m.**	K. Martin	Update	✔
c. Planned Timing of and Approach to CAFII Western Canada Insurance Regulators and Policy-Makers Visits Tour in Spring 2023; and CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour in Fall 2023 **3:28 p.m.**	B. Wycks/K. Martin	Update/ Discussion/ Approval	✔

6. Governance Matters **3:33 p.m.**	Presenter	Action	Document
a. Proposed Terms of Reference for New EOC Committee: "CAFII Quebec/AMF Committee" **3:33 p.m.**	K. Martin	Update/ Discussion/ Approval	✔
b. Draft Minutes of December 6/22 Board Meeting **3:38 p.m.**	B. Wycks	Endorsement	✔
c. Draft Minutes of November 24/22 EOC Meeting **3:40 p.m.**	B. Wycks	Approval	✔
d. CAFII Initiation Membership Application Received from Chubb Life Insurance Company of Canada	B. Wycks	Update	✔

7. Read Only Items **3:45 p.m.**	Presenter	Action	Document
a. Board Appointment of Valerie Gillis as New CAFII Director from TD Insurance			✔ (2)
b. Written Acknowledgement/Feedback Received from CCIR Chair Robert Bradley In Response to CAFII's November 30/22 CAFII Written Submission on CCIR's "Draft 2023-2026 Strategic Plan"			✔
c. Critical Path with KPMG for CAFII 2022 Fiscal Year Audited Financial Statements			✔
d. Determination That Ombudsman for Banking Services and Investments' (OBSI) "Organizational Governance Review" Consultation (Submission Deadline: January 31/23) Is Out-of-Scope For CAFII			✔ (3)
e. CCIR Consultation on Annual Statement on Market Conduct (ASMC) Forms (2023 data)			✔ (3)

8. In Camera Session **3:45 p.m.**	Presenter	Action	Document
a. Process for Engagement with CAFII Board for Review and Approval of "Proposed CAFII Management Structure Post-2023"	R. Dobbins/ K. Kasperski		
b. Possible EOC and/or Board Future Deliberations Around Issue of "CAFII Board Diversity"	R. Dobbins/ K. Kasperski		

9. Tracking Issues	Presenter	Action	Document
a. AMF Consultation on Declaration of Operational Incidents			
b. FCAC: Phase 2 of Domestic Bank Retail Sales Practices Review			

Reminder: EOC Members are requested to remain after the conclusion of the open, minuted portion of each EOC meeting for an informal, unminuted *In Camera Session* discussion involving CAFII Member representatives alone – i.e. absent CAFII management/staff – typically of 10 minutes duration

Next EOC Meeting: Tuesday, February 14/23, 2:00 to 4:00 p.m. EST In-Person/Virtual Hybrid Meeting; Location: TBA

Next Board Meeting: Tuesday, April 4/23, 3:00 to 5:00 p.m.; followed by immediately ensuing CAFII Reception, 5:30 to 7:30 p.m.; Location: TBA

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Briefing Note

CAFII EOC Meeting 17 January, 2023—Agenda Item 1(a)
Call to Order, Welcome, and Priority Matters: Call to Order and Welcome to New EOC Members

Purpose of this Agenda Item – *Update*

Start of meeting.

Background Information

The meeting will be called to order by EOC Chair Rob Dobbins. Five new EOC members will introduce themselves to their EOC colleagues:

-Konstance Allain, CIBC Insurance
-Ibrahim Idowu, CIBC Insurance
-Doug Weir, CIBC Insurance
-Deliska Beauregard, Canadian Premier Life Insurance
-Shannon Dowe, RBC Insurance

Recommendation / Direction Sought -- *Update*

Update only.

Attachments Included with this Agenda Item

No attachments.

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Briefing Note

CAFII EOC Meeting 17 January, 2023—Agenda Item 2(a-f)
Consent Items

Purpose of this Agenda Item –*Information only*

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

Background Information

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

a. Consultations/Submissions Timetable;
b. November 30/22 CAFII Response Submission to CCIR on "Draft 2023-2026 Strategic Plan";
c. November 2022 to January 2023 Regulatory Update;
d. Regulatory and Policy-Maker Visit Plan Recap;
e. Summary of Board and EOC Action Items;
f. Board-Approved Schedule of CAFII 2023 Meetings and Events.

Recommendation / Direction Sought – *Information Only*

No action required.

Attachments Included with this Agenda Item

6 attachments.

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November 30, 2022

Mr. Robert Bradley
Chair, Canadian Council of Insurance Regulators
c/o CCIR Secretariat
25 Sheppard Avenue West, Suite 100
Toronto, Ontario M2N 6S6
E-mail: ccir-ccrra@fsrao.ca

Re: *CAFII Feedback on CCIR Draft Strategic Plan, 2023-2026*

Dear Mr. Bradley:

The Canadian Association of Financial Institutions in Insurance thanks the Canadian Council of Insurance Regulators for inviting our Association to provide feedback on the Council's *Draft Strategic Plan, 2023-2026*, both as one of a small group of key stakeholders chosen to provide preliminary, verbal feedback in a Virtual Stakeholder Session on November 4/22 and via this written submission.

CAFII is strongly of the view that regular, transparent, candid communication between insurance regulators/policy-makers and industry stakeholders leads to better regulatory and Fair Treatment of Customers (FTC) outcomes, and increases industry efficiency and effectiveness.

Our Association and its members regard the CCIR as a critically important national co-ordinating body which plays a critical role in the life and health insurance sector. The fact that over 50 CAFII Member representatives – each having accepted the terms of a Confidentiality Undertaking to comply with the terms of CCIR's embargoed sharing of its *Draft Strategic Plan, 2023-2026* – took the time to attend the November 4/22 Virtual Stakeholder Session is indicative of our members' keen interest in CCIR's strategic direction and priorities.

We are largely supportive of the broad direction and the specific priorities set out in the *Draft Strategic Plan, 2023-2026*. Our feedback comments, therefore, relate mainly to matters of emphasis and refinement.

We have divided our feedback into two main sections: Broad Strategic Themes Feedback; and Specific Strategic Priorities Feedback.

Broad Strategic Themes Feedback

<u>Harmonization</u>
For CAFII Members and other regulated entities, a key objective for a national regulatory co-ordinating body such as CCIR must be harmonization. We therefore encourage CCIR to identify harmonization as a prominent objective in the *Draft Strategic Plan, 2023-2026*.

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We want to acknowledge the several recent, kudos-worthy examples of provincial/territorial regulators making an exemplary decision in support of national harmonization, such as when BCFSA adopted national definitions around Information Security Incident Reporting; and when FSRA, in Ontario, and the Alberta Superintendent of Insurance (ATBF) and the Alberta Insurance Council, collectively, adopted CCIR/CISRO's *Guidance: Conduct of Insurance Business and Fair Treatment of Customers* as the code of conduct for their respective jurisdictions.

That said, CAFII is always concerned about the implications of a lack of harmonization. For example, when jurisdictions adopt their own slightly different versions of regulatory Guidance, industry players are compelled to allocate resources to 'exception management', i.e. understanding the subtle differences in wording between jurisdictions and acting upon the resulting differences in compliance obligations, as distinct from being able to dedicate the entirety of their attention and resources to meeting the underlying FTC objectives. In that respect, for CAFII Members, regulatory harmonization is about supporting customer-centricity and enabling regulated entities to deliver the best customer experience.

However, we also recognize that national harmonization is an ideal and that there will sometimes be unavoidable exceptions. We note that in the Q&A Session which wrapped up our November 4/22 Virtual Stakeholder Session with CCIR, a Council member inferred (mistakenly) that the feedback comment we had delivered about the implications of a lack of harmonization was directed at the fact that Quebec/the AMF has its own version of an FTC Guidance. However, CAFII fully appreciates the reality of Quebec's unique culture, language, and heritage; and we are aware that the AMF developed the province's own FTC Guidance (the Sound Commercial Practices Guideline) well before the CCIR/CISRO Guidance was developed and released in 2018; that the AMF is an integrated financial services regulator with responsibility for more than just insurance and, as such, its Guidance needs to encompass more than just the insurance industry; and that Quebec is governed by a civil law, not common law, legal framework which makes its situation different from other provinces and territories. Our feedback comment about the implications of a lack of harmonization was meant to be general in nature, and reflective of jurisdictions other than Quebec that may be contemplating their own FTC Guidance.

In that same vein, CAFII recognizes that the *CCIR/CISRO FTC Guidance* is intended to be a living, evolving document; and that additional sections will be developed over time. We note, in that respect, the work which CCIR/CISRO has recently been engaged in around incentives management. We believe that supplemental guidance such as that related to incentives management should be tackled and fully completed at a national level – at the CCIR/CISRO joint co-ordinating body table -- to avoid the emergence of a patchwork of slightly differing regulatory expectations across the country.

<u>Co-ordination Of Timing Of Regulatory Consultations Among CCIR Members</u>
CAFII also encourages CCIR to deploy some of its Secretariat expertise to co-ordinate better the timing of regulatory consultations being initiated by its provincial/territorial members; and to help avoid significant overlap among those consultations.

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By way of example, as regulators have returned their focus and attention to priorities which may have been deferred for a time during the COVID-19 pandemic, CAFII and other industry Associations have been exposed to an unprecedented level of regulatory consultation activity over the past two years, with our Association having made 17 written submissions in total over the past 12 months alone: to five different CCIR provincial/territorial members and to CCIR and CISRO as national co-ordinating bodies, several of which had competing submission deadlines. Co-ordination of provincial/territorial member consultations, at the CCIR level, would help CAFII to dedicate a singular focus and undivided attention to each submission and prevent our finite resources from being spread too thin; and, at a minimum, if regulatory authorities were more fully aware of the planned timing of others' consultations, they may be in a better position to determine the best timeline for their own.

Joint CCIR/Industry Working Group On Pandemic Learnings And Being Prepared For The Next Time

CAFII believes that much has been learned by both regulated entities and regulatory authorities during the COVID-19 pandemic years, as evidenced by how both were able to move to an at-home work model and rapidly provide stakeholders and consumers with digital means of communicating with them. CAFII therefore recommends that CCIR, as part of its *2023-2026 Strategic Plan*, strike a Joint CCIR/Industry Working Group to review pandemic learnings – e.g. what went well, what could have been done better, and what we can do together to prepare for the next unforeseen event – and to identify improvements that can be implemented to support readiness to assist consumers in the event of a similar world-changing scenario.

Vehicle For Regular, Ongoing Dialogue With Industry Stakeholders

CAFII encourages CCIR to build into its *2023-2026 Strategic Plan* a vehicle for regular, ongoing dialogue with industry stakeholders on issues that are top-of-mind for regulated entities, such as the future of digitization and digital communication with customers; leveraging the Annual Statement on Market Conduct more fully in the gathering of industry data, to minimize the need for one-off data requests from provincial/territorial jurisdictions; and continuing regulatory efforts to identify and act upon compliance burden reduction opportunities.

Specific Strategic Priorities Feedback

Annual Operational Plan

CAFII applauds CCIR for the *Draft 2023-2026 Strategic Plan*'s new emphasis on the development of an annual operational plan. Having an annual operational plan will provide the Council with both more readily identifiable short-term goals and a basis for flexibility to adjust the overall Plan to changing circumstances, if warranted. We look forward to an opportunity to be consulted by CCIR on the Council's annual operational plan in future years.

CCIR/CISRO Segregated Funds Guidance

During our November 4/22 Stakeholder Session, we advised that our Association would not be commenting on the Segregated Funds Guidance priority set out in the proposed annual Operational Plan, 2023-24, because Segregated Funds are out-of-scope for CAFII. We want to emphasize in this submission that CAFII recognizes that Segregated Funds are an important part of the life and health insurance marketplace, and that they constitute a critical area for CCIR/CISRO oversight.

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Our November 4 comment was made out of respect for the importance of this CCIR/CISRO area of responsibility — so that our not offering any feedback on it would not be viewed as a failure to appreciate its importance, but rather as a simple reflection of the fact that Segregated Funds do not fall within CAFII's mandate.

Alignment With International Standards

CAFII applauds CCIR's intention to align its Guidance and the other regulatory documents it produces with international standards, in particular standards produced by the International Association of Insurance Supervisors (IAIS). That said, we encourage CCIR to ensure that Canada's business marketplace and regulatory framework realities are always taken into account in the application of international standards. Canada`s business culture is already more aligned with regulatory expectations than is the business culture in many other jurisdictions. Correlated with that, this country's provincial/territorial insurance regulators and policy-makers create and enable a professional, proactive, and properly-funded system, which is not always the case with their counterparts in other jurisdictions.

Overall Strategic Priorities

CAFII supports the three main Strategic Priorities which CCIR has proposed for 2023 to 2026: Enhance Consumer Protection and Alignment With International Standards; Demonstrate Regulatory Efficiency and Effectiveness Through Co-operative Supervision; and Strengthen Regulatory Outcomes Through Collaboration and Stakeholder Engagement.

However, with respect to the Strengthen Regulatory Outcomes Through Collaboration and Stakeholder Engagement priority, we encourage CCIR to call out the importance of working collaboratively not only with counterpart regulatory authorities, but also with industry stakeholders and the Associations that represent them such as CAFII, CLHIA, and THIA in the life and health insurance sector.

Standing Committees

With respect to CCIR Standing Committees, CAFII believes that the committees itemized in the *Draft Strategic Plan, 2023-2026* cover all of the key issues that are germane to the Council's mandate. That said, we encourage use of language in the Strategic Plan which will make it clear that over the course of the three-year Plan, new Committees may be formed to respond to emerging issues. As has been driven home to all of us during the COVID-19 pandemic, the future is unpredictable; three years can be a relatively long time horizon; and issues may arise during that time span which are not on anyone's radar at this time.

Innovation Committee

Innovation is certainly an appropriate focus for a CCIR committee. However, CAFII recommends that the Council consider creating a separate, but related technology-oriented committee: one focused on technology's role in enhancing regulators' capabilities. In terms of rationale for this recommendation, we note recent advancements in RegTech, as well as the relentless push for digital capabilities in the economy and society generally. Such advancements are challenging all organizations and we suggest that it may be worthwhile for this to be a formal area of CCIR committee work. This recommendation lines up with the Council's own recognition of the impact of "Technological Advancements and Innovation" under "Key Issues and Emerging Trends."

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Key Issues and Emerging Trends: Technological Advancements and Innovation

CAFII takes issue with the wording of the final sentence under "Technological Advancements and Innovation" because it seems to imply that the use of technology to sell products to consumers inherently introduces the risk of unsuitable sales. We do not agree that there is inherently any greater risk in digital sales versus sales via other channels. The risk of an unsuitable sale is there just as much in the face-to-face, advice-based channel. What is required to protect against a product being sold which is not suitable for the customer`s unique circumstances is that FTC has been built into the sales practices of the business by design/intent.

Key Issues and Emerging Trends: Climate Change and Natural Catastrophes

This is an area of increasing interest in the life and health insurance sector because climate change is impacting upon mortality, morbidity, and the life and health outcomes of Canadians generally. CAFII and its members have developed notable expertise in this area over the past few years. Our Association would be pleased to co-operate and participate with CCIR in the life and health insurance aspects of its planned consumer communication and awareness initiative related to Climate Change and Natural Catastrophes, if the Council would like to avail of our offer of assistance.

Conclusion

In conclusion, CAFII reiterates that our Association and its members share CCIR's strong focus on FTC. We look forward to continuing meaningful discussions with CCIR on this critically important element of the Council's mandate, in connection with the *Strategic Plan, 2023-2026*; annual operational plans; and other initiatives.

We also want to underscore that the life and health insurance industry in Canada provides critically important protection to consumers. We believe that, overall, the industry is functioning well and delivering good value to customers. Promoting consumer confidence in the industry is an important part of the mandate of CCIR and its members. Therefore, while the discovery of unfair sales practices or other lapses from regulatory norms must be dealt with, we respectfully also encourage CCIR and its members to consider the importance of the life and health insurance industry to Canadians; such that, where warranted, you are also prepared to share positive data analyses and good news stories about the soundness, safety, and integrity of the industry with consumers, media, and the industry itself.

Thank you again for the opportunity to provide written feedback on the *Council's Draft 2023-2026 Strategic Plan*. We look forward to continued dialogue and collaboration with CCIR and its members on this and related matters.

Sincerely,

Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

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About CAFII

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

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

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

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

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status Jan. 13, 2023
		Association Strategy, Governance and Financial Management			
1	EOC and Board: October 2019	Launch CAFII EOC Working Group to Explore a New Lower Dues Category of CAFII Membership, via a first meeting and a draft Terms of Reference for this Working Group.	B. Wycks/ K. Martin	31-Dec-22	In Progress/ See #2
2	BOD: June 9, 2020	Revisit the launch of the CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership once the economic environment stabilizes, via a first meeting and a draft Terms of Reference for this Working Group.	K. Martin	31-Dec-22	In Progress
3	EOC May 29, 2018	Develop a summary job description for the CAFII EOC Chair role and circulate it to EOC Members.	B. Wycks/ K. Martin	31-Dec-22	In Progress
4	EOC February 27, 2018	Document in writing the process for reviewing, approving, and admitting applicants for CAFII Members and Associate status	B. Wycks	31-Dec-22	In Progress
5	BOD April 12, 2022	Work with CAFII's Treasurer and assigned Controller to wind down the Restricted Fund and transfer its residual monies into the Association's General Fund during the Association's 2022 fiscal year	B. Wycks/ K. Martin	31-Dec-22	Completed
6	BOD October 11, 2022	Identify a CAFII Board Vice-Chair candidate for appointment at the June 2023 First Meeting of 2023-24 Board of Directors	P. Thompson/ K. Martin/ B. Wycks	15-May-23	In Progress
7	BOD October 11, 2022	Change CAFII Member dues invoicing process to one annual invoice beginning in 2023	K. Martin/ B. Wycks/ R. Nason	28-Feb-23	In Progress
8	EOC October 25, 2022	Develop advanced draft of Proposed CAFII 2023 Operating Budget for presentation at November 24/22 EOC Meeting, for endorsement, and subsequent presentation to Board at its December 6/22 meeting for approval	K. Martin/ B. Wycks/ R. Nason/ D. Hinnecke	21-Nov-22	Completed

	Source	Action Item	Responsible	Deadline	Status Jan. 13, 2023
9	EOC October 25, 2022	Prior to December 6/22 Board Meeting, organize appointment of V. Gillis as TD Insurance's new Director on the CAFII Board, using the Electronic Voting Of The Board, Outside Of A Board Meeting provision in the CAFII By-Law	B. Wycks	2-Dec-22	Completed
10	EOC November 24, 2022	Distribute Proposed CAFII 2023 Operating Budget to EOC Members via email by Monday, November 28/22, for a review and approval/assent process by November 30/22, so that it can then be disseminated to Board Members prior to December 6/22 Board Meeting	K. Martin/ B. Wycks/ D. Hinnecke	28-Nov-22	Completed
11	EOC November 24, 2022	Draft Terms of Reference for new CAFII Quebec/AMF Committee and bring forward to January 17/23 EOC Meeting for review and approval	K. Martin	13-Jan-23	Completed
		Regulatory Initiatives			
12	EOC October 26, 2021	Organize a meeting of the Market Conduct and Licensing Committee to review CCIR's 2021 document on the industry's adoption of the FTC guidance	K. Martin/ B. Wycks	31-Jul-22	In Progress
13	EOC November 24, 2022	Reach out to CBA to find out whether it will be making a submission to OBSI on its "Organizational Governance Review" consultation; and then canvas EOC Members to determine and finalize whether this consultation is in-scope our out-of-scope for CAFII	K. Martin/ B. Wycks	12-Jan-23	Completed
14	EOC November 24, 2022	Reach out to Nathalie Sirois, AMF to clarify for her the intent behind the CAFII comment made in its November 4/22 Virtual Stakeholder Session with CCIR about its Draft 2023-2026 Strategic Plan, and have a virtual meeting to discuss it, if she requests one	K. Martin	5-Dec-22	Completed
15	BOD December 6, 2022	Maintain ongoing dialogue with AMF Superintendent Eric Jacob and keep CAFII management and EOC Chair and Vice-Chair informed of any developments re resolving impasse issue re RADM's applicability to credit card-embedded insurance benefits and any other CAFII Member-relevant issues	P. Thompson	Ongoing	Ongoing
		Association Operations			
16	EOC May 17, 2022	Regularly scan website videos to ensure that they are up-to-date and don't include broken links	K. Martin/ B. Wycks	31-May-22	Ongoing

	Source	Action Item	Responsible	Deadline	Status Jan. 13, 2023
17	EOC November 24, 2022	Bring forward document on "Planned Timing of and Approach to CAFII Western Canada Insurance Regulators and Policy-Makers Visits Tour in Spring 2023; and CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour in Fall 2023" to January 17/23 EOC Meeting, for review/discussion and approval	B. Wycks	13-Jan-23	Completed
18	BOD December 6, 2022	Post CAFII 25th Anniversary Celebration photos, slideshow and speeches on MS 365 and circulate to CAFII Member representatives and insurance regulator and policy-maker invitees to the 25th Anniversary Celebration	J. Becker	20-Dec-22	Completed

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Agenda Item 2(f)

January 17/23 EOC Meeting

Board-Approved Schedule of CAFII 2023 Meetings and Events

(Approved At October 11/22 CAFII Board Meeting)

EOC Meetings: *To be held virtual-only and in-person/virtual-hybrid, in alternating months*

- **Tuesday, January 17, 2023** *(2:00–4:00 p.m. MS Teams virtual-only meeting)*
- **Tuesday, February 14, 2023** *(2:00–4:00 p.m. in-person/virtual-hybrid meeting)*
  (Family Day Stat Holiday in Ontario: Monday, February 20)
- **Tuesday, March 21, 2023** *(2:00–3:30 p.m. MS Teams virtual-only meeting)*
  (Quebec Spring Break: March 6 – March 10. Ontario March Break: March 13 – March 17)
- **Tuesday, April 25, 2023** *(2:00–4:00 p.m. in-person/virtual-hybrid meeting)*
  (Passover: Wednesday, April 5 – Thursday, April 13. Good Friday: Friday, April 7. Easter Monday: Monday, April 10)
- **Tuesday, May 16, 2023** *(2:00–3:30 p.m. MS Teams virtual-only meeting)*
  (Victoria Day Stat Holiday: Monday, May 22)
- **Tuesday, June 20, 2023** *(2:00–4:00 p.m. in-person/virtual-hybrid meeting)*
- **Tuesday, July 18, 2023** *tentative summer meeting (2:00–3:30 p.m. MS Teams virtual-only meeting)*
- **Tuesday, August 15, 2023** *tentative summer meeting (2:00–3:30 p.m. MS Teams virtual-only meeting)*
  (Civic Stat Holiday: Monday, August 7)
- **Tuesday, September 19, 2023** *(3:00-5:00 p.m. in-person/virtual-hybrid meeting, followed by EOC Annual Appreciation Dinner)*
  (Labour Day: Monday, September 4. Rosh Hashanah: September 15 – 17. Yom Kippur: September 24 – 25. National Day for Truth and Reconciliation: Saturday, September 30)
- **Tuesday, October 24, 2023** *(2:00–3:30 p.m. MS Teams virtual-only meeting)*
  (Thanksgiving Stat Holiday: Monday, October 9)
- **Tuesday, November 14, 2023** *(2:00–4:00 p.m. in-person/virtual-hybrid meeting)*
  (Remembrance Day: Saturday, November 11. Diwali: Sunday, November 12)

Board Meetings:

- **Tuesday, April 4, 2023** *(3:00–5:00 p.m. in- person/virtual-hybrid meeting, followed by ensuing Reception)*
  (Passover: Wednesday, April 5 – Thursday, April 13. Good Friday: Friday, April 7. Easter Monday: Monday, April 10)
  HOST: Canadian Tire Bank (at private venue rental in downtown Toronto)
- **Tuesday, June 6, 2023** *(2:30-5:00 p.m. in- person/virtual-hybrid meeting, preceded by 2023 Annual Meeting of Members and followed by ensuing Reception).*
  HOST: Assurant (at private venue rental in downtown Toronto)
- **Tuesday, October 10, 2023** (*2:20-4:00 p.m. in- person/virtual-hybrid meeting, immediately following liaison lunch and Industry Issues Dialogue with AMF staff executives)*
  HOST: RBC Insurance (Montreal); Alternate: BMO Insurance (Montreal)
- **Tuesday, December 5, 2023** *(3:00-5:00 p.m. in- person/virtual-hybrid meeting, followed by Holiday Season/Year-End Reception)*
  HOST: ScotiaLife Financial; Alternate: RBC Insurance

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2023 Annual Members and Associates Luncheon:

- *Tentative Date: Tuesday, May 9, 2023 from 11:45 a.m. EST to 2:15 p.m. EST at a TBD location*

2023 EOC Annual Appreciation Dinner:

- *Tentative Date: Tuesday, Sept 19, 2023 at 5:30 p.m. at a TBD location*

Webinars:

- January 25 or 26, 2023
- March 29 or 30, 2023
- April 26 or 27, 2023
- September 26 or 27, 2023
- October 25 or 26, 2023
- November 22 or 23, 2023

2022 Board meetings Hosted by:
TD Insurance, Desjardins Insurance, CIBC Insurance
2021 Board meetings Hosted by:
None, due to COVID-19 pandemic situation
2020 Board meetings Hosted by:
None, due to COVID-19 pandemic situation
2019 Board meetings Hosted by:
CUMIS (National Club), Manulife Financial, National Bank Insurance, TD Insurance
2018 Board Meetings Hosted by:
CAFII; ScotiaLife Financial; BMO Insurance; The Canada Life Assurance
2017 Board Meetings Hosted by:
TD Insurance; CAFII; Desjardins Insurance; CIBC Insurance

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Recent Years' Annual Members and Associates Luncheons

2022 Annual Members and Associates Luncheon
Date: *Tuesday, November 9, 2021 from 1:00 p.m. – 2:30 p.m. EDT*
Topic: *"With Authority: Executing On A Bold Vision for A New Kind of Financial Services Regulator in Ontario; and Laying the Groundwork for Its Long-Term Success"*
Speaker: *Mark White, CEO, FSRA*
Venue: *St. James Cathedral Centre Event Venue, 65 Church St., Toronto, Ontario*

2021 Annual Members and Associates Virtual Luncheon Webinar
Date: *Tuesday, November 9, 2021 from 1:00 p.m. – 2:30 p.m. EDT*
Topic: *"The Changing Regulatory Environment – Challenges, Risks and Opportunities"*
Panelists: *Jill McCutcheon, Partner, Torys LLP; Stuart Carruthers, Partner, Stikeman Elliott LLP; Marc Duquette,Partner, Norton Rose Fulbright Corporation. Panel Moderator: Keith Martin, CAFII*
Venue: *Virtual-Only Webinar*

2020 Annual Members and Associates Virtual Luncheon Webinar
Date: *Wednesday, October 21, 2020 from 12 Noon to 1:00 p.m. EDT*
Topic: *"Setting the Bar Higher: How the Financial Consumer Protection Framework Sets a New Standard for Fairness and Transparency"*
Speakers: *Frank Lofranco, Deputy Commissioner, Supervision and Enforcement, Financial Consumer Agency of Canada (Remarks actually delivered by Teresa Frick, Director, FCAC who was subbed in for FrankLofranco at the last minute)*
Venue: *Virtual-Only Webinar*

2019 Annual Members and Associates Luncheon
Date: *Tuesday, February 19, 2019 from 11:45 a.m. to 2:15 p.m.*
Topic: *"The Changing Regulatory Environment – Challenges, Risks and Opportunities"*
Panelists: *Stuart Carruthers, Partner, Stikeman Elliott LLP; Koker Christensen, Partner, Fasken; Jill McCutcheon, Partner, Torys LLP. Panel Moderator: Nicole Benson, CEO, Canadian Premier Life/Valeyo*
Venue: *Arcadian Loft, 401 Bay St., Simpson Tower, 8th Floor, Toronto, ON*

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Briefing Note

CAFII EOC Meeting 17 January, 2023—Agenda Item 3(a)
Financial Management Matters--CAFII Financial Statements as at December 31/22 (full 2022 fiscal year)

Purpose of this Agenda Item – *Update*

To update the EOC on the Association's financial statements as at December 31, 2022 (full 2022 fiscal year).

Background Information

CAFII Treasurer Donald Hinnecke will provide an update on the CAFII Financial Statements as at 31 December, 2022, which will become the financial statements for the Association's 2022 fiscal year to be provided to KPMG for audit purposes.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

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Briefing Note

CAFII EOC Meeting 17 January, 2023—Agenda Item 3(b)
Financial Management Matters— Board-Approved CAFII 2023 CAFII Operating Budget

Purpose of this Agenda Item – *Update*

To bring the EOC up to speed on the Board-approved CAFII 2023 Operating Budget.

Background Information

CAFII management worked with Committee Chairs, the EOC, Treasurer Donald Hinnecke, and Ricky Nason, CAFII's Accountant/Controller at Managing Matters in developing a Proposed CAFII 2023 Operating Budget, which was approved by the CAFII Board at its meeting on December 6/22. We now have a Board-approved Operating Budget for the current year with detailed notes explaining the rationale for each Revenue and Expense line item.

The 2023 Operating Budget is a transitional one with several unique features, including funds to hire new CAFII staff in anticipation of Co-Executive Director Brendan Wycks' retirement at the end of 2023, as well as the intention to return fully to in-person/hybrid meetings and to Regulator and Policy-Maker Visit Tours this year.

Recommendation / Direction Sought – *Update*

This is an update for the EOC.

Attachments Included with this Agenda Item

1 attachment.

2023 CAFII Budget
In $ Cdn

	2019 Actuals	2020 Actuals	2021 Actuals	YTD Oct 2022	2022 Budget	2022 Forecast	CAFII 2023 Budget Base Case (4% staff salary Increase)	Growth % (2023 Base budget vs 2022 Fcst)	Comment/Rationale
Revenue									
Membership Dues	734,664	884,721	955,970	826,377	996,452	991,652	929,964		Assessment fees flat to 2022; Departure of Sun Life in 2023;
Interest	982	399	236	1,367	250	2,167	5,500		Rising interest rate environment
Misc (One time event fees)	195	-	-	360		360	-		One time fees; not planned for
TOTAL REVENUE	**735,841**	**885,120**	**956,206**	**828,104**	**996,702**	**994,179**	**935,464**	-6%	
EXPENSE									
Office Costs									
Management Fees (CAFII staff and Managing Matters)	465,134	476,844	486,711	424,720	510,518	507,734	538,784	6%	Includes MM Fees (3.0% contractual increase) and salarly and benefits for two Co-Executive Directors. Amount previously included in this line item for MM Webinars support now separated into its own line item
New hire for 6 months overlap						-	102,895		New staff member (successor to B. Wycks) to be added for final six months of 2023, for training overlap.
Managing Matters Webinar Fees				1,921		3,842	15,368	300%	8 webinars @ $1700 each with HST - In 2022, we had 8 webinars but only paid for 3 since 2 budgeted Receptions were not held and that offset the cost of the other 5 webinars. Also in 2022, cost of those 3 webinars was included in Management Fee line item
Audit Fees	14,799	16,743	13,224	12,577	14,950	15,187	16,402	8%	8% increase on 2022 forecast
Insurance	5,338	5,385	5,877	5,224	6,466	6,275	6,902	10%	10% on 2022 forecast, as per advice from insurance broker Marsh
Member Communication and Technology Tools	10,022	5,765	6,958	6,858	7,513	8,158	8,810	8%	8% increase on 2022 Forecast- Includes monthly or annual subscriptions/fees for CG Technology; Constant Contact; Soda PDF Premium; Zoom; Survey Monkey; and MSTeams Virtual Platform
Telephone/Fax/Internet	6,494	5,808	6,799	4,514	6,016	5,514	5,789	5%	5% Increase on 2022 forecast- Includes Office Line ($56.50 per month), Conference Calls facility ($47.46 per month) & Co-Executive Directors' home office internet and mobile phone charges
Postage/Courier	159	53	-	60	158	82	86	5%	5% Increase on 2022 Forecast- Monthly Cheque Run and Ad Hoc Mailings
Office Expenses	2,025	2,158	2,694	7,756	5,250	10,239	10,751	5%	5% Increase on 2022 forecast: CAFII office supplies for MM and Co-Executive Directors' home offices
Bank Charges	112	236	663	498	721	598	628	5%	5% Increase on 2022 forecast- Annual Credit Card Fee ($190) plus monthly EFT free ($25 per month)
New Office Equipment					9,040	-	-		
Depreciation Computer/Office Equipment	1,136	1,136	1,136	597	524	716	2,821	294%	Straight line depreciation + New Equipment for new staff member
Miscellaneous Expense	-	-	-	283		649	500	-23%	
Total Office related expenses	505,219	514,128	524,061	465,006	561,156	558,994	709,737	27%	
Legal and consulting costs associated with regulatory submissions and initiatives	-	28,975	74,221	-	90,400	-	90,400		Same as 2022 Budget contingency provision for legal and related consulting costs
Board/EOC/AGM									
Annual Members and Associates Luncheon	12,052	-	-	13,147	15,065	13,147	16,120	23%	7% increase on 2022 Budget- Event to be held in May 2023
Board Hosting (External)	14,001	-	-	-	22,500	15,000	24,075	61%	7% increase on 2022 Budget: CAFII Board Hosting Reimbursement Policy provides for up to $7,500 reimbursement for host of a CAFII Board meeting and/or Reception event (but policy may be updated/amended due to inflation since policy introduced 2015)
Board/EOC Meeting Expenses	35,419	4,676	1,822	3,383	29,055	4,383	31,089	609%	7% increase on 2022 Budget- Return to in person meetings
Industry Conferences and Events	-	-	-	281	3,390	750	3,627	384%	7% increase on 2022 Budget
EOC Annual Appreciation Dinner	2,193	4,244	-	6,949	5,305	6,949	5,676	-18%	7% increase on 2022 Budget
Speaker fees & travel	1,189	-	-	-	3,390	500	1,500	200%	7% increase on 2022 Budget
Gifts	200	-	-	534	1,200	800	1,284	61%	This line item now being folded into CAFII Reception Events line item
Networking Events	-	-	-	295	5,085	1,000	5,650	465%	7% increase on 2022 Budget
CAFII 25th Anniversary Celebration	-	-	-	4,803	39,550	39,550	-	-100%	No budget required
Total Board/EOC/AGM	**65,053**	**8,920**	**1,822**	**29,392**	**124,540**	**82,078**	**89,021**	**8%**	
Regulatory and Industry									
Provincial Regulatory Visits and Relationship-Building	16,833	983	-	629	20,340	1,500	41,000	2633%	Spring and Fall Regulator Tours to occur in 2023 of $18,000 each + $5000 for successor hire to come on Fall tour.
Federal Regulatory Visits and Relationship-Building	442	540	-	-	5,650	1,200	5,000	317%	Provision for return to in-person relationship building meetings with FCAC - 4 Meetings at $1,250 per meeting
Research/Studies	5,368	28,646	75,473	43,929	67,800	73,930	67,800	-8%	Same as 2022 Budget
Website SEO and Enhancements	40,914	31,144	50,737	33,900	45,200	45,200	45,200	0%	Same as 2022 Budget
CAFII Benchmarking Study/RSM Canada	-	68,365	67,800	50,850	67,800	67,800	71,190	5%	Continuation of CAFII CPI Benchmarking Study with RSM Canada, estimated at $60K plus + 5% fees increase +HST.
Media Outreach	5,683	350	9,542	2,565	7,345	3,150	9,040	187%	10% increase on 2022 Budget, for wire services and related media release expenses, + HST
Media Consultant Retainer	27,120	27,685	29,792	32,246	30,510	37,500	37,500	0%	Same as 2022 Forecast: monthly retainer fees for David Moorcroft, S2C Consulting
Marketing Collateral	1,629	845	717	1,689	1,695	7,000	7,000	0%	Same as 2022 Forecast: provision for design and printing of CAFII marketing materials, such as research results leave-behinds
Total Regulatory and Industry	105,543	179,462	254,966	165,808	246,340	237,280	283,730	20%	
TOTAL EXPENSE	**675,816**	**731,485**	**855,070**	**660,206**	**1,022,436**	**878,352**	**1,172,888**	**34%**	
Excess of Revenue over Expenses	**60,025**	**153,636**	**101,136**	**167,898**	**(25,734)**	**115,827**	**(237,424)**		
Unrestricted Net Assets (beginning of year)	**170,198**	**230,223**	**230,223**	**505,900**	**505,900**	**505,900**	**621,727**		
Unrestricted Net Assets (end of year)	**230,223**	**383,859**	**331,359**	**673,798**	**480,166**	**621,727**	**384,303**		

Explanatory Notes:
(1) Assumes Two Co-Executive Directors, one @ 5 days per week; one @ 4.5 days per week; plus Managing Matters Admin support
(2) Amortization of office equipment based on 4 year straight line depreciation

Actual/Forecasted Financial Reserves	2019 Actuals	2020 Actuals	2021 Actuals	YTD Oct 2022	2022 Plan	2022 Forecast	CAFII 2023 Plan Base Case (4% staff salary Increase)
Minimum 3 months (25%) of Annual Operating Expenses =	$168,954	$182,871	$213,767	$165,051	$255,609	$219,588	$293,222
Maximum 6 months (50%) of Annual Operating Expenses =	$337,908	$365,742	$427,535	$330,103	$511,218	$439,176	$586,444
Actual/Forecasted Level of Financial Reserves:	$230,223	$383,859	$331,359	$673,798	$480,166	$621,727	$384,303
Actual/Forecasted Level of Financial Reserves %:	34%	52%	39%	85%	47%	71%	33%

2019 Operational 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

2019 Operational Budget - Member Dues Breakdown - Revised

2019 Member Dues Breakdown

Upper Tier Member	73,438	6	440,628.00
National Bank	55,079	1	55,079.00
Lower Tier Member	36,719	3	110,157.00
Initiation Members	44,000	2	88,000.00
Associate	4,800	8.5	40,800.00
			734,664.00

2020 Operational Budget - Member Dues Breakdown - 5% Dues Increase

2020 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	3	115,664.85
Initiation Members (Up	46,266	1	46,265.94
Initiation Members (Lo	23,133	0	0.00
Associate	4,800	11	52,800.00
			908,719.89

2020 Operational Budget - Member Dues Breakdown - 5% Dues Increase

2020 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	3	115,664.85
Initiation Members (Up	46,266	1	46,265.94
Initiation Members (Lo	23,133	0	0.00
Associate	4,800	6	28,800.00
			884,719.89

2020 Upper Tier Member
BMO Bank of Montreal
CIBC Insurance
RBC Insurance
ScotiaLife Financial
TD Insurance
Desjardins Financial Security Life Assurance Company
National Bank Life Insurance Company
Manulife Financial
The Canada Life Assurance Company

2020 Lower Tier Member
Assurant Solutions
Canadian Premier Life Insurance Company
Cumis Group Ltd/Co-operators Life Insurance Co.

2020 Initiation Members (Upper Tier)
Sun Life Financial

2020 Associate
RSM Canada
Willis Towers Watson
KPMG MSLP
Optima Communications
RGA Life Reinsurance Company of Canada
Torys LLP
*TBC
*TBC

*Associate Candidates - Stikeman Elliott, Norton Rose, Deloitte, Dog and Pony - To be confirmed

Did noy renew in 2020
PWC
Munich Reinsuranace Company Canada Branch (Life)
RankHigher.ca

2021 Operational Budget - Member Dues Breakdown - No Dues Increase

2021 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	4	154,219.80
Initiation Members (Upper Tier)	46,266	1	46,265.94
Initiation Members (Lower Tier)	23,133	0	0.00
Associate	4,800	5	24,000.00
			918,474.84

2021 Upper Tier Member
BMO Bank of Montreal
CIBC Insurance
RBC Insurance
ScotiaLife Financial
TD Insurance
Desjardins Financial Security Life Assurance Company
National Bank Life Insurance Company
Manulife Financial
The Canada Life Assurance Company

2021 Lower Tier Member
Assurant Solutions
Canadian Premier Life Insurance Company
Valeyo
Cumis Group Ltd/Co-operators Life Insurance Co.

2021 Initiation Members (Upper Tier)
Sun Life Financial — 2 Year

2021 Associate
RSM Canada
Willis Towers Watson
KPMG MSLP
Optima Communications
RGA Life Reinsurance Company of Canada
Torys LLP

2021 Forecast

2021 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	4	154,219.80
Initiation Members (Upper Tier)	46,266	1	46,265.94
Initiation Members (Lower Tier)	13,494	1	13,494.00
Associate	4,800	10	48,000.00
			955,968.84

2021 Upper Tier Member
BMO Bank of Montreal
CIBC Insurance
RBC Insurance
ScotiaLife Financial
TD Insurance
Desjardins Financial Security Life Assurance Company
National Bank Life Insurance Company
Manulife Financial
The Canada Life Assurance Company
Sun Life Financial

2021 Lower Tier Member
Assurant Solutions
Canadian Premier Life Insurance Company
Valeyo
Cumis Group Ltd/Co-operators Life Insurance Co.

2021 Initiation Members (Upper Tier)
Sun Life Financial — 2 Year

2021 Associate
RSM Canada
Willis Towers Watson
KPMG MSLP
Optima Communications
RGA Life Reinsurance Company of Canada
Torys LLP
Dog and Pony Studios
Stikeman Elliott LLP
RSA
Norton Rose Fulbright Canada

Initiation Members (Lower Tier)
Canadian Tire Bank

CTB is joining CAFII in early June, we will prorate CTB's 2021 Initiation Member Dues to 7/12 of the full year amount

2022 Operational Budget - Member Dues Breakdown - No Dues Increase

2022 Member Dues Breakdown

Upper Tier Member	77,110	10	771,099.00
Lower Tier Member	38,555	4	154,219.80
Initiation Members (Upper Tier)	46,266	0	0.00
Initiation Members (Lower Tier)	23,133	1	23,132.97
Associate	4,800	9	43,200.00
			991,651.77

Removed Associate Dony revenue of $4800

2022 Upper Tier Member
BMO Bank of Montreal
CIBC Insurance
RBC Insurance
ScotiaLife Financial
TD Insurance
Desjardins Financial Security Life Assurance Company
National Bank Life Insurance Company
Manulife Financial
The Canada Life Assurance Company
Sun Life Financial

2022 Lower Tier Member
Assurant Solutions
Canadian Premier Life Insurance Company
Valeyo
Cumis Group Ltd/Co-operators Life Insurance Co.

2022 Initiation Members (Upper Tier)

2022 Associate
RSM Canada
Willis Towers Watson
KPMG MSLP
Optima Communications
RGA Life Reinsurance Company of Canada
Torys LLP
Stikeman Elliott LLP
RSA
Norton Rose Fulbright Canada

Initiation Members (Lower Tier)
Canadian Tire Bank — 2nd Year

*Dog and Pony - confirmed not going to renew as a 2022 Associate

2023 Operational Budget - Member Dues Breakdown - No Dues Increase

5% increase

2023 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10	########	728,688.56
Lower Tier Member	38,555	5	192,774.75	########	202,413.49
Initiation Members (Upper Tier)	46,266	0	0.00	########	0.00
Initiation Members (Lower Tier)	23,133	0	0.00	########	0.00
Associate	4,800	9	43,200.00	5,500.00	49,500.00
			929,963.85		980,602.04

2023 Upper Tier Member
BMO Bank of Montreal
CIBC Insurance
RBC Insurance
ScotiaLife Financial
TD Insurance
Desjardins Financial Security Life Assurance Company
National Bank Life Insurance Company
Manulife Financial
The Canada Life Assurance Company
Sun Life Financial - Remove next year

2023 Lower Tier Member
Assurant Solutions
Canadian Premier Life Insurance Company
Valeyo
Cumis Group Ltd/Co-operators Life Insurance Co.
Canadian Tire Bank

2022 Initiation Members (Upper Tier)

2023 Associate
RSM Canada
Willis Towers Watson
KPMG MSLP
Optima Communications
RGA Life Reinsurance Company of Canada
Torys LLP
Stikeman Elliott LLP
RSA
Norton Rose Fulbright Canada

Initiation Members (Lower Tier)

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Agenda Item 4(a)
January 17/23 EOC Meeting

Recently Completed and Imminent/Pending CAFII Regulatory Submissions As At January 13, 2023

Regulatory Authority	***Topic***	***Deadline***	***Comments***
BCFSA	Draft Insurer Code of Market Conduct and Supplemental Guideline	September 9, 2022	CAFII submission sent on September 9/22.
OSFI	Consultation on Updated Guideline B-10: Third Party Risk Management	September 30, 2022	Through an iterative process – including two Market Conduct & Licensing Committee meetings, along with touchpoint meetings with OSFI, CLHIA and CBA – CAFII determined that this consultation is "out of scope" for our Association. Instead, CAFII will support CLHIA's and CBA's submissions; and continue to monitor this OSFI Guideline in order to be able to inform Members of any key learnings.
BC Ministry of Finance	Consultation on Proposed Restricted Insurance Agent (RIA) Licensing Regime in BC	October 3, 2022	CAFII submission sent on October 3/22. Released on June 30/22 for a 95 days public consultation.
FSRA	Consultation on FSRA's 2023-24 Priorities and Budget	November 11, 2022	CAFII submission sent on November 11/22. Released on October 11/22 for a 30 days public consultation.
BCFSA	Two follow-up questions re alignment and divergences between BCFSA's "Draft Insurer Code of Market Conduct" and CCIR/CISRO "Guidance: Conduct of Insurance Business and Fair Treatment of Customers"	November 15/22	CAFII submission sent on November 15/22. Sent to CAFII on October 14/22 for a one month direct stakeholder consultation.
CCIR	CCIR Draft 2023-2026 Strategic Plan	November 30/22	CAFII was invited, as one of four or five select industry stakeholders, to provide feedback on the CCIR Draft Strategic Plan in a 40 minute virtual feedback session on November 4/22; and to follow that up with a more formal written feedback submission by November 30/22
CCIR	CCIR Consultation on Annual Statement on Market Conduct Forms (2023 data)	January 27/23	Possible CAFII submission on Annual Statement on Market Conduct – Life & Health Form is pending.

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OBSI	Consultation on Ombudsman for Banking Services and Investments (OBSI)'s "Organizational Governance Review"	January 31/23	CAFII has determined that this OBSI consultation is out-of-scope for our Association.
AMF	Second Consultation on Revised/Updated Draft 2 of "Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector"	February 6/23	CAFII submission is pending.

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Briefing Note

CAFII EOC Meeting 17 January, 2023 Agenda Item 4(a)i
Committee Updates--Market Conduct & Licensing-- AMF Second Consultation on Updated "Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector" (Submission Deadline: February 6/23)

Purpose of this Agenda Item – *Update*

To update the EOC on a second phase of consultation by the AMF on its "Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector."

Background Information

The AMF has noted that it received much industry feedback that the first draft of its complaints and dispute resolution Regulation was too prescriptive, and would be difficult to implement. It has therefore developed a revised Draft 2 of the Regulation and made it available for a second round of consultation.

Keith Martin will be an attendee at a French-only virtual meeting on Draft 2 of the Regulation, on Thursday 12 January, 2022 from 10.30 a.m. to 12 Noon EST, and he will produce a briefing note on tlkhe highlights of that meeting for CAFII members in English.

Recommendation / Direction Sought – *Update*

This is an update for the EOC, with an opportunity for discussion.

Attachments Included with this Agenda Item

5 attachments.

Agenda Item 4(a)(i)(1)

January 17/23 EOC Meeting

CAFII Analysis of Original September 2021 Draft Regulation versus December 2022 Updated/Revised Draft Regulation of the AMF's *"Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector"*

Background Information

The AMF published a proposed draft of a new 'Regulation respecting Complaint Processing and Dispute Resolution in the Financial Sector' on 6 September, 2021, for consultation and industry feedback. CAFII made a written submission on that draft to the AMF on 8 December, 2021.

More recently, the AMF published a new draft of the proposed Regulation on 6 December, 2022 and has begun a second round of consultation focusing on the revised draft, with a deadline for written submissions of **6 February, 2023.**

The AMF will hold a virtual information session on the revised/updated draft of the 'Regulation respecting Complaint Processing and Dispute Resolution in the Financial Sector' on **12 January, 2023, from 10.30 am to 12.00 pm EST.** CAFII has clarified with the AMF staff executives leading this new consultation that the virtual information session will be held in French only, and there will not be a parallel virtual information session conducted in English.

Those who wish to participate in the French virtual information session can use this link: AMF French Session on Complaints and Dispute Resolution Consultation. Keith Martin will attend this session and, thereafter, will provide a summary in English for CAFII members.

Attached to this analysis are:

- the original 6 September, 2021 version of the Draft Regulation;
- CAFII's 8 December, 2021 written submission to the AMF on the original Draft Regulation;
- The updated/revised 8 December, 2022 version of the Draft Regulation; and
- The Notice accompanying the updated/revised 8 December 8, 2022 version of the Draft Regulation.

Analysis

CAFII's 8 December, 2021 written submission to the AMF on the original Draft Regulation emphasized that our Association supported streamlined processes for complaints and dispute resolution, and noted that CAFII members have strong processes in place to achieve desired consumer protection and related regulatory outcomes. Our submission also stressed that the original Draft Regulation was overly prescriptive:

CAFII member companies are financial institutions and insurers which have long had robust and comprehensive complaints and dispute resolution processes in place. From that perspective, our Association believes that regulators should communicate their expectations through broad principles, and leave to individual regulated entities the mechanics and details of how the consumer outcomes associated with those principles will be achieved. Such a principles-based approach is, in our view, more efficient and effective than a prescriptive approach because it avoids a situation in which a regulator is dictating to businesses how to manage the details of their operations.

The comparison table below provides examples of how the AMF has softened much of the prescriptive language in the original Draft Regulation.

CAFII's submission also requested a three-year transition period (the original Draft Regulation was silent on the implementation time period). In response, the AMF has said that industry will have until 1 January, 2024 to implement the Regulation. The particulars of its response, found in its "Notice" about the December 2022 updated/revised Draft Regulation, are as follows:

The Authority is aware that financial institutions, financial intermediaries and credit assessment agents will have to make certain adjustments to their policies, processes and procedures relating to complaint processing and dispute resolution in order to comply with the requirements of the Draft Regulation. It is therefore proposing a transition period between the publication and coming into force of the regulation.

The Authority is of the opinion that it is important to coordinate the date of coming into force of the regulation with the beginning of the period for reporting complaints to the Authority, which runs from January 1 to December 31. This approach would prevent overlap between applicable frameworks during a complaint reporting period, should another coming into force date be set.

The Authority is of the view that a coming into force date of January 1, 2024 would provide financial institutions, financial intermediaries and credit assessment agents with a sufficient transition period. It asks the financial sector to provide evidence corroborating any comments proposing a different transition period.

The Authority will roll out various initiatives to promote this new framework and provide the financial sector with assistance in implementing it. It also plans to propose a complaint processing and dispute resolution policy template reflecting the elements to be covered by the policy adopted by financial intermediaries.

Original Draft Regulation	**CAFII Written Feedback on Original Draft Regulation** ***(Note: from English version of submission, although the letter was sent in French only)***	**New Draft Regulation**	**Comparison and Analysis**
A financial institution or financial intermediary must provide a complaint drafting assistance service to any person expressing a need for it who is a member of the clientele of the financial institution or financial intermediary. A credit assessment agent must do likewise in respect of any person concerned by a record that it holds.	We strongly disagree with the requirement in Clause 11 that regulated entities provide a "complaint drafting assistance service" for any person expressing a need for it. We support the concept that complaints processes must be simple and accessible, and that institutions need to ensure the fair treatment of customers. However, to ask a company to assist a customer in drafting a complaint – a complaint that is about and will be directed to that company itself -- produces, in our view, a clear conflict-of-interest. That readily apparent conflict-of-interest would not be beneficial to the complainant nor in any way be in his/her/their best interest. In practice, such a drafting assistance service would be extremely difficult to structure, resource, and implement. In our view, such a drafting assistance service would be much more appropriately offered by the AMF itself. That approach would avoid the conflict-of-interest challenge, and would be more efficient than having regulated entities each have to develop such an assistance service themselves.	A financial institution, financial intermediary or credit assessment agent must take the necessary actions to understand the complaints filed with it and, to this end, must, when necessary, assist complainants in making their complaints. When a financial institution, financial intermediary or credit assessment agent determines, in the course of its analysis, that a complaint it has received may have repercussions on other persons who are part of its clientele, it must take the necessary actionsto remedy the complaint.	The reference to "provide a complaint drafting assistance service" is eliminated but there is still a requirement to "when necessary, assist complainants in making their complaints." There is a new paragraph that is confusing, about having to resolve a complaint when it may have repercussions "on other persons who are part of its clientele."
The financial institution, financial intermediary or credit assessment agent must, in due time, continue to manage any further exchanges with the complainant until no further action is required with respect to the complaint. It must particularly do so in the following situations:	We strongly disagree with the requirement set out in Clause 14 that a regulated entity must continue to manage a complaint through its existing processes even when a "complainant files an application or motion pertaining to elements of the complaint with a court or adjudicative body." In our view, doing that would be entirely inconsistent with	A financial institution, financial intermediary or credit assessment agent must, after it has provided a complainant with the final response referred to in section 22 or the information referred to in section 25, continue to manage any further exchanges with the complainant in order to, in particular,	The section has been completely re-written and has entirely removed the reference to continuing to manage the complaint after it has been referred to a court.

Original Draft Regulation	**CAFII Written Feedback on Original Draft Regulation** ***(Note: from English version of submission, although the letter was sent in French only)***	**New Draft Regulation**	**Comparison and Analysis**
1. upon completing its analysis, it does not present the complainant with an offer to resolve the complaint; 2. the complainant refuses the offer to resolve the complaint; or 3.the complainant files an application or motion pertaining to elements of the complaint with a court or adjudicative body.	appropriate legal and good governance expectations. We believe that once a complainant decides to take his/her complaint or dispute to a court or adjudicative body, he/she has opted out of the company's internal complaint handling process; and therefore, the internal complaint process must be terminated and the file closed. We also recommend that a "carve out" be added to the Draft Regulation so that such court/adjudicative body files are excluded from the definition of "complaint" once that avenue is chosen by a complainant.	allow the complainant to submit, if applicable, any new relevant facts, answer the complainant's questions or follow up on the complainant's comments.	
See clauses 27, 28, 29	With respect to Clauses 27, 28, and 29 on monetary penalties, we note that the AMF is giving itself the latitude to impose penalties for even very minor and trivial administrative errors. In our view, that would constitute regulatory over-reach and be inconsistent with the AMF's expressed commitments to principles-based regulation and regulatory burden reduction.	See clauses 31, 32, 33	The AMF has modified some of the language and conditions around monetary penalties in the updated Draft Regulation, but it maintains the same level of monetary penalties for the same infractions. However, in an important modification, the reference in the original draft as follows has been eliminated in the updated Draft Regulation: From original draft, clause 28.1: in contravention of the second paragraph of section 11, fails to offer, in the case of a credit assessment agent, a complaint drafting assistance service to any person expressing a need for it who is concerned by a record that the

Original Draft Regulation	**CAFII Written Feedback on Original Draft Regulation** ***(Note: from English version of submission, although the letter was sent in French only)***	**New Draft Regulation**	**Comparison and Analysis**
			credit assessment agent holds
"complaint" means any dissatisfaction or reproach in respect of a service or product offered by a financial institution or financial intermediary, or in respect of a practice of a credit assessment agent, that is communicated by a person who is a member of the clientele of the financial institution or financial intermediary, or, in the case of a credit assessment agent, by a person concerned by a record held by the credit assessment agent, that cannot be remedied immediately and for which a final response is expected.	The definition of "complaint" set out in Clause 3 as *"… any dissatisfaction or reproach in respect of a service or product offered by a financial institution or financial intermediary"* is very broad and sweeping; and thereby could capture very minor issues that a customer does not intend to bring forward as a "complaint." In some instances, a customer verbally mentions, typically on the phone or in-person, a minor point of irritation -- which the customer just wants the company to be aware of – and the customer expressly states that he/she is not filing an official complaint about the issue, nor does he/she expect to receive any follow-up or response about it (e.g. "I was kept waiting on hold for very long time to speak to a customer service representative."). In that same connection, in the definition of "complaint" the words "that cannot be remedied immediately" are used to qualify the definition. CAFII's understanding is that this would exclude Level 1 complaints, when such complaints are remedied immediately to the complainant's satisfaction. We request additional clarity on this point in the subsequent version of the Regulation.	"complaint" means any reproach or dissatisfaction in respect of a service or product offered by a financial institution or financial intermediary, or in respect of a practice of a credit assessment agent, that is communicated by a person who is a member of the clientele of the financial institution or financial intermediary, or, in the case of a credit assessment agent, by a person concerned by a record held by the credit assessment agent, for which a final response is expected.	The AMF has modified some of the language of what constitutes a complaint in the updated Draft Regulation, as follows: *"complaint" means any reproach or dissatisfaction in respect of a service or product offered by a financial institution or financial intermediary, or in respect of a practice of a credit assessment agent, that is communicated by a person who is a member of the clientele of the financial institution or financial intermediary, or, in the case of a credit assessment agent, by a person concerned by a record held by the credit assessment agent, for which a final response is expected.* For further clarification, the Notice on the updated/revised Draft Regulation states the following: *Certain communications are not considered complaints and are therefore not subject to the Draft Regulation (e.g., when a consumer submits a request for information or documents or provides feedback to a financial institution, financial*

Original Draft Regulation	**CAFII Written Feedback on Original Draft Regulation** ***(Note: from English version of submission, although the letter was sent in French only)***	**New Draft Regulation**	**Comparison and Analysis**
			intermediary or credit assessment agent). A claim filed with a financial institution (e.g., an insurer) is also not considered a complaint.
A financial intermediary must establish a complaint process in its complaint processing and dispute resolution policy that: 1.objectively takes into account the interests of the complainant; 2.is simple to follow and without cost to the complainant; and 3.is documented in detail, including by procedures for analyzing complaints.	We recommend that Clause 4 should reference existing AMF and CCIR/CISRO regulatory expectations around the fair treatment of customers, including those outlined in the AMF's Sound Commercial Practices Guideline; and, to the extent practicable, clause 4's wording should align with those expectations.	A financial intermediary must adopt a complaint processing and dispute resolution policy that details how the complaints that it receives are processed, including how they are received, assigned, and analyzed and how responses and offers to resolve them are provided to the complainant. In addition, it must provide that the processing of complaints: 1.is to objectively take into account the interests of the complainant; and 2.is to be kept simple and free of charge for the complainant.	The language has been slightly modified in the updated/revised Draft Regulation but there is no explicit reference to existing AMF or CCIR/CIRSO regulatory expectations.
The financial intermediary must include in its complaint processing and dispute resolution policy elements pertaining to staff responsible for processing complaints and to the assignment of complaints to them, including: 1.the integrity, competence and experience requirements for staff responsible for processing complaints, in this case detailed knowledge of the products and services offered by the financial intermediary;	In Clause 7, it is not reasonable to expect the staff person responsible for processing complaints to have "detailed knowledge of the products and services offered by the financial intermediary," because there may be cases – particularly in large financial institutions/intermediaries – where there is a centralized complaints team and its complaints handling specialists rely on expertise from various areas of the business to be able to deal with complaints	The complaint processing and dispute resolution policy must set out the measures forassigning complaints to the staff responsible for processing complaints who are under the functional supervision of the complaints officer and have the necessary competence to process the complaints assigned to them.	The AMF has completely reworked this section, making it much broader and principles-based, and has attempted to address the concerns around Clause 7 noted in the CAFII submission.

Original Draft Regulation	**CAFII Written Feedback on Original Draft Regulation** ***(Note: from English version of submission, although the letter was sent in French only)***	**New Draft Regulation**	**Comparison and Analysis**
2.access at all times to information essential to the performance of the functions of this staff; 3.instructions to ensure that clear and plain language is used in any interactions with complainants and that complainants understand the complaint process.	that arise related to particular areas of the business. We recommend that the wording here be modified to "have access to detailed knowledge and resources with respect to the products and services offered by the financial intermediary." Similarly, we recommend that the following wording in Sub-Clause 7(2) with respect to staff responsible for complaint handing – i.e. should have "access at all times to information essential to the performance of the functions of this staff" – should be modified to reflect realistic expectations. It is not realistic, from a security and privacy perspective, to expect that a complaints officer will have unfettered access to all customer information. In some complaint matters, some customer information that is deemed pertinent will need to be requested from other areas of the company, rather than be directly and immediately accessible to the complaints officer. We suggest revised wording along these lines: "information that is essential to allow staff responsible for complaint handling to perform their duties should be available to those persons at all times." We also want to point out that it will be impossible, particularly in a large company, for one person alone to perform the role of complaints officer -- because it will require him/her to process a huge number of complaint records, acknowledgement letters, and final responses.	As for the processing of the complaints contemplated in Division IV of Chapter III, it must also set out the measures for the assignment of such complaints by the financial intermediary to other staff who have the necessary competence to process them, where such complaints have not been assigned to the staff under the functional supervision of the complaints officer. If applicable, the policy must detail how such complaints are reviewed by the staff referred to in the previous paragraph. Lastly, it must set out the measures put in place by the financial intermediary to ensure anytime access to information essential for the processing of the complaints received by the staff referred to in the previous paragraphs.	

Original Draft Regulation	**CAFII Written Feedback on Original Draft Regulation** ***(Note: from English version of submission, although the letter was sent in French only)***	**New Draft Regulation**	**Comparison and Analysis**
	We therefore recommend that the Draft Regulation be amended to specify that complaints officers can delegate their responsibilities to another person; and that they may appoint a substitute, such as a compliance officer, if they are unable to act or in the case of a conflict-of- interest (e.g. a complainant who is a family member or an acquaintance). In this way, firms will be able to plan for the resources needed to comply with the requirements of the Draft Regulation while having controls in place to deal with delegations of authority. It is also quite possible, particularly within a small company, that a complaints officer will have other, unrelated duties and responsibilities. Given the Draft Regulation's prescriptive nature in this Clause and other places, it would be prudent to address the possibility of the above-noted situations in the Draft Regulation, particularly so that businesses are able to structure their resources effectively.		
Clause 10: The complaint processing and dispute resolution policy must provide that the reasons supporting a complaint will be analyzed to determine whether they may have repercussions for other persons who are members of the financial intermediary's clientele and to take measures to remedy them, if necessary.	We recommend that the language in Clause 10 should be modified in order to clarify whether or not the following interpretation is correct: the analysis referred to in clause 10 is not expected to be published or publicly released; rather, the mandated analysis is intended to be an internal effort by financial institutions and intermediaries, the goal of which is to determine if there are any systemic issues that are the root causes of complaints. In that same connection, we recommend that the AMF align its analysis	Clause 9: The complaint processing and dispute resolution policy must set out the measures put in place by the financial intermediary to develop a comprehensive view of the complaints received, particularly in order to ascertain the common causes of those complaints and address the issues that they raise.	The new clause reworks the statement to make it clearer that the intention is to understand the underlying causes of complaints. As well, the following Clause 9 from the original draft regulation has been eliminated: Original Draft, Clause 9: *The complaint processing and dispute resolution policy must provide that the*

Original Draft Regulation	**CAFII Written Feedback on Original Draft Regulation** ***(Note: from English version of submission, although the letter was sent in French only)***	**New Draft Regulation**	**Comparison and Analysis**
	requirements with the *CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers* around analysis of complaints, which is based on high-level principles.		*underlying causes of complaints that are processed will be analyzed periodically to identify causes common to the complaints and address the issues that they raise.*
A financial institution, financial intermediary or credit assessment agent must process any complaint it receives in a diligent manner. Accordingly, it must, in particular: 1.adequately document the processing of the complaint and establish a complaint record in accordance with section 16; 2.enter the complaint in the complaints register and update the register based on the information set out in section 18; 3.provide the complainant, in the manner set out in section 20, with the acknowledgement of receipt referred to in section 19; 4.provide the complainant with a final response referred to in section 21 as soon as possible but not later than the 60th day following receipt of the complaint.	With respect to Clause 12, some complaints are quite simple to resolve while others that become escalated (Level 3 complaints) can be very complicated. A 60-day resolution deadline could be quite challenging to meet with respect to more complicated, escalated complaints. It is also not clear to CAFII whether the 60-day deadline includes the time required for the heretofore-called "internal ombudsperson" process to be utilized (which will now be an escalation that is managed by an internal "complaints officer").	A financial institution, financial intermediary or credit assessment agent must process any complaint it receives in a diligent manner. The same applies to reviews, if applicable, of the complaints contemplated in Division IV of this chapter. To this end, it must, in particular: 1.properly document the processing of the complaint and establish a complaintrecord in accordance with section 16; 2.enter the complaint in the complaints register and update the register based onthe information set out in section 18; 3.provide the complainant, in the manner set out in Section 20, with the acknowledgement of receipt referred to in section 19; 4.provide the complainant with a final response referred to in	While the original draft clauses all remain in the updated draft, the AMF has added a new Clause 5 which provides some wiggle room for complicated complaints by providing for the possibility of a 90 day period to provide a final response. Essentially, the AMF is saying it would prefer a 60 day period but will accept up to 90 days where warranted.

Original Draft Regulation	**CAFII Written Feedback on Original Draft Regulation** ***(Note: from English version of submission, although the letter was sent in French only)***	**New Draft Regulation**	**Comparison and Analysis**
		section 22 as soon as possible but not later than the 60th day following receipt of the complaint; and 5.despite subparagraph 4 and where warranted by circumstances that are exceptional or beyond its control, provide the complainant with a final response referred to in section 22, in writing, as soon as possible but no later than the 90th day following receipt of the complaint.	
The amount of time given must be sufficient to allow the complainant the opportunity to seek advice for the purpose of making an enlightened decision.	We believe that use of the word 'enlightened' in "to allow the complainant the opportunity to seek advice for the purpose of making an enlightened decision" is an improper use of that word in English; and the intent would be better captured by using the word 'informed' instead.	The amount of time given must be sufficient to give the complainant the opportunity to seek advice for the purpose of making an enlightened decision.	The AMF has ignored this suggestion and kept the word "enlightened."
If a complaint concerns several financial institutions, financial intermediaries or credit assessment agents, the institution, intermediary or agent receiving the complaint must notify the complainant in writing within 10 days following receipt of the complaint, stating that the complainant must also file the complaint with the other financial institutions.	With respect to Clause 15, there are some complaints where multiple issues are raised, including a variety of complaints that may not be related or even all directed at the same company. If a company receiving a complaint has to resolve it in coordination with another company, such as a business partner (an example being an insurance distributor receiving a complaint that also involves its insurance underwriter), it is reasonable to expect that the company receiving the complaint would advise the complainant that he/she needs to file the complaint	If a financial institution, financial intermediary or credit assessment agent notices that a complaint involves several institutions, intermediaries or agents, it must notify the complainant, explaining the extent to which the complaint involves them. The institution, intermediary or agent must also inform the complainant of his or her right to file a complaint about it and must provide the complainant with any	The AMF has not really addressed the issue raised by CAFII about multiple issues being raised in a complaint, but it has added clarifying language in its updated/revised Draft Regulation that allows the financial institution to tell the complainant that it must address its complaint to other institutions. The changes are as follows: *If a financial institution, financial intermediary or credit assessment agent notices thata*

Original Draft Regulation	**CAFII Written Feedback on Original Draft Regulation** ***(Note: from English version of submission, although the letter was sent in French only)***	**New Draft Regulation**	**Comparison and Analysis**
	with the other company him/herself, and to provide the other company's contact information. It should be specified, however, that if the complainant is filing a multiple issues complaint which includes concerns about another company – which concerns the company receiving the complaint cannot address and resolve because they are not connected to them – then the receiving company should not be expected to provide any information about the 'not applicable' aspect(s) of the complaint in response to the complainant.	information held by it that would allow the complainant to file such a complaint.	*complaint involves several institutions, intermediaries or agents, it must notify the complainant, explaining the extent to which the complaint involves them. The institution, intermediary or agent must also inform the complainant of his or her right to file a complaintabout it and must provide the complainant with any information held by it that would allow the complainant to file such a complaint.*
The complaint record that the financial institution, financial intermediary or credit assessment agent must open for any complaint received by it must contain the following documents and information: 1.the complaint and, if the complainant requested the complaint drafting assistance service, the complainant's initial communication; 2.a copy of the acknowledgement of receipt referred to in section 19 sent to the complainant; 3.any document or information used in analyzing the complaint, including any exchanges with the complainant; and 4.a copy of the final response provided to the complainant. The complaint record must be established such that the documents and information it contains are in a precise form	In Clause 16, we recommend avoiding the use of "any," which implies "all," as a modifier of "document or information" in subsection (3); and instead the Regulation should specify a pertinent threshold, because not every communication with the customer needs to be captured. We recommend that the Regulation should specify "the acknowledgement and final response letter to the complainant" as that pertinent threshold. Also in Clause 16, instead of using the term "precise form" which does not carry sufficient meaning in English, we recommend the use of "clear, accurate, and not misleading."	The complaint record that the financial institution, financial intermediary or credit assessment agent must open for any complaint received by it must contain the following documents and information: 1.the complaint; 2.a copy of the acknowledgement of receipt referred to in section 19 sent to the complainant; 3.any document or information used in analyzing the complaint, including any exchanges with the complainant; and 4.if applicable, a copy of the written notice referred to in section 21; and	The AMF has ignored all of the English language modifications recommended, but it has added some additional clarifying language to this clause.

Original Draft Regulation	**CAFII Written Feedback on Original Draft Regulation** ***(Note: from English version of submission, although the letter was sent in French only)***	**New Draft Regulation**	**Comparison and Analysis**
that is comprehensible to any person who is allowed to access it.		5.a copy of the final response provided to the complainant. The complaint record must be kept up to date and be established so that the documents and information it contains are in a precise form that is comprehensible to any person who is allowed to access it.	
The financial institution, financial intermediary or credit assessment agent must enter in its complaints register any complaints received by it without delay. It must enter the following information in the complaints register as soon as it becomes available: 1.the complaint record identification code; 2.the date of receipt of the complaint and the complaint registration date; 3.the reason for the complaint; 4.the underlying cause of the complaint; 5.the product or service that is the subject of the complaint and the method of distribution thereof, or, in the case of a credit assessment agent, the practice that is the subject of the complaint; 6.if applicable, the class of insurance of the product that is the subject of the complaint; 7.the date the final response was provided to the complainant;	Clause 18 is an example of a very prescriptive provision that goes into great detail about how a company must manage the complaints it receives, as opposed to remaining principles-based and setting out the regulator's customer protection-focused expectations/outcomes. In our view, this Clause is inconsistent with the AMF's expressed commitment to regulatory burden reduction. We are assuming that "its federation" refers to the two Quebec Chambres which the AMF oversees; and we recommend that that lack of clarity be addressed in the next version of the Regulation. We are also assuming that "complaints register" is intended to mean a log of all individual complaints managed by the company receiving the complaint. We recommend that the lack of clarity around those two points be addressed in the next version of the Regulation.	A financial institution, financial intermediary or credit assessment agent must enter in its complaints register any complaints received by it, without delay. It must enter therein, as soon as it is available to it, the information enabling it to act on the elements of the complaint processing and dispute resolution policy set out in sections 8 and 9 or in the equivalent expectations established by the Authority in its Sound Commercial Practices Guideline or, as the case may be, its Guideline applicable to credit assessment agents.	The AMF has completely reworked this section, removing the reference to "federations" and eliminating the prescriptive, checklist approach, and replacing it with a principles- and, outcomes-based approach.

Original Draft Regulation	**CAFII Written Feedback on Original Draft Regulation** ***(Note: from English version of submission, although the letter was sent in French only)***	**New Draft Regulation**	**Comparison and Analysis**
8.the outcome of the complaint and, if applicable, of the offer to resolve it; 9.if applicable, the date the complaint record was sent to its federation; 10.if applicable, the date the complaint record was sent to the Authority; and 11.the date the complaint record was closed.			
For the purposes of this Regulation, the acknowledgement of receipt will constitute the notice stating the complaint registration date, sent to the complainant under section 39 of the Credit Assessment Agents Act, section 53 of the Insurers Act, section 131.2 of the Act respecting financial services cooperatives, section 103.2 of the Act respecting the distribution of financial products and services, section 28.14 of the Deposit Institutions and Deposit Protection Act, section 76 of the Derivatives Act, section 37 of the Trust Companies and Savings Companies Act, and section 168.1.3 of the Securities Act, as the case may be.	With respect to Clause 19, it is our view that a Level 1 complaint that is immediately remedied by the company to the complainant's satisfaction should not be subject to this Clause. We believe that specifying this exclusion would bring the Quebec/AMF Regulation into harmony with the definition of a Level 1 complaint set out in CCIR's Annual Statement on Market Conduct (ASMC). In the absence of harmony between the AMF's definition of a Level 1 complaint and the corresponding definition used in the ASMC, it would be necessary for the AMF to utilize its own separate industry mechanism for complaint reporting (outside of the ASMC), which would be inefficient and degrade the value of reporting done through the ASMC.	For the purposes of this Regulation, the acknowledgement of receipt of a complaint will constitute the notice stating the date of registration of the complaint, sent to the complainant under section 39 of the Credit Assessment Agents Act, section 53 of the Insurers Act, section 131.2 of the Act respecting financial services cooperatives, section 103.2 of the Act respecting the distribution of financial products and services, section 28.14 of the Deposit Institutions and Deposit Protection Act, section 76 of the Derivatives Act, section 37 of the Trust Companies and Savings Companies Act, and section 168.1.3 of the Securities Act, as the case may be.	The AMF has not modified this section in the manner requested.
The acknowledgement of receipt must be sent in written form to	With respect to Clause 20, we recommend that when the	The acknowledgement of receipt must be sent	Most of CAFII's points have not been

Original Draft Regulation	**CAFII Written Feedback on Original Draft Regulation** ***(Note: from English version of submission, although the letter was sent in French only)***	**New Draft Regulation**	**Comparison and Analysis**
the complainant and, in addition to stating the complainant's right to request to have the complaint record examined by the Authority or, where applicable, a federation, include the following information: 1.the complaint record identification code; 2.the date on which the complaint was received by the financial institution, financial intermediary or credit assessment agent; 3.the name and contact information of the member of the staff responsible for processing the complaint, referred to in section 7 or the Sound Commercial Practices Guideline or a guideline applicable to credit assessment agents in this matter (*indicate here the title of the guideline*) established by the Authority; 4.a statement to the effect that the complainant may contact the person referred to in paragraph (3) of this section to find out the status of the complaint; 5.the next steps in the complaint process and the date by which the final response must be sent to the complainant; and 6.the signature of the complaints officer referred to in section 6 or the Sound Commercial Practices Guideline or a guideline applicable to credit assessment agents in this matter (*indicate here the title of the guideline*) established by the Authority.	Regulation references another document or Regulation, the relevant clauses/provisions should be included and directly spelled out, rather than forcing the reader/user to locate and reference the separate document. The meaning of the term "written form" is not clear, and we recommend that the next version of the Regulation provide clarity that it is not intended to mean exclusively "paper-based," but rather also includes digital/electronic and verbal-only means of communication. In addition, Sub-Clause 20(6) calls for "the signature of the complaints officer." We recommend that that wording be amended to say "the signature of the complaints officer or a delegate." Overall, this Clause is another example of a very prescriptive approach which abandons principles-based regulation.	in written form to the complainant and, in addition to stating the complainant's right to request to have the complaint record examined by the Authority or, if applicable, a federation, include the following information: 1.the complaint record identification code; 2.the date on which the complaint was received by the financial institution, financial intermediary or credit assessment agent, if it is different than the date on which the complaint was registered; 3.the means by which the complainant may obtain information about theprocessing of the complaint; 4.the expected timeframe for processing the complaint and the date by which the final response must be sent to the complainant; and 5.a hyperlink providing access to the summary of the complaint processing and dispute resolution policy or a copy thereof.	addressed in the updated/revised Draft Regulation, but the clause now makes reference to a "hyperlink providing access to the summary of the complaint processing and dispute resolution policy or a copy thereof" which does address the issue of whether only "printed materials" are to be used.

Original Draft Regulation	**CAFII Written Feedback on Original Draft Regulation** ***(Note: from English version of submission, although the letter was sent in French only)***	**New Draft Regulation**	**Comparison and Analysis**
Clause 21 The financial institution, financial intermediary or credit assessment agent must be detailed in the final response referred to in subparagraph 4 of the second paragraph of section 12, which must include such information as the following: 1.a summary of the complaint received; 2.the conclusion of the analysis, including the reasons for the conclusion, and the outcome of the complaint; 3.a statement of the complainant's right to request to have the complaint record examined by the Authority or, where applicable, by a federation; 4.if an offer to resolve the complaint is presented to the complainant, the time period within which the complainant may accept the offer; 5.the signature of the complaints officer. **Clause 22** For any complaint resolved within 10 days following the complaint registration date, the financial institution, financial intermediary or credit assessment agent may provide the complainant with a final response containing the information referred to in paragraphs 1, 2 and 3 of section 20 and paragraphs 1, 2, 3 and 5 of section 21, as well as a statement to the effect that the complainant has accepted the offer to resolve the complaint. The acknowledgement of	With respect to Sub-Clause 21(5), we recommend that the Draft Regulation be amended to spell out that an electronic signature—or simply a signature block in an email message —is sufficient; and that "signature" does not mean exclusively a paper-based, wet signature. We also recommend that for complaints referred to the AMF (or a federation, which we assume is a Quebec Chambre), the Regulation should specify a deadline for its response to the complainant. As well, with respect to Clause 21 generally, we recommend that for the English version of the Regulation, instead of using the term "offer," which in English can imply a financial settlement, the term "resolution" should be used, because some complaints may be satisfactorily resolved without any financial settlement. We therefore recommend saying "…has accepted the proposed resolution to the complaint**, if applicable**."	**Clause 21** Under subparagraph 5 of the third paragraph of section 12, the financial institution, financial intermediary or credit assessment agent must send, as soon as possible but not later than the 60th day following receipt of the complaint, a written notice containing the following information: 1.the circumstances warranting the application of subparagraph 5 of the third paragraph of section 12; 2.the date by which the final response must be sent to the complainant; 3.a statement of the complainant's right to request to have the complaint record examined by the Authority or, if applicable, by a federation; and 4.the business contact information of the person referred to in section 29. **Clause 22** The financial institution, financial intermediary or credit assessment agent must be detailed in the final response referred to in subparagraph 4 or 5 of the third paragraph of section 12, which must include such information as the	Clause 21 and Clause 22 need to be examined together, as they have both changed significantly in the updated version. The updated Clause 22 is now about providing the customer with reasons why their dispute was not resolved within 60 days in those cases where up to 90 days is needed by the financial institution. The reference to a signature being needed has not been clarified to not require a "wet signature." CAFII's recommended substitution of the word "resolution" instead of "offer" has been ignored.

Original Draft Regulation	**CAFII Written Feedback on Original Draft Regulation** *(Note: from English version of submission, although the letter was sent in French only)*	**New Draft Regulation**	**Comparison and Analysis**
receipt referred to in section 19 will be considered to have been sent by a financial institution, financial intermediary or credit assessment agent where a final response is provided to the complainant in accordance with the first paragraph.		following: 1.a statement to the effect that it is a final response; 2.a summary of the complaint received; 3.the conclusion of the analysis, including the reasons for the conclusion, and the outcome of the complaint; 4.a statement of the complainant's right to request to have the complaint record examined by the Authority or, if applicable, by a federation; 5.if an offer to resolve the complaint is presented to the complainant, the time period within which the complainant may accept the offer; and 6.the business contact information of the person referred to in section 29, as well as the signature of the person who processed the complaint.	
Clause 23 A financial institution's, financial intermediary's or credit assessment agent's summary of its complaint processing and dispute resolution policy must include, among other elements, the following information: 1.a description of the procedure for filing a complaint and the	In Clause 23, we recommend spelling out what the AMF's expectations are with respect to the term "among other elements." It would also be beneficial for the Regulation to recognize explicitly that not all complaints are made in writing, as some are delivered verbally only; and the process of responding to such verbal-	**Clause 27** A financial institution's, financial intermediary's or credit assessment agent's summary of its complaint processing and dispute resolution policy must include: 1.a description of the procedure for filing a	Clause 23 in the original Draft Regulation is now Clause 27 in the updated/revised Draft Regulation. The AMF has removed "among other elements" in the updated/revised Draft Regulation.

Original Draft Regulation	**CAFII Written Feedback on Original Draft Regulation** ***(Note: from English version of submission, although the letter was sent in French only)***	**New Draft Regulation**	**Comparison and Analysis**
complainant's right to obtain assistance in drafting the complaint; 2.a statement that a complaint may be validly filed with it using the complaint form available on the Authority's website, together with a reference or link to the form; 3.the name and contact information of the complaints officer; 4.the complaint processing time period specified in subparagraph (4) of the second paragraph of section 12; and 5.a statement of the complainant's right to request to have the complaint record examined by the Authority or, where applicable, by a federation.	only complaints often also entails verbal-only communication.	complaint and the complainant's right to obtain assistance in making the complaint; 2.a description of the various steps in the complaint process; 3.a statement to the effect that a complaint may be validly filed with it using the complaint form available on the Authority's website, together with a reference or link to the form; 4.the means for obtaining information regarding complaint processing; 5.the complaint processing time period specified in subparagraph 4 of the third paragraph of section 12; 6.if applicable, the complaint processing time period specified in subparagraph 5 of the third paragraph of section 12; and 7.a statement of the complainant's right to request to have the complaint record examined by the Authority or, if applicable, a federation	The AMF has not clarified that verbal resolution of complaints is acceptable.
A financial institution's, financial intermediary's or credit assessment agent's summary of its complaint processing and dispute resolution policy must be written in a clear and simple manner and using terms that are not confusing or misleading.	Clause 24 is too narrow in its framing, as it does not reflect the fact that complaints may be made verbally, for example through a call centre representative.	A financial institution's, financial intermediary's or credit assessment agent's summary of its complaint processing and dispute resolution policy must, when posted on its website,	The AMF has,to a degree, addressed CAFII's concern around Clause 24 by referencing that the policy must be displayed on its website.

Original Draft Regulation	CAFII Written Feedback on Original Draft Regulation *(Note: from English version of submission, although the letter was sent in French only)*	New Draft Regulation	Comparison and Analysis
It must be readily accessible to any person who is a member of its clientele or, in the case of a credit assessment agent, to any person concerned by a record that it holds.		be displayed in a place that can be easily identified by any person who is part of its clientele or, in the case of a credit assessment agent, to any person concerned by a record that it holds.	

Additional Analysis

The AMF has also included a new Section, Division IV, for complaints that are resolved within 10 days of being made. The new section is as follows:

DIVISION IV
PROCESS FOR CERTAIN COMPLAINTS

1. This section applies to the processing of complaints for which the information contemplated in section 25 may be communicated within 10 days following receipt of the complaint.

2. A financial institution or credit assessment agent may assign the complaints contemplated in this division to other staff with the necessary competence to process them where they have not been assigned to staff under the functional supervision of the complaints officer.

3. Despite subparagraph 4 of the third paragraph of section 12 and sections 20 and 22, a financial institution, financial intermediary or credit assessment agent may, upon completing its analysis of a complaint, provide to the complainant, verbally or in writing, information relating to the processing of the complaint. If applicable, it must provide the following:

(1) the conclusion of the analysis, with the reasons for it, and the outcome of the complaint;

(2) if an offer to resolve the complaint is presented to the complainant, how much time the complainant has to accept it; and

(3) a statement to the effect that the complainant may request to have the complaint reviewed by staff under the functional supervision of the complaints officer, where the complaint has not been processed by such staff.

REGULATION RESPECTING COMPLAINT PROCESSING AND DISPUTE RESOLUTION IN THE FINANCIAL SECTOR

Credit Assessment Agents Act
(chapter A-8.2, ss. 38, 66 and 73)

Insurers Act
(chapter A-32.1, s. 485, par. 1, and s. 496)

Act respecting financial services cooperatives
(chapter C-67.3, ss. 601.1 and 601.9)

Act respecting the distribution of financial products and services
(chapter D-9.2, ss. 216.1, 223, pars. 8, 11, 12 and 13.1)

Deposit Institutions and Deposit Protection Act
(chapter I-13.2.2, s. 43, par. *u*, and s. 45.9)

Derivatives Act
(chapter I-14.01, s. 175, pars. 13, 16 and 19.1)

Trust Companies and Savings Companies Act
(chapter S-29.02, ss. 277 and 286)

Securities Act
(chapter V-1.1, s. 331.1, pars. 8, 26 and 27.0.4)

CHAPTER I
PURPOSE, SCOPE AND INTERPRETATION

1. The purpose of this Regulation is to ensure the fair processing of consumer complaints in the financial sector. It sets out elements that must be included in the complaint processing and dispute resolution policy adopted under subparagraph 3 of the second paragraph of section 35 of the Credit Assessment Agents Act (chapter A-8.2), subparagraph 2 of the second paragraph of section 50 of the Insurers Act (chapter A-32.1), subparagraph 2 of the second paragraph of section 66.1 of the Act respecting financial services cooperatives (chapter C-67.3), subparagraph 1 of the first paragraph of section 103 of the Act respecting the distribution of financial products and services (chapter D-9.2), subparagraph 2 of the second paragraph of section 28.11 of the Deposit Institutions and Deposit Protection Act (chapter I-13.2.2), subparagraph 1 of the first paragraph of section 74 of the Derivatives Act (chapter I-14.01), subparagraph 2 of the second paragraph of section 34 of the Trust Companies and Savings Companies Act (chapter S-29.02) or subparagraph 1 of the first paragraph of section 168.1.1 of the Securities Act (chapter V-1.1), as the case may be.

This Regulation also sets out the rules governing complaint processing activities and practices.

2. This Regulation applies, with the necessary modifications, to persons and partnerships registered as firms, independent partnerships or independent representatives under the Act respecting the distribution of financial products and services and to legal persons registered as dealers or advisers under the Derivatives Act or the Securities Act.

Except for the provisions of Chapter II, it also applies to credit assessment agents designated under the Credit Assessment Agents Act, insurers authorized under the Insurers Act, financial services cooperatives within the meaning of the Act respecting financial services cooperatives, deposit institutions authorized under the Deposit Institutions and Deposit Protection Act, and trust companies authorized under the Trust Companies and Savings Companies Act.

3. For the purposes of this Regulation,

"complaint" means any reproach or dissatisfaction in respect of a service or product offered by a financial institution or financial intermediary, or in respect of a practice of a credit assessment agent, that is communicated by a person who is a member of the clientele of the financial institution or financial intermediary, or, in the case of a credit assessment agent, by a person concerned by a record held by the credit assessment agent, for which a final response is expected.

"financial institution" means an insurer authorized under the Insurers Act, a financial services cooperative within the meaning of the Act respecting financial services cooperatives, a deposit institution authorized under the Deposit Institutions and Deposit Protection Act, and a trust company authorized under the Trust Companies and Savings Companies Act;

"financial intermediary" means a person or partnership registered as a firm, independent partnership or independent representative under the Act respecting the distribution of financial products and services and a legal person registered as a dealer or adviser under the Derivatives Act or the Securities Act.

CHAPTER II
COMPLAINT PROCESSING AND DISPUTE RESOLUTION POLICY

4. A financial intermediary must adopt a complaint processing and dispute resolution policy that details how the complaints that it receives are processed, including how they are received, assigned, and analyzed and how responses and offers to resolve them are provided to the complainant.

In addition, it must provide that the processing of complaints:

(1) is to objectively take into account the interests of the complainant; and

(2) is to be kept simple and free of charge for the complainant.

5. The complaint processing and dispute resolution policy must set out the measures put in place by the financial intermediary to ensure the implementation and dissemination of the policy, as well as compliance therewith, across the organization, including the measure to designate a person to act as a complaints officer who has the necessary authority and competence to perform the functions of a complaints officer.

6. The complaint processing and dispute resolution policy must set out the measures put in place by the financial intermediary to properly assist the complainant throughout complaint processing and inform the complainant in a timely manner of the status of the complaint.

7. The complaint processing and dispute resolution policy must set out the measures for assigning complaints to the staff responsible for processing complaints who are under the functional supervision of the complaints officer and have the necessary competence to process the complaints assigned to them.

As for the processing of the complaints contemplated in Division IV of Chapter III, it must also set out the measures for the assignment of such complaints by the financial intermediary to other staff who have the necessary competence to process them, where such complaints have not been assigned to the staff under the functional supervision of the complaints officer. If applicable, the policy must detail how such complaints are reviewed by the staff referred to in the previous paragraph.

Lastly, it must set out the measures put in place by the financial intermediary to ensure anytime access to information essential for the processing of the complaints received by the staff referred to in the previous paragraphs.

8. The complaint processing and dispute resolution policy must provide that periodic reports covering the following items shall be made to the financial intermediary's officers:

(1) the number of complaints received and processed and common causes thereof;

(2) the outcomes of the complaints;

(3) issues related to the implementation and dissemination of, and compliance with, the policy; and

(4) issues identified when ascertaining the common causes of processed complaints.

9. The complaint processing and dispute resolution policy must set out the measures put in place by the financial intermediary to develop a comprehensive view of the complaints received, particularly in order to ascertain the common causes of those complaints and address the issues that they raise.

CHAPTER III
COMPLAINT PROCESSING RULES AND PRACTICES

DIVISION I
GENERAL PROVISIONS

10. A financial institution, financial intermediary or credit assessment agent must draft any disclosure documents relating to complaint processing and dispute resolution in a form that is clear, readable, specific and not misleading so as to highlight the key elements required for informed decision making and in such a way as to not cause confusion or misunderstanding.

Furthermore, the financial institution, financial intermediary or credit assessment agent must ensure that staff use clear and plain language in any interactions with complainants.

11. A financial institution, financial intermediary or credit assessment agent must take the necessary actions to understand the complaints filed with it and, to this end, must, when necessary, assist complainants in making their complaints.

When a financial institution, financial intermediary or credit assessment agent determines, in the course of its analysis, that a complaint it has received may have repercussions on other persons who are part of its clientele, it must take the necessary actions to remedy the complaint.

12. A financial institution, financial intermediary or credit assessment agent must process any complaint it receives in a diligent manner.

The same applies to reviews, if applicable, of the complaints contemplated in Division IV of this chapter.

To this end, it must, in particular:

(1) properly document the processing of the complaint and establish a complaint record in accordance with section 16;

(2) enter the complaint in the complaints register and update the register based on the information set out in section 18;

(3) provide the complainant, in the manner set out in section 20, with the acknowledgement of receipt referred to in section 19;

(4) provide the complainant with a final response referred to in section 22 as soon as possible but not later than the 60th day following receipt of the complaint; and

(5) despite subparagraph 4 and where warranted by circumstances that are exceptional or beyond its control, provide the complainant with a final response referred to in section 22, in writing, as soon as possible but no later than the 90th day following receipt of the complaint.

13. If, upon completing its analysis, the financial institution, financial intermediary or credit assessment agent presents the complainant with an offer to resolve the complaint, it must give the complainant a reasonable amount of time to assess and respond to the offer.

The amount of time given must be sufficient to give the complainant the opportunity to seek advice for the purpose of making an enlightened decision.

If an agreement is reached with the complainant, the financial institution, financial intermediary or credit assessment agent must give effect to the offer no later than on the 30th day following acceptance of the offer.

14. A financial institution, financial intermediary or credit assessment agent must, after it has provided a complainant with the final response referred to in section 22 or the information referred to in section 25, continue to manage any further exchanges with the complainant in order to, in particular, allow the complainant to submit, if applicable, any new relevant facts, answer the complainant's questions or follow up on the complainant's comments.

15. If a financial institution, financial intermediary or credit assessment agent notices that a complaint involves several institutions, intermediaries or agents, it must notify the complainant, explaining the extent to which the complaint involves them. The institution, intermediary or agent must also inform the complainant of his or her right to file a complaint about it and must provide the complainant with any information held by it that would allow the complainant to file such a complaint.

DIVISION II
COMPLAINT RECORDS AND COMPLAINTS REGISTER

16. The complaint record that the financial institution, financial intermediary or credit assessment agent must open for any complaint received by it must contain the following documents and information:

(1) the complaint;

(2) a copy of the acknowledgement of receipt referred to in section 19 sent to the complainant;

(3) any document or information used in analyzing the complaint, including any exchanges with the complainant; and

(4) if applicable, a copy of the written notice referred to in section 21; and

(5) a copy of the final response provided to the complainant.

The complaint record must be kept up to date and be established so that the documents and information it contains are in a precise form that is comprehensible to any person who is allowed to access it.

17. The financial institution, financial intermediary or credit assessment agent must keep the complaint record for the same retention period as applies to any information relating to the complainant.

18. A financial institution, financial intermediary or credit assessment agent must enter in its complaints register any complaints received by it, without delay.

It must enter therein, as soon as it is available to it, the information enabling it to act on the elements of the complaint processing and dispute resolution policy set out in sections 8 and 9 or in the equivalent expectations established by the Authority in its Sound Commercial Practices Guideline or, as the case may be, its Guideline applicable to credit assessment agents.

DIVISION III
COMMUNICATIONS TO THE COMPLAINANT

19. For the purposes of this Regulation, the acknowledgement of receipt of a complaint will constitute the notice stating the date of registration of the complaint, sent to the complainant under section 39 of the Credit Assessment Agents Act, section 53 of the Insurers Act, section 131.2 of the Act respecting financial services cooperatives, section 103.2 of the Act respecting the distribution of financial products and services, section 28.14 of the Deposit Institutions and Deposit Protection Act, section 76 of the Derivatives Act, section 37 of the Trust Companies and Savings Companies Act, and section 168.1.3 of the Securities Act, as the case may be.

20. The acknowledgement of receipt must be sent in written form to the complainant and, in addition to stating the complainant's right to request to have the complaint record examined by the Authority or, if applicable, a federation, include the following information:

(1) the complaint record identification code;

(2) the date on which the complaint was received by the financial institution, financial intermediary or credit assessment agent, if it is different than the date on which the complaint was registered;

(3) the means by which the complainant may obtain information about the processing of the complaint;

(4) the expected timeframe for processing the complaint and the date by which the final response must be sent to the complainant; and

(5) a hyperlink providing access to the summary of the complaint processing and dispute resolution policy or a copy thereof.

21. Under subparagraph 5 of the third paragraph of section 12, the financial institution, financial intermediary or credit assessment agent must send, as soon as possible but not later than the 60th day following receipt of the complaint, a written notice containing the following information:

(1) the circumstances warranting the application of subparagraph 5 of the third paragraph of section 12;

(2) the date by which the final response must be sent to the complainant;

(3) a statement of the complainant's right to request to have the complaint record examined by the Authority or, if applicable, by a federation; and

(4) the business contact information of the person referred to in section 29.

22. The financial institution, financial intermediary or credit assessment agent must be detailed in the final response referred to in subparagraph 4 or 5 of the third paragraph of section 12, which must include such information as the following:

(1) a statement to the effect that it is a final response;

(2) a summary of the complaint received;

(3) the conclusion of the analysis, including the reasons for the conclusion, and the outcome of the complaint;

(4) a statement of the complainant's right to request to have the complaint record examined by the Authority or, if applicable, by a federation;

(5) if an offer to resolve the complaint is presented to the complainant, the time period within which the complainant may accept the offer; and

(6) the business contact information of the person referred to in section 29, as well as the signature of the person who processed the complaint.

DIVISION IV
PROCESS FOR CERTAIN COMPLAINTS

23. This section applies to the processing of complaints for which the information contemplated in section 25 may be communicated within 10 days following receipt of the complaint.

24. A financial institution or credit assessment agent may assign the complaints contemplated in this division to other staff with the necessary competence to process them where they have not been assigned to staff under the functional supervision of the complaints officer.

25. Despite subparagraph 4 of the third paragraph of section 12 and sections 20 and 22, a financial institution, financial intermediary or credit assessment agent may, upon completing its analysis of a complaint, provide to the complainant, verbally or in writing, information relating to the processing of the complaint. If applicable, it must provide the following:

(1) the conclusion of the analysis, with the reasons for it, and the outcome of the complaint;

(2) if an offer to resolve the complaint is presented to the complainant, how much time the complainant has to accept it; and

(3) a statement to the effect that the complainant may request to have the complaint reviewed by staff under the functional supervision of the complaints officer, where the complaint has not been processed by such staff.

26. Despite subparagraphs 2 and 4 of the first paragraph of section 16, a financial institution, financial intermediary or credit assessment agent may add to the complaint record a document summarizing the elements provided to the complainant pursuant to the sections enumerated in section 19, if applicable, and section 25.

CHAPTER IV
SUMMARY OF THE COMPLAINT PROCESSING AND DISPUTE RESOLUTION POLICY

27. A financial institution's, financial intermediary's or credit assessment agent's summary of its complaint processing and dispute resolution policy must include:

(1) a description of the procedure for filing a complaint and the complainant's right to obtain assistance in making the complaint;

(2) a description of the various steps in the complaint process;

(3) a statement to the effect that a complaint may be validly filed with it using the complaint form available on the Authority's website, together with a reference or link to the form;

(4) the means for obtaining information regarding complaint processing;

(5) the complaint processing time period specified in subparagraph 4 of the third paragraph of section 12;

(6) if applicable, the complaint processing time period specified in subparagraph 5 of the third paragraph of section 12; and

(7) a statement of the complainant's right to request to have the complaint record examined by the Authority or, if applicable, a federation.

28. A financial institution's, financial intermediary's or credit assessment agent's summary of its complaint processing and dispute resolution policy must, when posted on its website, be displayed in a place that can be easily identified by any person who is part of its clientele or, in the case of a credit assessment agent, to any person concerned by a record that it holds.

CHAPTER V
SENDING A COMPLAINT RECORD TO THE AUTORITÉ DES MARCHÉS FINANCIERS FOR EXAMINATION

29. A financial institution, financial intermediary or credit assessment agent must, within 15 days following receipt of a request from a complainant to have the complaint record examined by the Authority, send the complaint record, as established under section 16, to the Authority, in accordance with the terms and conditions specified on the Authority's website, providing the name and business contact information of the person officially designated to respond to the Authority.

CHAPTER VI
PROHIBITIONS AND MONETARY ADMINISTRATIVE PENALTIES

30. A financial institution, financial intermediary or credit assessment agent may not:

(1) when it presents the complainant with an offer to resolve the complaint, attach a condition to the offer that:

(a) prevents the complainant from exercising the right to request to have the complaint record examined by the Authority or, where applicable, its federation;

(b) requires the complainant to withdraw any other complaint that the complainant has filed; or

(c) prevents a complainant from communicating with the Authority, a self-regulatory organization recognized under section 59 of the Act respecting the regulation of the financial sector (chapter E-6.1) or with the Chambre de la sécurité financière or the Chambre de l'assurance de dommages, established under section 284 of the Act respecting the distribution of financial products and services.

(2) in any representation or communication intended for the public, use in referring to its complaint processing department or the persons assigned to it the term "ombudsman" or any other qualifier of the same nature that suggests that such persons are not acting on behalf of the financial institution, financial intermediary or credit assessment agent.

31. A monetary administrative penalty in the amount of $1,000 may be imposed on an authorized financial institution that:

(1) in contravention of the first paragraph of section 16, fails to establish a complaint record containing the documents and information referred to in that paragraph;

(2) in contravention of the second paragraph of section 16, fails to keep the complaint record up to date;

(3) in contravention of section 20, fails to send the complainant an acknowledgement of receipt or sends an acknowledgement of receipt that does not include the information set out in that section;

(4) in contravention of section 21, provides the complainant with a written notice that does not include the information set out in that section;

(5) in contravention of section 22, provides the complainant with a final response that does not include the detailed information set out in that section;

(6) in contravention of section 26, fails to enter in the complaint record a document summarizing the items provided to the complainant pursuant to the sections indicated in section 19, as applicable, and pursuant to section 25; or

(7) in contravention of section 27, disseminates a summary of the complaint processing and dispute resolution policy summary that does not include the information referred to in that section.

32. A monetary administrative penalty in the amount of $2,500 may be imposed on a financial institution or a credit assessment agent that:

(1) in contravention of the third paragraph of section 13, fails, where a complainant accepts an offer to resolve the complaint, to give effect to the agreement no later than on the 30th day following acceptance of the offer; or

(2) in contravention of section 17, fails to keep a complaint record for the same retention period as applies to any information relating to the complainant;

A monetary administrative penalty in the same amount may also be imposed on a financial institution or credit assessment agent that, in contravention of section 29, fails to send the complaint record, as established under section 16, to the Authority in accordance with the terms and conditions specified on the Authority's website or within 15 days of receiving a request from the complainant to have the complaint record examined by the Authority.

33. A monetary administrative penalty in the amount of $5,000 may be imposed on a financial institution or credit assessment agent that:

(1) in contravention of subparagraph a of paragraph 1 of section 30, attaches a condition to its offer that prevents the complainant from exercising the right to have the complaint record examined by the Authority or, where applicable, its federation;

(2) in contravention of subparagraph b of paragraph 1 of section 30, attaches a condition to its offer that requires the complainant to withdraw any other complaint that the complainant has filed;

(3) in contravention of subparagraph c of paragraph 1 of section 30, attaches a condition to its offer that prevents the complainant from communicating with the Authority, a recognized self-regulatory organization, the Chambre de sécurité financière or the Chambre de l'assurance de dommages; or

(4) in contravention of paragraph 2 of section 30, uses in referring to its complaint processing department or the persons assigned to it, in any representation or communication intended for the public, the term “ombudsman” or any other qualifier of the same nature that suggests that that such persons are not acting on behalf of the financial institution or credit assessment agent.

A monetary administrative penalty in the same amount may also be imposed on a financial institution or a credit assessment agent that, in contravention of subparagraph 4 or 5 of the third paragraph of section 12, fails to provide a final response to the complainant.

CHAPTER VII
COMING INTO FORCE

34. This Regulation will comes into force on 1 January 2024.

Draft Regulation

Credit Assessment Agents Act
(chapter A-8.2, ss. 38, 66 and 73)

Insurers Act
(chapter A-32.1, s. 485, par. 1, and s. 496)

Act respecting financial services cooperatives
(chapter C-67.3, ss. 601.1 and 601.9)

Act respecting the distribution of financial products and services
(chapter D-9.2, ss. 216.1, 223, pars. 8, 11, 12 and 13.1)

Deposit Institutions and Deposit Protection Act
(chapter I-13.2.2, s. 43, par. u, and s. 45.9)

Derivatives Act
(chapter I-14.01, s. 175, pars. 13, 16 and 19.1)

Trust Companies and Savings Companies Act
(chapter S-29.02, ss. 277 and 286)

Securities Act
(chapter V-1.1, s. 331.1, pars. 8, 26 and 27.0.4)

Regulation respecting complaint processing and dispute resolution in the financial sector

Notice is hereby given by the Autorité des marchés financiers (the "AMF" or the "Authority") that, in accordance with section 67 of the *Credit Assessment Agents Act*, CQLR, c. A-8.2 (the "CAAA"), section 486 of the *Insurers Act*, CQLR, c. A-32.1, section 601.2 of the *Act respecting financial services cooperatives*, CQLR, c. C-67.3 (the "AFSC"), section 217 of the *Act respecting the distribution of financial products and services*, CQLR, c. D-9.2 (the "Distribution Act"), section 45 of the *Deposit Institutions and Deposit Protection Act*, CQLR, c. I-13.2.2 (the "DIDPA"), section 175 of the *Derivatives Act*, CQLR, c. I-14.01, section 278 of the *Trust Companies and Savings Companies Act*, CQLR, c. S-29.02 (the "TCSCA") and section 331.2 of the *Securities Act*, CQLR, c. V-1.1, the following regulation (the "Draft Regulation"), the text of which is published hereunder, may be made by the AMF and subsequently submitted to the Québec Minister of Finance for approval, with or without amendment, after 60 days have elapsed since its publication in the Bulletin of the Authority:

- *Regulation respecting complaint processing and dispute resolution in the financial sector*

The Draft Regulation is also available under "Public consultations" on the Authority's website at **www.lautorite.qc.ca**.

Background

On September 9, 2021, the Authority published for comment in the Bulletin of the Authority[1] a draft regulation to harmonize and support the fair processing of complaints in Québec's financial sector.

After analyzing the comments made in the course of the consultation, the Authority is publishing for comment an updated Draft Regulation by which it is reiterating its objective of establishing a common set

[1] Bulletin of the Authority, sections 3.2.1, 5.2.1 and 6.2.1.

of rules and practices to be followed by financial institutions, financial intermediaries and credit assessment agents.

The proposed amendments are in keeping with the initial objective of the Draft Regulation, namely to ensure that all consumer complaints are processed fairly and diligently and, more specifically, that the analysis of such complaints enables financial institutions, financial intermediaries and credit assessment agents to identify recurring issues relating to their activities and take appropriate action to address them.[2] These amendments also take into account concerns expressed by the financial sector about the impact of the initially proposed requirements on the complaint process that is already in place.

The Draft Regulation proposes a different, slightly broader definition of a complaint than one in the version previously published for comment. However, it changes the rules and practices relating to the simplified process for certain complaints, giving the financial sector greater flexibility and allowing for efficient processing of complaints that can be handled within 10 days following receipt of the complaint. It also provides for the possibility, under conditions determined by regulation, of extending the time period for processing a complaint beyond 60 days following receipt of the complaint.

1. Definition of "complaint"

The Draft Regulation proposes a definition of a complaint that enumerates the conditions under which a communication should be entered in the complaint register of financial institutions, financial intermediaries and credit assessment agents and processed in accordance with the proposed regulatory framework. These conditions are cumulative, which means that a communication that does not meet one of the conditions is not a complaint subject to the Draft Regulation.

Consequently, a communication that meets the following conditions is considered a complaint regarding a financial institution or financial intermediary:

- it expresses a reproach or dissatisfaction in respect of a service or product offered by the financial institution or financial intermediary;
- it is communicated by a person who is a member of the clientele of the financial institution or financial intermediary; and
- the complainant expects a final response within the meaning of section 12 of the Draft Regulation.

A communication that meets the following conditions is considered a complaint regarding a credit assessment agent:

- it expresses a reproach or dissatisfaction in respect of a practice of the credit assessment agent;
- it is communicated to the credit assessment agent by a person concerned by a record held by the agent; and
- the complainant expects a final response within the meaning of section 12 of the Draft Regulation.

Certain communications are not considered complaints and are therefore not subject to the Draft Regulation (e.g., when a consumer submits a request for information or documents or provides feedback to a financial institution, financial intermediary or credit assessment agent). A claim filed with a financial institution (e.g., an insurer) is also not considered a complaint.

[2] Refer to the expectations set out for financial institutions in the *Sound Commercial Practices Guideline* and to those set out for credit assessment agents in the draft version of the *Guideline applicable to credit assessment agents* published in sections 5.2.1 and 5.2.2 of the Bulletin of the Authority of November 17, 2022.

For example, a consumer who communicates with a financial institution to obtain a copy of a statement is not expressing a reproach or dissatisfaction and does not expect to receive a final response within the meaning of section 12 of the Draft Regulation. The financial institution can therefore act on the consumer's request without further formality. Similarly, expressing dissatisfaction with the parking provided by a financial intermediary is not expressing a reproach or dissatisfaction in respect of the services or products offered by the financial intermediary. The financial intermediary can therefore act on the dissatisfaction without further formality.

With regard to the practices of credit assessment agents, the Draft Regulation does not apply to requests for access to or the correction of personal information in a credit report or an application for the examination of a disagreement on the merits of a reason for a credit assessments agent's refusal of such a request, made in accordance with the *Act respecting the protection of personal information in the private sector*, CQLR, c. P-39.1, or, in this instance, the *Credit Assessment Agents Act*.

2. Simplified process for certain complaints

The Authority proposes rules and practices for the processing of complaints that can be processed by the complaints officer, members of the complaint officer's team or any other person tasked with processing complaints within the organization within10 days of receipt of the complaint.

These rules and practices allow, among other things, for the possibility for financial institutions, financial intermediaries and credit assessment agents to process certain complaints verbally, including within the framework of a call centre. They also provide for the option of entrusting the processing of such complaints to dedicated customer services teams, for instance, under the condition that consumers may request to have their complaints reviewed by the complaints officer or a person under the complaints officer's supervision to whom the complaints officer assigns the task of processing the complaint.

However, complaints for which processing cannot be completed within 10 days following receipt must be processed by the complaints officer or a person under the complaints officer's supervision to whom the complaints officer assigns the task of processing them. Such complaints continue to be subject, in particular, to the requirement to provide an acknowledgement of receipt and the requirement to provide a final response in writing within the time period prescribed by the Draft Regulation.

The proposed rules and practices are intended to strike a balance between the administrative burden imposed on financial institutions, financial intermediaries and credit assessment agents and the fair processing of consumer complaints.

3. Time period for processing a complaint

The time period for processing a complaint is calculated from the time the financial institution, financial intermediary or credit assessment agent receives the complaint until the time the final response is provided to the consumer.

The Authority proposes maintaining the 60-day complaint processing period, applicable across Québec's financial sector, but proposes to allow this time period to be extended under certain conditions.

The Authority recognizes that, in order to process certain complaints fairly, a processing period of more than 60 days may be necessary (e.g., when the analysis of a complaint requires the receipt of documents or information from persons who are not parties to the complaint or when a one-time large-scale event results in an unusually high volume of complaints).

In this case, the Authority proposes that financial institutions, financial intermediaries and credit assessment agents be able, under circumstances that are exceptional or beyond their control, to take up to an additional 30 days to process a complaint.

A financial institution, financial intermediary or credit assessment agent that wishes to extend the processing time period beyond 60 days must notify the consumer in writing, explaining the circumstances that are exceptional or beyond its control and indicating the date before which it expects to provide the final response. The response must also state that the complainant has the right to request to have the complaint record examined by the Authority.

Given that the amendments proposed by the Authority are centred on the interests of consumers, any comment proposing other reasons than those proposed by the Draft Regulation must explain how those reasons are in the interests of consumers.

4. Coming into force of the Regulation

The Authority is aware that financial institutions, financial intermediaries and credit assessment agents will have to make certain adjustments to their policies, processes and procedures relating to complaint processing and dispute resolution in order to comply with the requirements of the Draft Regulation. It is therefore proposing a transition period between the publication and coming into force of the regulation.

The Authority is of the opinion that it is important to coordinate the date of coming into force of the regulation with the beginning of the period for reporting complaints to the Authority, which runs from January 1 to December 31. This approach would prevent overlap between applicable frameworks during a complaint reporting period, should another coming into force date be set.

The Authority is of the view that a coming into force date of January 1, 2024 would provide financial institutions, financial intermediaries and credit assessment agents with a sufficient transition period. It asks the financial sector to provide evidence corroborating any comments proposing a different transition period.

The Authority will roll out various initiatives to promote this new framework and provide the financial sector with assistance in implementing it. It also plans to propose a complaint processing and dispute resolution policy template reflecting the elements to be covered by the policy adopted by financial intermediaries.

Comments

Comments regarding this Draft Regulation may be made in writing before **February 6, 2023** to:

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
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Québec (Québec) G1V 5C1
Fax: 418-525-9512
E-mail: consultation-en-cours@lautorite.qc.ca

Unless otherwise noted, comments will be posted on the Authority's website at www.lautorite.qc.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

Additional Information

Additional information may be obtained from:

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December 8, 2022

REGULATION RESPECTING COMPLAINT PROCESSING AND DISPUTE RESOLUTION IN THE FINANCIAL SECTOR

Credit Assessment Agents Act
(chapter A-8.2, ss. 66 and 73)

Insurers Act
(chapter A-32.1, s. 485, par. 1, and s. 496)

Act respecting financial services cooperatives
(chapter C-67.3, ss. 601.1 and 601.9)

Act respecting the distribution of financial products and services
(chapter D-9.2, ss. 216.1, 223, pars. 8, 11, 12 and 13.1)

Deposit Institutions and Deposit Protection Act
(chapter I-13.2.2, s. 43, par. *u*, and s. 45.9)

Derivatives Act
(chapter I-14.01, s. 175, pars. 13, 16 and 19.1)

Trust Companies and Savings Companies Act
(chapter S-29.02, ss. 277 and 286)

Securities Act
(chapter V-1.1, s. 331.1, pars. 8, 26 and 27.0.4)

CHAPTER I
PURPOSE, SCOPE AND INTERPRETATION

1. The purpose of this Regulation is to ensure the fair processing of consumer complaints in the financial sector. It sets out the elements that must be included in the complaint processing and dispute resolution policy adopted under subparagraph 3 of the second paragraph of section 35 of the Credit Assessment Agents Act (chapter A-8.2), subparagraph 2 of the second paragraph of section 50 of the Insurers Act (chapter A-32.1), subparagraph 2 of the second paragraph of section 66.1 of the Act respecting financial services cooperatives (chapter C-67.3), subparagraph 1 of the first paragraph of section 103 of the Act respecting the distribution of financial products and services (chapter D-9.2), subparagraph 2 of the second paragraph of section 28.11 of the Deposit Institutions and Deposit Protection Act (chapter I-13.2.2), subparagraph 1 of the first paragraph of section 74 of the Derivatives Act (chapter I-14.01), subparagraph 2 of the second paragraph of section 34 of the Trust Companies and Savings Companies Act (chapter S-29.02) or subparagraph 1 of the first paragraph of section 168.1.1 of the Securities Act (chapter V-1.1), as the case may be.

This Regulation also sets out the rules governing complaint processing activities and practices.

2. This Regulation applies, with the necessary modifications, to persons and partnerships registered as firms, independent partnerships or independent representatives under the Act respecting the distribution of financial products and services and to legal persons registered as dealers or advisers under the Derivatives Act or the Securities Act.

Except for the provisions of Chapter II, it also applies to credit assessment agents designated under the Credit Assessment Agents Act, insurers authorized under the Insurers Act, financial services cooperatives within the meaning of the Act respecting financial services cooperatives, deposit institutions authorized under the Deposit Institutions and Deposit Protection Act, and trust companies authorized under the Trust Companies and Savings Companies Act.

3. For the purposes of this Regulation,

"complaint" means any dissatisfaction or reproach in respect of a service or product offered by a financial institution or financial intermediary, or in respect of a practice of a credit assessment agent, that is communicated by a person who is a member of the clientele of the financial institution or financial intermediary, or, in the case of a credit assessment agent, by a person concerned by a record held by the credit assessment agent, that cannot be remedied immediately and for which a final response is expected.

The following do not constitute complaints: a claim for an indemnity or any other insurance claim, a request to access or correct a record held by a credit assessment agent and an initial request for information or documents made, in the case of a credit assessment agent, by a person concerned by a record held by the credit assessment agent or, in the case of a financial institution or financial intermediary, by a person who is a member of the clientele of a financial institution or financial intermediary in respect of an offered product or service;

"financial institution" means an insurer authorized under the Insurers Act, a financial services cooperative within the meaning of the Act respecting financial services cooperatives, a deposit institution authorized under the Deposit Institutions and Deposit Protection Act, and a trust company authorized under the Trust Companies and Savings Companies Act;

"financial intermediary" means a person or partnership registered as a firm, independent partnership or independent representative under the Act respecting the distribution of financial products and services and a legal person registered as a dealer or adviser under the Derivatives Act or the Securities Act.

CHAPTER II
COMPLAINT PROCESSING AND DISPUTE RESOLUTION POLICY

4. A financial intermediary must establish a complaint process in its complaint processing and dispute resolution policy that:

(1) objectively takes into account the interests of the complainant;

(2) is simple to follow and without cost to the complainant; and

(3) is documented in detail, including by procedures for analyzing complaints.

5. The complaint processing and dispute resolution policy must provide that the financial intermediary will identify needs for the implementation, application and periodic review of the complaint process and assign the required persons thereto.

For this purpose, the policy must include the following rules:

(1) to ensure that its complaint process is known and understood by the persons assigned to implement, apply and review it, the financial intermediary will provide such persons with training at least once a year and at the following times:

(a) upon their assignment; and

(b) when, following a review, a change is made to the complaint process;

(2) the financial intermediary will ensure that the complaints officer referred to in section 6 and the staff responsible for processing complaints referred to in section 7 are able, in carrying out their respective functions, to act with independence and avoid any situation in which they would be in a conflict of interest.

6. The financial intermediary must include in its complaint processing and dispute resolution policy elements pertaining to the designation and functions of the person acting as complaints officer within its organization, including:

(1) the integrity, competence and solvency requirements for such designation, in this case professional qualifications, knowledge of the laws and regulations governing the intermediary's activities, required work experience and the absence of a judicial or disciplinary record, as applicable;

(2) the functions of the complaints officer, including:

(a) ensuring that the complaint process is applied and reviewed and that the complaint processing and dispute resolution policy is applied;

(b) documenting and reporting the issues referred to in paragraph 3 of section 8, the common causes and issues referred to in section 9, and the reasons referred to in section 10;

(c) ensuring that complaints are assigned to the staff responsible for processing complaints;

(d) acting as official respondent with the financial intermediary's clientele and with the Autorité des marchés financiers for complaint records sent to it for examination.

7. The financial intermediary must include in its complaint processing and dispute resolution policy elements pertaining to staff responsible for processing complaints and to the assignment of complaints to them, including:

(1) the integrity, competence and experience requirements for staff responsible for processing complaints, in this case detailed knowledge of the products and services offered by the financial intermediary;

(2) access at all times to information essential to the performance of the functions of this staff;

(3) instructions to ensure that clear and plain language is used in any interactions with complainants and that complainants understand the complaint process.

8. The complaint processing and dispute resolution policy must provide that periodic reports covering the following elements must be made to the financial intermediary's officers:

(1) the number of complaints received and processed and the reasons for and underlying causes of the complaints;

(2) the outcomes of the complaints;

(3) issues related to the implementation, application and review of the complaint process.

9. The complaint processing and dispute resolution policy must provide that the underlying causes of complaints that are processed will be analyzed periodically to identify causes common to the complaints and address the issues that they raise.

10. The complaint processing and dispute resolution policy must provide that the reasons supporting a complaint will be analyzed to determine whether they may have repercussions for other persons who are members of the financial intermediary's clientele and to take measures to remedy them, if necessary.

CHAPTER III
COMPLAINT PROCESSING RULES AND PRACTICES

DIVISION I
GENERAL PROVISIONS

11. A financial institution or financial intermediary must provide a complaint drafting assistance service to any person expressing a need for it who is a member of the clientele of the financial institution or financial intermediary.

A credit assessment agent must do likewise in respect of any person concerned by a record that it holds.

12. A financial institution, financial intermediary or credit assessment agent must process any complaint it receives in a diligent manner.

Accordingly, it must, in particular:

(1) adequately document the processing of the complaint and establish a complaint record in accordance with section 16;

(2) enter the complaint in the complaints register and update the register based on the information set out in section 18;

(3) provide the complainant, in the manner set out in section 20, with the acknowledgement of receipt referred to in section 19;

(4) provide the complainant with a final response referred to in section 21 as soon as possible but not later than the 60th day following receipt of the complaint.

13. If, upon completing its analysis, the financial institution, financial intermediary or credit assessment agent presents the complainant with an offer to resolve the complaint, it must give the complainant a minimum of 20 days to assess and respond to the offer.

The amount of time given must be sufficient to allow the complainant the opportunity to seek advice for the purpose of making an enlightened decision.

If the complainant accepts the offer, the financial institution, financial intermediary or credit assessment agent must give effect to the offer no later than the 30th day following receipt of such acceptance.

14. The financial institution, financial intermediary or credit assessment agent must, in due time, continue to manage any further exchanges with the complainant until no further action is required with respect to the complaint.

It must particularly do so in the following situations:

(1) upon completing its analysis, it does not present the complainant with an offer to resolve the complaint;

(2) the complainant refuses the offer to resolve the complaint; or

(3) the complainant files an application or motion pertaining to elements of the complaint with a court or adjudicative body.

15. If a complaint concerns several financial institutions, financial intermediaries or credit assessment agents, the institution, intermediary or agent receiving the complaint must notify the complainant in writing within 10 days following receipt of the complaint, stating that the complainant must also file the complaint with the other financial institutions,

financial intermediaries or credit assessment agents concerned and providing the complainant with their contact information.

DIVISION II
COMPLAINT RECORDS AND COMPLAINTS REGISTER

16. The complaint record that the financial institution, financial intermediary or credit assessment agent must open for any complaint received by it must contain the following documents and information:

(1) the complaint and, if the complainant requested the complaint drafting assistance service, the complainant's initial communication;

(2) a copy of the acknowledgement of receipt referred to in section 19 sent to the complainant;

(3) any document or information used in analyzing the complaint, including any exchanges with the complainant; and

(4) a copy of the final response provided to the complainant.

The complaint record must be established such that the documents and information it contains are in a precise form that is comprehensible to any person who is allowed to access it.

17. The financial institution, financial intermediary or credit assessment agent must keep the complaint record for a period of at least 7 years from the date the complaint is received.

18. The financial institution, financial intermediary or credit assessment agent must enter in its complaints register any complaints received by it without delay.

It must enter the following information in the complaints register as soon as it becomes available:

(1) the complaint record identification code;

(2) the date of receipt of the complaint and the complaint registration date;

(3) the reason for the complaint;

(4) the underlying cause of the complaint;

(5) the product or service that is the subject of the complaint and the method of distribution thereof, or, in the case of a credit assessment agent, the practice that is the subject of the complaint;

(6) if applicable, the class of insurance of the product that is the subject of the complaint;

(7) the date the final response was provided to the complainant;

(8) the outcome of the complaint and, if applicable, of the offer to resolve it;

(9) if applicable, the date the complaint record was sent to its federation;

(10) if applicable, the date the complaint record was sent to the Authority; and

(11) the date the complaint record was closed.

DIVISION III
COMMUNICATIONS TO THE COMPLAINANT

19. For the purposes of this Regulation, the acknowledgement of receipt will constitute the notice stating the complaint registration date, sent to the complainant under section 39 of the Credit Assessment Agents Act, section 53 of the Insurers Act, section 131.2 of the Act respecting financial services cooperatives, section 103.2 of the Act respecting the distribution of financial products and services, section 28.14 of the Deposit Institutions and Deposit Protection Act, section 76 of the Derivatives Act, section 37 of the Trust Companies and Savings Companies Act, and section 168.1.3 of the Securities Act, as the case may be.

20. The acknowledgement of receipt must be sent in written form to the complainant and, in addition to stating the complainant's right to request to have the complaint record examined by the Authority or, where applicable, a federation, include the following information:

(1) the complaint record identification code;

(2) the date on which the complaint was received by the financial institution, financial intermediary or credit assessment agent;

(3) the name and contact information of the member of the staff responsible for processing the complaint, referred to in section 7 or the Sound Commercial Practices Guideline or a guideline applicable to credit assessment agents in this matter (*indicate here the title of the guideline*) established by the Authority;

(4) a statement to the effect that the complainant may contact the person referred to in paragraph (3) of this section to find out the status of the complaint;

(5) the next steps in the complaint process and the date by which the final response must be sent to the complainant; and

(6) the signature of the complaints officer referred to in section 6 or the Sound Commercial Practices Guideline or a guideline applicable to credit assessment agents in this matter (*indicate here the title of the guideline*) established by the Authority.

21. The financial institution, financial intermediary or credit assessment agent must be detailed in the final response referred to in subparagraph 4 of the second paragraph of section 12, which must include such information as the following:

(1) a summary of the complaint received;

(2) the conclusion of the analysis, including the reasons for the conclusion, and the outcome of the complaint;

(3) a statement of the complainant's right to request to have the complaint record examined by the Authority or, where applicable, by a federation;

(4) if an offer to resolve the complaint is presented to the complainant, the time period within which the complainant may accept the offer;

(5) the signature of the complaints officer.

22. For any complaint resolved within 10 days following the complaint registration date, the financial institution, financial intermediary or credit assessment agent may provide the complainant with a final response containing the information referred to in paragraphs 1, 2 and 3 of section 20 and paragraphs 1, 2, 3 and 5 of section 21, as well as a statement to the effect that the complainant has accepted the offer to resolve the complaint.

The acknowledgement of receipt referred to in section 19 will be considered to have been sent by a financial institution, financial intermediary or credit assessment agent where a final response is provided to the complainant in accordance with the first paragraph.

CHAPTER IV
SUMMARY OF THE COMPLAINT PROCESSING AND DISPUTE RESOLUTION POLICY

23. A financial institution's, financial intermediary's or credit assessment agent's summary of its complaint processing and dispute resolution policy must include, among other elements, the following information:

(1) a description of the procedure for filing a complaint and the complainant's right to obtain assistance in drafting the complaint;

(2) a statement that a complaint may be validly filed with it using the complaint form available on the Authority's website, together with a reference or link to the form;

(3) the name and contact information of the complaints officer;

(4) the complaint processing time period specified in subparagraph (4) of the second paragraph of section 12; and

(5) a statement of the complainant's right to request to have the complaint record examined by the Authority or, where applicable, by a federation.

24. A financial institution's, financial intermediary's or credit assessment agent's summary of its complaint processing and dispute resolution policy must be written in a clear and simple manner and using terms that are not confusing or misleading.

It must be readily accessible to any person who is a member of its clientele or, in the case of a credit assessment agent, to any person concerned by a record that it holds.

CHAPTER V
SENDING A COMPLAINT RECORD TO THE AUTORITÉ DES MARCHÉS FINANCIERS FOR EXAMINATION

25. The financial institution, financial intermediary or credit assessment agent must send the complaint record, as established pursuant to section 16, to the Authority in accordance with the terms specified on the Authority's website and within 15 days following receipt of the complainant's request to have the complaint record examined by the Authority.

CHAPTER VI
PROHIBITIONS AND MONETARY ADMINISTRATIVE PENALTIES

26. A financial institution, financial intermediary or credit assessment agent may not:

(1) when it presents the complainant with an offer to resolve the complaint, attach a condition to the offer that:

(a) prevents the complainant from exercising the right to request to have the complaint record examined by the Authority or, where applicable, its federation;

(b) requires the complainant to withdraw any other complaint that the complainant has filed;

(c) prevents a complainant from communicating with the Authority, a self-regulatory organization recognized under section 59 of the Act respecting the regulation of the financial sector (chapter E-6.1) or with the Chambre de la sécurité financière or the

Chambre de l'assurance de dommages, established under section 284 of the Act respecting the distribution of financial products and services.

(2) in any representation or communication intended for the public, use in referring to its complaint process or the persons assigned to implement, apply or review its complaint process the term "ombudsman" or any other qualifier of the same nature that suggests that such persons are not acting on behalf of the financial institution, financial intermediary or credit assessment agent.

27. A monetary administrative penalty in the amount of $1,000 may be imposed on an authorized financial institution that:

(1) in contravention of the first paragraph of section 16, fails to establish a complaint record containing the documents and information referred to in that paragraph;

(2) in contravention of the second paragraph of section 18, fails to enter in its complaints register the information referred to in that section;

(3) in contravention of section 20, sends the complainant an acknowledgement of receipt that does not include the information set out in that section;

(4) in contravention of section 21, provides the complainant with a final response that does not include the detailed information set out in that section;

(5) in contravention of the first paragraph of section 22, provides the complainant with a final response that does not include the information set out in that section;

(6) whose complaint processing and dispute resolution policy summary does not include, in contravention of section 23, the information referred to in that section.

28. A monetary administrative penalty in the amount of $2,500 may be imposed on a financial institution or a credit assessment agent that:

(1) in contravention of the first paragraph of section 11, fails to offer, in the case of a financial institution, a complaint drafting assistance service to any person expressing a need for it who is a member of its clientele;

(2) in contravention of the second paragraph of section 11, fails to offer, in the case of a credit assessment agent, a complaint drafting assistance service to any person expressing a need for it who is concerned by a record that the credit assessment agent holds;

(3) in contravention of the first paragraph of section 13, fails to give the complainant a minimum of 20 days to assess and respond to the offer to resolve the complaint;

(4) in contravention of the third paragraph of section 13, fails, where a complainant accepts an offer to resolve the complaint, to give effect to the offer no later than the 30th day following receipt of the offer;

(5) in contravention of section 15, fails to notify the complainant within 10 days following receipt of the complaint;

(6) in contravention of section 17, fails to keep a complaint record for a period of at least 7 years from the date the complaint is received;

A monetary administrative penalty in the same amount may also be imposed on a financial institution or credit assessment agent that, in contravention of section 25, fails to send the complaint record, as established pursuant to section 16, to the Authority in accordance with the terms and conditions set out on its website or within 15 days of receiving a request from the complainant to have the complaint record examined by the Authority.

29. A monetary administrative penalty in the amount of $5,000 may be imposed on a financial institution or credit assessment agent that:

(1) in contravention of subparagraph a of paragraph 1 of section 26, attaches a condition to its offer that prevents the complainant from exercising the right to have the complaint record examined by the Authority or, where applicable, its federation;

(2) in contravention of subparagraph b of paragraph 1 of section 26, attaches a condition to its offer that requires the complainant to withdraw any other complaint that the complainant has filed;

(3) in contravention of subparagraph c of paragraph 1 of section 26, attaches a condition to its offer that prevents the complainant from communicating with the Authority, a recognized self-regulatory organization, the Chambre de sécurité financière or the Chambre de l'assurance de dommages;

(4) in contravention of paragraph 2 of section 26, uses in referring to its complaint process or the persons assigned to implement, apply or review its complaint process, in any representation or communication intended for the public, the term "ombudsman" or any other qualifier of the same nature that suggests that that such persons are not acting on behalf of the financial institution or credit assessment agent.

A monetary administrative penalty in the same amount may also be imposed on a financial institution or a credit assessment agent that, in contravention of paragraph 2(4) of section 12, fails to provide a final response to the complainant.

CHAPTER VII
COMING INTO FORCE

30. This Regulation comes into force on (*indicate here the date of coming into force of this Regulation*).

cafii acifa
The Canadian Association of Financial Institutions in Insurance | L'association canadienne des institutions financières en assurance

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8 December, 2021

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

Re: CAFII Feedback On AMF's Draft Regulation respecting Complaints Handling and Dispute Resolution in the Financial Sector

Dear Mr. Lebel:

CAFII thanks the AMF for the opportunity to provide feedback comments on the Autorité's Draft Regulation respecting Complaints Handling and Dispute Resolution in the Financial Sector. Our Association strongly supports a fair, convenient, and transparent complaints handling and dispute resolution process, one which ensures that customers have readily accessible and responsive avenues available to them to address and resolve concerns, complaints, and disputes.

Opening Comments

We note that

> *The Draft Regulation is intended to harmonize and strengthen the fair processing of complaints in Québec's financial sector. It includes requirements drawn from national and international FTC (fair treatment of customers) principles and was drafted taking into account input from various AMF advisory committees and the comments of multiple financial sector stakeholders.*

We also note that the purpose of the Regulation is summarized as follows:

> *The Draft Regulation establishes a common set of rules and practices to be followed by financial institutions, financial intermediaries and credit assessment agents in processing complaints and resolving disputes. These rules and practices also cover the keeping of complaint records and the sending of such records to the AMF for examination. The Draft Regulation would also prohibit certain practices.*
>
> *The Draft Regulation identifies the elements to be included in a financial intermediary's complaint processing and dispute resolution policy.*

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Finally, it sets out the monetary administrative penalties that may be imposed on financial institutions or credit assessment agents by the AMF in the event of non-compliance with the Regulation's provisions applicable to their practices.

CAFII generally supports the above-noted statements on the Draft Regulation's purpose and intent; however, we do have concerns about the Draft Regulation which arise from its level of prescriptiveness – thus straying from principles-based regulation – in a number of instances.

CAFII member companies are financial institutions and insurers which have long had robust and comprehensive complaints and dispute resolution processes in place. From that perspective, our Association believes that regulators should communicate their expectations through broad principles, and leave to individual regulated entities the mechanics and details of how the consumer outcomes associated with those principles will be achieved. Such a principles-based approach is, in our view, more efficient and effective than a prescriptive approach because it avoids a situation in which a regulator is dictating to businesses how to manage the details of their operations.

General Comments and Observations

CAFII strongly believes that the insurance and financial services ecosystem in Québec, and indeed throughout Canada, is best served by a regulatory system that is harmonized to the maximum degree possible across provincial/territorial and federal jurisdictions. With this Regulation, as drafted, Québec will be introducing a novel and unique set of rules that is, in many respects, distinctly different from those utilized in other provinces, territories, and the federally regulated financial sector.

Our Association's members are national institutions with policies and procedures designed to be followed throughout all of Canada. The practical implications of the AMF's introduction of a Regulation on Complaints Handling that includes distinctly different and unharmonized elements is that financial institutions which choose to operate in Québec will have to dedicate considerable financial and other resources to dealing with Québec's unique provisions, resources which otherwise could have been devoted to meeting the insurance needs and wants of Québec consumers. The end result is a more costly and inefficient system, and one which we do not believe will deliver enhanced consumer protection.

In that connection, we believe that there are certain provisions in the Draft Regulation which constitute regulatory over-reach and are therefore inconsistent with the AMF's expressed commitments to principles-based regulation and regulatory burden reduction.

One other general, thematic point – elaborated upon in the specific feedback below – which we want to highlight is that the Draft Regulation seems to be very oriented towards and supportive of paper-based complaints processes. It would therefore be beneficial to adjust the wording throughout the document to remove that bias and orientation; and instead to reflect the fact that complaints are often made, and often resolved, verbally or electronically; and, similarly, to clarify that digital means of communication are fully acceptable in complaints handling and dispute resolution processes.

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Transition and Implementation Period

We note that the Draft Regulation and its related transmittal materials are silent on the critical issue of a Transition and Implementation Period. That uncertainty is of particular concern to CAFII members, given that this is a totally new and substantive Regulation which calls for major changes to firms' existing governance, resource allocation, structure, systems, and policies and procedures, as well as staff hiring and training during a time of significant labour shortages. All those factors considered, CAFII members must request a minimum three-year Transition and Implementation Period from the coming into force of the Regulation, in order to have adequate time to make the necessary changes based on a schedule of prioritized and staggered deliverables, which will be a huge undertaking. During that Transition and Implementation Period, insurers, distributors, and intermediaries will ensure that complaints are processed and disputes resolved in a diligent manner, in accordance with the AMF's and CCIR's current expectations.

Feedback on Specific Clauses and Provisions

- We strongly disagree with the requirement in Clause 11 that regulated entities provide a "complaint drafting assistance service" for any person expressing a need for it. We support the concept that complaints processes must be simple and accessible, and that institutions need to ensure the fair treatment of customers. However, to ask a company to assist a customer in drafting a complaint – a complaint that is about and will be directed to that company itself -- produces, in our view, a clear conflict-of-interest. That readily apparent conflict-of-interest would not be beneficial to the complainant nor in any way be in his/her/their best interest. In practice, such a drafting assistance service would be extremely difficult to structure, resource, and implement. In our view, such a drafting assistance service would be much more appropriately offered by the AMF itself. That approach would avoid the conflict-of-interest challenge, and would be more efficient than having regulated entities each have to develop such an assistance service themselves.

- We strongly disagree with the requirement set out in Clause 14 that a regulated entity must continue to manage a complaint through its existing processes even when a "complainant files an application or motion pertaining to elements of the complaint with a court or adjudicative body." In our view, doing that would be entirely inconsistent with appropriate legal and good governance expectations. We believe that once a complainant decides to take his/her complaint or dispute to a court or adjudicative body, he/she has opted out of the company's internal complaint handling process; and therefore, the internal complaint process must be terminated and the file closed.

  We also recommend that a "carve out" be added to the Draft Regulation so that such court/adjudicative body files are excluded from the definition of "complaint" once that avenue is chosen by a complainant.

- With respect to Clauses 27, 28, and 29 on monetary penalties, we note that the AMF is giving itself the latitude to impose penalties for even very minor and trivial administrative errors. In our view, that would constitute regulatory over-reach and be inconsistent with the AMF's expressed commitments to principles-based regulation and regulatory burden reduction.

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- The definition of "complaint" set out in Clause 3 as *"… any dissatisfaction or reproach in respect of a service or product offered by a financial institution or financial intermediary"* is very broad and sweeping; and thereby could capture very minor issues that a customer does not intend to bring forward as a "complaint." In some instances, a customer verbally mentions, typically on the phone or in-person, a minor point of irritation -- which the customer just wants the company to be aware of – and the customer expressly states that he/she is not filing an official complaint about the issue, nor does he/she expect to receive any follow-up or response about it (e.g. "I was kept waiting on hold for very long time to speak to a customer service representative.").

  In that same connection, in the definition of "complaint" the words "that cannot be remedied immediately" are used to qualify the definition. CAFII's understanding is that this would exclude Level 1 complaints, when such complaints are remedied immediately to the complainant's satisfaction. We request additional clarity on this point in the subsequent version of the Regulation.

- We recommend that Clause 4 should reference existing AMF and CCIR/CISRO regulatory expectations around the fair treatment of customers, including those outlined in the AMF's Sound Commercial Practices Guideline; and, to the extent practicable, clause 4's wording should align with those expectations.

- In Clause 7, it is not reasonable to expect the staff person responsible for processing complaints to have "detailed knowledge of the products and services offered by the financial intermediary," because there may be cases – particularly in large financial institutions/intermediaries – where there is a centralized complaints team and its complaints handling specialists rely on expertise from various areas of the business to be able to deal with complaints that arise related to particular areas of the business. We recommend that the wording here be modified to "have access to detailed knowledge and resources with respect to the products and services offered by the financial intermediary."

  Similarly, we recommend that the following wording in Sub-Clause 7(2) with respect to staff responsible for complaint handing – i.e. should have "access at all times to information essential to the performance of the functions of this staff" – should be modified to reflect realistic expectations. It is not realistic, from a security and privacy perspective, to expect that a complaints officer will have unfettered access to all customer information. In some complaint matters, some customer information that is deemed pertinent will need to be requested from other areas of the company, rather than be directly and immediately accessible to the complaints officer. We suggest revised wording along these lines: "information that is essential to allow staff responsible for complaint handling to perform their duties should be available to those persons at all times."

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We also want to point out that it will be impossible, particularly in a large company, for one person alone to perform the role of complaints officer -- because it will require him/her to process a huge number of complaint records, acknowledgement letters, and final responses. We therefore recommend that the Draft Regulation be amended to specify that complaints officers can delegate their responsibilities to another person; and that they may appoint a substitute, such as a compliance officer, if they are unable to act or in the case of a conflict-of- interest (e.g. a complainant who is a family member or an acquaintance). In this way, firms will be able to plan for the resources needed to comply with the requirements of the Draft Regulation while having controls in place to deal with delegations of authority. It is also quite possible, particularly within a small company, that a complaints officer will have other, unrelated duties and responsibilities. Given the Draft Regulation's prescriptive nature in this Clause and other places, it would be prudent to address the possibility of the above-noted situations in the Draft Regulation, particularly so that businesses are able to structure their resources effectively.

- We recommend that the language in Clause 10 should be modified in order to clarify whether or not the following interpretation is correct: the analysis referred to in clause 10 is not expected to be published or publicly released; rather, the mandated analysis is intended to be an internal effort by financial institutions and intermediaries, the goal of which is to determine if there are any systemic issues that are the root causes of complaints. In that same connection, we recommend that the AMF align its analysis requirements with the *CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers* around analysis of complaints, which is based on high-level principles.

- In Chapter II, which applies to financial intermediaries, we note that such companies can vary significantly in size and sophistication. The "one size fits all" prescriptive regulatory expectations set out in this Chapter may be quite challenging for smaller financial intermediary companies to comply with.

- With respect to Clause 12, some complaints are quite simple to resolve while others that become escalated (Level 3 complaints) can be very complicated. A 60-day resolution deadline could be quite challenging to meet with respect to more complicated, escalated complaints. It is also not clear to CAFII whether the 60-day deadline includes the time required for the heretofore-called "internal ombudperson" process to be utilized (which will now be an escalation that is managed by an internal "complaints officer").

- We believe that use of the word 'enlightened' in "to allow the complainant the opportunity to seek advice for the purpose of making an enlightened decision" is an improper use of that word in English; and the intent would be better captured by using the word 'informed' instead.

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- With respect to Clause 15, there are some complaints where multiple issues are raised, including a variety of complaints that may not be related or even all directed at the same company. If a company receiving a complaint has to resolve it in coordination with another company, such as a business partner (an example being an insurance distributor receiving a complaint that also involves its insurance underwriter), it is reasonable to expect that the company receiving the complaint would advise the complainant that he/she needs to file the complaint with the other company him/herself, and to provide the other company's contact information. It should be specified, however, that if the complainant is filing a multiple issues complaint which includes concerns about another company – which concerns the company receiving the complaint cannot address and resolve because they are not connected to them – then the receiving company should not be expected to provide any information about the 'not applicable' aspect(s) of the complaint in response to the complainant.

- In Clause 16, we recommend avoiding the use of "any," which implies "all," as a modifier of "document or information" in subsection (3); and instead the Regulation should specify a pertinent threshold, because not every communication with the customer needs to be captured. We recommend that the Regulation should specify "the acknowledgement and final response letter to the complainant" as that pertinent threshold.

  Also in Clause 16, instead of using the term "precise form" which does not carry sufficient meaning in English, we recommend the use of "clear, accurate, and not misleading."

- Clause 18 is an example of a very prescriptive provision that goes into great detail about how a company must manage the complaints it receives, as opposed to remaining principles-based and setting out the regulator's customer protection-focused expectations/outcomes. In our view, this Clause is inconsistent with the AMF's expressed commitment to regulatory burden reduction.

  We are assuming that "its federation" refers to the two Quebec Chambres which the AMF oversees; and we recommend that that lack of clarity be addressed in the next version of the Regulation. We are also assuming that "complaints register" is intended to mean a log of all individual complaints managed by the company receiving the complaint. We recommend that the lack of clarity around those two points be addressed in the next version of the Regulation.

- With respect to Clause 19, it is our view that a Level 1 complaint that is immediately remedied by the company to the complainant's satisfaction should not be subject to this Clause. We believe that specifying this exclusion would bring the Quebec/AMF Regulation into harmony with the definition of a Level 1 complaint set out in CCIR's Annual Statement on Market Conduct (ASMC). In the absence of harmony between the AMF's definition of a Level 1 complaint and the corresponding definition used in the ASMC, it would be necessary for the AMF to utilize its own separate industry mechanism for complaint reporting (outside of the ASMC), which would be inefficient and degrade the value of reporting done through the ASMC.

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- With respect to Clause 20, we recommend that when the Regulation references another document or Regulation, the relevant clauses/provisions should be included and directly spelled out, rather than forcing the reader/user to locate and reference the separate document. The meaning of the term "written form" is not clear, and we recommend that the next version of the Regulation provide clarity that it is not intended to mean exclusively "paper-based," but rather also includes digital/electronic and verbal-only means of communication.

  In addition, Sub-Clause 20(6) calls for "the signature of the complaints officer." We recommend that that wording be amended to say "the signature of the complaints officer or a delegate."

  Overall, this Clause is another example of a very prescriptive approach which abandons principles-based regulation.

- With respect to Sub-Clause 21(5), we recommend that the Draft Regulation be amended to spell out that an electronic signature—or simply a signature block in an email message —is sufficient; and that "signature" does not mean exclusively a paper-based, wet signature. We also recommend that for complaints referred to the AMF (or a federation, which we assume is a Quebec Chambre), the Regulation should specify a deadline for its response to the complainant.

  As well, with respect to Clause 21 generally, we recommend that for the English version of the Regulation, instead of using the term "offer," which in English can imply a financial settlement, the term "resolution" should be used, because some complaints may be satisfactorily resolved without any financial settlement. We therefore recommend saying "…has accepted the proposed resolution to the complaint**, if applicable**."

- In Clause 23, we recommend spelling out what the AMF's expectations are with respect to the term "among other elements." It would also be beneficial for the Regulation to recognize explicitly that not all complaints are made in writing, as some are delivered verbally only; and the process of responding to such verbal-only complaints often also entails verbal-only communication.

- Clause 24 is too narrow in its framing, as it does not reflect the fact that complaints may be made verbally, for example through a call centre representative.

In conclusion, CAFII again thanks the AMF for the opportunity to offer our comments on the Draft Regulation respecting Complaint Processing and Dispute Resolution in the Financial Sector. Should you require further information from CAFII or wish to meet with representatives from our Association on this submission or any other matter at any time, please contact Keith Martin, CAFII Co-Executive Director, at keith.martin@cafii.com or 647-460-7725.

Sincerely,

Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

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About CAFII

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

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

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

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

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Le 8 décembre 2021

Maître Philippe Lebel
Secrétaire et directeur général des affaires juridiques
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Objet : Commentaires de l'ACIFA sur le Projet de règlement de l'AMF concernant le traitement des plaintes et le règlement des différends dans le secteur financier

Maître,

L'ACIFA remercie l'AMF de lui avoir donné l'occasion de formuler des commentaires sur le Projet de règlement sur le traitement des plaintes et le règlement des différends dans le secteur financier. Notre Association soutient fermement un processus de traitement des plaintes et de résolution des différends qui soit équitable, pratique et transparent et qui garantisse que les clients disposent de moyens facilement accessibles et adaptés pour aborder et résoudre leurs préoccupations, leurs plaintes et leurs différends.

Commentaires préliminaires

Nous notons que :

> *Le Projet de règlement s'inscrit dans un objectif d'harmoniser et de renforcer le traitement équitable des plaintes dans le secteur financier québécois. Il prévoit des exigences qui s'inspirent des principes nationaux et internationaux développés en matière de traitement équitable des consommateurs et a été rédigé en tenant compte des commentaires soulevés par les membres de divers comités consultatifs de l'Autorité et de multiples intervenants du secteur financier.*

Nous notons également que l'objectif du règlement est résumé comme suit :

> *Le Projet de règlement établit des règles et des pratiques communes aux institutions financières, aux intermédiaires financiers et aux agents d'évaluation crédit que ceux-ci seraient tenus de respecter en matière de traitement des plaintes et de règlement des différends. Ces règles et ces pratiques portent également sur la tenue du dossier de plainte et sur le transfert de ce dossier pour examen par l'Autorité. Le Projet de règlement propose aussi d'interdire certaines pratiques.*
>
> *Le Projet de règlement spécifie les éléments sur lesquels la politique de traitement des plaintes et de règlement des différends adoptée par les intermédiaires financiers devrait porter.*

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Finalement, il prévoit des sanctions administratives pécuniaires que l'Autorité pourrait imposer aux institutions financières ou agents d'évaluation du crédit qui ne respectent pas les dispositions du règlement qui s'appliquent à leurs pratiques.

L'ACIFA soutient de façon générale les déclarations susmentionnées sur l'objectif et l'intention du Projet de règlement; cependant, nous avons des préoccupations au sujet du Projet de règlement qui découlent de son niveau d'exigences prescriptives dans un certain nombre de cas - s'écartant ainsi de la réglementation fondée sur des principes.

Les sociétés membres de l'ACIFA sont des institutions financières et des assureurs qui ont depuis longtemps mis en place des processus solides et complets de traitement des plaintes et de résolution des différends. De ce point de vue, notre Association estime que les régulateurs devraient communiquer leurs attentes par le biais de principes généraux et laisser à chaque entité réglementée le soin de définir les mécanismes et les détails de la réalisation des résultats pour les consommateurs associés à ces principes. Une telle approche fondée sur des principes est, à notre avis, plus efficiente et efficace qu'une approche prescriptive car elle évite une situation dans laquelle un régulateur dicte aux entreprises comment gérer les détails de leurs opérations.

Commentaires et observations générales

L'ACIFA croit fermement que l'écosystème de l'assurance et des services financiers au Québec, et en fait dans tout le Canada, est mieux servi par un système de réglementation qui est harmonisé au maximum entre les juridictions provinciales/territoriales et fédérales. Avec ce règlement, tel qu'il est rédigé, le Québec introduira un ensemble de règles nouvelles et uniques qui, à bien des égards, diffèrent nettement de celles utilisées dans les autres provinces, les territoires et le secteur financier sous réglementation fédérale.

Les membres de notre Association sont des institutions nationales dont les politiques et les procédures sont conçues pour être suivies dans l'ensemble du Canada. Les conséquences pratiques de l'introduction par l'AMF d'un règlement sur le traitement des plaintes qui comprend des éléments distincts et non harmonisés sont que les institutions financières qui choisissent d'exercer leurs activités au Québec devront consacrer des ressources financières et autres considérables pour faire face aux dispositions uniques du Québec, ressources qui auraient pu être consacrées à la satisfaction des besoins et des désirs des consommateurs québécois en matière d'assurance. Le résultat final est un système plus coûteux et inefficace sans, à notre avis, protéger davantage les consommateurs.

À cet égard, nous pensons que certaines dispositions du Projet de règlement dépassent les limites de la réglementation et sont donc incompatibles avec les engagements exprimés par l'AMF en matière de réglementation fondée sur des principes et d'optimisation de la charge réglementaire.

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Un autre point thématique général que nous voulons souligner - développé dans les commentaires spécifiques ci-dessous - est que le Projet de règlement semble être très orienté vers les processus de plaintes sur papier. Il serait donc avantageux d'ajuster la formulation dans l'ensemble du document afin de supprimer ce parti pris et cette orientation, et de refléter plutôt le fait que les plaintes sont souvent déposées, et souvent résolues, verbalement ou électroniquement; et, de même, de préciser que les moyens de communication numériques sont tout à fait acceptables dans les processus de traitement des plaintes et de résolution des différends.

Période de transition et de mise en œuvre

Nous notons que le Projet de règlement et les documents d'accompagnement connexes sont muets sur la question cruciale d'une période de transition et de mise en œuvre. Cette incertitude préoccupe particulièrement les membres de l'ACIFA, étant donné qu'il s'agit d'un règlement totalement nouveau et substantiel qui appelle des changements majeurs dans la gouvernance, l'allocation des ressources, la structure, les systèmes, les politiques et les procédures des entreprises, ainsi que dans l'embauche et la formation du personnel à une époque de pénurie importante de main-d'œuvre. Compte tenu de tous ces facteurs, les membres de l'ACIFA demandent une période de transition et de mise en œuvre d'au moins trois ans à compter de l'entrée en vigueur du règlement, afin de disposer du temps nécessaire pour apporter les changements requis en fonction d'un calendrier de réalisations prioritaires et échelonnées, ce qui constituera une tâche énorme. Pendant cette période de transition et de mise en œuvre, les assureurs, les distributeurs et les intermédiaires veilleront à ce que les plaintes soient traitées et les différends résolus de manière diligente, conformément aux attentes actuelles de l'AMF et du CCRRA.

Commentaires sur les articles et dispositions spécifiques

- Nous sommes fermement en désaccord avec l'exigence énoncée à l'article 11 selon laquelle les entités réglementées doivent fournir «un service d'assistance à la rédaction d'une plainte» à toute personne qui en exprime le besoin. Nous soutenons le concept selon lequel les processus de plaintes doivent être simples et accessibles, et que les institutions doivent garantir le traitement équitable des clients. Cependant, demander à une entreprise d'aider un client à rédiger une plainte - une plainte qui concerne et sera adressée à l'entreprise elle-même - produit, à notre avis, un conflit d'intérêts évident. Ce conflit d'intérêts évident ne serait pas avantageux pour le plaignant et ne serait en aucun cas dans son intérêt. En pratique, un tel service d'assistance à la rédaction serait extrêmement difficile à structurer, à doter de ressources et à mettre en œuvre. À notre avis, un tel service d'assistance à la rédaction serait beaucoup plus approprié s'il était offert par l'AMF elle-même. Cette approche permettrait d'éviter le problème du conflit d'intérêts et serait plus efficace que si les entités réglementées devaient chacune élaborer elles-mêmes un tel service d'assistance.

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- Nous sommes fermement en désaccord avec l'exigence énoncée à l'article 14, selon laquelle une entité réglementée doit continuer à gérer une plainte au moyen de ses processus existants, même lorsque «l'auteur de la plainte a introduit une demande ou une requête portant sur des éléments de la plainte auprès d'un tribunal ou d'un organisme juridictionnel». À notre avis, agir de la sorte serait totalement incompatible avec les attentes appropriées en matière de droit et de bonne gouvernance. Nous considérons qu'à partir du moment où un plaignant décide de porter sa plainte ou son différend devant un tribunal ou un organisme juridictionnel, il s'est retiré de la procédure interne de traitement des plaintes de l'entreprise; par conséquent, la procédure interne de traitement des plaintes doit être interrompue et le dossier classé.

  Nous recommandons également l'ajout d'une clause d'exclusion dans le Projet de règlement afin que les dossiers des tribunaux et des organismes juridictionnels soient exclus de la définition de « plainte » une fois que le plaignant a choisi cette voie.

- En ce qui concerne les articles 27, 28 et 29 sur les sanctions administratives pécuniaires, nous constatons que l'AMF se donne la latitude d'imposer des sanctions pour des erreurs administratives même très mineures et insignifiantes. À notre avis, cela constituerait un dépassement de la réglementation et serait incompatible avec les engagements exprimés par l'AMF en faveur d'une réglementation fondée sur des principes et d'une optimisation de la charge réglementaire.

- La définition de « plainte » énoncée à l'article 3, à savoir : « Toute insatisfaction ou reproche à l'égard d'un service ou d'un produit offert par une institution financière ou un intermédiaire financier…», est très vaste et générale; elle pourrait donc englober des problèmes très mineurs qu'un client n'a pas l'intention de présenter comme une « plainte ». Dans certains cas, un client mentionne verbalement, généralement au téléphone ou en personne, un point d'irritation mineur - dont il veut simplement que l'entreprise soit informée - et le client déclare expressément qu'il ne dépose pas de plainte officielle à ce sujet et qu'il ne s'attend pas à recevoir de suivi ou de réponse (par exemple : « J'ai été mis en attente pendant très longtemps pour parler à un représentant du service à la clientèle. »).

  Dans le même ordre d'idées, dans la définition de « plainte », les mots « auquel on ne peut remédier dans l'immédiat » sont utilisés pour nuancer la définition. Selon l'ACIFA, cela exclurait les plaintes de niveau 1, lorsque ces plaintes sont résolues immédiatement à la satisfaction du plaignant. Nous demandons plus de clarté sur ce point dans la version ultérieure du règlement.

- Nous recommandons que l'article 4 fasse référence aux attentes réglementaires existantes de l'AMF et du CCRRA-OCRA en matière de traitement équitable des clients, y compris celles décrites dans la ligne directrice sur les saines pratiques commerciales de l'AMF; et, dans la mesure du possible, la formulation de l'article 4 devrait s'aligner sur ces attentes.

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- Dans l'article 7, il n'est pas raisonnable d'attendre du personnel responsable du traitement des plaintes qu'il ait « une connaissance approfondie des produits et des services que l'intermédiaire financier offre », car il peut y avoir des cas - en particulier dans les grandes institutions financières/intermédiaires - où il existe une équipe centralisée chargée des plaintes et où ses spécialistes du traitement des plaintes s'appuient sur l'expertise de divers secteurs de l'entreprise pour être en mesure de traiter les plaintes qui surviennent et qui sont liées à des secteurs particuliers de l'entreprise. Nous recommandons de modifier la formulation en « avoir accès à des connaissances et des ressources approfondies concernant les produits et services offerts par l'intermédiaire financier. »

  De même, nous recommandons que la formulation suivante du paragraphe 7(2) concernant le personnel responsable du traitement des plaintes - c'est-à-dire qu'il doit avoir « un accès en tout temps à l'information essentielle à l'exercice des fonctions de ce personnel » - soit modifiée pour refléter des attentes réalistes. Il n'est pas réaliste, du point de vue de la sécurité et de la protection de la vie privée, de s'attendre à ce qu'un membre du personnel chargé du traitement des plaintes ait un accès illimité à toutes les informations relatives aux clients. Dans certains cas de plaintes, des informations sur les clients jugées pertinentes devront être demandées à d'autres secteurs de l'entreprise, au lieu d'être directement et immédiatement accessibles au membre du personnel chargé du traitement des plaintes. Nous suggérons une révision de la formulation dans ce sens : « l'information essentielle pour permettre au personnel chargé du traitement des plaintes d'exercer ses fonctions doit être accessible à ces personnes en tout temps. »

  Nous tenons également à souligner qu'il sera impossible, en particulier dans une grande entreprise, pour une seule personne de remplir le rôle de membre du personnel responsable des plaintes - car il lui faudra traiter un très grand nombre de dossiers de plaintes, de lettres d'accusé de réception et de réponses finales. Nous recommandons donc que le Projet de règlement soit modifié pour préciser que les membres du personnel responsables des plaintes peuvent déléguer leurs responsabilités à une autre personne; et qu'ils peuvent nommer un remplaçant, tel qu'un responsable de la conformité, s'ils sont dans l'incapacité d'agir ou en cas de conflit d'intérêts (par exemple, un plaignant qui est un membre de la famille ou une connaissance). De cette façon, les entreprises pourront planifier les ressources nécessaires pour se conformer aux exigences du Projet de règlement tout en ayant des contrôles en place pour gérer les délégations de pouvoir. Il est également tout à fait possible, notamment au sein d'une petite entreprise, qu'un responsable des plaintes ait d'autres fonctions et responsabilités non liées. Étant donné la nature prescriptive du Projet de règlement dans cet article et à d'autres endroits, il serait prudent d'aborder la possibilité des situations susmentionnées dans le Projet de règlement, notamment pour que les entreprises puissent structurer leurs ressources de manière efficace.

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- Nous recommandons que la formulation de l'article 10 soit modifiée afin de clarifier si l'interprétation suivante est correcte ou non : l'analyse mentionnée à l'article 10 n'est pas censée être publiée ou diffusée publiquement; l'analyse mandatée est plutôt censée être un effort interne des institutions financières et des intermédiaires, dont le but est de déterminer s'il existe des problèmes systémiques qui sont à l'origine des plaintes. Dans le même ordre d'idées, nous recommandons à l'AMF d'aligner ses exigences d'analyse sur la directive autour de l'analyse des plaintes CCRRA-OCRA : *Conduite des activités d'assurance et traitement équitable des clients*, qui repose sur des principes de haut niveau.

- Au chapitre II, qui s'applique aux intermédiaires financiers, nous notons que ces sociétés peuvent varier considérablement en taille et en sophistication. Les attentes réglementaires prescriptives de type « applicables à tous » énoncées dans ce chapitre peuvent être très difficiles à respecter pour les petites sociétés d'intermédiation financière.

- En ce qui concerne l'article 12, certaines plaintes sont assez simples à résoudre, tandis que d'autres qui sont transmises à un niveau supérieur (plaintes de niveau 3) peuvent être très compliquées. Un délai de résolution de 60 jours pourrait s'avérer très difficile à respecter dans le cas de plaintes plus complexes transmises à un échelon supérieur. L'ACIFA ne sait pas non plus si le délai de 60 jours inclut le temps nécessaire à l'utilisation de la procédure dite du « ombudsman interne » (qui sera désormais une progression gérée par un « responsable des plaintes » interne).

- Nous sommes d'avis que l'utilisation du mot « *enlightened* » dans la phrase « *to allow the complainant the opportunity to seek advice for the purpose of making an enlightened decision* » est une utilisation inappropriée de ce mot en anglais; et l'intention serait mieux rendue en utilisant le mot « *informed* ».

- En ce qui concerne l'article 15, certaines plaintes soulèvent de multiples enjeux, y compris une variété de plaintes qui peuvent ne pas être liées ou même toutes dirigées contre la même entreprise. Si une entreprise recevant une plainte doit la résoudre en coordination avec une autre entreprise, telle qu'un partenaire commercial (par exemple, un distributeur d'assurance recevant une plainte qui implique également son assureur), il est raisonnable de s'attendre à ce que l'entreprise recevant la plainte informe le plaignant qu'il doit déposer lui-même sa plainte auprès de l'autre entreprise et lui fournisse les coordonnées de cette dernière. Il convient toutefois de préciser que si le plaignant dépose une plainte à enjeux multiples qui inclut des préoccupations concernant une autre entreprise - préoccupations que l'entreprise recevant la plainte ne peut pas aborder et résoudre parce qu'elles ne lui sont pas liées - alors l'entreprise recevant la plainte ne devrait pas être tenue de fournir des informations sur le ou les aspects « non applicables » de la plainte en réponse au plaignant.

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- À l'article 16, nous recommandons d'éviter l'utilisation du terme « tout », qui implique « tous », comme modificateur de « document ou information » au paragraphe (3) ; le règlement devrait plutôt préciser un seuil pertinent, car il n'est pas nécessaire de saisir toutes les communications avec le client. Nous recommandons que le règlement spécifie « l'accusé de réception et la lettre de réponse finale au plaignant » comme étant le seuil pertinent.

  Toujours à l'article 16, au lieu d'utiliser le terme « forme précise (*precise form*) » qui n'a pas une signification suffisante en anglais, nous recommandons l'utilisation de « clair, précis et non trompeur (*clear, accurate, and not misleading*) ».

- L'article 18 est un exemple de disposition très prescriptive qui entre dans les détails sur la manière dont une entreprise doit gérer les plaintes qu'elle reçoit, au lieu de rester fondée sur des principes et de définir les attentes/résultats de l'organisme de réglementation en matière de protection des clients. Selon nous, cette clause est incompatible avec l'engagement exprimé par l'AMF d'optimiser la charge réglementaire.

  Nous supposons que « sa fédération » fait référence aux deux Chambres du Québec que l'AMF supervise; et nous recommandons que ce manque de clarté soit corrigé dans la prochaine version du règlement. Nous supposons également que le terme « registre des plaintes » est censé signifier un registre de toutes les plaintes individuelles gérées par l'entreprise qui reçoit la plainte. Nous recommandons que le manque de clarté autour de ces deux points soit traité dans la prochaine version du règlement.

- En ce qui concerne l'article 19, nous sommes d'avis qu'une plainte de niveau 1 qui est immédiatement résolue par l'entreprise à la satisfaction du plaignant ne devrait pas être soumise à cet article. Nous croyons que le fait de préciser cette exclusion permettrait d'harmoniser le Règlement Québec/AMF avec la définition d'une plainte de niveau 1 énoncée dans la Déclaration annuelle sur les pratiques commerciales du CCRRA. En l'absence d'harmonie entre la définition d'une plainte de niveau 1 de l'AMF et la définition correspondante utilisée dans la Déclaration annuelle sur les pratiques commerciales, il serait nécessaire que l'AMF utilise son propre mécanisme distinct de l'industrie pour la déclaration des plaintes (en dehors de la Déclaration annuelle sur les pratiques commerciales), ce qui serait inefficace et dégraderait la valeur de la déclaration faite par l'intermédiaire de la Déclaration annuelle sur les pratiques commerciales.

- En ce qui concerne l'article 20, nous recommandons que, lorsque le règlement fait référence à un autre document ou à un autre règlement, les dispositions ou articles pertinents soient inclus et explicités directement, plutôt que d'obliger le lecteur ou l'utilisateur à trouver et à consulter le document distinct. Le sens de l'expression « forme écrite » n'est pas clair, et nous recommandons que la prochaine version du règlement précise qu'il ne s'agit pas d'une expression exclusivement « sur papier », mais qu'elle inclut également les moyens de communication numériques/électroniques et verbaux.

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En outre, le paragraphe 20(6) prévoit « la signature du responsable du traitement des plaintes ». Nous recommandons que cette formulation soit modifiée pour dire « la signature du responsable du traitement des plaintes ou d'un délégué ».

Dans l'ensemble, cet article est un autre exemple d'une approche très prescriptive qui abandonne la réglementation fondée sur des principes.

- En ce qui concerne le paragraphe 21(5), nous recommandons que le Projet de règlement soit modifié pour préciser qu'une signature électronique - ou simplement un bloc-signature dans un message électronique - est suffisante; et que le terme « signature » ne signifie pas exclusivement une signature manuscrite sur papier. Nous recommandons également que pour les plaintes adressées à l'AMF (ou à une fédération, ce que nous supposons être une Chambre du Québec), le règlement précise un délai pour sa réponse au plaignant.

  De même, en ce qui concerne l'article 21 en général, nous recommandons que pour la version anglaise du règlement, au lieu d'utiliser le terme « *offer* », qui en anglais peut impliquer un règlement financier, le terme « *resolution* » devrait être utilisé, car certaines plaintes peuvent être résolues de manière satisfaisante sans aucun règlement financier. Nous recommandons donc de dire « *has accepted the proposed resolution to the complaint**, if applicable**.* » (« ...a accepté la résolution proposée pour la plainte, **le cas échéant.** »)

- Dans l'article 23, nous recommandons de préciser les attentes de l'AMF concernant l'expression « entre autres ». Il serait également bénéfique que le règlement reconnaisse explicitement que toutes les plaintes ne sont pas formulées par écrit, car certaines ne sont transmises que verbalement; et le processus de réponse à ces plaintes uniquement verbales implique souvent aussi une communication uniquement verbale.

- L'article 24 est trop restrictif dans sa formulation, car il ne reflète pas le fait que les plaintes peuvent être déposées verbalement, par exemple par l'intermédiaire d'un représentant du centre d'appel.

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En conclusion, L'ACIFA remercie à nouveau l'AMF de lui avoir donné l'occasion de présenter ses commentaires sur le Projet de règlement sur le traitement des plaintes et le règlement des différends dans le secteur financier. Si vous souhaitez obtenir de plus amples renseignements de la part de L'ACIFA ou rencontrer des représentants de notre Association au sujet de cette soumission ou de toute autre question, veuillez communiquer avec Keith Martin, codirecteur général de L'ACIFA, à keith.martin@L'ACIFA.com ou au numéro 647-460-7725.

Veuillez agréer, Maître, l'expression de mes sentiments les meilleurs.

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

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

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À propos de l'ACIFA

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

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

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

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

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Briefing Note

CAFII EOC Meeting 17 January, 2023 Agenda Item 4(a)ii
Committee Updates--Market Conduct & Licensing-- AMF Publication of Final Updated "Sound Commercial Practices Guideline: 2022"

Purpose of this Agenda Item – *Update*

To update the EOC on the final version of the AMF's "Sound Commercial Practices Guideline: 2022."

Background Information

The AMF has published the final version of its fair treatment of customers guideline, called the "Sound Commercial Practices Guideline: 2022." The Guideline retains a requirement for regulated entities to let customers know of every instance of potential conflict of interest. There will be internal meetings on how CAFII should respond to this requirement.

Recommendation / Direction Sought – *Update*

This is an update for the EOC, with an opportunity for discussion.

Attachments Included with this Agenda Item

7 attachments.

CAFII Analysis of Original October 2021 Proposed Revised Version versus November 2022 Updated/Final Version of AMF's *"Sound Commercial Practices Guideline"*

Background Information

The AMF published a proposed draft of a new Sound Commercial Practices Guideline—which is the AMF term for its own Quebec-specific Fair Treatment of Customers Guideline—in October 2021 (updating the original 2013 document) for consultation and industry feedback. CAFII made a written submission on that draft to the AMF on 28 January, 2022.

More recently, the AMF published on its website an updated/revised and final new version of its Sound Commercial Practices Guideline in November 2022.

Attached to this analysis are:

- the original October 2021 proposed revised Guideline (consultation document);
- the updated/final and new November 2022 Sound Commercial Practices Guideline;
- an 8 December, 2022 Notice announcing the AMF's official release of the updated/final and new Sound Commercial Practices Guideline, which is a synopsis of the major revision themes addressed in in the updated Guideline, and worth a read as it speaks to some important themes which the industry has been advocating for with the AMF;
- CAFII's 28 January, 2022 written submission to the AMF on the original October 2021 proposed revised Guideline (English and French versions; however, only the French version was submitted to the AMF).
- A 'Document Comparison' file which shows all the changes made by the AMF in the updated/revised and final new version of the Guideline (November 2022) as compared to the original proposed revised version (October 2021).

Analysis

In its 8 December, 2022, the AMF says it was "sensitized" to certain thematic concerns raised in industry stakeholder feedback submissions:

- *Shift away from the principles-based prudential approach;*
- *Increased compliance burden;*
- *Harmonization with the CCIR and CISRO Guidance;*
- *Division of responsibilities between financial institutions and intermediaries.*

However, in its response to these concerns, the AMF is mostly defensive and attempts to refute the feedback provided, with the exception of the point about the division of responsibilities between financial institutions and intermediaries, which it says caused it to completely rework Sections 3 and 4 of the Sound Commercial Practices Guideline.

Original October 2021 Proposed Revised Sound Commercial Practices Guideline	**CAFII Comments from its Written Submission** ***(Note: taken from the English version, while the submission was sent in French only)***	**Updated/Final and New November 2022 Sound Commercial Practices Guideline**	**Comparison/Analysis**
	We note that the original Sound Commercial Practices Guideline (2013) was a 13 page document, andthe updated version is much more detailed at 23 pages. Germane to the document's level of detail and resulting overall length, CAFII strongly believes thatmarket conduct-based regulations and guidelines should outline regulators' consumer outcome expectations but not get into prescriptive details as to how to achieve those outcomes. By adding significantly more prescriptive content to the updated Sound Commercial Practices Guideline,the AMF has moved away from principles-based regulation and into specifying for regulated entities – the companies which have the direct business experience of dealing with consumers in the marketplaceand with managing customer relationships – how they must act, in certain specific ways. That is altogether different from setting out the AMF's consumer outcome expectations as the regulator, and leaving it to regulated entities to determine the best ways and means to achieve your expectations. In CAFII's view, a largely prescriptive regulatory approach will result in increased regulatory burden and industry inefficiencies, while not providing any offsetting consumer protection benefits.		The AMF acknowledges in its 8 December, 2022 Notice that industry is concerned about the AMF being overly prescriptive: "The AMF was sensitized to the fact that the draft update of the *Sound Commercial Practices Guideline* (the "Guideline") was more prescriptive than the previous version and included a number of requirements." The AMF has, in fact, shortened the updated/revised and final version of the document to 17 pages, and removed many prescriptive comments, but by no means all.
Section 6.7	In that connection, we note that Section 6.7 of	**Section 5.7**	The AMF has reworked this section to remove a

Original October 2021 Proposed Revised Sound Commercial Practices Guideline	**CAFII Comments from its Written Submission** ***(Note: taken from the English version, while the submission was sent in French only)***	**Updated/Final and New November 2022 Sound Commercial Practices Guideline**	**Comparison/Analysis**
The institution's policies, procedures and controls should ensure that the product offered is suitable for the client.	the updated Sound Commercial Practices Guideline on "Offering a product to a client" sets out an expectation that "*The institution's policies, procedures and controls should ensure that the product offered is suitable for the client." (page 17)* With respect to product suitability/appropriateness, it is CAFII's position that if a customer is 'eligible' for enrolment in CPI (a form of group insurance), then that insurance coverage is 'appropriate' to be offered to that individual. However, as noted above, due to insurance licensing regime requirements inQuebec (and other provinces/territories), a financial institution representative offering CPI cannot provide advice to nor perform a comprehensive suitability or needs analysis for the customer.	The deposit institution's policies, processes, procedures and controls should ensure that the product that isoffered is appropriate for the client, having regard for their circumstances, including their financial needs.	reference to "suitable" and substituted the term requested by CAFII, "appropriate," which is an important concession.
Section 6.2 Notify the client of any significant change that occurs regarding previously disclosed conflicts of interest	On a separate but important matter, our Association has concerns with the prescriptive nature of two particular clauses in the updated Guideline, the first of which is "Notify the client of any significant change that occurs regarding previously disclosed conflicts of interest." It is our view that tracking and reporting to clients on changes to historical, previously disclosed conflicts of interest is of far less consumer protection value than having the necessary	**Section 5.2** Notify the client of any significant change that occurs regarding the previously disclosed conflict of interest	The AMF has left this sentence unchanged (it changed "conflicts of interest" to "conflict of interest").

Original October 2021 Proposed Revised Sound Commercial Practices Guideline	**CAFII Comments from its Written Submission** ***(Note: taken from the English version, while the submission was sent in French only)***	**Updated/Final and New November 2022 Sound Commercial Practices Guideline**	**Comparison/Analysis**
	procedures and controls in place to ensure that current/existing conflicts of interests are managed properly. The prescribed new "Notify the client" requirement will create a new regulatory burden upon the industry; and further, it will likely create confusion among consumers as to why they are receiving an update to a previously disclosed conflict of interest, without any offsetting enhancement to consumer protection that would outweigh the confusion created.		
Section 6.2 Document each conflict of interest situation that arises and how the institution managed it. The information collected should provide a basis for assessing the extent of the harm that may be caused to the client by a such a conflict of interest.	In a similar vein, in our view, the following clause is very prescriptive and would impose additional regulatory burden upon the industry, without providing any offsetting consumer protection benefits: *Document each conflict of interest situation that arises and how the institution managed it. The information collected should provide a basis for assessing the extent of the harm that may be caused to the client by such a conflict of interest.* We note that in footnote 10, the AMF seems to diminish and mitigate somewhat the impact of this new prescriptive requirement, by stating the following: *For example, if the harm to the client is insignificant, the financial institution could recordthe information in a more general manner, such as by category or type, rather*	**Section 5.2** Document each conflict of interest situation that arises and how the institution managed it. The information collected should provide a basis for illustrating the extent of the harm that may be caused to the client by asuch a conflict of interest.	The AMF has left this section unchanged. Furthermore, it removed a helpful Footnote 10, which stated: "For example, if the harm to the client is insignificant, the financial institution could record the information in a more general manner, such as by category or type, rather than recording each case and the way it was handled." It is unclear how industry can implement this expectation in practice. There is also a typo that was in the original document and which remains in the final version: "…by a such a conflict of interest."

Original October 2021 Proposed Revised Sound Commercial Practices Guideline	**CAFII Comments from its Written Submission** ***(Note: taken from the English version, while the submission was sent in French only)***	**Updated/Final and New November 2022 Sound Commercial Practices Guideline**	**Comparison/Analysis**
	than recording each case and the way it was handled. CAFII members have millions of interactions each year with customers. Requiring regulated entities to document each conflict of interest situation in detail will not provide any additional consumer protection benefits, but will simply promote 'process and reporting' over 'appropriate business culture and practices.' We believe that if the processes, procedures, controls, and training essential to protecting consumersare in place, it should not be necessary to require regulated entities to perform this newly prescribed 'busy work,' especially when any enhanced contribution to consumer protection is suspect. There was no such requirement in the original 2013 Sound Commercial Practices Guideline; and we believe that the original approach is much more effective, where the AMF expected industry to have in place the following: *mechanisms and controls to identify and deal with any departure from the institution's strategies, policies and procedures, any conflicts of interest or any other situation likely tointerfere with fair treatment of consumers (page 9).* We strongly encourage to AMF to reconsider *Section 6.2 – Handling conflicts of interest* in the updated Guideline,		

Original October 2021 Proposed Revised Sound Commercial Practices Guideline	**CAFII Comments from its Written Submission** ***(Note: taken from the English version, while the submission was sent in French only)***	**Updated/Final and New November 2022 Sound Commercial Practices Guideline**	**Comparison/Analysis**
	taking into account the practical implications of the new prescriptive requirement; and to return to a principles-based approach on this matter.		
Section 5.9 Expectations to achieve this outcome Clients are informed when filing a claim of the main steps in the claims examinationprocess and of the formalities and expected timeframes, which may be extended inexceptional cases[26] Clients are updated on their claim's status in a timely and appropriate manner Additional requests for information from the institution related to the examination of claims are commensurate with the perils covered and do not hinder or delay the examination process When the claims examination process cannot be completed within the expected timeframe, clients are told why additional time is required and when the process willbe completed Claim-determinative factors (e.g., depreciation, negligence) and, when applicable, the reasons why the claim was wholly or partially denied are carefully and clearly explained to clients. Everything is confirmed in writing to the client, who is offered the opportunity to request a review of the decision The decision review takes into account the legitimate interests of the client. It is a simple process without any red tape Clients are informed that they may contact the complaint processing department if they are dissatisfied with the way their	On the subject of Claims Examination and Settlement, we note that the AMF sets out the expectation that "*Everything is confirmed in writing to the client, who is offered the opportunity to request a review of the decision."* (page 20) We ask the AMF to clarify and confirm that "in writing" is not intended to be limited to paper-based communication; and that communicating with customers digitally or by other electronic means will constitute compliance with this expectation.	**Section 5.9** **Expectations to achieve this outcome** When filing a claim, the client is informed of the main steps in the examination of the claim and of the expected timeframes for settlement of the claim[25] The client is informed in a timely and appropriate manner of the claim's status Additional requests for information from the institution related to the examination of a claim are commensurate with the perils covered and do not hinder or delay the examination process The client is informed, when the claim cannot be examined within the expected timeframe, why additional time is required and when the process will be completed Claim-determinative factors (e.g., depreciation, negligence) and, when applicable, the reasons why the claim was wholly or partially denied are	This section was completely reworked, and the reference to "in writing" was removed.

Original October 2021 Proposed Revised Sound Commercial Practices Guideline	CAFII Comments from its Written Submission *(Note: taken from the English version, while the submission was sent in French only)*	Updated/Final and New November 2022 Sound Commercial Practices Guideline	Comparison/Analysis
claim has been handled Insurance contract provisions are interpreted in a consistent manner The claims examination and settlement process is free of conflicts of interest Staff responsible for claims examination and settlement: ○ Are familiar and comply with the institution's claims examination and settlement process. They are able to provide appropriate information to clients and properly assist them in making a claim and throughout the examination process ○ Possess the necessary competencies depending on the type of product		carefully and clearly explained to the client. Everything is confirmed in writing to the client, who is offered the opportunity to request a review of the decision Claim decisions take clients' interests into account and are made in an objective and consistent manner The claim decision review process is simple, without any red tape Clients are informed that they may contact the complaint processing and dispute resolution department if they are dissatisfied with the way their claim has been handled Staff responsible for claims examination and settlement: Are familiar and comply with the institution's claims examination and settlement process. They are able to provide appropriate information to clients and properly assist them in making a claim and throughoutthe examination process Possess the necessary competencies depending on the type of product	

AUTORITÉ DES MARCHÉS FINANCIERS

SOUND COMMERCIAL PRACTICES GUIDELINE

~~Initial publication: June 2013~~
~~Updated: October 2021~~

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TABLE OF CONTENTS

November 2022

Contents

~~1~~1. Commercial practices and the fair treatment of clients

Financial institutions have a legal obligation to adhere to sound commercial practices.~~1~~ [1]

The commercial practices, or conduct of business, of financial ~~institutions~~[2]institutions[2] reflect their behaviour in their relationships with clients~~,~~[,] [3] from before a contract is entered into until all the institution's obligations under thecontract are fulfilled. ~~Commercial practices incorporate all stages of the life cycle of a product, from product design to after-sale service.~~

Sound commercial practices help ensure, in particular, that ~~an~~a product offer ~~of products~~[4] [4] is fair~~, effective~~ and transparent. Conversely, unsound commercial practices expose clients to risks or situations that could negatively impact them. Adhering to sound commercial practices entails treating clients fairly.

The fair treatment of clients (FTC) is based on core principles and guidance published by various international bodies.~~5~~ [5] It encompasses concepts such as ethical behaviour, acting in good faith and the prohibition of abusive practices. FTC manifests itself at every stage of a product's life cycle and involves, among other things:

- Developing, marketing and offering products in a way that pays due regard to the needs and interests ~~and needs~~ ofclients
- Providing clients with accurate, clear and sufficient information, before, when and after a product is offered, allowing them to make an informed decision
- Minimizing the risk ~~of sales~~ that ~~are~~the product offered is not suited to the ~~clients'~~client's needs and circumstances
- Examining client claims and complaints in a fair and timely manner
- Protecting the privacy of client information

[1] Insurers Act, CQLR, c. A-32.1, sections 50 and 51
Act respecting financial services cooperatives, CQLR, c. C-67.3, sections 66.1and 66.2, Trust Companies and Savings Companies Act, CQLR, c. S-29-02, sections 34 and 35, Deposit Institutions and Deposit Protection Act, CQLR, c. I-13.2.2, sections 28.11 and 28.12

[2] ~~The generic~~ In this guideline, the terms "institution" and "financial institution" ~~and "institution"~~ refer to ~~all~~ the ~~entities~~financial

institutions that are subject to the legal obligation to adhere to sound commercial practices~~.~~ in accordance with the statutes listed in Note 1. Consequently, these terms donot ~~refer to~~include a federation of mutual insurance associations.

3 ~~Although~~ the enabling statutes (supra note 1) refer specifically to the notion of "clientele," the terms "client" and "clients" are also in this guideline. These broad notions cover both current and potential clients of the financial institution and may also include,for example, a person with an interest in the product sold, such as the beneficiary of an insurance policy, where appropriate for the context.

4 ~~The generic expression "offer of products" used in~~ In this guideline ~~refers both to,~~ the term "product ~~and~~" also includes,

5 The Organisation for Economic Co-operation and Development, the International Financial Consumer Protection Organisation Financial Stability Board, the International Association of Insurance Supervisors, the Basel Committee on Banking Supervision, the International Organization of Securities Commissions.

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~~2~~2. Business culture

Business culture is one of the main vectors of staff behaviour within an institution. It refers to the common values (e.g., ethics and integrity) and standards that characterize a business and influence the mindset~~,~~ ~~behaviour~~ and actions of its entire staff. It informs ~~decision-making for both~~the institution's strategic decisions and ~~decisions made by~~the conduct of client-facing staff.

An FTC-centric business culture creates an environment that fosters client confidence and long-term client relationships. Conversely, a deficient business culture can cause serious harm to clients and damage the reputation of the ~~business~~institution to the point of compromising its solvency.

~~An~~A financial institution with an FTC-centric business culture:

- Places clients' interests at the centre of its decisions and the conduct of its business
- Recognizes and manages risks that could compromise FTC
- Ensures that ~~results demonstrate,~~FTC outcomes are demonstrated, including through indicators~~, that staff are acting ethically and with integrity in their dealings with clients~~ developed for this purpose
- Communicates FTC outcomes ~~across~~to the persons concerned at all levels of the organization

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~~3 Stakeholder accountability~~

~~In providing products, the financial institution, upon first contact with the client, makes a commitment to them and holds it throughout the life cycle of the product, whether or not its distribution channel is independent. With this in mind, the institution adopts commercialpractices ensuring FTC at all stages of the relationship with the client. The institution consequently monitors the product offering process to ensure compliance.~~

~~The fact that ultimate responsibility lies with the institution does not relieve intermediaries[6] of their own obligations to clients.~~

3. Responsibility of the financial institution

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The AMF expects financial institutions to fulfill their FTC obligation at all stages of the product life cycle.

A financial institution's FTC obligation continues to apply even though some intermediaries[6] involved in offering the financial institution's products may have their own obligations.

Financial institutions therefore obtain reasonable assurance that the actions of intermediaries and any other persons acting on its behalf who are involved in offering their products enable them to discharge their FTC obligation.

Moreover, financial institutions remain fully responsible for any activities that may be outsourced by them. [7]

[6] Intermediaries are the individuals and firms authorized to offer financial products and services pursuant to the Act respecting the distribution of financial products and services, CQLR, c. D-9.2.

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[7] Autorité des marchés financiers, Outsourcing Risk Management Guideline, April 2010.

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44. Financial institutions' relationships with intermediaries

In managing their

The AMF expects financial institutions to establish business relationships with intermediaries that enable them to discharge their FTC obligation.

As part of financial institutions' relationships with intermediaries, financial institutions are expectedthe AMF expects:

Criteria for selecting Intermediaries to:

- Implement due diligence controls providing, from intermediary selection on, assurance that enable the identification of intermediaries are authorizedwith the authorization toact, where and the appropriate, and have the appropriate knowledge competencies and ability to conduct businessresources, and follow-up to be performed to ensure the criteriaare maintained

Enter

- Agreements entered into written agreements that to clearly set out intermediaries' responsibilities in order to ensure the financial institution's expectations for intermediaries with regard to FTC, and reporting

- Reporting, indicators and controls for obtainingput in place to be adjusted based on the risks specific to and characteristics of each intermediary[8] and to allow the financial institution to obtain reasonable assurancethat they are fulfilling them. These agreements must not hinder the financial institutions and intermediaries in fulfilling their obligations to clientsthe intermediary is meeting its expectations with regard to FTC

EnsureAmong other things, the financial institution:

- Ensures that intermediaries are providingthe intermediary has the means to provide clients with timely information necessary for enlightened decision-making
- Ensure that intermediaries have appropriate controls in place to detect unsuitable sales and practices and take the necessary corrective action

Implement

- Provides for the implementation of measures necessary to ensure thatguaranteeing clients receive an appropriate level of service afterthey enter into a contract

Obtain

- Considers the controls put in place by the intermediary sufficient to identify inappropriate sales, transactions and practices in respect of clients and is satisfied with any corrective action, where required

- Obtains relevant information from intermediaries in orderthe intermediary enabling it to review, if necessary, theirits product designs, target client group definitions or distribution strategies

Obtain

- Obtains relevant information from intermediariesthe intermediary about the complaints theyit has received regardingits products or their distribution so as to developthe financial institution can obtain a complete picture of the client experience and identify any FTC-related issues
- Identify any issues to be addressed and discuss remedial actions or any other matters related to client relationships

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5 Financial institutions' relationships with service providers

When functions related to commercial practices are outsourced,[7] the service provider performs such functions in compliance with the laws, regulations and guidelines applicableto the institution's activities.

In managing their relationships with service providers, institutions are expected to:

- Deal only with service providers that have high ethical and professional standards
- Develop outsourcing agreements that do not compromise the quality of services or adversely affect their ability to fulfill FTC-related obligations
- Reassess their existing arrangements with service providers, upon renewal or as required, to ensure that they continue to contribute to the achievement of FTC outcomes

[7] The expectations expressed in this guideline provide additional details regarding commercial practiceswhile complementing those contained in the *Outsourcing Risk Management Guideline*, December 2010.

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~~6 Expected outcomes for clients~~

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[8] For example, reporting, indicators and controls include the insurer's liability with respect to a distributor (s. 65 of the Insurers Act).

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5. Expected FTC outcomes

~~6.1~~5.1 Governance

~~The AMF expects financial institutions' decision-making bodies to make a firm commitment to, and exercise strong leadership in, making FTC a core component of their business culture.~~

The AMF expects financial institutions' decision-making bodies to exercise strong leadership in making FTC a core component of their business culture.

Since ~~the~~ risks ~~resulting from~~of inappropriate practices with clients are harder to quantify and monitor using standard compliance tools, it is important to establish an FTC-centric business culture.

~~Senior management and the~~ The board of directors ~~are~~is responsible for ~~ensuring, on~~promoting an ~~ongoing basis, that the institution's~~ FTC-centric business culture and sound commercialpractices, and ~~culture are strengthened~~senior management is responsible for ensuring that that culture, and those practices are reflected in ~~its~~ the financial institution's risk management ~~approach and risk appetite~~framework.

Roles and responsibilities of the board of ~~directors~~[8]directors[9]

- Ensure that committees are established to monitor changes in the business culture and the risks of inappropriate practices that could adversely affect FTC
- Ensure that ~~monetary~~compensation and ~~non-monetary~~performance management programs, including incentives granted by thefinancial institution to staff, intermediaries or ~~any~~ other ~~person~~persons acting on behalf of the institution who ~~is~~are involved in offering its products, take FTC into account
- Ensure that the institution's code of ethics preserves and strengthens the business culture and enables ongoing adherence to high standards of ethics and integrity from recruitment onward
- Review the institution's FTC performance on set objectives and strategies and, if necessary, ensure that the required remedial action is taken

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[9] Insurers Act, CQLR, c. A-32.1, section 94
Deposit Institutions and Deposit Protection Act, CQLR, c. I-13.2.2, section 28.38 Trust Companies and Savings Companies Act, CQLR, c-S-29.02, section 75.

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Roles and responsibilities of senior management

- Ensure the development of objectives, strategies, policies, processes and procedures that are consistent with the institution's values and enable ~~the~~ achievement of the expected FTC outcomes

~~Implement~~

- Ensure the implementation of controls to:

  - ~~o~~ Identify and address any departure from the institution's objectives, strategies, policies, processes and procedures

  - ~~o~~ Ensure that staff conduct is consistent with the institution's FTC-related values ~~and commercial practices~~

  - ~~o~~ Identify and react promptly to any risks or situations likely to adversely affect FTC

  - ~~o~~ Generate information for the board of directors that supports the monitoring and ~~measurement~~[9]measurement[10] of the institution's performance and a process for its continuing improvement in FTC

- Ensure that staff members who offer products receive ~~ongoing~~ training, periodically and as needed, on ~~the~~established FTC-related policies, ~~procedures and~~ processes ~~established in this regard~~ and procedures

- Ensure that the institution's integrated risk management takes into account risks and commercial practices that could adversely affect FTC

- ~~Ensure the establishment of a robust and transparent policy and set of processes for determining the consequences of staff non-compliance with the applicableobligations~~

- Ensure that appropriate action is taken to correct staff member practices that are contrary to FTC

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[10] Accordingly, in addition to the client satisfaction rate or the number of complaints received, the indicators used by should make it possible to measure the achievement of expected FTC outcomes ~~over the entire life cycle~~at every stage of

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~~6.2~~5.2 Handling conflicts of interest

~~The AMF expects any real or potential conflicts of interest to be avoided or managed in a manner that ensures FTC.~~

~~Major sources of conflicts~~

The AMF expects any real or potential conflicts of interest to be avoided or managed in a manner that ensures FTC.

A conflict of interest ~~include monetary and non-monetary incentives that~~situation may arise from~~:~~

- ~~Established~~, among other things, the compensation and performance management programs

~~Financial institutions'~~ put in place or the relationships ~~with intermediaries or~~ established between ~~the~~ financial institution and the~~ir~~intermediary and any other person acting on ~~their~~its behalf who is involved in offering ~~their~~its products.

A conflict of interest situation could result in an inappropriate sale, transaction or practice or have an impact on the quality of services provided~~. It could also affect the~~ or advice given to clients, as applicable.

The institution should therefore ~~ensure that every situation is assessed to prevent a~~regularly identify and assess the risks of practices with a potentially adverse impact on FTC that may result from conflict of interest ~~or ensure that it is managed in a way that ensures FTC~~situations.

Expectations to achieve this outcome

- Put clients' interests first
- Take all reasonable steps to identify and avoid or manage real or potential conflicts of interest
- ~~Put clients' interests first~~
- Avoid any real or potential conflict of interest that cannot be managed in a way that ensures FTC~~. The financial institution is able to demonstrate~~
- Demonstrate that ~~it has put~~ controls have been put in place to ensure that ~~the conflict~~conflicts of interest can be managed in a way that ensures FTC
- Disclose in writing to the client concerned any real or potential conflict of interest that might reasonably have an impact, given the circumstances, on the offer of products or the client's decisions. This disclosure is made in a timely manner, ~~i.e., made before or at the time the product is offered,~~ and it is not sufficient in and of itself for the conflict of interest to be considered to have been properly managed
- When relying on, among other things, ~~on~~ disclosure of a conflict of interest, ensure that such disclosure ~~does not place an unreasonable burden on the client:~~
- ~~It~~ allows the client to assess the nature and scope of the conflict of interest, its potential impact on the services provided, the potential risk it could pose for him or her and the way it is managed

- ~~It is disclosed in a timely manner, i.e. before or when the product is offered or~~
- Notify the client of any significant change that occurs regarding the previously disclosed ~~conflicts~~conflict of
- Document each conflict of interest situation that arises and how the institution managed it. The information collected should provide a basis for ~~assessing~~illustrating the extent of the harm that may be caused to the such a conflict of ~~interest~~[10]interest

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~~6.3~~5.3 Product design

~~The AMF expects the needs and interests of the various target client groups to be taken into account when designing new insurance products or significantly altering existing products.~~

~~Not~~

The AMF expects financial institutions to take the common needs and interests of the various target client groups into account when designing products.

Designing products includes developing new products and significantly altering existing ones. For ~~the~~ financial institution, not taking the common needs and interests of the various target client groups into account when designing ~~new~~ products ~~or making significant adaptations to existing products increases~~could increase the ~~likelihood~~risk of ~~unsuitable~~inappropriate offers ~~or negative impacts for clients, particularly with complexand risky products~~.

Expectations to achieve this outcome

- Product ~~development~~design relies on the use of adequate information enabling the identification of client needs and interests

~~When developing a new product~~

- Product design, including ~~selecting a product~~the selection of products originating from ~~a~~ third ~~party, the~~ parties, involves an appropriateassessment of the main features of the ~~product~~[11] ~~and~~ product[11] and the disclosure documents provided to clients ~~are thoroughly assessed by individuals from the~~by institution staff who have the ~~skills~~competencies to perform such an ~~assessment~~[12]assessment.[12]

- The process for approving a ~~new~~ product enables the institution to:

  - Define the target client group that the product is likely to be appropriate for
  - Offer a product that delivers the benefits and features reasonably expected by the target client group
  - Identify, ~~monitor or reduce~~ and manage any risks that the product might present for the target ~~clients~~client group
  - Take into account applicable statutory and regulatory amendments, technological developments orchanges in market conditions

- Defining the target client group involves identifying the common needs, and interests, ~~characteristics~~[13] ~~and objectives~~ of the members of the group.
- The level of detail of the criteria used by the institution to identify a target client group is based onthe type of product (e.g., nature, features, complexity, level of risk ~~profile~~) and enables the institution to determine which clients belong to the group. and those for whom the product may not be appropriate
  - ~~For commonly used, low-risk products, the target client group may be less precisely defined because the product more often than not suits the needs andinterests of a wide range of clients~~

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[11] For example, for deposit products, the assessment of the product's features could take into account criteria such as accessibility, yield and security.

[12] For example, type, compliance, integrated risk management, finance, sales, taxation, actuarial services, legal affairs.

[13] ~~For example, preferences, financial capacity, known types of behaviour.~~

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- Product monitoring[14].[13]

  - Ensures, by relying on sufficient, relevant, clear information, that the product's main features ~~always meet clients' needs~~[15] continue to suit the target client group's needs and interests[14]

  - Enables ~~remedial~~ action to be taken, if necessary, to:

    - Tailor the product to ~~clients'~~ the target client group's changing ~~needs~~[16] needs and interests[15]
    - Ensure that clients understand the product and its main features
    - Revisit the definition of the target client group ~~when the control shows that the product is not or is no longer suited to the target group's needs, interests, objectives and characteristics~~

[13] Also applies to products no longer offered but still held by clients (e.g., investments in certain segregated funds). Product monitoring helps ensure that clients receive ongoing information supporting informed decision-making.

~~[14]~~ [14] For example, regular information from employees and intermediaries offering the product; information from the quality control department, the claims examination department, the complaint processing department, the analysis of competing products and client satisfaction assessment methods. Moreover, some insurance industry indicators such as a high claim denial rate or a low

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claim rate may indicate that the product is not suited to the needs and interests of the target client group.

[16][15] For example, ensure that the exclusions in the insurance contract are still relevant and drafted in a way that is clear to clients. Consider economic conditions ~~(e.g., take~~in taking into account changes in clients' level of indebtedness~~).~~.

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~~6.4~~5.4 Product marketing

~~The AMF expects distribution methods to take into account the needs and interests of the target client groups and to be tailored to the products.~~

~~The financial~~

The AMF expects financial institutions' distribution strategies to take into account the needs and interests of the target client groups and to be tailored to the products.

Financial institutions ~~act as guarantors of~~ are responsible for the distribution ~~methods~~strategies they use for their products and providestrategy oversight.

Expectations to achieve this outcome

~~are ultimately responsible for overseeing all aspects of the~~ The distribution ~~process.~~

~~**Expectations to achieve this outcome**~~

- ~~The distribution methods~~strategies for a product are chosen using appropriate information to assess the target client group's needs and ~~taking into account~~interests and are tailored to the level of complexity of the product ~~and its potential impact on clients' financial situation~~.
- Staff, intermediaries or ~~any person~~other persons acting on behalf of the institution who ~~is~~are involved in offering its products receive relevant information and appropriate training on the products. They have an adequate grasp of the product's features and the target client ~~group~~groups.
- The indicators used and controls applied with respect to distribution ~~methods~~strategies make it possible to:
  - Assess the performance of the various distribution ~~methods~~strategies in terms of expected FTC outcomes and totake any ~~necessary~~ remedial action, as required.
  - Ensure that the distribution ~~methods~~strategies used for a product continue to meet the target client group's needs~~at all times~~ and would not adversely affect clients' interests.

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~~6.5~~5.5 Product advertising

~~The AMF expects product advertising materials to be accurate, clear and not misleading.~~

The AMF expects product advertising materials to be accurate, clear and not misleading.

Before using advertising material, financial institutions should take the necessary steps to ensure that it is accurate, clear and not misleading.

Expectations to achieve this outcome

- Prior to being disseminated, product advertising materials are reviewed by ~~a unit that is independent from the one that~~persons other than those who prepared or designed them
- Advertising materials:
  - Are easy to understand
  - Clearly identify the financial institution ~~in accordance with the law~~
  - Adequately convey the benefits that the target client group may reasonably expect from the product
  - Highlight information or key elements ~~that could affect a client's~~required for informed decision-making by clients
  - Provide a clear understanding of the product and does not cause confusion
- Advertising materials are presented in a format that is easy to read and understand
- The statistics used are relevant to the product. The sources of the statistics used are indicated, if applicable
- Testimonials used are authentic, and, if paid for, mention is made of that fact
- If the institution notes that advertising material is inaccurate, ~~unclear or~~ misleading or is causing confusion, it withdraws it ~~immediately and~~ promptly, ~~notifies everyone it is able~~ and takes any other actions required to ~~identify who relies on~~remedy the ~~information contained in the material~~situation

~~6.6~~5.6 Disclosure to clients before or when a product is offered

~~The AMF expects client to have information, before or when a product is offered, that allows them to be properly informed with a view to making an enlightened decision.~~

The AMF expects clients to have information, before or when a product is offered, that allows them to be properly informed in order to make an enlightened decision.

Such disclosure should enable clients to understand the product and its main features and help them determine whether the product ~~meets~~suits their needs and interests.

The level of detail of disclosure will vary depending on, among other things, the nature and complexity of the product ~~or other specific requirements that could apply to the product~~.

Expectations to achieve this outcome

~~**Expectations to achieve this outcome**~~

- Disclosure to clients:
  - Is up-to-date and ~~available on paper or any other durable medium~~readily accessible
  - Is drafted in clear and plain language ~~and~~, in a manner that is not ~~misleading~~[17]
  - ~~Is~~misleading,[16] and is presented in a formatthat facilitates reading and comprehension
  - Focuses on information quality, not quantity
  - Clearly identifies the name of the institution~~, in accordance with the law,~~ and provides its contact details
  - Gives prominence to and explains the main features of the product[18]17 that are important for finalizing orperforming the contract, including the consequences for the client of not complying with the terms of thecontract
  - Sets out the client's rights and obligations, including any right of cancellation or rescission
  - ~~Discloses conflicts of interest, if any~~[19]
  - Gives the contact details for the claims examination and settlement ~~department~~[20]department[18]
  - Gives the contact details for the complaint processing and dispute resolution department and the stepsfor accessing the summary of the complaint processing and dispute resolution policy

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[16] When technical, complex or hard-to-understand language cannot be avoided, make tools or other ~~support available~~means help them ~~to~~ clearly understand the information~~, or give them the institution's contact information for obtaining further~~

[17][18] Examples: For insurance products, the type of contract, the coverages offered, eligibility requirements, perils covered, restrictions, limitations, deductible, premium. For credit products, the interest rate, fees and charges, total cost, term, repayment terms, type of security required, etc.

~~[19] In order to further highlight information regarding conflicts of interest, Institutions should consider using a separate and succinct conflict disclosure document.~~

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~~6.7 Offering a product to a client[21]~~

~~The AMF expects the client's needs and situation to be taken into account when a product is offered.~~

5.7 Offers of product by deposit institutions[19]

The AMF expects deposit institutions to assess whether the product that is offered is appropriate for the client.

The deposit institution's policies, processes, procedures and controls should ensure that the product that is offered is ~~suitable~~appropriate for the client~~.[22]~~, having regard for their circumstances, including their financial needs.[20]

~~Expectations to achieve this outcome~~

Expectations to achieve this outcome

- The ~~client's needs and situation are taken into account using~~ nature of the information ~~relevant to~~collected varies depending on the client's circumstances[21] and the type of product ~~involved~~that is offered[22]
- ~~When assessing the client's situation, factors such as the person's goals, current financial position, ability to repay, risk tolerance, investment horizon, other personal commitments and the financial products already held are taken into account~~
- The Know Your Client (KYC) information ~~provided to~~that is collected is analyzed to understand the client's circumstances and assess the ~~client takes into account~~ appropriateness of the ~~client's knowledge and personal experience and assists the client in making enlightened decisions~~product that is offered

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[19] Financial services cooperatives, trust companies and other authorized deposit institutions.

[20] For example, the policies, processes, procedures, controls and information systems relating to the granting of credit should enablethe identification, control and mitigation of major risks to clients, including those related to mis-sold credit products, and to prevent, insofar as possible, repayment problems and what they logically lead to, i.e., debt overload.

as the client's objectives, financial situation, repayment ability, risk tolerance, investment horizon and other commitments.

[22] Features, charges, risks and benefits for clients.

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~~6.8~~5.8 Disclosure to clients after a product is purchased

The AMF expects clients to have information allowing them to be properly informed, in a timely manner, in order to make enlightened decisions about the products they hold.

Disclosure to clients after a product is purchased is timely and enables clients to determine whether the product they hold is still suited to their needs and interests.

Expectations to achieve this outcome

~~The AMF expects clients to have information allowing them to be properly informed, in a timely manner, with a view to making enlightened decisions about the products they hold.~~

~~A lack of communication with clients increases the risk of harm being caused to them.~~

Disclosure to clients:

Is drafted~~Expectations to achieve this outcome~~

~~Information is communicated to clients to:~~[33]

- ~~Remind them,~~ in ~~a timely manner, of~~clear and simple language so as not to cause misunderstanding and is presented in a formatthat is easy to read and understand

- ~~•~~Reminds them about the options ~~that~~they can ~~be exercised by them~~exercise

~~Inform~~

- ~~•~~Informs them~~, when applicable, of the impact~~ of changes to the ~~features of their~~ contract ~~and~~or changes related to the performance of their contract, the impactof the changes, and their rights and obligations, and ~~to obtaintheir consent,~~ when necessary, obtains their consent

~~Provide for the timely disclosure to~~

- ~~•~~Notifies clients of events such as:

  - ~~Any relevant information depending on product type, including any changes tothe contract terms~~
  - ~~Renewal~~ Date of renewal or automatic renewal ~~of the product~~
  - Expiry of a promotional period

~~Likelihood that they~~

  - Payment due date after which time fees will be ~~required to incur fees~~charged
  - Replacement of the product or early termination of the contract
  - A portfolio transfer

- ~~Any significant change in already provided information regarding thedisclosure of conflicts of interest~~
  - Amendments to applicable legislation or changes in market conditions that could affect the product's main features
  - Any organizational or operational change by the institution that could have an impact on the ~~client~~

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~~and the~~ productsheld by and the services ~~offered~~provided to the ~~client~~[24]client[23]

their personal situation to ensure that the product is still appropriate for them.

The institution therefore takes the necessary steps to ensure that clients receive ongoing and adequate service.

procedures in place facilitate such transactions.

[23] For example, if branches or automated teller machines are closed or converted, the financial institution contacts its clients within a reasonable period of time and informs them of available alternatives.

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~~6.9~~5.9 Claims examination and ~~settlement~~[25] settlement[24]

~~The AMF expects claims to be examined diligently and settled fairly following a process that is simple and accessible for clients.~~

The AMF expects claims to be examined diligently and settled fairly following a process that is simple and readily accessible for clients.

Claims examination and settlement are key steps in an insurer's relationship with its clients.

Expectations to achieve this outcome

When ~~Expectations to achieve this outcome~~

- ~~Clients are informed when~~ filing a claim, the client is informed of the main steps in the ~~claims~~ examination ~~process and~~ of the ~~formalities~~claim and of the expected timeframes~~, which may be extended in exceptional cases~~[26] for settlement of the claim[25]

~~Clients are updated on their claim's status~~

- The client is informed in a timely and appropriate manner of the claim's status

- Additional requests for information from the institution related to the examination of ~~claims~~a claim are commensurate with the perils covered and do not hinder or delay the examination process

~~When~~

- The client is informed, when the ~~claims examination process~~claim cannot be ~~completed~~examined within the expected timeframe, ~~clients are told~~ why additional time is required and when the process will be completed

- Claim-determinative factors (e.g., depreciation, negligence) and, when applicable, the reasons why the claim was wholly or partially denied are carefully and clearly explained to ~~clients~~the client. Everything is confirmed in writing to the client, who is offered the opportunity to request a review of the decision

- Claim decisions take clients' interests into account and are made in an objective and consistent manner

- The claim decision review ~~takes into account the legitimate interests of the client. It~~ process is ~~a~~ simple ~~process~~, without any red tape

- Clients are informed that they may contact the complaint processing and dispute resolution department if they are dissatisfied with the way their claim has been handled

- ~~Insurance contract provisions are interpreted in a consistent manner~~

- ~~The claims examination and settlement process is free of conflicts of interest~~

- Staff responsible for claims examination and settlement:

  - Are familiar and comply with the institution's claims examination and settlement process. They are able to provide appropriate information to clients and properly assist them in making a claim and

throughoutthe examination process

- Possess the necessary competencies depending on the type of product

[24] Applicable only to insurers authorized under the ~~insurance sector~~Insurers Act.

[25] ~~[26]~~ Where applicable, a damage insurer's procedure creates a favourable environment for a claims adjuster to meet the obligations out in the Act respecting the distribution of financial products and services~~, CQLR, c. D-9.2~~.

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~~6.10~~5.10 Complaint processing and dispute resolution

~~The AMF expects complaints to be processed fairly and diligently following a process that is simple and accessible for clients.~~

The AMF expects complaints to be processed fairly and diligently following a process that is simple and readily accessible for clients.

The complaints received by a financial institution and the handling of those complaints are, among other things, key elements to consider in assessing the financial institution's FTC performance.

The various laws administered by the ~~AMF[27]~~AMF require financial institutions to do such things as keep a complaints register and adopt a policy for complaint processing ~~complaints and resolving disputes that complies with the established obligations.[28]~~and dispute resolution.[26]

Expectations to achieve this outcome

- ~~A summary of the policy, describing the main steps in the~~ The complaint process~~, the formalities to be completed~~ takes into account clients' interests and ~~the processing timeframes, is made available to clients on the website~~ensures that complaints are handled in anobjective and consistent manner

- The institution designates a complaints officer who has the authority and competence to perform the function and ensures, among other things, that the complaint processing and dispute resolution policy is implemented, disseminated ~~by any other appropriate means to reach them~~and complied with within the institution

- Staff responsible for processing complaints have the necessary competencies to process the complaints assigned to them

- Clients receive proper assistance throughout the processing of their complaint and are informed in a timely manner of the status of their complaint

- Clients are not faced with constraints or administrative ~~barriers[29] when they want tofile a complaint~~barriers and any need

- ~~The institution designates a complaints officer who, in particular:~~

  - ~~Has the authority and competence to perform the function~~

  - ~~Ensures that~~ the ~~policy is implemented and complied with~~institution has for additional information does not hinder or delay the complaint process

~~Develops~~

- ~~The institution develops~~ an overall picture of the complaints received ~~(e.g., number, reasons, causes)~~ in order to identify common causes~~and address~~ the issues ~~they raisefor clients~~to be resolved to ensure FTC

  - ~~Acts as official respondent with clients and, where applicable, with the AMF on complaint records sent to the AMF~~

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[26] Companies and Savings Companies Act, ~~CQLR, c. S-29.02,~~ sections 34, 36 to 42 Deposit Institutions and Deposit

[28] ~~Draft Regulation respecting complaint processing and dispute resolution in the financial sector in public~~

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~~6.11~~5.11 Protection of personal information

~~The AMF expects the privacy policy and procedures to ensure compliance with the *Act respecting the protection of personal information in the private sector*[30] and reflect best practices in this area.~~

~~Theft, loss or inappropriate use of personal information obtained from clients represents a risk to clients and a threat to the reputation of the institution.~~

~~The protection of personal information is a key issue for an institution.~~

The AMF expects financial institutions to establish and put in place measures enabling them to comply with their obligations with respect to the protection of personal information ("privacy obligations").

A financial institution is responsible for protecting the personal information it holds.

The sustainability of its operations depends, among other things, on its clients' trust in this respect. ~~They,~~ and clients expect ~~their~~personal information about them held by the financial institution or another person acting onthe institution's behalf to remain ~~confidential~~private and ~~to be handled~~protected accordingly.

~~**Expectations to achieve this outcome**~~

- ~~The board of directors and senior management are informed of~~Accordingly, the ~~challenges pertaining~~institution's policies, processes and procedures relating to the protection of ~~clients'~~ personal information

- ~~The policies and procedures concerning~~ draw on best practices and enable it to discharge its privacy obligations, including those underthe Act respecting the protection ~~and use~~ of personal ~~and financial information establish safeguards against the misuse of information, improper access to information or the unauthorized disclosure of personal information contained in files~~information in the private sector.[27]

- ~~The~~ The AMF also expects the financial institution ~~ensures that service providers with access to personal information onthe institution's clients have appropriate policies and procedures in place to ensurecompliance with the *Act respecting the protection of personal information in the private sector*~~

- ~~The institution assesses~~to assess the potential effects of new or emerging risks that could threaten the ~~confidentiality~~privacy of the personal information it holds and ~~takes~~to take appropriate action to mitigate ~~them~~such risks.

- ~~The institution identifies the actions that may need to be taken to respond to failuresto comply with its obligations relating to the protection of personal information, including reporting any information security incident to the regulators and any persons affected, including clients~~

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[27] CQLR, c. P-39.1

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DRAFT

AUTORITÉ DES MARCHÉS FINANCIERS

SOUND COMMERCIAL PRACTICES GUIDELINE

Initial publication: June 2013
Updated: October 2021

127

TABLE OF CONTENTS

1 Commercial practices and the fair treatment of clients

Financial institutions have a legal obligation to adhere to sound commercial practices.[1]

The commercial practices, or conduct of business, of financial institutions[2] reflect their behaviour in their relationships with clients,[3] from before a contract is entered into until all the institution's obligations under the contract are fulfilled. Commercial practices incorporate all stages of the life cycle of a product, from product design to after-sale service.

Sound commercial practices help ensure, in particular, that an offer of products[4] is fair, effective and transparent. Conversely, unsound commercial practices expose clients to risks or situations that could negatively impact them. Adhering to sound commercial practices entails treating clients fairly.

The fair treatment of clients (FTC) is based on core principles and guidance published by various international bodies.[5] It encompasses concepts such as ethical behaviour, acting in good faith and the prohibition of abusive practices. FTC manifests itself at every stage of a product's life cycle and involves, among other things:

- Developing, marketing and offering products in a way that pays due regard to the interests and needs of clients
- Providing clients with accurate, clear and sufficient information, before, when and after a product is offered, allowing them to make an informed decision
- Minimizing the risk of sales that are not suited to the clients' needs and circumstances
- Examining client claims and complaints in a fair and timely manner
- Protecting the privacy of client information

1 *Insurers Act*, CQLR, c. A-32.1, sections 50 and 51

Act respecting financial services cooperatives, CQLR, c. C-67.3, sections 66.1 and 66.2

Trust Companies and Savings Companies Act, CQLR, c. S-29-02, sections 34 and 35

Deposit Institutions and Deposit Protection Act, CQLR, c. I-13.2.2, sections 28.11 and 28.12

2 The generic terms "financial institution" and "institution" refer to all the entities that are subject to the legal obligation to adhere to sound commercial practices. Consequently, these terms do not refer to a federation of mutual insurance associations.

3 Although the enabling statutes (supra note 1) refer specifically to the notion of "clientele," the terms "client" and "clients" are also used in this guideline. These broad notions cover both current and potential clients of the financial institution and may also include, for example, a person with an interest in the product sold, such as the beneficiary of an insurance policy, where appropriate for the context.

4 The generic expression "offer of products" used in this guideline refers both to the product and the service that is offered, sold or provided.

5 Organisation for Economic Co-operation and Development, International Financial Consumer Protection Organisation (FinCoNet), Financial Stability Board, International Association of Insurance Supervisors, Basel Committee on Banking Supervision, International Organization of Securities Commissions.

2 Business culture

Business culture is one of the main vectors of staff behaviour within an institution. It refers to the common values (e.g., ethics and integrity) and standards that characterize a business and influence the mindset, behaviour and actions of its entire staff. It informs decision-making for both strategic decisions and decisions made by client-facing staff.

An FTC-centric business culture creates an environment that fosters client confidence and long-term client relationships. Conversely, a deficient business culture can cause serious harm to clients and damage the reputation of the business to the point of compromising its solvency.

An FTC-centric business culture:

- Places clients' interests at the centre of decisions and the conduct of business
- Recognizes and manages risks that could compromise FTC
- Ensures that results demonstrate, through indicators, that staff are acting ethically and with integrity in their dealings with clients
- Communicates FTC outcomes across all levels of the organization

3 Stakeholder accountability

In providing products, the financial institution, upon first contact with the client, makes a commitment to them and holds it throughout the life cycle of the product, whether or not its distribution channel is independent. With this in mind, the institution adopts commercial practices ensuring FTC at all stages of the relationship with the client. The institution consequently monitors the product offering process to ensure compliance.

The fact that ultimate responsibility lies with the institution does not relieve intermediaries[6] of their own obligations to clients.

[6] Intermediaries are the individuals and firms authorized to offer financial products and services pursuant to the *Act respecting the distribution of financial products and services*, CQLR, c. D-9.2.

4 Financial institutions' relationships with intermediaries

In managing their relationships with intermediaries, financial institutions are expected to:

- Implement due diligence controls providing, from intermediary selection on, assurance that intermediaries are authorized to act, where appropriate, and have the appropriate knowledge and ability to conduct business
- Enter into written agreements that clearly set out intermediaries' responsibilities in order to ensure FTC, and reporting and controls for obtaining reasonable assurance that they are fulfilling them. These agreements must not hinder the financial institutions and intermediaries in fulfilling their obligations to clients
- Ensure that intermediaries are providing clients with timely information necessary for enlightened decision-making
- Ensure that intermediaries have appropriate controls in place to detect unsuitable sales and practices and take the necessary corrective action
- Implement measures necessary to ensure that clients receive an appropriate level of service after they enter into a contract
- Obtain relevant information from intermediaries in order to review, if necessary, their product designs, target client group definitions or distribution strategies
- Obtain relevant information from intermediaries about the complaints they received so as to develop a complete picture of the client experience
- Identify any issues to be addressed and discuss remedial actions or any other matters related to client relationships

5 Financial institutions' relationships with service providers

When functions related to commercial practices are outsourced,[7] the service provider performs such functions in compliance with the laws, regulations and guidelines applicable to the institution's activities.

In managing their relationships with service providers, institutions are expected to:

- Deal only with service providers that have high ethical and professional standards
- Develop outsourcing agreements that do not compromise the quality of services or adversely affect their ability to fulfill FTC-related obligations
- Reassess their existing arrangements with service providers, upon renewal or as required, to ensure that they continue to contribute to the achievement of FTC outcomes

[7] The expectations expressed in this guideline provide additional details regarding commercial practices while complementing those contained in the *Outsourcing Risk Management Guideline*, December 2010.

6 Expected outcomes for clients

6.1 Governance

The AMF expects financial institutions' decision-making bodies to make a firm commitment to, and exercise strong leadership in, making FTC a core component of their business culture.

Since the risks resulting from inappropriate practices with clients are harder to quantify and monitor using standard compliance tools, it is important to establish an FTC-centric business culture.

Senior management and the board of directors are responsible for ensuring, on an ongoing basis, that the institution's commercial practices and culture are strengthened and reflected in its risk management approach and risk appetite.

Roles and responsibilities of the board of directors[8]

- Ensure that committees are established to monitor changes in the business culture and the risks of inappropriate practices that could adversely affect FTC
- Ensure that monetary and non-monetary incentives granted by the financial institution to staff, intermediaries or any other person acting on behalf of the institution who is involved in offering its products take FTC into account
- Ensure that the institution's code of ethics preserves and strengthens the business culture and enables ongoing adherence to high standards of ethics and integrity from recruitment onward
- Review the institution's FTC performance on set objectives and strategies and, if necessary, ensure that the required remedial action is taken

8 *Insurers Act*, CQLR, c. A-32.1, section 94
Trust Companies and Savings Companies Act, CQLR, c. S-29.02, section 75
Deposit Institutions and Deposit Protection Act, CQLR, c. I-13.2.2, section 28.38
Act respecting financial services cooperatives, CQLR, c-C-67.3, sections 66.1 and 99

Roles and responsibilities of senior management

- Ensure the development of objectives, strategies, policies and procedures that are consistent with the institution's values and enable the achievement of the expected FTC outcomes
- Implement controls to:
    - Identify and address any departure from the institution's objectives, strategies, policies and procedures
    - Ensure that staff conduct is consistent with the institution's FTC-related values and commercial practices
    - Identify and react promptly to any risks or situations likely to adversely affect FTC
    - Generate information for the board of directors that supports the monitoring and measurement[9] of the institution's performance and a process for its continuing improvement in FTC
- Ensure that staff members who offer products receive ongoing training on the policies, procedures and processes established in this regard
- Ensure that the institution's integrated risk management takes into account risks and commercial practices that could adversely affect FTC
- Ensure the establishment of a robust and transparent policy and set of processes for determining the consequences of staff non-compliance with the applicable obligations

[9] In addition to the client satisfaction rate or the number of complaints received, the indicators used by institutions should make it possible to measure the achievement of FTC outcomes over the entire life cycle of products and throughout their contractual relationship with clients. It should be possible to use the collected information to illustrate trends (Who is buying the product? Is it the target client group? What are the reasons given by clients for not renewing contracts or cancelling them: limited benefits of this type of product, poor understanding of how it works or the coverage provided?).

6.2 Handling conflicts of interest

The AMF expects any real or potential conflicts of interest to be avoided or managed in a manner that ensures FTC.

Major sources of conflicts of interest include monetary and non-monetary incentives that arise from:

- Established compensation and performance management programs
- Financial institutions' relationships with intermediaries or any other person acting on their behalf who is involved in offering their products

A conflict of interest situation could result in an inappropriate sale or have an impact on the quality of services provided. It could also affect the advice given to clients.

The institution should therefore ensure that every situation is assessed to prevent a conflict of interest or ensure that it is managed in a way that ensures FTC.

Expectations to achieve this outcome

- Take all reasonable steps to identify and avoid or manage real or potential conflicts of interest
- Put clients' interests first
- Avoid any real or potential conflict of interest that cannot be managed in a way that ensures FTC. The financial institution is able to demonstrate that it has put controls in place to ensure that the conflict of interest can be managed in a way that ensures FTC
- Disclose in writing to the client concerned any real or potential conflict of interest that might reasonably have an impact, given the circumstances, on the offer of products or the client's decisions. This disclosure is made in a timely manner, i.e., made before or at the time the product is offered, and it is not sufficient in and of itself for the conflict of interest to be considered to have been properly managed
- When relying, among other things, on disclosure of a conflict of interest, ensure that such disclosure does not place an unreasonable burden on the client:
    - It allows the client to assess the nature and scope of the conflict of interest, its potential impact on the services provided, the potential risk it could pose for him or her and the way it is managed
    - It is disclosed in a timely manner, i.e., before or when the product is offered or promptly after the conflict of interest has been identified
- Notify the client of any significant change that occurs regarding previously disclosed conflicts of interest

- Document each conflict of interest situation that arises and how the institution managed it. The information collected should provide a basis for assessing the extent of the harm that may be caused to the client by a such a conflict of interest[10]

[10] For example, if the harm to the client is insignificant, the financial institution could record the informationin a more general manner, such as by category or type, rather than recording each case and the way itwas handled.

6.3 Product design

The AMF expects the needs and interests of the various target client groups to be taken into account when designing new insurance products or significantly altering existing products.

Not taking the needs and interests of the various target client groups into account when designing new products or making significant adaptations to existing products increases the likelihood of unsuitable offers or negative impacts for clients, particularly with complex and risky products.

Expectations to achieve this outcome

- Product development relies on the use of adequate information enabling the identification of client needs
- When developing a new product, including selecting a product originating from a third party, the main features of the product[11] and the disclosure documents provided to clients are thoroughly assessed by individuals from the institution who have the skills to perform such an assessment[12]
- The process for approving a new product enables the institution to:
    - Define the target client group that the product is likely to be appropriate for
    - Offer a product that delivers the benefits reasonably expected by the target client group
    - Identify, monitor or reduce any risks that the product might present for target clients
    - Take into account applicable statutory and regulatory amendments, technological developments or changes in market conditions
- Defining the target client group involves identifying the common needs, interests, characteristics[13] and objectives of the members of the group.

  The level of detail of the criteria used by the institution to identify a target client group is based on the type of product (e.g., nature, features, risk profile) and enables the institution to determine which clients belong to the group:
    - For commonly used, low-risk products, the target client group may be less precisely defined because the product more often than not suits the needs and interests of a wide range of clients

11 For example, for deposit products, the assessment of the product's features could take into account criteria such as accessibility, yield and security.

12 For example, compliance, integrated risk management, finance, sales, taxation, actuarial services, legal affairs.

13 For example, preferences, financial capacity, known types of behaviour.

- For more complex, higher-risk products, the target client group definition is more precise and includes criteria for identifying clients for whom the product may not be suitable

- Product monitoring:[14]
  - Ensures, by relying on sufficient, relevant, clear information, that the product's main features always meet clients' needs[15]
  - Enables remedial action to be taken, if necessary, to:
    - Tailor the product to clients' changing needs[16]
    - Ensure that clients understand the product and its main features
    - Revisit the definition of the target client group when the control shows that the product is not or is no longer suited to the target group's needs, interests, objectives and characteristics

[14] Also applies to products no longer offered but still held by clients (e.g., investments in certain segregated funds). Product monitoring helps ensure that clients receive ongoing information supporting informed decision-making.

[15] For example, regular information from employees and intermediaries offering the product; information from the quality control department, the claims examination department, the complaint processing department, the analysis of competing products and client satisfaction assessment methods. Moreover, some insurance industry indicators such as a high claim denial rate or a low claim rate may indicate that the product is not suited to the needs and interests of the target client group.

[16] For example, ensure that the exclusions in the insurance contract are still relevant and drafted in a way that is clear to clients. Consider economic conditions (e.g., take into account clients' level of indebtedness).

6.4 Product marketing

The AMF expects distribution methods to take into account the needs and interests of the target client groups and to be tailored to the products.

The financial institutions act as guarantors of the distribution methods they use for their products and are ultimately responsible for overseeing all aspects of the distribution process.

Expectations to achieve this outcome

- The distribution methods for a product are chosen using appropriate information to assess the target client group's needs and taking into account the level of complexity of the product and its potential impact on clients' financial situation
- Staff, intermediaries or any person acting on behalf of the institution who is involved in offering its products receive relevant information and appropriate training on the products. They have an adequate grasp of the product's features and the target client group
- The indicators used and controls applied with respect to distribution methods make it possible to:
    - Assess the performance of the various distribution methods in terms of expected FTC outcomes and to take any necessary remedial action
    - Ensure that the distribution methods used for a product meet the target client group's needs at all times and would not adversely affect clients' interests

6.5 Product advertising

The AMF expects product advertising materials to be accurate, clear and not misleading.

Before using advertising material, financial institutions should take the necessary steps to ensure that it is accurate, clear and not misleading.

Expectations to achieve this outcome

- Prior to being disseminated, product advertising materials are reviewed by a unit that is independent from the one that prepared or designed them
- Advertising materials:
    - Are easy to understand
    - Clearly identify the institution in accordance with the law
    - Adequately convey the benefits that the target client group may reasonably expect from the product
    - Highlight information or key elements that could affect a client's decision
- Advertising materials are presented in a format that is easy to read and understand
- The statistics used are relevant to the product. The sources of the statistics used are indicated, if applicable
- Testimonials used are authentic, and, if paid for, mention is made of that fact
- If the institution notes that advertising material is inaccurate, unclear or misleading, it withdraws it immediately and promptly notifies everyone it is able to identify who relies on the information contained in the material

6.6 Disclosure to clients before or when a product is offered

The AMF expects client to have information, before or when a product is offered, that allows them to be properly informed with a view to making an enlightened decision.

Such disclosure should enable clients to understand the product and its main features and help them determine whether the product meets their needs.

The level of detail of disclosure will vary depending on the nature and complexity of the product or other specific requirements that could apply to the product

Expectations to achieve this outcome

- Disclosure to clients:
    - Is up-to-date and available on paper or any other durable medium
    - Is drafted in clear and plain language and in a manner that is not misleading[17]
    - Is presented in a format that facilitates reading and comprehension
    - Focuses on information quality, not quantity
    - Clearly identifies the name of the institution, in accordance with the law, and provides its contact details
    - Gives prominence to and explains the main features of the product [18] that are important for finalizing or performing the contract, including the consequences for the client of not complying with the terms of the contract
    - Sets out the client's rights and obligations, including any right of cancellation or rescission
    - Discloses conflicts of interest, if any[19]
    - Gives the contact details for the claims examination and settlement department[20]
    - Gives the contact details for the complaint processing and dispute resolution department and the steps for accessing the summary of the complaint processing and dispute resolution policy

[17] When technical, complex or hard-to-understand language cannot be avoided, make tools or other support available to clients to help them to clearly understand the information, or give them the institution's contact information for obtaining further information or assistance.

[18] Examples: For insurance products, the type of contract, the coverages offered, eligibility requirements, perils covered, restrictions, limitations, deductible, premium. For credit products, the interest rate, fees and charges, total cost, term, repayment terms, type of security required, etc.

[19] In order to further highlight information regarding conflicts of interest, Institutions should consider using a separate and succinct conflict disclosure document.

[20] Applicable only to the insurance sector.

6.7 Offering a product to a client[21]

The AMF expects the client's needs and situation to be taken into account when a product is offered.

The institution's policies, procedures and controls should ensure that the product offered is suitable for the client.[22]

Expectations to achieve this outcome

- The client's needs and situation are taken into account using information relevant to the type of product involved
- When assessing the client's situation, factors such as the person's goals, current financial position, ability to repay, risk tolerance, investment horizon, other personal commitments and the financial products already held are taken into account
- The information provided to the client takes into account the client's knowledge and personal experience and assists the client in making enlightened decisions

[21] The offering of products and services through intermediaries is governed by the *Act respecting the distribution of financial products and services*, CQLR, c. D-9.2, and its regulations.

[22] For example, the policies, procedures, controls and information systems relating to the granting of credit should enable the identification, control and mitigation of major risks to clients, including those related to mis-sold credit products, and to prevent, insofar as possible, repayment problems and what they logically lead to, i.e., debt overload.

6.8 Disclosure to clients after a product is purchased

The AMF expects clients to have information allowing them to be properly informed, in a timely manner, with a view to making enlightened decisions about the products they hold.

A lack of communication with clients increases the risk of harm being caused to them.

Expectations to achieve this outcome

Information is communicated to clients to:[23]

- Remind them, in a timely manner, of the options that can be exercised by them
- Inform them, when applicable, of the impact of changes to the features of their contract and the performance of their contract, rights and obligations, and to obtain their consent, when necessary
- Provide for the timely disclosure to clients of:
    - Any relevant information depending on product type, including any changes to the contract terms
    - Renewal or automatic renewal of the product
    - Expiry of a promotional period
    - Likelihood that they will be required to incur fees
    - Replacement of the product or early termination of the contract
    - A portfolio transfer
    - Any significant change in already provided information regarding the disclosure of conflicts of interest
    - Amendments to applicable legislation or changes in market conditions that could affect the product's main features
    - Any organizational or operational change by the institution that could have an impact on the client and the products held by and services offered to the client[24]

Annual or periodic communications remind clients, as necessary, of the importance of reviewing their needs based on changes in their personal situation to ensure that the product is still appropriate for them. The institution therefore takes the necessary steps to ensure that clients receive ongoing and adequate service.

[23] As with information provided to clients before or when a product is purchased, information provided to clients after a product is purchased is drafted in clear and plain language and presented in a format thatis easy to read and understand.

[24] For example, if the financial institution operates physical sites such as branches or automated teller machines and it decides to close or convert them, it discloses its intentions to clients sufficiently in advance and makes them aware of available alternatives.

When clients wish to replace a product or switch products, cancel a contract or change institutions, the procedures in place facilitate such transactions.

6.9 Claims examination and settlement[25]

The AMF expects claims to be examined diligently and settled fairly following a process that is simple and accessible for clients.

Claims examination and settlement are key steps in an insurer's relationship with its clients.

Expectations to achieve this outcome

- Clients are informed when filing a claim of the main steps in the claims examination process and of the formalities and expected timeframes, which may be extended in exceptional cases[26]
- Clients are updated on their claim's status in a timely and appropriate manner
- Additional requests for information from the institution related to the examination of claims are commensurate with the perils covered and do not hinder or delay the examination process
- When the claims examination process cannot be completed within the expected timeframe, clients are told why additional time is required and when the process will be completed
- Claim-determinative factors (e.g., depreciation, negligence) and, when applicable, the reasons why the claim was wholly or partially denied are carefully and clearly explained to clients. Everything is confirmed in writing to the client, who is offered the opportunity to request a review of the decision
- The decision review takes into account the legitimate interests of the client. It is a simple process without any red tape
- Clients are informed that they may contact the complaint processing department if they are dissatisfied with the way their claim has been handled
- Insurance contract provisions are interpreted in a consistent manner
- The claims examination and settlement process is free of conflicts of interest
- Staff responsible for claims examination and settlement:
    - Are familiar and comply with the institution's claims examination and settlement process. They are able to provide appropriate information to clients and properly assist them in making a claim and throughout the examination process
    - Possess the necessary competencies depending on the type of product

[25] Applies only to the insurance sector.

[26] Where applicable, a damage insurer's procedure creates a favourable environment for a claims adjusterto meet the obligations set out in the *Act respecting the distribution of financial products and services,* CQLR, c. D-9.2.

6.10 Complaint processing and dispute resolution

The AMF expects complaints to be processed fairly and diligently following a process that is simple and accessible for clients.

The various laws administered by the AMF[27] require financial institutions to keep a complaints register and adopt a policy for processing complaints and resolving disputes that complies with the established obligations.[28]

Expectations to achieve this outcome

- A summary of the policy, describing the main steps in the complaint process, the formalities to be completed and the processing timeframes, is made available to clients on the website and disseminated by any other appropriate means to reach them
- Clients are not faced with constraints or administrative barriers[29] when they want to file a complaint
- The institution designates a complaints officer who, in particular:
    - Has the authority and competence to perform the function
    - Ensures that the policy is implemented and complied with
    - Develops an overall picture of the complaints received (e.g., number, reasons, causes) in order to identify common causes and address the issues they raise for clients
    - Acts as official respondent with clients and, where applicable, with the AMF on complaint records sent to the AMF
- The complaint process is free of any conflicts of interest
- The complaints register is used to compile relevant information about complaints, complaints reporting and actions taken to resolve complaints
- Complaints are classified in the register in a detailed manner so that the reasons and causes are clearly identifiable
- Staff responsible for processing complaints:
    - Are independent in the performance of their duties

27 *Insurers Act,* CQLR, c.- A-32.1*,* sections 50, 52 to 58
Act respecting financial services cooperatives, CQLR, c.- C-67.3, sections 66.1, 131.1 to 131.7
Trust Companies and Savings Companies Act, CQLR, c. S-29.02, sections 34, 36 to 42
Deposit Institutions and Deposit Protection Act, CQLR, c.I-13.2.2, sections 2811, 28.13 to 28.19

28 Draft Regulation respecting complaint processing and dispute resolution in the financial sector in public consultation until November 8, 2021.

29 For example, clients should not have to submit their complaints more than once, regardless of how many complaint processing levels there are within the institution.

- Are familiar and comply with the institution's complaint process. They are able to disclose appropriate information to clients and properly assist them in filing a complaint and throughout the process
- Possess the necessary competencies to process the complaints assigned to them

6.11 Protection of personal information

The AMF expects the privacy policy and procedures to ensure compliance with the *Act respecting the protection of personal information in the private sector*[30] and reflect best practices in this area.

Theft, loss or inappropriate use of personal information obtained from clients represents a risk to clients and a threat to the reputation of the institution.

The protection of personal information is a key issue for an institution. The sustainability of its operations depends, among other things, on its clients' trust in this respect. They expect their information to remain confidential and to be handled accordingly.

Expectations to achieve this outcome

- The board of directors and senior management are informed of the challenges pertaining to the protection of clients' personal information
- The policies and procedures concerning the protection and use of personal and financial information establish safeguards against the misuse of information, improper access to information or the unauthorized disclosure of personal information contained in files
- The institution ensures that service providers with access to personal information on the institution's clients have appropriate policies and procedures in place to ensure compliance with the *Act respecting the protection of personal information in the private sector*
- The institution assesses the potential effects of new or emerging risks that could threaten the confidentiality of the personal information it holds and takes appropriate action to mitigate them
- The institution identifies the actions that may need to be taken to respond to failures to comply with its obligations relating to the protection of personal information, including reporting any information security incident to the regulators and any persons affected, including clients

30 *Act respecting the protection of personal information in the private sector*, CQLR, c. P-39.1

- Before entering into a contract, and in accordance with the initial information collection goal, the institution informs clients that their personal information will be used only for the purposes for which it was collected, with the explicit, informed consent of the client, as required under the *Act respecting the protection of personal information in the private sector*

AUTORITÉ DES MARCHÉS FINANCIERS

SOUND COMMERCIAL PRACTICES GUIDELINE

November 2022

Contents

1. Commercial practices and the fair treatment of clients

Financial institutions have a legal obligation to adhere to sound commercial practices.[1]

The commercial practices, or conduct of business, of financial institutions[2] reflect their behaviour in their relationships with clients,[3] from before a contract is entered into until all the institution's obligations under the contract are fulfilled.

Sound commercial practices help ensure, in particular, that a product offer[4] is fair and transparent. Conversely, unsound commercial practices expose clients to risks or situations that could negatively impact them. Adhering to sound commercial practices entails treating clients fairly.

The fair treatment of clients (FTC) is based on core principles and guidance published by various international bodies.[5] It encompasses concepts such as ethical behaviour, acting in good faith and the prohibition of abusive practices. FTC manifests itself at every stage of a product's life cycle and involves, among other things:

- Developing, marketing and offering products in a way that pays due regard to the needs and interests of clients
- Providing clients with accurate, clear and sufficient information, before, when and after a product is offered, allowing them to make an informed decision
- Minimizing the risk that the product offered is not suited to the client's needs and circumstances
- Examining client claims and complaints in a fair and timely manner
- Protecting the privacy of client information

[1] Insurers Act, CQLR, c. A-32.1, sections 50 and 51 Act respecting financial services cooperatives, CQLR, c. C-67.3, sections 66.1and 66.2 Trust Companies and Savings Companies Act, CQLR, c. S-29-02, sections 34 and 35 Deposit Institutions and Deposit Protection Act, CQLR, c. I-13.2.2, sections 28.11 and 28.12

[2] In this guideline, the terms "institution" and "financial institution" refer to the financial institutions that are subject to the legal obligation to adhere to sound commercial practices in accordance with the statutes listed in Note 1. Consequently, these terms donot include a federation of mutual insurance associations.

[3] Although the enabling statutes (supra note 1) refer specifically to the notion of "clientele," the terms "client" and "clients" are also used in this guideline. These broad notions cover both current and potential clients of the financial institution and may also include,for example, a person with an interest in the product sold, such as the beneficiary of an insurance policy, where appropriate for the context.

[4] In this guideline, the term "product" also includes, where appropriate for the context, a "service".

[5] The Organisation for Economic Co-operation and Development, the International Financial Consumer Protection Organisation, the Financial Stability Board, the International Association of Insurance Supervisors, the Basel Committee on Banking Supervision, the International Organization of Securities Commissions.

2. Business culture

Business culture is one of the main vectors of staff behaviour within an institution. It refers to the common values (e.g., ethics and integrity) and standards that characterize a business and influence the mindset and actions of its entire staff. It informs the institution's strategic decisions and the conduct of client-facing staff.

An FTC-centric business culture creates an environment that fosters client confidence and long-term client relationships. Conversely, a deficient business culture can cause serious harm to clients and damage the reputation of the institution to the point of compromising its solvency.

A financial institution with an FTC-centric business culture:

- Places clients' interests at the centre of its decisions and the conduct of its business
- Recognizes and manages risks that could compromise FTC
- Ensures that FTC outcomes are demonstrated, including through indicators developed for this purpose
- Communicates FTC outcomes to the persons concerned at all levels of the organization

3. Responsibility of the financial institution

The AMF expects financial institutions to fulfill their FTC obligation at all stages of the product life cycle.

A financial institution's FTC obligation continues to apply even though some intermediaries[6] involved in offering the financial institution's products may have their own obligations.

Financial institutions therefore obtain reasonable assurance that the actions of intermediaries and any other persons acting on its behalf who are involved in offering their products enable them to discharge their FTC obligation.

Moreover, financial institutions remain fully responsible for any activities that may be outsourced by them. [7]

6 Intermediaries are the individuals and firms authorized to offer financial products and services pursuant to the Act respecting the distribution of financial products and services, CQLR, c. D-9.2.

7 Autorité des marchés financiers, Outsourcing Risk Management Guideline, April 2010.

4. Financial institutions' relationships with intermediaries

The AMF expects financial institutions to establish business relationships with intermediaries that enable them to discharge their FTC obligation.

As part of financial institutions' relationships with intermediaries, the AMF expects:

- Criteria for selecting Intermediaries to enable the identification of intermediaries with the authorization to act and the appropriate competencies and resources, and follow-up to be performed to ensure the criteria are maintained

- Agreements entered into to clearly set out the financial institution's expectations for intermediaries with regard to FTC

- Reporting, indicators and controls put in place to be adjusted based on the risks specific to and characteristics of each intermediary[8] and to allow the financial institution to obtain reasonable assurance that the intermediary is meeting its expectations with regard to FTC

  Among other things, the financial institution:

  - Ensures that the intermediary has the means to provide clients with timely information necessary for enlightened decision-making

  - Provides for the implementation of measures guaranteeing clients an appropriate level of service after they enter into a contract

  - Considers the controls put in place by the intermediary sufficient to identify inappropriate sales, transactions and practices in respect of clients and is satisfied with any corrective action, where required

  - Obtains relevant information from the intermediary enabling it to review, if necessary, its product designs, target client group definitions or distribution strategies

  - Obtains relevant information from the intermediary about the complaints it has received regarding its products or their distribution so the financial institution can obtain a complete picture of the client experience and identify any FTC-related issues

[8] For example, reporting, indicators and controls include the insurer's liability with respect to a distributor (s. 65 of the Insurers Act).

5. Expected FTC outcomes

5.1 Governance

The AMF expects financial institutions' decision-making bodies to exercise strong leadership in making FTC a core component of their business culture.

Since risks of inappropriate practices with clients are harder to quantify and monitor using standard compliance tools, it is important to establish an FTC-centric business culture.

The board of directors is responsible for promoting an FTC-centric business culture and sound commercial practices, and senior management is responsible for ensuring that that culture and those practices are reflected in the financial institution's risk management framework.

Roles and responsibilities of the board of directors[9]

- Ensure that committees are established to monitor changes in the business culture and the risks of inappropriate practices that could adversely affect FTC
- Ensure that compensation and performance management programs, including incentives granted by the financial institution to staff, intermediaries or other persons acting on behalf of the institution who are involved in offering its products, take FTC into account
- Ensure that the institution's code of ethics preserves and strengthens the business culture and enables ongoing adherence to high standards of ethics and integrity from recruitment onward
- Review the institution's FTC performance on set objectives and strategies and, if necessary, ensure that the required remedial action is taken

[9] Insurers Act, CQLR, c. A-32.1, section 94 Act respecting financial services cooperatives, CQLR, c-C-67.3, sections 66.1 and 99 Deposit Institutions and Deposit Protection Act, CQLR, c. I-13.2.2, section 28.38 Trust Companies and Savings Companies Act, CQLR, c-S-29.02, section 75.

Roles and responsibilities of senior management

- Ensure the development of objectives, strategies, policies, processes and procedures that are consistent with the institution's values and enable achievement of the expected FTC outcomes
- Ensure the implementation of controls to:
  - Identify and address any departure from the institution's objectives, strategies, policies, processes and procedures
  - Ensure that staff conduct is consistent with the institution's FTC-related values
  - Identify and react promptly to any risks or situations likely to adversely affect FTC
  - Generate information for the board of directors that supports the monitoring and measurement[10] of the institution's performance and a process for its continuing improvement in FTC
- Ensure that staff members who offer products receive training, periodically and as needed, on established FTC-related policies, processes and procedures
- Ensure that the institution's integrated risk management takes into account risks and commercial practices that could adversely affect FTC
- Ensure that appropriate action is taken to correct staff member practices that are contrary to FTC

[10] Accordingly, in addition to the client satisfaction rate or the number of complaints received, the indicators used by the institution should make it possible to measure the achievement of expected FTC outcomes at every stage of the product life cycle.

5.2 Handling conflicts of interest

The AMF expects any real or potential conflicts of interest to be avoided or managed in a manner that ensures FTC.

A conflict of interest situation may arise from, among other things, the compensation and performance management programs put in place or the relationships established between the financial institution and the intermediary and any other person acting on its behalf who is involved in offering its products.

A conflict of interest situation could result in an inappropriate sale, transaction or practice or have an impact on the quality of services provided or advice given to clients, as applicable.

The institution should therefore regularly identify and assess the risks of practices with a potentially adverse impact on FTC that may result from conflict of interest situations.

Expectations to achieve this outcome

- Put clients' interests first
- Take all reasonable steps to identify and avoid or manage real or potential conflicts of interest
- Avoid any real or potential conflict of interest that cannot be managed in a way that ensures FTC
- Demonstrate that controls have been put in place to ensure that conflicts of interest can be managed in a way that ensures FTC
- Disclose in writing to the client concerned any real or potential conflict of interest that might reasonably have an impact, given the circumstances, on the offer of products or the client's decisions. This disclosure is made in a timely manner, and it is not sufficient in and of itself for the conflict of interest to be considered to have been properly managed
- When relying on, among other things, disclosure of a conflict of interest, ensure that such disclosure allows the client to assess the nature and scope of the conflict of interest, its potential impact on the services provided, the potential risk it could pose for him or her and the way it is managed
- Notify the client of any significant change that occurs regarding the previously disclosed conflict of interest
- Document each conflict of interest situation that arises and how the institution managed it. The information collected should provide a basis for illustrating the extent of the harm that may be caused to the client by a such a conflict of interest

5.3 Product design

The AMF expects financial institutions to take the common needs and interests of the various target client groups into account when designing products.

Designing products includes developing new products and significantly altering existing ones. For the financial institution, not taking the common needs and interests of the various target client groups into account when designing products could increase the risk of inappropriate offers.

Expectations to achieve this outcome

- Product design relies on the use of adequate information enabling the identification of client needs and interests
- Product design, including the selection of products originating from third parties, involves an appropriate assessment of the main features of the product[11] and the disclosure documents provided to clients by institution staff who have the competencies to perform such an assessment.[12]
- The process for approving a product enables the institution to:
  - Define the target client group that the product is likely to be appropriate for
  - Offer a product that delivers the benefits and features reasonably expected by the target client group
  - Identify and manage any risks that the product might present for the target client group
  - Take into account applicable statutory and regulatory amendments, technological developments or changes in market conditions
- Defining the target client group involves identifying the common needs and interests of the members of the group. The level of detail of the criteria used by the institution to identify a target client group is based on the type of product (e.g., nature, features, complexity, level of risk) and enables the institution to determine which clients belong to the group and those for whom the product may not be appropriate

[11] For example, for deposit products, the assessment of the product's features could take into account criteria such as accessibility, yield and security.

[12] For example, type, compliance, integrated risk management, finance, sales, taxation, actuarial services, legal affairs.

- Product monitoring:[13]
  - Ensures, by relying on sufficient, relevant, clear information, that the product's main features continue to suit the target client group's needs and interests[14]
  - Enables action to be taken, if necessary, to:
    - Tailor the product to the target client group's changing needs and interests[15]
    - Ensure that clients understand the product and its main features
    - Revisit the definition of the target client group

[13] Also applies to products no longer offered but still held by clients (e.g., investments in certain segregated funds). Product monitoring helps ensure that clients receive ongoing information supporting informed decision-making.

[14] For example, regular information from employees and intermediaries offering the product; information from the quality control department, the claims examination department, the complaint processing department, the analysis of competing products and client satisfaction assessment methods. Moreover, some insurance industry indicators such as a high claim denial rate or a low claim rate may indicate that the product is not suited to the needs and interests of the target client group.

[15] For example, ensure that the exclusions in the insurance contract are still relevant and drafted in a way that is clear to clients. Consider economic conditions in taking into account changes in clients' level of indebtedness.

5.4 Product marketing

The AMF expects financial institutions' distribution strategies to take into account the needs and interests of the target client groups and to be tailored to the products.

Financial institutions are responsible for the distribution strategies they use for their products and provide strategy oversight.

Expectations to achieve this outcome

- The distribution strategies for a product are chosen using appropriate information to assess the target client group's needs and interests and are tailored to the level of complexity of the product
- Staff, intermediaries or other persons acting on behalf of the institution who are involved in offering its products receive relevant information and appropriate training on the products. They have an adequate grasp of the product's features and the target client groups
- The indicators used and controls applied with respect to distribution strategies make it possible to:
  - Assess the performance of the various distribution strategies in terms of expected FTC outcomes and to take any remedial action, as required
  - Ensure that the distribution strategies used for a product continue to meet the target client group's needs and would not adversely affect clients' interests

5.5 Product advertising

The AMF expects product advertising materials to be accurate, clear and not misleading.

Before using advertising material, financial institutions should take the necessary steps to ensure that it is accurate, clear and not misleading.

Expectations to achieve this outcome

- Prior to being disseminated, product advertising materials are reviewed by persons other than those who prepared or designed them
- Advertising materials:
  - Are easy to understand
  - Clearly identify the financial institution
  - Adequately convey the benefits that the target client group may reasonably expect from the product
  - Highlight information or key elements required for informed decision-making by clients
  - Provide a clear understanding of the product and does not cause confusion
- Advertising materials are presented in a format that is easy to read and understand
- The statistics used are relevant to the product. The sources of the statistics used are indicated, if applicable
- Testimonials used are authentic, and, if paid for, mention is made of that fact
- If the institution notes that advertising material is inaccurate, misleading or is causing confusion, it withdraws it promptly and takes any other actions required to remedy the situation

5.6 Disclosure to clients before or when a product is offered

The AMF expects clients to have information, before or when a product is offered, that allows them to be properly informed in order to make an enlightened decision.

Such disclosure should enable clients to understand the product and its main features and help them determine whether the product suits their needs and interests.

The level of detail of disclosure will vary depending on, among other things, the nature and complexity of the product.

Expectations to achieve this outcome

- Disclosure to clients:
  - Is up-to-date and readily accessible
  - Is drafted in clear and plain language, in a manner that is not misleading,[16] and is presented in a format that facilitates reading and comprehension
  - Focuses on information quality, not quantity
  - Clearly identifies the name of the institution and provides its contact details
  - Gives prominence to and explains the main features of the product[17] that are important for finalizing or performing the contract, including the consequences for the client of not complying with the terms of the contract
  - Sets out the client's rights and obligations, including any right of cancellation or rescission
  - Gives the contact details for the claims examination and settlement department[18]
  - Gives the contact details for the complaint processing and dispute resolution department and the steps for accessing the summary of the complaint processing and dispute resolution policy

[16] When technical, complex or hard-to-understand language cannot be avoided, make tools or other means accessible to clients to help them clearly understand the information.

[17] Examples: For insurance products, the type of contract, the coverages offered, eligibility requirements, perils covered, restrictions, limitations, deductible, premium. For credit products, the interest rate, fees and charges, total cost, term, repayment terms, type of security required, etc.

[18] Applicable only to insurers authorized under the Insurers Act.

5.7 Offers of product by deposit institutions[19]

The AMF expects deposit institutions to assess whether the product that is offered is appropriate for the client.

The deposit institution's policies, processes, procedures and controls should ensure that the product that is offered is appropriate for the client, having regard for their circumstances, including their financial needs.[20]

Expectations to achieve this outcome

- The nature of the information collected varies depending on the client's circumstances[21] and the type of product that is offered[22]
- The Know Your Client (KYC) information that is collected is analyzed to understand the client's circumstances and assess the appropriateness of the product that is offered

[19] Financial services cooperatives, trust companies and other authorized deposit institutions.

[20] For example, the policies, processes, procedures, controls and information systems relating to the granting of credit should enablethe identification, control and mitigation of major risks to clients, including those related to mis-sold credit products, and to prevent, insofar as possible, repayment problems and what they logically lead to, i.e., debt overload.

[21] The assessment of the client's circumstances, including their financial needs, may require consideration of a number of factors, such as the client's objectives, financial situation, repayment ability, risk tolerance, investment horizon and other commitments.

[22] Features, charges, risks and benefits for clients.

5.8 Disclosure to clients after a product is purchased

The AMF expects clients to have information allowing them to be properly informed, in a timely manner, in order to make enlightened decisions about the products they hold.

Disclosure to clients after a product is purchased is timely and enables clients to determine whether the product they hold is still suited to their needs and interests.

Expectations to achieve this outcome

Disclosure to clients:

- Is drafted in clear and simple language so as not to cause misunderstanding and is presented in a format that is easy to read and understand
- Reminds them about the options they can exercise
- Informs them of changes to the contract or changes related to the performance of their contract, the impact of the changes, and their rights and obligations, and when necessary, obtains their consent
- Notifies clients of events such as:
  - Date of renewal or automatic renewal
  - Expiry of a promotional period
  - Payment due date after which time fees will be charged
  - Replacement of the product or early termination of the contract
  - A portfolio transfer
  - Amendments to applicable legislation or changes in market conditions that could affect the product's main features
  - Any organizational or operational change by the institution that could have an impact on the products held by and the services provided to the client[23]

Periodic communications remind clients of the importance of reviewing their needs based on changes in their personal situation to ensure that the product is still appropriate for them.

The institution therefore takes the necessary steps to ensure that clients receive ongoing and adequate service.

When clients wish to replace a product or switch products, cancel a contract or change institutions, the procedures in place facilitate such transactions.

[23] For example, if branches or automated teller machines are closed or converted, the financial institution contacts its clients within a reasonable period of time and informs them of available alternatives.

5.9 Claims examination and settlement[24]

The AMF expects claims to be examined diligently and settled fairly following a process that is simple and readily accessible for clients.

Claims examination and settlement are key steps in an insurer's relationship with its clients.

Expectations to achieve this outcome

- When filing a claim, the client is informed of the main steps in the examination of the claim and of the expected timeframes for settlement of the claim[25]
- The client is informed in a timely and appropriate manner of the claim's status
- Additional requests for information from the institution related to the examination of a claim are commensurate with the perils covered and do not hinder or delay the examination process
- The client is informed, when the claim cannot be examined within the expected timeframe, why additional time is required and when the process will be completed
- Claim-determinative factors (e.g., depreciation, negligence) and, when applicable, the reasons why the claim was wholly or partially denied are carefully and clearly explained to the client. Everything is confirmed in writing to the client, who is offered the opportunity to request a review of the decision
- Claim decisions take clients' interests into account and are made in an objective and consistent manner
- The claim decision review process is simple, without any red tape
- Clients are informed that they may contact the complaint processing and dispute resolution department if they are dissatisfied with the way their claim has been handled
- Staff responsible for claims examination and settlement:
  - Are familiar and comply with the institution's claims examination and settlement process. They are able to provide appropriate information to clients and properly assist them in making a claim and throughout the examination process
  - Possess the necessary competencies depending on the type of product

[24] Applicable only to insurers authorized under the Insurers Act.

[25] Where applicable, a damage insurer's procedure creates a favourable environment for a claims adjuster to meet the obligations set out in the Act respecting the distribution of financial products and services.

5.10 Complaint processing and dispute resolution

The AMF expects complaints to be processed fairly and diligently following a process that is simple and readily accessible for clients.

The complaints received by a financial institution and the handling of those complaints are, among other things, key elements to consider in assessing the financial institution's FTC performance.

The various laws administered by the AMF require financial institutions to do such things as keep a complaints register and adopt a policy for complaint processing and dispute resolution.[26]

Expectations to achieve this outcome

- The complaint process takes into account clients' interests and ensures that complaints are handled in an objective and consistent manner
- The institution designates a complaints officer who has the authority and competence to perform the function and ensures, among other things, that the complaint processing and dispute resolution policy is implemented, disseminated and complied with within the institution
- Staff responsible for processing complaints have the necessary competencies to process the complaints assigned to them
- Clients receive proper assistance throughout the processing of their complaint and are informed in a timely manner of the status of their complaint
- Clients are not faced with constraints or administrative barriers and any need the institution has for additional information does not hinder or delay the complaint process
- The institution develops an overall picture of the complaints received in order to identify common causes and the issues to be resolved to ensure FTC

[26] Insurers Act, CQLR, sections 50, 52 to 58 Act respecting financial services cooperatives, sections 66.1, 131.1 to 131.7 Trust Companies and Savings Companies Act, sections 34, 36 to 42 Deposit Institutions and Deposit Protection Act, sections 28.11, 28.13 to 28.19

5.11 Protection of personal information

The AMF expects financial institutions to establish and put in place measures enabling them to comply with their obligations with respect to the protection of personal information ("privacy obligations").

A financial institution is responsible for protecting the personal information it holds.

The sustainability of its operations depends, among other things, on its clients' trust in this respect, and clients expect personal information about them held by the financial institution or another person acting on the institution's behalf to remain private and protected accordingly.

Accordingly, the institution's policies, processes and procedures relating to the protection of personal information draw on best practices and enable it to discharge its privacy obligations, including those under the Act respecting the protection of personal information in the private sector.[27]

The AMF also expects the financial institution to assess the potential effects of new or emerging risks that could threaten the privacy of the personal information it holds and to take appropriate action to mitigate such risks.

[27] CQLR, c. P-39.1.

AUTORITÉ DES MARCHÉS FINANCIERS

The Autorité des marchés financiers (AMF) would like to thank the various stakeholders that have submitted comments as part of the consultation held from October 21, 2021 to January 28, 2022 on the draft update of its *Sound Commercial Practices Guideline*. After analysis, the AMF is hereby publishing its responses to the comments received, which fall under the following main themes.

Shift away from the principles-based prudential approach

The AMF was sensitized to the fact that the draft update of the *Sound Commercial Practices Guideline* (the "Guideline") was more prescriptive than the previous version and included a number of requirements. The removal of the reference to the principle of proportionality in the draft was used to illustrate this shift.

In response to these observations, the AMF reiterates that work was carried out in 2020 and 2021 to improve the usability of its guidelines. The AMF removed the redundant sections from all prudential guidelines and moved the messages on its website to the location where the guidelines may be consulted. Although the "Preamble" section stating that it is the responsibility of each institution to adopt the principles and to implement them following the principle of proportionality, based on the nature, size and complexity of its activities and its risk profile, has been removed from the guidelines, the principle of proportionality is still fundamental for the AMF. There is therefore no shift away from the principles-based approach.

Increased compliance burden

The AMF was sensitized to the importance of ensuring consistency between the Guideline and the overall legislative and regulatory framework for Québec's financial sector, including the AMF's other guidelines. It was mentioned that it would be preferable, for example, to make reference to the applicable laws and regulations and only clarify expectations of a more specific nature to avoid any contradictions, inconsistencies or redundancies.

The AMF took note of these observations and reviewed, in particular, the section on the division of responsibilities between financial institutions and intermediaries (see below for a discussion of this aspect).

Regarding matters covered by laws and regulations not administered by the AMF, it is important to remember that, beyond expected compliance with all laws, the AMF gives prominence to aspects of the fair treatment of clients (FTC) it deems important and essential, even if these matters are otherwise covered by laws and regulations that are not under its responsibility.

Harmonization with the CCIR and CISRO Guidance

The AMF was sensitized to the fact that the Guideline was moving further away from the *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*, published in 2018 jointly by the Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO). The comments reflected discomfort with the use of a different terminology and the addition of new expectations on top of those set out in the CCIR and CISRO Guidance.

In response to these observations, the AMF points out that the CCIR and CISRO Guidance is a statement of the common expectations of Canadian insurance regulators and that each jurisdiction is responsible for adapting it to its particular context using legislative and other instruments at its disposal, in accordance with its powers.

The AMF also reiterates that it contributed to the work on the CCIR and CISRO Guidance and, in this sense, was able to develop a Guideline that achieves optimal harmonization while being adapted to the context and characteristics of Québec's financial sector (including, among other things, the *Act respecting the distribution of financial products and services*).

Unlike the CCIR and CISRO Guidance, which is intended for insurers and intermediaries, the AMF's Guideline applies to financial institutions (insurers and deposit institutions). In light of its distinct scope of application, the AMF considered, for example, the provisions of the *Bank Act* aimed at enhancing the integrated Financial Consumer Protection Framework. The updated Guideline also takes into account observations and recommendations made in the context of the AMF's supervision of financial institutions since the release of the first version of the Guideline in 2013.

Division of responsibilities between financial institutions and intermediaries

The AMF was sensitized to the fact that the draft update of the Guideline gave financial institutions certain additional responsibilities that went beyond the responsibilities set out in the laws that govern them. It was also mentioned that the Guideline increased financial institutions' obligations in respect of intermediaries while imposing unrealistic expectations on them and leading them to override the intermediaries and meddle in their internal governance. The comments also made reference to a failure to acknowledge the intermediaries' role, independence and obligations under Québec's legislative and regulatory framework.

The AMF took the comments received into consideration and completely revised sections 3 and 4 of the Guideline. Section 3 now emphasizes a financial institution's FTC obligation at all stages of the product life cycle—an obligation that continues even where intermediaries may be involved in offering the financial institution's products and those intermediaries have different requirements. Section 4 focuses on the importance for financial institutions to establish with intermediaries agreements enabling them to fulfill their FTC obligation.

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28 January, 2022

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

Dear Mr. Lebel:

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

General Feedback Comments

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

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

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

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

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

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

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

Specific Feedback Comments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Conclusion

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

Sincerely,

Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

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Le 28 janvier 2022

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

Cher Monsieur Lebel :

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

Commentaires généraux

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

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

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

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

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

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

Commentaires spécifiques

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Conclusion

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

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

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

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

<u>À propos de l'ACIFA</u>

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

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

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

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

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Briefing Note

CAFII EOC Meeting 17 January, 2023 Agenda Item 4(a)iii
Committee Updates--Market Conduct & Licensing-- FCNB December 13-14/22 Publication of 'Notices to Industry' Re February 1/23 Coming Into Force of Rule INS-001: Insurance Intermediaries Licensing and Obligations; and Rule INS-002: Insurance Fees (Including Launch of "New Licensing Framework for a Restricted Insurance Representative for the Incidental Sale of Insurance Products")

Purpose of this Agenda Item – *Update/Discussion*

To update the EOC on the final versions of the FCNB's Rule INS-001 and Rule INS-002.

Background Information

In mid-December 2022, the Financial and Consumer Services Commission of New Brunswick (FCNB) issued notices of two new Rules: one on insurance licensing requirements and obligations, including the intention to launch a new Restricted Insurance Agents licensing regime in the province, and the other around related insurance licensing fees. This will be an update on those final documents and an opportunity for members to discuss implementation strategies.

Of particular note is that the FCNB has retained a clause (Clause 46 in the final version of Rule INS-001, previously Clause 45) which states the following:

> ***46. A restricted insurance representative, or an employee of a restricted insurance representative, shall advise potential clients that he or she is not a licensed insurance agent and that the potential client may wish to seek advice from a licensed insurance agent.***

This is a very problematic clause that is difficult, if not impossible, for CAFII members to implement, something which CAFII made clear in its original submission in February 2022 in response to the FCNB's consultation document on Rule INS-001 (see relevant section of the submission below). We will discuss options that CAFII can take in response at this EOC meeting.

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FROM CAFII'S SUBMISSION FEBRUARY 2022 ON THE DRAFT RULE (Clause 45 originally is now Clause 46).

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

Recommendation / Direction Sought – *Update/Discussion*

This is an update for the EOC, with an opportunity for discussion.

Attachments Included with this Agenda Item

3 attachments.

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Agenda Item 4(a)(iii)
January 17/23 EOC Meeting

From: Brendan Wycks
Sent: December-14-22 10:22 AM
To: CAFII Board and EOC Members and Board Surrogates
Cc: Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>; 'Rose, Laura' <Laura.Rose@tdinsurance.com>; 'Wenda Robinson' <wenda_robinson@cooperators.ca>; 'Jason Powell' <Jason.Powell@valeyo.com>; 'D'Erasmo, Alba' <ALBA.DERASMO@bmo.com>; Saroth Min <Saroth_Min@manulife.ca>
Subject: FCNB Publishes Notices To Industry Regarding Implementation of Rule INS-001 Insurance Intermediaries Licensing and Obligations and Rule INS-002 Insurance Fees; and Related Transition Information

CAFII Board Members, EOC Members, and Board Surrogates:

For your information and early awareness, the Financial Consumer and Services Commission of New Brunswick has just published on its website, on December 13/22 and December 14/22, two CAFII member-relevant *Notices to Industry* with respect to the coming into force of

Rule INS-001 Insurance Intermediaries Licensing and Obligations and *Rule INS-002 Insurance Fees* **on February 1, 2023**, which includes the launch of the province's "new licensing framework for a restricted insurance representative for the incidental sale of insurance products."

Links to those two Notices are provided below; and their content is also set out below in the body of this email message, beneath my signature block.

Of particular note,

- businesses that will be required to obtain a Restricted Insurance Representative licence, as defined in the Rule, will have up to 90 days to submit a completed application to obtain the licence. Applications may be submitted via the **FCNB licensing Portal** beginning 1 February 2023; and
- FCNB will provide additional information in future communications on the following topics:

-Transition provisions for existing intermediary licensees *(addressed in December 14/22 Notice to Industry);*

-Supervision expectations; and

-Responsibilities of the Designated Representative for agencies, managing general agents, adjusting firms and restricted insurance representatives.

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Insurance Notice: Notice to Industry regarding implementation of Rule INS-001 Insurance Intermediaries Licensing and Obligations and Rule INS-002 Insurance Fees | New Brunswick Financial and Consumer Services Commission (FCNB)

Insurance Notice: Notice to Industry with Transition Information – Update Intermediary Licences based on requirements of Rule INS-001 Insurance Intermediaries Licensing and Obligations | New Brunswick Financial and Consumer Services Commission (FCNB)

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Insurance Notice: Notice to Industry regarding implementation of Rule INS-001 Insurance Intermediaries Licensing and Obligations and Rule INS-002 Insurance Fees

On 9 November 2022, the Financial and Consumer Services Commission (FCNB) received Ministerial Approval to adopt ***Rule INS-001 Insurance Intermediaries Licensing and Obligations*** and ***Rule INS-002 Insurance Fees***.

The Rules are expected to come into force on 1 February 2023. Updates to the regulatory framework, resulting from changes to the Insurance Act¸ will result in the repeal of five existing regulations:

- *Adjusters Regulation (Regulation 2009-52),*
- *Agents and Brokers Regulation (Regulation 95-5),*
- *Licence and Examination Fees for Agents and Brokers Regulation (Regulation 83-197),*
- *Licence Revival Fee Regulation (Regulation 84-73), and*
- *Life Insurance Agent Licensing Regulation (Regulation 2003-36).*

Regulatory Requirements

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The ***Rule INS-001 Insurance Intermediaries Licensing and Obligations*** provides full details of the updated licensing requirements for insurance intermediaries in New Brunswick. In summary, the Rule outlines the following:

- The licensing requirements for all insurance intermediaries, which include a simplified framework for adjusters and general insurance agents;
- The transitional provisions that provide detail for current licensees who will have their licence types updated under the new licensing framework;
- The new licensing framework for an agency, adjusting firm, and managing general agent licence type;
- The new licensing framework for a restricted insurance representative for the incidental sale of insurance products;
- The educational and experience requirements for intermediaries;
- The updated eligibility criteria for a two-year licence;
- The errors and omissions insurance requirements for intermediaries;
- The supervision requirements for intermediaries;
- The market conduct standards and prohibited activities for intermediaries; and
- The updated trust account requirements.

Rule INS-002 Insurance Fees outlines the non-refundable application fee information for all licence types.

Expectations

The Insurance Division of FCNB expects current insurance industry licensees (Insurers and Intermediaries) to familiarize themselves with the ***Rule INS-001 Insurance Intermediaries Licensing and Obligations***; allowing them to comply with the licensing and market conduct expectations when the Rule comes into force.

Insurers are also expected to communicate with all firms in their distribution networks to ensure the new licensing requirements for agencies, managing general agents, adjusting firms and restricted insurance representatives are understood.

Firms must be prepared to become licensed by submitting the appropriate application through the **FCNB licensing Portal**. Current and potential licensees should add **portal@fcnb.ca** to their safe-senders email list settings to ensure they receive communications from FCNB.

Once ***Rule INS-001 Insurance Intermediaries Licensing and Obligations*** comes into force on **1 February 2023**, agencies, adjusting firms and managing general agents conducting insurance business in New Brunswick will have up to 60 days to submit a completed application to obtain the licence. Businesses that will be required to obtain a Restricted Insurance Representative licence, as defined in the Rule, will have up to 90 days to submit a completed application to

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obtain the licence. Applications may be submitted via the **FCNB licensing Portal** beginning 1 February 2023.

FCNB will provide additional information in future communications on the following topics:

- Transition provisions for existing intermediary licensees;
- Supervision expectations; and
- Responsibilities of the Designated Representative for agencies, managing general agents, adjusting firms and restricted insurance representatives.

For any questions on this notice or the implementation of the Rules, contact the Insurance Division of FCNB at 866-933-2222 or by email at **info@fcnb.ca**.

Insurance Notice: Notice to Industry with Transition Information – Update Intermediary Licences based on requirements of Rule INS-001 Insurance Intermediaries Licensing and Obligations

In preparation for the implementation of ***Rule INS-001 - Insurance Intermediaries Licensing and Obligations*** ("the Rule"), the Financial and Consumer Services Commission (FCNB) is providing further information regarding the transition of existing licensees under the Rule.

Most licence types that exist under the current licensing regulations of the Insurance Act in New Brunswick will be automatically updated in the FCNB licensing system on 1 February 2023, the anticipated date on which the Rule comes into force. Existing licensees will need to download and print a copy of their new licence. Please review the tables below to see if any action is required based on your existing licence type.

Please note: all General Insurance licences are now "agent" licences. However, an insurance "agent" licensee may still hold themselves out as a "broker" if the "agent" is party to two or more subsisting agency contracts with different insurers.

Life insurance agent licences	Updated licence type	Action required
Life agent licence	Life insurance agent licence	No action required by licensee
Life, accident and sickness agent licence	Life insurance agent licence	No action required by licensee
Accident and sickness agent licence	Accident and sickness insurance agent licence	No action required by licensee

Other than life insurance agent or broker licences	Updated licence type	Action required

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Agent licence, class I	Level 1 general insurance agent licence	No action required by licensee
Agent licence, class II	Level 1, 2 or 3 general insurance agent licence	Licensee to request a general insurance agent licence type upon renewal, if not contacted by FCNB prior to expiry date
Broker licence, class I	Level 1 general insurance agent licence	No action required by licensee
Broker licence, class II	Level 1 general insurance agent licence	No action required by licensee
Broker licence, class III	Level 2 general insurance agent licence	No action required by licensee
Broker licence, class IV	Level 3 general insurance agent licence	No action required by licensee
Non-resident agent or broker licence	Level 1, 2 or 3 general insurance agent licence	Licensee to request a general insurance agent licence type upon renewal, if not contacted by FCNB prior to expiry date

Adjuster licences	**Updated licence type**	**Action required**
Level 1 probationary adjuster licence	Level 1 assistant adjuster licence	No action required by licensee
Level 2 assistant adjuster licence	Level 1 assistant adjuster licence	No action required by licensee
Any specialization of Level 3 adjuster licence	Level 2 adjuster licence	No action required by licensee
Level 4 adjuster licence	Level 3 adjuster licence	No action required by licensee

Other licences	**Updated licence type**	**Action required**
Travel insurance agent licence	Travel insurance agent licence	No action required by licensee
Special insurance broker licence	Special insurance broker licence	No action required by licensee

As outlined above, the following licence types will not automatically update:

- **Non-Resident – Other than life insurance agent or broker licence**
- **Resident Agent – Class II licence**

These existing licences will remain valid if no action is taken before its current expiry date. Upon renewal, holders of these licences will be asked to review the details of the **licensing qualifications and educational requirements** and select the appropriate General Insurance Agent licence type (Level 1, 2, or 3). Licensees will be asked to submit details of any **educational courses and/or equivalent experience** they have completed. For the purposes of the transition, if a licensee does not have the required courses, FCNB will assess their experience to determine the appropriate licence level.

FCNB will attempt to proactively contact licensees who currently hold a Non-Resident - Other than life insurance agent or broker licence or a Resident Agent – Class II licence before their current licence expiry date to request this information. This will assist the licensing team in updating these licences in an efficient manner.

Licensees should **add portal@fcnb.ca to their safe-senders email list settings** to ensure they receive communications from FCNB.

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info@cafii.com www.cafii.com

For any questions on the transitional provisions (Part 16) of the ***Rule INS-001 - Insurance Intermediaries Licensing and Obligations***, contact the Insurance Division of FCNB at 866-933-2222 or by email at **insurance.licensing@fcnb.ca**.

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Briefing Note

CAFII EOC Meeting 17 January, 2023 Agenda Item 4(a)iv
Committee Updates--Market Conduct & Licensing-- BCFSA Interim Update on How It Plans to Proceed on Proposed "Insurer Code of Market Conduct" and Related "Supplemental Guideline"

Purpose of this Agenda Item – *Update*

To update the EOC on the approach BCFSA is taking to its intention to publish an Insurer Code of Market Conduct.

Background Information

CAFII has strongly urged BCFSA not to adopt its own "Insurer Code of Market Conduct" but to instead adopt the CCIR/CISRO "Guidance: Conduct of Insurance Business and Fair Treatment of Customers"; and while BCFSA has not said it will necessarily do that, it has decided to delay the development of the Code and will provide an update on its plans in 2023.

Recommendation / Direction Sought – *Update*

This is an update for the EOC, with an opportunity for discussion.

Attachments Included with this Agenda Item

1 attachment.

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Agenda Item 4(a)(iv)
January 17/23 EOC Meeting

From: BCFSA Engagement Team <engage@bcfsa.ca>
Sent: December-15-22 4:53 PM
To: BCFSA Engagement Team <engage@bcfsa.ca>
Subject: Update: BCFSA Consultation on Insurer Code of Market Conduct

Good afternoon,

Please see BCFSA's update below on the BCFSA Consultation on Insurer Code of Market Conduct.

Update: BCFSA Consultation on Insurer Code of Market Conduct

BCFSA thanks everyone who participated in the recent consultation on the proposed Insurer Code of Market Conduct. The Code proposes to embed principles for fair treatment of customers into BCFSA's market conduct supervision and oversight practices, enhancing consumer protection and strengthening public trust and confidence.

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BCFSA values the feedback it receives during consultations and is committed to using input as appropriate to inform its approach. We are continuing to consider feedback from submissions received during the consultation period and from follow-up discussions with industry associations held throughout the fall.

We will provide a report in 2023 on the results of the consultation and the feedback received, along with planned next steps for the proposed Code.

For further information about the consultation process for the Insurer Code of Market Conduct, please visit BCFSA's Consultations and Engagement webpage. Questions regarding this consultation can be directed to policy@bcfsa.ca.

We wish you a happy holiday season and look forward to providing further information on the Insurer Code of Market Conduct in the new year.

BCFSA
BC Financial Services Authority
600-750 West Pender Street
Vancouver, BC Canada
V6C 2T8

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Briefing Note

CAFII EOC Meeting 17 January, 2023 Agenda Item 4(a)v
Committee Updates--Market Conduct & Licensing-- BC Ministry of Finance Next Steps for Development of BC Restricted Insurance Agent Licensing Regime Framework

Purpose of this Agenda Item – *Update*

To update the EOC on the approach which the BC Ministry of Finance plans to take for developing a Restricted Insurance Agent Licensing Regime in the province.

Background Information

The BC Ministry of Finance continues its work on the development of a new Restricted Insurance Agent licensing regime for the province. This will be an update on those plans.

Recommendation / Direction Sought – *Update*

This is an update for the EOC.

Attachments Included with this Agenda Item

1 attachment.

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From: Toovey, Kari FIN:EX <Kari.Toovey@gov.bc.ca>
Sent: January-13-23 11:00 AM
To: Brendan Wycks <brendan.wycks@cafii.com>
Cc: Keith Martin <Keith.Martin@cafii.com>
Subject: RE: CAFII Feedback Submission on BC's Consultation Regarding Restricted Insurance Licences

Hi Brendan and Keith:

At this stage, we are hoping to be able to move the Regulation forward this Spring (dependent on government priorities and approval). However, the bulk of the actual implementation work will be in the form of Insurance Council Rules. As you know, the Insurance Council must publicly consult on any Rules it proposes and will not be able to develop and/or consult on Rules until after the Regulation has been passed. All of this is a long way of saying that I don't anticipate that the restricted licensing regime will be in effect until mid-2024 or later.

I'll let you know once we have a Regulation and then the Insurance Council will be undertaking significant consultation respecting implementation.

Hope that helps.

Kari

From: Brendan Wycks <brendan.wycks@cafii.com>
Sent: January 13, 2023 7:12 AM
To: Toovey, Kari FIN:EX <Kari.Toovey@gov.bc.ca>
Cc: Keith Martin <Keith.Martin@cafii.com>
Subject: RE: CAFII Feedback Submission on BC's Consultation Regarding Restricted Insurance Licences

Just reaching out at this time to see if you can give CAFII an update as to the Ministry's plans for next steps and timelines in (i) its consultation process regarding Restricted Insurance Licences; (ii) developing and launching the new Regime in BC, etc.

CAFII has a key internal meeting happening on Tuesday, January 17/23 at 2:00 p.m. EST, so we'd really appreciate it if you could get back to us before then with any update you can share at this time.

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

CAFII EOC Meeting 17 January, 2023 Agenda Item 4(a)vi
Committee Updates--Market Conduct & Licensing-- CCIR December 15/22 Publication of "2021 Annual Statement on Market Conduct Public Report"

Purpose of this Agenda Item – *Update/Discussion*

To update the EOC on the publication of a CCIR document, and seek EOC feedback.

Background Information

The CCIR published, just as the holiday season was beginning (December 15, 2022), its *2021 Annual Statement on Market Conduct Public Report*, which contains a fair number of perceived shortcomings around industry reporting, many of which may be attributable to data analysis issues the CCIR is encountering. This will be an opportunity to consider what response, if any, CAFII should make to the report.

Recommendation / Direction Sought – *Update/Discussion*

This is an update for the EOC, with an opportunity for discussion.

Attachments Included with this Agenda Item

2 attachments.

CCIR | CCRRA
Canadian Council of Insurance Regulators
Conseil canadien des responsables de la réglementation d'assurance

2021 Annual Statement on Market Conduct - Public Report

December 2022

196

Table of Contents

EXECUTIVE SUMMARY

This report provides an overview of the findings from the 2021 Annual Statement on Market Conduct (Annual Statement)[1] administered by the Canadian Council of Insurance Regulators (CCIR) on behalf of its members.

This report:

- highlights key data points to provide a macro-level overview of the insurance industry in Canada as well as note changes between data points year-over-year (y/y);
- provides a means for insurers to compare their overall policies, procedures and performance against industry averages and make improvements;
- in some instances, creates benchmarks on key Fair Treatment of Customers (FTC) principles and best practices;
- demonstrates how CCIR members use data from the Annual Statement; and
- provides key observations related to industry trends, how insurers are interpreting the Annual Statement questions, how results on examinations compare to how insurers answer the Annual Statement, and how the Annual Statement relates to the CCIR/Canadian Insurance Services Regulatory Organizations' (CISRO) Guidance on the Conduct of Insurance Business and Fair Treatment of Customers (FTC Guidance).

<u>Data Utilization</u>

This report provides examples of how CCIR members use data specific to each section of the Annual Statement and how the insurers should use them.

In general, CCIR members use the Annual Statement to:

- monitor and assess the effectiveness of FTC Guidance and CCIR members FTC regulatory requirements. Those are designed to satisfy the International Association of Insurance Supervisors' (IAIS) Insurance Core Principle (ICP) 19: Conduct of Business;
- provide a macro-level overview of the insurance industry that can be monitored on an annual basis;
- monitor and respond to new trends;

[1] The 2019 Annual Statement introduced a new section on Travel Health Insurance. As data for this section is still provided on a "best efforts" basis it is excluded from this report.

- conduct risk assessments of classes of insurance, distribution channels and individual insurers;
- assess the industry's adoption and implementation of FTC principles;
- establish key risk indicators to assist CCIR members in the development of examination assessments; and
- provide a reference tool during on-site examinations.

Key Observations

- There are indications throughout the Annual Statement that some of the data fluctuations that were probably the result of the unique circumstances of the Covid-19 pandemic are subsiding and many data points are returning to pre-pandemic levels.

- Annual Statement results continue to indicate although insurers value FTC principles, there are opportunities for some insurers to better demonstrate how they have incorporated FTC principles or to implement FTC principles through their activities and sectors.

- Data quality continues to be an issue for some respondents. **Insurers should closely study this report, as well as the Annual Statement's definitions and instructions, to ensure they are providing accurate data which conforms to CCIR's expectations.**

CCIR would like to highlight the 'CCIR Cooperative Fair Treatment of Customers (FTC) Review – Consolidated Observations Report' (FTC Observations Report)[2], which was published in October 2021. Many of the observations made in the FTC Observations Report will be flagged again in this report in their relation to the data CCIR has collected.

CCIR would also like to highlight the Incentive Management Guidance[3] which it proposed in 2022.

BACKGROUND

CCIR introduced the Annual Statement in 2017 to collect information from insurers across Canada related to their governance, practices, policies, and treatment of customers. The

[2] https://www.ccir-ccrra.org/Documents/View/3669
[3] https://www.ccir-ccrra.org/Documents/View/3690

requirement to complete and file the Annual Statement is based on the authority of each provincial and territorial insurance regulator within their jurisdiction.

Purpose of the Annual Statement Dataset for CCIR Members

CCIR developed the Annual Statement as a harmonized approach to better understand and assess the insurance marketplace and insurer conduct. CCIR members have committed to increased cooperation and information sharing to improve customer protection and ensure alignment with international best practices and standards, in particular the ICPs. CCIR members have signed a Memorandum of Understanding and Protocol on Cooperation and the Exchange of Information (MOU)[4] which provides the basis for increased information sharing and cooperation in supervisory activities. The CCIR published its Framework for Cooperative Market Conduct Supervision[5]. This Framework outlines CCIR members' commitment to increasing collaboration and sharing information regarding the oversight of market conduct in Canada.

CCIR members use the data collected in the Annual Statement for various purposes, and the usage will vary by regulator. Members have used the data:

- to create a risk indicator system helping regulators determine which insurers should be examined;
- to verify how insurers' responses during an examination align with their actual policies and procedures; and
- for market intelligence purposes to gather information about the insurance industry as a whole, identifying long term trends, and flagging potential risks.

[4] https://www.ccir-ccrra.org/Documents/View/3544
[5] https://www.ccir-ccrra.org/Documents/View/2592

Cooperative Supervision Oversight Committee (CSOC)

CSOC is a CCIR committee overseeing the MOU and the Framework for Market Conduct Supervision in Canada. This includes oversight of CCIR's cooperative supervisory plans and activities, guided by the FTC Guidance (aligned with the ICPs by IAIS). The committee oversees cooperative supervision activities where emerging issues are examined on a thematic and/or insurer basis.

CSOC manages the collection of information and reporting through the Annual Statement and revises the data reporting requirements on an annual basis (working with CCIR members, working groups and committees to identify beneficial changes and areas for data collection). CSOC also shares information among CCIR members regarding the jurisdictional usage and validation of market conduct data.

Strategic Plan 2020-2023

CCIR is committed to three strategic priorities, each of which is focused on consumers, regulators, and industry:

- Build upon cooperative supervision in alignment with international standards to enhance consumer protection.
- Work collaboratively with regulatory partners to grow and leverage national regulatory capacity.
- Partner with industry stakeholders to identify opportunities to increase regulatory and supervisory harmonization where feasible and appropriate.

A key dependency on CCIR achieving its three strategic priorities is the effective use of data obtained through the Annual Statement.

RESULTS FROM 2021 ANNUAL STATEMENT

CCIR is sharing the following key results from the 2021 Annual Statement so insurers can utilize these results to compare against their own operations, policies, and procedures, particularly as it relates to FTC outcomes. All of the results should be viewed based on the nature, size and complexity of an insurer's activities.

Throughout the report, CCIR highlights how its members use the Annual Statement data and makes key observations when appropriate. CCIR expanded comments to include insights observed by CCIR members during its examinations in addition to analysis on the Annual Statement data itself.

CCIR members expect insurers will use the information provided in this report to benchmark themselves against the industry, but also to identify CCIR members' expectations and best practices. Members expect insurers to be proactive in this regard and to take action when required. CCIR members will ensure these expectations are met in future examinations.

As this is the third iteration of this report, multiple data points now have three-year trending data. This enables CCIR, the property and casualty (P&C) and life and health (L&H) industries, and other stakeholders to gain insight into how the industries have changed over this period.

The report is categorized in sections corresponding to the data in the Annual Statement. The type of data presented can sometimes differ between the P&C and L&H industries.

Filing Summary

P&C Summary

There were 225 insurers (232 in 2020) required to file the Annual Statement (broken down by size and jurisdiction of incorporation),[6] of those 159 (163 in 2020) were actively writing personal lines business.

Jurisdiction	Small	Medium	Large	Commercial & Run Off	Total
Alberta	2	3	2	2	9
British Columbia	0	3	0	2	5
Manitoba	0	1	0	0	1
New Brunswick	0	0	0	0	0
Nova Scotia	2	0	0	0	2
Ontario	37	3	3	9	52
Quebec	18	7	6	4	35
Prince Edward Island	1	0	0	0	1
Saskatchewan	4	1	0	3	8
Federal - Foreign	12	3	1	27	43
Federal - Canadian	9	23	18	19	69
Total	**85**	**44**	**30**	**66**	**225**

[6] For P&C: Small insurers=Direct Written Premium (DWP) under $50M; medium insurers= DWP between $50M and $300M; large insurers= over $300M DWP.

L&H Summary

There were 72 insurers (76 insurers in 2020) required to file the Annual Statement (broken down by size and jurisdiction of incorporation),[7] of those 57 (58 in 2020) were actively writing new business.

Jurisdiction	Small	Medium	Large	Run Off	Total
Alberta	1	1	0	0	2
British Columbia	0	1	0	0	1
Manitoba	0	0	0	1	1
New Brunswick	1	1	0	0	2
Nova Scotia	0	0	1	0	1
Ontario	4	2	2	2	10
Quebec	6	2	4	0	12
Saskatchewan	1	0	0	0	1
Federal - Foreign	4	4	0	5	13
Federal - Canadian	7	7	8	7	29
Total	**24**	**18**	**15**	**15**	**72**

Governance

FTC is a principle focused on customer outcomes, in particular, having due regard for the interests of the customers and treating the customers fairly. It refers to the customer-related conduct of insurers and how insurers treat customers at each stage of the life-cycle of a product. The life-cycle of the product begins with its design and covers services from the moment obligations under the contract arise until the point at which all obligations under the contract have been fulfilled.

The outcomes associated with FTC as described in the FTC Guidance include the following:

- developing and marketing products in a way that pays due regard to the interests of customers;
- providing customers with clear information before, during and after the point of sale;
- reducing the risk of sales which are not appropriate to customers' needs;

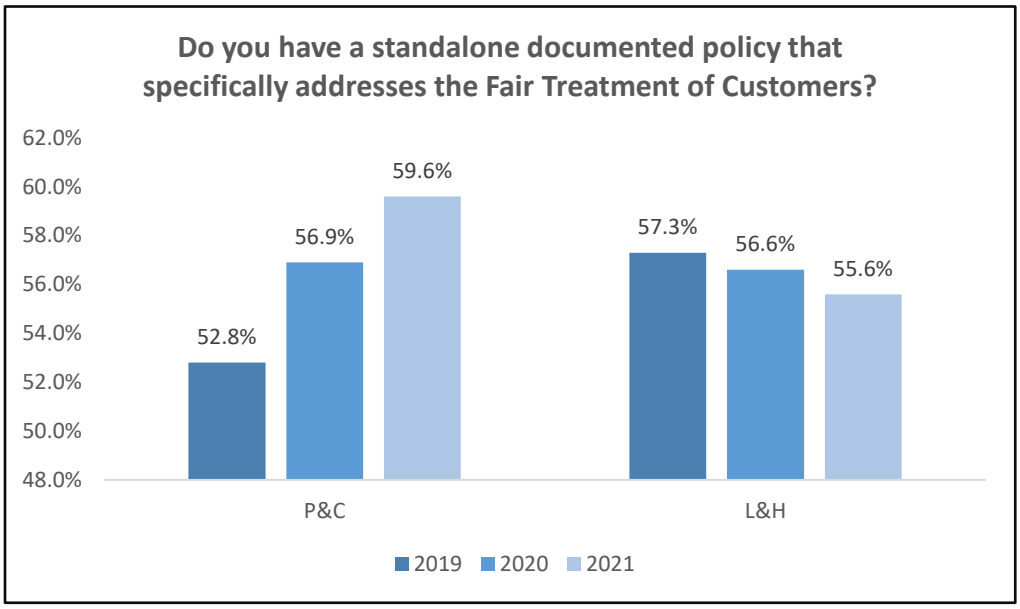
[7] For L&H: Small insurers=DWP under $150M; medium insurers= DWP between $150M and $800M; large insurers= over $800M DWP.

- ensuring any advice given is of a high quality;
- dealing with customer complaints and disputes in a fair manner;
- protecting the privacy of information obtained from customers; and
- managing the reasonable expectations of customers.

The Governance section of the Annual Statement requires insurers to answer questions designed to give an overall indication of their commitment to FTC principles.

FTC Code or Policy

According to the FTC Guidance, CCIR recommends insurers “establish and implement policies and procedures on fair treatment of customers, as integral parts of their business culture”.



One of CCIR’s key outcomes for the Annual Statement Public Report is to encourage higher adoption and implementation of FTC principles by insurers. When asked if they have a “standalone documented policy specifically address the Fair Treatment of Customers”, 59.6% of P&C respondents answered in the affirmative, as did 55.6% of L&H respondents. While this result was largely stagnant for L&H respondents (56.6% in 2020), it represents a 4.6% increase in the percentage of P&C respondents having a standalone documented policy. This growth was largely driven by small and medium-sized insurers. This is the second year in a row where the

percentage of P&C respondents who have standalone documented FTC policies has increased. The percentage of L&H insurers has been steadily declining.[8]

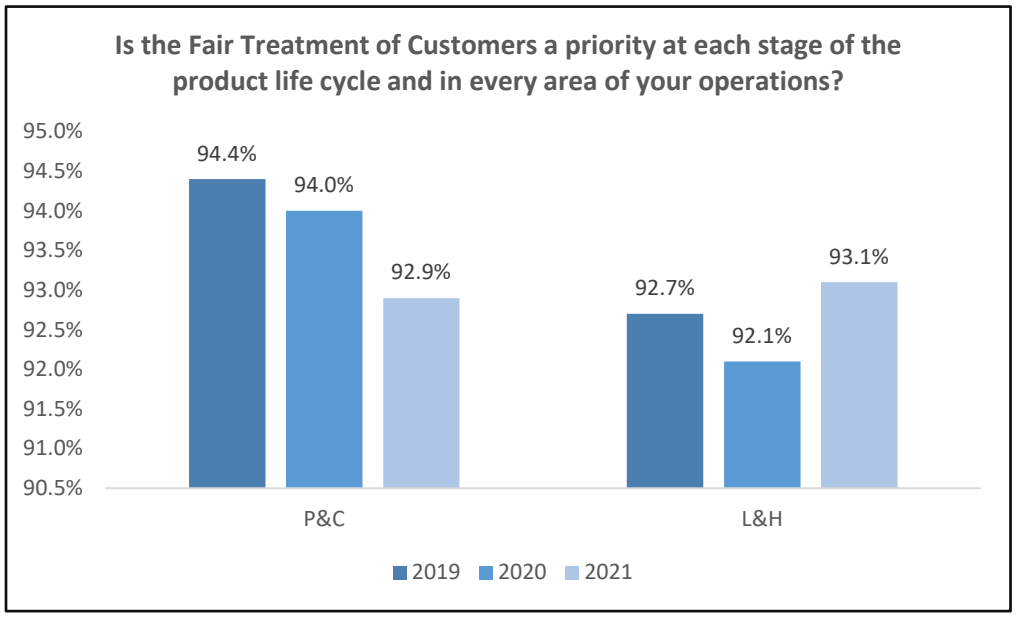
There were slight upticks in the number of P&C respondents (76.0% in 2021 compared to 75.4% in 2020) and L&H respondents (86.1% in 2021 compared to 85.5% in 2020) indicating they have a documented code incorporating FTC principles. This follows a three-year trend showing more insurers have adopted codes incorporating FTC principles since this report began in 2019. This trend is largely due to adoption of new documented codes by small and medium-sized insurers.

FTC Implementation

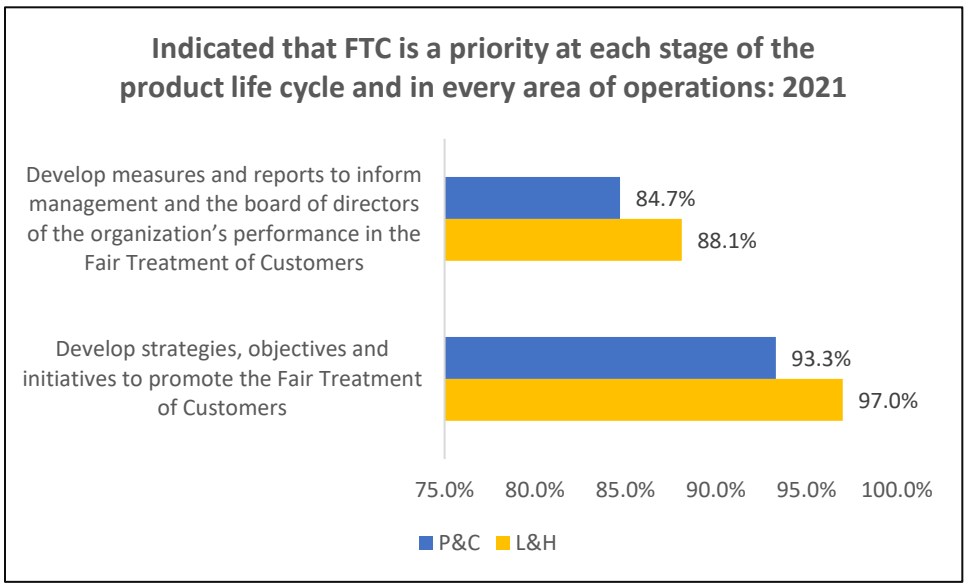
According to the FTC Guidance: “Sound conduct of business includes treating customers fairly throughout the life cycle of the insurance product. This cycle begins with product design and runs until all obligations under the contract are fulfilled.” In both the P&C and L&H sectors (92.9% and 93.1%, respectively), insurers largely responded they have embraced this principle by making FTC a priority at each stage of the product life-cycle and in every area of their operation.

Due to the high percentage of insurers who already indicated FTC is a priority to their organization, the results are largely unchanged. P&C respondent levels are slightly lower (from 94.0% in 2020), while L&H respondents increased 1% y/y. For those respondents answering “no” the exact reasons varied, but included insurers in run-off or currently developing their internal FTC culture and hope to be able to answer in the affirmative at a future date. As part of a plan to develop an FTC culture, insurers should ensure their expectations are clearly articulated to members of the organization and to their distribution channels. Insurers should also ensure they are able to measure their FTC performance

[8] There are several instances of L&H results from 2021 that appear lower than 2020 and 2019, but the total number of L&H insurers continues to decrease, resulting in superficial changes to some key data points.



For those insurers who answered in the affirmative to FTC being a priority for their organization, both P&C and L&H respondents predominately answered they "develop strategies, objectives and initiatives to promote the Fair Treatment of Customers." The results from 2021 showed this is an area where respondents continue to develop as there were increases for both P&C respondents (84.7% in 2021 compared to 82.6% in 2020) and L&H respondents (88.1% in 2021 compared to 87.1% in 2020). The percentage of respondents indicating they have "develop(ed) measures and reports to inform management and the board of directors of the organization's performance in the Fair Treatment of Customers" was slightly lower than the results from the 2020 report, but with results over 90% there are likely to be superficial changes on a y/y basis.



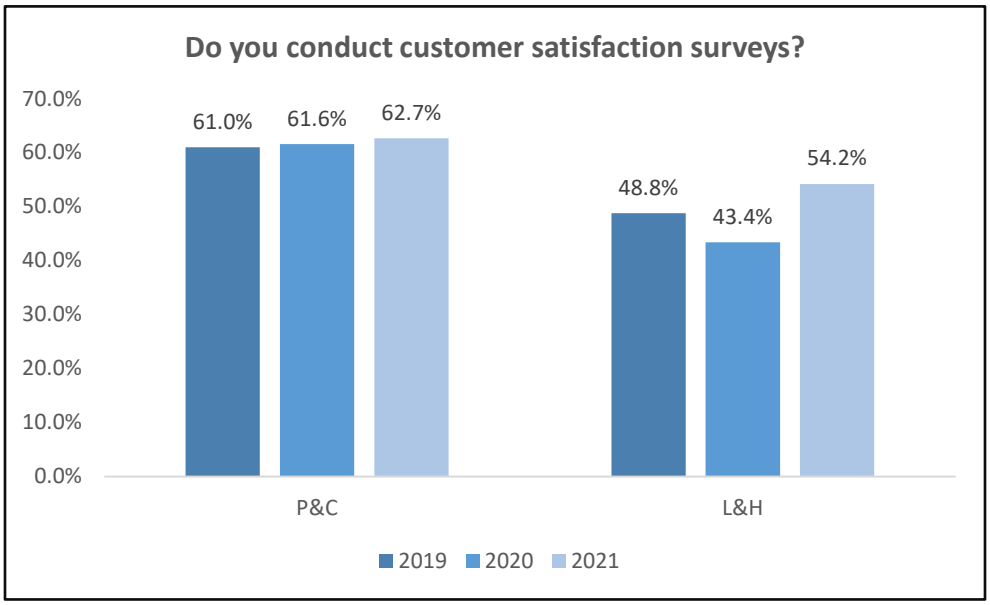
CCIR is encouraged it appears more insurers are moving towards being able to demonstrate they have incorporated FTC principles within their organizations, though room for improvement still exists. Furthermore, there are some discrepancies between what insurers indicate on their Annual Statement and the reality of their operations. The establishment of FTC principles and their governance is an important FTC governance element. The implementation of measures or reporting to senior management or the board of directors should not be limited to the number of complaints, satisfaction surveys results or response delay. See the table on 'FTC Governance Key Indicators' in Appendix 1 for some examples of key indicators that could be used by insurers to evaluate its FTC performance.[9]

Insurers generally indicated they consider FTC a priority during the entire life-cycle of the insurance product, but some insurers still have not yet promoted FTC principles or implemented a reporting mechanism to measure FTC performance or their risk related to FTC.

Furthermore, there are still many insurers who do not have a standalone documented policy specifically addressing FTC.

[9] Those key indicators were identified through CCIR members monitoring activities and from IAIS reports.

Customer Satisfaction Surveys



In the P&C sector, the percentage of respondents again slightly increased when asked if they conduct customer satisfaction surveys (increasing from 61.6% in 2020 to 62.7% in 2021). In the L&H sector, however, the number of insurers conducting customer satisfaction surveys greatly increased on a y/y basis (going from 43.4% in 2020 to 54.2% in 2021).

Amongst the insurers who responded in the affirmative they conduct customer satisfaction surveys, the most common occurrence in the P&C sector was immediately following a claim (95.7%), followed by sale (56.7%). In the L&H sector, the most common occurrence was following a sale (71.8%), followed by a claim (66.7%). Only a small percentage of respondents conducting customer satisfaction surveys, do so following a complaint (P&C – 22.7%; L&H – 23.1%), which represents a reduction in both sectors y/y.

The FTC Guidance indicates insurers are responsible for assessing the “performance of the various models of distribution used, particularly in terms of fair treatment of customers and, if necessary, take the necessary remedial action.” While there are numerous ways through which an insurer can assess performance of employees/distributors (e.g., audits, reviews), direct contact with customers enable organizations to better assess how they are performing regarding the fair treatment of customers. Surveys and other feedback mechanisms employed by insurers such as focus groups, online feedback forms, etc. are a simple and effective way for the voice of the customer to be heard. It enables insurers to identify areas of improvement and new opportunities to have open dialogue and deepen the relationship with customers.

How CCIR Members Utilize Governance Data

- Aids in tracking industry support and implementation of FTC principles
- Helps assess risks and highlight risk indicators used in selecting risk-based examinations
- Verifies how FTC principles are implemented and operationalized in examinations
- Monitors number of FTC audits being performed by insurers throughout various distribution channels

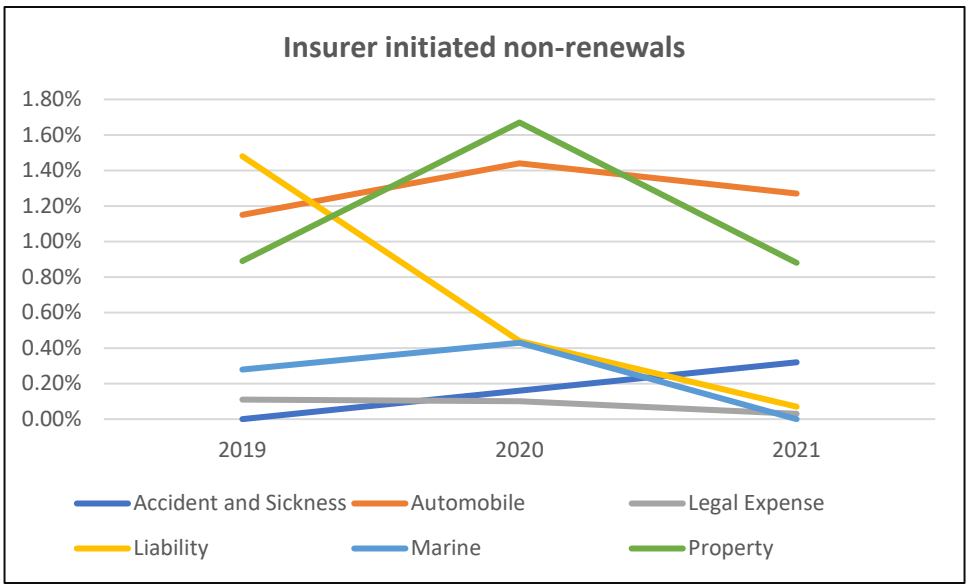
Observations on Governance Data

- The FTC Guidance outlines the expectation FTC needs to be a core component of the governance and business culture of Insurers and Intermediaries
- Insurers should be able to demonstrate how they ensure FTC is a priority throughout every area of their operations, including their risk management and monitoring of their distribution channels
- CCIR members expect insurers to measure their FTC performance and if necessary, take remedial action
- CCIR and members examinations found:
    - There was a lack of consolidated reporting to assess the insurers' overall performance with respect to FTC;
    - The roles and responsibilities specifically related to FTC were not always clearly defined; and
    - The current policies and procedures were not fully evaluated to assess if pertinent FTC elements were incorporated, and no action plans were in place to implement and operationalize the FTC elements

Policies

The Policies section of the Annual Statement requires insurers to provide information on the state of their policies in force and policies issued in their previous reporting period. Special emphasis is placed on data surrounding the cancellation of contracts or the denial of applications, in relation to the class of insurance. For P&C insurance, commercial insurance policies are excluded from the data.

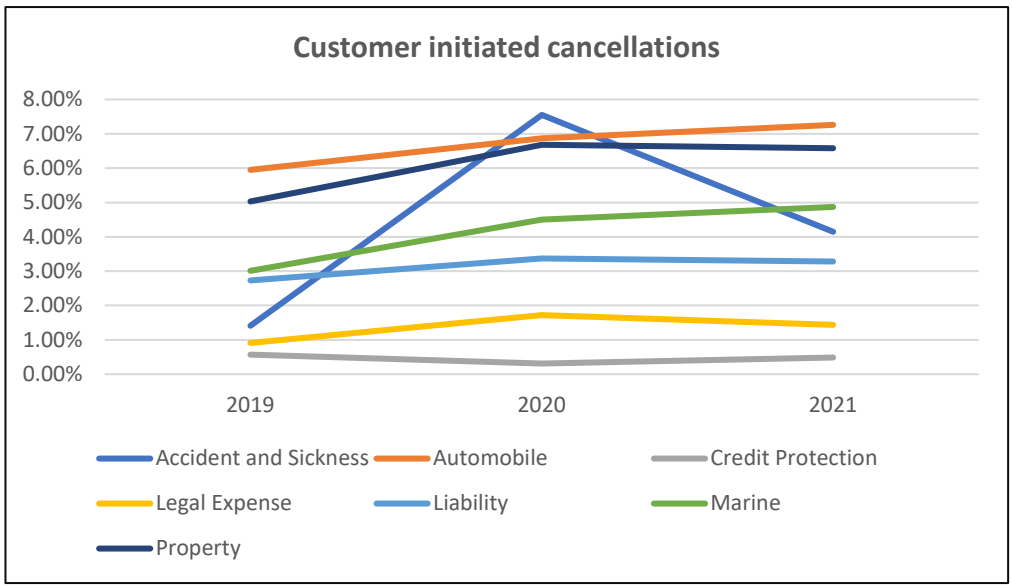
CCIR has developed ratios based on the Policies data provided to better analyze risks and trends associated with particular classes of insurance. CCIR uses these data points to track and analyze changes in insurer/customer behaviour over multiple years.



P&C Insurance Policies

The insurer initiated non-renewals ratio[10] is designed to capture broad industry trends, and identify if an insurer has initiated a significant reduction in a class of insurance. Aside from A&S, which increased to 0.32% in 2021 from 0.16% in 2020, all classes of insurance ratios decreased in 2021. Property has the largest decrease, going from 1.67% in 2020 to 0.88% in 2021, representing a decrease over 47% y/y, and returning closer to its 2019 level.

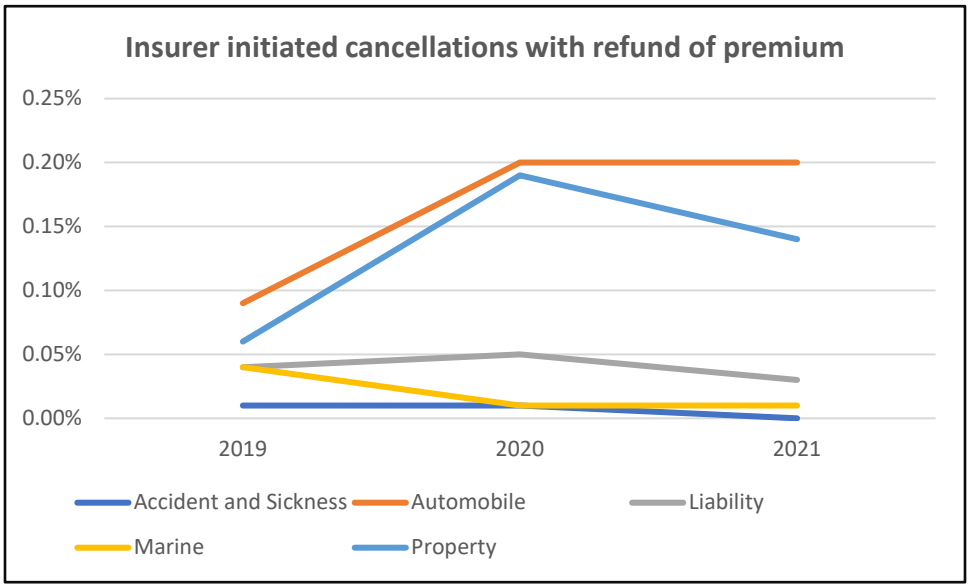
[10] Ratio calculation: Total number of insurer initiated non-renewals / (number of policies issued + number of policies renewed)

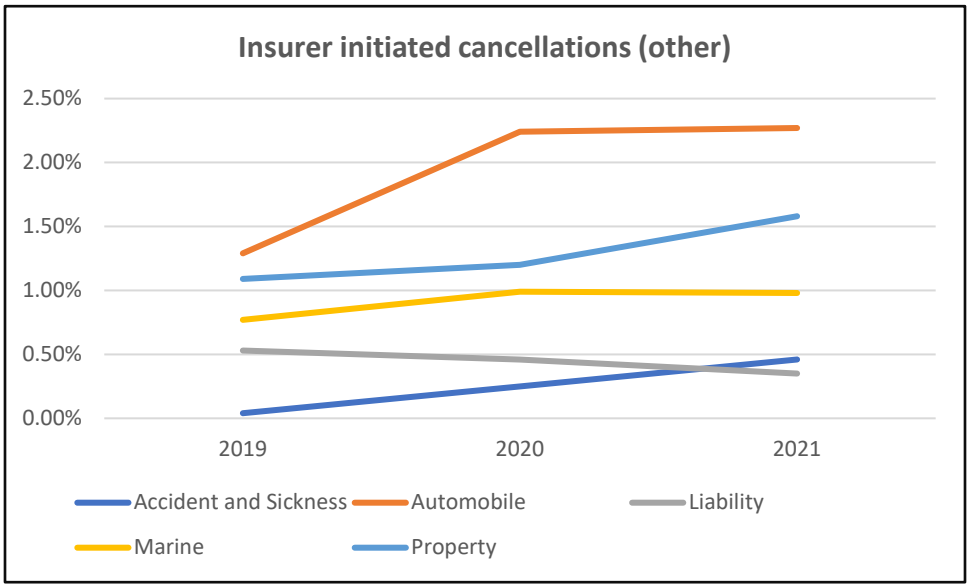


The customer initiated cancellations ratio[11] is designed to track customer mobility, and provide a broad indication of customer satisfaction with certain classes of insurance. This data is not used in isolation but is corroborated with other indicators, such as complaints, premiums, and media reports. The results for 2021 were relatively flat across most classes of insurance, the exception being A&S, which saw customers cancelling at a rate significantly lower than 2020 (4.15% in 2021 compared to 7.55% in 2020, a decrease of more than 45% y/y). However, 2021 cancellations were still roughly 194% greater than cancellations in the 2019 reporting period.

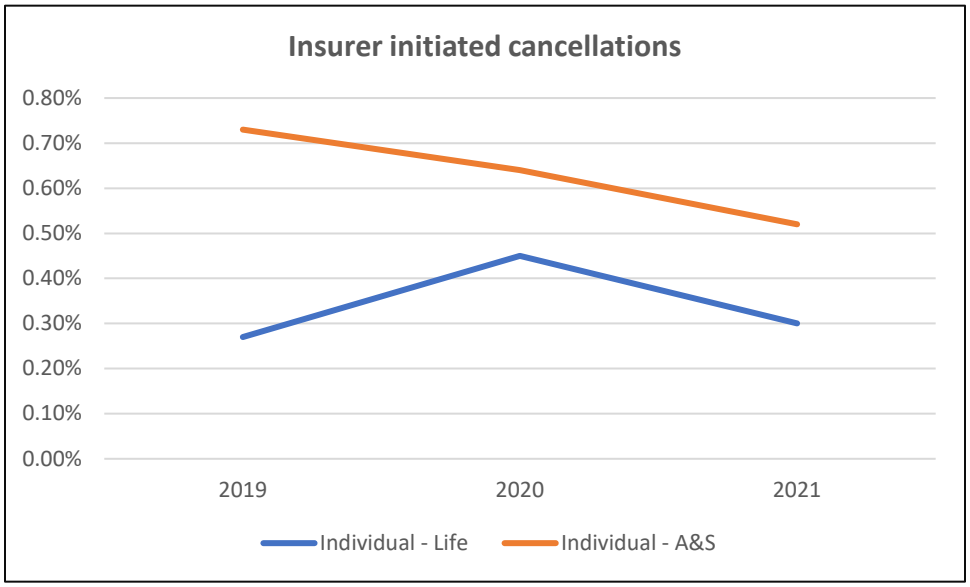
The insurer initiated cancellations with refund of premium – Fully refunded ratio[12] and the insurer initiated cancellations (other) ratio[13] are designed to capture which classes of insurance customers are mostly likely to have their policies cancelled. In these cases, the insurer retroactively canceled the policy and insureds are left without insurance protection. Insurer-initiated cancellations in auto remained flat for both ratios, following a spike in 2020. Insurer-led cancellations of property policies with a refund of premium declined, while they increased in instances without a refund in premium. A&S cancellations without a refund increased significantly for the second year in a row, increasing 84% y/y. The factors influencing these results will continue to be discussed with the industry to understand the causes and monitor the situation as it may have a significant impact on some consumers (e.g.: insurance accessibility issues).

[11] Ratio calculation: Total number of customer initiated cancellations / (number of policies issued + number of policies renewed)
[12] Ratio calculation: Total number of insurer initiated cancellations with full refund of premium / (number of policies issued + number of policies renewed)
[13] Ratio calculation: Total number of insurer initiated cancellations (other) / (number of policies issued + number of policies renewed)

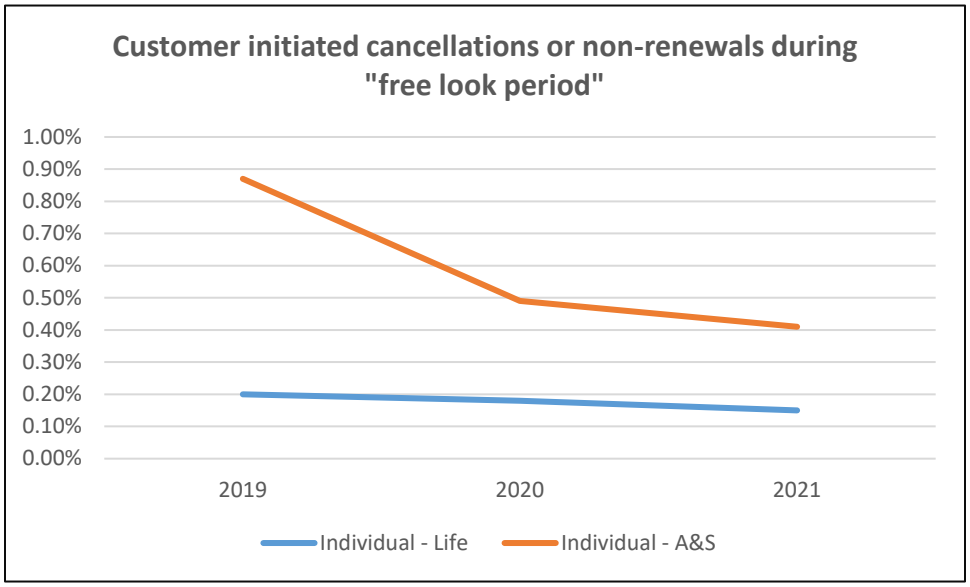

Insurer initiated cancellations with refund of premium
0.25%
0.20%
0.15%
0.10%
0.05%
0.00%
2019
2020
2021
Accident and Sickness
Automobile
Liability
Marine
Property


Insurer initiated cancellations (other)
2.50%
2.00%
1.50%
1.00%
0.50%
0.00%
2019
2020
2021
Accident and Sickness
Automobile
Liability
Marine
Property

L&H Insurance Policies

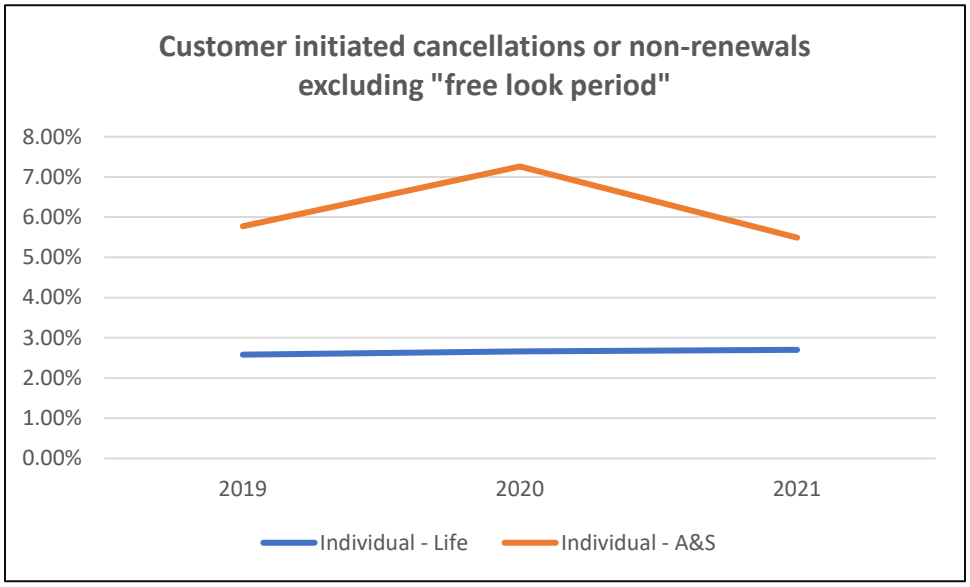


The insurer initiated cancellations ratio[14] is designed to provide data on the number of policies cancelled by insurers in a specific class of insurance. It is also used on an individual insurer basis to determine if an insurer has a significant increase in the number of cancelled policies compared to previous years. Both individual life (0.30% from 0.45%) and A&S (0.52% from 0.64%) ratios declined in 2021 and compared to 2020.



[14] Ratio calculation: Number of insurance initiated cancellations / policies in force

The ‘customer initiated cancellations or non-renewals during free look period ratio’[15] is designed to broadly capture what classes of insurance are mostly likely to have customers cancel policies during the “free look” period. This ratio may be used to determine if a particular class of insurance is more likely to cause customers to experience “buyer’s remorse” wherein they may feel a sense of regret and elect to cancel their policy. For individual insurers, this ratio may create a “red flag” an insurer’s distribution channel might not be properly selling policies to customers.[16] Both individual – life and individual – A&S declined in 2020, with individual – life declining 17% y/y after remaining flat in the previous reporting period, and A&S declining 16% y/y following a sharp decline the previous year.



The ‘customer initiated cancellations or non-renewals excluding "free look period" ratio’[17] is designed to capture which classes of insurance are being cancelled during the normal life span of a product excluding the initial “free look period”. This ratio is useful to CCIR in determining which classes of insurance customers may be dissatisfied with. Cancellations during this period remained stagnant in the individual – life class for the second year in a row, while they declined by over 24% for the individual – A&S class following a sharp increase in the previous reporting period.

[15] Ratio calculation: Total customer initiated cancellations or non-renewals during free look period / policies in force (new policies + policies in force at end of previous period)
[16] CCIR members do not rely wholly on data collected from the Annual Statement and would verify information from sources, including examinations.
[17] Ratio calculation: Total customer initiated cancellations or non-renewals excluding free look period / policies in force (new policies + policies in force at end of previous period)

How CCIR Members Utilize Policies Data

- Aids in tracking broad industry trends across classes of insurance, including denial of applications, and customer/insurer cancellations/non-renewals
- Enables tracking of growth/decline of certain classes of insurance based on total policies issued/renewed
- Allows CCIR members to track individual insurers' policies across classes of insurance
- Highlights risk indicators for CCIR members and identifies if customers are being treated fairly based on a specific class of insurance

Observations on Policies Data

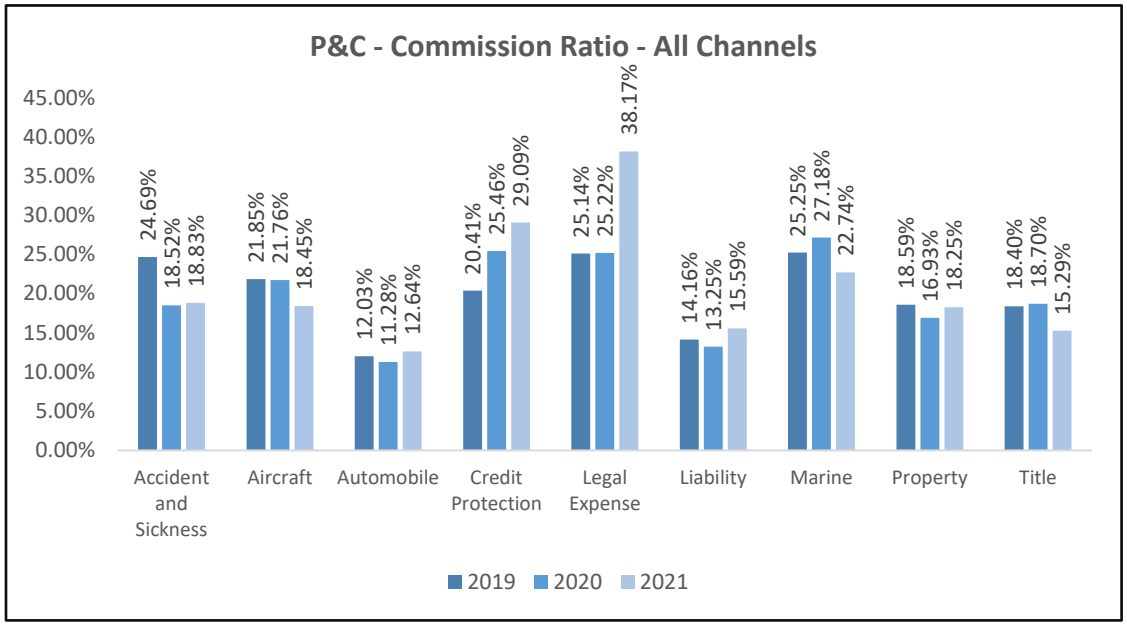
- The FTC Guidance highlights the expectation insurers provide policyholders with information allowing them to make informed decisions throughout the lifetime of their contracts (this includes disclosing the terms and conditions in the case of switching between products or early cancellation of a policy)
- During examinations, some CCIR members have noted there are a lack of formal periodic reviews in place for information materials provided to customers
- Some CCIR members have noted during examinations there is insufficient training related to essential product information being disclosed to customers
- CCIR members noted some insurers did not always provide insureds with post-purchase assistance and communications to ensure they are informed and they understand and know when to exercise their rights and obligations and of the impact of a decision

Premiums, Commissions and Claims

This section of the Annual Statement captures data on direct premiums written, categorized by distribution channel and by class of insurance. Data is collected on commissions earned and claims incurred, both of which are also categorized by class of insurance and distribution channel. This section enables CCIR members to obtain a macro-level scale and nature of a certain class of insurance and its distribution channels. For the P&C sector[18], only data on personal lines is included.

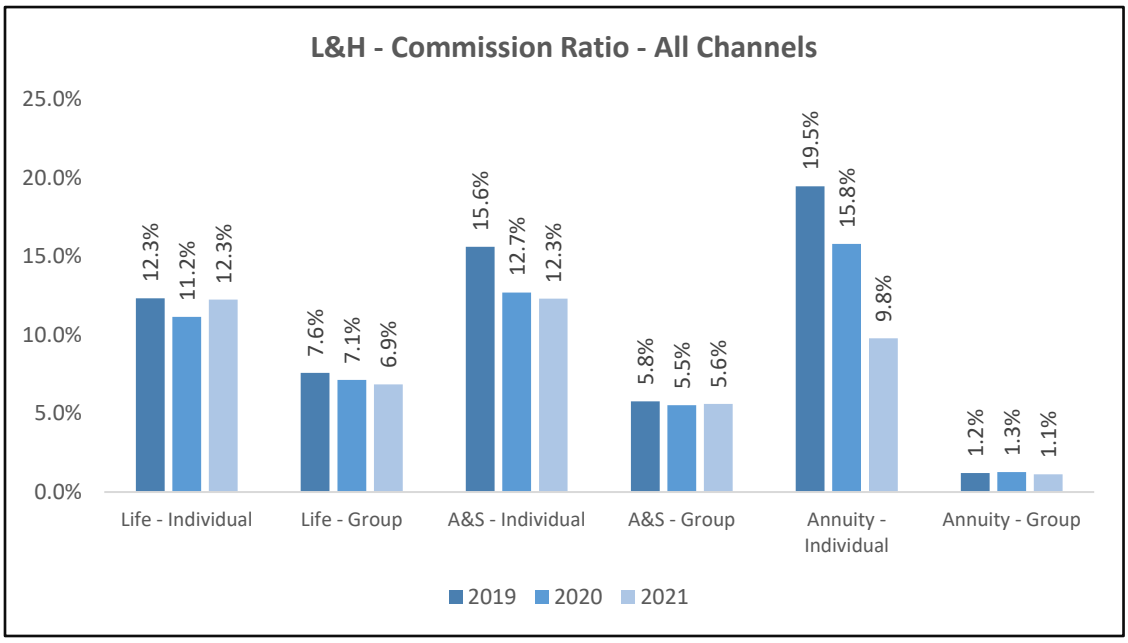
Commissions

The commission ratio[19] is calculated as the total amount of commissions paid in relation to the total direct written premiums (DWP) for a class of insurance. In this instance, commissions from commercial or reinsurance products are excluded. This gives a broad indication as to how commissions are paid relative to the amount of premium written based on the class of insurance.



[18] The Annual Statement harmonizes definitions of classes of insurance to the P&C Quarterly Return / Annual Supplement: https://lautorite.qc.ca/fileadmin/lautorite/formulaires/professionnels/assureurs/definitions-declaration-annuelle-assurance-dommages_an.pdf

[19] Ratio calculation: Total all distribution channel commissions / total direct written premiums

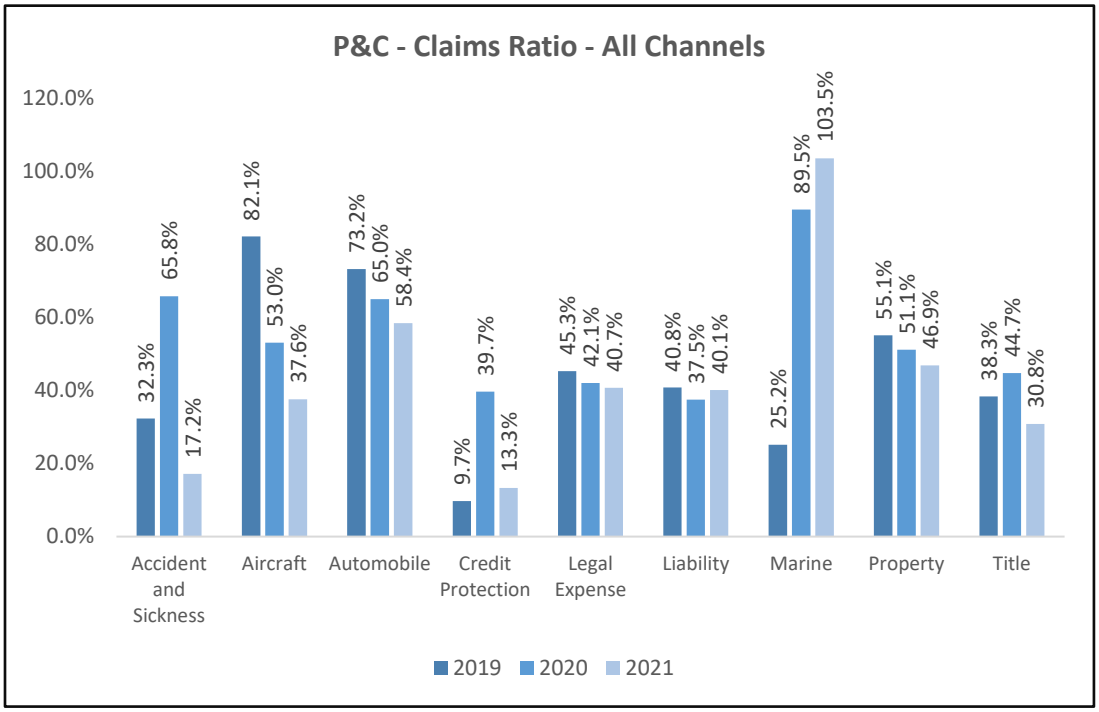


Data on commissions are likely to have moderate swings on a y/y basis. CCIR members will continue to monitor with interest the commission ratios and any other incentives, all in relation to the expectations that will be expressed to its future Incentives guidance.

Claims

The claims ratio[20] is calculated as the total amount of claims incurred in a class of insurance in relation to the total DWP. The claims ratio is useful for CCIR to determine which classes of insurance provide the highest value of return for customers, and if this is impacted by distribution channel. The automobile class continues to see noticeable reductions in its claims ratio on a y/y basis, probably due in large part to a continued reduction in kilometres because insured were working remotely. The auto claims ratio has declined over 20% since 2019. A&S and credit protection also had significant declines in their claims ratios on a y/y basis (declining 74% and 66% respectively). The marine class of insurance continued to face difficulties in 2021, with its claims ratio exceeding 100% (103.5%).

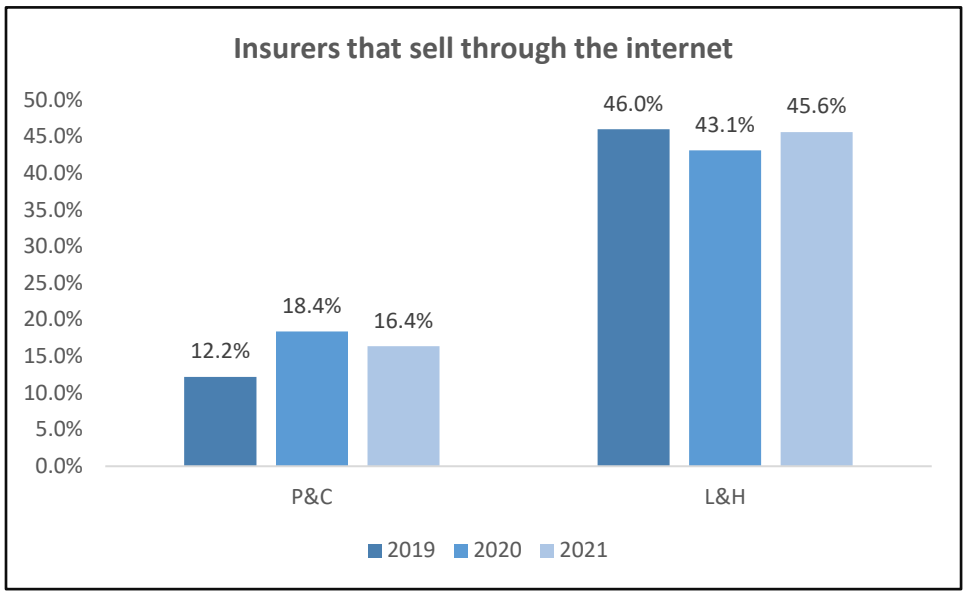
[20] Ratio calculation: Total claims / total DWP



Sales of Insurance Through the Internet

The Annual Statement is a useful tool to track the sale of insurance through the internet[21]. CCIR is interested in internet sales and plans to closely monitor the growth of sales in future iterations of this report. This data can be used to actively track the growth of internet sales, as well as cross-reference against other data including: employment data, sales of insurance through different distribution channels, growth/decline of classes of insurance etc. This data is of particular interest in the context of the Covid-19 pandemic's impact on the insurance sector.

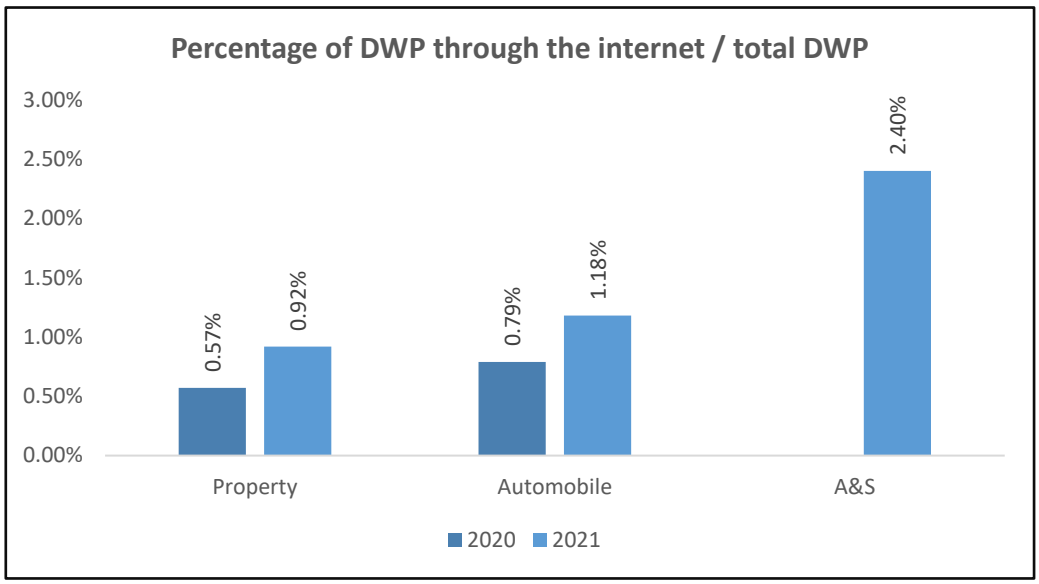
[21] A product is considered to be sold by Internet/online if the entire sale process is done online without using the services of an agent or broker. If a sale is completed by a licensed agent after the consumer obtains information or a price from a website, it is not considered as an Internet sale.

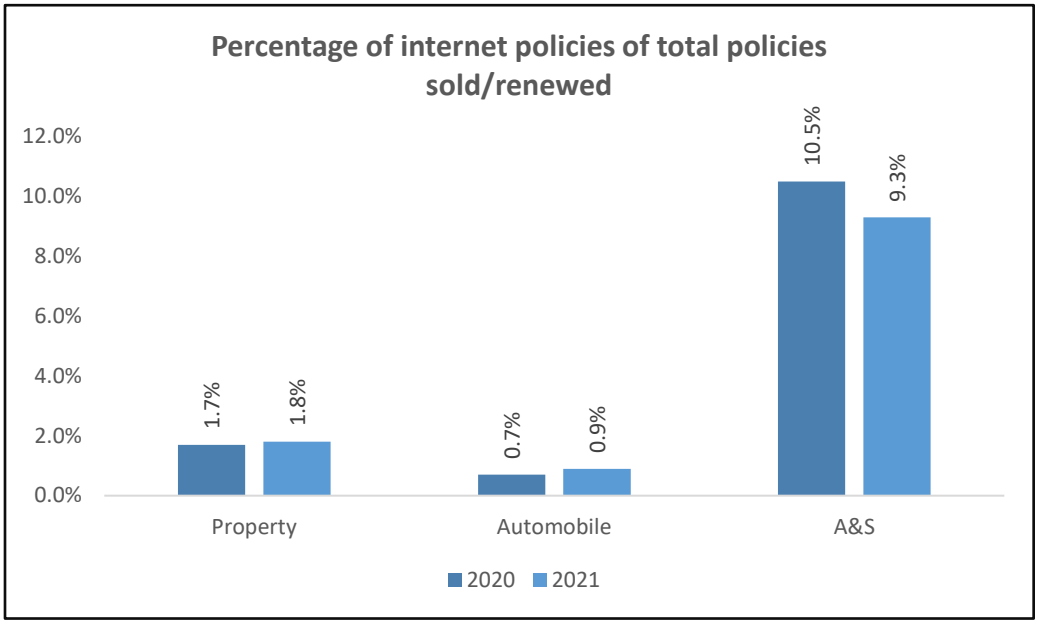


The number of L&H respondents selling through the internet has remained flat since 2019, while P&C respondents only increased slightly. In 2021, 16.4% of P&C respondents and 45.6% of L&H respondents indicated they sold products through the internet without the use of an intermediary. The data collected in the Annual Statement does not account for sales assisted by an intermediary but facilitated online. For example, a customer requesting a quote through a website and then finalizing the policy via telephone with an intermediary would not be captured through this data.

It appears the majority of insurers adopting new digital technologies are doing so to complement their existing distribution channels. CCIR will continue to closely monitor this trend in the future.

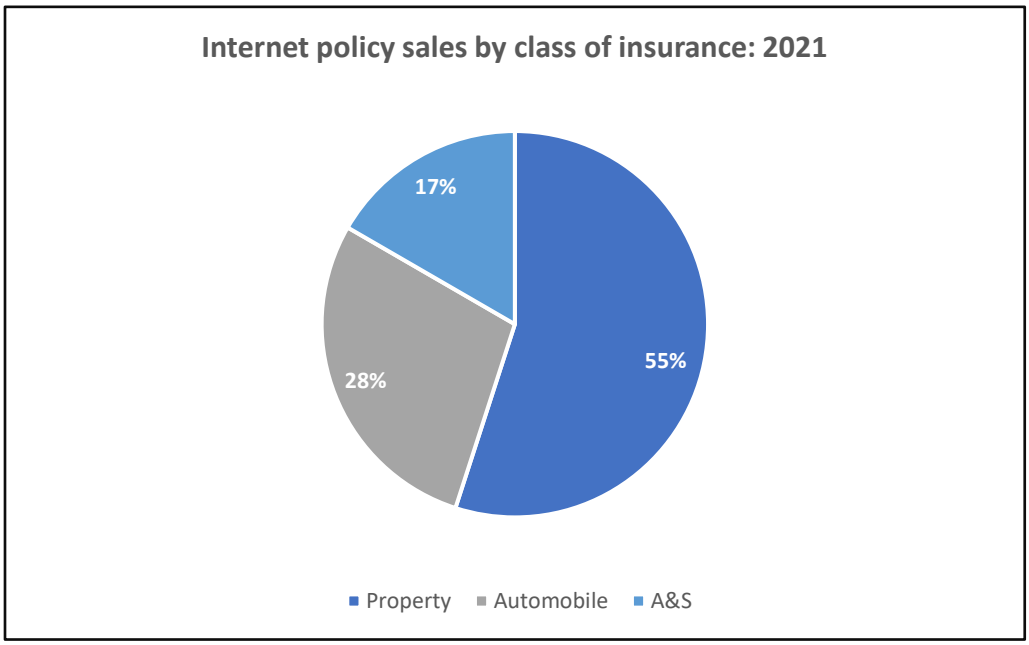
P&C Insurance





In the P&C sector, internet sales continue to be dominated by property insurance, accounting for around 55% of all P&C policies sold through the internet. Both property and auto policy sales increased in 2021 as a percentage of total policy sales (up to 1.8% and 0.9% of total policies sold respectively). For property, the percentage of DWP by internet was only 0.9%, compared to 1.8% of all policies, which suggests that the property sales were in simpler, less expensive

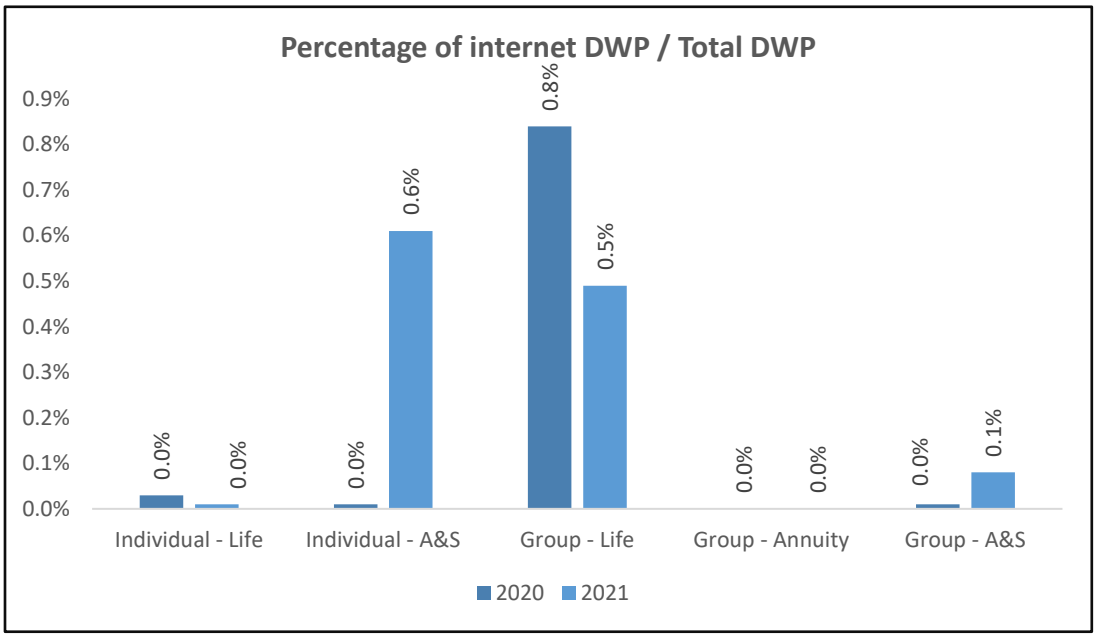
products. A&S made up the highest percentage of both DWP and policy sales (2.4% and 9.3% respectively in 2021).[22]

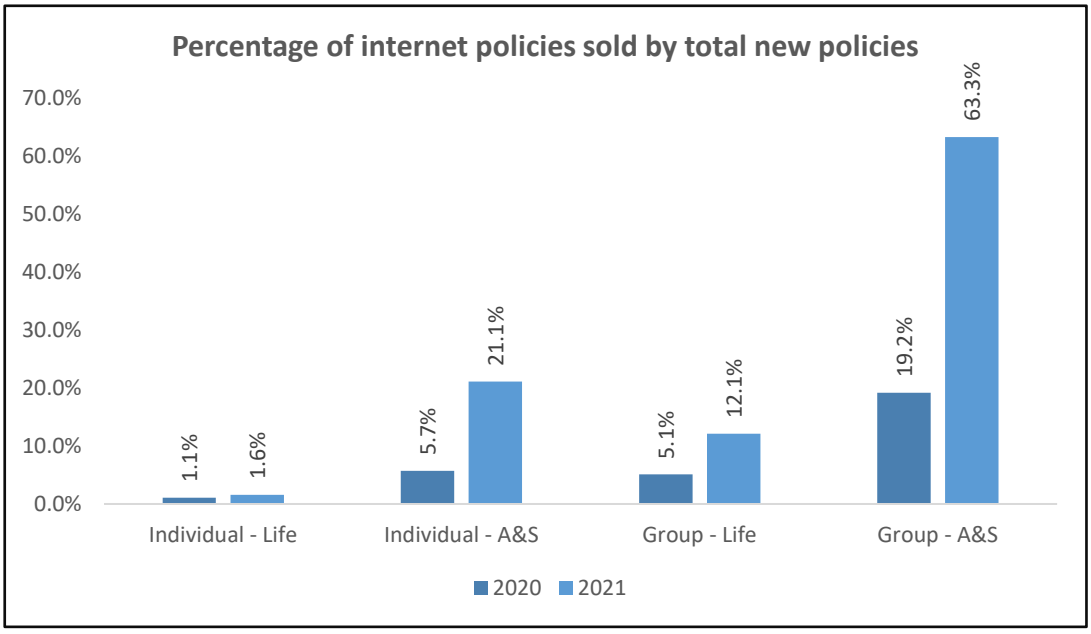


The majority of internet sales in the P&C sector are being undertaken by medium-sized insurers, which sold 68% of all policies sold in the sector. This is followed by small-sized insurers (22%) and large insurers (10%).

[22] Data from the A&S line in 2020 did not meet CCIR's quality standards and has been excluded from this report.

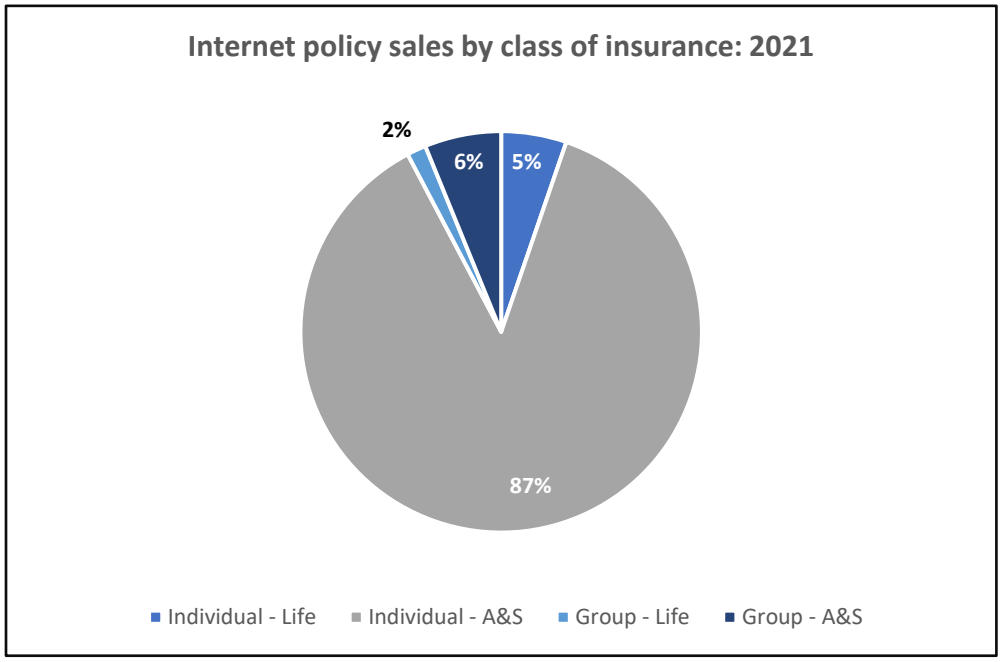
L&H Insurance





In the L&H sector, individual – A&S continued to dominate policy sales through the internet (87% of total L&H policy sales), followed by group – A&S (6%) and individual life (5%). In both A&S classes, the percentage of DWP through the internet and percentage of total policy sales through the internet grew exponentially. For individual – A&S, internet sales now account for 21.1% of all

policy sales, while the group – A&S class sold a majority of their new policies through the internet. In the life classes, the percentage of new policies sold increased in both individual (1.1% to 1.6%) and group (5.1% to 12.1%), while their total percentage of DWP declined.



Large-sized L&H insurers were responsible for the increase in policy sales, selling close to 80% of all policies through the internet. This was followed by medium-sized insurers (15%) and small-sized insurers (5%).

CCIR intends to closely monitor the results of future iterations of the Annual Statement to track the development of internet sales and its effects on FTC outcomes. The CCIR Position Paper on Electronic Commerce in Insurance Products[23] outlines CCIR's recommendations for ensuring consumer protection outcomes when an insurance product is distributed electronically.

[23] https://www.ccir-ccrra.org/Documents/View/2725

How CCIR Members Utilize Premiums, Commissions and Claims Data

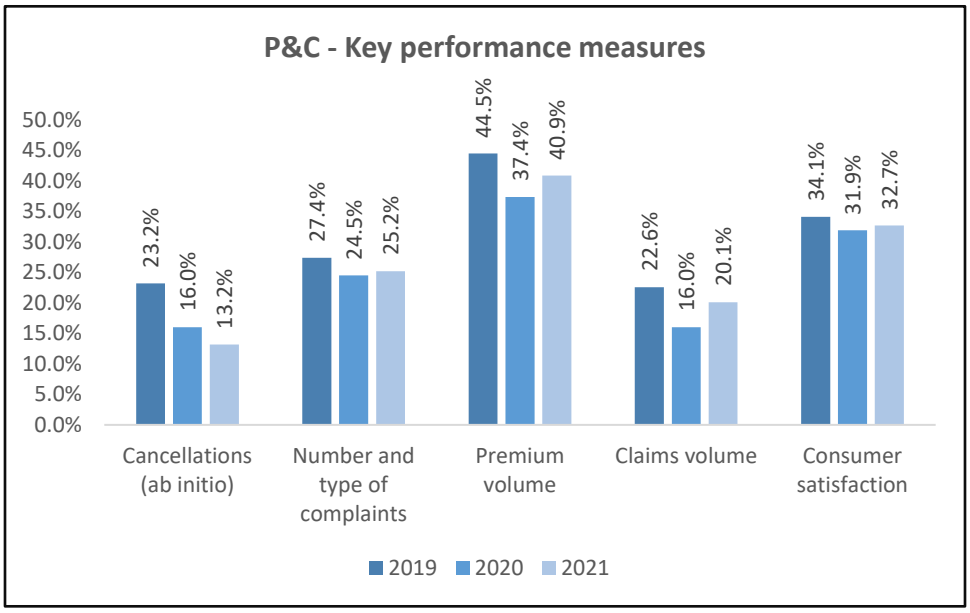
- Provides macro-level view of the insurance market, classes of insurance, commissions and claims
- Feeds data into risk assessments of classes of insurance
- Enables targeted tracking of incentive levels
- Tracks and monitors trends related to the sale of insurance through the internet

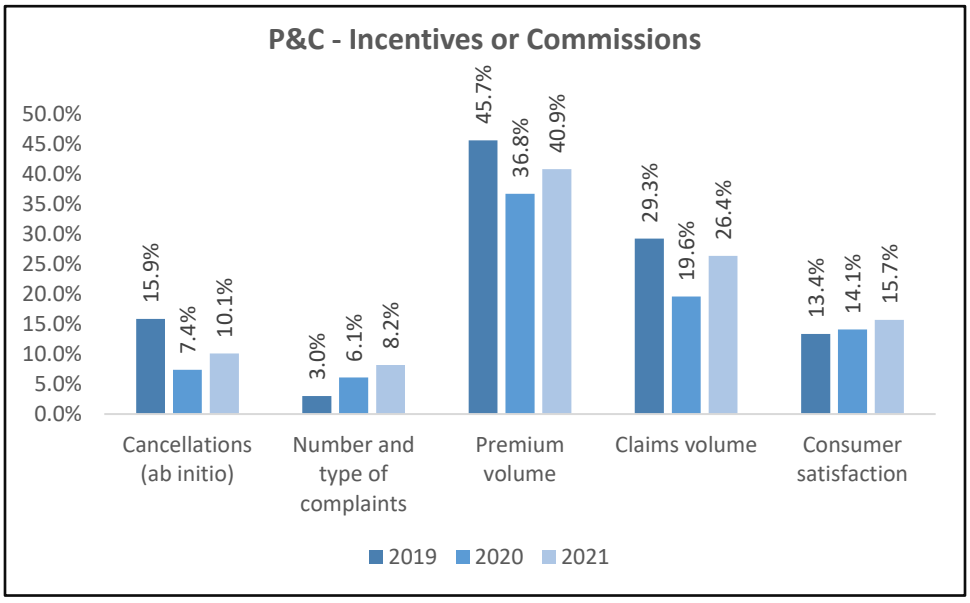
Observations on Premiums, Commissions and Claims Data

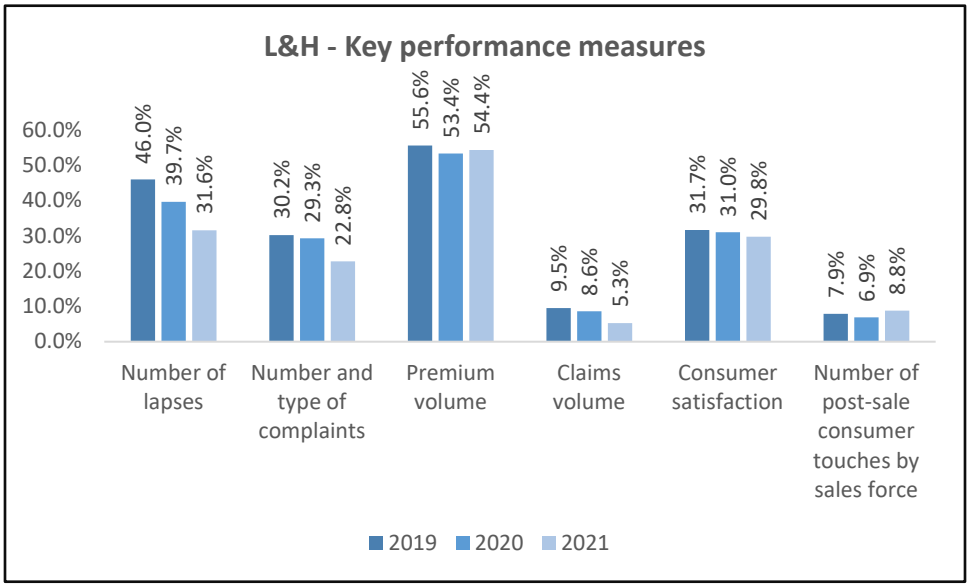
- The FTC Guidance emphasizes “minimizing the sales which are not appropriate to the Customers’ needs” is an FTC outcome
- The CCIR Position Paper on Electronic Commerce in Insurance Products recommends customers purchasing insurance products electronically be given adequate information in order to ensure they are purchasing products suitable to their needs

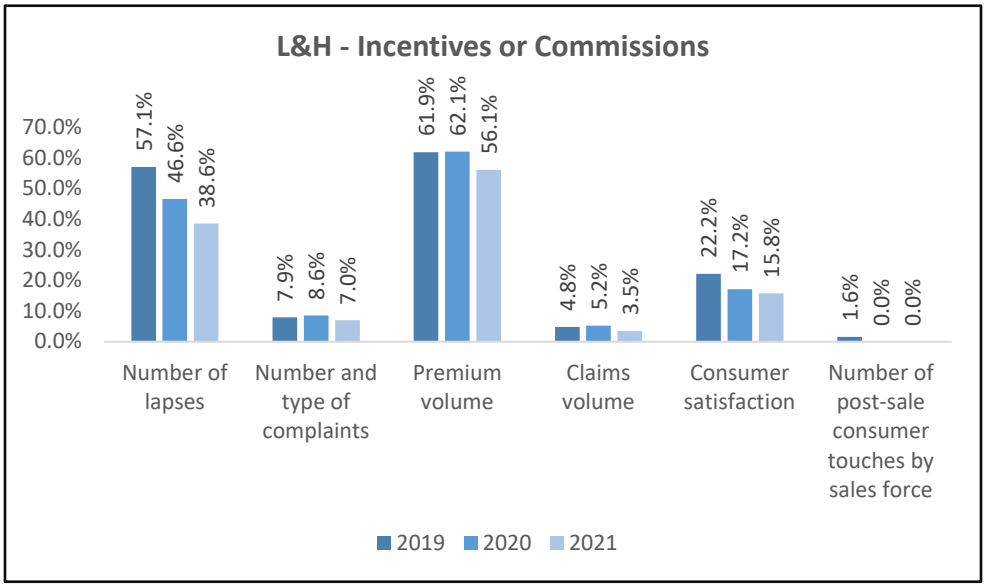
Sales and Incentives Management

The Sales and Incentives section of the Annual Statement only captures data for incentives provided by the insurer, excluding compensation practices of any entity distributing the product of the insurer.


P&C - Key performance measures
50.0%
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
23.2%
16.0%
13.2%
27.4%
24.5%
25.2%
44.5%
37.4%
40.9%
22.6%
16.0%
20.1%
34.1%
31.9%
32.7%
Cancellations (ab initio)
Number and type of complaints
Premium volume
Claims volume
Consumer satisfaction
2019
2020
2021


P&C - Incentives or Commissions
50.0%
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
15.9%
7.4%
10.1%
3.0%
6.1%
8.2%
45.7%
36.8%
40.9%
29.3%
19.6%
26.4%
13.4%
14.1%
15.7%
Cancellations (ab initio)
Number and type of complaints
Premium volume
Claims volume
Consumer satisfaction
2019
2020
2021





Across both sectors, the most common form of performance measure or incentive/commission for respondents' sales force was through premium volume, which has remained consistent over the past three years. For the P&C sector, 40.9% of respondents indicated premium volume was a key performance metric for their sales force, while roughly the same percentage indicated they based incentives/commission around premium volume. In the L&H sector, 54.4% of respondents indicated premium volume was a key performance metric and 56.1% used it to determine incentives/commission.

In the P&C sector, the number and type of complaints has steadily risen as a key metric across both data fields over the past three years. In the L&H sector, the number of insurers conducting performance measures or offering incentives/commissions declined across almost all of the prescribed metrics in the Annual Report on a y/y basis.

How CCIR Members Utilize Sales and Incentives Management Data

- Provides unique data on incentives utilized by insurers, including data on commissions offered to direct sales forces in the first and second years of a policy
- Enables CCIR members to monitor the development of qualitative criteria based on FTC principles into incentive programs
- Helps to assess risks and highlight risk indicators to aid in selecting risk-based examinations

Observations on Sales and Incentives Management Data

- CCIR expects remuneration, reward strategies and performance evaluation take into account the contribution made to achieving FTC outcomes
- According to the proposed Incentives Management Guidance, insurers are expected to:
    - Have a governance and business culture placing FTC at the center of decisions concerning the way Incentive arrangements are designed and managed; and
    - design and implement Incentive arrangements including criteria ensuring FTC
- CCIR members noted, through their examination, that a structured incentive management program was not always in place, including a risk analysis of each type of incentive
    - The structure of incentive programs reviewed predominantly contained sales-related quantitative elements and the application of qualitative criteria based on FTC was absent or not formalized
- CCIR members have noted during examinations some insurers have inadequate supervision of their external sales force regarding conflict of interest and incentives

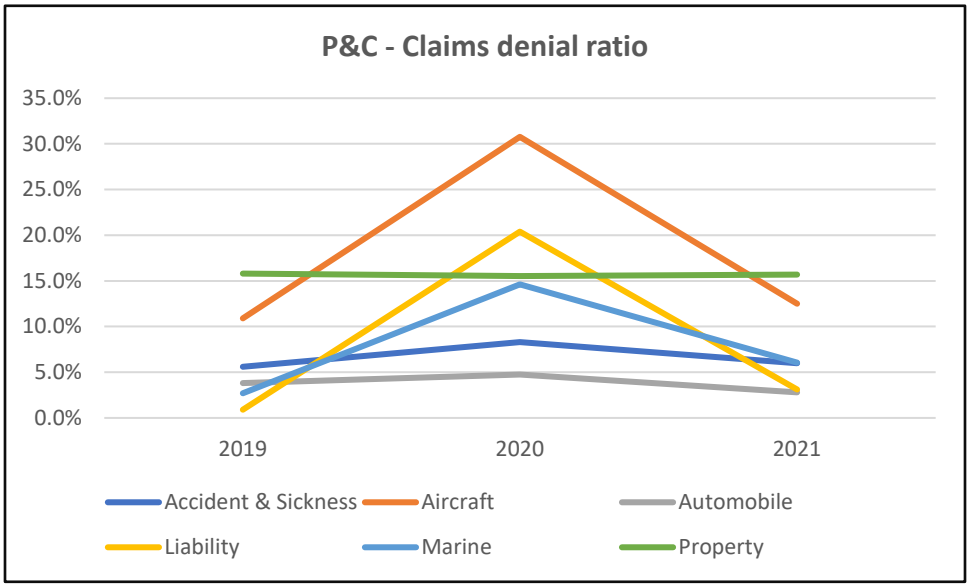
Claims

The Annual Statement collects data related to claims, categorized by class of insurance. The data also tracks the denial of claims, and time taken to complete the claims process. This information helps CCIR members track adherence to the FTC Guidance's expectation for insurers to handle "claims in a timely and fair manner" and identify areas where improvements are needed in the information provided to the consumer.

Claim Denials[24] [25]

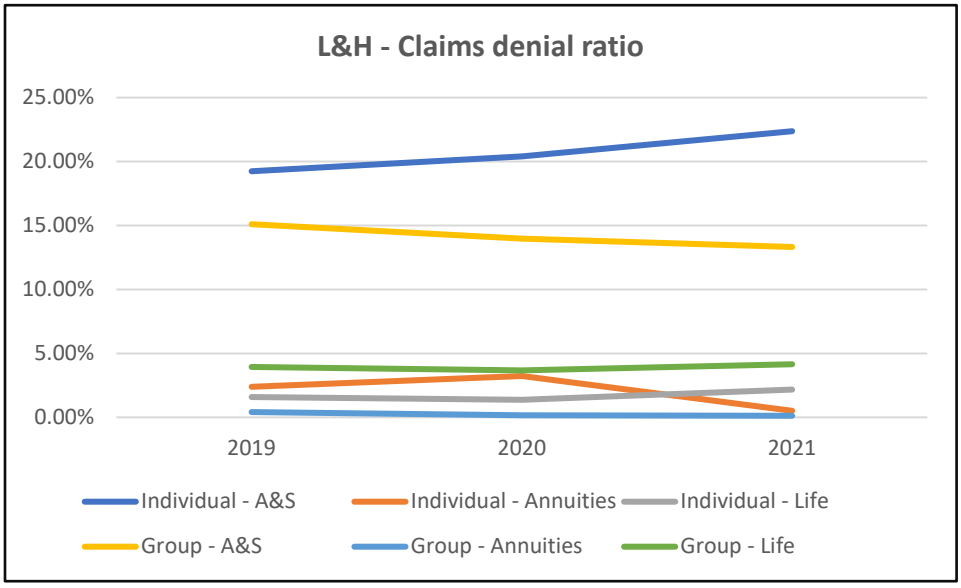
CCIR developed a claims denial ratio, which measures the amount of claims which were denied in relation to the total number of claims made.[26] [27] The ratio provides CCIR members a macro-level view of claims which were rejected based on class of insurance, or distribution channel.

For the P&C sector, claims denials declined across almost all classes of insurance, following a large spike in 2020. The greatest declines were witness in aircraft (30.8% in 2020 to 12.5% in 2021), liability (20.4% in 2020 to 3.1% in 2021), and marine (14.6% in 2020 to 6.1% in 2021). Property has remained consistently flat over the three year period.



[24] For the P&C sector, CCIR excluded Credit Protection data from the Claims Denial Ratio as the data has not reached an acceptable level of quality for two consecutive returns.
[25] Title and Legal Expense have a limited number of insurers which may cause large changes in the data from year to year.
[26] Ratio calculation: # claims denied in the period / (# of claims opened at the beginning of the period + # of new claims opened during the period – # of claims opened at the end of the period)
[27] A claim is considered denied if an insurer refuses to pay any amount of the claim.

The L&H sector remained relatively flat across all classes of insurance over the last three years compared to the P&C sector. There was a slight increase in individual – A&S (from 20.41% in 2020 to 22.37% in 2021), as well as a proportionally large increase in the percentage of individual – life claims being denied compared to the previous reporting period (1.37% in 2020 to 2.17% in 2021, representing an increase of over 58%). However, claim denials remained under 5% for all classes of insurance aside from individual and group A&S.



The claim denial ratio should be given special attention by insurers. Insurers should determine whether being above the 10% threshold undermines the fair treatment of consumers and, if so, they should take appropriate remediate action. This 10% rate is not a ceiling that should not be exceeded, but rather an indicator that should trigger a reflection by the insurer. The percentage of claims denied by insurers and the reasons for denial could, for example, illustrate the need to provide relevant and complete information to consumers, before and at the time of purchase, so that they can make an informed decision on the suitability of the product being offered.

A low claims ratio, alternatively, could reflect a value disparity for customers. For these products, insurers may want to consider improving or modifying the product to better meet customer needs.

Average final days to payment

For the P&C sector, the average final days to payment by class of insurance improved slightly upon the 2020 return when there were substantial increases in some lines. This reflects the classes like A&S[28], liability, and property and making improvements in paying out claims in a timely manner. Auto, which witnessed large improvements in 2020 due primarily to less claims total, returned to pre-pandemic levels.

Average final days to payment – P&C sector			
Class of insurance	**2019**	**2020**	**2021**
Accident & Sickness	30	106	92
Aircraft	2	9	8
Automobile	154	133	152
Legal Expense	20	14	11
Liability	218	262	253
Marine	49	72	62
Property	117	169	160
Title	8	4	7

The L&H sector, by contrast, has remained relatively flat over the past three years. The notable exception being individual – A&S in 2021 which saw a significant reduction compared to 2020 (going from 59 days on average to 24).

Average final days to payment – L&H sector			
Class of insurance	**2019**	**2020**	**2021**
Individual - Accident and Sickness	52	59	24
Individual - Annuities	17	21	18
Individual - Life	26	27	30
Group - Accident and Sickness	70	65	79
Group - Annuities	8	13	13
Group - Life	31	28	28

[28] There continue to be discrepancies in the data provided to CCIR through the Annual Return. Data regarding A&S claims from 2019 and 2020, for instance, has needed further refinement.

Reasons for denial

The Annual Statement also requires insurers to indicate the three main reasons for denial of claims during the reference period and the total number of denials for the three reasons selected.

For the P&C sector, over the past two years the main reason for denial of a claim was indicated to be 'exclusions or limitations in the policy'. In 2021, there were large increases in the number of claims being denied for lack of coverage (50.3% in 2020 to 64.8% in 2021) and 'failure to disclose or misinterpretation' (17.2% in 2020 to 27.0% in 2021). The 2021 return also indicated reductions in the number of claims being denied due to fraud (1.8% in 2020 to 0.6% in 2021), and a 'claim being abandoned by an insured' (21.5% in 2020 and 14.5% in 2021).

Three main reasons for denial of claims – P&C sector		
Reason for denial of claims	**2020**	**2021**
Exclusions and limitations in the policy	80.4%	76.7%
Delay in submitting claim	3.7%	5.7%
Not covered, except for exclusions and limitations in the policy	50.3%	64.8%
Failure to disclose or misrepresentation	17.2%	27.0%
Fraud	1.8%	0.6%
Below deductible	19.6%	9.4%
Claim abandoned by insured	21.5%	14.5%
Missing information or documentation	4.9%	6.3%

In the L&H sector, the main reason for denying a claim, like the P&C sector, was due to 'Exclusions and limitations in the policy'. Unlike the P&C sector, there were increases in the number of insurers denying claims for 'fraud' (1.7% to 2.5%) and 'claim abandoned by insured' (1.7% to 5.3%).

Three main reasons for denial of claims – L&H sector		
Reason for denial of claims	**2020**	**2021**
Exclusions and limitations in the policy	56.9%	52.6%
Delay in submitting claim	1.7%	3.5%
Not covered, except for exclusions and limitations in the policy	37.9%	33.3%
Failure to disclose or misrepresentation	22.4%	29.8%
Fraud	1.7%	3.5%
Claim abandoned by insured	1.7%	5.3%
Missing information or documentation	13.8%	10.5%
Pre-existing conditions	13.8%	14.0%
Insured not eligible	13.8%	22.8%

The reasons for denial are good indicators for insurers to realize the need to provide more relevant and complete information to consumers, before and at the time of purchase. The information enables consumers to make a more informed decision on the suitability of the product being offered.

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

How CCIR Members Utilize Claims Data

- Provides macro-level data to CCIR members on claims, in particular data on how long insurers take to close claims and how often claims are denied in relation to class of insurance and distribution channel
- Assists CCIR members in assessing the risk for a particular class of insurance, distribution channel or insurer for their adherence to the expectation outlined in the FTC Guidance for claims to be “examined diligently and fairly settled, using a simple and accessible procedure”

Observations on Claims Data

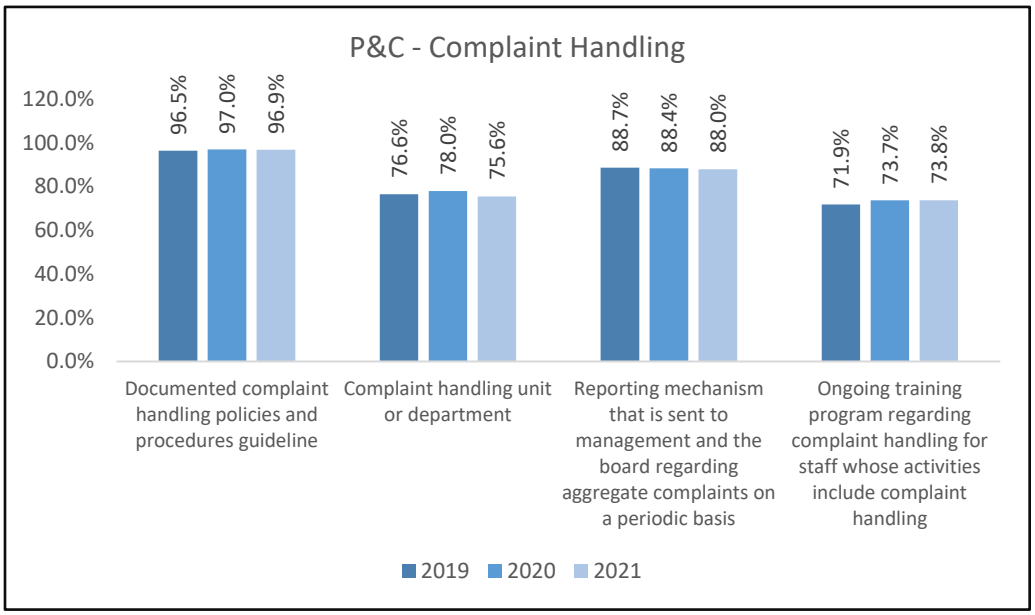
- CCIR members noted some insurers do not have adequate information about their claims process easily available to customers
- Not all insurers adequately inform customers of the reasons for a claims' denial
- The FTC Guidance expects insurers "Maintain written documentation on their claims handling procedures, which include all steps from the claim being made up to and including settlement"
- Insurers' claims processes were not always explained in a complete and accessible manner

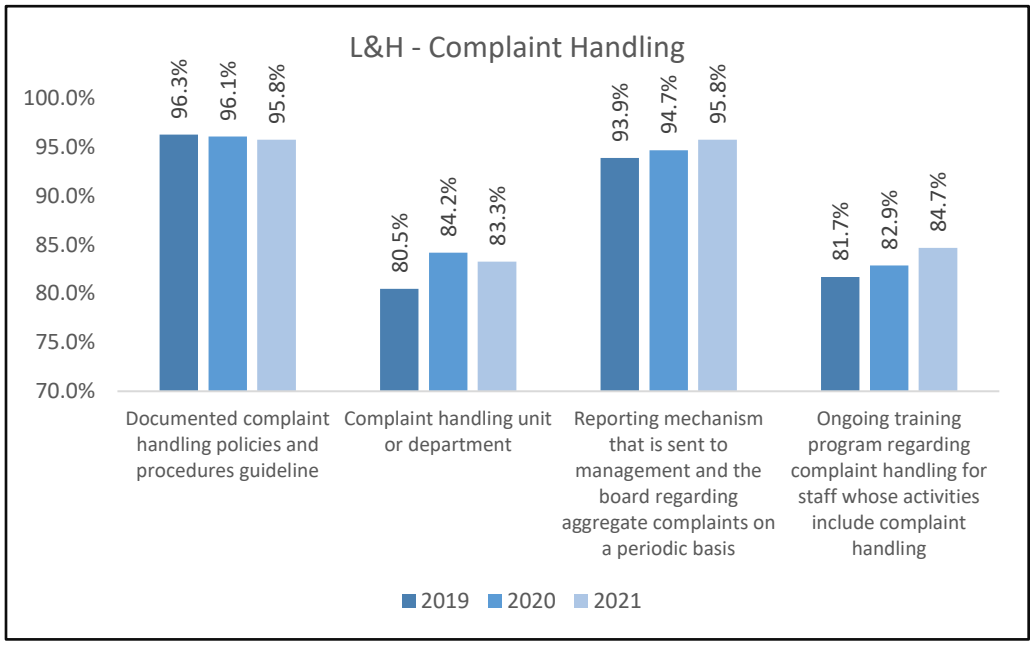
Complaint Examination

The FTC Guidance outlines several key expectations related to complaint examination and handling, including for the insurer to:

- Handle complaints in a timely and fair manner;
- Analyze complaints concerning Intermediaries in respect of products distributed by Intermediaries on their behalf, enabling them to assess the complete Customer experience and identify any issues to be addressed;
- Identify whether some Intermediaries or particular issues are subject to regular or frequent complaints;
- Establish policies and procedures to deal with received complaints in a fair manner; and
- Analyze the complaints received to identify trends and recurring risks

The Annual Statement collects key data assisting CCIR members in tracking insurers' adoption of FTC principles related to complaints.


P&C - Complaint Handling
120.0%
100.0%
80.0%
60.0%
40.0%
20.0%
0.0%
96.5%
97.0%
96.9%
76.6%
78.0%
75.6%
88.7%
88.4%
88.0%
71.9%
73.7%
73.8%
Documented complaint handling policies and procedures guideline
Complaint handling unit or department
Reporting mechanism that is sent to management and the board regarding aggregate complaints on a periodic basis
Ongoing training program regarding complaint handling for staff whose activities include complaint handling
2019
2020
2021


L&H - Complaint Handling
100.0%
95.0%
90.0%
85.0%
80.0%
75.0%
70.0%
96.3%
96.1%
95.8%
80.5%
84.2%
83.3%
93.9%
94.7%
95.8%
81.7%
82.9%
84.7%
Documented complaint handling policies and procedures guideline
Complaint handling unit or department
Reporting mechanism that is sent to management and the board regarding aggregate complaints on a periodic basis
Ongoing training program regarding complaint handling for staff whose activities include complaint handling
2019
2020
2021

For insurers active in the sale of insurance, 99.5% of P&C respondents and 100% of L&H respondents indicated they have a “senior officer responsible for complaints handling’”. The insurers who answered in the affirmative were also asked what complaint handling elements were present within their organization. 96.9% of P&C respondents and 95.8% of L&H respondents indicated they have a “documented complaint handling policies and procedures guideline”. This represents flat results in both sectors over the three-year period. The P&C sector across all four metrics has remained relatively flat over the three-year period. The L&H sector has made steady improvement in the number of respondents indicating they have a “reporting mechanism sent to management and the board regarding aggregate complaints on a periodic basis” and offer “ongoing training program regarding complaint handling for staff whose activities include complaint handling”.

How CCIR Members Utilize Complaint Handling Data

- Provides key data to assess overall effectiveness of regulatory requirements to satisfy ICP 19.11: “The supervisor requires insurers and intermediaries to handle complaints in a timely and fair manner”
- Helps to assess risks and highlight key risk indicators to aid in selecting risk-based examinations
- Acts as a verification tool on examinations to determine how FTC principles are implemented and operationalized

Observations on Complaint Handling Data

- The FTC Guidance highlights CCIR members’ expectations for insurers to ensure “Relevant staff trained to deliver appropriate outcomes in terms of fair treatment of Customers”
- CCIR notes that complaints handling policies and procedures were not always simple, accessible, and complete

Complaints

Insurers are required to file all applicable complaints which meet the standards established through the Annual Statement[29]. For Annual Statement reporting purposes, complaints to be reported are those who are the expression of at least one of the following elements persists after being considered and examined at the operational level capable of making a decision on the matter:

- a reproach against an organization;
- the identification of a real or potential harm a consumer has experienced or may experience; or
- a request for a remedial action.

Province	% of P&C Complaints	% of L&H Complaints	% of Population
Alberta	12.8%	7.2%	11.6%
British Columbia	13.9%	11.6%	13.7%
Manitoba	1.2%	1.9%	3.6%
New Brunswick	2.4%	1.7%	2.1%
Newfoundland and Labrador	1.1%	1.8%	1.4%
Northwest Territories	0.1%	0.1%	0.1%
Nova Scotia	2.1%	2.3%	2.6%
Nunavut	0.0%	0.0%	0.1%
Ontario	49.2%	33.0%	38.8%
Prince Edward Island	0.1%	0.2%	0.4%
Quebec	16.0%	37.7%	22.5%
Saskatchewan	0.6%	1.5%	3.1%
Yukon	0.1%	0.1%	0.1%
Not Classified	0.3%	1.0%	N/A

The overall number of complaints dropped by 12.8% in the P&C sector and increased 9.7% in the L&H sector compared to the 2020 Annual Return.

A disproportionate number of complaints originated in Ontario for the P&C sector, the majority of which are in the automobile class of insurance, however for the second consecutive year there was a substantial decrease in Ontario's share of P&C complaints (49.2% in 2021 decreasing

[29] Where a consumer makes a complaint by phone or in person and the complaint is handled and examined by the person responsible for the examination of complaints and designated as such in the organization's policy, the complaint must be documented so it can be kept on file. The initial expression of dissatisfaction by a consumer, whether in writing or otherwise, will not be considered a complaint where the issue is settled in the ordinary course of business. However, in the event the consumer remains dissatisfied and such dissatisfaction is referred to the person who is responsible for the examination of complaints and designated as such in the organization's policy, then it will be considered as a complaint.

from 54.4% in 2020 and 61.4% in 2019). BC continued to see its proportion of complaints grow in the P&C sector, increasing to 13.9% in 2021 compared to just 9.8% in 2020.

Quebec continues to have a disproportionate number of complaints in the L&H sector, though the percentage of complaints originating in Quebec declined on a y/y basis (going from 39.9% in 2020 to 37.7% in 2021).

In the P&C sector, complaints continued to decline in auto as a percentage of total complaints. This may be due to a reduction in the frequency of claims tied to less kilometers driven as a result of the Covid-19 pandemic. The number of property related complaints remained steady from the previous year, but was still significantly higher than 2019. The percentage of complaints in A&S continued to increase, reaching 6.8% of all complaints, while the class only represents about 1.5% of the DWP in the P&C sector. The travel health segment of A&S is responsible for driving complaints in the class, representing 6.0% of all complaints made in the P&C sector.

The most common cause of complaints in the P&C sector continues to be related to claims/settlements. Like 2020, 'refusal of claim' was the largest percentage of complaints, representing 22.9% of all complaints made in the sector, followed closely by 'claim procedure' with 21.0%.

Breakdown of complaints percentage by class of insurance			
Class of Insurance	**2019**	**2020**	**2021**
Accident & Sickness (Total)	1.6%	3.9	6.8%
Automobile	62.5%	51.5%	46.5%
Credit Protection	0.3%	0.6%	0.4%
Liability	1.5%	1.7%	2.0%
Marine	0.1%	0.1%	0.2%
Property	30.3%	38.6%	37.9%
Title	0.8%	0.5%	0.7%

In the L&H sector, individual complaints represent around 36.2% of all complaints, compared to 63.8% in group. For individual complaints, the majority (57.7%) of complaints originate in the life class, followed by 33.5% in A&S. The most common causes of complaints in individual classes are in the claims/settlement category, representing 33.6% of all complaints, followed by product based complaints (26.6%) and administration (25.1%). Similar to 2020, the most common cause of complaint in individual classes was 'refusal of claim' which represented 24.1% of all complaints made, followed by 'policy provisions' (11.2%).

In the group classes, the vast majority of complaints are made in the A&S sector, which has driven complaints over the past three years, increasing its total share of complaints over the period. Critical illness (with 33.8% of complaints) and health and dental (33.3%) are the leading sub-classes of insurance within A&S contributing to the high number of overall complaints. 'Refusal of claim' is also the largest driver of complaints for the group classes, but it has a much higher percentage of total complaints, representing 53.5% of all complaints made.

Breakdown of complaints percentage by class of insurance - Individual			
Class of Insurance (Individual)	**2019**	**2020**	**2021**
Accident & Sickness	28.3%	37.2%	33.5%
Annuities	3.3%	2.1%	1.9
Guaranteed Investment Account (GIA)	0.2%	0.4%	1.2%
Life	58.3%	51.9%	57.8%
Segregated Funds	7.2%	8.2%	5.7%

Breakdown of complaints percentage by class of insurance - Group			
Class of Insurance (group)	**2019**	**2020**	**2021**
Accident & Sickness	78.9%	85.1%	90.3%
Annuities	1.5%	1.5%	0.2%
Guaranteed Investment Account (GIA)		0.2%	0.1%
Life	12.5%	11.8%	8.6%
Segregated Funds	0.4%	1.3%	0.8%

How CCIR Members Utilize Complaints Data

- Helps to assess risks and highlight risk indicators to aid in selecting risk-based examinations
- Verifies how FTC principles are implemented and operationalized during examinations
- Monitors macro-level complaint trends

Observations on Complaints Data

- CCIR members have noted that all the complaints meeting the definition of a complaint weren't filed in the Annual Statement. CCIR hopes insurers will take note of the CCIR definition of a complaint under the Annual Statement to ensure all appropriate complaints are being reported
- CCIR noted that many insurers' reporting of complaints was still not being done in accordance with the Annual Statement requirements

CONCLUSION

CCIR members find increasing value in the Annual Statement every year. With each subsequent reporting period, CCIR finds the overall quality of data is improving. With multi-year trending, CCIR can better track new developments in the P&C and L&H sectors, as well as identify potential areas of concern.

CCIR members continue to see value in making data available to the sectors and the general public through this public report. Through the report and CCIR's commitment to harmonized, co-operative examinations and messaging, CCIR believes the industry is showing signs of improvement and commitment to achieving positive outcomes for consumers. As is noted in the report, however, there are still several areas for improvement. CCIR encourages insurers to examine the results of this report closely, benchmark their organization's results with the results of the industry as a whole and take the actions required to meet CCIR members FTC expectations.

Appendix 1 – Key FTC Performance Indicators

FTC Governance Key Indicators	
Focus area	**Example indicators**

Claims	• Claims volumes and amounts
	• Claims outcomes or status such as whether registered, pending, denied, accepted or withdrawn
	• Claims ratio[30]
	  • Refusal claim rate (Number of claims refused / Number of claims processed)
	  • Retention rate of claims decisions / number of claims reviews
	• Reasons for claims not being paid or delayed
	• Average days to final payment and global claims closed delay in treatment of a claim

Policies/Certificates, premiums and persistency, renewals and alterations	• Change in number of policies / certificates • Lapse[31] and cancellation rates [32]or persistency[33] ratio • Total benefits paid and incurred / premiums written • Renewal ratio[34] • Reasons for poor persistency • Proportion of cancellations post a certain period eg free-look or time tranches, churn and replacement rates
Complaints	• Overall complaint volumes • Complaints broken down by issue, status/resolution outcome or by channel and product line • Complaint rates[35]

[30] Claims ratio: measures how much the insurer is paying out in claims relative to the premium.
[31] Lapse rate: measures the number of policies discontinued due to non-payment of premiums by the policyholder relative to the total number of policies at the beginning of the period.
[32] Cancellation rate: measures the number of policies proactively cancelled (i.e., during the policy term) either by the insurer or the policyholder relative to the total number of policies. Sometimes cancellation rate is differentiated according to cancellation by the policyholder vs the insurer.
[33] Persistency ratio: the ratio of policies that have not lapsed, been cancelled/surrendered, matured or terminated upon claim at the end of a given period relative to the total number of policies at the beginning of the period (minus those which have matured or terminated upon claim) which shows the business that the insurer can retain.
[34] Renewal ratio: measures the number of renewed policies in a period relative to the total number of policies at the beginning of the period.
[35] Complaint rate: A complaint rate measures the number of complaints relative to the total number of policies in force. Complaint rates can be further disaggregated to provide more targeted insights, for example complaints that are still outstanding relative to the total number of complaints received, complaints resolved in favour of the consumer relative to the total number of closed complaints etc.

	• Complaint reasons • Dispute numbers and rates[36]
Pricing & cost structure - fees, commissions, Expenses, incentives	• Combined ratio[37] • Expense ratio[38] • Amount of commission and non-commission fees • Incentives aligned or not on the FTC principles put in place by the insurers
Product design and selling practices	• Surveys results (consumers and distribution channels surveys, Focus groups, etc.)
Customer satisfaction	• Surveys results
Insurers' internal policies and practices	• Implementation of the Fair Treatment of Customers (FTC) policy and the FTC performance of the insurer • FTC code respect through the organisation • FTC Reviews or audits conducted results and action taken when appropriate • FTC Quality control results • Protection of the personal information performance and breaches
Others	• Advertising channels and practices • Outsourcing

[36] Dispute rate: 'dispute' can refer to the specific type of complaint when a consumer does not agree to the terms of a claim settlement that has been decided by the insurer and raises the disagreement through the appropriate dispute resolution system. The dispute rate then measures the number of claims disputed relative to the number of claims finalized.
[37] Combined ratio: shows the underwriting profit or loss before taking investment income into account.
[38] Expense ratio: shows the insurer's cost of business relative to its revenue from gross written premiums.

Canadian Council of Insurance Regulators

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Conseil canadien des responsables de la réglementation d'assurance

Déclaration annuelle sur les pratiques commerciales de 2021 – Rapport public

Décembre 2022

244

Table des matières

RÉSUMÉ

Le présent rapport donne un aperçu des conclusions tirées de la Déclaration annuelle sur les pratiques commerciales de 2021 (la Déclaration annuelle)[1] administrée par le Conseil canadien des responsables de la réglementation d'assurance (CCRRA) au nom de ses membres.

Le présent rapport :

- met en évidence les points clés des données afin de fournir un aperçu général du secteur de l'assurance au Canada et présente les variations des données par rapport à l'an dernier;
- fournit aux assureurs un moyen de comparer leurs politiques, procédures et performances globales avec les moyennes du secteur et d'apporter des améliorations;
- dans certains cas, crée des points de référence quant aux principes et aux meilleures pratiques clés du traitement équitable des clients (TEC);
- indique la manière dont les membres du CCRRA utilisent les données recueillies au moyen de la Déclaration annuelle;
- présente des observations clés au sujet des tendances du secteur, de la manière dont les assureurs interprètent les questions énoncées dans la Déclaration annuelle, de la comparaison entre les résultats des examens et les réponses des assureurs à ces questions, ainsi que du lien entre, d'une part, la Déclaration annuelle et la Directives du CCRRA et des Organismes canadiens de réglementation en assurance (OCRA) sur la conduite des activités d'assurance et, d'autre part, le traitement équitable des clients (la Directive sur le TEC).

Utilisation des données

Le présent rapport fournit des exemples de la manière dont les membres du CCRRA utilisent les données propres à chaque rubrique de la Déclaration annuelle, et d'utilisation que devraient en faire les assureurs.

En général, les membres du CCRRA utilisent les données recueillies au moyen de la Déclaration annuelle aux fins suivantes :

- surveiller et évaluer l'efficacité de la Directive sur le TEC et des exigences réglementaires des membres en matière de TEC ; elles ont été conçues pour satisfaire au Principe de base en matière d'assurance (PBA) 19 de l'Association internationale des contrôleurs d'assurance (AICA) : Conduite des activités;
- fournir un aperçu général du secteur de l'assurance qui peut être vérifié chaque année;
- suivre les nouvelles tendances et s'y adapter;

[1] La déclaration annuelle de 2019 a introduit une nouvelle rubrique portant sur l'assurance voyage soins médicaux. Comme les données se rapportant à cette rubrique demeurent fournies selon le principe du « meilleur effort possible », elles sont exclues du présent rapport.

- procéder à l'évaluation des risques des catégories d'assurance, des canaux de distribution et des assureurs individuels;
- évaluer l'adoption et la mise en œuvre des principes du TEC par le secteur;
- établir des indicateurs de risque clés pour aider les membres du CCRRA à élaborer des évaluations dans le cadre d'examens;
- fournir un outil de référence lors des examens sur place.

Observations clés

- La Déclaration annuelle indique que certaines fluctuations de données qui sont probablement attribuables aux circonstances propres à la pandémie de COVID-19 se résorbent, et que bon nombre de points de données retrouvent leurs niveaux prépandémie.

- Les résultats de la Déclaration annuelle montrent toujours que les assureurs accordent de l'importance aux principes du TEC, mais que certains assureurs pourraient encore en améliorer l'intégration ou la mise en œuvre dans leurs activités et secteurs.

- La qualité des données demeure un enjeu pour certains répondants. **Les assureurs devraient étudier attentivement le présent rapport, ainsi que les définitions et instructions de la Déclaration annuelle, afin de veiller à transmettre des données exactes et conformes aux attentes du CCRRA.**

Le CCRRA souhaiterait mentionner le *Rapport d'observations consolidées du CCRRA – Examens concertés des pratiques relatives au traitement équitable des clients (TEC)*[2], publié en octobre 2021. Un grand nombre d'observations formulées dans ce rapport le seront à nouveau dans le présent rapport en lien avec les données recueillies par le CCRRA.

Il souhaiterait également attirer l'attention sur la *Directive sur la gestion des incitatifs*[3] qu'il a publiée en 2022.

CONTEXTE

Le CCRRA a introduit la Déclaration annuelle en 2017 afin de recueillir des renseignements auprès des assureurs au Canada concernant leur gouvernance, leurs pratiques, leurs politiques et le traitement des clients. L'obligation de remplir et de déposer les renseignements contenus dans la Déclaration annuelle émane du pouvoir de chacun des organismes provinciaux et territoriaux de réglementation des assurances de les recueillir auprès des assureurs relevant de leur compétence.

[2] https://www.ccir-ccrra.org/Documents/View/3670.
[3] https://www.ccir-ccrra.org/Documents/View/3737.

Objet de l'ensemble de données recueillies au moyen de la Déclaration annuelle pour les membres du CCRRA

Le CCRRA a élaboré la Déclaration annuelle comme approche harmonisée en vue de mieux comprendre et évaluer le marché de l'assurance et les pratiques des assureurs. Les membres du CCRRA se sont engagés à accroître la coopération et l'échange d'information afin d'améliorer la protection des clients et d'assurer une harmonisation avec les pratiques exemplaires et les normes internationales, en particulier les PBA. Les membres du CCRRA ont signé un Protocole d'entente sur la coopération et l'échange d'information (le Protocole d'entente)[4] qui jette les bases d'un échange d'information et d'une coopération accrus dans les activités de supervision. Le CCRRA a publié son Cadre de supervision concertée de la conduite sur le marché au Canada[5]. Ce cadre précise l'engagement des membres du CCRRA en faveur d'une collaboration et d'un échange d'information accrus dans la surveillance des risques liés aux pratiques commerciales dans le secteur canadien de l'assurance.

Les membres du CCRRA utilisent les données recueillies au moyen de la Déclaration annuelle à des fins diverses énoncées ci-après, et cette utilisation varie selon l'organisme de réglementation :

- créer un système d'indicateurs de risque aidant les organismes de réglementation à déterminer quels assureurs doivent être examinés;
- vérifier que les réponses données par les assureurs lors d'un examen sont en phase avec leurs politiques et procédures réelles;
- recueillir de l'information commerciale concernant le secteur de l'assurance dans son ensemble, en relevant les tendances à long terme et en signalant les risques potentiels.

[4] https://www.ccir-ccrra.org/Documents/View/3544
[5] https://www.ccir-ccrra.org/Documents/View/3019

Comité de supervision concertée

Le Comité de supervision concertée est un comité du CCRRA chargé de superviser le Protocole d'entente et le Cadre de supervision concertée de la conduite sur le marché au Canada. Ces responsabilités comprennent la surveillance des plans et des activités de surveillance concertée du CCRRA, guidée par la Directive sur le TEC (en fonction des PBA établis par l'AICA). Ce comité exerce des activités de surveillance concertée lorsque des questions émergentes sont examinées par thème et/ou par assureur.

Le Comité de supervision concertée gère la collecte et la présentation d'information au moyen de la Déclaration annuelle et révise chaque année les exigences en matière de communication des données (en collaboration avec les membres du CCRRA, les groupes de travail et les comités, afin de déterminer les changements qu'il serait avantageux d'apporter à la collecte de données et les domaines de collecte). De plus, le Comité de supervision concertée échange l'information entre les membres du CCRRA en ce qui a trait à l'utilisation et à la validation des données sur les pratiques commerciales dans chaque territoire.

Plan stratégique 2020-2023

Le CCRRA s'est engagé à respecter les trois priorités stratégiques suivantes, axées respectivement sur les consommateurs, les organismes de réglementation et le secteur :

- S'appuyer sur une supervision concertée en conformité avec les normes internationales pour rehausser la protection des consommateurs.
- Travailler en collaboration avec des organismes de réglementation partenaires afin d'accroître la capacité réglementaire à l'échelle nationale et d'en tirer profit.
- Établir des partenariats avec des intervenants du secteur afin de repérer les possibilités d'accroître l'harmonisation de la réglementation et de la surveillance lorsque cela est possible et approprié.

La concrétisation de ces trois priorités stratégiques par le CCRRA dépendra principalement de l'utilisation efficace des données recueillies au moyen de la Déclaration annuelle.

RÉSULTATS TIRÉS DE LA DÉCLARATION ANNUELLE DE 2021

Le CCRRA expose ci-après les principaux résultats tirés de la Déclaration annuelle de 2021 pour que les assureurs puissent les comparer à leurs propres activités, politiques et procédures, et particulièrement en ce qui concerne les résultats en matière de TEC. Tous les résultats doivent être considérés en fonction de la nature, de la taille et de la complexité des activités d'un assureur.

Tout au long du rapport, le CCRRA souligne la manière dont ses membres utilisent les données recueillies au moyen de la Déclaration annuelle et formule des observations clés s'il y a lieu. Les

commentaires du CCRRA ont été élargis pour inclure les observations formulées par ses membres lors des examens, en plus de l'analyse des données recueillies au moyen de la Déclaration annuelle elle-même.

Les membres du CCRRA s'attendent à ce que les assureurs se servent de l'information fournie dans le présent rapport non seulement pour se comparer au secteur, mais aussi pour connaître leurs attentes et meilleures pratiques. Ils comptent que les assureurs seront proactifs à cet égard et que ceux-ci prennent des mesures, lorsque nécessaire. Ils veilleront à ce que leurs attentes soient comblées lors des prochains examens.

Étant donné qu'il s'agit de la troisième itération du présent rapport, il est maintenant possible de dégager des tendances sur trois ans relativement à plusieurs points de données. Le CCRRA, le secteur de l'assurance de dommages, celui de l'assurance de personnes ainsi que les autres intervenants pourront ainsi avoir une meilleure idée de l'évolution des secteurs pendant cette période.

Le rapport est divisé en rubriques correspondant aux données recueillies au moyen de la Déclaration annuelle. Le type de données présentées peut parfois différer entre les secteurs de l'assurance de dommages et de l'assurance de personnes.

Résumé des déclarations déposées

Secteur de l'assurance de dommages

Parmi les 225 assureurs (comparativement à 232 en 2020) tenus de déposer la Déclaration annuelle (ventilés par taille et territoire de constitution)[6], 159 (contre 163 en 2020) vendaient de nouveaux contrats d'assurance de particuliers.

[6] Dans le secteur de l'assurance de dommages, les primes directes souscrites (PDS) totalisent moins de 50 M $ dans le cas des assureurs de petite taille, entre 50 M $ et 300 M$ dans le cas de ceux de taille moyenne, et plus de 300 M $ dans le cas de ceux de grande taille.

Territoire	Petite taille	Taille moyenne	Grande taille	Contrats d'assurance des entreprises et en gestion extinctive	Total
Alberta	2	3	2	2	9
Colombie-Britannique	0	3	0	2	5
Île-du-Prince-Édouard	1	0	0	0	1
Manitoba	0	1	0	0	1
Nouveau-Brunswick	0	0	0	0	0
Nouvelle-Écosse	2	0	0	0	2
Ontario	37	3	3	9	52
Québec	18	7	6	4	35
Saskatchewan	4	1	0	3	8
Fédéral – Étranger	12	3	1	27	43
Fédéral – Canadien	9	23	18	19	69
Total	**85**	**44**	**30**	**66**	**225**

Secteur de l'assurance de personnes

Parmi les 72 assureurs (comparativement à 76 en 2020) tenus de déposer la Déclaration annuelle (ventilée par taille et territoire de constitution)[7], 57 (contre 58 en 2020) vendaient activement de nouveaux contrats.

Territoire	Petite taille	Taille moyenne	Grande taille	Contrats en gestion extinctive	Total
Alberta	1	1	0	0	2
Colombie-Britannique	0	1	0	0	1
Manitoba	0	0	0	1	1
Nouveau-Brunswick	1	1	0	0	2
Nouvelle-Écosse	0	0	1	0	1
Ontario	4	2	2	2	10
Québec	6	2	4	0	12
Saskatchewan	1	0	0	0	1

[7] Dans le secteur de l'assurance de personnes, les PDS totalisent moins de 150 M $ dans le cas des assureurs de petite taille, entre 150 M $ et 800 M$ dans le cas de ceux de taille moyenne, et plus de 800 M $ dans le cas de ceux de grande taille.

Fédéral – Étranger	4	4	0	5	13
Fédéral – Canadien	7	7	8	7	29
Total	**24**	**18**	**15**	**15**	**72**

Gouvernance

Le TEC est un principe plaçant les clients au centre des préoccupations de l'entreprise, notamment en accordant toute l'importance à leurs intérêts et en les traitant équitablement. Ce principe a trait à la conduite des assureurs à l'égard des clients et à la façon d'agir dans leurs relations avec eux à tous les stades du cycle de vie d'un produit d'assurance. Ce cycle débute à la conception du produit et englobe les services depuis le moment où les obligations contractuelles prennent naissance jusqu'à ce qu'elles aient été entièrement remplies.

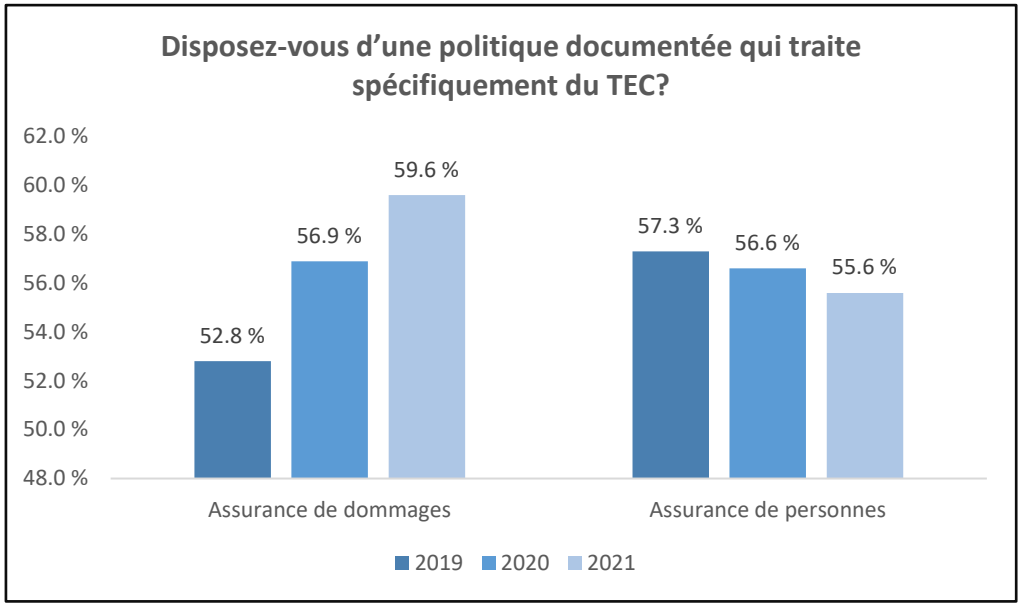
Les exigences liées au TEC, énoncées dans la Directive sur le TEC, consistent notamment à faire ce qui suit :

- élaborer et commercialiser des produits qui tiennent dûment compte des intérêts des clients;
- communiquer aux clients des renseignements clairs avant, pendant et après la vente;
- réduire le risque de ventes qui ne répondent pas aux besoins des clients;
- s'assurer que tout conseil donné est de grande qualité;
- résoudre les plaintes et les différends des clients de manière équitable;
- préserver la confidentialité des informations obtenues des clients;
- gérer les attentes raisonnables des clients.

La rubrique « Gouvernance » de la Déclaration annuelle oblige les assureurs à répondre à des questions conçues pour donner une indication globale de leur engagement envers les principes du TEC.

Code ou politique du TEC

Conformément à la Directive sur le TEC, le CCRRA recommande aux assureurs d'« établir et mettre en œuvre des politiques et des procédures en matière de traitement équitable des clients qui fassent partie intégrante de leur culture d'entreprise ».



Avec le rapport public sur la Déclaration annuelle, l'un des principaux objectifs du CCRRA consiste à susciter une plus grande adhésion aux principes du TEC chez les assureurs et d'en favoriser la mise en œuvre. À la question « Disposez-vous d'une politique documentée qui traite spécifiquement du traitement équitable des consommateurs? » (les clients étant appelés les consommateurs dans la Déclaration annuelle), 59,6 % des répondants du secteur de l'assurance de dommages, contre 55,6 % de ceux du secteur de l'assurance de personnes, y ont répondu par l'affirmative. Si ce résultat est demeuré stable du côté de l'assurance de personnes (56,6 % en 2020), il constitue tout de même une hausse de 4,6 % chez les répondants du secteur de l'assurance de dommages, principalement attribuable aux assureurs de petite et moyenne tailles. Il s'agit de la deuxième année consécutive pour laquelle il y a augmentation du pourcentage de répondants en assurance de dommages disposant d'une politique documentée qui traite spécifiquement du TEC. Dans le secteur de l'assurance de personnes, ce pourcentage affiche un recul constant[8].

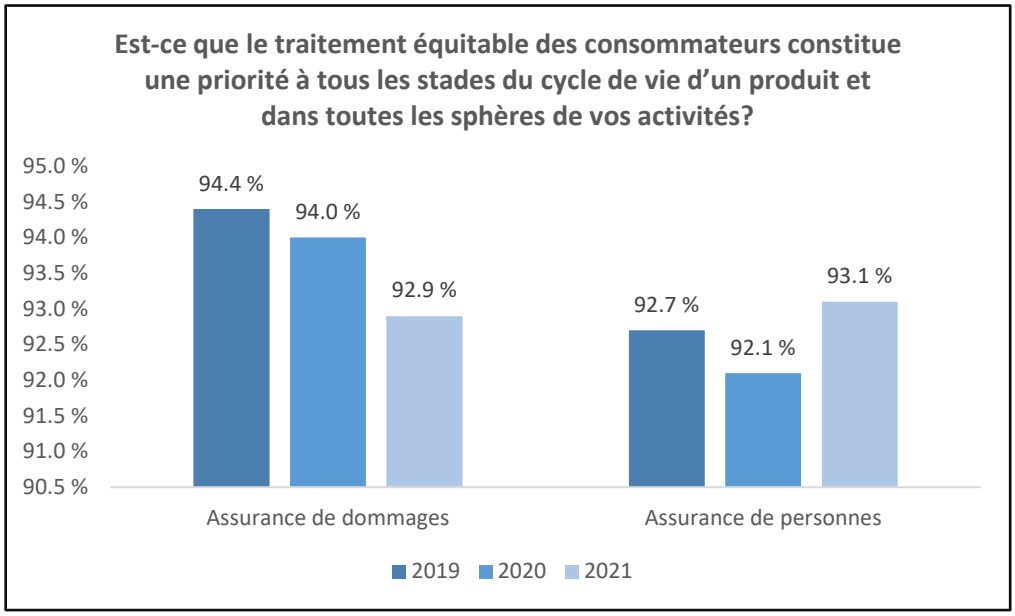
Il y a eu de légères hausses dans le nombre de répondants du secteur de l'assurance de dommages (76,0 % en 2021 contre 75,4 % en 2020) et du secteur de l'assurance de personnes (86,1 % en 2021 par rapport à 85,5 % en 2020) ayant indiqué disposer d'un code documenté qui intègre les principes du TEC. Ces augmentations s'inscrivent dans une tendance à la hausse sur trois ans du nombre d'assureurs adoptant de tels codes depuis la première itération de la déclaration en 2019. Cette tendance est largement attribuable à l'adoption de nouveaux codes documentés chez les assureurs de petite et moyenne tailles.

[8] Dans le secteur de l'assurance de personnes, plusieurs résultats de 2021 sont inférieurs à ceux de 2020 et de 2019. Il faut cependant souligner que, puisque le nombre total d'assureurs du secteur poursuit son repli, des changements mineurs sont apparus dans certains points clés des données.

Mise en œuvre du TEC

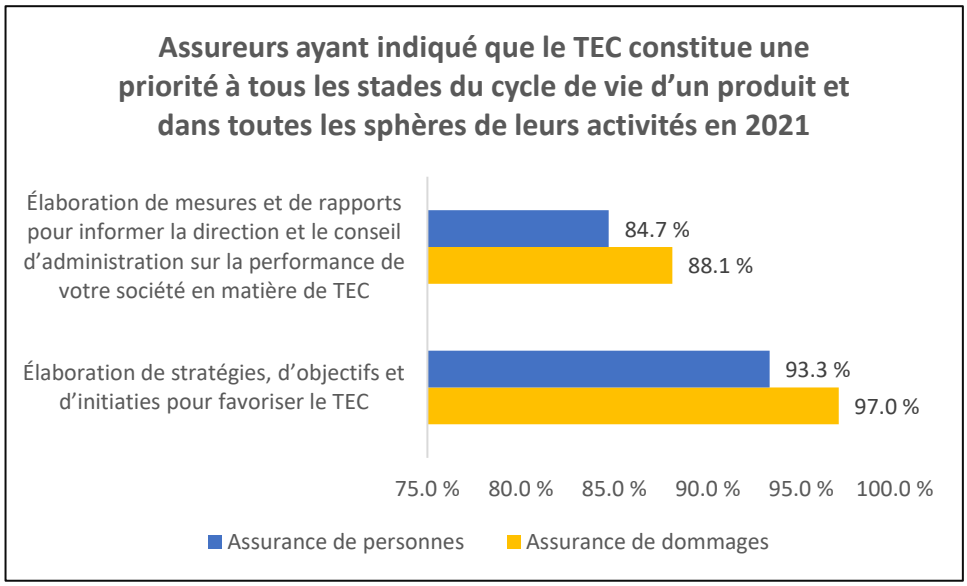
Aux termes de la Directive sur le TEC : « Une saine conduite des activités passe par le traitement équitable des clients au cours du cycle de vie du produit d'assurance, qui s'étend de sa conception jusqu'à l'entière exécution des obligations contractuelles. » La majorité des assureurs du secteur de l'assurance de dommages et du secteur de l'assurance de personnes (92,9 % et 93,1 %, respectivement) ont répondu qu'ils souscrivaient à ce principe et qu'ils avaient fait du TEC une priorité à tous les stades du cycle de vie d'un produit et dans toutes les sphères de leurs activités.

Les résultats obtenus sont demeurés presque inchangés en raison du fort pourcentage d'assureurs ayant déjà indiqué faire du TEC une priorité au sein de l'organisation. Le secteur de l'assurance de dommages a affiché une légère contraction du taux de participation (94,0 % en 2020), tandis que celui du secteur de l'assurance de personnes a augmenté de 1 % sur l'année précédente. Pour les répondants ayant répondu par la négative à la question, les motifs exacts variaient, mais y figuraient des assureurs qui sont en cours de liquidation des sinistres ou qui travaillent actuellement à implanter une culture interne du TEC et comptent être en mesure d'y répondre positivement à une date future. Dans leur plan de développement d'une culture axée sur le TEC, les assureurs devraient exprimer sans équivoque leurs attentes aux membres de leur organisation et à leurs canaux de distribution. Ils devraient en outre être en mesure d'évaluer leur performance en ce qui concerne le TEC.



Dans le cas des assureurs ayant répondu par l'affirmative à ce qu'ils font du TEC une priorité au sein de leur organisation, la majorité des répondants, tant du secteur de l'assurance de dommages que de celui du secteur de l'assurance de personnes, ont affirmé qu'ils documentaient l'« élaboration de stratégies, d'objectifs et d'initiatives pour favoriser le traitement équitable des consommateurs ». Les

résultats de 2021 montraient qu'il s'agit d'un aspect qui gagne en popularité, comme en témoignaient les augmentations du côté du secteur de l'assurance de dommages (84,7 % en 2021 contre 82,6 % en 2020) ainsi que de celui du secteur de l'assurance de personnes (88,1 % en 2021 comparativement à 87,1 % en 2020). Le pourcentage de répondants indiquant avoir procédé à « l'élaboration de mesures et de rapports pour informer la direction et le conseil d'administration sur la performance de la société en matière de traitement équitable des consommateurs » était légèrement inférieur aux résultats publiés en 2020. Cependant, avec des résultats supérieurs à 90 %, les changements paraissent vraisemblablement mineurs d'une année à l'autre.



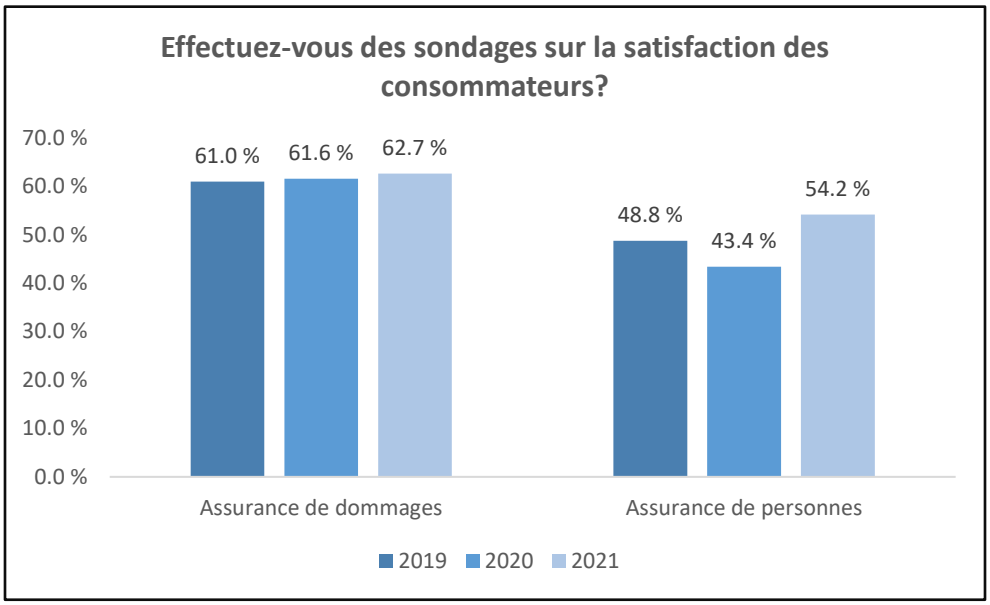
De plus en plus d'assureurs semblent en mesure de démontrer avoir intégré les principes du TEC au sein de leur organisation, ce qui encourage le CCRRA. Il est cependant encore possible de faire mieux. En outre, il existe des écarts entre les déclarations des assureurs et la réalité. L'établissement des principes du TEC et leur gouvernance sont un élément important de la gouvernance en matière de TEC. La mise en place de mesures ou les rapports à la haute direction ou au conseil d'administration ne devraient pas être uniquement fonction du nombre de plaintes, des résultats de sondages sur la satisfaction des consommateurs ou du temps de réponse. Se reporter au tableau de l'annexe 1 intitulée « Principaux indicateurs de gouvernance en matière de TEC » pour des exemples d'indicateurs clés pouvant être utilisés par les assureurs afin d'évaluer la performance dans le TEC[9].

De façon générale, les assureurs ont indiqué qu'ils considéraient le TEC comme une priorité à tous les stades du cycle de vie du produit d'assurance, mais certains d'entre eux n'ont pas encore promu les principes de TEC ni mis en œuvre un mécanisme de rapport permettant de mesurer la performance en ce qui concerne le TEC, ou les risques qui y sont liés.

[9] Ces indicateurs ont été définis grâce aux activités de surveillance des membres du CCRRA et aux rapports de l'AICA.

En outre, bon nombre d'assureurs ne disposent toujours pas de politique documentée qui traite spécifiquement du TEC.

Sondages sur la satisfaction des consommateurs



Encore une fois, dans le secteur de l'assurance de dommages, le pourcentage de répondants qui effectuent des sondages sur la satisfaction des consommateurs a légèrement progressé (62,7 % en 2021, contre 61,6 % en 2020). Par contre, dans le secteur de l'assurance de personnes, ce pourcentage a bondi en une année (de 43,4 % en 2020 à 54,2 % en 2021).

Parmi l'ensemble des assureurs ayant répondu par l'affirmative, on remarque que, le plus souvent, dans le secteur de l'assurance de dommages, le sondage est effectué immédiatement après la soumission d'une demande d'indemnités (95,7 %), et après une vente (56,7 %). Dans le secteur de l'assurance de personnes, le sondage suit le plus fréquemment une vente (71,8 %) et une demande d'indemnités (66,7 %). Seul un faible pourcentage de répondants effectuant des sondages sur la satisfaction des clients le font après une plainte (22,7 % en assurance de dommages, et 23,1 % en assurance de personnes), ce qui se traduit par une diminution dans les deux secteurs par rapport à l'année précédente.

Selon la Directive sur le TEC, il incombe aux assureurs d'effectuer l'« évaluation des résultats des divers modèles de distribution utilisés, surtout en ce qui a trait au traitement équitable des clients et, au besoin, la prise des mesures correctives qui s'imposent. » Bien qu'il existe de nombreuses façons pour un assureur d'évaluer la performance de ses employés/distributeurs (par exemple au moyen d'audits ou d'examens), le contact direct avec les clients permet aux entreprises de mieux évaluer leur performance en ce qui concerne le TEC. Les sondages et autres mécanismes de rétroaction

utilisés par les assureurs, comme les groupes de discussion et les formulaires en ligne, sont un moyen simple et efficace pour les clients de se faire entendre. Ils permettent aux assureurs de cerner les domaines où il est possible de faire mieux ainsi que les nouvelles occasions de discuter ouvertement avec les clients et d'approfondir la relation avec eux.

Utilisation des données sur la gouvernance par les membres du CCRRA

- Suivi au chapitre du soutien et de la mise en œuvre des principes de TEC par le secteur
- Évaluation des risques et mise en relief des indicateurs de risques utilisés dans la sélection des examens fondés sur les risques
- Vérification des examens pour déterminer la manière dont les principes de TEC sont mis en œuvre et opérationnalisés
- Surveillance du nombre d'audits relatifs au TEC effectués par les assureurs dans les différents canaux de distribution

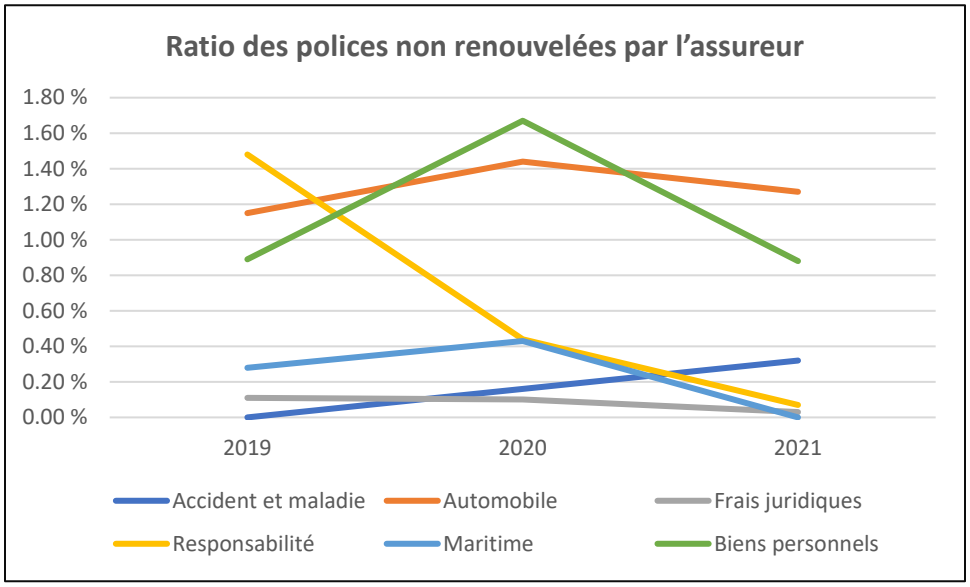
Observations au sujet des données sur la gouvernance

- Aux termes de la Directive sur le TEC, on s'attend à ce que le TEC soit un élément essentiel de la gouvernance et de la culture d'entreprise des assureurs et des intermédiaires.
- Les assureurs devraient pouvoir démontrer de quelle façon ils veillent à ce que le TEC soit une priorité dans toutes les sphères de leurs activités, y compris la gestion des risques et la surveillance des canaux de distribution.
- Les membres du CCRRA s'attendent à ce que les assureurs évaluent leur performance en ce qui concerne le TEC et, au besoin, qu'ils prennent des mesures correctives.
- Les examens du CCRRA et de ses membres ont révélé ce qui suit :
    - l'absence de mécanisme de reddition de compte consolidée permettant de mesurer la performance globale de l'assurance en matière de TEC;
    - les rôles et responsabilités expressément liés au TEC ne sont pas toujours clairement définis;
    - les politiques et procédures en vigueur ne sont pas pleinement évaluées pour déterminer si les éléments pertinents du TEC sont intégrés, et aucun plan d'action n'est en place pour mettre en œuvre et rendre opérationnels ces éléments.

Polices

À la rubrique « Polices » de la Déclaration annuelle, les assureurs doivent fournir de l'information sur l'état de leurs polices en vigueur et de celles émises au cours de la période de référence précédente. Une importance particulière est accordée aux données sur la résiliation de polices ou le rejet de demandes, pour les diverses catégories d'assurance. Les données sur l'assurance de dommages excluent celles concernant les polices d'assurance des entreprises.

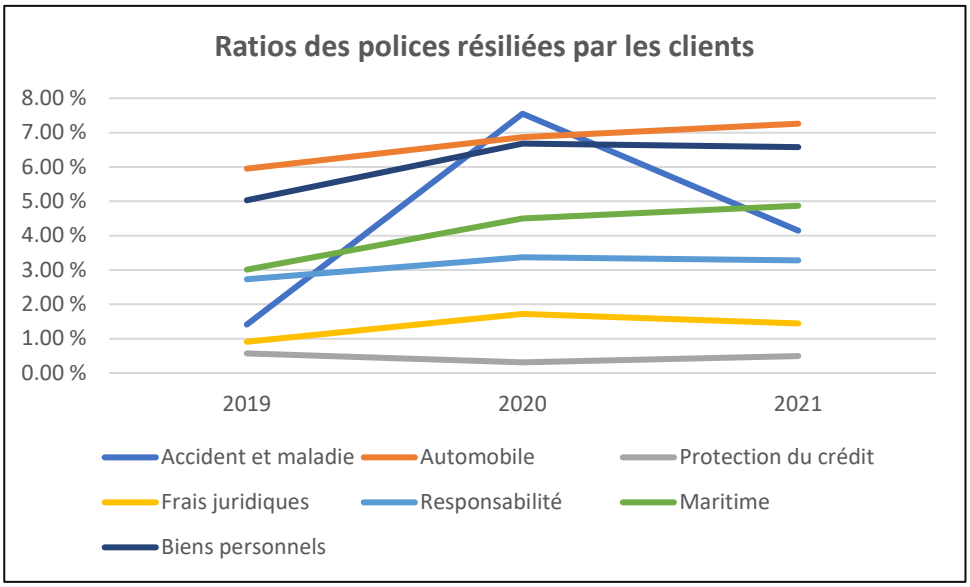
Le CCRRA a établi des ratios fondés sur les données des polices afin de mieux analyser les risques et les tendances associés à des catégories d'assurance en particulier. Il utilise ces points de données pour suivre de près et analyser l'évolution du comportement des assureurs et de leurs clients sur plusieurs années.



<u>Polices d'assurance de dommages</u>

Le ratio des polices non renouvelées par l'assureur[10] sert à relever les grandes tendances du secteur et à vérifier si un assureur a effectué une réduction importante dans une catégorie d'assurance donnée. À l'exception du ratio de la catégorie Accident et maladie, qui est passé de 0,16 % en 2020 à 0,32 % en 2021, ceux de toutes les autres catégories d'assurance se sont repliés en 2021. Le plus important recul a été observé dans la catégorie Biens personnels, dont le ratio est passé de 1,67 % en 2020 à 0,88 % en 2021, soit une contraction de 47 % en un an et un retour à un niveau avoisinant celui de 2019.

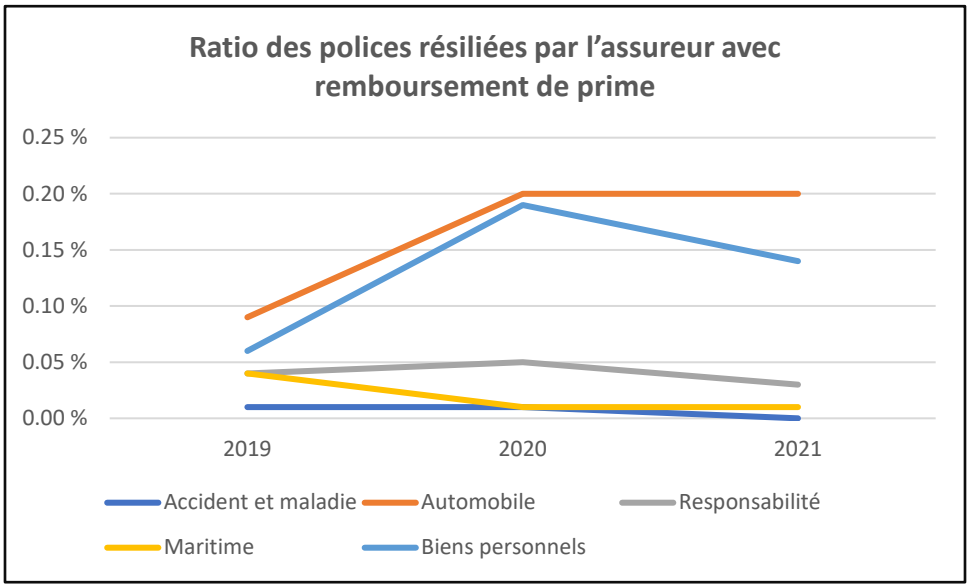
[10] Calcul du ratio : nombre total de polices non renouvelées par l'assureur / (nombre de nouvelles polices émises + nombre de polices renouvelées).

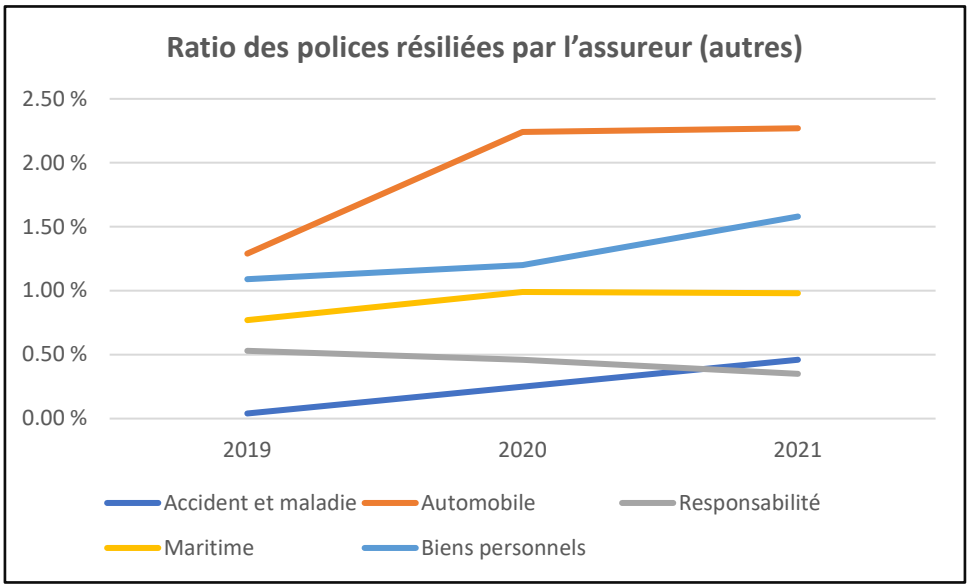


Le ratio des polices résiliées par les clients[11] sert à déterminer la mobilité de la clientèle et à donner une idée générale du degré de satisfaction de cette dernière quant à certaines catégories d'assurance. Ces données ne sont pas utilisées seules, mais sont corroborées par d'autres indicateurs, comme les plaintes, les primes ainsi que les publications et reportages dans les médias. En 2021, les résultats dans la plupart des catégories d'assurance ont été relativement stables, sauf dans la catégorie Accident et maladie, où ce ratio a chuté considérablement (4,15 % en 2021, contre 7,55 % en 2020, soit un tassement de plus de 45 %). Par contre, les ratios de résiliation de 2021 demeuraient à peu près à 194 % de ceux de 2019.

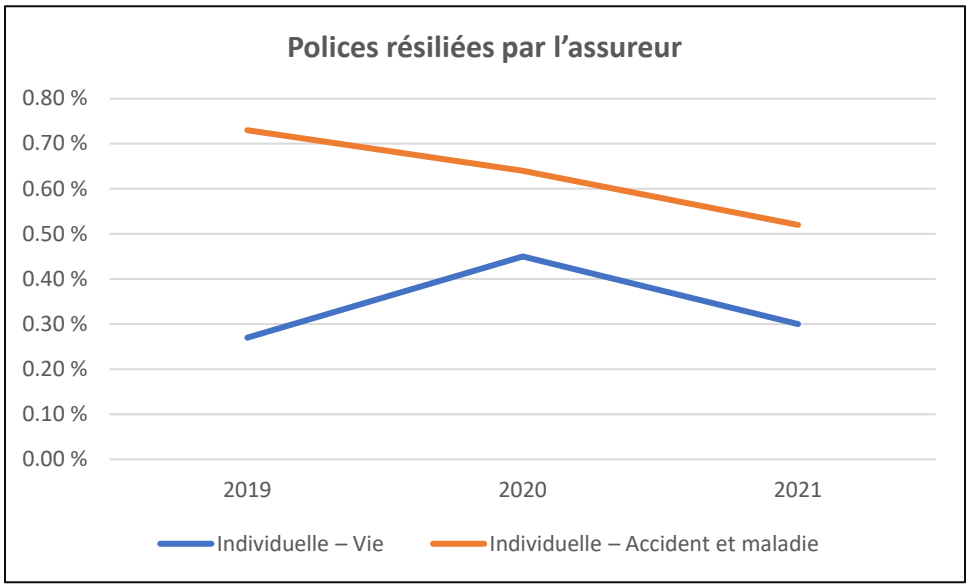
Le ratio des polices résiliées par l'assureur avec remboursement de prime – remboursement intégral[12] ainsi que le ratio des polices résiliées (autres)[13] servent à déterminer les catégories d'assurance dont les clients sont les plus susceptibles de voir leurs polices être résiliées. Dans ces cas, l'assureur résilie rétroactivement la police et le client se retrouve sans protection d'assurance. Les deux ratios de polices résiliées par l'assureur dans la catégorie Automobile sont demeurés immobiles après avoir atteint un sommet en 2020. Nous observons un recul du ratio avec remboursement de prime dans la catégorie Biens personnels, et une hausse de celui sans remboursement de prime. Dans la catégorie Accident et maladie, ce dernier ratio a grimpé significativement pour la deuxième année consécutive, soit de 84 % par rapport à l'année précédente. Nous poursuivrons nos échanges avec les intervenants du secteur sur les facteurs influençant ces résultats afin d'en comprendre les causes et de surveiller la situation, qui peut avoir une incidence importante sur certains clients (p. ex., les enjeux d'accessibilité des produits d'assurance).

[11] Calcul du ratio : nombre total de polices résiliées par les clients / (nombre de nouvelles polices émises + nombre de polices renouvelées).
[12] Calcul du ratio : nombre total de polices résiliées par l'assureur avec remboursement intégral de prime / (nombre de nouvelles polices émises + nombre de polices renouvelées).
[13] Calcul du ratio : nombre total de polices résiliées par l'assureur (autres) / (nombre de nouvelles polices émises + nombre de polices renouvelées).

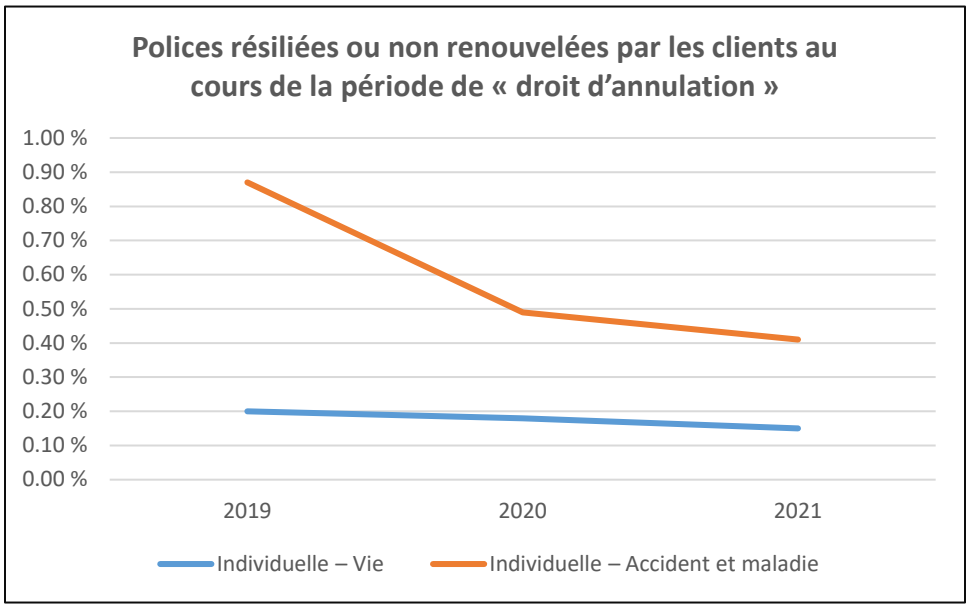

Ratio des polices résiliées par l'assureur avec remboursement de prime
0.25 %
0.20 %
0.15 %
0.10 %
0.05 %
0.00 %
2019
2020
2021
Accident et maladie
Automobile
Responsabilité
Maritime
Biens personnels


Ratio des polices résiliées par l'assureur (autres)
2.50 %
2.00 %
1.50 %
1.00 %
0.50 %
0.00 %
2019
2020
2021
Accident et maladie
Automobile
Responsabilité
Maritime
Biens personnels

Polices d'assurance de personnes



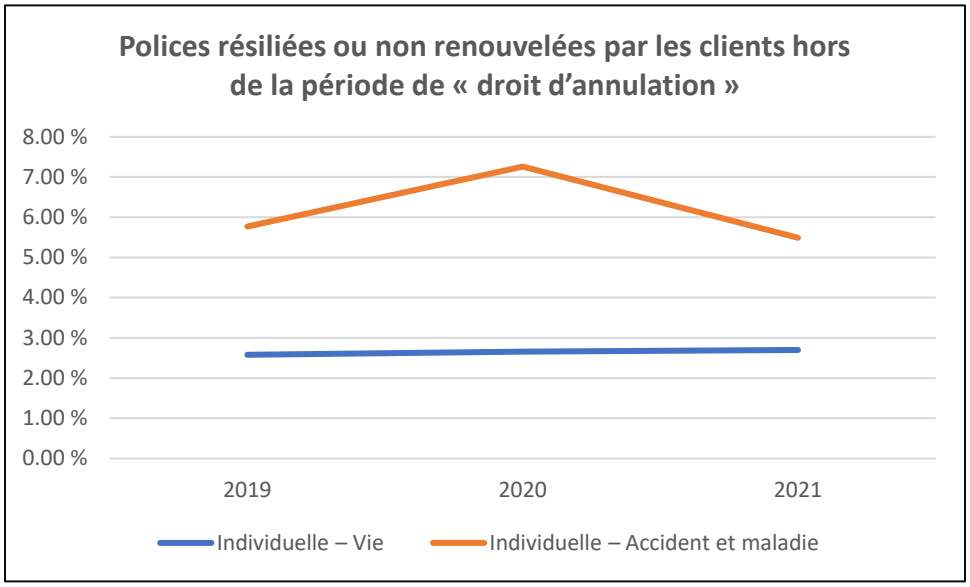
Le ratio des polices résiliées par l'assureur[14] sert à fournir des données sur le nombre de polices résiliées par l'assureur dans une catégorie d'assurance en particulier. Il sert également à déterminer si un assureur a résilié un nombre plus important de polices par rapport aux années précédentes. En 2021, les ratios des catégories Individuelle – Vie et Individuelle – Accident et maladie se sont contractés par rapport à ceux de 2020 (de 0,45 % à 0,30 % et de 0,64 % à 0,52 %, respectivement).



Le ratio des polices résiliées ou non renouvelées par les clients au cours de la période de « droit d'annulation »[15] sert à indiquer les catégories d'assurance dont les polices sont les plus susceptibles d'être résiliées par les clients au cours de la période de « droit d'annulation ». Ce ratio permet

[14] Calcul du ratio : nombre de polices résiliées par l'assureur / nombre de polices en vigueur.
[15] Calcul du ratio : total des polices résiliées ou non renouvelées par les clients au cours de la période de « droit d'annulation » / nombre de polices en vigueur (nombre de nouvelles polices émises + nombre de polices en vigueur à la fin de la période précédente).

également de déterminer les catégories d'assurance dont les clients sont les plus susceptibles de regretter l'achat et de résilier leur police. Pour l'assureur, il peut être un indice que ses canaux de distribution vendent des polices qui ne répondent pas aux besoins des clients[16]. Les ratios des catégories Individuelle – Vie et Individuelle – Accident et maladie se sont repliés en 2020, la première catégorie accusant un recul de 17 % par rapport à l'année précédente après avoir été stable pendant cette dernière, et la seconde fléchissant de 16 % après avoir essuyé une forte baisse l'année dernière.



Le ratio des polices résiliées ou non renouvelées par les clients hors de la période de « droit d'annulation »[17] sert à indiquer les catégories d'assurance dont les polices sont résiliées dans le cours normal du cycle de vie d'un produit hors de la période de « droit d'annulation ». Ce ratio permet au CCRRA de déterminer les catégories d'assurance dont les clients peuvent être insatisfaits. Ce type de résiliations n'a pas fluctué dans la catégorie Individuelle – Vie pour une deuxième année consécutive, alors qu'il s'est contracté de 24 % dans la catégorie Individuelle – Accident et maladie après une progression marquée au cours de la période de déclaration précédente.

[16] Les membres du CCRRA ne se fondent pas uniquement sur les données recueillies à l'aide de la Déclaration annuelle et pourraient vérifier ces renseignements auprès d'autres sources, dont les examens.
[17] Calcul du ratio : total des polices résiliées ou non renouvelées par les clients hors de la période de « droit d'annulation » / nombre de polices en vigueur (nombre de nouvelles polices émises + nombre de polices en vigueur à la fin de la période précédente).

Utilisation des données sur les polices par les membres du CCRRA

- Suivi des grandes tendances du secteur dans les diverses catégories d'assurance, notamment les refus de demandes, les résiliations / non-renouvellements par l'assureur / les clients
- Suivi de la croissance / du déclin de certaines catégories d'assurance en fonction du nombre total de polices émises/renouvelées
- Suivi par les membres du CCRRA du nombre de polices des différentes catégories émises par chaque assureur
- Mise en relief des indicateurs de risque pour les membres du CCRRA et vérification du TEC dans chaque catégorie d'assurance

Observations au sujet des données sur les polices

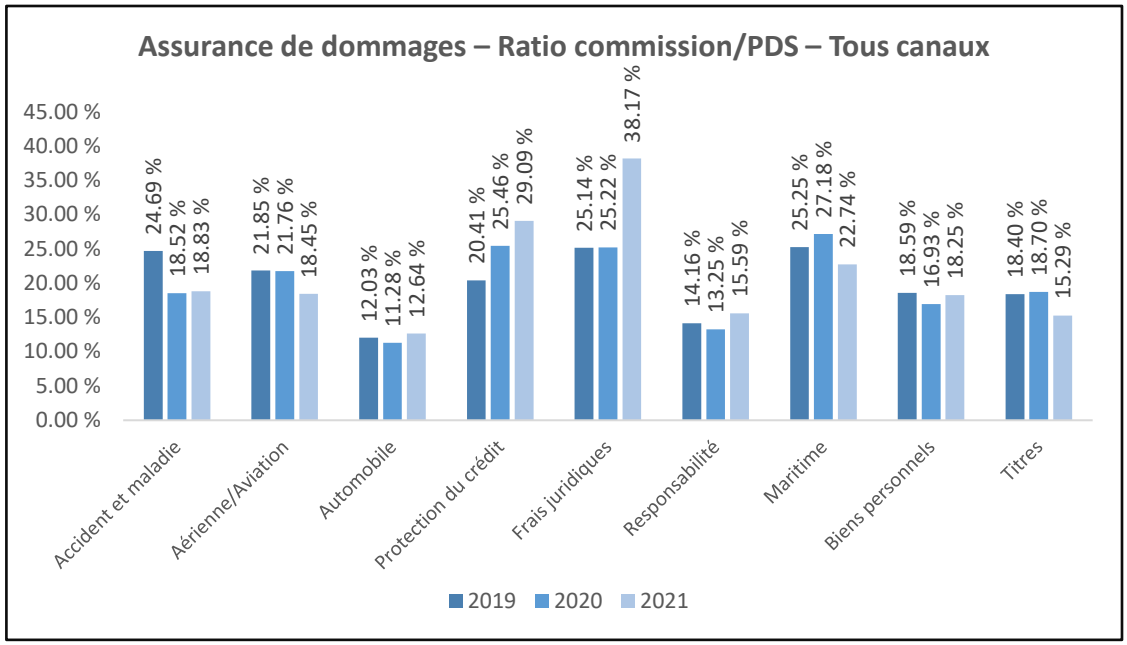
- Aux termes de la Directive sur le TEC, on s'attend à ce que les assureurs communiquent aux titulaires de police de l'information leur permettant de prendre des décisions éclairées pendant toute la durée de leur contrat (notamment en les avisant des changements apportés aux modalités et conditions du contrat en cas d'échange de produits ou de résiliation anticipée de la police).
- Lors des examens, certains membres du CCRRA ont constaté l'absence de révisions périodiques officielles des documents d'information fournis aux clients.
- Les examens ont également permis à certains membres du CCRRA de noter l'insuffisance de la formation donnée à l'égard des renseignements essentiels sur les produits qui sont communiqués aux clients.
- Les membres du CCRRA ont remarqué que certains assureurs ne veillent pas toujours à ce que les assurés comprennent bien leurs droits et obligations, le moment auquel les exercer et l'incidence de cet exercice en leur fournissant de l'assistance ou en communiquant avec eux après la vente.

Primes, commissions et demandes d'indemnités

La présente rubrique de la Déclaration annuelle contient des données sur les primes directes souscrites, classées par canal de distribution et par catégorie d'assurance. Des données sont recueillies sur les commissions gagnées et les sinistres subis, qui sont également classés par catégorie d'assurance et canal de distribution. La présente rubrique donne aux membres du CCRRA un aperçu global de la nature de diverses catégories d'assurance et de leurs canaux de distribution. Les données sur le secteur de l'assurance de dommages[18] incluent uniquement celles concernant les polices d'assurance des particuliers.

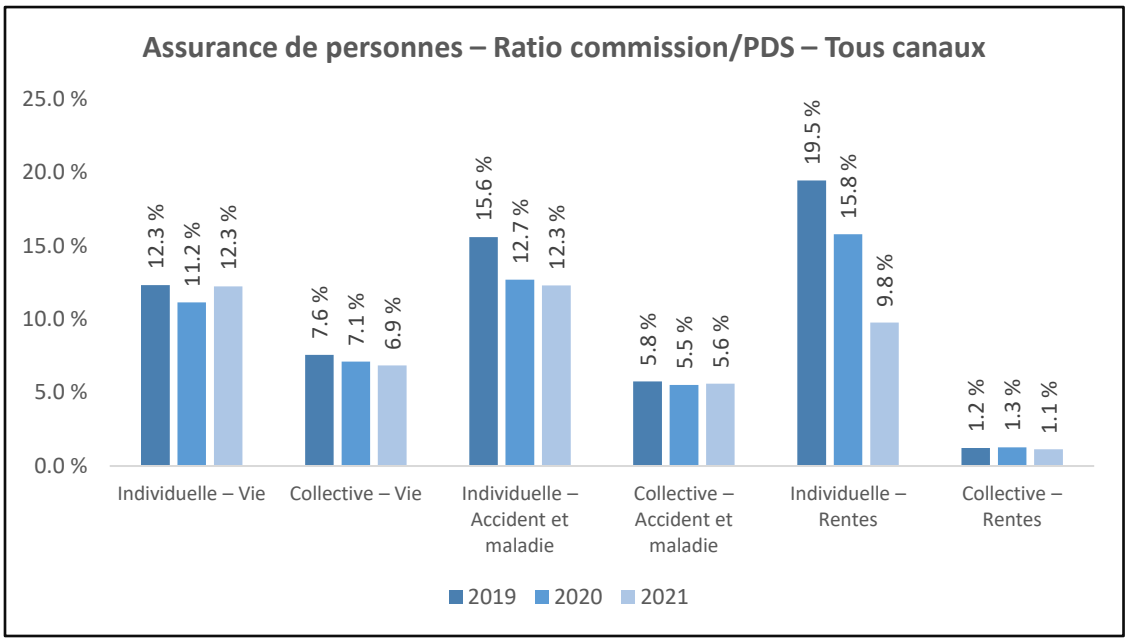
Commissions

Le ratio commissions/PDS[19] correspond au total des commissions versées par rapport au total des primes directes souscrites (PDS) pour une catégorie d'assurance donnée. En l'occurrence, les commissions relatives aux produits d'assurance des entreprises ou de réassurance sont exclues. Ces données permettent de brosser un tableau général du rapport entre les commissions versées et les primes souscrites, en fonction de la catégorie d'assurance.



[18] Les désignations des catégories d'assurance utilisées dans la Déclaration annuelle sont harmonisées avec celles du Relevé trimestriel / Supplément annuel en assurance de dommages : https://lautorite.qc.ca/fileadmin/lautorite/formulaires/professionnels/assureurs/definitions-declaration-annuelle-assurance-dommages_fr.pdf

[19] Calcul du ratio : total des commissions de tous les canaux de distribution / total des primes directes souscrites.

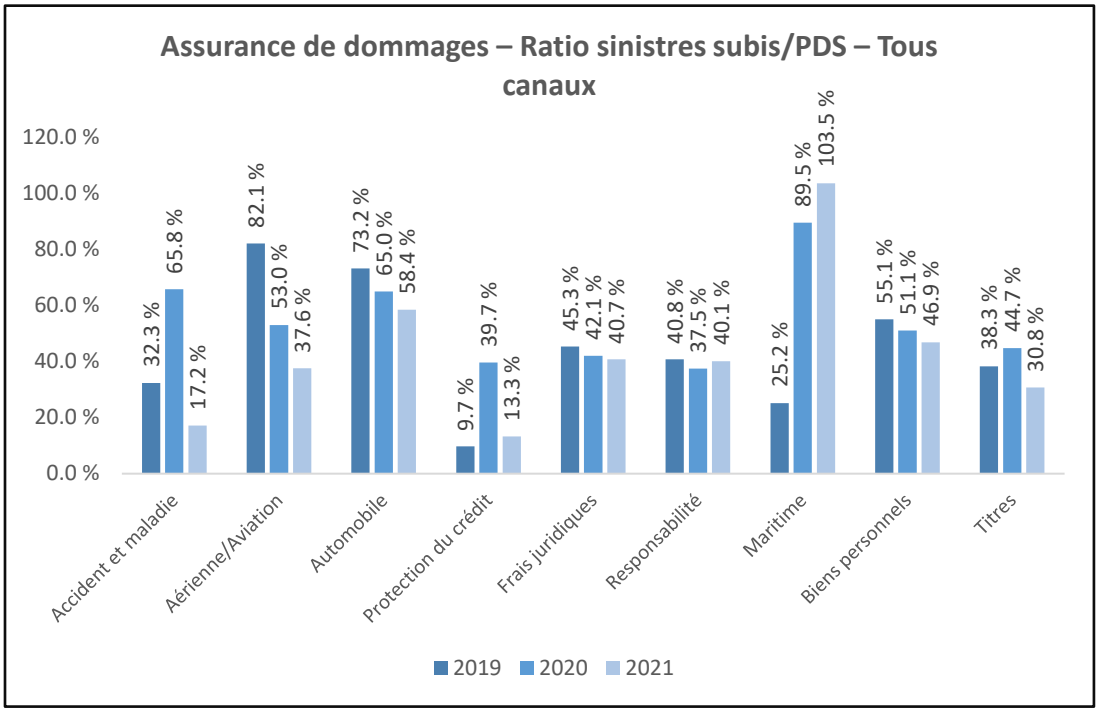


Les données sur les commissions sont susceptibles de fluctuations plutôt modérées d'une année à l'autre. Les membres du CCRRA poursuivront avec intérêt la surveillance des ratios commission/PDS et des autres incitatifs, en conformité avec les attentes qui seront énoncées dans la prochaine itération de sa Directive sur la gestion des incitatifs.

Demandes d'indemnités

Le ratio sinistres subis / PDS[20] correspond au rapport entre le montant total des sinistres subis dans une catégorie d'assurance donnée et le montant total des PDS. Il permet au CCRRA de déterminer les catégories d'assurance rapportant le plus aux clients, et d'établir s'il varie en fonction du canal de distribution. Dans la catégorie Automobile, ce ratio poursuit son déclin marqué d'une année à l'autre, sans doute principalement sous l'effet de réduction constante du kilométrage parcouru par les assurés en télétravail. Il a décru de plus de 20 % depuis 2019. Dans les catégories Accident et maladie et Protection du crédit, ce ratio a également chuté par rapport à l'année précédente (de 74 % et 66 %, respectivement). La catégorie Maritime est demeurée en eaux troubles en 2021, son ratio étant supérieur à 100 % (103,5 %).

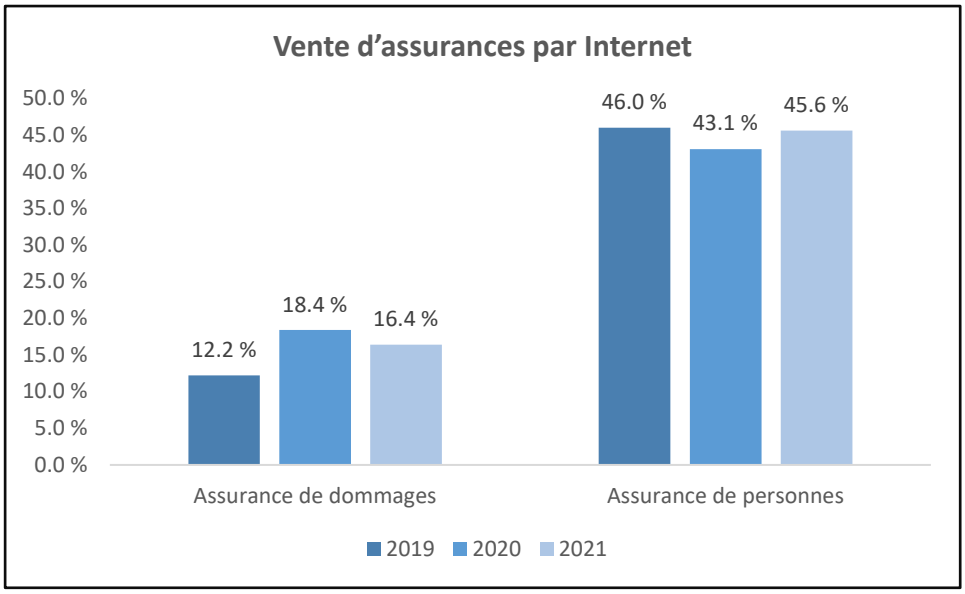
[20] Calcul du ratio : total des demandes d'indemnités / total des PDS.



Vente d'assurances par Internet

La Déclaration annuelle est utile pour suivre l'évolution de la vente d'assurances par Internet[21]. Le CCRRA s'intéresse aux ventes par Internet et entend surveiller de près leur croissance dans les éditions futures du présent rapport. Ces données peuvent servir à suivre la croissance des ventes par Internet et être comparées à d'autres données comme celles portant sur les emplois, les ventes d'assurances par divers canaux de distribution et la croissance ou le déclin des catégories d'assurances. Elles revêtent une importance particulière au regard de l'incidence de la pandémie de COVID-19 sur le secteur de l'assurance.

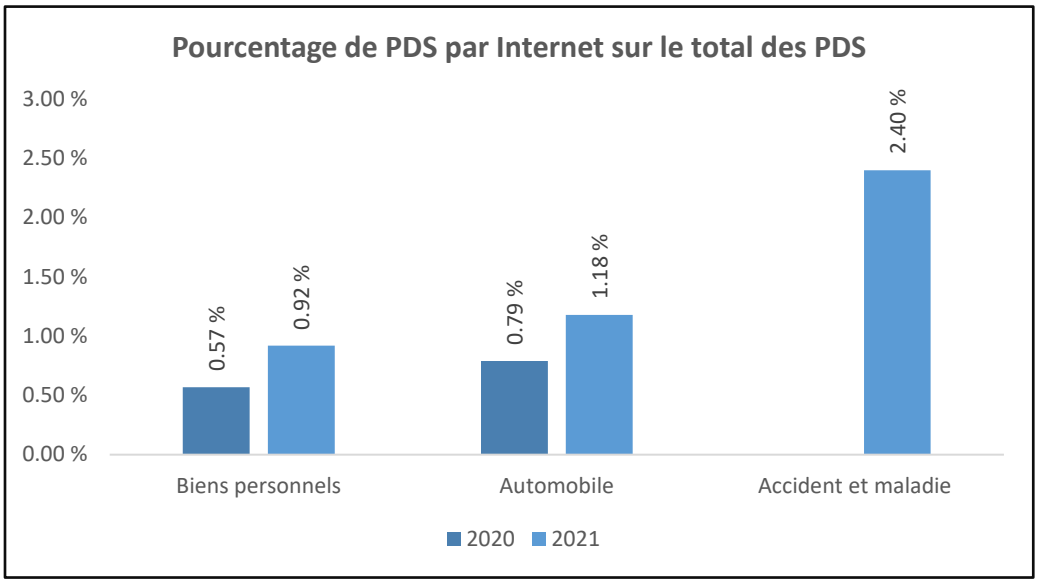
[21] Un produit est considéré comme vendu par Internet / en ligne si le processus de vente est intégralement réalisé en ligne, sans l'intervention d'un représentant ou d'un courtier. La vente qui est réalisée par un représentant certifié après que le client a obtenu de l'information ou une prime par l'entremise d'un site Web n'est pas considérée comme une vente par Internet.

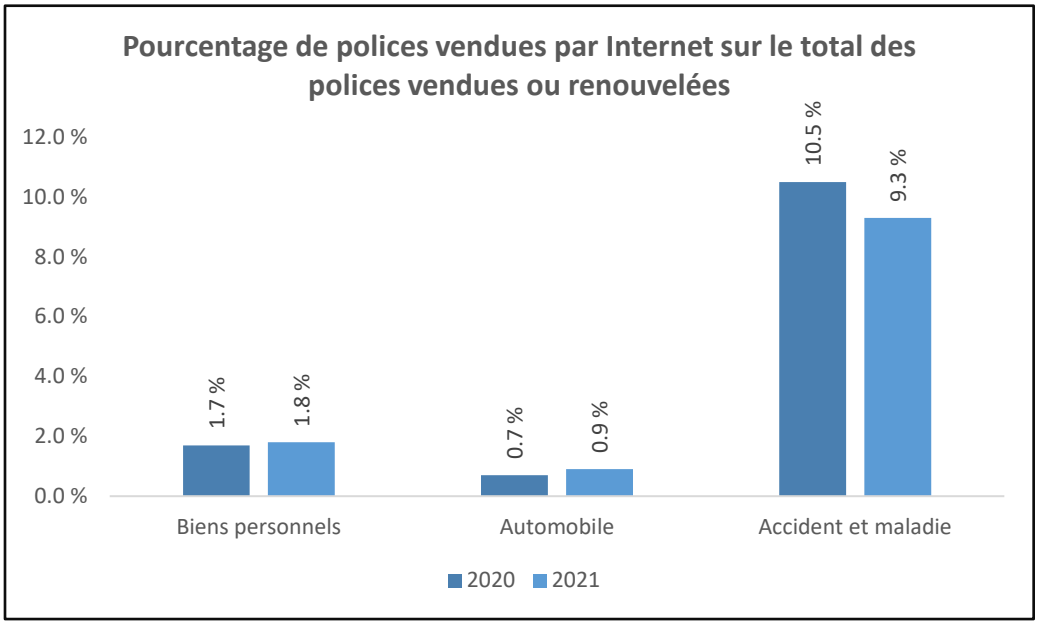


Le nombre d'assureurs de personnes qui utilisent la vente par Internet ne varie pas depuis 2019, tandis que celui des assureurs de dommages a légèrement augmenté. En 2021, 16,4 % des assureurs de dommages et 45,6 % des assureurs de personnes ont indiqué vendre des produits d'assurance sans intermédiaire par Internet. Les données obtenues dans la Déclaration annuelle ne tiennent pas compte des ventes réalisées en ligne mais avec l'assistance d'un intermédiaire. Par exemple, elles n'incluent pas les cas où la demande de soumission est faite sur un site Web et la police est achevée par téléphone avec l'aide d'un intermédiaire.

Il semble que la majorité des assureurs qui adoptent les nouvelles technologies numériques le font en complément de leurs canaux de distribution actuels. Le CCRRA suivra attentivement cette tendance dans l'avenir.

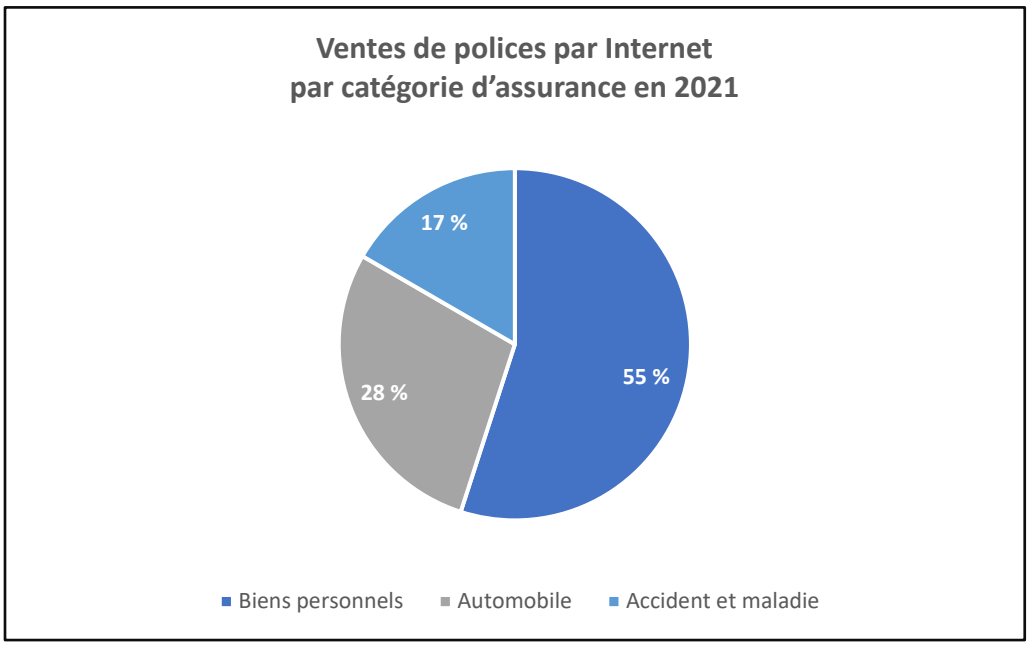
Assurance de dommages





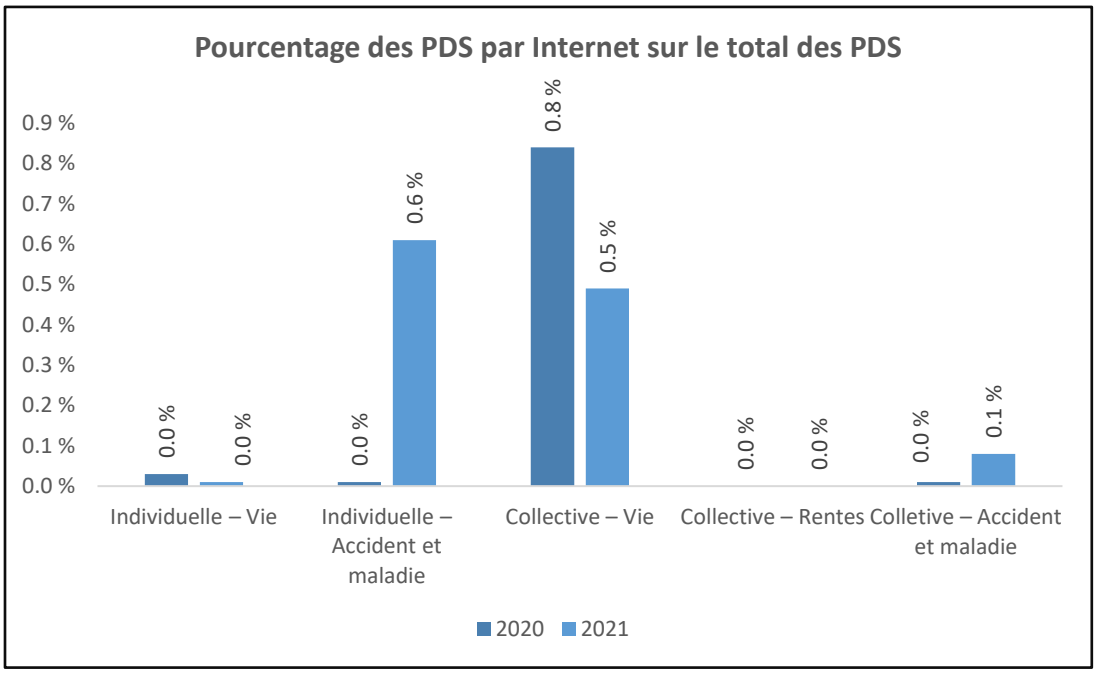
Dans le secteur de l'assurance de dommages, la catégorie Biens personnels a continué de dominer les ventes par Internet puisqu'elle constituait environ 55 % de toutes les polices de ce secteur vendues de cette façon. Il y a eu, en 2021, un accroissement du pourcentage du total des polices vendues dans les catégories Biens personnels et Automobile (pour atteindre 1,8 % et 0,9 % du nombre total de polices vendues, respectivement). En ce qui concerne la catégorie Biens personnels, le pourcentage de PDS par Internet n'était que de 0,9 %, comparativement à 1,8 % pour l'ensemble des autres polices, ce qui laisse entendre que les produits vendus dans cette catégorie étaient plus

simples et moins chers. La catégorie Accident et maladie représentait la plus grande proportion des PDS et des polices vendues (2,4 % et 9,3 % respectivement en 2021)[22].

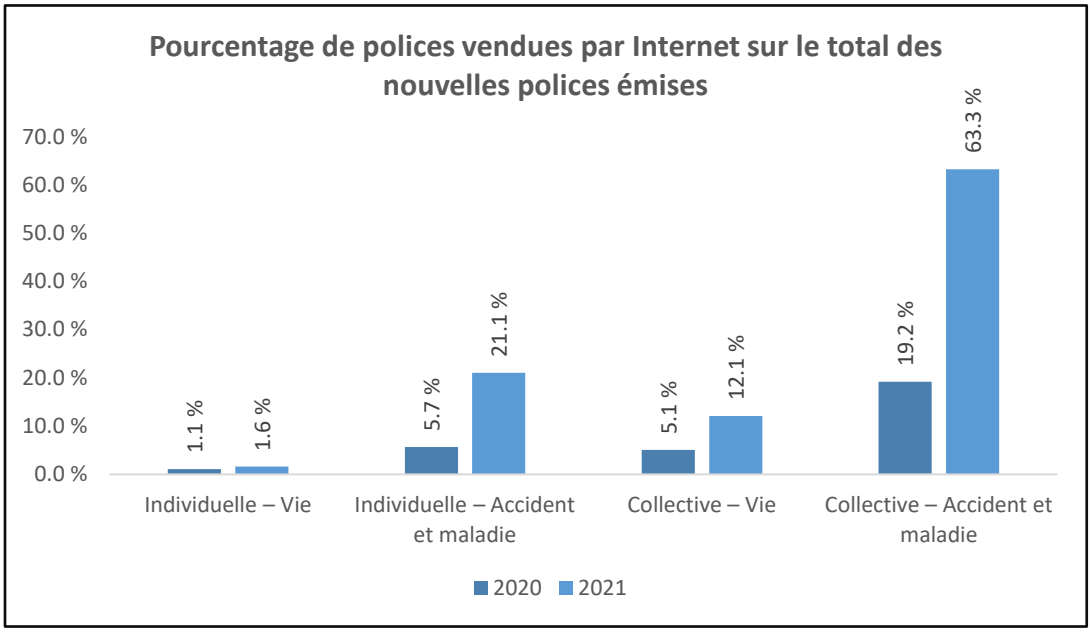


La majorité des ventes par Internet dans le secteur de l'assurance de dommages sont réalisées par des assureurs de taille moyenne, à qui sont attribuables 68 % de l'ensemble des polices vendues dans le secteur, suivis par les assureurs de petite taille (22 %) et les grands assureurs (10 %).

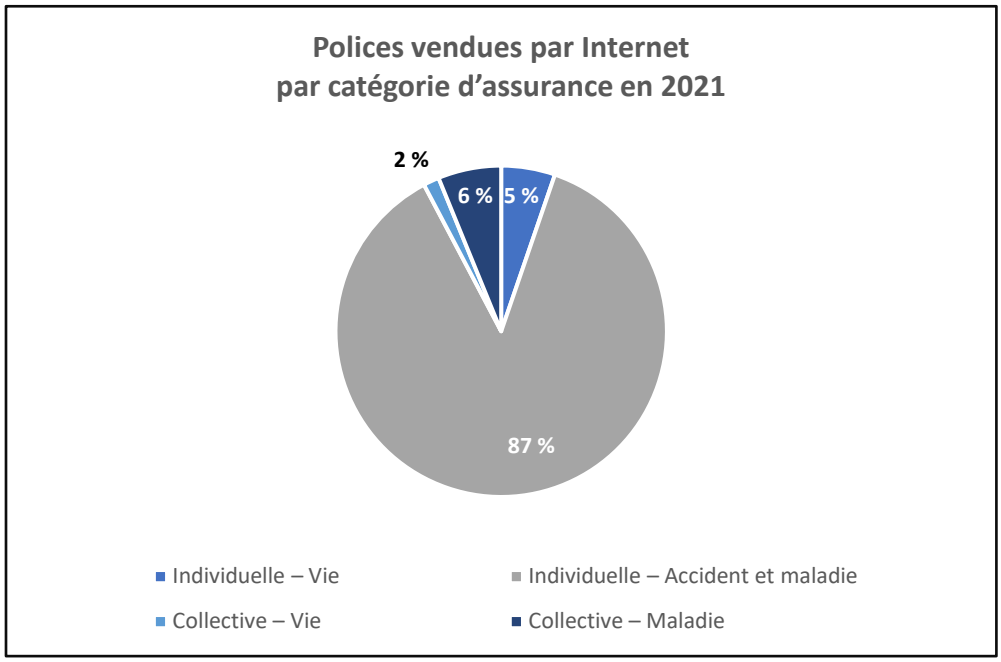
Assurance de personnes



[22] Les données de 2020 pour la catégorie Accident et maladie ne satisfaisaient pas aux normes de qualité du CCRRA et ont été exclues du présent rapport.



Chez les assureurs de personnes, la catégorie Individuelle – Accident et maladie trônait toujours au chapitre des polices vendues par Internet (87 % du total des polices vendues par ce type d'assureur), suivie par les catégories Collective – Accident et maladie (6 %) et Individuelle – Vie (5 %). Dans ces deux catégories du secteur Accident et maladie, on constate une augmentation exponentielle du pourcentage de PDS par Internet et du pourcentage du total de polices vendues par Internet. Dans la catégorie Individuelle – Vie, les ventes par Internet correspondent maintenant à 21,1 % de toutes les polices vendues, alors que dans la catégorie Collective – Accident et maladie, la majorité des nouvelles polices émises ont été vendues par ce moyen. Les catégories Vie affichaient une hausse du pourcentage de vente des nouvelles polices émises, tant du côté Individuelle (de 1,1 % à 1,6 %) que Collective (de 5,1 % à 12,1 %), alors que leur pourcentage total des PDS s'est contracté.



L'augmentation du nombre de polices vendues était attribuable aux grands assureurs de personnes, dont près de 80 % des ventes ont été réalisées par Internet. Ils sont suivis par les assureurs de moyenne taille (15 %) et de petite taille (5 %)

Le CCRRA compte surveiller étroitement les résultats des futures éditions de la Déclaration annuelle afin de suivre l'évolution des ventes par Internet et leur incidence sur les enjeux de TEC. Son Énoncé de principes sur le commerce électronique des produits d'assurance[23] présente ses recommandations pour veiller à ce que les clients soient protégés lors de la distribution électronique d'un produit d'assurance.

Utilisation des données sur les primes, les commissions et les demandes d'indemnités par les membres du CCRRA

- Aperçu général du marché des assurances, des catégories d'assurance, des commissions et des demandes d'indemnités
- Données alimentant l'évaluation des risques liés aux catégories d'assurance
- Suivi ciblé des niveaux des incitatifs
- Suivi et surveillance des tendances concernant la vente d'assurances par Internet

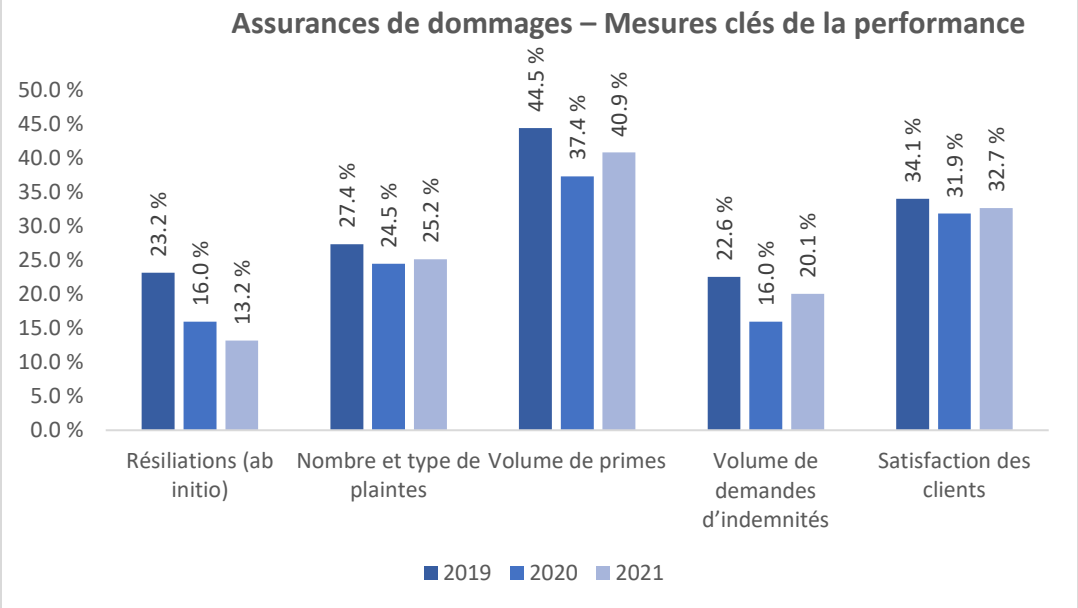
[23] https://www.ccir-ccrra.org/Documents/View/3128

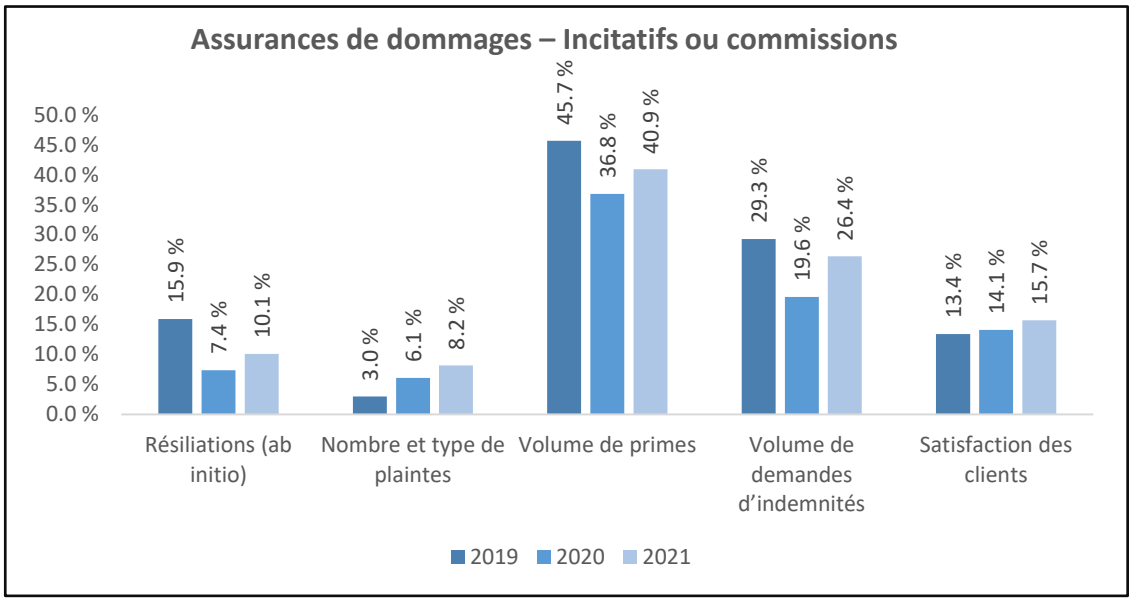
Observations au sujet des données sur les primes, les commissions et les demandes d'indemnités

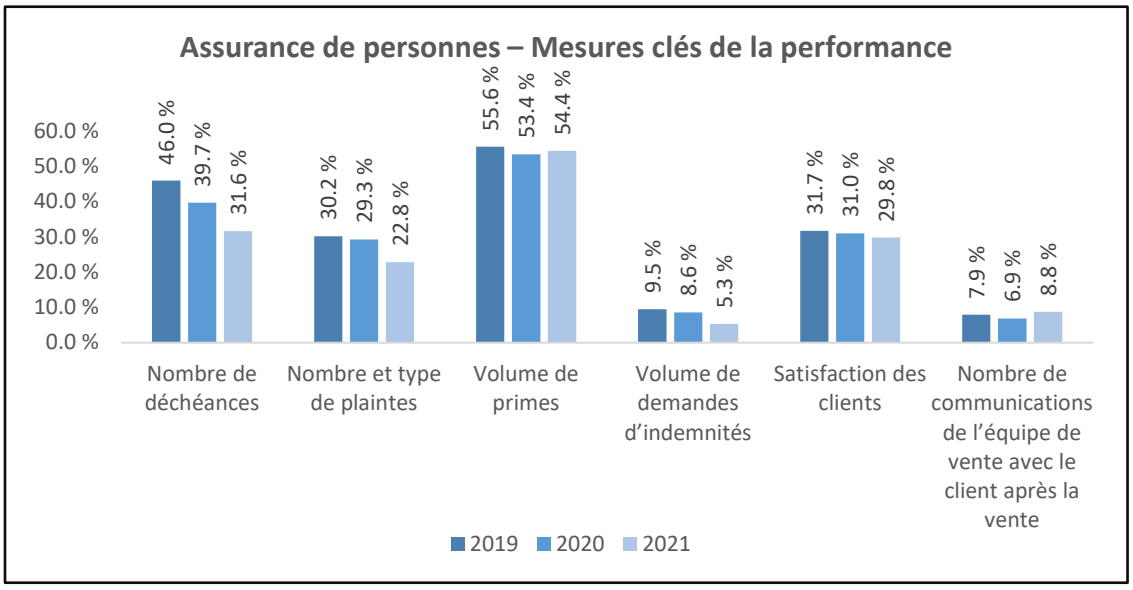
- La Directive sur le TEC met l'accent sur le fait que « la réduction du risque que les ventes ne répondent pas aux besoins des clients » constitue un résultat attendu du TEC.
- L'Énoncé de principes du CCRRA sur le commerce électronique des produits d'assurance recommande que l'information adéquate soit transmise aux clients qui achètent des produits d'assurance par Internet pour veiller à ce qu'ils choisissent les produits qui répondent à leurs besoins.

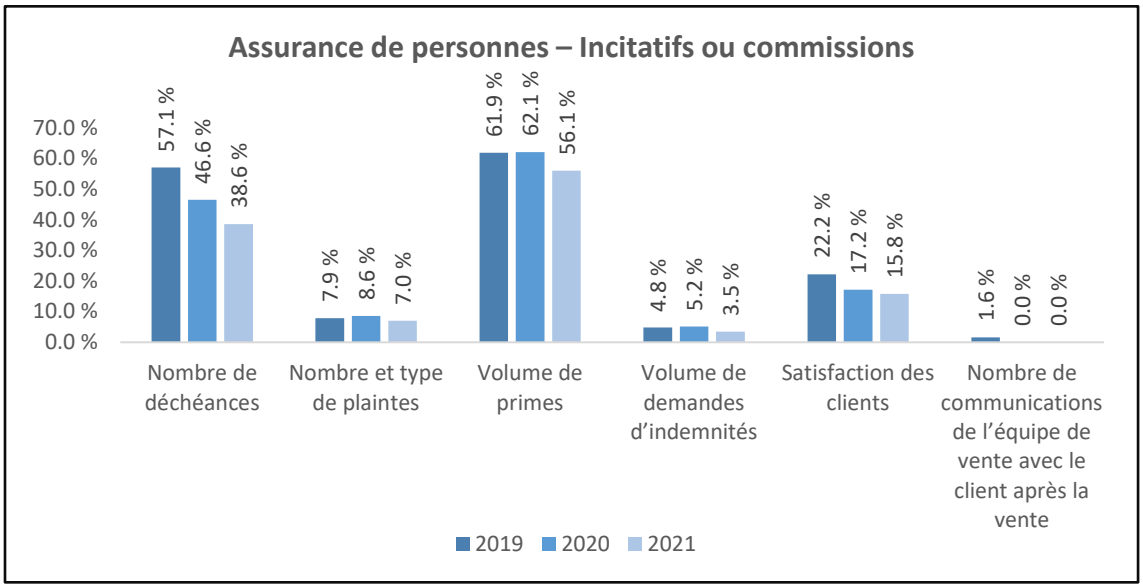
Gestion des ventes et des incitatifs

La rubrique « Gestion des ventes et des incitatifs » de la Déclaration annuelle ne fait état que des incitatifs offerts par l'assureur et ne tient pas compte des pratiques de rémunération des entités qui distribuent le produit de l'assureur.




Assurances de dommages – Incitatifs ou commissions
50.0 %
45.0 %
40.0 %
35.0 %
30.0 %
25.0 %
20.0 %
15.0 %
10.0 %
5.0 %
0.0 %
15.9 %
7.4 %
10.1 %
3.0 %
6.1 %
8.2 %
45.7 %
36.8 %
40.9 %
29.3 %
19.6 %
26.4 %
13.4 %
14.1 %
15.7 %
Résiliations (ab initio)
Nombre et type de plaintes
Volume de primes
Volume de demandes d'indemnités
Satisfaction des clients
2019
2020
2021


Assurance de personnes – Mesures clés de la performance
60.0 %
50.0 %
40.0 %
30.0 %
20.0 %
10.0 %
0.0 %
46.0 %
39.7 %
31.6 %
30.2 %
29.3 %
22.8 %
55.6 %
53.4 %
54.4 %
9.5 %
8.6 %
5.3 %
31.7 %
31.0 %
29.8 %
7.9 %
6.9 %
8.8 %
Nombre de déchéances
Nombre et type de plaintes
Volume de primes
Volume de demandes d'indemnités
Satisfaction des clients
Nombre de communications de l'équipe de vente avec le client après la vente
2019
2020
2021



Dans les deux secteurs, la forme la plus courante de mesure de la performance ou de facteur déterminant les incitatifs ou les commissions pour les équipes de vente des répondants est le volume de primes, lequel est demeuré constant les trois dernières années. Pour l'assurance de dommages, 40,9 % des répondants ont indiqué qu'il était une mesure de performance clé pour leurs équipes de vente, alors qu'approximativement la même proportion des répondants a indiqué que les incitatifs et les commissions reposaient sur lui. Pour l'assurance de personnes, si 54,4 % des répondants ont déclaré qu'il était une mesure de performance clé pour leurs équipes de vente, 56,1 % ont précisé l'utiliser pour déterminer les incitatifs et les commissions.

Dans le secteur de l'assurance de dommages, la mesure clé « Nombre et type de plaintes » a progressé de façon constante dans les deux champs de données au cours des trois dernières années. Quant à celui de l'assurance de personnes, le nombre d'assureurs procédant à des mesures de la performance ou offrant des incitatifs ou des commissions affichait un recul pour la quasi-totalité des mesures prescrites dans la Déclaration annuelle par rapport à l'an dernier.

Utilisation des données sur la gestion des ventes et des incitatifs par les membres du CCRRA

- Obtention d'information unique sur les incitatifs auxquels les assureurs ont recours, y compris des données sur les commissions offertes aux équipes de vente directe au cours des deux premières années d'une police
- Surveillance de l'élaboration de critères qualitatifs fondés sur les principes de TEC à intégrer aux programmes incitatifs
- Aide à l'évaluation des risques et à la mise en relief des principaux indicateurs de risque afin de faciliter la sélection des examens fondés sur les risques

Observations au sujet des données sur la gestion des ventes et des incitatifs

- Le CCRRA s'attend à ce que les résultats en matière de TEC soient pris en compte dans la rémunération, les stratégies de récompense et l'évaluation de la performance.
- Selon le projet de Directive sur la gestion des incitatifs, le CCRRA s'attend à ce qui suit des assureurs :
    - une gouvernance et une culture d'entreprise qui placent le TEC au centre des décisions concernant la conception et la gestion des mécanismes incitatifs;
    - la conception et la mise en œuvre de mécanismes incitatifs qui respectent des critères assurant le TEC.
- Les membres du CCRRA ont observé lors de leur examen qu'il arrivait que certains assureurs n'avaient pas mis en place un programme structuré de gestion des incitatifs qui comprend une analyse des risques de chaque type d'incitatif :
    - les programmes incitatifs examinés contiennent principalement des éléments quantitatifs reliés aux ventes, et l'application de critères qualitatifs reposant sur le TEC est absente ou n'est pas officialisée.
- Lors des examens, les membres du CCRRA ont remarqué que certains assureurs ne supervisent pas adéquatement leur équipe de vente externe sur le plan des conflits d'intérêts et des incitatifs. Gestion des ventes et des incitatifs.

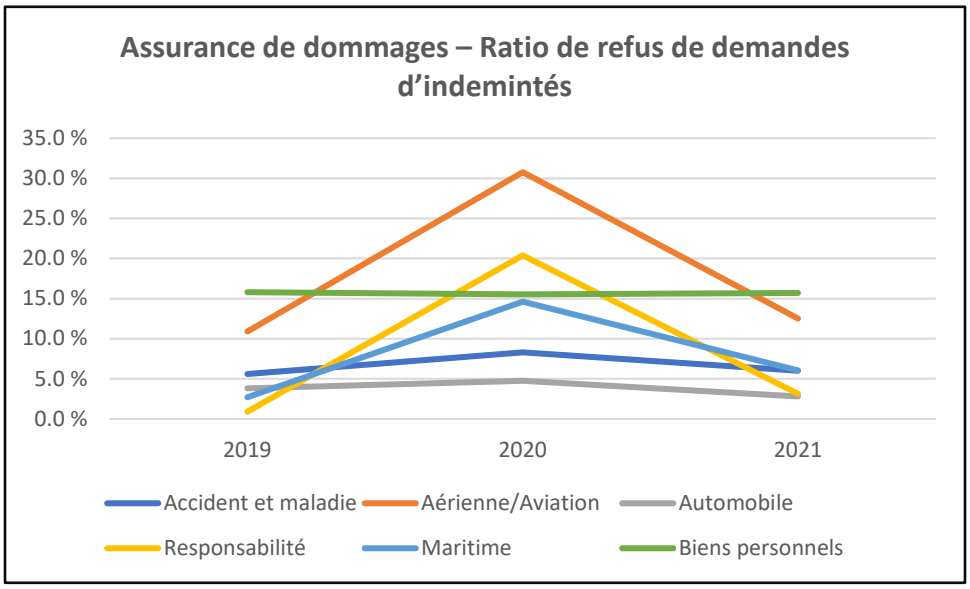
Demandes d'indemnités

La Déclaration annuelle recueille des données sur les demandes d'indemnités, classées par catégorie d'assurance. Ces données permettent également de déterminer le refus des demandes d'indemnités et le temps nécessaire pour mener à terme le processus relatif à ces demandes. Cette information aide les membres du CCRRA à établir dans quelle mesure les assureurs traitent « les demandes d'indemnités de manière diligente et équitable », selon les attentes formulées dans la Directive du TEC, et à définir les améliorations requises dans l'information fournie aux clients.

Refus de demandes d'indemnités[24, 25]

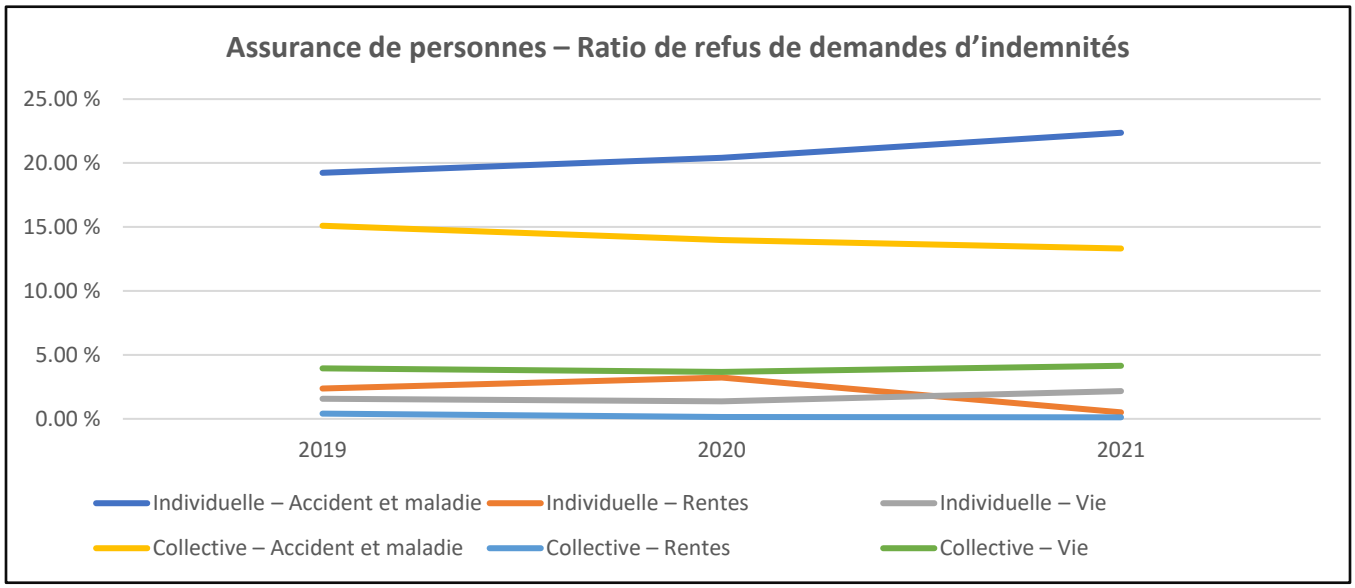
Le CCRRA a élaboré un ratio de refus de demandes d'indemnités, qui mesure le montant des demandes refusées par rapport au nombre total de demandes soumises[26, 27]. Ce ratio donne aux membres du CCRRA une vue d'ensemble des demandes d'indemnités refusées en fonction de la catégorie d'assurance ou du canal de distribution.

Dans le secteur de l'assurance de dommages, les ratios de refus de demandes d'indemnités ont fléchi dans presque toutes les catégories d'assurance, après une montée en flèche en 2020. Les plus importants replis ont été observés dans les catégories Aérienne/Aviation (12,5 % en 2021 par rapport à 30,8 % en 2020), Responsabilité (3,1 % en 2021 contre 20,4 % en 2020) et Maritime (6,1 % en 2021 comparativement à 14,6 % en 2020). La catégorie Biens personnels n'a pas varié au cours des trois années.



[24] En ce qui concerne le secteur de l'assurance de dommages, les données sur la protection du crédit ont été exclues du ratio de refus des demandes d'indemnités, car les données n'ont pas atteint un degré acceptable de qualité pendant deux déclarations consécutives.
[25] Comme l'assurance titres et l'assurance frais juridiques ne sont offertes que par un faible nombre d'assureurs, les changements peuvent être considérables d'une année à l'autre.
[26] Calcul du ratio : nombre de demandes d'indemnités refusées au cours de la période / (nombre de dossiers d'indemnités ouverts au début de la période + nombre de nouveaux dossiers d'indemnités ouverts au cours de la période - nombre de dossiers d'indemnités ouverts à la fin de la période).
[27] Une demande d'indemnités est refusée si l'assureur refuse de payer tout montant relatif à la demande.

Toutes les catégories du secteur de l'assurance de personnes sont demeurées relativement stables au cours des trois dernières années comparativement à celles du secteur de l'assurance de dommages. La catégorie Individuelle – Accident et maladie a légèrement progressé (de 20,41 % en 2020 à 22,37 % en 2021) tandis que la catégorie Individuelle – Vie a enregistré une augmentation proportionnellement marquée du pourcentage de refus de demandes d'indemnités comparativement à la période de déclaration précédente (1,37 % en 2020 par rapport à 2,17 % en 2021, soit un bond de plus de 58 %). Par contre, ce pourcentage est demeuré inférieur à 5 % dans toutes les catégories d'assurance, exception faite des catégories Individuelle et Collective – Accident et maladie.



Les assureurs devraient prêter une attention particulière au ratio de refus de demandes d'indemnités. Ils devraient déterminer si un ratio supérieur au seuil de 10 % mine le TEC et, si tel est le cas, prendre les mesures correctives appropriées. Ce seuil ne constitue pas un plafond à ne pas dépasser, mais plutôt un indicateur qui devrait déclencher une réflexion chez l'assureur. Le pourcentage et les motifs de refus pourraient, par exemple, illustrer la nécessité de communiquer aux clients de l'information pertinente et exhaustive avant la souscription d'un contrat d'assurance et à cette occasion afin qu'ils puissent prendre une décision éclairée relativement à la convenance du produit qui leur est proposé.

À l'inverse, un faible ratio sinistres subis / PDS pourrait révéler un écart de valeur pour les clients. Dans ce cas, les assureurs pourraient vouloir améliorer ou modifier le produit afin de mieux répondre aux besoins des clients.

Nombre moyen de jours écoulés avant le paiement définitif

Dans le secteur de l'assurance de dommages, il y a eu une légère amélioration du nombre moyen de jours écoulés avant le paiement définitif par catégorie d'assurance comparativement à celui de 2020, où certaines catégories connaissent d'importantes hausses. On l'observe notamment dans les catégories Accident et maladie[28], Responsabilité et Biens personnels et par les progrès accomplis dans les délais de paiement. Quant à elle, la catégorie Automobile, dont l'amélioration considérable résulte surtout de la baisse du nombre total de demandes d'indemnités en 2020, a retrouvé son niveau prépandémie.

Nombre moyen de jours écoulés avant le paiement définitif – Assurance de dommages			
Catégorie d'assurance	**2019**	**2020**	**2021**
Accident et maladie	30	106	92
Aérienne/Aviation	2	9	8
Automobile	154	133	152
Frais juridiques	20	14	11
Responsabilité	218	262	253
Maritime	49	72	62
Biens personnels	117	169	160
Titres	8	4	7

En revanche, le secteur de l'assurance de personnes reste relativement stationnaire au cours des trois dernières années, à l'exception notable de la catégorie Individuelle – Accident et maladie, qui s'est grandement améliorée par rapport à 2020 (le nombre moyen de jours écoulés passant de 59 à 24).

Nombre moyen de jours écoulés avant le paiement définitif – Assurance de personnes			
Catégorie d'assurance	**2019**	**2020**	**2021**
Individuelle – Accident et maladie	52	59	24
Individuelle – Rentes	17	21	18
Individuelle – Vie	26	27	30
Collective – Accident et maladie	70	65	79
Collective – Rentes	8	13	13
Collective – Vie	31	28	28

[28] Les données fournies au CCRRA par l'intermédiaire de la Déclaration annuelle comportent toujours des irrégularités. Par exemple, il a fallu raffiner les données concernant les demandes d'indemnités dans la catégorie Accident et maladie pour 2019 et 2020.

Motifs de refus de demandes d'indemnités

La Déclaration annuelle oblige également les assureurs à indiquer les trois principaux motifs de refus de demandes d'indemnités au cours de la période de référence ainsi que le nombre total de demandes refusées pour ces trois motifs.

Au cours des deux dernières années, le principal motif de refus de demandes d'indemnités dans le secteur de l'assurance de dommages était les « exclusions et limitations prévues dans la police ». En 2021, il y a eu un fort accroissement du nombre de demandes refusées pour « absence de couverture » (64,8 % en 2021 comparativement à 50,3 % en 2020) et « omission de déclarer un fait ou déclaration erronée » (27,0 % en 2021, contre 17,2 % en 2020). La déclaration de 2021 faisait également état de diminutions en raison de « fraude » (0,6 % en 2021 par rapport à 1,8 % en 2020) et d'« abandon par l'assuré » (passant de 21,5 % en 2020 à 14,5 % en 2021).

Trois principaux motifs de refus de demande d'indemnités – Assurance de dommages		
Motifs de refus de demande d'indemnités	**2020**	**2021**
Exclusions et limitations prévues dans la police	80,4 %	76,7 %
Retard dans la soumission de la demande d'indemnités	3,7 %	5,7 %
Absence de couverture, sauf les exclusions et limitations prévues dans la police	50,3 %	64,8 %
Omission de déclarer un fait ou déclaration erronée	17,2 %	27,0 %
Fraude	1,8 %	0,6 %
Franchise non atteinte	19,6 %	9,4 %
Demande d'indemnités abandonnée par l'assuré	21,5 %	14,5 %
Information ou documentation manquante	4,9 %	6,3 %

Tout comme dans le secteur de l'assurance de dommages, les « exclusions et limitations prévues dans la police » étaient le principal motif de refus de demandes d'indemnités par les assureurs de personnes, mais contrairement à ce secteur, on constate une croissance des motifs « Fraude » (de 1,7 % à 2,5 %) et « Demande d'indemnités abandonnée par l'assuré » (de 1,7 % à 5,3 %).

Trois principaux motifs de refus de demande d'indemnités – Assurance de personnes		
Motifs de refus de demande d'indemnités	**2020**	**2021**
Exclusions et limitations prévues dans la police	56,9 %	52,6 %
Retard dans la soumission de la demande d'indemnités	1,7 %	3,5 %
Absence de couverture, sauf les exclusions et limitations prévues dans la police	37,9 %	33,3 %
Omission de déclarer un fait ou déclaration erronée	22,4 %	29,8 %
Fraude	1,7 %	3,5 %
Demande d'indemnités abandonnée par l'assuré	1,7 %	5,3 %
Information ou documentation manquante	13,8 %	10,5 %
Maladie préexistante	13,8 %	14,0 %
Franchise non atteinte	13,8 %	22,8 %

Les motifs de refus sont de bons indicateurs permettant aux assureurs de s'apercevoir qu'ils doivent communiquer de l'information plus pertinente et exhaustive aux clients avant la souscription du contrat d'assurance et à cette occasion. Cette information permet aux clients de prendre une décision plus éclairée quant à la convenance du produit qui leur est proposé.

Les assureurs devraient, s'il y a lieu, créer des outils et les fournir aux clients afin de les aider à mieux comprendre l'information qui leur est transmise (par exemple, des guides, des glossaires ou des sommaires qui comprennent des exemples, des illustrations, un échéancier ou une FAQ, ou qui expliquent des termes de nature technique).

Utilisation des données sur les demandes d'indemnités par les membres du CCRRA

- Obtention d'un aperçu général des demandes d'indemnités, en particulier le délai de fermeture des dossiers d'indemnités par les assureurs et la fréquence des refus de demandes en fonction de la catégorie d'assurance et du canal de distribution
- Obtention d'information permettant d'évaluer le risque relatif à une catégorie d'assurance, à un canal de distribution ou à un assureur en particulier en ce qui concerne le respect des attentes énoncées dans la Directive sur le TEC selon lesquelles les demandes d'indemnités doivent être « examinées de façon diligente et réglées équitablement au moyen d'une procédure simple et accessible »

Observations au sujet des demandes d'indemnités

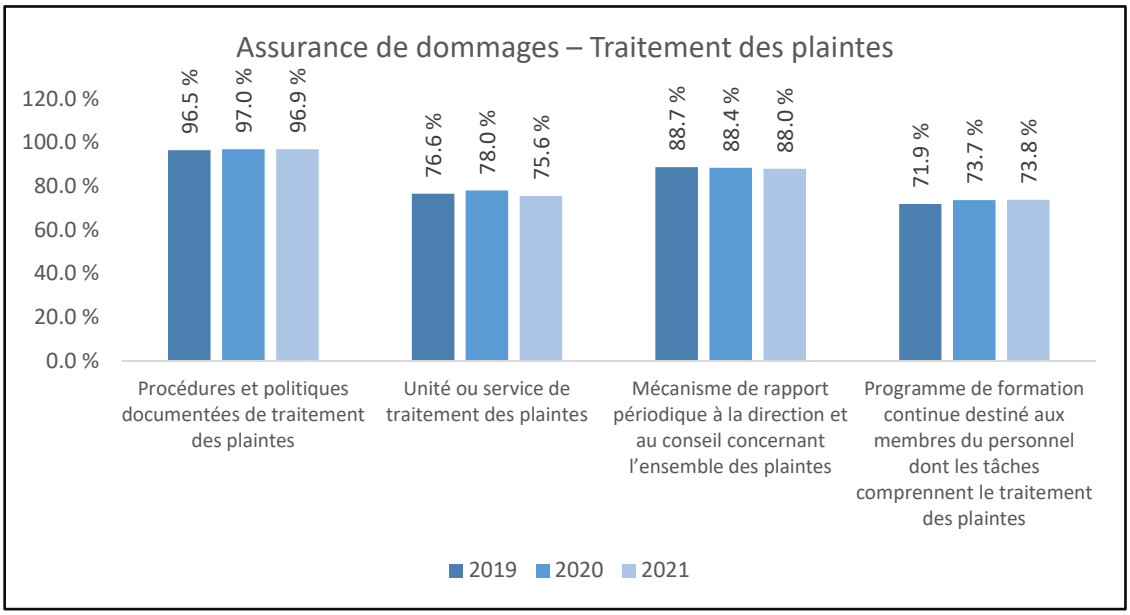
- Les membres du CCRRA ont constaté que certains assureurs ne disposent pas de renseignements adéquats sur leur processus de traitement des demandes d'indemnités auxquels les clients peuvent facilement accéder.
- Certains assureurs n'informent pas suffisamment leurs clients des motifs justifiant le refus d'une demande d'indemnités.
- Aux termes de la Directive sur le TEC, on s'attend à ce que les assureurs « conserve[nt] des documents écrits sur les procédures de traitement des demandes d'indemnisation, notamment toutes les étapes depuis la présentation de la demande jusqu'à son règlement ».
- Le processus de demande d'indemnités des assureurs n'est pas toujours expliqué de manière exhaustive et accessible.

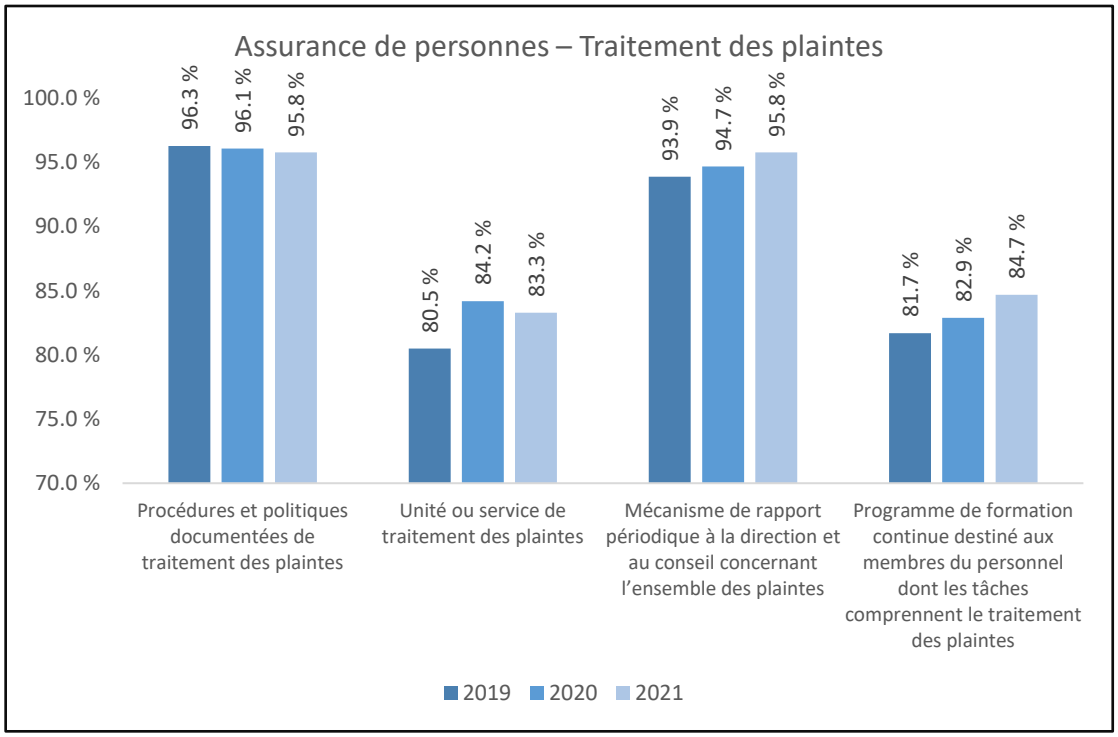
Examen des plaintes

La Directive sur le TEC énonce à l'endroit des assureurs plusieurs attentes clés liées à l'examen et au traitement des plaintes, dont les suivantes :

- traiter les plaintes en temps opportun et de manière équitable;
- analyser les plaintes visant les intermédiaires et portant sur des produits que ces derniers distribuent pour leur compte afin d'avoir un portrait complet de l'expérience du client et de repérer tout problème devant être réglé;
- établir si certains intermédiaires ou certains aspects font l'objet de plaintes sur une base régulière ou fréquente;
- établir des politiques et procédures de traitement équitable des plaintes reçues;
- analyser les plaintes reçues afin de cerner les tendances et les risques récurrents.

Les données clés recueillies au moyen de la Déclaration annuelle aident les membres du CCRRA à faire le suivi de l'adoption par les assureurs des principes du TEC relatifs aux plaintes.





Dans le domaine de la vente d'assurance, 99,5 % des assureurs de dommages et 100 % des assureurs de personnes ont répondu qu'un « haut dirigeant est chargé du traitement des plaintes ». Ceux qui ont répondu par l'affirmative devaient également indiquer les éléments du traitement des plaintes qui étaient en place au sein de leur organisation. Dans les secteurs de l'assurance de dommages et de l'assurance de personnes, une proportion de 96,9 % et 95,8 %, respectivement, des répondants ont indiqué que des « procédures et politiques documentées de traitement des plaintes » ont été mises en place, ce qui témoigne d'une stabilité des deux secteurs sur trois ans. Pendant cette

période, les quatre critères sont demeurés relativement immobiles dans le secteur de l'assurance de dommages. Quant au secteur de l'assurance de personnes, il a connu une amélioration constante au chapitre des répondants ayant indiqué que leur organisation comportait un « mécanisme de rapport périodique à la direction et au conseil concernant l'ensemble des plaintes » et proposait un « programme de formation continue destiné aux membres du personnel dont les tâches comprennent le traitement des plaintes ».

Utilisation des données sur le traitement des plaintes par les membres du CCRRA

- Obtention d'information clé pour évaluer l'efficacité globale des exigences réglementaires visant à satisfaire au PBA 19.11 : « Le contrôleur impose aux assureurs et aux intermédiaires de traiter les plaintes de manière diligente et équitable. »
- Aide à l'évaluation des risques et à la mise en relief des principaux indicateurs de risque afin de faciliter la sélection des examens fondés sur les risques
- Outil de vérification des examens pour déterminer la manière dont les principes du TEC sont mis en œuvre et opérationnalisés

Observations au sujet des données sur le traitement des plaintes

- Comme le souligne la Directive sur le TEC, les membres du CCRRA s'attendent à ce que les assureurs fassent en sorte que du « personnel concerné [soit] formé en vue d'obtenir les résultats recherchés concernant le traitement équitable des clients ».
- Le CCRRA remarque que les politiques et procédures de traitement des plaintes ne sont pas toujours simples, accessibles et exhaustives.

Plaintes

Les assureurs sont tenus de présenter, dans la Déclaration annuelle, toutes les plaintes qui correspondent aux normes établies[29]. Pour les besoins de celle-ci, les plaintes à déclarer sont l'expression d'au moins un des trois éléments suivants, qui subsiste après avoir été considéré et traité au niveau opérationnel compétent pour prendre une décision :

- un reproche à l'endroit de l'entreprise;
- le signalement d'un préjudice potentiel ou réel qu'aurait subi ou pourrait subir un client;
- une demande de mesure corrective.

Province	% de plaintes – assurance de dommages	% de plaintes – assurance de personnes	% de la population
Alberta	12,8 %	7,2 %	1,6 %
Colombie-Britannique	13,9 %	11,6 %	13,7 %
Île-du-Prince-Édouard	0,1 %	0,2 %	0,4 %
Manitoba	1,2 %	1,9 %	3,6 %
Nouveau-Brunswick	2,4 %	1,7 %	2,1 %
Terre-Neuve-et-Labrador	1,1 %	1,8 %	1,4 %
Territoires du Nord-Ouest	0,1 %	0,1 %	0,1 %
Nouvelle-Écosse	2,1 %	2,3 %	2,6 %
Nunavut	0,0 %	0,0 %	0,1 %
Ontario	49,2 %	33,0 %	38,8 %
Québec	16,0 %	37,7 %	22,5 %
Saskatchewan	0,6 %	1,5 %	3,1 %
Yukon	0,1 %	0,1 %	0,1 %
Non classé	0,3 %	1,0 %	S. O.

Par rapport à la Déclaration annuelle de 2020, le nombre global de plaintes a décliné de 12,8 % dans le secteur de l'assurance de dommages et s'est accru de 9,7 % dans celui de l'assurance de personnes.

Un nombre disproportionné de plaintes dans le secteur de l'assurance de dommages provenait de l'Ontario, dont la majorité concerne la catégorie Automobile. Toutefois, pour une deuxième année consécutive, une diminution importante de ce nombre a été constatée (49,2 % en 2021 contre 54,4 % en 2020 et 61,4 % en 2019). La Colombie-Britannique continue de voir sa part de plaintes augmenter dans le secteur de l'assurance de dommages, laquelle est passée de seulement 9,8 % en 2020 à 13,9 % en 2021.

[29] Si un client fait une plainte en personne ou par téléphone, la personne responsable du traitement des plaintes et désignée comme telle dans la politique de l'entreprise doit alors la documenter de sorte à en permettre la conservation. Ainsi, ne constitue pas une plainte une première manifestation d'insatisfaction de la part d'un client, qu'elle soit écrite ou non, lorsque cette insatisfaction se règle dans le cours normal des activités de l'entreprise. Par contre, dans l'éventualité où le client demeure insatisfait et que son insatisfaction est prise en charge par la personne susmentionnée, il s'agit alors d'une plainte.

Le Québec conserve un nombre disproportionné de plaintes dans le secteur de l'assurance de personnes, quoique le pourcentage de plaintes qui en proviennent a baissé depuis l'an dernier (37,7 % en 2021 comparativement 39,9 % en 2020).

Dans le secteur de l'assurance de dommages, le pourcentage des plaintes attribuable à la catégorie Automobile sur le total des plaintes poursuit sa descente. La cause possible de la réduction dans la fréquence des demandes d'indemnités est la diminution du kilométrage parcouru par les assurés en raison de la pandémie de COVID-19. Le nombre de plaintes dans la catégorie Biens personnels n'a guère changé depuis l'an dernier, mais il demeure bien plus élevé qu'en 2019. Le pourcentage de plaintes dans la catégorie Accident et maladie a poursuivi son ascension, se portant à 6,8 % de l'ensemble des plaintes, tandis que cette catégorie ne représente qu'environ 1,5 % des PDS dans le secteur de l'assurance de dommages. Les plaintes dans cette catégorie sont imputables au segment de l'assurance voyage, qui correspond à 6,0 % de toutes les plaintes faites dans le secteur de l'assurance de dommages.

Le motif de plaintes le plus commun dans le secteur de l'assurance de dommages a encore et toujours trait aux demandes d'indemnités / règlements. Tout comme en 2020, le motif ayant le pourcentage de plainte le plus élevé était le « rejet de la demande d'indemnités », comptant pour 22,9 % de toutes les plaintes formulées dans le secteur, suivi de près à 21,0 % par la « procédure de demande d'indemnités ».

Ventilation du pourcentage de plaintes par catégorie d'assurance			
Catégorie d'assurance	**2019**	**2020**	**2021**
Accident et maladie (total)	1,6 %	3,9 %	6,8 %
Automobile	62,5 %	51,5 %	46,5 %
Protection du crédit	0,3 %	0,6 %	0,4 %
Responsabilité	1,5 %	1,7 %	2,0 %
Maritime	0,1 %	0,1 %	0,2 %
Biens personnels	30,3 %	38,6 %	37,9 %
Titres	0,8 %	0,5 %	0,7 %

Dans le secteur de l'assurance de personnes, les plaintes relatives à l'assurance individuelle représentaient environ 36,2 % du total des plaintes, contre 63,8 % pour les plaintes relatives à l'assurance collective. En assurance individuelle, la majorité des plaintes (57,7 %) étaient imputables à la catégorie Vie, suivie par Accident et maladie (33,5 %). Leurs principaux motifs sont liés aux demandes d'indemnités / règlement (33,6 % de l'ensemble des plaintes), aux produits d'assurance (26,6 %) et à l'administration (25,1 %). Comme en 2020, c'est le « rejet de la demande d'indemnités » qui était le motif le plus fréquent de plaintes dans les catégories d'assurance

individuelle, lequel représentait 24,1 % de toutes les plaintes formulées, suivi par les « dispositions du contrat » (11,2 %).

En assurance collective, les plaintes se rapportaient en grande majorité à la catégorie Accident et maladie au cours des trois dernières années, ce qui a accru la proportion des plaintes lui étant imputables pendant cette période. Les sous-catégories Maladie grave (33,8 % des plaintes) et Soins de santé et dentaires (33,3 %) trônaient au sommet de cette catégorie, contribuant au nombre global élevé de plaintes . Le « rejet de la demande d'indemnités » était également le principal motif de plaintes dans les catégories d'assurance collective, mais il représentait un pourcentage beaucoup plus élevé du nombre total de plaintes (53,5 %).

Ventilation du pourcentage des plaintes par catégorie d'assurance – Assurance individuelle			
Catégorie d'assurance (individuelle)	**2019**	**2020**	**2021**
Accident et maladie	28,3 %	37,2%	33,5 %
Rentes	3,3 %	2,1%	1,9 %
Compte à intérêt garanti (CIG)	0,2 %	0,4%	1,2 %
Vie	58,3 %	51,9%	57,8 %
Fonds distincts	7,2 %	8,2%	5,7 %

Ventilation du pourcentage des plaintes par catégorie d'assurance – Assurance collective			
Catégorie d'assurance (collective)	**2019**	**2020**	**2021**
Accident et maladie	78,9 %	85,1 %	90,3 %
Rentes	1,5 %	1,5 %	0,2 %
Compte à intérêt garanti (CIG)		0,2 %	0,1 %
Vie	12,5 %	11,8 %	8,6 %
Fonds distincts	0,4 %	1,3 %	0,8 %

Utilisation des données sur les plaintes par les membres du CCRRA

- Aide à l'évaluation des risques et à la mise en relief des principaux indicateurs de risque afin de faciliter la sélection des examens fondés sur les risques
- Vérification des examens pour déterminer la manière dont les principes du TEC sont mis en œuvre et opérationnalisés
- Surveillance globale des tendances en matière de plaintes

Observations au sujet des données sur les plaintes

- Les membres du CCRRA ont remarqué que les plaintes qui répondent à la définition de « plainte » n'ont pas toutes été incluses dans la Déclaration annuelle. Ils espèrent que les assureurs prendront note de la définition de « plainte » énoncée dans la Déclaration annuelle afin que toutes les plaintes pertinentes soient déclarées.
- Le CCRRA a observé que bon nombre d'assureurs ne déclarent toujours pas les plaintes de la manière exigée par la Déclaration annuelle.

CONCLUSION

Les membres du CCRRA accordent chaque année une plus grande importance à la Déclaration annuelle. Le CCRRA juge que la qualité globale des données s'améliore d'une période de déclaration à l'autre. Grâce aux tendances pluriannuelles, il est en mesure de mieux suivre l'évolution des secteurs de l'assurance de dommages et de l'assurance de personnes, ainsi que de cerner les éléments préoccupants.

Les membres du CCRRA estiment toujours qu'il importe de mettre les données à la disposition des secteurs d'assurance et du grand public par l'intermédiaire du présent rapport. Grâce à la Déclaration annuelle et à son engagement envers la mise en place d'examens et de communications concertés et harmonisés, le CCRRA est d'avis que le secteur montre des signes d'amélioration et que ses acteurs sont déterminés à atteindre des résultats positifs pour les clients. Cependant, comme l'indique le présent rapport, des progrès restent à faire sur plusieurs points. Le CCRRA invite les assureurs à examiner attentivement les résultats qui y sont exposés, à comparer leurs propres résultats avec ceux du secteur et à prendre les mesures nécessaires pour satisfaire aux attentes des membres du CCRRA en matière de TEC.

Annexe 1 – Principaux indicateurs de performance en matière de TEC

Principaux indicateurs de gouvernance en matière de TEC	
Domaine d'intérêt	**Exemples d'indicateurs**

Demandes d'indemnités	• Volume et montant des demandes d'indemnités
	• Issue ou statut des demandes d'indemnités (enregistrée, en suspens, refusée, acceptée ou abandonnée)
	• Ratio sinistres subis / PDS[30]
	  • Taux de rejet des demandes d'indemnités (nombre de demandes refusées / nombre de demandes traitées)
	  • Taux d'acceptation des règlements de sinistres / nombre de demandes d'indemnités examinées
	• Motifs de non-versement ou de report de versement
	• Nombre moyen de jours avant le versement final et délai de fermeture dans le cadre du traitement d'une demande d'indemnités

Polices et certificats, primes et maintien, renouvellements et modifications	• Variation du nombre de polices ou de certificats • Taux de déchéance[31] et de résiliation[32] ou ratio de maintien[33] • Total des prestations versées et engagées / primes souscrites • Ratio de renouvellement[34] • Motifs du piètre maintien • Proportion des résiliations après une certaine période, par exemple une période de droit d'annulation ou toute période donnée, taux d'attrition ou taux de remplacement
Plaintes	• Volume global des plaintes

[30] Ratio sinistres subis / PDS : dans le cadre d'une demande d'indemnités, ratio mesurant le montant versé par l'assureur par rapport à la prime.
[31] Taux de déchéance : taux mesurant le nombre de polices déchues pour non-paiement des primes par le titulaire par rapport au nombre total de polices au début de la période.
[32] Taux de résiliation : taux mesurant le nombre de polices résiliées (c.-à-d. avant leur échéance) par l'assureur ou le titulaire par rapport au nombre total de polices. Il arrive parfois qu'on fasse la différence entre résiliation par le titulaire et résiliation par l'assureur.
[33] Ratio de maintien : ratio des polices qui ne sont pas déchues ou échues, qui n'ont pas été résiliées ou rachetées, ou qui n'ont pas été résiliées à la survenance d'une demande d'indemnités à la fin d'une période donnée par rapport au nombre total de polices au début de la période (diminué du nombre de polices échues ou résiliées à la survenance d'une demande d'indemnités), ce qui indique les polices que l'assureur peut maintenir.
[34] Ratio de renouvellement : ratio mesurant le nombre de polices renouvelées au cours d'une période donnée par rapport au nombre total de polices au début de cette période.

	• Plaintes ventilées en fonction du sujet, du statut ou de l'issue, du canal et de la gamme de produits • Taux de plaintes[35] • Motifs des plaintes • Nombre et taux de différends[36]
Tarification – honoraires, commissions, charges, incitatifs	• Ratio combiné[37] • Ratio des charges[38] • Montant des commissions et des autres frais • Incitatifs alignés ou non sur les principes de TEC mis en place par les assureurs
Conception du produit et pratiques de vente	• Résultats des sondages (auprès des clients et des canaux de distribution, groupes de discussion, etc.)
Satisfaction des clients	• Résultats de sondages
Politiques et pratiques internes des assureurs	• Mise en œuvre d'une politique relative au TEC et évaluation de la performance de l'assureur en la matière • Respect du code du TEC au sein de l'organisation • Conclusions des examens ou des audits des pratiques relatives au TEC et mesures prises, au besoin • Issue des procédures de contrôle de la qualité relatives au TEC • Performance en matière de protection des renseignements personnels et atteintes à la vie privée
Autres	• Canaux de publicité et pratiques publicitaires • Impartition

[35] Taux de plainte : taux mesurant le nombre de plaintes par rapport au nombre total de polices en vigueur. Il peut être ventilé pour fournir de l'information plus ciblée, par exemple les plaintes en suspens par rapport au nombre total de plaintes reçues, le nombre de plaintes résolues en faveur du client par rapport au nombre total de plaintes fermées, etc.
[36] Taux de différends : un « différend » est un type spécifique de plainte effectuée lorsqu'un client n'est pas d'accord avec les modalités du règlement d'une demande d'indemnités établies par l'assureur et qu'il soulève ce désaccord par le système approprié de règlement des différends. Le taux de différends s'entend donc du nombre de demandes d'indemnités contestées par rapport au nombre de demandes d'indemnités fermées.
[37] Ratio combiné : ratio indiquant le résultat net attribuable à la souscription, compte non tenu du revenu d'investissement.
[38] Ratio des charges : ratio illustrant les charges que doit engager l'assureur par rapport aux produits tirés des primes souscrites brutes.

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Briefing Note

CAFII EOC Meeting 17 January, 2023 Agenda Item 4(b)i
Committee Updates—Media Advocacy-- Launch of EOC-Approved CAFII LinkedIn Strategy

Purpose of this Agenda Item – *Update*

To update the EOC on the launch of the Association's LinkedIn page.

Background Information

CAFII has now launched its new LinkedIn page. This will be an update for the EOC on this initiative and on the next steps.

Recommendation / Direction Sought – *Update*

This is an update for the EOC.

Attachments Included with this Agenda Item

No attachments.

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Briefing Note

CAFII EOC Meeting 17 January, 2023 Agenda Item 4(b)ii
Committee Updates—Media Advocacy-- Plans for January 23/23 Chris Barrett, CEO, Operatic Agency, Presentation on 'CAFII Website Enhancement, Search Engine Optimization, and Other 2022 Results Achieved'

Purpose of this Agenda Item – *Update*

To update the EOC on the upcoming presentation by Operatic Agency on CAFII's 2022 website enhancement, search engine optimization, results.

Background Information

Operatic Agency's CEO Chris Barrett will make a presentation to CAFII's membership on 23 January, 2023 on CAFII 'Website Enhancement, Search Engine Optimization, and Other 2022 Results Achieved'.

Recommendation / Direction Sought – *Update*

This is an update for the EOC.

Attachments Included with this Agenda Item

No attachments.

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Briefing Note

CAFII EOC Meeting 17 January, 2023 Agenda Item 4(c)i
Committee Updates—Research & Education--Results of Informal CAFII Member Survey Re Research On 'The Consumer Financial Resiliency and Social Resiliency Benefits of Credit Protection Insurance'

Purpose of this Agenda Item – *Update*

To update the EOC on an informal survey of CAFII member companies.

Background Information

A CAFII Board member has inquired about whether there are any white papers or similar research on the consumer financial resiliency benefits of credit protection insurance (CPI). This will be an update on the findings of that survey, including the possibility of CAFII commissioning such a research study.

Recommendation / Direction Sought – *Update*

This is an update for the EOC.

Attachments Included with this Agenda Item

1 attachment.

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Briefing Note

CAFII EOC Meeting 17 January, 2023 Agenda Item 4(c)ii
Committee Updates—Research & Education-- Results of CAFII 2022 Tracking Study Research with Pollara Strategic Insights on 'Consumers' Satisfaction with Credit Protection Insurance'

Purpose of this Agenda Item – *Update/Discussion*

To update the EOC on CAFII's 2022 Pollara research study.

Background Information

CAFII's 2022 Pollara study on the satisfaction of consumers with CPI is now complete, and this will be an update on next steps around using the research results, such as a possible press release on some new economic questions that were asked in the survey, and a presentation by Pollara on the research findings.

Recommendation / Direction Sought – *Update/Discussion*

This is an update for the EOC, with an opportunity for discussion.

Attachments Included with this Agenda Item

No attachments.

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Briefing Note

CAFII EOC Meeting 17 January, 2023 Agenda Item 4(c)iii
Committee Updates—Research & Education-- Possible CAFII 2023 Research Initiatives

Purpose of this Agenda Item – *Update*

To update the EOC on CAFII's options for 2023 research.

Background Information

CAFII's Board has approved a 2023 research budget of $60,000, and this will be a first opportunity to share some options around what CAFII could focus that budget on this year.

Recommendation / Direction Sought – *Update*

This is an update for the EOC.

Attachments Included with this Agenda Item

No attachments.

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Briefing Note

CAFII EOC Meeting 17 January, 2023 Agenda Item 4(d)i
Committee Updates—Networking & Events—Plans for Q1 2023 CAFII Webinars

Purpose of this Agenda Item – *Update*

To update the EOC on CAFII's plans for webinars in the first quarter of 2023.

Background Information

CAFII is planning for its 2023 webinars which will include another webinar on mental health issues in the workplace, and a webinar on privacy legislation, regulation, and monitoring/enforcement developments.

Recommendation / Direction Sought – *Update*

This is an update for the EOC.

Attachments Included with this Agenda Item

No attachments.

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Briefing Note

CAFII EOC Meeting 17 January, 2023 Agenda Item 4(e)i
Committee Updates—Travel Insurance Experts-- Insights Gained From CAFII/CLHIA/THIA Bi-Weekly Meetings Re Impact Of COVID-19 On Travel and the Travel Insurance Industry; and Related Regulatory Issues

Purpose of this Agenda Item – *Update*

To update the EOC on insights gained from recent CAFII meetings with CLHIA and THIA on travel and travel insurance-related developments; and related regulatory issues.

Background Information

CAFII has regular, usually biweekly, meetings with CLHIA and THIA on these matters.

Recommendation / Direction Sought – *Update*

This is an update for the EOC.

Attachments Included with this Agenda Item

No attachments.

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Briefing Note

CAFII EOC Meeting 17 January, 2023 Agenda Item 5(a)
Committee Updates—Recent and Upcoming Strategic and Regulatory Initiatives--Insights Gained and Next Steps Arising from CAFII Board Chair Peter Thompson's Dialogue with AMF Superintendent Eric Jacob Re Finding A Solution To Impasse Issues Around RADM's Applicability to Credit Card-Embedded Insurance Benefits

Purpose of this Agenda Item – *Update/Discussion*

To update the EOC, and provide an opportunity for discussion, on recent CAFII dialogue with the AMF on the Regulation respecting Alternative Distribution Methods (RADM)'s applicability to credit card-embedded insurance benefits.

Background Information

This is an update on CAFII Board Chair Peter Thompson's discussions with the AMF Superintendent Eric Jacob on finding a resolution to the current impasse with respect to the RADM's applicability to credit card-embedded insurance benefits.

Recommendation / Direction Sought – *Update/Discussion*

This is an update for the EOC.

Attachments Included with this Agenda Item

1 attachment.

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Agenda Item 5(a)
January 17/23 EOC Meeting

From: Thompson, Peter <Peter.Thompson@bnc.ca>
Sent: Wednesday, January 4, 2023 10:50 AM
To: Gillis, Valerie <Valerie.Gillis@td.com>; Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <keith.martin@cafii.com>
Subject: RE: AMF on embedded credit card insurance benefits?

Good morning Valerie, Brendan and Keith. My turn to wish you all a very Happy, healthy and prosperous New Year!

I did not hear back from Eric Jacob before the holidays on this matter. I am informed that he is currently on vacation, returning Monday January 9th. Upon his return, I will reach out to him and ask if we can address this matter prior to our first scheduled quarterly call on Monday February 6th. I will keep you posted.

Thanks and I hope 2023 is off to a good start for all of you!

Regards,

Peter

Peter D. Thompson
Président Banque Nationale Assurances et Cabinet d'assurance Banque Nationale inc.
President of National Bank Insurance & National Bank Insurance Firm inc.
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Briefing Note

CAFII EOC Meeting 17 January, 2023 Agenda Item 5(b)
Committee Updates—Recent and Upcoming Strategic and Regulatory Initiatives-- Insights Gained from CAFII December 14/22 Virtual Meeting with Nathalie Sirois, AMF on Clarifications Associated With CAFII's Feedback Comments in November 4/22 Virtual Stakeholder Meeting with CCIR on Its "Draft 2023-2026 Strategic Plan"

Purpose of this Agenda Item – *Update*

To update the EOC on a recent CAFII virtual meeting with a key AMF staff executive.

Background Information

This is an update on a recent virtual meeting which Keith Martin and Brendan Wycks held on 14 December, 2022 with Nathalie Sirois, a Senior Director at the AMF. Ms. Sirois stated during CAFII's 4 November, 2022 Virtual Stakeholder Meeting with CCIR on its "Draft 2023-2026 Strategic Plan" that a comment made by CAFII about how some provincial regulators were developing their own versions of a guideline on the fair treatment of customers seemed to be directed at the AMF.

In fact, that CAFII comment was in relation to the BCFSA's plans to develop its own Insurer Code of Market Conduct. In our subsequent written submission to CCIR on its "Draft 2023-2026 Strategic Plan," we clarified that we recognized the special features of Quebec; and we subsequently sent an email note to Nathalie Sirois about that CAFII written submission and shared those comments, and offered to meet with her if she so wished. She was very appreciative of the email, and asked for a meeting, which was productive and cordial.

Recommendation / Direction Sought – *Update*

This is an update for the EOC.

Attachments Included with this Agenda Item

1 attachment.

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Agenda Item 5(b)
January 17/23 EOC Meeting

From: Sirois Nathalie <nathalie.sirois@lautorite.qc.ca>
Sent: December 2, 2022 1:45 PM
To: Keith Martin <Keith.Martin@cafii.com>
Cc: Brendan Wycks <brendan.wycks@cafii.com>
Subject: Re: CAFII Feedback on CCIR Draft Strategic Plan, 2023-2026

Hi Keith and Brendan,

Thank you for taking the time to send me this e-mail and to provide me with these clarifications. It is really appreciated.

I will make myself available to meet with you virtually, as suggested.

Best regards,

Nathalie

Téléchargez Outlook pour iOS

De : Keith Martin <Keith.Martin@cafii.com>
Envoyé : Friday, December 2, 2022 12:55:40 PM
À : Sirois Nathalie <nathalie.sirois@lautorite.qc.ca>
Cc : Brendan Wycks <brendan.wycks@cafii.com>
Objet : FW: CAFII Feedback on CCIR Draft Strategic Plan, 2023-2026

Bonjour Nathalie,

I trust this note finds you well. I am following up on CAFII's Virtual Stakeholder Session with CCIR on 4 November, 2022 at which our Association mentioned its desire that the CCIR promote the harmonization of Guidance on the fair treatment of customers, and in particular promote using the CCIR/CISRO *Guidance: Conduct of Insurance Business and Fair Treatment of Customers*, as opposed to provinces developing their own separate provincial Guidance.

In the concluding Q&A portion of that Stakeholder Session, you expressed your view that that particular CAFII suggestion was directed at the AMF, and I wanted to reach out to you personally to assure you that the AMF was definitely not the inspiration for that CAFII request. We recognize that there are unique issues for Quebec and for the AMF, and we have explicitly mentioned those in our attached 30 November, 2022 written submission to CCIR. (Beneath my signature block below, I have also excerpted those comments for your convenient reference.)

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We are currently in a consultation with another province that is contemplating issuing its own version of a fair treatment of customers Guidance, and it is that other jurisdiction that we were indirectly referencing in our 4 November Virtual Stakeholder Session.

I did want to share that clarification with you.

Nathalie, si vous souhaitez en discuter advantage lors d'une reunion virtuelle, n'hésitez pas à me le faire savoir.

Cordialement,

--Keith

Keith Martin
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However, we also recognize that national harmonization is an ideal and that there will sometimes be unavoidable exceptions. We note that in the Q&A Session which wrapped up our November 4/22 Virtual Stakeholder Session with CCIR, a Council member inferred (mistakenly) that the feedback comment we had delivered about the implications of a lack of harmonization was directed at the fact that Quebec/the AMF has its own version of an FTC Guidance. However, CAFII fully appreciates the reality of Quebec's unique culture, language, and heritage; and we are aware that the AMF developed the province's own FTC Guidance (the Sound Commercial Practices Guideline) well before the CCIR/CISRO Guidance was developed and released in 2018; that the AMF is an integrated financial services regulator with responsibility for more than just insurance and, as such, its Guidance needs to encompass more than just the insurance industry; and that Quebec is governed by a civil law, not common law, legal framework which makes its situation different from other provinces and territories. Our feedback comment about the implications of a lack of harmonization was meant to be general in nature, and reflective of jurisdictions other than Quebec that may be contemplating their own FTC Guidance.

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Briefing Note

CAFII EOC Meeting 17 January, 2023 Agenda Item 5(c)
Committee Updates—Recent and Upcoming Strategic and Regulatory Initiatives-- Planned Timing of and Approach to CAFII Western Canada Insurance Regulators and Policy-Makers Visits Tour in Spring 2023; and CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour in Fall 2023

Purpose of this Agenda Item – *Update/Discussion/Approval*

To update the EOC on CAFII's intention to visit Western Canada provincial insurance regulators and policy-makers in May 2023; to visit Atlantic Canada insurance regulators and policy-makers in September 2023; obtain EOC feedback, and request approval of the plan.

Background Information

CAFII's strategic plan includes an initiative visit to insurance regulators and policy-makers on their "own turf" no less often than every 18 months, something we have not been able to do in nearly three years due to the COVID-19 pandemic. In 2023, CAFII intends to visit Western Canada in the spring, and Atlantic Canada in the fall.

Recommendation / Direction Sought – *Update/Discussion/Approval*

This is an update for the EOC, with an opportunity for discussion and approval.

Attachments Included with this Agenda Item

1 attachment.

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Agenda Item 5(c)
January 17/23 EOC Meeting

Planned Timing of and Approach to
CAFII Western Canada Insurance Regulators and Policy-Makers Visits Tour in Spring 2023; and
CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour in Fall 2023

Western Canada Tour: Spring 2023

British Columbia and Alberta

- Wednesday, May 24/23;
- Thursday, May 25/23; and
- morning of Friday, May 26/23 (if needed)

Saskatchewan and Manitoba

- Wednesday, May 31/23;
- Thursday, June 1/23; and
- morning of Friday, June 2/23 (if needed)

Atlantic Canada Tour: Fall 2023

New Brunswick and Prince Edward Island

- Thursday, September 21/23; and
- Friday, September 22/23

Nova Scotia and Newfoundland and Labrador

- Wednesday, September 27/23; and
- Thursday, Thursday, September 28/23

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Briefing Note

CAFII EOC Meeting 17 January, 2022—Agenda Item 6(a)
Governance Matters-- Proposed Terms of Reference for New EOC Committee: "CAFII Quebec/AMF Committee"

Purpose of this Agenda Item – *Update/Discussion/Approval*

To update the EOC on plans to form a new CAFII "Quebec/AMF Committee"; review the Proposed Terms of Reference for that committee; obtain EOC feedback, and request approval of the Proposed Terms of Reference.

Background Information

CAFII has developed plans for a new Quebec/AMF Committee. This will be an update for the EOC on the Committee, along with next steps, and an opportunity to obtain EOC feedback on and approval of the proposed approach.

Recommendation / Direction Sought – *Update/Discussion/Approval*

This is an update, discussion, and approval item.

Attachments Included with this Agenda Item

1 attachment.

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Agenda Item 6(a)
January 17/23 EOC Meeting

Proposed New CAFII Quebec/AMF Committee

Proposed Terms of Reference

Background

Over the past two years, CAFII has had an active *Working Group On Industry Alignment Around Compliance With AMF's Expectations Re RADM's Applicability To Credit Card-Embedded Insurance Benefits*.

This Working Group has looked at options around how CAFII member companies can comply with the AMF's expectations, including by making recommendations to the AMF around how to treat the RADM with respect to credit card-embedded insurance benefits; and in 2022, it has focused mainly on CAFII members' implementation of related Action Plans to achieve compliance.

Regulatory priorities in Quebec include many other issues, however, and some CAFII members have suggested that an ongoing CAFII Quebec Committee should be created and meet regularly to review initiatives arising in that province and in particular from the Autorité des Marches Financiers (AMF), its regulatory authority.

Mandate

The Quebec Committee will meet regularly—possibly monthly initially—and will review CAFII member-relevant issues that have emerged in Quebec. Among the issues expected to be on this Committee's agenda at the time of its establishment in January 2023 are:

- AMF initiative around statistics on Debtor Life, Health, and Employment (DLHE) Insurance claims denial rates, and return of premium to customers;
- Bill-96, Quebec Charter of the French Language—Application to insurance contracts (contracts of adhesion);
- Recently updated and implemented new AMF Sound Commercial Practices Guideline;
- Round 2 of AMF consultation on its updated Draft Regulation respecting Complaints Handling and Dispute Resolution in the Financial Services Sector;
- Recently implemented new Quebec privacy legislation (Bill 64) and related initiatives;
- Spousal coverage removal for grandfathered policies issued prior to Jan 1st, 2019;
- RADM applicability of embedded benefits insurance products and any further requirements issued by AMF following their review of Fact Sheet and Notice of Rescission.

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Membership

The existing AMF Working Group members, and EOC members, will be sent the final version of this *Terms of Reference* and invited to join the Quebec Committee; or, alternatively, to nominate individuals within their organizations to participate. That will be the "core membership" of the Committee.

The Agenda for each meeting will be circulated beforehand and members will be welcome to ask subject matter experts within their own organizations to participate in a meeting, or for a portion of a meeting, that is on a topic in which they have particular expertise or interest.

The Committee will have a Chair and a Vice-Chair.

Process for Meetings

Members of the Quebec Committee will be encouraged to let CAFII management know what topics they would like to see covered at the next meeting. A draft Agenda will be shared with the Chair and Vice-Chair; and, once the Agenda has been finalized, it will be circulated to Committee members. Action items will be documented by CAFII staff and distributed to the members of the Committee; updates will be provided to the EOC.

Expected Outcomes

The Committee's objectives will depend on the issue under consideration, and will include information sharing; best practices in implementation of regulatory requirements; and strategizing on how to deal with the AMF around regulatory and Guideline expectations.

Regular updates would be provided by the Chair/Vice Chair to the EOC, as is the case with existing CAFII EOC sub-committees.

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Briefing Note

CAFII EOC Meeting—17 January, 2023—Agenda Item 6(b)
Governance Matters-- Draft Minutes of December 6/22 Board Meeting

Purpose of this Agenda Item – *Endorsement*

This is a request for endorsement.

Background Information

EOC members will be asked to endorse the draft minutes of the 6 December, 2022 Board meeting, for presentation to the Board for approval at its own next meeting on April 4/23..

Recommendation / Direction Sought – *Endorsement*

Endorsement is requested.

Attachments Included with this Agenda Item

1 attachment.

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Briefing Note

CAFII EOC Meeting 17 January, 2022—Agenda Item 6(c)
Governance Matters-- Draft Minutes of November 24/22 EOC Meeting

Purpose of this Agenda Item – *Approval*

To request EOC approval of the minutes of the previous EOC meeting.

Background Information

The EOC will be asked to approve the minutes of the November 24, 2022 EOC meeting.

Recommendation / Direction Sought – *Approval*

This is an approval item.

Attachments Included with this Agenda Item

1 attachment.

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EXECUTIVE OPERATIONS COMMITTEE IN-PERSON/HYBRID MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
Thursday, November 24, 2022, 2:00-3:30pm
MINUTES

EOC Present:

In Person	Rob Dobbins	Assurant and EOC Chair
	Carmelina Manno	Manulife Financial
	Janet Pacini-Thibodeau	Manulife Financial
	John Burns	Canadian Premier Life Insurance Company
	Peter Thorn	TD Insurance
Virtual:	Karyn Kasperski	RBC Insurance and Vice Chair
	Donald Hinnecke	RBC Insurance and Treasurer
	Martin Boyle	BMO Insurance
	Asma Desai	Canadian Premier Life Insurance Company
	David Self	CIBC Insurance
	Casandra Litniansky	CUMIS/The Co-operators
	Michelle Costello	CUMIS/The Co-operators
	Isabelle Choquette	Desjardins Insurance
	Iman Muntazir	RBC Insurance
	Brad Kuiper	Scotia Insurance
	Aanchal Gulia	Sun Life
	Emily Brown	Sun Life
	Andrea Stuska	TD Insurance
	Fay Coleman	TD Insurance
	Fergal Murphy	TD Insurance
	Marco DeiCont	Valeyo
Regrets:	Corrine Gagné	Canadian Tire Bank
	Farhad Eslah	Canadian Tire Bank
	Jonine McGregor	Canadian Tire Bank
	Ben Gray	CIBC Insurance
	Esther Lee	CIBC Insurance
	Almas Satwat	CUMIS/The Co-operators
	Diane Quigley	CUMIS/The Co-operators
	Jawid Kargger	CUMIS/The Co-operators
	Nathalie Baron	Desjardins Insurance
	Pierre-Olivier Cyr	Desjardins Insurance
	Katia Umutoniwase	Manulife Financial
	Sharon Murrell-Foster	Manulife Financial
	Ivan Murray	National Bank Insurance
	Charles MacLean	RBC Insurance
	Fernando Heleno	RBC Insurance
	Stacey Hughes-Brooks	RBC Insurance
	Aneta Murphy	Scotia Insurance

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Tal Zisu	Scotia Insurance
Anaar Jessa	Sun Life
Edward Kuo	Sun Life
Susanne Oleksandriw	Sun Life
Moira Gill	TD Insurance
Dallas Ewen	The Canada Life Assurance Company
Jacqlyn Marcus	Valeyo

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

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

Item 1 (a): Call to Order
EOC Chair Rob Dobbins called the meeting to order at 2:07 p.m.

Item 2: Consent Items
The following Consent Items that do not require any discussion or decisions were tabled:

a. Consultations/Submissions Timetable
b. November 11/22 CAFII Response Submission to FSRA on "Proposed 2023-24 Statement of Priorities and Budget
c. November 15/22 CAFII Response Submission to BCFSA on Two Follow-up Questions for CAFII Re Inconsistencies Between Principles in Its Draft Insurer Code of Market Conduct and CCIR/CISRO's "Guidance: Conduct of Insurance Business and Fair Treatment of Customers"
d. Regulator and Policy-Maker Visit Plan Recap
e. Summary of Board and EOC Action Items
f. Board-Approved Schedule of CAFII 2022 Meetings and Events
g. Board-Approved Schedule of CAFII 2023 Meetings and Events

Item 3: Financial Management Matters

Item 3 (a): CAFII Financial Statements as at October 31/22
CAFII Treasurer Donald Hinnecke gave an overview of CAFII's financial statements as at October 31/22, noting that revenue was exceeding expenses by a significant amount both in October and year-to-date, with some of that due to the timing of expenses. However, the Association's balance sheet is strong and its finances are in good shape.

Item 3 (b): Forecast For CAFII 2022 Fiscal Year as at October 31/22
Treasurer Donald Hinnecke reported that there is an expectation that CAFII's fiscal year surplus will be greater than $100K, after outstanding invoices are settled, due to lower-than-budgeted expenses especially around travel and receptions/events that did not occur, along with the $90K contingency provision for legal fees which was also not spent.

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Item 3 (c): Proposed CAFII 2023 Operating Budget
Brendan Wycks reported that development of the Proposed CAFII 2023 Operating Budget had taken more time than anticipated, but the process was now in its final stages. EOC members would be given an opportunity to provide feedback on the Proposed Budget, via email and on an assent basis, by Monday, November 28, with a deadline for feedback of Wednesday, November 30, so that the budget document could then be circulated to CAFII Board members on that date, prior to the upcoming Board meeting on December 6/22.

Keith Martin noted that the Proposed CAFII 2023 Operating Budget called for no member dues increase and a fairly sizeable fiscal year deficit, which would be largely due to some one-time expenses, including a provision for the hiring of a new staff person to succeed Brendan Wycks, who is retiring at the end of 2023, in order to overlap with him for orientation purposes, resulting in additional salary and benefits being paid for three to six months; and the intention for CAFII representatives to go on two Regulator and Policy-Maker Visits Tours in 2023, one to Western Canada in the spring, and the other to Atlantic Canada in the fall.

[Action Item: Distribute Proposed CAFII 2023 Operating Budget to EOC Members via email by Monday, November 28/22, for a review and approval/assent process by November 30/22, so that it can then be disseminated to Board Members prior to December 6/22 Board Meeting; K. Martin, B. Wycks, D. Hinnecke, November 28/22.]

Item 3 (d): Revised Critical Path for Development and Approval of CAFII 2023 Operating Budget
Brendan Wycks provided an update on the Revised Critical Path for Development and Approval of the CAFII 2023 Operating Budget, noting that the intention was to present it to the Board at the December 6, 2022 Board meeting and to seek the Board's approval of the budget, if possible, at that time.

Item 4: Committee Updates

Item 4 (a): Marketing Conduct & Licensing

i. Insights Gained from November 4/22 CAFII Virtual Stakeholder Feedback Session with CCIR on Its Draft 2023-2026 Strategic Plan; and CAFII Written Feedback Submission on CCIR's Draft 2023-2026 Strategic Plan (November 30/22 Submission Deadline)

Keith Martin provided an update on the 4 November, 2022 CAFII virtual stakeholder feedback session with CCIR on its Draft 2023-2026 Strategic Plan, at which there was some surprise at CCIR Chair Robert Bradley's essentially rebutting many of the feedback points which CAFII delivered.

It was also noted that the AMF's Nathalie Sirois responded to the comment that CAFII preferred that provincial jurisdictions not have their own version of a fair treatment of customers guideline, by saying that the comment was no doubt directed at the AMF. In fact, it was a comment made in connection with the BCFSA's current consultation on its own proposed Insurer Code of Market Conduct. Keith Martin noted that CAFII intended, in its written submission on the CCIR Strategic Plan due November 30/22, to indicate that our Association understood that there were legitimate reasons for the AMF to have its own version of an FTC Guideline, and to subsequently share that part of the submission specifically with Nathalie Sirois. There was support for that, with one member also suggesting that CAFII management reach out to Ms. Sirois for a meeting.

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[Action Item: Reach out to Nathalie Sirois, AMF to clarify for her the intent behind the CAFII comment made in its November 4/22 Virtual Stakeholder Session with CCIR about its Draft 2023-2026 Strategic Plan, and have a virtual meeting to discuss it, if she requests one; K. Martin, December 5/22.]

ii. Ombudsman for Banking Services and Investments' (OBSI) "Organizational Governance Review" Consultation (Deadline: January 31/23): In-Scope or Out-of-Scope for CAFII?

Brendan Wycks reported that CAFII management was seeking EOC guidance as to whether our Association should make a submission on the OBSI's "Organizational Governance Review" consultation, and it was suggested that CAFII reach out to the CBA on this matter to see what type of submission it was planning to make. It was suggested that CAFII management should canvass EOC members about this matter in order to reach a final determination as to whether this OBSI consultation is in-scope or out-of-scope for CAFII.

[Action Item: Reach out to CBA to find out whether it will be making a submission to OBSI on its "Organizational Governance Review" consultation; and then canvas EOC Members to determine and finalize whether this consultation is in-scope our out-of-scope for CAFII; K. Martin, B. Wycks, January 12/23.]

Item 4 (b): Media Advocacy

i. Insights Gained and Next Steps Arising from November 15/22 Media Advocacy Committee In-Person Meeting, Including Proposed CAFII LinkedIn Strategy

Keith Martin reported that two new individuals had recently joined the Media Advocacy Committee, which has a new energy and vibrancy since Jacqlyn Marcus became Chair of the Committee. The Committee had a very successful in-person meeting on 15 November, 2022 and had discussed the proposed new CAFII LinkedIn Strategy.

Keith Martin outlined the Proposed CAFII LinkedIn Strategy, which was endorsed by the EOC.

ii. Recent Operatic Agency Deliverables Re CAFII Website Videos; and Enhancements to FAQs on CAFII Website

Keith Martin updated the EOC on recent Operatic Agency deliverables, including a new video on consumer protections embedded in CPI in Canada, and a restructuring of the FAQs section on the CAFII website.

Item 4 (c): Research & Education

i. Execution of EOC-Approved CAFII 2022 Tracking Study Research on Consumers' Satisfaction with CPI, with Pollara Strategic Insights

Andrea Stuska, Chair of the Research & Education Committee, provided an update on the 2022 Pollara research study. The polling component is now complete, and Pollara is analyzing the results and preparing a report.

Item 4 (d): Networking & Events

i. Insights Gained from November 3/22 CAFII Webinar on "Expert Panel On Travel Insurance As Society Emerges From The COVID-19 Pandemic"

Keith Martin reported that the November 3/22 CAFII webinar on travel insurance was very well-attended and successful, with many positive comments about the value of the session.

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ii. Plans for December 1/22 CAFII Webinar: "A Fireside Chat With Blair Morrison, CEO of BCFSA"

Keith Martin reported that everything was in place for a webinar on 1 December, 2022 with Blair Morrison, CEO of the British Columbia Financial Services Authority (BCFSA).

Item 4 (e): Travel Insurance Experts

i. Issues Discussed in and Insights Gained from Recent Meetings of Travel Insurance Experts Committee

Brendan Wycks reported that the Travel Insurance Experts Committee had not met since the previous EOC meeting**.**

ii. Insights Gained From CAFII/CLHIA/THIA Bi-Weekly Meetings Re Impact Of COVID-19 On Travel and the Travel Insurance Industry; and Related Regulatory Issues

Brendan Wycks provided an update on recent meetings of CAFII, CLHIA, and THIA on travel and travel insurance issues, noting that there was still discussion around an ongoing "Canadian super visa" issue.

Item 5: Recent and Upcoming Strategic and Regulatory Initiatives

Item 5 (a): Insights Gained and Next Steps Arising from November 4/22 One-on-One Virtual Meeting Between CAFII Board Chair Peter Thompson and AMF Superintendent Eric Jacob Re Finding A Solution To Issue Around RADM's Applicability to Credit Card-Embedded Insurance Benefits

Keith Martin reported that a written update had been circulated on the 4 November, 2022 meeting between CAFII Board Chair Peter Thompson and AMF Superintendent Eric Jacob. CAFII is now waiting to see what next steps will be proposed by Mr. Jacob, and EOC members expressed the view that this meeting and the offer of subsequent meetings was a positive development.

Item 5 (b): Insights Gained from November 22/22 AMF 2022 Rendez-Vous Mini-Conference

Keith Martin reported that he had attended the AMF's November 22/22 Rendez-Vous mini-conference in Montreal, at which he noted that there was practically no content on insurance. AMF Superintendent, Client Services and Distribution Oversight Eric Jacob focused his comments at the mini-conference on other issues, including crypto-currency and the regulatory challenges it was creating.

AMF Director Mario Beaudoin had made a point of seeking out Keith Martin at the Rendez-Vous, and he was very friendly and forthcoming in a private 20-minute conversation.

Mr. Beaudoin said that he found it difficult to understand the trends in travel insurance as there are so many different policies, exceptions, limitations etc. and a lack of common definitions. Keith Martin pointed out that different policies and approaches were a sign of a healthy, competitive marketplace.

Mr. Beaudoin then asked if CAFII members had received their letters on their respective performances around claims denial rates, and return of premium to customers, and Keith Martin responded that they had received the letters and thanked Mr. Beaudoin for the extension of the deadline for members to respond.

Mr. Beaudoin said that some CAFII members were performing admirably, others not, and that it was important for the reputation of the industry that outliers make an effort to improve their results. Keith Martin noted that the data provided by industry needed to be interpreted

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carefully and with proper context. Mr. Beaudoin said that this was a long-term initiative, and the intention of the AMF was to work with industry cooperatively. He said that the AMF needed to have the information requested in order to properly oversee the industry.

Finally, Mr. Beaudoin said that there was much confusion about Bill 96, the new Quebec Charter of the French language, and how it was to be interpreted and applied in practice.

Item 5 (c): Recently Arisen Quebec/AMF Issues Impacting Upon CAFII Members
-AMF Information Requests Re Debtor Life, Health,
Employment (DLHE) Insurance; and
-Quebec Charter of the French Language (Bill 96) Implications for Insurance Contracts (Contracts of Adhesion)
It was noted that there were many issues that needed to be better understood coming out of Quebec, and a suggestion was tabled that a new "CAFII Quebec/AMF Committee" could look at these issues on an ongoing basis. It was agreed that the next step was to develop a draft Terms of Reference for a CAFII Quebec/AMF Committee, circulate it, and secure EOC approval of the Terms of Reference at its next meeting on January 17/23.

[Action Item: Draft Terms of Reference for new CAFII Quebec/AMF Committee and bring forward to January 17/23 EOC Meeting for review and approval; K. Martin, January 13/23.]

Item 5 (d): Planned Timing of and Approach to CAFII Western Canada Insurance Regulators and Policy-Makers Visits Tour in Spring 2023; and CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour in Fall 2023
This agenda item was deferred to the next EOC meeting on January 17/23.

[Action Item: Bring forward document on "Planned Timing of and Approach to CAFII Western Canada Insurance Regulators and Policy-Makers Visits Tour in Spring 2023; and CAFII Atlantic Canada Insurance Regulators and Policy-Makers Visits Tour in Fall 2023" to January 17/23 EOC Meeting, for review/discussion and approval*; B. Wycks, January 13/23.]*

Item 6: Governance Matters

Item 6 (a): Board Appointment of New Director from TD Insurance
Brendan Wycks informed the EOC of TD Insurance's intention to have Valerie Gillis appointed as its new Director on the CAFII Board.

Item 6 (b): Plans for December 6/22 CAFII Board Meeting and Immediately Ensuing Year-End/Holiday Season Reception
Brendan Wycks provided an update on plans for the upcoming CAFII Board meeting on December 6/22 at CIBC's new 'CIBC Square' corporate headquarters, which would be followed by an in-person Holiday Season Reception at the nearby Vantage Venues.

Item 6 (c): Draft Minutes of October 11/22 Board Meeting
The EOC endorsed the draft minutes of the October 11/22 CAFII Board meeting, for presentation to the Board for approval at its next meeting on December 6/22.

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Item 6 (d): Draft Minutes of October 25/22 EOC Meeting
The EOC approved the draft minutes of its October 25/22 meeting.

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Briefing Note

CAFII EOC Meeting 17 January, 2022—Agenda Item 6(d)
Governance Matters-- CAFII Initiation Membership Application Received from Chubb Life Insurance Company of Canada

Purpose of this Agenda Item – *Update*

To update the EOC on the process that CAFII is following with respect to an application for CAFII Initiation Membership which was received from Chubb Life Insurance Company of Canada on December 21/22.

Background Information

CAFII has received an application from Chubb Life Insurance Company of Canada to join CAFII as an Initiation Member.

Recommendation / Direction Sought – *Update*

This is an update-only item.

Attachments Included with this Agenda Item

1 attachment.

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2023 INITIATION MEMBER APPLICATION FORM

Organization Name: Chubb Life Insurance Company of Canada

Representative's Name and Title: Rahul Kakar, SVP – Head of Accident & Health Canada

Address: 199 Bay Street, Suite 2300

City: Toronto Province: Ontario Postal Code: M5L 1E2

Phone - Main: 416 316 9047 Direct: 647 798 2552

Fax: Email: rahul.kakar@chubb.com

Website: https://www.chubb.com/ca-en/business-insurance/accident-health.html

Parent Company: CHUBB

Asset Size of Corporate Family:

Annual Membership Dues

I. INITIATION

☐ $46,266 ☒ $23,133

Financial organizations involved in the business of insurance in Canada are eligible to apply for Initiation Member status. Initiation Members are entitled to a single vote on Association decisions, regardless of corporate size. Dues are $46,266 per annum for companies with consolidated corporate family assets of $75 billion CAD or greater; and $23,133 per annum for companies with consolidated corporate family assets below that threshold. Dues are payable in one single instalment invoiced in February and due within 30 days.

CAFII Initiation Membership is valid from January 1 to December 31 each year; and the eligibility period for this membership class is two years.

Rahul Kakar — Signature of Applicant:

Jan 01,2023 — Date:

As a signing authority, I hereby acknowledge that as an applicant for Initiation Member status in CAFII, my organization supports the Association's mission, objectives, and policy positions. For more information visit www.cafii.com.

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Background on CAFII Board-Approved "Initiation Membership" Category

Eligibility

Companies/organizations which are distributors and/or underwriters/manufacturers of credit protection insurance (CPI) (also known as creditor's group insurance: CGI) and/or other forms of life and health insurance sold through alternate distribution channels in Canada; and which support the mission, vision, and values of the Canadian Association of Financial Institutions in Insurance may apply for admission as a "CAFII Initiation Member."

Initiation Membership applicants may not have been a Member of CAFII for at least the past five years.

Term

CAFII Initiation Membership status is limited to two membership years, following which the related Initiation Membership Dues Incentive shall cease, and the Initiation Member must transition to CAFII Regular Member status or depart as a Member of the Association.

Initiation Membership Dues Incentive

An applicant approved by the CAFII Board of Directors for Initiation Membership status will receive, for each of the first two years only, a 40% dues discount and pay 60% of the CAFII Member Dues that would otherwise be payable.

For example:

	2023 Dues	**2024 Dues[1]**	**Savings over 2 years**
CAFII Regular Member (>$75 billion assets)	$77,110	$77,110	
Initiation Member (>$75 billion assets)	$46,266	$46,266	$61,688
CAFII Regular Member (<$75 billion assets)	$38,555	$38,555	
Initiation Member (<$75 billion assets)	$23,133	$23,133	$30,844

[1] assumes no change in Member Dues for 2024 as compared to 2023 Member Dues amounts (which were set by the CAFII Board on December 6/22, via approval of the Association's 2023 Operating Budget). Member Dues amounts are set by the CAFII Board in December each year, via approval of the Association's Operating Budget for the ensuing year.

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Privileges and Benefits

The privileges and benefits of CAFII Initiation Member status shall be identical to those of CAFII Regular Member status, including all of the following representation, voice, and influence dimensions:

- having a Director on the CAFII Board of Directors;
- participation/involvement in the Association's Executive Operations Committee (EOC) and other committees;
- input to and involvement in CAFII submissions to insurance regulators and policy-makers;
- participation/involvement in CAFII regulator and policy-maker meetings and visits tours;
- preferred access to CAFII-commissioned research results, etc.; and
- receipt of "CAFII Alerts Weekly Digest" and monthly "Regulatory Update" industry insights/intelligence documents

The following limitations on the privileges and benefits of CAFII Initiation Membership shall apply:

- an Initiation Member's Director on the CAFII Board of Directors may not serve as Chair of the Board or Vice-Chair of the Board; and
- an Initiation Member representative may not serve as Chair of the CAFII Executive Operations Committee (EOC)/Secretary to the Board or Vice-Chair of the EOC/Vice-Secretary to the Board.

Application Process

CAFII Initiation Membership applicants must apply using the CAFII Initiation Member Application Form and submit the completed Form to CAFII's Co-Executive Directors; and, in addition,

- submit any additional information which may be requested on behalf of the CAFII Board of Directors; and
- undergo a review/vetting process which will include an interview between members of the applicant's senior management team and a CAFII Membership Review Committee.

The CAFII Board of Directors will review and make a determination on all Initiation Membership applicants, with the benefit of a recommendation from the CAFII Membership Review Committee. The decision of the CAFII Board of Directors shall be final.

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Briefing Note

CAFII EOC Meeting 17 January, 2022—Agenda Item 7(a)
Read Only Item-- Board Appointment of Valerie Gillis as New CAFII Director from TD Insurance

Purpose of this Agenda Item – *Read Only*

This is a read only item.

Background Information

Valerie Gillis has been appointed as the new CAFII Board Director from TD Insurance.

Recommendation / Direction Sought – *Read Only*

This is a read only item.

Attachments Included with this Agenda Item

2 attachments.

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Agenda Item 7(a)(1)
January 17/23 EOC Meeting

Board Appointment of Valerie Gillis As New CAFII Director From TD Insurance

From: Brendan Wycks
Sent: December-05-22 10:46 AM
To: CAFII Board Members
Cc: CAFII EOC Members and Board Surrogates
Subject: Valerie Gillis, Senior Vice President, Head of Life, Health and Credit Protection Insurance at TD Insurance, Has Been Unanimously Appointed to the CAFII Board of Directors

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

I am pleased to advise that Valerie Gillis, Senior Vice President, Head of Life, Health and Credit Protection Insurance at TD Insurance, has been unanimously appointed to the CAFII Board of Directors as the Director from TD Insurance.

All of the existing CAFII Directors have now voted on the Resolution/Motion proposed by Chris Lobbezoo and seconded by Peter McCarthy; and all fourteen (14) have voted ***In Favour***, well in excess of the two-thirds majority affirmative vote required for a Resolution/Motion to be passed under *Article 5.14: Voting By Electronic Means, Outside of a Board Meeting* as set out in CAFII's By-Law No.1.

Valerie: welcome to the CAFII Board of Directors! I know that your fellow CAFII Directors and everyone else involved in our Association looks forward to meeting you tomorrow at the December 6/22 CAFII Board meeting; and to having the benefit of your experience and insights in the Board's deliberations.

Best regards,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance
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From: Brendan Wycks
Sent: December-01-22 10:01 AM
To: CAFII Board Members
Cc: EOC Members and Board Surrogates
Subject: Electronic Vote Of CAFII Board Re Appointment Of Valerie Gillis, TD Insurance, As A New CAFII Director: Return Of Ballot Requested By Monday, December 5/22

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

Please see the information attached and the ballot below related to a request that you vote electronically, **at your earliest possible convenience**, on TD Insurance's nomination of Valerie Gillis as its new Director on the CAFII Board of Directors.

Please cast your vote asap – via a reply email message to Keith Martin and me -- so that Valerie can be appointed to the CAFII Board via an *Electronic Vote of the Board, Outside of a Board Meeting* on a duly authorized Resolution/Motion (moved by Chris Lobbezoo; and seconded by Peter McCarthy) **by no later than Monday, December 5**; and that thereafter she can be welcomed as a new Director at next week's Tuesday, December 6/22 CAFII Board meeting (which Valerie has indicated she is available to attend in-person).

As per the CAFII Bylaw provision cited in the attached document, a two-thirds majority affirmative vote of the Board (i.e. 9 of the existing 14 Directors on the Board) is required for this *Electronic Vote of the CAFII Board* to carry.

Thanks and best regards,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance
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CAFII BOARD OF DIRECTORS' VOTE ON A DULY AUTHORIZED RESOLUTION: VIA ELECTRONIC MEANS, OUTSIDE OF A BOARD MEETING

I support the Resolution below moved by Chris Lobbezoo, CAFII Director from RBC Insurance Holdings Inc.; and seconded by Peter McCarthy, CAFII Director from BMO Insurance,

***THAT** Valerie Gillis, Senior Vice President, Head of Life, Health and Credit Protection Insurance at TD Insurance, be appointed to the CAFII Board of Directors as the Director from Scotia Insurance, effective December 5, 2022.*

CAFII Director's Name and Member Company Affiliation:

___ ***In Favour***

___ ***Opposed***

___ ***Abstain***

Background Context/Rationale: on October 11/22, TD Insurance informed CAFII that it wished to nominate Valerie Gillis, Senior Vice President, Head of Life, Health and Credit Protection Insurance at TD Insurance *(see Capsule Biography in accompanying PDF)*, for appointment as its new Director on the CAFII Board of Directors; and that it was amenable to having that appointment occur via Article 5.14 of the Association's By-Law: *Voting By Electronic Means, Outside Of A Board Meeting* so that Ms. Gillis' appointment could be effected prior to the CAFII Board's next meeting on Tuesday, December 6/22.

(The foregoing Resolution was moved and seconded pursuant to Article 5.14 of the Canadian Association of Financial Institutions in Insurance By-Law No. 1: *Voting By Electronic Means, Outside Of A Board Meeting:*

At the discretion of the board chair – or in his/her absence, the board vice-chair – and in lieu of 5.13, a resolution in writing may be proposed to the directors via electronic means, outside of a properly constituted board meeting, for approval via electronic means. Where this option is exercised, a simple affirmative vote response by a director shall suffice and be as valid as if it had been cast at a board meeting. A two-thirds majority vote of all directors entitled to vote shall be required for approval of the resolution -- absent any vote against the resolution by a director entitled to vote, the occurrence of which shall void the voting on the resolution by electronic means, outside of a board meeting. Voting by electronic means outside of a board meeting shall be reserved for matters of particular time-sensitivity and urgency. A copy of every such resolution in writing proposed to directors for voting by electronic means, outside of a board meeting shall be kept with the minutes of the proceedings of the board or committee of directors.)

Valerie Gillis, FCPA, FCA, CFA

SVP, Head of Life, Health and Credit Protection – TD Insurance

Valerie Gillis, FCPA, FCA, CFA
SVP, Head of Life, Health and Credit Protection - TD Insurance

Cell: 416-277-1955
Valerie.gillis@td.com

Valerie Gillis, SVP, leads TD Insurance's (TDI) Life, Heath and Credit Protection business working with the team to set the strategic direction and growth opportunities for the business, deliver profitable financial results within risk appetite and ensure client service excellence. Her business helps safeguard customers' financial well-being through providing credit protection plans, offers direct life and health insurance as well as travel insurance. TDI's reinsurance business also reports into Valerie.

Previously, Valerie has held both Risk and Finance TD senior leadership roles, first as the bank's Controller & Chief Accountant for 5+ years and most recently as Chief Risk Officer for TD Insurance and Wealth Management. As CRO, Valerie provided strategic advice and credible independent challenge to these businesses to enable them to sustainably grow within TD's risk appetite. The corporate actuarial and Wealth Market and Credit Risk management teams also reported into her. While in Finance, she led Finance through many complex transformational and regulatory initiatives, most notably, Finance transformation and IFRS 9. Prior to joining TD in 2015, she was a partner at KPMG, LLP, nationally leading its Risk Consulting practice for Financial Risk Management with predominant financial services clients in Life Insurance, Banking and Large Public Pension Plans.

Throughout her career, Valerie has distinguished herself through her business acumen and strategic thinking. Valerie is well known for her expertise in asset liability management, financial instruments and derivatives. While at KPMG, Valerie led many projects with LifeCos and banks structuring derivative hedging strategies to manage interest, FX and inflationary risks, global risk governance projects and oversaw financial instrument valuation and life actuarial modelling teams. Further, at TD, the IFRS 9 project required oversight of changes to accounting, technology and credit risk modelling for provisions of credit losses. She participates/ed as a key senior executive on various transformative projects including: IFRS 17 Insurance Contracts, Client Focused Reforms (CFR), and TDAM Global Expansion amongst other strategic initiatives.

Valerie embraces TD"s shared commitments and works to inspire her teams to take an ownership mindset, provide legendary customer experience, embrace innovation and execute with speed and impact. Advancing inclusion and diversity is an area that Valerie is particularly passionate about. She plays an active role in mentoring and sponsoring diverse talent into increasingly senior roles and is committed to building diverse teams. Valerie lives in Toronto with her husband her two children and they enjoy a variety of sports together.

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Briefing Note

CAFII EOC Meeting 17 January, 2022—Agenda Item 7(b)
Read Only Item -- Written Acknowledgement/Feedback Received from CCIR Chair Robert Bradley In Response to CAFII's November 30/22 CAFII Written Submission on CCIR's "Draft 2023-2026 Strategic Plan"

Purpose of this Agenda Item – *Read Only*

This is a read only item.

Background Information

CAFII has received a positive note from CCIR Chair Robert Bradley thanking the Association for its written submission on CCIR's "Draft 2023-2026 Strategic Plan."

Recommendation / Direction Sought – *Read Only*

This is a read only item.

Attachments Included with this Agenda Item

1 attachment.

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Agenda Item 7(b)
January 17/23 EOC Meeting

From: Robert Bradley <RABRADLEY@gov.pe.ca>
Sent: December-06-22 8:43 AM
To: Brendan Wycks <brendan.wycks@cafii.com>; ccir-ccrra@fsrao.ca
Cc: Jake Becker <jake.becker@cafii.com>; Keith Martin <Keith.Martin@cafii.com>; Donna Soloway <Donna.Soloway@fsrao.ca>; Margaret Orlander <Margaret.Orlander@fsrao.ca>; Peter Burston <Peter.Burston@fsrao.ca>; Raseema Alam <Raseema.Alam@fsrao.ca>; Tony Toy <Tony.Toy@fsrao.ca>; laurie.balfour@gov.ab.ca
Subject: RE: CAFII Feedback on CCIR Draft Strategic Plan, 2023-2026

Good morning Brendan,

CCIR very much appreciated CAFII's participation in this year's stakeholder meeting. In addition, thank you very much for providing CAFII's written feedback. I can assure you it'll be taken into full account as we strive to continue to work to promote a high level of cooperation and collaboration on regulatory issues going forward.

Enjoy your day.

Robert

Robert A. Bradley CPA, CA
Superintendent of Insurance
Financial and Consumer Services Division
Department of Justice & Public Safety
95 Rochford Street, P.O. 2000
Charlottetown, PE
Tel: 902 368 6478

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Briefing Note

CAFII EOC Meeting 17 January, 2022—Agenda Item 7(c)
Read Only Item -- Critical Path with KPMG for CAFII 2022 Fiscal Year Audited Financial Statements

Purpose of this Agenda Item – *Read Only*

This is a read only item.

Background Information

CAFII is beginning the process with auditor KPMG of engaging on the Association's 2022 fiscal year audit.

Recommendation / Direction Sought – *Read Only*

This is a read only item.

Attachments Included with this Agenda Item

1 attachment.

Critical Path With KPMG For CAFII 2022 Audited Financial Statements

Task	Responsible	Timing/Deadline
Prepare Draft CAFII 2022 Financial Statements	R. Nason, Managing Matters	January 12/23 (Completed)
Conduct audit of Draft CAFII 2022 Financial Statements	KPMG	February and early March 2023
Provide Draft 1 of CAFII 2022 Audited Financial Statements for circulation prior to March 21/23 CAFII EOC Meeting	KPMG (reviewed and assisted/facilitated by R. Nason, B. Wycks, K. Martin, D. Hinnecke)	March 13/23
Provide feedback on Draft 1 of CAFII 2021 Audited Financial Statements	EOC	March 21/23
Provide Draft 2 of CAFII 2021 Audited Financial Statements for circulation prior to April 4/23 CAFII Board Meeting	KPMG (assisted/facilitated by R. Nason, B. Wycks, K. Martin, D. Hinnecke)	March 27/23
Approve Draft 2 of CAFII 2022 Audited Financial Statements for presentation to membership at 2023 Annual Meeting of Members	CAFII Board	April 4/23
Provide Final Draft of CAFII 2022 Audited Financial Statements for inclusion in CAFII 2023 Annual Meeting of Members Materials Package	KPMG (assisted/facilitated by R. Nason, J. Becker)	April 24/23
Circulate CAFII 2023 Annual Meeting of Members Materials Package	J. Becker	April 25/22
Approve CAFII 2022 Audited Financial Statements At 2023 Annual Meeting of Members	Membership	June 6/23

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Briefing Note

CAFII EOC Meeting 17 January, 2023 Agenda Item 7(d)
Read Only Item-- Determination That Ombudsman for Banking Services and Investments' (OBSI) "Organizational Governance Review" Consultation (Submission Deadline: January 31/23) Is Out-of-Scope For CAFII

Purpose of this Agenda Item – *Read Only Item*

This is a read only item on an OBSI consultation.

Background Information

The Ombudsman for Banking Services and Investments (OBSI) is consulting with industry on its "Organizational Governance Review." We have confirmed that the CBA will be making a submission, either written or verbal, on this consultation, and will argue for retaining the status quo. CAFII has engaged with its membership on whether this consultation is in-scope or not for our Association. The results of the CAFII Member poll on this matter are a unanimous view that this OBSI consultation is out-of-scope for CAFII.

Recommendation / Direction Sought – *Read Only Item*

This is a read only item.

Attachments Included with this Agenda Item

3 attachments.

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OBSI Governance Review – request for public comment

November 1, 2022 - As first announced on August 25, the Ombudsman for Banking Services and Investments (OBSI) is now seeking input from stakeholders and the public in relation to its organizational governance. This consultation is focussed on understanding how OBSI's board can best ensure that it has the opportunity to consider the perspectives of stakeholders with financial service industry expertise and consumer advocacy expertise in its decision making. OBSI is committed to ensuring a deep knowledge of these perspectives at the board level because they are crucial to ensuring that the organization is able to continue to fulfil its mission of helping to ensure a fair, effective and trusted financial services sector. OBSI's last public consultation on governance reform took place in 2012.

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The consultation document can be found here. The public comment period for this consultation closes on **January 31, 2023**. Stakeholders are encouraged to participate in this consultation through a variety of communication channels listed below and also outlined in Part 4 – How to Provide Comments in the consultation document.

All written responses received will be published, and comments received in person, through the roundtable event, or survey will be summarized and published.

OBSI will carefully consider all submissions received as we work towards updating our organizational governance structure and we will consult with our regulators on any proposed changes. We expect to announce the results of this process, any changes to our constating documents, and any plans for future consultation later in 2023.

How you can participate in the consultation

In writing

Please submit your written comments on or before **January 31, 2023**. If you are sending your comments by email, please send us an electronic file containing the submissions in Microsoft Word format.

Address your submission to:
Mark Wright, Director, Communications and Stakeholder Relations
20 Queen Street West, Suite 2400, P.O. Box 8
Toronto, ON M5H 3R3
Fax: 1-888-422-2865
Email: publicaffairs@obsi.ca

By electronic survey

Stakeholders can also provide their responses to this consultation by electronic survey, here: https://www.surveymonkey.com/r/H3NXR36. This survey is not anonymous, and all commenters will be asked to identify themselves.

In person

OBSI will host a virtual roundtable event on January 19, 2023 to hear directly from stakeholders on these consultation questions. To register for the roundtable event, please send an email expressing your interest to publicaffairs@obsi.ca. Stakeholders unable to attend the roundtable can also contact OBSI directly at publicaffairs@obsi.ca to arrange a virtual meeting to share their views.

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Canada's Ombudsman for Banking Services and Investments (OBSI) is a national, independent, not-for-profit organization that helps resolve and reduce disputes between consumers and financial services firms in both official languages. OBSI is responsive to consumer inquiries, conducts fair and accessible investigations of unresolved disputes, and shares its knowledge and expertise with all stakeholders and the public. If a consumer has a complaint against an OBSI participating bank or investment firm that they are not able to resolve with the bank or firm, OBSI will investigate at no cost to the consumer. Where a complaint has merit, OBSI may recommend compensation up to a maximum of $350,000.

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OSBI OMBUDSMAN DES SERVICES BANCAIRES ET D'INVESTISSEMENT

Email: publicaffairs@obsi.ca
Website: www.obsi.ca
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Fax: 1-888-422-2865
TTY: 1-855-889-6274

20 Queen Street West, Suite 2400,
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You are receiving this email because you requested to be kept up-to-date on what's happening at the Ombudsman for Banking Services and Investments.

Unsubscribe

Please note that subscription to OBSI's e-newsletter is mandatory for participating firms' designated internal contact.

OBSI OMBUDSMAN FOR BANKING SERVICES AND INVESTMENTS
OSBI OMBUDSMAN DES SERVICES BANCAIRES ET D'INVESTISSEMENT

OBSI Governance Review – request for public comment

November 1, 2022

Part 1 - Executive summary

The Ombudsman for Banking Services and Investments (OBSI) is seeking input from stakeholders and the public in relation to its organizational governance. This consultation is focussed on understanding how OBSI's board can best ensure that it has the opportunity to consider the perspectives of stakeholders with financial service industry expertise and consumer advocacy expertise in its decision making. OBSI is committed to ensuring a deep knowledge of these perspectives at the board level because they are crucial to ensuring that the organization is able to continue to fulfil its mission of helping to ensure a fair, effective and trusted financial services sector. OBSI's last public consultation on governance reform took place in 2012.

In this document, we describe the recommendations of our most recent independent evaluation, our current approach to industry and consumer engagement in our governance and operations, relevant considerations for the design of potential stakeholder input models, and future governance options we are considering. We pose five questions for stakeholder feedback throughout the document. For ease of reference, they are:

Summary of governance consultation questions

1. Should OBSI's board continue to have designated board positions for current industry participants and/or consumer advocates, or transition to a system without such designated positions?
2. If designated industry and consumer board positions are continued, what is the appropriate composition of OBSI's board with respect to the proportion of positions designated for those with specific industry or consumer expertise or who are independent?
3. If designated industry and consumer board positions are continued, should Industry Director positions continue to be nominated by specific industry organizations, or should OBSI transition to a system of more general nomination of current industry participants?
4. If designated industry and consumer board positions are continued, how should Consumer Interest Director nominees be identified?
5. Beyond designated board representation, how should OBSI ensure that the interests and expertise of industry and consumer stakeholders are incorporated into the organization's decision-making process?

The public comment period for this consultation closes on January 31, 2023. Stakeholders are encouraged to participate in this consultation through a variety of communication channels. For

information on how to share your views on this consultation, please see Part 4 – How to Provide Comments, below.

2021 independent review recommendations

OBSI's recent 2021 Independent Evaluations of its banking and securities mandates (the "2021 Review") made a number of governance-related recommendations, including that OBSI's board should undertake a strategic review of its governance structure to determine how best to ensure that key stakeholder interests are most effectively considered in board oversight and decision-making.

Specific governance-related recommendations of the 2021 Review were that OBSI's board should:

a) add other metrics to the Governance & Human Resources Committee's diversity deliberations for recruitment purposes, including indigenous ancestry, membership in a visible minority community and disability;
b) transition towards having a board with no specific categorical requirements regarding the number of Industry and Community Directors and amend its bylaws to remove the requirement that industry directors be nominated by the Canadian Bankers Association (CBA), the Investment Industry Regulatory Organization of Canada (IIROC), and the Mutual Fund Dealers' Association (MFDA), respectively;
c) amend and update its skills matrix and use it as the basis for recruitment to ensure that directors have the skills and competencies needed to effectively oversee OBSI. The skills matrix should include experience in the range of relevant industry sectors discussed in this section, as well as important consumer and investor perspectives; geographic and linguistic diversity; and a diversity of backgrounds should also be explicitly accounted for;
d) establish roundtables with industry and consumers, including advocacy groups for both, to receive their perspectives and opinions on key issues of importance to OBSI and current developments and trends; and
e) in light of the above, carefully consider whether it is necessary or desirable to continue having a Consumer and Investor Advisory Council (CIAC), given that the recommended governance structure described above would see an OBSI board that has balance in industry and investor backgrounds and where the OBSI board would receive input from industry and consumer stakeholders through other means.

As a result of this review and other changes in OBSI's operating environment, OBSI's Board of Directors has decided to seek input from stakeholders and the public in relation to these important recommendations through this consultation process.

Part 2 - Board composition and nominations

Board composition – size

OBSI's board currently has ten members. The organization's Articles of Continuance provide that the board may have a minimum of 7 and a maximum of 11 members.

The 2016 Independent External Evaluation of OBSI (the "2016 Review") noted that, at ten directors, "[t]he governance structure appears large." The 2021 Review observed that, while relatively large, the board functioned well and that a reduction of its size was unnecessary. The reviewers noted that the work allocation among the committees is appropriate and that the size of the board helped to facilitate diversity.

Board composition - diversity

OBSI's Director Recruitment Policy sets out the Board's view of the importance of diversity in director recruitment for the organization. The policy stipulates that:

> The Board of Directors recognizes and values the benefits of having a diverse Board of Directors and considers diversity a key driver of OBSI's success and governance strength. The Board believes it important for the organization to be governed by a mix of highly qualified directors from diverse backgrounds that contribute a broad range of perspectives and experiences to its discussions and decisions, ultimately promoting the best possible corporate governance. While competency and expertise are of paramount importance in all Directors and will not be compromised, and the Board is required to be composed of the appropriate mix of Industry and Community Directors, diversity on all fronts is viewed as a prime consideration and cornerstone of success. The key aspects of diversity for the success of the OBSI board are skills/experience needed to achieve our strategic objectives; geographic - to ensure we represent all parts of Canada; gender; and community, consumer and social engagement.

The 2021 Review recommended that the board consider adding other metrics in its diversity deliberations, including indigenous ancestry, membership in a visible minority community and disability, to better align with emerging best practices and the standards established for federally incorporated businesses under the Canada Business Corporations Act. OBSI's board agrees with this recommendation and will be considering implementation internally.

Importance of independence in OBSI governance

Independence is a cornerstone of financial ombudsmanship. To retain legitimacy as a fair decisionmaker, OBSI must provide impartial and objective dispute resolution services that are independent from the investment industry, consumer advocates, and regulatory agencies. All organizational decisions relating to cases, policies, procedures, and organizational priorities, strategies and actions must be undertaken in a manner that is fair to both industry participants and consumers in the circumstances and reflective of the organization's broader public service mandate.

To ensure this independence at the board level, OBSI's Corporate Bylaw provides that a majority of the members of the board of directors must be Community Directors without recent industry affiliation. OBSI's unaffiliated Community Directors come from a range of personal and professional backgrounds and bring and important diversity of views to the governance of the organization.

Board composition – stakeholder representation

Importance of stakeholder engagement in OBSI governance

The importance of stakeholder engagement in OBSI's governance is universally acknowledged, and stakeholder engagement has been continuously prioritized by the organization throughout its 26-year history. The 2021 Review observed that: "it is crucial for OBSI's board to have clear lines of sight into issues and perspectives relevant to all of its stakeholders. Although industry and consumer stakeholders often have very different perspectives, they all have the same interest in efficient dispute resolution and an effective and trusted financial services sector."

Current approach to formal stakeholder representation and recruitment

OBSI's Corporate Bylaw provides that three members of the board will be Industry Directors, with one being nominated by each of the CBA, IIROC and MFDA. The Bylaw provides that the other members of the board must be unaffiliated Community Directors and that Community Directors must at all times outnumber Industry Directors.

The 2016 Review recommended that OBSI add a consumer representative on the board. In 2020, the Bylaw was amended to provide that at least one of the Community Directors would be specifically selected on the basis of having "particular interest in, access to, and competencies with the interests and perspectives of the types of consumers which the OBSI serves," and would be designated a Consumer Interest Director. The Bylaws also provide that the board must ensure that policies and procedures are in place to support the appropriate selection process for the Consumer Interest Directors.

Notably, even prior to the formal creation of the Consumer Interest Director role, OBSI's board had generally included directors with consumer advocacy experience and experience serving on the CIAC.

2021 Review recommendations

The 2021 Review recommended that OBSI transition towards having a board with no specific requirements for industry and community directors, stating, "we believe that OBSI should transition towards having a board with no specific categorical requirements regarding the number of industry and community directors, and that appointments should be made solely on the basis of the amended board skills matrix. OBSI should consider whether appointing board members solely on the basis of the amended skills matrix could provide for fair and meaningful representation on its board and committees of different stakeholders."

Governance at other financial ombudservices

Internationally, no singular approach to board governance of ombudservices has emerged as a best practice.

Australia

The Australian Financial Complaints Authority (AFCA) is governed by an independent Board of Directors, made up of an independent chair and an equal number of non-executive directors with consumer and industry expertise. The AFCA Constitution requires that the AFCA Board must have between three and five industry and consumer directors, and no more than 11

directors in total. There are currently nine directors (independent chair, plus four industry and four consumer directors).

AFCA's industry directors are selected for their experience and knowledge in one or more of the financial services industries that AFCA members operate in, and AFCA's consumer directors for their experience in representing consumer and small business interests in the financial industry and other community sectors. AFCA reports that both industry directors and consumer directors consult regularly with others in their field of expertise to ensure they continue to understand current issues, but they do not advocate for, or represent, industry or consumers, respectively, and must act in the best interests of AFCA.

United Kingdom

The UK Financial Ombudsman Service (FOS UK) directors are appointed by the Financial Conduct Authority, and all serve as independent members of the board and do not represent any particular group or sector. FOS UK's board currently consists of seven directors, each of whom has had a high-profile executive career, only two of whom have experience in the financial service industry.

Question 1:

Should OBSI's board continue to have designated board positions for current industry participants and/or consumer advocates, or transition to a system without such designated positions?

Question 2:

If designated industry and consumer board positions are continued, what is the appropriate composition of OBSI's board with respect to the proportion of positions designated for those with specific industry or consumer expertise or who are independent?

Board nominations – Industry Directors

OBSI director recruitment is led by the board's Governance & Human Resources Committee. When a vacancy of an Industry Director position occurs or is expected, the general approach of the committee is to solicit new industry nominations through outreach to the relevant industry body, which responds with the names of candidates for consideration.

Historically, when OBSI has requested nominees, IIROC and MFDA have issued a notice to their membership for expressions of interest. From the responses received, the SROs have then put forward two or three nominees for OBSI's consideration.

The CBA has typically discussed the ideal candidate profile with OBSI, solicited interest directly from one or more potential candidates fitting that profile, then presented a nominee to OBSI.

Unrepresented industry constituencies

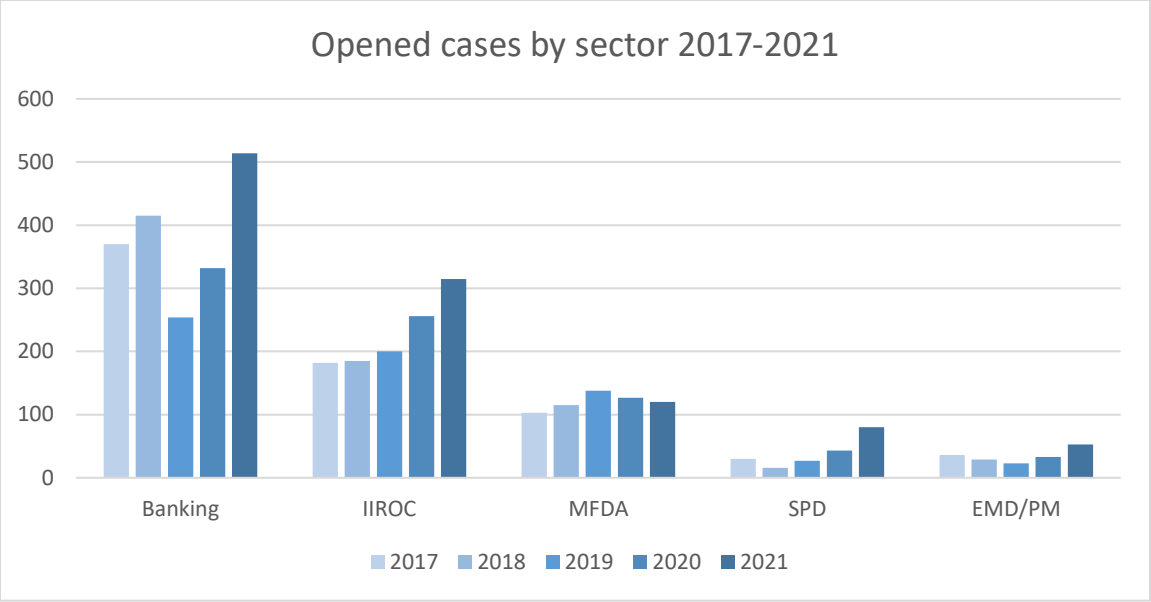
OBSI's membership consists of over 1,500 participating firms, including federally regulated banks, firms from a diverse range of investment registration categories, and provincially regulated deposit taking institutions.

Since OBSI's mandate expanded in 2014 to include all categories of securities registrants in addition to IIROC and MFDA members, representatives of other registration categories, including exempt market dealers (EMDs), portfolio managers (PMs), and scholarship trust plan dealers (SPDs), have voiced dissatisfaction, including in their submissions in relation to the 2021 Review, with what they see as their exclusion from OBSI's governance.

With OBSI's recent growth in credit union participation, a similar dynamic may evolve with respect to deposit taking firms, though we are aware of no expression of such dissatisfaction to date.

Below is an illustration of OBSI's 2022 participating firms by industry affiliation:

As illustrated above, a significant majority of OBSI participating firms are not IIROC, MFDA or CBA members. Most participating firms are EMDs or PMs or are registered in both categories. Importantly, however, firms represented by CBA, IIROC, and MFDA are by far the largest participating firms by size and complaint volume – for example, IIROC and MFDA firms have over 100,000 registrants, while there are approximately 5,500 EMD and PM registrants. Collectively, CBA, IIROC, and MFDA members contribute approximately 88% of OBSI's fee revenues. Of OBSI's investment complaints in 2021, 77% involved IIROC and MFDA member firms, while 99% of deposit-taking compliant volume involved CBA member banks. Below is a table illustrating cases opened by sector for the past five years.



SRO Merger

At the end of 2022, IIROC and MFDA will be merged into a single new self-regulatory organization. Without further action, this merger will lead to the new SRO having the right to nominate candidates for two Industry Director positions on OBSI's board. This circumstance presents the opportunity for consideration and recalibration of the Industry Director nomination process for OBSI.

2021 Review recommendations

As an alternative to the elimination of specific industry and consumer positions on OBSI's board, or perhaps as a preliminary measure, the 2021 Review recommended that OBSI consider:

> (1) amending its skills matrix to include relevant experience in one or more of the industry sectors; and
>
> (2) amending its bylaws to remove the requirement that the three Industry Directors be nominated by CBA, IIROC, and MFDA, respectively, and instead seeking nominations for the Industry Directors from industry stakeholders and through public advertisements. The Industry Directors should be selected on the basis of their skills and experience in one or more of the industry sectors that OBSI serves.

The reviewers commented that, "we believe this would be preferable to the current approach, as it would leave open the idea of rotation of board participation among all the different sectors. We also think this recommendation makes sense in light of the upcoming combination of IIROC and MFDA into one SRO responsible for overseeing both investment and mutual fund dealers, among others. Finally, this focus on appointing individuals with the skills necessary to properly fulfill their role as directors, rather than "representatives" to voice the concerns of a particular group, is in line with governance best practices."

The reviewers observed that, "this type of system would emphasize the importance of OBSI's impartiality and independence (and its perceived impartiality and independence among stakeholders), and would remove any inference that directors might use their position to represent a particular stakeholder group. This type of system would also have the benefit of allowing for more flexibility in appointments, depending on OBSI's needs at a given time."

Question 3:

If designated industry and consumer board positions are continued, should Industry Director positions continue to be nominated by specific industry organizations, or should OBSI transition to a system of more general nomination of current industry participants?

Board nominations – Consumer Interest Directors

When seeking to fill an unaffiliated Community Director vacancy or expected vacancy, the Governance & Human Resources Committee will generally consult and update the board skills matrix to identify any areas of expertise to be targeted in the search and then solicit nominations through public advertisement and referral from current board members.

Where the vacancy pertains to a Consumer Interest Director, the Director Recruitment Policy provides that Consumer Interest Director candidates will be identified through consultation with consumer advocacy groups and CIAC to create a short-list.

It is notable that there are only a small number of consumer advocacy organizations focussed specifically in the financial services sector, though there are also consumer and community organizations that engage in financial services issues on an ad-hoc basis. This poses a challenge when considering how a nomination process for OBSI Consumer Interest Directors might be formalized.

Question 4:

If designated industry and consumer board positions are continued, how should Consumer Interest Director nominees be identified?

Part 3 - Stakeholder engagement

Industry engagement challenges and opportunities

OBSI current practice: industry stakeholder roundtables

OBSI's senior management team holds roundtable meetings twice a year (typically in late November and June) with a group of industry associations representing the sectors that use OBSI's service. The group includes:

- the Canadian Bankers Association (CBA)
- the Canadian Credit Union Association (CCUA)
- the Canadian ETF Association (CETFA)
- the Federation of Mutual Fund Dealers (FMFD)
- the Investment Funds Institute of Canada (IFIC)
- the Investment Industry Association of Canada (IIAC)
- the Portfolio Managers Association of Canada (PMAC)
- the Private Capital Markets Association of Canada (PCMA)
- the Registered Retirement Educations Savings Plan Association of Canada (RESPDAC).

Each association may also invite two to three participating firms that they represent to join the meeting, which they generally do.

These meetings are typically one hour long and include presentations by OBSI's CEO and other senior management team members on a broad range of topics, including organizational updates and recent case statistics, with questions taken from the participants throughout the meeting and at the end. Prior to the pandemic, the industry meetings were held at the offices of OBSI's law firm, with some participants joining in person and others by phone. For the past two years, these meetings have been by video conference. Summary notes from the meeting are provided to participants after the meetings. Participation in the roundtables to date has been good and feedback positive.

Consumer engagement challenges and opportunities

OBSI current practice: Consumer advocate outreach

OBSI management engages with consumer advocates and advocacy organizations on an individual basis to provide updates and discuss issues of current interest. Some individuals and groups, such as FAIR Canada, we meet with on a regular basis, while others we reach out to and correspond with on an ad hoc basis. Some of the consumer groups we are in contact with include:

- Canadian Association of Retired Persons
- CanAge
- Consumers Council of Canada
- FAIR Canada
- Kenmar Associates
- Option consommateurs
- Prosper Canada
- Public Interest Advocacy Centre
- Union des consommateurs

CIAC

CIAC is OBSI's consumer advisory council, consisting of between five and nine members, established in 2010 to advise the board on issues and challenges faced by consumers and investors in dealing with OBSI to address and resolve complaints with financial service providers, complementing the input OBSI regularly receives from industry stakeholders and regulatory and government officials.

CIAC may also provide information and expert advice to the OBSI board on issues related to the financial services sector, client experience, social policy, ombudsman operational activities, social conditions, equality and disability issues, outreach activities and other issues as requested by the board. Members are appointed from across Canada. The role and responsibilities of the CIAC are described in the CIAC Statement of Expectations.

The 2021 Review described the work of the CIAC and some of the operational and philosophical challenges the council has experienced in recent years. The reviewers observed:

> We believe that CIAC could provide more value to OBSI's board if the parties' respective roles and responsibilities were clarified in the Statement of Expectations. Specifically, the Statement of Expectations should more clearly set out CIAC's role as an advisory committee and expressly state that OBSI's board is not required to accept a recommendation made by CIAC. OBSI's board and CIAC could also work together to define the role CIAC will play at OBSI's board meetings, and should consider formalizing the arrangement. For example, CIAC could present to the OBSI board on a particular consumer issue at every other board meeting. Setting out this level of detail in the Statement of Expectations may allow both OBSI's board and CIAC to have a common understanding about their respective roles and responsibilities, and may improve the communications between the parties and the value that CIAC ultimately provides to OBSI.
>
> However, it is ultimately up to OBSI's board to determine whether CIAC is serving its purpose in assisting the board, and whether its continued existence is required for the OBSI board to adequately and effectively understand the views of consumers and investors, particularly if OBSI chooses to implement the updated governance structure recommended below.

Consumer engagement in general can be challenging for financial sector participants because there are relatively few individuals who are directly and deeply knowledgeable about consumer and investor issues in the sector. Similarly, there are very few organizations dedicated to such issues and those that exist are typically under-resourced and have many key priorities, which makes engaging over a sustained period of time difficult.

Nevertheless, recent consumer engagement in the federal government's review of the ECB system in Canada has demonstrated that there are numerous citizens and groups that will engage meaningfully on OBSI-related issues of specific relevance to the mandate of their organizations.

Alternative mechanisms for stakeholder engagement in governance

Round tables

The 2021 Review recommended that "OBSI's board should consider engaging in annual industry roundtables with EMDs, PMs and others to help provide for a detailed and meaningful dialogue between OBSI and its participating firms. OBSI can use these roundtables as opportunities to get qualitative feedback from participating firms that is specific to their business. For example, a roundtable with EMDs may elicit different feedback than one with MFDA members."

As described above, OBSI has utilized a roundtable approach to communicate directly with industry associations on a semi-annual basis for a number of years with positive results. This approach could be broadened for industry extended to consumer advocacy organizations.

The roundtable approach to receiving stakeholder input has been used extensively by securities regulators and other organizations for many years. Depending on the subject matter and audience, such roundtables can take the form of "town hall" style events, or "hollow-square" discussion forums.

To enhance the opportunities for participation and dialog, these roundtables could be expanded to a 90-minute format (or longer if needed), include board members and other participants with relevant expertise, and could include more formal opportunities for comments from participants depending on the agenda put forward. A regular schedule of twice-yearly meetings for consumer advocates and industry advocates could be implemented, and round tables could also be held on an ad-hoc basis when specific consultations would be best supported by the approach. Participation could also easily be adjusted to accommodate both industry and consumer groups at the same time should the topic warrant it.

While we would expect to continue to hold informal meetings with both industry and consumer groups, establishing formal separate industry- and consumer-oriented semi-annual meetings offers the opportunity for an additional foundation for such engagement.

Focus groups

Another complementary tool for engagement could be the use of focus groups. A focus group would allow for engaging a limited number of stakeholders in a collaborative environment that may allow for open dialogue on issues of specific interest.

Task forces

Where an opportunity for engagement with a stakeholder group is likely to require more sustained focus, work effort over multiple meetings, or expertise in a specific area, a task force could be struck to accomplish a specified objective. Such task forces could be appointed and resourced appropriately, with the expectation that the group would make its contribution and then disband when the objective was completed.

Stakeholder engagement at other financial ombudservices

Internationally, no singular approach to stakeholder engagement for financial ombudservices has emerged as a best practice, though stakeholder outreach occurs regularly.

Australia

AFCA's board does not report engaging formally in stakeholder outreach, but in 2019, AFCA ran an extensive series of roadshows and public forums for member firms, small businesses, and consumer advocates at a range of locations across Australia.

AFCA also reports that they meet regularly with government, members, advocates, industry associations, small business and consumer groups, to discuss emerging issues and to consider process and service improvements.

United Kingdom

FOS UK reports undertaking formal consultations with the Financial Conduct Authority, HM Treasury, financial businesses and their trade associations, consumers and their representative bodies, and FOS staff on specific issues such as budget, long term strategy, the impacts of COVID-19, their new quality assurance framework, and terms of reference for their next periodic review.

FOS UK describes their consultation on annual plans and budget as, "Throughout the year and during the consultation process the Financial Ombudsman engaged with a range of stakeholders to share its emerging plan and budget and to get their views. This included chair-to-chair meetings with large businesses and Industry Steering Groups for banks, insurance companies and trade bodies. The Board also received regular updates from senior level external and internal engagement."

Question 5:

Beyond designated board representation, how should OBSI ensure that the interests and expertise of industry and consumer stakeholders are incorporated into the organization's decision-making process?

Part 4 - How to provide comments

In writing

Please submit your written comments on or before January 31, 2023. If you are sending your comments by email, please send us an electronic file containing the submissions in Microsoft Word Format.

Address your submission to:

Mark Wright, Director, Communications and Stakeholder Relations
20 Queen Street West, Suite 2400, P.O. Box 8
Toronto, ON M5H 3R3

Fax: 1-888-422-2865

Email: publicaffairs@obsi.ca

By electronic survey

Stakeholders can also provide their responses to this consultation by electronic survey, here: https://www.surveymonkey.com/r/H3NXR36. This survey is not anonymous, and all commenters will be asked to identify themselves.

In person

OBSI will host a virtual roundtable event on January 19, 2023 to hear directly from stakeholders on these consultation questions. To register for the roundtable event, please send an email expressing your interest to publicaffairs@obsi.ca. Stakeholders unable to attend the roundtable can also contact OBSI directly at publicaffairs@obsi.ca to arrange a virtual meeting to share their views.

Next steps

All written responses received will be published, and comments received in person or through the roundtable event will be summarized and published.

OBSI will carefully consider all submissions received as we work towards updating our organizational governance structure and we will consult with our regulators on any proposed changes. We expect to announce the results of this process, any changes to our constating documents, and any plans for future consultation later in 2023.

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Agenda Item 7(d)(3)
January 17/23 EOC Meeting

From: Brendan Wycks
Sent: January-10-23 3:17 PM
To: EOC Members
Cc: Keith Martin <Keith.Martin@cafii.com>; Jake Becker <jake.becker@cafii.com>; Lessard, Stéphanie <stephanieb.lessard@bnc.ca>
Subject: EOC Member Confirmation Poll (One Response Per Member Company): That CAFII Should Not Make A Submission On OBSI's Organizational Governance Review Consultation (Submission Deadline: January 31/23)

EOC Members:

At the most recent EOC meeting on November 24/22, Keith and I made the recommendation that CAFII should regard the current Ombudsman for Banking Services and Investments (OBSI) consultation on its Organizational Governance Review (submission deadline: January 31/23) as being out-of-scope for our Association, largely because

- it is properly focused at the level of corporate parent banks as OBSI stakeholders, and not at the level of their insurance distribution arms (CAFII member companies); and

- CAFII would not want to make its own submission given that it might be at risk of being not fully aligned with CBA's own submission, even on a minor point.

EOC members were largely supportive of that recommendation but there was also consensus that before fully signing off on our 'out-of-scope so CAFII should take a pass' recommendation, Keith and I should touch base with the Canadian Bankers Association (CBA) to confirm that it would be making a submission in response to this OBSI consultation and, if so, to gain a high level sense of the tenor and focus of the CBA submission.

Please see below for the response received from Charles Docherty, Assistant General Counsel at CBA.

In that connection, Keith and I at this time request a response from one EOC member on behalf of each Member Company to the confirmation poll below, by end of day on Monday, January 16/23:

___ Yes ___ No: My CAFII Member company supports the recommendation that CAFII should **Not** make a submission in response to OBSI's current Organizational Governance Review consultation

: EOC Member Respondent's Name

: CAFII Member Company

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Thanks very much, in anticipation of your prompt attention to this matter, which will facilitate a brief and efficient update on it at the upcoming January 17/23 EOC meeting.

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

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From: Docherty, Charles <CDocherty@cba.ca>
Sent: January-10-23 2:46 PM
To: Brendan Wycks <brendan.wycks@cafii.com>; Mandal, Marina <MMandal@cba.ca>; Barnes, Alana <ABarnes@cba.ca>; Elcock, Hartland <HElcock@cba.ca>
Cc: Keith Martin <Keith.Martin@cafii.com>; Ciappara, Alex <ACiappara@cba.ca>; Petit-Frère, Christian <cpetitfrere@cba.ca>
Subject: RE: Question from CAFII Re CBA Submission on OBSI's Organizational Governance Review Consultation (Submission Deadline: January 31/23)

Hi Brendan,

Great to hear from you and Happy New Year! We do plan to make a submission – that will focus on maintaining the status quo - and we are considering whether it will be in writing or verbal (possibly via a meeting with OBSI). Hartland (added to the email chain) and I would be the primary contacts on this piece of work if you would like to know any further information.

Charles

ASSOCIATION DES BANQUIERS CANADIENS | CANADIAN BANKERS ASSOCIATION

Charles Docherty | Assistant General Counsel | Avocat en chef adjoint

t: 647.730.4756
e: cdocherty@cba.ca
w: www.cba.ca
(He/Him/His - Il/Lui/Le)

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Briefing Note

CAFII EOC Meeting 17 January, 2023—Agenda Item 7(e)
Read Only Items— "CCIR Consultation on Annual Statement on Market Conduct Forms (2023 data)"

Purpose of this Agenda Item—*Update*

This is a Read Only item.

Background Information

On January 12/23, the CCIR Secretariat send to Keith Martin an email notification – along with two PDF attachments: one related to the 2023 Annual Statement on Market Conduct – Life & Health Form; and the other related to the 2023 Annual Statement on Market Conduct – Property & Casualty Form – which reads as follows:

Good afternoon Keith,

Happy New Year. I am sending you both the P&C and the Life and Health form samples in this email for your advance awareness. Please see below for the full email message.

We would like to thank all stakeholders who attended the information sessions we held last November. During those Information sessions, we announced plans for changes to both the property and casualty and life and health insurance forms. We can now confirm, CCIR members have decided to postpone most of the property and casualty changes until next year (2024 data) (except the removal of the claims incurred - Quarterly Return / Annual Supplement Reference).

At this time, we are consulting on the Annual Statement on Market Conduct (the "Annual Statement") Life and Health Insurance form for the year 2023 data (i.e. for a deposit on May 1, 2024). Although, there are not many changes to the 2023 draft, we welcome your feedback. Please send your comments and questions by email to CCIR by **January 27, 2023**. Please see attached.

We will deposit the draft pdf forms on the AMF webpage under "Forms". Note that only the tabs affected by a change appear in the form.

Following the consultation all comments and questions received will be included in an updated Q&A on our web page. We will also post final versions of the pdf forms in the next few months and will notify you when they have been posted.

As a reminder:

- the Excel forms of the 2022 Annual Statement, for which the filing of is scheduled May 1, 2023, can be downloaded via the electronic services (E-Services) of the AMF. If this has not yet been done, we invite you to download them, because from March 1, 2023, you will be able to submit your completed form, always via E-Services.

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- the complaints that must be entered and transmitted with your Annual Statement are done so via the new Complaints Report tool accessible at all times by the AMF's E-Services under the "Complaints Management" section.

If you need technical assistance regarding the Annual Statement or the Complaint Report, contact the AMF. The deadline for submitting the Annual Statement and the Complaint Report is **May 1, 2023**.

For reference, please see the AMF website for more details: https://lautorite.qc.ca/en/professionals/insurers/market-conduct and please see attached for your information only. Not distribution at this time. The forms will be posted on January 13th on the website.

Best regards,

CCIR Secretariat

Recommendation / Direction Sought – *Endorsement*

Update only.

Attachments Included with this Agenda Item

3 attachments.

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Agenda Item 7(e)(1)
January 17/23 EOC Meeting

From: CCIR-CCRRA <ccir-ccrra@fsrao.ca>
Date: January 12, 2023 at 6:22:57 PM EST
To: Keith Martin <keith.martin@cafii.com>
Cc: CCIR-CCRRA <ccir-ccrra@fsrao.ca>
Subject: Consultation on the Annual Statement on Market Conduct forms (2023 data)

Good afternoon Keith,

Happy New Year. I am sending you both the P&C and the Life and Health form samples in this email for your advance awareness. Please see below for the full email message.

We would like to thank all stakeholders who attended the information sessions we held last November. During those Information sessions, we announced plans for changes to both the property and casualty and life and health insurance forms. We can now confirm, CCIR members have decided to postpone most of the property and casualty changes until next year (2024 data) (except the removal of the claims incurred - Quarterly Return / Annual Supplement Reference).

At this time, we are consulting on the Annual Statement on Market Conduct (the "Annual Statement") Life and Health Insurance form for the year 2023 data (i.e. for a deposit on May 1, 2024). Although, there are not many changes to the 2023 draft, we welcome your feedback. Please send your comments and questions by email to CCIR by **January 27, 2023**. Please see attached.

We will deposit the draft pdf forms on the AMF webpage under "Forms". Note that only the tabs affected by a change appear in the form.

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As a reminder:

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For reference, please see the AMF website for more details: https://lautorite.qc.ca/en/professionals/insurers/market-conduct and please see attached for your information only. Not distribution at this time. The forms will be posted on January 13th on the website.

Best regards,

CCIR Secretariat

Objet : Consultation relative aux formulaires de la déclaration annuelle sur les pratiques commerciales (données de 2023)

Bonjour,

Nous tenons à remercier tous les intervenants qui ont participé aux séances d'information que nous avons tenues en novembre dernier. Au cours de ces séances d'information, nous avons annoncé des modifications aux formulaires de déclaration annuelle sur les pratiques commerciales en assurance de dommages et en assurance de personnes. Nous pouvons maintenant confirmer que les membres du CCRRA ont décidé de reporter la plupart des modifications apportées aux formulaires d'assurance de dommages à l'année prochaine (données de 2024) (à l'exception de la suppression de la référence aux sinistres subis - Relevé trimestriel / Supplément annuel).

Nous procédons à une consultation sur le formulaire de la Déclaration annuelle sur les pratiques commerciales (la « Déclaration annuelle ») en assurance de personnes relatifs aux données de l'année 2023, soit pour un dépôt au 1er mai 2024.

Bien qu'il y ait très peu de changement sur les versions provisoires des formulaires 2023, nous vous invitons à nous faire part de vos commentaires. Veuillez envoyer vos commentaires et vos questions par courriel au CCRRA d'ici le **27 janvier 2023**.

Nous déposerons les versions provisoires des formulaires en pdf sur la page web de l'AMF sous la rubrique « Formulaires ». À noter que seuls les onglets impactés par un changement apparaissent au formulaire.

À l'issue de la consultation, tous les commentaires et les questions reçus seront inclus dans une mise à jour des questions et réponses sur notre page web. Nous déposerons également la version définitive des formulaires pdf au cours des prochains mois et nous vous informerons de leur mise en ligne.

Pour simple rappel :

- les formulaires Excel de la déclaration annuelle 2022, dont le dépôt est prévu au 1er mai 2023, sont téléchargeables via les services électroniques (SEL) de l'Autorité. Si cela n'est pas encore fait, nous vous invitons à les télécharger, car à compter du 1er mars 2023, vous pourrez déposer votre formulaire complété toujours via les SEL.

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- les plaintes qui doivent être saisies et transmises avec votre Déclaration annuelle, le sont désormais via le nouvel outil Rapport de plaintes accessible en tout temps par les SEL de l'Autorité sous la section « Gestion des plaintes ».

Si vous avez besoin d'assistance technique concernant la Déclaration annuelle ou le Rapport de plaintes, contactez l'Autorité. La date limite pour soumettre la Déclaration annuelle et le Rapport de plaintes est le **1er mai 2023**.

Bien cordialement,

CCRRA

CCIR | CCRRA
Canadian Council of Insurance Regulators | Conseil canadien des responsables de la réglementation d'assurance

2023

001 SELECT LANGUAGE English

ANNUAL STATEMENT ON MARKET CONDUCT

Life and Health Insurance

020	**Client number:**	
010	**Insurer name:**	
025	**Financial Group, if applicable:**	
030	**Contact person for the Annual Statement on Market Conduct:**	
033	**Telephone number:**	
040	**Email:**	
060	**Jurisdiction of incorporation:**	
070	**If "Foreign", Country or State:**	

Provinces and territories in which the organization is licensed:

	(01)	(02)	(03)
080	Alberta ☐	Northwest Territories ☐	Quebec ☐
081	British Columbia ☐	Nova Scotia ☐	Saskatchewan ☐
082	Manitoba ☐	Nunavut ☐	Yukon ☐
083	New Brunswick ☐	Ontario ☐	
084	Newfoundland and Labrador ☐	Prince Edward Island ☐	

What classes of insurance are you offering?

	(01)	(02)	(03)
110	Life - Individual* ☐	Accident & Sickness - Individual** ☐	Annuities - Individual ☐
111	Life - Group ☐	Accident & Sickness - Group** ☐	Annuities - Group ☐

***Among Life - Individual class of insurance offered, what type of coverage are you offering?**

	(01)	(02)	(03)
117	Universal ☐	Universal ☐	Whole ☐
118	Other ☐		

***Among Accident and Sickness class of insurance offered, what type of coverage are you offering?**

		Individual (01)	Group (02)		Individual (03)	Group (04)		Individual (05)	Group (06)
130	Critical illness	☐	☐	Health and dental	☐	☐	Prescription drug	☐	☐
131	Disability	☐	☐	Long term care	☐	☐	Travel health	☐	☐
132	Other	☐	☐						

What Distribution Channels are you using?

		(01)
121	Independent Channels	☐
120	Direct or Exclusive Channels	☐
122	Other Distribution Channels	☐
123	Sold by Internet (Full Online Sale Process)	☐

090 **Are you offering new insurance contracts (including renewals)?**

General comments:

140

3. POLICIES

DEFINITIONS

2023-L&H

The reference period is the fiscal year for which the statement is filled.

Enter data for individual policies and group policies in their respective tables.

Except for the Number of Policies in Force at the End of the Previous Reference Period (01) which is the data from your last filed return (tab 3.0 Policies and column (10) or (05) per class of insurance), all of the information requested is for the reference period.

In Individual Policies, the Number of Policies in Force at the End of the Reference Period (10) is an automatic calculation of Policies in Force at the End of the Previous Period column (01) plus New Policies (03) minus all terminated policies from columns (05)+(06)+(07)+(08)+(09) and if necessary, plus adjustment (+/-) to balance policies (21) with explanation in general comments line 110.

Annuities, includes all types of annuity contracts, such as :
-Variable Annuity (Segregated Funds);
-Certain Annuity;
-Deferred Annuity;
-Guaranteed Annuity;
-Indexed Annuity;
-Life Annuity.

It also includes Guaranteed Interest Accounts (GIAs).

Main guarantee: indicates the number of insurance contracts according to the main guarantee (e.g. 1 individual long-term care insurance policy with life insurance = Only 1 policy for the purposes of this table). Provide explanation in general comments when a class of insurance reported in the Identification tab is not standalone.

*Life Individual class of insurance for each column available for input, indicate on line 010 the total number of individual policies. For the Life individual sub-class of insurance on lines 011 to 014 (individual policies), indicate the number of coverages. The number of coverages does not necessarily equal the number of policies.

**Accident and Sickness class of insurance for each column available for input, indicate on line 020 the total number of individual policies and on line 070 the total number of group policies. For the accident and sickness sub-class of insurance on lines 021 to 027 (individual policies) and on lines 071 to 077 (group policies) indicate the number of coverages. The number of coverages does not necessarily equal the number of policies (example: 1 individual insurance policy containing 5 coverages in accident and sickness insurance = 1 single policy but 5 coverages for the purposes of this table).

In Group Policies, except for the Number of Certificates in Force at the End of the Previous Reference Period, all of the information requested is for the reference period. However, with regards to data availability, the number of certificates could be calculated from any other date, within the reference period when the information is actually up to date. For example, if insurers receive information during the year, they will pick a date as near as possible to the End of the Reference Period. If information is received once a year, this date will now be the base period for ASMC filling from one year to the other. The Number of policies in force at the end of the reference period (05) is an automatic calculation of the Policies in Force at the End of the Previous Period column (01) plus new ones (03) minus Policies Cancelled or Terminated due to Contract of column (04) and if necessary, plus adjustment (+/-) to balance policies (21) with explanation in general comments line 110.

INDIVIDUAL POLICIES

	Class of Insurance (Main Guarantee)	Number of Policies in Force at the End of the Previous Reference Period (from your last filed return column (10))	Number of New Policies Issued	Number of Applications Declined by Insurer	Number of Customer Initiated Cancellations During the "Free Look" Period	Number of Customer Initiated Cancellations Excluding the "Free Look" Period (Including Lapses)	Number of Insurer Initiated Cancellations			Adjustment to Balance Policies (explanation needed in general comments row 110)	Number of Policies in Force at the End of the Reference Period
							Without any Refund of Premium	With Fully Refunded Premiums	With Prorated and Short-rated Premiums		[((01)+(03)) - ((05)+(06)+(07)+(08)+(09)) + (21)]
		(01)	(03)	(04)	(05)	(06)	(07)	(08)	(09)	(21)	(10)
010	Individual Life*										0
011	Term										0
012	Universal										0
013	Whole										0
014	Other										
020	Accident & Sickness**										0
021	Critical illness										0
022	Disability										0
023	Health and dental										0
024	Long term care										0
025	Prescription drug										0
026	Travel health										0
027	Other										0
030	Annuity										0
049	**TOTAL**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

GROUP POLICIES

	Class of Insurance (Main Guarantee)	Group Master Contracts					Certificates	
		Number of Policies in Force at the End of the Previous Reference Period (from your last filed return column (05))	Number of New Policies Issued	Number of Policies Cancelled or Terminated due to Contract	Adjustment to Balance Policies (explanation needed in general comments row 110)	Number of Policies in Force at the End of the Reference Period [((01)+(03)) - ((04)) + (21)]	Number of Certificates in Force at the End of the Previous Reference Period	Number of Certificates in Force at the End of the Reference Period
		(01)	(03)	(04)	(21)	(05)	(06)	(07)
060	Group Life					0		
070	Accident & Sickness**					0		
071	Critical illness					0		
072	Disability					0		
073	Health and dental					0		
074	Long term care					0		
075	Prescription drug					0		
076	Travel health					0		
077	Other					0		
080	Annuity					0		
099	**TOTAL**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

	General comments:
110	

4. PRODUCTS - INDIVIDUAL LIFE AND ACCIDENT AND SICKNESS

DEFINITIONS

The Reference Period is the fiscal year for which the statement is filled.

Products: Each combination of benefits presented under a same name, each plan and each package plan offered with a distinct duration is considered as a product. For purposes of this disclosure, an endorsement or an option included in the product are not considered a product.
Examples:
- Term Life 10 years - Life
- Whole life - Life
- Long Term Disability - Accident and Sickness
- Critical illnesses - Accident and Sickness
- Segregated Funds – Annuities

Existing products refer to those available for sale during the Reference Period. Populate the products offered for each sub-classes Life Individual* (lines 011 to 014) and Accident and Sickness* (lines 021 to 027). Life Individual and Accident and Sickness classes of insurance are an automated calculation totalling all the sub-classes of insurance under it.

(02) Indicate the main guarantee of the product offered. Provide explanation in general comments when a class of insurance reported in the Identification tab is not standalone.

(05) Most significant Types of Changes to be reported are limited to changes initiated by the insurer or resulting of a decision made by the insurer. It excludes regulatory required changes. Please only include the most significant changes made, if more than one change was made to a product. The number of products modified should not exceed the number of products offered per class of insurance.

Existing Products

	Class of Insurance (Main Guarantee)	Number of Products Offered
		(01)
001	Individual Life*	0
011	Term	
012	Universal	
013	Whole	
014	Other	
002	Accident & Sickness**	0
021	Critical illness	
022	Disability	
023	Health and dental	
024	Long term care	
025	Prescription drug	
026	Travel health	
027	Other	
009	**TOTAL**	**0**

List of new or modified products during the Reference Period

	Name of the Product Offered	Class of Insurance (Main Guarantee)	Most Significant Types of Change in the Reference Period
	(01)	(02)	(05)
030			
040			
050			
060			
070			
080			

090			
100			
110			
120			
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300			
310			
320			

	General comments:
730	

7. PREMIUMS

DEFINITIONS

All amounts reported must be in thousands of dollars.

References to the Quarterly Return / Annual Supplement: To specify the nature of the requested data, you will find below references to the Quarterly Return. However, note that the data to be provided in this form are not exactly the same as the Quarterly Return. The requested information in this table, including segregated funds, is non-consolidated and must be provided by distribution channels. The amount of the automatic calculation in columns (19) for each class of insurance should be similar to the amount reported in the Quarterly Return / Annual Supplement for these same class of insurance without exceeding it. If the amount reported for a class of insurance is higher, provide details in general comments.

The information to be reported in this tab excludes reinsurance.

For the Direct Premium Written and Internet New Direct Premiums, Life Individual* and Accident and Sickness classes of insurance are an automated calculation totalling all the sub-classes of insurance under it. For the Number of New Policies / Certificates Sold by Internet column (01), as for the policies tab, please indicate on line 190 the total number of individual life policies, 200 the total number of individual policies and on line 205 the total number of group policies and for the individual Life and accident and sickness sub-class of insurance on lines 191 to 194 and 221 to 227 (individual policies) and on lines 231 to 237 (group policies) the number of coverages. The number of coverages does not necessarily equal the number of policies.**

A product is considered to be sold by Internet/online if the entire sale process is done online without using the services of an agent or broker. If you or your distribution channels (Independent Channels and Direct or Exclusive Channels) sell your products through the Internet, you must answer "Yes" to question 140, column (01). We do not consider it sale by internet if a sale is completed by a licensed agent after the consumer obtains information or price from a website.

Annuities, includes all types of annuity contracts, such as :
-Variable Annuity (Segregated Funds);
-Certain Annuity;
-Deferred Annuity;
-Guaranteed Annuity;
-Indexed Annuity;
-Life Annuity.

It also includes Guaranteed Interest Accounts (GIAs).

Premiums by distribution channel (in thousands of dollars - non-consolidated data)

	Class of Insurance	Direct Premiums Written Reference to the Quarterly Return / Annual Supplement: Schedule 95.010 - Row "Direct" 020, 120, 220, 320, 420 and 520 column (23) "Total In Canada" Includes segregated funds			
		Independent Channels	Direct or Exclusive Channels	Other Distribution Channels	TOTAL ($000)
		(01)	(02)	(03)	(19)
	Life				
010	Individual*	0	0	0	0
011	Term				0
012	Universal				0
013	Whole				0
014	Other				0
020	Group				0
039	Subtotal	0	0	0	0
	Accident & Sickness**				
040	Individual	0	0	0	0
041	Critical illness				0
042	Disability				0
043	Health and dental				0
044	Long term care				0
045	Prescription drug				0
046	Travel health				0
047	Other				0

050	Group	0	0	0	0
051	Critical illness				0
052	Disability				0
053	Health and dental				0
054	Long term care				0
055	Prescription drug				0
056	Travel health				0
057	Other				0
069	Subtotal	0	0	0	0
	Annuity				
070	Individual				0
080	Group				0
099	Subtotal	0	0	0	0
109	**TOTAL (in thousands of dollars)**	**0**	**0**	**0**	**0**

		(01)
140	**Do you sell products through the Internet?**	

If yes, please provide information for product sold by Internet excluding renewals (for the purposes of this form, Internet sales are also included in the above table):

	Class of Insurance	Number of New Policies / Certificates Sold (01)	New Direct Premiums Written (In thousands of dollars) (02)
	Life		
190	Individual*		0
191	Term		
192	Universal		
193	Whole		
194	Other		
195	Group		
	Accident & Sickness**		
200	Individual		0
221	Critical illness		
222	Disability		
223	Health and dental		
224	Long term care		
225	Prescription drug		
226	Travel health		
227	Other		
205	Group		0
231	Critical illness		
232	Disability		
233	Health and dental		
234	Long term care		
235	Prescription drug		
236	Travel health		
237	Other		

	Annuity		
210	Individual		
215	Group		
219	**TOTAL**	**0**	**0**

	General comments:
180	

9. SALES AND SERVICING INCENTIVES

DEFINITIONS

All amounts reported must be in thousands of dollars.

The information to be reported in this tab excludes reinsurance.

Life Individual* and Accident and Sickness** classes of insurance are an automated calculation totalling all the sub-classes of insurance under it.

For all questions: list only the incentives that are provided by the insurer by class of insurance and distribution channels. If the data is not available by class of insurance, please consider the data by Main Guarantee and provide explanation in general comments. “Incentives” are monetary and non-monetary compensation provided by Insurers to employees, intermediaries and other persons or entities acting on their behalf in the sale and servicing of insurance products.

Annuities, include all types of annuity contracts, such as :
-Variable Annuity (Segregated Funds);
-Certain Annuity;
-Deferred Annuity;
-Guaranteed Annuity;
-Indexed Annuity;
-Life Annuity.

It also includes Guaranteed Interest Accounts (GIAs).

(02) Monetary incentives include commissions paid based on sales and services expected and provided (e.g. initial sales, renewals, trailers) and bonuses paid on achievement of performance targets (e.g. number/dollar volume of sales, retention, growth, fair treatment).

(03) Non-monetary incentives are non-cash benefits, rewards and privileges such as travel, goods and hospitality, entertainment, memberships, contest entry, insurer client referrals, access to services, also related to performance targets.

Incentives ($000) by classes of insurance

	Class of Insurance	Monetary incentives				Non-monetary incentives			
		Independent Channels	Direct or Exclusive Channels	Other Distribution Channels	TOTAL ($000)	Independent Channels	Direct or Exclusive Channels	Other Distribution Channels	TOTAL ($000)
		(21)	(22)	(23)	(29)	(31)	(32)	(33)	(39)
	Life								
010	Individual*	0	0	0	0	0	0	0	0
011	Term				0				0
012	Universal				0				0
013	Whole				0				0

014	Other				0				0
020	Group				0				0
	Accident & Sickness**								
030	Individual	0	0	0	0	0	0	0	0
031	Critical illness				0				0
032	Disability				0				0
033	Health and dental				0				0
034	Long term care				0				0
035	Prescription drug				0				0
036	Travel health				0				0
037	Other				0				0
040	Group	0	0	0	0	0	0	0	0
041	Critical illness				0				0
042	Disability				0				0
043	Health and dental				0				0
044	Long term care				0				0
045	Prescription drug				0				0
046	Travel health				0				0
047	Other				0				0
	Annuity								
050	Individual				0				0
060	Group				0				0
069	**TOTAL (in thousands of dollars)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

	Does the following have influence on the performance assessment or issuance of incentives / commissions:		
		Performance Measures	Incentives / Commissions
		(01)	(02)
190	Number of lapses		
200	Number and type of complaints		
210	Premium volume		
220	Claims volume		
230	Consumer satisfaction		
240	Number of post-sale consumers touch points		

	General comments:
260	

9.5 LAPSES

DEFINITIONS

2023-L&H

For Lapses, identify the number of policies.

First-year lapses include policies that lapsed during the first 365 days of the policies being in force.

The lapse has to have occurred during the reference period.

Life Individual* and Accident and sickness classes of insurance are an automated calculation totalling all the sub-classes of insurance under it.**

Number of lapses

	Class of Insurance (Main Guarantee)	Distribution Channel							
		FIRST YEAR				SECOND YEAR			
		Independent Channels	Direct or Exclusive Channels	Other Distribution Channels	TOTAL NUMBER	Independent Channels	Direct or Exclusive Channels	Other Distribution Channels	TOTAL NUMBER
		(01)	(02)	(03)	(19)	(04)	(05)	(06)	(49)
	Life								
010	Individual*	0	0	0	0	0	0	0	0
011	Term				0				0
012	Universal				0				0
013	Whole				0				0
014	Other				0				0
020	Group				0				0
039	Subtotal	0	0	0	0	0	0	0	0

	Accident & Sickness**								
050	Individual	0	0	0	0	0	0	0	0
051	Critical illness				0				0
052	Disability				0				0
053	Health and dental				0				0
054	Long term care				0				0
055	Prescription drug				0				0
056	Travel health				0				0
057	Other				0				0
060	Group	0	0	0	0	0	0	0	0
061	Critical illness				0				0
062	Disability				0				0
063	Health and dental				0				0
064	Long term care				0				0
065	Prescription drug				0				0
066	Travel health				0				0
067	Other				0				0
079	Subtotal	0	0	0	0	0	0	0	0
099	**TOTAL NUMBER**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

General comments:

10. CLAIMS

DEFINITIONS

2023-L&H

Except for the open Claims at the beginning of the Period row 010 which is the data from your last filed return (tab 10.0 Claims line 050 per class of insurance), all the information requested in this section is limited to claims that have been initiated for policies that are or were in force at the time the claim was incurred.

(03) and (04) Accident and Sickness* class of insurance is an automated calculation totalling all the sub-classes of insurance from the table below lines 310 to 390.

A claim is considered opened or reported when the insurer has all the documents required to process the claim. The purpose of this question is to determine the processing time of a claim. If the date of receipt of the documents is not available, please use your average time to receive the documents to determine when the claim is "opened" or “reported” and indicate in the General Comments box the method used to determine the date of receipt of the documents.

The amount paid in benefits during the period should be reported in thousands of dollars ($000).

A claim is considered denied if the insurer refuses to pay any amount of the claim. In those cases, no indemnity payment is made but payment of certain fees (expert fees, claim adjuster fees, etc.) may be made.

The Number of open claims at the end of the period line 050 is an automatic calculation of the open claims at the beginning of the period on line 010 plus the new claims opened on line 020 minus the claims closed from line 030 and minus those denied from line 040 and if necessary, plus adjustment (+/-) to balance claims line 049 with explanation in general comments line 230.

For Number of claims closed within (period) days from date of claim reported, the initial payment of a periodic payment / first installment of a payment is to be reported. For each class of insurance, the total of claims closed line 030 and claims denied line 040 must be equal to the total number of claims closed at lines 070 to 090, i.e. within 0 to over 181 days from the date of claims reported.

Average days to final payment does not include periodic payments or payments made in installments.

If Annuity data reported is for other than death benefit payments, provide explanation in general comments.

The information sought is limited to complete denials of claims.

Annuities includes all types of annuity contracts, such as: Variable Annuity (Segregated Funds); Certain Annuity; Deferred Annuity; Guaranteed Annuity; Indexed Annuity; Life Annuity.

It also includes Guaranteed Interest Accounts (GIAs).

	Complete the table	Life		Accident & Sickness**		Annuity	
		Individual	Group	Individual	Group	Individual	Group
		(01)	(02)	(03)	(04)	(05)	(06)
010	Number of open claims at the beginning of the period (from your last filed return tab 10.0 Claims line 050)			0	0		
020	Number of new claims opened during the period			0	0		
030	Number of claims closed with an indemnity payment during the period			0	0		
035	Amount paid in benefits during the period (in thousands of dollars)			0	0		
040	Number of claims denied during the period			0	0		
049	Adjustment to Balance Claims (Explanation needed in general comments line 230)			0	0		
050	Number of claims still open at the end of the period [(010+020) - (030+040) +(049)]	0	0	0	0	0	0
060	As primary insurer, average days to final payment						
	Of the total of claims that were reported closed or denied on lines 030 and 040, but not including 049; indicate the following:						
070	Number of claims closed or denied within 0-90 days from date the claim was reported			0	0		
080	Number of claims closed or denied within 91-180 days from date the claim was reported			0	0		
090	Number of claims closed or denied over 181 days from date the claim was reported			0	0		

	Complete the table for Accident & Sickness	Accident & Sickness**													
		Critical illness		Disability		Health and dental		Long term care		Prescription drug		Travel health		Other	
		Individual	Group	Individual	Group	Individual	Group	Individual	Group	Individual	Group	Individual	Group	Individual	Group
		(01)	(02)	(03)	(04)	(05)	(06)	(07)	(08)	(09)	(10)	(11)	(12)	(13)	(14)
310	Number of open claims at the beginning of the period (from your last filed return tab 10.0 Claims line 050)														
320	Number of new claims opened during the period														
330	Number of claims closed with an indemnity payment during the period														
335	Amount paid in benefits during the period (in thousands of dollars)														
340	Number of claims denied during the period														
349	Adjustment to Balance Claims (Explanation needed in general comments line 230)														
350	Number of claims still open at the end of the period [(310+320) - (330+340) +(349)]	0	0	0	0	0	0	0	0	0	0	0	0	0	0
360	As primary insurer, average days to final payment														
	Of the total of claims that were reported closed or denied on lines 330 and 340, but not including 349; indicate the following:														
370	Number of claims closed or denied within 0-90 days from date the claim was reported														
380	Number of claims closed or denied within 91-180 days from date the claim was reported														
390	Number of claims closed or denied over 181 days from date the claim was reported														

	Of the total of claims denied line 040, indicate by using the drop-down menu the three main reasons for denial of claims during the reference period (03) and the total number of denials (02) for the three reasons selected:	
	(03)	(02)
110		
120		
130		

	Specify the other main reasons for denial of claims:
160	

	General comments:
230	

5. PREMIUMS AND CLAIMS

DEFINITIONS

2023-P&C

All amounts reported must be in thousands of dollars.

The information to be reported in this tab excludes commercial insurance products and reinsurance.

References to the Quarterly Return / Annual Supplement: To specify the nature of the requested data, you will find below references to the Quarterly Return. However, note that the data to be provided in this form are not exactly the same as the Quarterly Return. The requested information in this table is non-consolidated, limited to individual policies and must be provided by distribution channel. The amount of the automatic calculation in columns (19) and (89) for each class of insurance should be similar to the amount reported in the Quarterly Return / Annual Supplement for these same class of insurance without exceeding it. If the amount reported for a class of insurance is higher, provide details in general comments.

For the Direct Premium Written, the Claims incurred and Internet New Direct Premiums, accident and sickness* class of insurance is an automated calculation totalling all the sub-classes of insurance under it. For the Number of New Policies Sold by Internet column (01), as for the policies tab, indicate on line 210 the total number of policies and for the accident and sickness sub-class of insurance on lines 211 to 217 the number of coverages. The number of coverages does not necessarily equal the number of policies.

A product is considered to be sold by Internet/online if the entire sale process is done online without using the services of an agent or broker. If you or your distributions channels (Independent Channels and Direct or Exclusive Channels) sell your products through the Internet, you must answer “yes” to question 150, column (01). We do not consider it sale by internet if a sale is completed by a licensed agent after the consumer obtains information or price from a website.

Premiums and claims by distribution channel (in thousands of dollars - non-consolidated data)

	Class of Insurance	Direct Premiums Written Reference to the Quarterly Return / Annual Supplement: Schedule 93.30 for Canadian insurers Schedule 67.10 for Foreign insurers Rows 03, 10, 14, 35, 40, 50, 62, 66, 68, 70 and 63 Columns (01) to (14) Exclude "Out of Canada" data Provide non-consolidated data only				Claims incurred Provide non-consolidated data only			
		Independent Channels (Broker)	Direct or Exclusive Channels (Agency)	Other Distribution Channels	TOTAL ($000)	Independent Channels (Broker)	Direct or Exclusive Channels (Agency)	Other Distribution Channels	TOTAL ($000)
		(01)	(02)	(03)	(19)	(08)	(09)	(10)	(89)
010	Property				0				0
020	Aircraft				0				0
030	Automobile				0				0

040	Credit Protection				0				0	
050	Legal Expense				0				0	
060	Liability				0				0	
070	Mortgage				0				0	
080	Title				0				0	
090	Marine				0				0	
100	Accident & Sickness*	0	0	0	0	0	0	0	0	
101	Critical illness				0				0	
102	Disability				0				0	
103	Health and dental				0				0	
104	Long term care				0				0	
105	Prescription drug				0				0	
106	Travel health				0				0	
107	Other				0				0	
110	Other Approved Products				0				0	
129	**TOTAL (in thousands of dollars)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	TOTAL

		(01)
150	**Do you sell products through the Internet?**	

If yes, please provide information for product sold by Internet excluding renewals (for the purposes of this form, Internet sales are also included in the above table):

	Class of Insurance	Number of New Policies Sold	New Direct Premiums (in thousands of dollars)
		(01)	(02)
190	Property		
195	Automobile		
200	Liability		
205	Marine		
210	Accident & Sickness*		0
211	Critical illness		
212	Disability		
213	Health and dental		
214	Long term care		
215	Prescription drug		
216	Travel health		
217	Other		
219	**TOTAL**	**0**	**0**

General comments:

cafii acifa
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Briefing Note

CAFII EOC Meeting 17 January, 2022—Agenda Item 8(a)
In Camera Session -- Process for Engagement with CAFII Board for Review and Approval of "Proposed CAFII Management Structure Post-2023"

Purpose of this Agenda Item–*In Camera Session*

This is an in camera session item.

Background Information

With Brendan Wycks retiring at the end of 2023, CAFII has begun the process of determining what the Association's future management structure (post-2023) should be.

Recommendation / Direction Sought–*In Camera Session*

This is an in camera session item.

Attachments Included with this Agenda Item

No attachments.

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Briefing Note

CAFII EOC Meeting 17 January, 2022—Agenda Item 8(b)
In Camera Session -- Possible EOC and/or Board Future Deliberations Around Issue of "CAFII Board Diversity"

Purpose of this Agenda Item—*In Camera Session*

This is an in camera session item.

Background Information

At the 6 December, 2022 CAFII Board meeting, of the Board members in attendance, there was only one woman present in-person and all the other CAFII Directors were men. And of the current 14 CAFII Board members, only three are women (Nicole Benson, Kelly Tryon, Valerie Gillis) and this has raised for some Board members' a concern that CAFII should discuss whether the Association needs to develop a Board diversity strategy.

Recommendation / Direction Sought–*In Camera Session*

This is an in camera session item.

Attachments Included with this Agenda Item

No attachments.