

CAFII Executive Operations Committee Meeting Agenda

Date: Tuesday, January 18, 2022

Chair: R. Dobbins

Location: [Virtual MSTEams Meeting](#)

Time: 2:00 – 4:00 p.m. EDT

Dial-in: 437-703-4263

Phone Conference ID: 965 295 258#

1. Welcome, Call to Order, and Priority Matters	2:00 p.m.	Presenter	Action	Document
a. Call to Order and Welcome to New EOC Members (Afsheen Aslam, Manulife; and David Self, CIBC Insurance)		R. Dobbins		
b. Members' Contributions to CAFII's Advancement Through Contribution of Volunteer Resources to Committee Chair, Committee Vice-Chair, and Committee Member Roles: Current Status and Next Steps Needed		R. Dobbins/B. Wycks	Update	✓

2. Consent Items	2:05 p.m.	Presenter	Action	Document
a. Consultations/Submissions Timetable				✓
b. Regulatory Update				✓
c. December 8/21 CAFII Response Submission to AMF on "Draft Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector"				✓ (2)
d. December 11/21 CAFII Response Submission to FCAC on "Proposed Guideline on Complaint Handling Procedures for Banks and Authorized Foreign Banks"				✓
e. January 6/22 CAFII Response Submission to FCAC on proposed "Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks"				✓
f. Regulator and Policy-Maker Visit Plan				✓
g. Summary of Board and EOC Action Items				✓
h. Board-Approved Schedule of CAFII 2022 Meetings and Events				✓

3. Financial Management Matters	2:07 p.m.	Presenter	Action	Document
a. CAFII Financial Statements as at December 31/21 (full 2021 fiscal year)		T. Pergola	Update Only	
b. Board-Approved CAFII 2022 Operating Budget		T. Pergola	Update	✓
c. Canadian Premier Life's Acquisition of Sun Life's CPI Business; and Resulting Loss of Sun Life as a CAFII Member After 2022		T. Pergola/B. Wycks	Update	✓
d. Critical Path With KPMG For CAFII 2021 Fiscal Year Audited Financial Statements		B. Wycks	Update	✓
e. Dissemination of 2022 First Instalment CAFII Member Dues Invoices		B. Wycks	Update	

4. Committee Updates	2:30 p.m.	Presenter	Action	Document
a. Research & Education		A. Stuska		
i. Plans for January 19/22 Presentation of Results of CAFII-Commissioned Deloitte Canada Thought Leadership Paper on Trends, Consumer Demands/Expectations, and Best Practices in Digitization of Insurance		A. Stuska/K. Martin	Update	✓
b. Media Advocacy				
i. Production/Finalization of CAFII Website Videos on Pollara CPI Digitization Research Results; Job Loss CPI; and Consumer Protections Embedded In CPI; and Planned 2022 Initiatives		K. Martin	Update	
c. Market Conduct & Licensing		B. Kuiper	Update	✓
i. AMF Consultation on Revised "Sound Commercial Practices Guideline" (Submission Deadline: January 28/22)		K. Martin/B. Wycks	Update	✓
ii. CAFII and CLHIA Collaboration on Joint Response to "New Brunswick Insurance Act Modernization: Questions For Industry" (15 Questions from David Weir, FCNB), with Late January/Early February Target Submission Date		B. Wycks/K. Martin	Update	✓ (2)
iii. FCNB Consultation on "Proposed Rule INS-001: Insurance Intermediaries Licensing and Obligations" (Submission Deadline: February 7/22)		B. Wycks/K. Martin	Update	✓
iv. AMF Consultation on Draft "Incentive Management Guideline" (Submission Deadline: February 18/22)		K. Martin/B. Wycks	Update	✓
v. FCNB Consultation on "Proposed Rule INS-002: Insurance Fees" (Submission Deadline: February 18/22)		B. Wycks/K. Martin	Update	✓
d. Travel Insurance Experts		K. Umtoniwase	Update	

i. Insights Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact Of COVID-19 On Travel Insurance Industry	B. Wycks	Update	
e. Networking & Events	C. Manno	Update	
i. Insights Gained from November 30/21 CAFII Webinar with Marlena Labieniec, Director of FSRA Innovation Office, on FSRA's Innovation Framework	K. Martin/B. Wycks	Update	✓
ii. Upcoming January 31/21 CAFII Webinar on "The Ins and Outs of Life Insurers' Health and Wellness Incentivization Programs"	K. Martin/B. Wycks	Update	✓
iii. Possible Topics and Dates For 2022 CAFII Webinars	K. Martin	Update	✓

5. Recent and Upcoming Strategic and Regulatory Initiatives	3:10 p.m.	Presenter	Action	Document
a. Outcomes of December 20/21 CAFII Follow-up Meeting with Eric Jacob and Louise Gauthier, AMF Re Improving Future CAFII/AMF "Industry Issues Dialogue" Meetings		K. Martin/B. Wycks	Update	✓
b. CAFII Working Group on Industry Alignment Around Compliance with AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits		K. Kasperski/K. Martin	Update	
c. CAFII January 17/22 Submission to AMF on Proposed Wording Modifications To Fact Sheet and Notice of Rescission to Make Them Fit/Suit Credit Card-Embedded Insurance Benefits		K. Martin	Update	✓ (2)
d. Upcoming January 19/22 CAFII Virtual Meeting with Mario Beaudoin and Charlene Boucher, AMF Re Member Action Plans Submitted CAFII By Members (December 17/21) For Bringing Credit Card-Embedded Insurance Benefits Into Compliance With RADM; and Related Issues		K. Martin	Update	
e. CAFII Working Group on Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance		M. Boyle/K. Martin	Update	
i. Completion of Working Group's mandate; Dissolution; and Accomplishments Highlights		M. Boyle/K. Martin	Update	
ii. Outcomes of January 15/22 CAFII Virtual Stakeholder Session with FCAC on proposed "Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks"		K. Martin/B. Wycks	Update	✓
f. CAFII "Get Acquainted and Dialogue Meeting" with Saskia Tolsma, Vice-President, Stakeholder Engagement, BCFSA		B. Wycks/K. Martin	Update	✓
g. 2022 FSRA "Exchange" Virtual Mini-Conference: Thursday, January 27/22		B. Wycks	Update	✓

6. Governance Matters	3:45 p.m.	Presenter	Action	Document
a. Draft Minutes of November 23/21 EOC Meeting		B. Wycks	Approval	✓
b. Draft Minutes of December 7/21 Board Meeting		B. Wycks	Endorsement	✓

7. Read Only Items		Presenter	Action	Document
a. CAFII Determination Re Out-of-Scope Nature of OSFI "Draft Guideline B-13: Technology and Cyber Risk Management"				✓

8. Other Business	3:50 p.m.	Presenter	Action	Document

9. In Camera Session	3:50 p.m.	Presenter	Action	Document

10. Tracking Issues		Presenter	Action	Document
a. CAFII March 15/22 Two Hour Consultation Meeting with AMF to Provide Feedback on Regulatory Regime Supporting Insurance Offered/Sold Over The Internet				
b. AMF Consultation on Declaration of Operational Incidents				
c. BC Ministry of Finance Drafting of Regulations to Implement Financial Institutions Amendment Act, 2019				
d. FCAC: Phase 2 of Domestic Bank Retail Sales Practices Review				
e. New CAFII "Associate" Prospects For 2022		B. Wycks/K. Martin	Update	

Next EOC Meeting: Tuesday, February 15/22, 2:00 to 3:30 p.m., Virtual MSTEams Meeting

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

Briefing Note

CAFII EOC Meeting 18 January, 2021—Agenda Item 1(a)

**Welcome, Call to Order, and Priority Matters: Call to Order and Welcome to New EOC Members
(Afsheen Aslam, Manulife; and David Self, CIBC Insurance)**

Purpose of this Agenda Item

Start of meeting, and welcome to new EOC members.

Background Information

The meeting is called to order. Rob Dobbins will ask two new EOC members to introduce themselves: Afsheen Aslam, Manulife, and David Self, CIBC Insurance.

Recommendation / Direction Sought -- *Update*

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 1(b)

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

Purpose of this Agenda Item – Update

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

Background Information

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

Recommendation / Direction Sought – Update

Update.

Attachments Included with this Agenda Item

1 attachment.

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 2 (a-h) Consent Items

Purpose of this Agenda Item

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

Background Information

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

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

Recommendation / Direction Sought – Information Only

No action required.

Attachments Included with this Agenda Item

8 attachments.

CAFII Consultations/Submissions Timetable, 2022-23

Regulatory Issue	Deliverable	Deadline	Accountable
Financial Consumer Agency of Canada (FCAC)	<ul style="list-style-type: none"> • <u>CAFII submission on "Proposed Guideline On Complaint Handling Procedures For Banks and Authorized Foreign Banks"</u> • <u>CAFII submission on "Proposed Guideline on Appropriate Products and Services For Banks and Authorized Foreign Banks"</u> 	<ul style="list-style-type: none"> • <u>December 11/21</u> • <u>January 6/22</u> 	<ul style="list-style-type: none"> • Mkt Conduct & Licensing Committee; Co-EDs to monitor
BC Ministry of Finance 10-Year Review of FIA (Initial Public Consultation Paper released June 2, 2015)	<ul style="list-style-type: none"> • Revised Financial Institutions Act (FIA) tabled in the legislature • <i>CAFII Follow-up Meeting (Virtual) with Ministry officials Re CPI Sales Practices and Related Fair Treatment of Consumers Considerations</i> • CAFII submission on draft Regulations in support of Revised FIA 	<ul style="list-style-type: none"> • <u>October 21/19</u> • <u>Q2 or Q3 2022</u> • <u>Q2 through Q3 2022</u> 	<ul style="list-style-type: none"> • Mkt Conduct & Licensing Committee; Co-EDs to monitor
AMF Sound Commercial Practices Guideline Update	<ul style="list-style-type: none"> • AMF releases consultation document for 60 day period (later extends to January 28/22) • CAFII submission on updated Sound Commercial Practices Guideline 	<ul style="list-style-type: none"> • <u>October 2021</u> • <u>January 28, 2022</u> 	<ul style="list-style-type: none"> • Mkt Conduct & Licensing Cttee; Co-EDs to monitor
Quebec Bill 141 and Related Regulations (including Regulation Respecting Alternative Distribution Methods, RADM)	<ul style="list-style-type: none"> • CAFII sends AMF "creative solutions" submission on degree to which industry can meet AMF's requirements on RADM's applicability to credit card-embedded insurance • AMF sends rejection response to CAFII's "creative solutions" submission • CAFII implements 3 Board directives in response to AMF's March 30/21 response • AMF launches consultation of Draft Regulation Respecting Complaint Processing • CAFII submission on Draft Regulation Respecting Complaint Processing • CAFII submission on AMF draft Incentive Management Guideline 	<ul style="list-style-type: none"> • July 7/20 • March 30/21 • Q2 2021 • September 9/21 • <u>December 8/21</u> • <u>February 18/22</u> 	<ul style="list-style-type: none"> • Mkt Conduct & Licensing Committee; Co-Eds to monitor
CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers	<ul style="list-style-type: none"> • -CAFII sends letter to CCIR/CISRO FTC Working Group asking it to obtain information on incentives and compensation models used by member distributors directly and privately, to avoid Competition Act violations • <i>CCIR/CISRO FTC Working Group accepts proposal in CAFII's July 2/20 letter</i> • <i>CAFII meets virtually with CCIR/CISRO FTC Working Group to provide preliminary feedback on its Draft "Incentives Management Guidance"</i> • CAFII submission on CCIR/CISRO Draft "Incentives Management Guidance" 	<ul style="list-style-type: none"> • July 2/20 • August 31/20 • <u>July 21/21</u> • September 17/21 	<ul style="list-style-type: none"> • Mkt Conduct & Licensing Cttee; Co-Eds to monitor
FCNB Insurance Act Rewrite and Introduction of RIA Regime	<ul style="list-style-type: none"> • <i>FCNB consultation on Accident & Sickness Insurance provisions of various provincial Insurance Acts to New Brunswick</i> • <i>CAFII responds to FCNB consultation on A&S Insurance Act provisions</i> • CAFII/CLHIA send joint response to FCNB's further Insurance Act Rewrite questions (received November 6/20) • FCNB announces tabling of <i>An Act to Amend The Insurance Act</i> in NB legislature; and that implementation Rule will follow in late 2021 (with 60 day public consultation) • CAFII responds to David Weir follow-up questions re legislative constraints which prevent bank branch employees from being individually licensed to sell travel insurance • FCNB Releases "Proposed Rule INS-001: Insurance Intermediaries Licensing and Obligations" for consultation, with February 7/22 submission deadline • CAFII submission on Proposed Rule INS-001: Insurance Intermediaries Licensing and Obligations • CAFII submission on Proposed Rule INS-002: Insurance Fees 	<ul style="list-style-type: none"> • <u>July 2020</u> • <u>October 22/20</u> • <u>December 22/20</u> • March 17/21 • May 19/21 • November 2021 • <u>February 7/22</u> • <u>February 18/22</u> 	<ul style="list-style-type: none"> • Mkt Conduct & Licensing Cttee; Co-Eds to monitor
Financial Services Regulatory Authority of Ontario (FSRA) Regulatory Consultations	<ul style="list-style-type: none"> • CAFII responds to two follow-up UDAP Rule-related questions posed by FSRA • FSRA releases Revised UDAP Rule, for further consultation • CAFII responds to FSRA's further consultation with submission on Revised UDAP Rule • Keith Martin provides qualitative interview input to Environics in response to FSRA consultation on Stakeholder Advisory Committee structure, possible renewal/revision • CAFII responds to FSRA consultation on "Enforcement Proceedings and Investigations" • CAFII responds to FSRA consultation on Proposed 2022-23 Statement of Priorities • CAFII responds to FSRA "Information Guidance on Complaints Resolution" consultation 	<ul style="list-style-type: none"> • May 4/21 • July 14/21 • August 11/21 • July 2021 • Sept 24/21 • October 29/21 • <u>February 15/22</u> 	<ul style="list-style-type: none"> • Mkt Conduct & Licensing Cttee; Co-EDs to monitor

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

8 December, 2021

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

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

Re: CAFII Feedback On AMF's 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.

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.

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.

- 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 handling – 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. 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 ombudsperson" 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.

- 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.

- 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

About CAFII

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

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

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

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

Le 8 décembre 2021

Maître Philippe Lebel
Secrétaire et directeur général des affaires juridiques
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, 3^e étage
Québec (Québec) G1V 5C1
Télécopieur: 418-525-9512
Adresse électronique: consultation-en-cours@lautorite.qc.ca

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.

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 efficace et efficiente 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.

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 CCRA.

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.

- 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 CRRRA-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.

- 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.

- 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.

- 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.

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.

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

À propos de l'ACIFA

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

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

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

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

11 December, 2021

Mr. Frank Lofranco
Deputy Commissioner, Supervision and Enforcement
Financial Consumer Agency of Canada
Supervision and Promotion Branch
427 Laurier Avenue West, 6th floor
Ottawa, ON K1R 1B9

fcac.consultation.acfc@fcac-acfc.gc.ca

Re: CAFII Feedback On FCAC Proposed Guideline on Complaint Handling Procedures for Banks and Authorized Foreign Banks

Dear Mr. Lofranco:

CAFII thanks the FCAC for the opportunity to provide feedback comments on its *Proposed Guideline on Complaint-Handling Procedures for Banks and Authorized Foreign Banks*. 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.

General Comments and Observations

CAFII supports the Proposed Guideline's purpose and intent. We agree with the key principles set out therein; and, in particular, that policies and procedures should be guided by effectiveness, timeliness, and accessibility.

We find the Proposed Guideline to be largely principles-based and not prescriptive, which we believe leads to better regulatory outcomes. 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.

CAFII particularly appreciates the FCAC's principles-based recognition that financial institutions differ in size, complexity, and approach; and different organizations may have different ways of meeting the FCAC's expectations. In that regard, we strongly support Clause 6 in the Proposed Guideline, as follows:

FCAC recognizes that banks may tailor their complaint-handling policies and procedures to align with the nature, size and complexity of their business, distribution channels, and products and services.

On a separate very important matter, CAFII strongly believes that the insurance and financial services ecosystem in Canada is best served by a regulatory system that is harmonized to the maximum degree possible across provincial/territorial and federal jurisdictions.

As you may be aware, CAFII's members -- which comprise federally regulated financial institutions (FRFIs) that distribute credit protection insurance (CPI) and travel insurance across the country as Authorized Insurance Products, along with their insurer underwriter partners -- are subject to both federal and provincial regulatory frameworks that govern the offering of CPI and travel insurance.

Given that dual regulatory framework reality, it is our strong belief that major benefits would be achieved for both consumer protection and industry efficiency and effectiveness throughout Canada if the FCAC's Guideline on Complaints Handling could be as consistent and harmonized as possible with corresponding provincial/territorial guidance.

We therefore encourage the FCAC to engage with, and possibly become an observer participant at the meetings of, the Canadian Council of Insurance Regulators (CCIR), the national co-ordinating body of provincial/territorial insurance supervisory authorities.

Having a patchwork of different regulations and guidelines in federal and provincial/territorial jurisdictions across the country results in inefficiencies, and causes financial institutions to have to focus on exception management rather than dedicating the optimal level of resources to meeting both consumers' needs and wants and regulators' objectives around fair treatment of customers.

In that connection, we note the current timeliness of reaching out to CCIR for harmonization purposes with respect to complaints handling procedures, as the AMF in Quebec, a leader at the CCIR table, is now consulting with the industry on its Draft Regulation on Complaint Processing and Dispute Resolution in the Financial Sector.

By way of a small example to illustrate why harmonization is not just desirable but imperative: with respect to the reporting of certain complaints to the FCAC (Clause 30 in the Proposed Guideline), we note that provincial/territorial regulations also mandate situations where complaints need to be reported to the regulatory authority. Therefore, for CAFII members, many of which are the insurance arms of federally regulated banks, there will be situations where a complaint in Quebec, for example, will need to be reported to both the AMF and the FCAC, each of which may have different expectations in terms of the timing, form, and content of that reporting. Those sorts of regulatory inconsistencies do nothing to enhance consumer protection, yet they can have a significant impact upon FRFIs by forcing them to allocate resources to deal with the inefficiencies; and by imposing additional costs, which ultimately can divert resources away from being used to serve consumers.

Specific Points of Feedback

On a point of future-oriented feedback, we view the requirement found in Clause 30 that “If an employee who is not designated to deal with complaints requires input or assistance from a designated employee to do so, the complaint should be considered to have been referred to a designated employee. Therefore, the bank must report it to FCAC” as one that will give rise to unintended consequences because it will force the reporting of many inconsequential, irritant only-type complaints, which is beyond the scope of what we believe the FCAC intended, is expecting, or would find to be of ‘informational value.’

We recognize that this is a requirement set out in legislation, and as such our members will comply, but we recommend that the FCAC review the benefits of this all-encompassing requirement and consider having it adjusted via a future amendment to the underlying legislation.

In addition, our Association is concerned that Clause 43 seems to indicate that a substantive written response must be provided to *all* complainants, even when the complaint is addressed and resolved immediately, at first point of contact when the matter is brought to the bank’s attention. If that interpretation is correct, Clause 43 would impose a very burdensome requirement by being overly broad and sweeping. As drafted, this clause would seemingly capture even very minor issues that a customer does not actually 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 he/she/they just wants the company to be aware of -- and the customer expressly states that he/she/they is not filing an official complaint about the issue, nor does he/she/they expect to receive any follow-up or response about it (e.g. “I was kept waiting on hold for a very long time to speak to a customer service representative”).

In conclusion, CAFII, as a key industry Association stakeholder, thanks the FCAC for the opportunity to provide feedback comments on the *Proposed Guideline on Complaint Handling Procedures For Banks and Authorized Foreign Banks*. Should you require further information from CAFII or wish to meet with representatives from our Association on this 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.

6 January, 2022

Mr. Frank Lofranco
Deputy Commissioner, Supervision and Enforcement
Financial Consumer Agency of Canada
Supervision and Promotion Branch
427 Laurier Avenue West, 6th floor
Ottawa, ON K1R 1B9

FCAC.Consultation.ACFC@fcac-acfc.gc.ca

Re: CAFII Feedback on FCAC's proposed Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks

Dear Mr. Lofranco:

CAFII thanks the FCAC for the opportunity to provide feedback comments on its proposed *Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks*.

We are focusing our Association's comments on the application of the proposed Guideline to the credit protection insurance (CPI) and travel insurance Authorized Insurance Products offered by CAFII member banks, as federally regulated financial institutions (FRFIs). That is, our feedback has been developed using the lens of CPI life insurance, critical illness insurance, disability insurance, and job loss insurance offered by CAFII member banks in connection with debt obligations such as mortgages, lines of credit, loans, and credit cards. These are unique insurance products for which an Appropriateness Guideline can pose particular challenges.

In that connection, it's important to highlight a key contextual distinction.

With respect to most non-Authorized Insurance Products (e.g. traditional life insurance), the coverage is typically offered by licensed individuals who are permitted to provide the customer with advice. Canada's provinces and territories require a license when insurance advice is being provided.

In contrast, CPI products and travel insurance are Authorized Insurance Products under the federal Bank Act and the Insurance Business (Banks and Bank Holding Companies) Regulations; and they are regulated at both the federal and provincial levels. Authorized Insurance Products can be offered by banks' non-licensed representatives as part of a bank's consumer lending processes, within strict parameters. However, because these bank representatives do not hold an insurance licence, banks offering CPI and travel insurance cannot conduct a comprehensive needs analysis on a consumer, nor can they offer advice or recommendations or engage in any activities that are restricted to insurance licensees.

General Comments and Observations

CAFII understands that the legislation and Regulations which the proposed Guideline is augmenting will come into force on 30 June, 2022, which the Guideline explains as follows:

The proposed Guideline sets out FCAC's expectations with respect to Banks' implementation of, and compliance with, the appropriate product or service provisions in the Bank Act and the Financial Consumer Protection Framework Regulations, which will come into force June 30, 2022.

In that connection, while CAFII members subject to the proposed Guideline are large organizations with robust procedures and processes in place for managing change, it is not reasonable or practical to expect such FRFIs to be able to develop effective compliance controls to address new requirements and standards without providing adequate lead time prior to implementation. It is also important to recognize that compliance implementation work cannot begin until the Guideline is finalized and communicated to the industry as such.

Since the deadline for responses to this consultation is 6 January, 2022 and the FCAC will need some time to determine whether and how it will adjust the final Guideline based on stakeholder feedback, it is unlikely that FRFIs will be able to launch their compliance implementation work that targets the new requirements before February or March 2022— just a few short months before the 30 June, 2022 coming-into-force date. It will also be extremely difficult for them to pivot and come into compliance with the new expectations set out in the final version of the Guideline in such a brief period of time.

Typically, financial services regulators provide the industry with a minimum 12 to 18 months implementation period -- to ensure effective compliance with any significant new provisions, especially if they entail changes to training, communications, systems, processes, or technology (IT).

CAFII therefore requests that the FCAC consider a deferral of enforcement with respect to the Guideline on Appropriate Products and Services and the intertwined Financial Consumer Protection Framework (FCPF) Regulations. Such regulatory forbearance for a specified and reasonable period of time has been utilized in the past by other Canadian financial services regulators when faced with similar circumstances.

In addition to the FCAC's federal regulatory authority over CPI and travel insurance as Authorized Insurance Products, the regulation of distribution and market conduct related to those products is also governed by provincial/territorial frameworks. CAFII members therefore must balance the new appropriateness requirements with existing obligations while continuing to comply with the market conduct and fair treatment of customers expectations of 14 different jurisdictions and, in addition, the varied insurance licensing requirements of the 10 provinces and 3 territories.

In that regard, CAFII and its members strongly believe that having a clear and shared understanding of jurisdiction and regulatory approach between federal and provincial/territorial regulators can help greatly in the achievement of harmonization, efficiency, effectiveness, and consumer fairness and protection. Conflicting regulations and a lack of harmonization only stymie the attainment of those desirable objectives.

The FCAC's proposed Guideline on Appropriate Products and Services will introduce new regulatory expectations around distribution and market conduct for the offering of and enrolment in CPI and travel insurance Authorized Insurance Products. Not only will this lead to an increase in the complexity of the regulatory environment – with a heightened potential for contradictions between federal and provincial/territorial regulatory expectations – it may also make it difficult for vulnerable populations to gain access to these protection products (see comment on Clause 10 under Specific Comments and Observations below).

CAFII therefore strongly encourages the FCAC to participate in the national co-ordinating body activities of the Canadian Council of Insurance Regulators (CCIR), which seeks to promote consistency and harmonization among insurance regulators. The federal Office of the Superintendent of Financial Institutions (OSFI) – even though it deals almost exclusively with prudential regulatory issues -- has, for many years, been an Associate Member with a seat at the CCIR table, in the interests of information-sharing, co-ordination, and harmonization. A strengthening of CCIR as a forum and “shared space” for provincial/territorial and federal regulators to discuss their expectations, plans, and outcomes around insurance regulation – through FCAC's direct and active participation -- would, we strongly believe, be of major benefit to all regulator participants, to industry, and ultimately to consumers.

The FCAC's potential involvement in CCIR deliberations could go a long way toward addressing the probability that there will be circumstances where an FRFI's compliance with the FCAC's Guideline on Appropriate Products and Services will give rise to the unintended consequence of non-compliance with provincial/territorial regulations. For example, CAFII members offer CPI in branches and call centres, as well as digitally; and since it is non-licensed individuals who are offering these products, they cannot conduct a comprehensive needs or suitability analysis and they are prohibited from offering insurance advice or recommendations. Given that there are expectations in the proposed Appropriateness Guideline that seem to require the provision of advice or recommendations with respect to an offer of insurance, they would cause CAFII members to be off-side of provincial and territorial licensing regulations.

Another unintended consequence of the new FCAC Guideline may be that vulnerable populations who need insurance coverage may not be able to access bank-offered CPI and travel insurance Authorized Insurance Products, due to the additional barriers that the Guideline will put in place (see comment on Clause 10 under Specific Comments and Observations below).

With all of these considerations in mind, CAFII requests that the FCAC provide an exemption for CPI and travel insurance Authorized Insurance Products from the ambit of the proposed Guideline on Appropriate Products and Services, so that the above-noted unintended and harmful consequences can be avoided.

As a contingency alternative, we would request an explicit acknowledgement within the Guideline which confirms that compliance with it should not create non-compliance with any other applicable legislative and/or regulatory requirements. To be more specific, language could be added to the Guideline to the effect that ‘in the event of a conflict between the Guideline and other legislation or regulations, the FCAC expects the industry to comply with the latter.’

We believe that this recommendation/request reinforces our earlier point about a shared forum/space for federal and provincial insurance regulators to discuss their respective approaches to regulating the industry; and that a co-ordinated approach among federal and provincial/territorial regulatory authorities could address any potential concerns related to the interpretation and application of their respective requirements.

In concluding this section on General Comments and Observations, we note that the FCAC's pre-consultation work, which produced the current draft of the proposed Guideline, was conducted with one industry Association alone; and that the time period now being allowed for all other industry stakeholders to provide feedback is a rather compressed 45 calendar days.

In that connection, we note again that CAFII members offer a unique CPI and travel insurance Authorized Insurance product set for consumers' protection; and, as noted above, our members must deal and comply with unique multi-jurisdictional/layered regulatory requirements.

However, the FCAC did not call upon CAFII to share insights about CPI and travel insurance Authorized Insurance Products during the pre-consultation phase of its work on the proposed Guideline. We believe that a more open, inclusive approach to the pre-consultation work -- with more than one industry stakeholder involved -- would have allowed the FCAC to receive broader feedback over a less-compressed and hurried time period. We therefore encourage the FCAC, in future consultations, to broaden the stakeholders it initially consults in any pre-consultation work; with and to provide a minimum of 60 calendar days for written feedback submissions.

Specific Comments and Observations

- We note that Clause 2 in the document establishes "Policies and Procedures" as a defined term related to the appropriateness check performed with a customer as part of the offer or sale of a product. However, throughout the document there are also references to policies and procedures generally, interspersed with the use of upper case "Policies and Procedures" to denote the defined term. We recommend that the document maintain a constant and clear distinction between the two types of policies and procedures (i.e. "Policies and Procedures" related to the appropriateness check at the time of the offer; and more general policies and procedures within an FRFI). For example, it would not be appropriate for the policies and procedures that govern the conversations at the time of an offer of or enrolment in insurance also to include content related to officers' compensation, product development, review of customer-facing materials, and other more general practices addressed through other policies and procedures within a financial institution which are not germane to the appropriateness check performed with a customer.
- We applaud the proposed Guideline's recognition that there is not one size fits all in financial products and services, as noted in Clause 4: "FCAC recognizes that Banks may tailor their Policies and Procedures in accordance with the nature, size and complexity of their business, distribution channels, and products and services." We believe that this recognition is important in the context of the challenges of meeting some of the FCAC's expectations for CPI. (As noted above, provincial/territorial regulatory frameworks create unique complexities for CPI.)

We also recommend adding to this clause an explicit acknowledgement that compliance should not create the risk of non-compliance with any other applicable legislative and/or regulatory requirements. To be more specific, language could be added to the Guideline to the effect that ‘in the event of a conflict between the Guideline and other legislation or regulations, the FCAC expects the industry to comply with the latter.’

- We interpret Clause 5 to mean that while the Guideline is aimed at banks, other federally-regulated entities can use it as well. We recommend that this clause include the statement that policies and procedures developed to align with the Guideline should be consistent with other applicable legislative and/or regulatory requirements.
- With respect to Clause 6, this is another relevant section that would benefit from the insertion of an acknowledgement that compliance with the Guideline should not result in non-compliance with other applicable legislative and/or regulatory requirements. To be more specific, language could be added to the Guideline to the effect that ‘in the event of a conflict between the Guideline and other legislation or regulations, the FCAC expects the industry to comply with the latter.’
- Many of the requirements of Clause 10 may be problematic for CPI, which is offered by non-licensed individuals who cannot offer advice or conduct a comprehensive needs assessment with a customer. As written, we interpret this section to mean that the FCAC expects a level of customer service which can only be delivered by licensed individuals within provincial/territorial insurance regulatory frameworks. If that interpretation is correct, whole groups of people may not be able to access CPI and travel insurance Authorized Insurance protection through a bank, if it is only to be offered by licensed individuals. More vulnerable populations would thereby be put at risk – which is not a positive outcome for consumers, society, or government.
- We note the following inconsistency: Clauses 10i and 10iii speak of an FRFI collecting information “before it offers or sells products or services to them” while Clause 19 says “A Bank’s Policies and Procedures should ensure that the bank conducts an appropriateness assessment when it offers or sells products or services to consumers.” We believe that the use of the term “when” is more appropriate than “before.” We note that the underlying legislation and the FCPF Regulations do not specify that the appropriateness check must occur “before” the bank offers products or services. Linking the requirement to “when” an offer is being made would also ensure that the information the customer receives is relevant to his/her/their particular interests. With respect to Clause 10iv, we believe that for reasonableness and practicality, the wording should be adjusted to indicate that a customer needs to be informed of the appropriateness (or inappropriateness) of a product if it is being offered to him/her/them, or if he/she/they have expressed an interest in it.
- We note that some clauses, such as 16, 17, and 18, appear to address issues that are broader than the appropriateness of products and services. Yet, these sections utilize the upper case “Policies and Procedures,” which is defined in Clause 2 as being specific to the appropriateness check performed with a customer.

- Clause 17 is an example of a move towards a more prescriptive, as opposed to principles-based, approach by moving beyond an articulation of the regulator's expectations and desired outcomes to dictating how the regulated entity is to achieve those expectations and outcomes.

As a key stakeholder industry Association, CAFII again thanks the FCAC for the opportunity to provide feedback comments on its proposed *Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks*. Should you require further information from CAFII or wish to meet with representatives from our Association on this or any other matter at any time, please contact Brendan Wycks, CAFII Co-Executive Director, at brendan.wycks@cafii.com or 647-218-8243.

Sincerely,



Rob Dobbins
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status January 14, 2022
		Association Strategy and Governance			
1	EOC and Board: October 2019	Launch CAFII EOC Working Group to Explore a New Lower Dues Category of CAFII Membership, via a first meeting and a draft Terms of Reference for this Working Group.	B. Wycks/K. Martin	31-Dec-21	In progress/ See #2
2	BOD: June 9, 2020	Revisit the launch of the CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership once the economic environment stabilizes, via a first meeting and a draft Terms of Reference for this Working Group.	K. Martin	31-Dec-21	In progress
3	EOC May 29, 2018	Develop a summary job description for the CAFII EOC Chair role and circulate it to EOC Members.	B. Wycks/K. Martin	31-Dec-21	In progress
4	EOC February 27, 2018	Document in writing the process for reviewing, approving, and admitting applicants for CAFII Members and Associate status	B. Wycks	31-Dec-21	In progress
		Regulatory Initiatives			
5	EOC March 30, 2021	Organize a virtual meeting for CAFII with David Weir, FCNB around the in-development Rule and its provisions addressing the creation of a Restricted Insurance Agent licensing regime in New Brunswick	B. Wycks	15-Dec-21	In Progress
6	EOC October 26, 2021	Organize a meeting of the Market Conduct and Licensing Committee to review the CCIR document on adoption of the FTC guidance	K. Martin/B. Wycks	Jan/Feb 2022	In Progress
7	EOC October 26, 2021	Organize an informal, friendly follow-up chat meeting with Eric Jacob of the AMF to discuss how to improve the CAFII Industry Issues Dialogue with AMF staff executives for future years	K. Martin/B. Wycks	Nov/Dec 2021	Completed

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

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

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

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

Board Meetings:

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

2022 Annual Members and Associates Luncheon:

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

2021 Board meetings Hosted by:

None, due to COVID-19 pandemic situation

2020 Board meetings Hosted by:

None, due to COVID-19 pandemic situation

2019 Board meetings Hosted by:

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

2018 Board Meetings Hosted by:

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

2017 Board Meetings Hosted by:

TD Insurance; CAFI; Desjardins; CIBC Insurance

2016 Board Meetings Hosted by:

CUMIS Group; Assurant Solutions; RBC Insurance; BMO Insurance

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

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

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

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

Venue: Virtual-Only Webinar

2020 Annual Members and Associates Virtual Luncheon Webinar

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

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

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

Venue: Virtual-Only Webinar

2019 Annual Members and Associates Luncheon

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

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

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

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

2018 Annual Members and Associates Luncheon

Topic: "Leading For Success in A Volatile World"

Speaker: Richard Nesbitt, CEO, the Global Risk Institute

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

Briefing Note

**CAFII EOC Meeting 18 January, 2022—Agenda Item 3(a)
Financial Management Matters--CAFII Financial Statements as at December 31/21 (full 2021 fiscal
year)**

Purpose of this Agenda Item – Update

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

Background Information

Treasurer Tony Pergola will provide an update on Managing Matters' preparation of the CAFII Financial Statements as at 31 December, 2021, which has been unavoidably delayed (see Briefing Note for agenda item 3(d)).

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 3(b)

Financial Management Matters—Board-Approved CAFII 2022 Operating Budget

Purpose of this Agenda Item – Update

To update the EOC on the 2022 CAFII operating budget.

Background Information

At the 7 December, 2021 Board meeting the 2022 CAFII operating budget was approved. A critical development is that the Board has approved assuming that there will be no in-person events until May, 2022. That means that the first Board meeting in April 2022 will be virtual only, with no in-person reception following. In addition, we are proceeding on the basis that we will need to fund six virtual webinars in 2022. Finally, we will need an additional budgetary allocation for a 25th Anniversary in-person celebration following the June, 2022 Board meeting.

The Board approved a “three-scenario” approach to the budget, with the only difference between the scenarios being the assumption around the salary adjustment for the Co-Executive Directors (2%, 3%, 4%). The Board Chair and Vice Chair have been empowered by the Board to make a final decision of which of the three options it wishes to approve.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

2022 CAFII Budget

	2019 Actuals	2020 Actuals	CAFII 2021 Operating Budget	2021 YTD Aug 2021	2021 Forecast	Scenario 1 Total Budget 2022 (2% Salary Increase)	Scenario 2 Total Budget 2022 (3% Salary Increase)	Scenario 3 Total Budget 2022 (4% Salary Increase)	Comment/Rationale
Revenue									
Membership Dues	\$734,664	\$884,721	\$918,475	\$637,313	\$955,969	\$996,452	\$996,452	\$996,452	See breakdown in Member Dues Revenue Tab. Reflects recommendation of no 2022 Member Dues increase (status quo); movement of SunLife into full Upper Tier Regular Member dues status, and Canadian Tire Bank being an Initiation Member for a full dues year (2021 was a pro-rated dues year for CTB as it was admitted in June; and 2022 will be the second year of its two-year, discounted dues Initiation Member status)
Annual Members' Luncheon "Additional Seats" Revenue	\$195	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Interest	\$982	\$399	\$300	\$157	\$236	\$250	\$250	\$250	Interest from the Savings Account
TOTAL REVENUE	\$ 735,841	\$ 885,120	\$ 918,775	\$ 637,470	\$ 956,205	\$ 996,702	\$ 996,702	\$ 996,702	
EXPENSE									
Management Fees	\$465,134	\$476,844	\$487,780	\$327,284	\$487,780	\$503,258	\$506,888	\$510,518	Includes Managing Matter Fees (5.0% contractual increase over 2021) and incremental amount for six webinars @ \$1,700 each ("net new") and salary and benefits for two Co-Executive Directors (three Scenarios with proposed increases of 2%, 3%, and 4% respectively in salary and benefits each, over 2021, factored in). See Explanatory Note (1) below. Difference between each of Scenarios 1 and 2, and 2 and 3 is a \$3,630 incremental spend; and difference between Scenario 1 and 3 is twice that, or \$7,260. For streamlining/simplicity, this line now includes expenses previously captured under the former line item Regulatory Model(s).
Legal and consulting costs associated with regulatory submissions and initiatives	\$0	\$28,975	\$50,000	\$0	\$75,000	\$90,400	\$90,400	\$90,400	
Audit Fees	\$14,799	\$16,743	\$16,743	\$8,478	\$14,238	\$14,950	\$14,950	\$14,950	5% increase on 2021 Forecast
Insurance	\$5,338	\$5,385	\$6,050	\$3,801	\$5,878	\$6,466	\$6,466	\$6,466	10% increase on 2021 Forecast, as per advice from insurance broker Marsh, as a buffer for 2022 renewal in June 2022
Member Communication and Technology Tools	\$10,022	\$5,765	\$7,156	\$4,752	\$7,156	\$7,513	\$7,513	\$7,513	5% average/overall increase on 2021 Forecast - Includes CG Technology website hosting and support (\$233 per month (3% increase)), Constant Contact (\$62.83 per month (3% increase)), Soda PDF Premium (\$56.47), Zoom (\$237.60 per month), Survey Monkey (\$307.36), Virtual Platform (\$500)
Telephone/Fax/Internet	\$6,494	\$5,808	\$5,730	\$4,288	\$5,730	\$6,016	\$6,016	\$6,016	5% Increase on 2021 Forecast - Includes office phone line with multiple extensions (\$56.50 per month), teleconference service (\$47.46 per month), & Co-Executive Directors' phone and internet access
Postage/Courier	\$159	\$53	\$150	\$0	\$150	\$158	\$158	\$158	5% Increase on 2021 Forecast - mainly for monthly cheque runs and ad hoc mailings
Office Expenses	\$2,025	\$2,158	\$5,000	\$2,220	\$5,000	\$5,250	\$5,250	\$5,250	5% Increase on 2021 Forecast
Bank Charges	\$112	\$236	\$470	\$562	\$687	\$721	\$721	\$721	5% Increase on 2021 Forecast - Annual Credit Card Fee (\$190) plus monthly EFT charges (approx. \$25 per month)
Budget for Co-Executive Directors' New Office Equipment						\$9,040	\$9,040	\$9,040	Brendan will likely need a new laptop (current: 2016), multi-function printer/scanner (current: 2016), and 19" monitor (current: 2012); and Keith will likely need a new laptop (current: 2017). All existing computer/office equipment will be fully depreciated at end of 2021.
Depreciation Computer/Office Equipment	\$1,136	\$1,136	\$1,136	\$757	\$1,136	\$0	\$0	\$0	Completed in 2021. Co Executive Directors' Office Equipment reached full depreciation in 2021. See Explanatory Note (2) below.
Miscellaneous Expense	\$0	\$0	\$500	\$0	\$500	\$524	\$524	\$524	5% Increase on 2021 Forecast
Board/EOC/AGM									
Annual Members and Associates Luncheon	\$12,052	\$0	\$0	\$0	\$0	\$15,065	\$15,065	\$15,065	25% increase on 2019 in-person event (anticipating high cost inflation for such events: food and beverage; venue rental, and AV equipment rental) & Co-Executive Directors' phone and internet access
Board Hosting (External)	\$14,001	\$0	\$0	\$0	\$0	\$22,500	\$22,500	\$22,500	Based on "CAFII Board Hosting Reimbursement Policy" of \$7,500 per Meeting/Reception (3 such reimbursements anticipated in 2022)
Board/EOC Meeting Expenses	\$35,419	\$4,676	\$0	\$0	\$0	\$29,055	\$29,055	\$29,055	Based on estimates arising from 2019 actuals, but factoring in resumption of in person meetings/travel only in May 2022
Industry Conferences and Events	\$0	\$0	\$0	\$0	\$0	\$3,390	\$3,390	\$3,390	Contingency for possible attendance at LIMRA Canada Conference, etc.
EOC Annual Appreciation Dinner	\$2,193	\$4,244	\$0	\$0	\$0	\$5,305	\$5,305	\$5,305	25% increase on 2020 actuals for this in-person event, based on both increased size of EOC membership and anticipated high cost inflation for such food and beverage events
Speaker fees & travel	\$1,189	\$0	\$0	\$0	\$0	\$3,390	\$3,390	\$3,390	Contingency for possible expense reimbursement of a speaker at a CAFII event
Gifts	\$200	\$0	\$0	\$0	\$0	\$1,200	\$1,200	\$1,200	Estimate for thank you/recognition gifts for departing CAFII Board and EOC members
Networking Events	\$0	\$0	\$0	\$0	\$0	\$1,130	\$1,130	\$1,130	Contingency for Co-Executive Directors' opportunistic attendance at industry networking events
CAFII Reception Events	\$0	\$0	\$0	\$0	\$0	\$3,955	\$3,955	\$3,955	Contingency for event-related expenses associated with CAFII Receptions which are not covered under "CAFII Board Hosting Reimbursement Policy"
CAFII 25th Anniversary Celebration	\$0	\$0	\$0	\$0	\$0	\$39,550	\$39,550	\$39,550	32% increase on 2017 Actuals (CAFII 20th Anniversary Celebration at Ripley's Aquarium) for 25th Anniversary Celebration in-person event planned on June 7/22, to be hosted by BMO Insurance at First Canadian Place; factoring in anticipated high cost inflation for such food and beverage events
Total Board/EOC/AGM	\$65,053	\$8,920	\$0	\$0	\$0	\$124,540	\$124,540	\$124,540	
Provincial Regulatory Visits and Relationship-Building	\$16,833	\$983	\$0	\$0	\$0	\$20,340	\$20,340	\$20,340	21% increase on 2019 actuals (incremental \$3,507), based on planned major return to in-person provincial regulatory visits, post-pandemic
Federal Regulatory Visits and Relationship-Building	\$442	\$540	\$0	\$0	\$0	\$5,650	\$5,650	\$5,650	Provision for return to in-person relationship-building meetings with FCAC, post-pandemic
Research/Studies	\$5,368	\$28,646	\$60,000	\$29,230	\$60,000	\$67,800	\$67,800	\$67,800	Same as 2021 Budget (status quo)
Website SEO and Enhancements	\$40,914	\$31,144	\$41,950	\$31,577	\$41,950	\$45,200	\$45,200	\$45,200	Increase of \$3,250 on 2021 Budget
CAFII Benchmarking Study/RSM Canada	\$0	\$68,365	\$67,800	\$33,900	\$67,800	\$67,800	\$67,800	\$67,800	Same as 2021 Budget (status quo) for continuation of CAFII CPI Benchmarking Study with RSM Canada, estimated at \$60K plus HST.
Media Outreach	\$5,683	\$350	\$6,000	\$6,572	\$6,672	\$7,345	\$7,345	\$7,345	22% increase on 2021 budget for anticipated higher wire service and related media release expenses
Media Consultant Retainer and Related Expenses	\$27,120	\$27,685	\$27,120	\$20,679	\$27,120	\$30,510	\$30,510	\$30,510	Monthly retainer fee for David Moorcroft, S2C (increase of 12.5% on monthly retainer fee over 2021, first such increase since CAFII's engagement of D. Moorcroft at the beginning of 2016)
Marketing Collateral	\$1,629	\$845	\$5,000	\$622	\$622	\$1,695	\$1,695	\$1,695	Provision for design and printing of CAFII marketing materials, such as research results leave-behinds
TOTAL EXPENSE	\$ 675,816	\$ 731,485	\$ 788,585	\$ 474,722	\$ 807,419	\$ 1,015,177	\$ 1,018,807	\$ 1,022,437	
Excess of Revenue over Expenses	\$60,025	\$153,636	\$130,190	\$162,749	\$148,786	(\$18,476)	(\$22,105)	(\$25,735)	
Unrestricted Net Assets (beginning of year)	\$170,198	\$230,223	\$383,859	\$383,859	\$383,859	\$532,645	\$532,645	\$532,645	
Unrestricted Net Assets (end of year)	\$230,223	\$383,859	\$514,049	\$546,608	\$532,645	\$514,169	\$510,539	\$506,909	

Explanatory Notes:

- (1) Assumes two Co-Executive Directors, one @ 5 days per week (Keith); one @ 4.5 days per week (Brendan); plus Managing Matters administrative, accounting, events, and IT support
(2) Amortization of office equipment based on 4 year straight line depreciation

Actual/Forecasted Financial Reserves	2019 Actuals	2020 Actuals	2021 Operating Budget
Minimum 3 months (25%) of Annual Operating Expenses =	\$168,954	\$182,871	\$209,646
Maximum 6 months (50%) of Annual Operating Expenses =	\$337,908	\$365,742	\$419,293
Actual/Forecasted Level of Financial Reserves:	\$230,223	\$383,859	\$464,049
Actual/Forecasted Level of Financial Reserves %:	34%	52%	65%

2021 Forecast	2022 Budget (Scenario 1)	2022 Budget (Scenario 2)	2022 Budget (Scenario 3)
\$201,855	\$253,794	\$254,702	\$255,609
\$403,709	\$507,589	\$509,404	\$511,219
\$532,645	\$514,169	\$510,539	\$506,909
66%	51%	50%	50%

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 Actual

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

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 1st Year

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	10	48,000.00
			996,451.77

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
Dog and Pony Studios
Stikeman Elliott LLP
RSA
Norton Rose Fulbright Canada

Initiation Members (Lower Tier)

Canadian Tire Bank 2nd Year

77110 771099

Briefing Note

**CAFII EOC Meeting 18 January, 2022—Agenda Item 3(c)
Financial Management Matters— Canadian Premier Life's Acquisition of Sun Life's CPI Business; and
Resulting Loss of Sun Life as a CAFII Member After 2022**

Purpose of this Agenda Item – Update

To update the EOC on an important membership development.

Background Information

CAFII has learned that Canadian Premier Life has acquired Sun Life's CPI business. The deal is expected to receive regulatory review and if approved to close later in 2022. As a result, Sun Life will continue as a CAFII member in 2022, but expects not to renew its membership starting in 2023. CAFII will therefore lose a top-tier member starting in 2023.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

*Agenda Item 3(c)
January 18/22 EOC Meeting*

Canadian Premier to acquire Sun Life's sponsored markets business

By The Insurance Journal Staff | Dec. 15, 2021, 10:50 a.m.

Canadian Premier Life Insurance Company announced on December 13 that it has entered into an agreement to acquire the sponsored markets business from **Sun Life Assurance Company of Canada**, a subsidiary of **Sun Life Financial Inc.**

Sponsored markets include a variety of association and affinity, and group creditor clients. Canadian Premier says the deal will see more than 100 plan sponsors and about 1.5 million insured clients and plan members/customers move from Sun Life to Canadian Premier.



Suzette Huovinen

Upon close of the transaction, Sun Life expects to generate a one-time after-tax gain of approximately \$65 million. The transaction is expected to close in early 2023, subject to customary closing conditions.

"This is an exciting milestone for our company as we look to serve more Canadians through our affinity groups and creditor insurance businesses," said **Suzette Huovinen**, Chief Executive Officer, Canadian Premier.

"We've provided Canadian families with coverage for more than six decades. Our new clients will continue to receive the same high-level of service and care they did with Sun Life. We are very excited to welcome a new group of employees to our Canadian Premier family and continue their great service to these customers."



Dave Jones, President, Sun Life Health, says his organization will work closely with Canadian Premier to plan for a smooth and seamless transition. "This transaction will allow Sun Life to focus on strategically growing the core segments within our group benefits business. As the largest group benefits provider in the country, we're dedicated to delivering industry leading products and wellness solutions," stated Jones.

Dave Jones

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 3(d) Financial Management Matters— Critical Path With KPMG For CAFII 2021 Fiscal Year Audited Financial Statements

Purpose of this Agenda Item – *Update*

To update the EOC on the critical path for the 2021 fiscal year audit.

Background Information

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

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Critical Path With KPMG For CAFII 2021 Audited Financial Statements

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

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 3(e)

Financial Management Matters— Dissemination of 2022 First Instalment CAFII Member Dues Invoices

Purpose of this Agenda Item – Update

To update the EOC on the plan to invoice members for the first instalment of 2022 dues.

Background Information

CAFII invoices members for dues through semi-annual instalments, and the first invoice is slated to be sent in the next few weeks.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 4(a)

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

Purpose of this Agenda Item – Update

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

Background Information

Deloitte has now interviewed the majority of CAFII members, received survey results from CAFII members, and has conducted its internal research efforts on the best practices around digitization in insurance with a focus on CPI. Deloitte is planning on presenting its key findings to a special-purpose Board meeting on 19 January, 2022.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.



14 DECEMBER 2021

The Canadian Association of Financial Institutions in Insurance

Digitization of CPI – R&E Committee Early Insights Review

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cafii
The Canadian Association of
Financial Institutions in Insurance

Deloitte.

CAFII R&E Committee Workshop (December 14th)

Objective

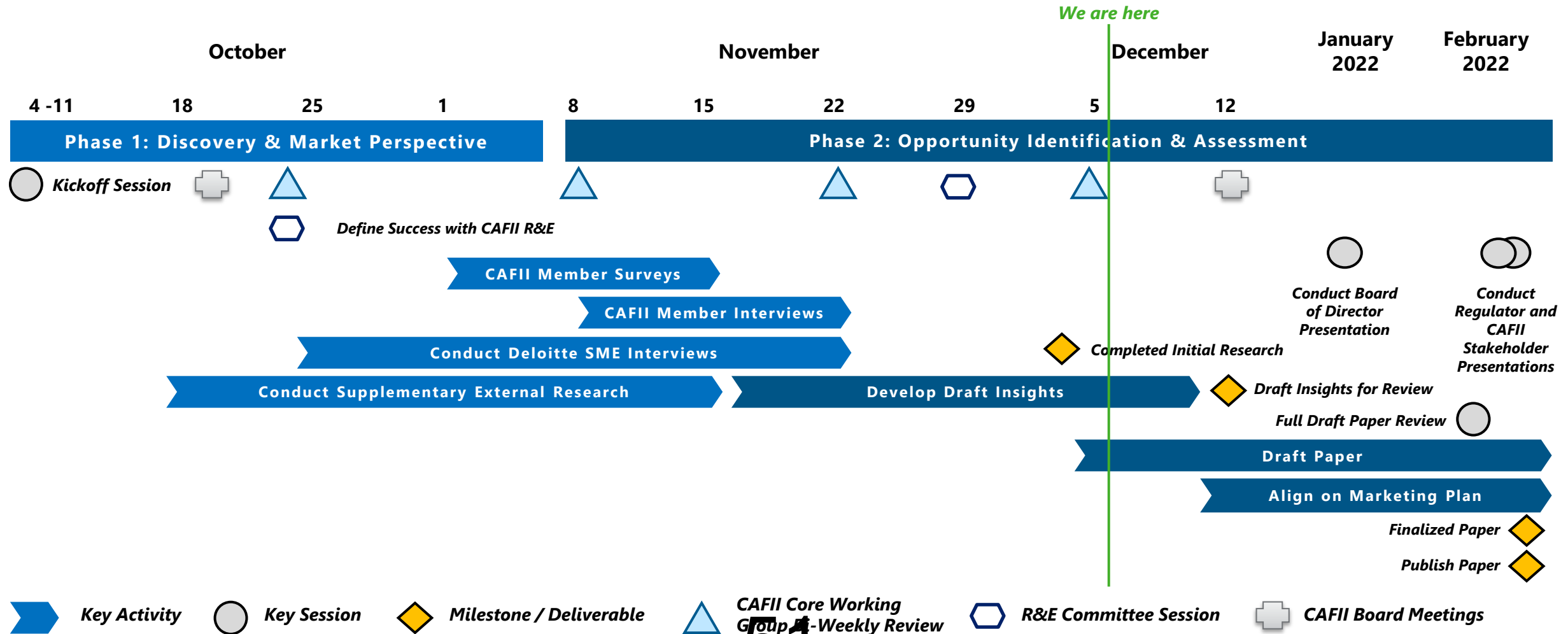
Update the CAFII R&E Committee with the engagement progress, preliminary insights and next steps

Agenda

Section	Timing
Engagement Status	5 minutes
Draft Insights from Survey & Interviews	30 minutes
Proposed Report Table of Contents	5 minutes
Next Steps	5 minutes

High-Level Timeline

We've completed our research phase and have identified a number of key insights from our survey responses and stakeholder interviews that will inform the development of our research report over the coming weeks



Draft Insights from Survey & Interviews

Research Methodology

In order to develop the Digitization of CPI report, Deloitte leveraged its own research as well as engagement with CAFII members across 14 organizations that included both underwriters and distributors of CPI

Deloitte Research and Accelerators

Supplementary External Research

Additional secondary research on Global insurance markets to inform key success factors associated with leading digital insurance organizations allowing them to offer 'best-in-class' customer experiences and the supporting capabilities

CAFII Members Surveyed and Interviewed

Company	Member contact
Assurant	Nicole LeClair
BMO Insurance	David D'Amico
Canada Life	Louie Georgakis, Jason Campigotto
CUMIS/The Co-operators	Diane Quigley
National Bank Insurance	Martin Houde-Bergeron
Valeyo ¹	Marco DeiCont
Canadian Premier Life	Rob Robinson
RBC Insurance	Fernando Heleno
Manulife	Clinton Wong
TD Insurance	Andrea Stuska, Shirley Malloy
Desjardins	Helene Lacasse
CIBC ¹	Ben Gray, Geoffrey Smith
ScotiaLife Financial	Stephanie Macri
Canadian Tire Bank	Farhad Eslah

Note: 1) Did not complete the survey, but interview insights are included

Insurance Digital Maturity Model

Deloitte's Digital Maturity Model allows organizations to benchmark themselves (across 50+ digital capability dimensions), will be used as an input in identifying the summary of functional capabilities required to enable the digitization of CPI

Survey & Interview Scope

CPI Digital Maturity - Sample Questions



- What does **'Digitizing CPI'** mean to your organization and how important do you believe digitizing CPI is to the **future profitable growth** of your portfolio?
- How would you describe the current digital **maturity of the Canadian CPI industry**? Who do you see as **leaders** in terms of digitization both **within and outside your industry**?

Challenges & Opportunities in Digitizing CPI - Sample Questions



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

Key Insights from Survey Responses & Interviews (1/3)

Overview of Key Themes related to CPI Digital Maturity

Theme	Description	Survey Insight
Digitizing CPI is a Strategic Imperative	Across distributors and underwriters, including current digital leaders, the digitization of CPI remains a key strategic priority to drive future growth ;	100% of respondents indicated digitizing CPI as strategically important
Current Industry Digital Maturity is Low	While there are 1-2 outliers, most players have a limited set of processes & features in the CPI journey that are fully digitally enabled , across both client & sales representative-facing experiences and back-office operations	67% of respondents indicated that most processes are still manual
Sales & Servicing Emerge as Immediate Priorities	To improve the lower penetration observed in digital channels, distributors are primarily focused on improving the point-of-sale experience for sales representatives and are in the midst of exploring opportunities to replicate the human-led sales conversation via digital channels for loans & lines of credit	86% of distributors ranked 'inefficient sales process' as a primary friction point
Distributors Desire Digital Claims & UW	Distributors believe the UW & claims process today remain outstanding friction points for clients & employees and is a priority gap to be addressed in order to make it easier for customers to submit supporting documentation digitally and allow visibility into the status of their application & claims process	100% of distributors would want to give their customers access to digital claims portals and processes
Need for Technology Modernization	The development of external APIs to facilitate greater integration between underwriters and distributors, together with the modernization of claims and underwriting systems , are priority areas of investment for underwriters to support the digital agenda of distributors	100% of underwriters indicated technology modernization as a priority investment area

Key Insights from Survey Responses & Interviews (2/3)

Overview of Key Themes related to Challenges and Opportunities

Theme	Description	Survey Insight
Need for omni-channel Experience	Client-led digital experiences have seen low adoption for CPI, requiring distributors to invest in omni-channel capabilities and new solutions to better equip sales representatives with data-driven insights as customers move across channels	86% of distributors indicated that cross-channel integration is key for successful CPI digitization
Importance of Stakeholder Collaboration	All stakeholders felt the biggest opportunity (and challenge) in achieving a best-in-class digital CPI experience was the need for strong collaboration and role clarity amongst the distributor and underwriting partners who today own various aspects of the client lifecycle (e.g., client claims portal)	80% Of underwriters identified multiple stakeholders owning various aspects of the CPI experience was the greatest challenge to digitizing CPI
Process Digitization and Automation Opportunities	While the primary focus is currently on digitizing client acquisition, distributors and underwriters agree there is significant opportunity to further automate and streamline the information handoffs occurring at key milestones throughout the journey (e.g., claims, underwriting)	~60% of respondents indicated process automation and digitization as priority investment areas
Risk of Lending Digitization	Distributors have consistently highlighted the risk that the dependency to lending and mortgages digitization creates for the CPI business, while also calling out the need for executive leadership buy-in on the benefits of digitizing CPI	75% of respondents marked the lack of alignment with lending & mortgage digitization as the greatest risk
Challenging Regulatory Environment	Many participants identified the prescriptive sales practices and lack of harmonization in regulatory requirements across jurisdictions to be an impediment to offering a frictionless digital-first client experience	71% of distributors expect new compliance and regulatory interventions

Key Insights from Survey Responses & Interviews (3/3)

Sample interview quotes

Underwriters

- “We are big institutions and used to force the customers to go from the bank to the insurer and back, now with digital experiences we need to connect with the customer where they are and let the data flow between partners to make it easy and valuable for the customer”

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

- Carrier
- “Sometimes it might be cheaper for the distributor to use our technology (versus developing their own), we can help them digitize for less”

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

- Carrier

Distributors

- “Digitizing CPI is foundational to the viability of our business and is a key strategic priority for our organization”

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

- Distributor
- “We are comfortable with loss ratios increasing if it helps more people understand the value of credit protection”

- Distributor
- “We have to explore product innovation opportunities with carriers as CPI has not been evolving”

- Distributor
- “It's about priorities, not so much funding, but prioritizing our efforts between everything that needs to be digitized!”

- Distributor

Proposed Report Table of Contents

Digitization of CPI Report | Proposed Table of Contents

Section	Contents
1	Context and Objectives <ul style="list-style-type: none"> • Overview of the context & objectives of the research report and work completed to date by CAFII • Articulate the rationale & importance of exploring the digitization of CPI in Canada • Describe the approach followed to develop the report (secondary research, survey, interviews, etc.)
2	Deloitte Perspective of 'Being' Digital <ul style="list-style-type: none"> • Define Deloitte's perspective on what it means to be a leading digital insurer • Highlight what makes digitizing a CPI business unique (bank act limitation, group underwriting, strong ties to lending, scattered ownership, etc.)
3	Research Insights <ul style="list-style-type: none"> • Surface key takeaways from the survey and interviews conducted amongst distributors and underwriters • Describe where the industry is currently in terms of digital maturity and what are the key challenges and opportunities identified by participants, including a perspective on current impacts of regulation
4	Future 'Best-in-Class' CPI Experience <ul style="list-style-type: none"> • Showcase key findings from the latest CAFII research on this topic to inform 'best in class digital client CPI journey' • Showcase an aspirational customer and sales representative journeys across discovery, quoting, purchasing, servicing, claims and continued engagement
5	Required Capabilities, Maturity & Prioritization <ul style="list-style-type: none"> • Show an overview of the functional capabilities required to enable the future customer and sales representative experience, including a distinction between distributor-owned and underwriter-owned capabilities • Provide a perspective on the current maturity of the industry based on survey & stakeholder interviews relative to the capabilities identified and key gaps to be addressed • Provide a perspective on the capabilities that should be prioritized by distributors and carriers
6	Looking Forward <ul style="list-style-type: none"> • Describe what will be key success factors for industry participants to successfully digitize their CPI business • Key regulatory considerations for enabling 'best-in-class' digital experiences for CPI
7	Appendix <ul style="list-style-type: none"> • Summary of aggregated survey insights

Next Steps

Working with the CAFII Core Working Group, R&E Committee and Members, Deloitte will work to accomplish the objectives of the engagement and will continue to do so through the actions listed below.

1

Draft Digitization of CPI full report for review

2

Draft Digitization of CPI Board Presentation (Jan 19th)

3

Enjoy the Holidays!

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Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 4(b)

Committee Updates: Media Advocacy: Production/Finalization of CAFII Website Videos on Pollara CPI Digitization Research Results; Job Loss CPI; and Consumer Protections Embedded In CPI; and Planned 2022 Initiatives

Purpose of this Agenda Item – Update

To update the EOC on enhancements to the CAFII website.

Background Information

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

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 4(c) Committee Updates: Market Conduct & Licensing

Purpose of this Agenda Item – Update

To update the EOC on submissions CAFII is making on regulatory initiatives.

Background Information

Brad Kuiper, Chair of the Market Conduct & Licensing Committee, will provide an update to the EOC on the unprecedented level of regulatory submissions that CAFII has either recently responded to or is currently dealing with. This has put a strain on CAFII's volunteer resources, and there is concern that this will be an ongoing challenge for the foreseeable future.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

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

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

Legend

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

Regulatory Submissions Timeline Start/End Dates

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

Agenda Item 4(c)
January 18/22 EOC Meeting

Recently Completed and Imminent/Pending CAFII Regulatory Submissions As At January 13, 2022

<u>Regulatory Authority</u>	<u>Topic</u>	<u>Deadline</u>	<u>Comments</u>
CISRO	Survey of Industry Associations on "Understanding the Consumer Awareness Strategies Currently Undertaken By Industry"	November 30, 2021	Completed by B. Wycks on CISRO's Survey Monkey site.
AMF	Draft Regulation on Complaints Handling and Dispute Resolution in the Financial Sector	December 8, 2021	CAFII submission sent on December 8/21.
FCAC	Proposed Guideline On Complaint Handling Procedures For Banks and Authorized Foreign Banks	December 11, 2021	CAFII submission sent on December 11/21.
FCAC	Proposed Guideline on Appropriate Products and Services For Banks and Authorized Foreign Banks	January 6, 2022	CAFII submission sent on January 6/22. Follow-up virtual Stakeholder Session, requested by FCAC, to occur on Friday, January 15/22.
AMF	Revised/Updated Sound Commercial Practices Guideline	January 28, 2022	AMF extended deadline from the initial December 17/21, largely at CLHIA's behest.
FCAC	Proposed Guideline on Whistleblowing Policies and Procedures for Banks and Authorized Foreign Banks	January 29, 2022	CAFII Co-Executive Directors are of the view that this consultation is "out of scope" for our Association, and is best left for the Canadian Bankers Association (CBA) to respond to/address. This is the third in a series of consultations on guidelines that FCAC has developed to help Banks comply with their obligations in the Bank Act and the new Financial Consumer Protection Framework Regulations , which will come into force on June 30, 2022. A first consultation on a proposed Guideline on Complaints Handling Procedures ended on December 11, 2021. A second consultation on a proposed Guideline on Appropriate Products and Services is in progress until January 6, 2022.

FCNB	"Proposed Rule INS-001: Insurance Intermediaries Licensing and Obligations"	February 7, 2022	Among various matters, outlines specifics of FCNB's plan to introduce a Restricted Insurance Agent (RIA) licensing regime in New Brunswick, which will be the first in Atlantic Canada.
OSFI	Draft Guideline B-13: Technology and Cyber Risk Management	February 9, 2022	Insights gained from a November 30/21 OSFI Information Session webinar enabled CAFII to determine that this OSFI consultation is "out of scope" for our Association, as it is exclusively prudential regulation/"going concern"-focused and not inclusive of consumer-oriented, market conduct regulatory issues.
FSRA	Information Guidance on Complaints Resolution	February 15, 2022	<p>FSRA's vision is for consumers, members, and pension plan beneficiaries to have their complaints resolved in an accessible, fair, timely, transparent, and effective manner. As a step towards its vision, FSRA is releasing Information Guidance on complaints resolution. The Guidance has two principal aims:</p> <ol style="list-style-type: none"> 1. To present FSRA's Guiding Policy Framework on Complaints Resolution, which is a principles-based, cross-sectoral framework designed to guide FSRA's policy work on complaints resolution 2. To showcase select best practices that FSRA has identified through jurisdictional research, which led to and shaped the development of the Policy Framework <p>The Policy Framework does not introduce new complaint-handling standards or requirements for the regulated sectors.</p>
AMF	Incentive Management Guideline	February 18, 2022	AMF extended deadline from the initial January 28/22, largely at CLHIA's behest.
FCNB	Proposed Rule INS-002: Insurance Fees"	February 18, 2022	Release on December 17/21 for a 60 days public consultation. CAFII has responded to FCNB consultations of this nature/type in the past.

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 4(c)i
Committee Updates: Market Conduct & Licensing: AMF Consultation on Revised “Sound Commercial Practices Guideline” (Submission Deadline: January 28/22)

Purpose of this Agenda Item – Update

To update the EOC on submissions CAFII is making on regulatory initiatives.

Background Information

CAFII is finalizing its submission to the AMF on its revised “Sound Commercial Practices Guideline,” which includes many new powers and tools for the AMF around the fair treatment of customers.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.



SOUND COMMERCIAL PRACTICES GUIDELINE

Initial publication: June 2013
Updated: October 2021

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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 institutions² 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 products⁴ 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 intermediaries⁶ 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 directors⁸

- 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 measurement⁹ 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 interest¹⁰

¹⁰ 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.

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 product¹¹ and the disclosure documents provided to clients are thoroughly assessed by individuals from the institution who have the skills to perform such an assessment¹²
 - 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, characteristics¹³ 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' needs¹⁵
 - Enables remedial action to be taken, if necessary, to:
 - Tailor the product to clients' changing needs¹⁶
 - 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 misleading¹⁷
 - 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 product¹⁸ 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 any¹⁹
 - Gives the contact details for the claims examination and settlement department²⁰
 - 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 client²¹

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 client²⁴

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 that is 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.

PROJET

6.9 Claims examination and settlement²⁵

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 cases²⁶
- 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 adjuster to 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 AMF²⁷ 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 barriers²⁹ 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

PROJET

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*

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 4(c)ii

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

Purpose of this Agenda Item – Update

To update the EOC on submissions CAFII is making on regulatory initiatives.

Background Information

David Weir, FCNB, wrote CAFII and Kate Walker on 23 December, 2021 with the following request:

I am close to finalizing my recommendations for amending the life and accident and sickness parts of the Insurance Act. I hope to present them to our internal policy review committee in February. However, I have some questions that I was hoping CLHIA and CAFII could assist on. As in the past, it would be great if you could collaborate on the responses.

We have agreed with Kate Walker that CLHIA will take the first cut at the answers to these questions, and then collaborate with CAFII to develop a joint response:

I just wanted to touch base with you on the questions from NB. I met with a group of members today and we started working through the list of questions. We have two more meetings scheduled over the next two weeks. It is our intention to have our draft responses finalized by January 20 and to send them to you for your comments and suggested revisions. The plan is to have our joint response finalized by no later than January 28. We can then send it to David.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

2 attachments.

<p>From: Weir, David (FCNB) <david.weir@fcnb.ca> Sent: December-23-21 3:25 PM To: Kate Walker <KWalker@clhia.ca>; Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com> Subject: Insurance Act Modernization - Life and Accident and Sickness Parts - Questions for Industry</p> <p>Hello Kate, Brendan, and Keith,</p> <p>I hope that you are all well and safe and will have the chance for some time off over the holidays.</p> <p>I am close to finalizing my recommendations for amending the life and accident and sickness parts of the Insurance Act. I hope to present them to our internal policy review committee in February. However, I have some questions that I was hoping CLHIA and CAFII could assist on. As in the past, it would be great if you could collaborate on the responses.</p> <p>Thank you all very much. Best wishes for a great holiday and a great new year.</p> <p>David</p> <p>Questions for Industry</p>	
<p>1. Section 133 of the NB Act provides that the life part applies to contracts made after July 1, 1962 and subject to subsections (2) and (3) applies to contracts made prior to July 1, 1962. In CLHIA’s comparison document for NS, you indicate that</p> <p>Although Manitoba’s Act doesn’t explicitly address this issue, Ontario, Alberta and British Columbia all introduced regulations for this purpose. See Ontario Insurance Act s. 172(1), Alberta Insurance Act s. 640(1), and British Columbia Insurance Act s. 39(1). We recommend that a transition provision be included in a regulation (see BC Insurance Regulation 108/2015 sections 13-15). This is consistent with other provincial acts. (BC Reg 403/2012)</p>	<p>CLHIA and CAFII Response</p>

Can you elaborate on what you are seeking?	
<p>2. Sask Reg s. 8-11 provides the following:</p> <p>In the case of a contract of creditor’s group insurance made with an insurer authorized to transact insurance in the Province at the time the contract was made, this part applies in determining:</p> <p>(a) the rights and status of the debtor insured’s personal representatives, and any debtor who is jointly liable for the debt with the debtor insured, with respect to claims for payment of insurance money if the debtor insured was resident in the Province at the time the debtor insured became insured; and</p> <p>(b) the rights and obligations of the debtor insured if the debtor insured was resident in the Province at the time the debtor insured became insured.</p> <p>This provision is similar to section 134 of the NB Act (s. 150 of the Manitoba Act), but deals with creditor’s group insurance. We are proposing to include it in our Act, but no other jurisdiction has added it. We are also proposing to add it to the accident and sickness part similar to s. 8-14 of the Sask. Reg. We welcome your thoughts.</p> <p>We note that the new provision does not include “beneficiaries”. Obviously, with Creditor’s Group Insurance the “beneficiary” is the creditor as the purpose of the insurance is to repay a debt. However, is there the possibility that there could be a “beneficiary” in addition to the creditor, specifically if there is somehow a surplus above the debt. If that is the case, we feel “beneficiaries” should be included.</p> <p>We may have asked this previously, but I cannot find a record of it.</p>	
3. in your submission to NS for changes to the accident and sickness part you suggested moving paragraph 224(6)(a) of the Manitoba Insurance Act up to a new paragraph that is equivalent to Manitoba’s 209(2)(e) for a new provision in Nova Scotia’s 72(1) that would read:	

<p>(e) in the case of a contract of group insurance that replaces another contract of group insurance on some or all of the group life insureds under the replaced contract,</p> <p>(i) whether a designation of a group life insured, a group life insured's personal representative or a beneficiary as a person to whom or for whose benefit insurance money is to be payable under the replaced contract applies to the replacing contract; and</p> <p>(ii) if such a designation under the replaced contract applies to the replacing contract, the fact that the group life insured should review the existing designation to ensure it reflects the group life insured's current intentions;</p> <p>We intend to do the same for 192(1) of the NB Act.</p> <p>For your submission to NS for changes to the life part, you suggested that NS adopt a new subsection 192(6) that is like Manitoba's subsection 167(6) but without paragraph (a). However, unlike in the A&S part, you did not recommend that they adopt a similar provision to the above proposed 72(1)(e) for the new 179(1)(d) in NS. We assume that this was an oversight and we intend to adopt a similar provision for our updated section 138. Please confirm that this is correct.</p>	
<p>4. FCNB is recommending adopting provisions like Ontario's section 179.1 which would allow a person who believes that their life or health is endangered under a life insurance policy to seek relief from the courts. As recommended, we are not including paragraph 179.1(1)(b) of Ontario.</p> <p>We appreciate that subsection (2) gives the court discretion to determine an appropriate remedy. However, all jurisdictions give two examples of orders that can be made i.e:</p> <ul style="list-style-type: none">• an order that the insurance on that person's life under the contract is terminated in accordance with the terms of the contract other than any terms respecting notice of termination;• an order that the amount of insurance under the contract on the person's life be reduced;	

<p>FCNB proposed to include the following two additional examples:</p> <ul style="list-style-type: none">• an order designating a different beneficiary; and• an order designating a different owner. <p>We accept that these two remedies, like the existing remedies, are captured by the wording “any order [the court] considers just in the circumstances”. We have not intend to narrow that discretion and don’t feel that they would anymore than the existing enumerated remedies. FCNB believes that setting these out will draw parties’ and court’s attention to these potential solutions. These remedies would allow the policy to remain in place at the same value, which may be significant if the insured’s circumstances have changed and they could not receive a new policy, or at least not at the same price. As you point out in your comments to NS, the insured could very well feel endangered by an irrevocable beneficiary. Allowing the court to change the beneficiary could reduce the risk, but the policy could continue at the same value. Likewise, designating a different owner would allow the contract to continue.</p> <p>As indicated, FCNB will be recommending setting out these addition two remedies. We would like industry’s input on the proposed wording.</p>	
<p>5. Further to the above proposal, we intend to recommend adopting a provision like subsection 155.1(5) of the Manitoba Act,</p> <p>155.1(5) An order made under subsection (1) binds any person having an interest in the contract.</p> <p>However, we propose additional wording:</p> <ul style="list-style-type: none">• an order made by the court binds any person having an interest in the contract and, if applicable, discharges the insurer of all liabilities in respect of the contract terminated by the order. <p>We want to ensure that there are no unforeseen consequences from the additional wording.</p>	

<p>6. The life part includes the following provision:</p> <p>Where an insurer fails to disclose, or misrepresents, a fact material to the insurance, the contract is voidable by the insured; but in the absence of fraud the contract is not, by reason of such a failure or misrepresentation, voidable after the contract has been in effect for two years.</p> <p>We note that several jurisdictions have eliminated this. Those that have maintained it (Manitoba and Ontario) do not have an equivalent provision in the updated accident and sickness parts in their Acts? Do you recommend removing it for the NB Act?</p>	
<p>7. As per our previous discussions, we are proposing a new provision similar to Manitoba’s subsection 174(2).</p> <p>Despite subsection 168(1), if a beneficiary is designated irrevocably and has not consented as described in clause (1)(b), the insured may exercise any rights in respect of the contract that are prescribed by regulation.</p> <p>However, as per your advice, we are recommending to incorporate what is in BC’s s. 9.1 of Reg. 403/2012. The recommendation is that the provision read as follows:</p> <p>(1) Despite s. 152(1), if a beneficiary is designated irrevocably and has not consented as described in [clause 158(1)(b)], an insured may</p> <ul style="list-style-type: none">• exercise a right under a contract if one or both of the following apply:<ul style="list-style-type: none">○ the exercise of the right is required by law;○ the contract is an exempt policy within the meaning of Part III of the <i>Income Tax Regulations</i> (Canada) and if the insured does not exercise the right the contract will no longer be an exempt policy.• subject to [the next subsection], exercise one or more of the following rights under a contract:	

<ul style="list-style-type: none">○ a right relating to any insurance money or benefit to which the irrevocable beneficiary designation does not apply;○ a right to increase the amount of insurance;○ a right to add a new insured, or additional coverage, provisions or benefits to the contract;○ a right to make transfers between accounts or investment options, or to change the type of accounts or investment options;○ a right to assign the insured's rights and duties under the contract;○ a right to add, remove or substitute a revocable contingent beneficiary, if no irrevocable contingent beneficiary is designated;○ a right to add an irrevocable contingent beneficiary, if no irrevocable contingent beneficiary is designated. <ul style="list-style-type: none">● exercise any other rights that are prescribed by regulation. <p>(2) An insured may not exercise a right under [the second paragraph of the previous subsection] if the exercise of the right</p> <ul style="list-style-type: none">● reduces the amount of any insurance money or benefit to which the irrevocable beneficiary designation applies, or● results in the cancellation or surrender of<ul style="list-style-type: none">○ the contract, or○ a coverage, provision or benefit of the contract to which the irrevocable beneficiary designation applies.	
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<p>We are proposing to have it added as a stand-alone provision following an updated subsection 158 in our Act. We would like your confirmation that this proposed provision is sufficient and that it is okay to have it as a new stand-alone provision.</p>	
<p>8. We are recommending the adoption of a provision like Alberta’s 672(3):</p> <p style="padding-left: 40px;">If satisfactory evidence is provided to the insurer that the insurance money exceeds the debt then owing to the creditor, the insurer may pay the excess directly to the debtor insured or to a debtor who is jointly liable for the debt with the debtor insured.</p> <p>We note that this is somewhat different wording than the other jurisdictions, but agree that it is preferable. However, we note that all jurisdictions say “the insurer <u>may</u> pay the excess ...”. We feel that this should read “the insurer <u>shall</u> ...”. Thoughts? Why would it be discretionary?</p>	
<p>9. We are recommending the adoption of a provision like Manitoba’s subsection 184(3),</p> <p style="padding-left: 40px;">(3) Subject to subsection (5), an action or proceeding against an insurer for the recovery of insurance money not referred to in subsection (1) must be commenced not later than two years after the date the claimant knew or ought to have known of the first instance of the loss or occurrence giving rise to the claim for insurance money</p> <p>We were hoping that you could elaborate on what is covered under “insurance money not referred to in subsection (1)”. Subsection (1) is clear in that it is “insurance money payable in the event of a person's death”. We assume subsection (3) includes disability insurance. Are there other types of insurance that would be captured by this provision?</p> <p>There is a similar provision in the proposed A&S part that is the equivalent to Manitoba’s 230.3(3). Can you also comment on that?</p>	
<p>10. We are recommending the adoption of a provision like Manitoba’s subsection 184(4),</p> <p style="padding-left: 40px;">(4) If insurance money is not payable unless a loss or occurrence continues for a period of time specified in the contract, the date of the first instance of the loss or occurrence for the purposes of subsection (3) is deemed to be the first day after the end of that period.</p>	

<p>We were hoping that you could elaborate on what type of insurance is covered by this subsection in light of the wording in the other subsections of 184. Would it include accidental death or dismemberment?</p>	
<p>11. Registered mail - there are several provisions that require notice to be sent by registered mail.</p> <p>Most jurisdictions that have modernized their Acts have maintained this provision. We are interested in allowing more electronic transactions. Do other jurisdictions allow these notices to be sent by electronic means. We are contemplating copying Alberta’s framework as outlined in section 547 and accompanying regulations.</p>	
<p>12. Subsection 198(2) of the A&S part reads:</p> <p>198(2) Where a cheque or other bill of exchange or a promissory note or other written promise to pay is given for the whole or part of a premium and payment is not made according to its tenor the premium or part thereof shall be deemed never to have been paid.</p> <p>A similar provision is found in the life part at section 142. This is the same as Manitoba’s section 217.5.</p> <p>Alberta, BC and Saskatchewan removed this from their A&S parts but kept it in their life parts. Can you shed some light on that?</p>	
<p>13. Section 202(1) of the A&S part reads:</p> <p>202(1) An applicant for insurance <u>on his own behalf and on behalf of each person to be insured</u>, and each person to be insured, shall disclose to the insurer in any application, on a medical examination, if any, and in any written statements or answers furnished as evidence of insurability, every fact within his knowledge that is material to the insurance and is not so disclosed by the other.</p> <p>BC, Manitoba and Sask dropped the use of “on his own behalf and on behalf of each person to be insured”. Alberta and Ontario kept it.</p>	

We were planning to keep it as it makes it more precise, but welcome your thoughts.	
<p>14. Saskatchewan introduced the following:</p> <p>8-204(1) If a contract includes provision for disability benefits to be payable only during confinement of the person insured, the provision does not bind the insured, and the benefits with respect to disability under the contract during the disability are payable regardless of whether the person insured is confined or not.</p> <p>NB’s section 222(2) is similar, but is limited to policies after September 1, 1973. All other jurisdictions besides Saskatchewan reference a starting date. We understand that the date represents when the rules first took effect in each province. However, we are considering following Saskatchewan and dropping the date so that the same rule would apply to a contract issued before that date. That seems fairer to consumers and moves away from what appears to be an antiquated concept. We welcome your thoughts.</p>	
<p>15We are interested in the proposal to change statutory conditions to statutory rules to give the industry greater flexibility to have consistent policies for several provinces. Please elaborate on how you foresee that being accomplished from a legislative point of view.</p>	

Agenda Item 4(c)(ii)(2)
January 18/22 EOC Meeting

From: Kate Walker <KWalker@clhia.ca>

Sent: January-05-22 5:46 PM

To: Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>

Subject: RE: Insurance Act Modernization - Life and Accident and Sickness Parts - Questions for Industry

Hi Brendan and Keith,

Happy New Year to you both!

I just wanted to touch base with you on the questions from NB. I met with a group of members today and we started working through the list of questions. We have two more meetings scheduled over the next two weeks. It is our intention to have our draft responses finalized by January 20 and to send them to you for your comments and suggested revisions. The plan is to have our joint response finalized by no later than January 28. We can then send it to David.

Does that work for you? We are happy to take the pen on this for the initial draft.

All the best,

Kate.

Kate Walker (she/her)
Senior Counsel
Direct: 416-359-2044



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

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 4(c)iii

Committee Updates: Market Conduct & Licensing: FCNB Consultation on “Proposed Rule INS-001: Insurance Intermediaries Licensing and Obligations” (Submission Deadline: February 7/22)

Purpose of this Agenda Item – Update

To update the EOC on a submission CAFII is making on a regulatory initiative.

Background Information

New Brunswick is rewriting its Insurance Act, and as part of this effort it is planning to introduce a new RIA (Restricted Insurance Agents) regime. There are many unique features to the approach from New Brunswick that will make its regime different from the three existing regimes in Manitoba, Saskatchewan, and Alberta. CAFII will continue to press in its submission for harmonization to the extent possible with other, existing RIA regimes.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.



REQUEST FOR COMMENTS

Notice and Request for Comment – Publication of proposed Financial and Consumer Services Commission Rule INS-001 *Insurance Intermediaries Licensing and Obligations* (the “**Proposed Rule**”) as set out in **Annex A**.

Introduction

On 13 October 2021, the Financial and Consumer Services Commission (“**Commission**”) approved publication in order to obtain comments on the Proposed Rule.

The Commission previously published the following consultation papers outlining proposals for updating the insurance intermediary licensing framework:

- [Modernizing the New Brunswick Insurance Licensing Framework](#) - November 2015;
- [Licensing of Insurance Adjusters and Damage Appraisers in New Brunswick](#) - May 2019;
- [Incidental Selling of Insurance, Restricted Insurance Licensing](#) Regime - December 2019.

We received numerous comment letters from the consultations. The majority of the feedback was supportive of the recommendations in the papers. The feedback was considered in making amendments to the *Insurance Act* and informed the development of the Proposed Rule. A list of respondents is included in **Annex B**.

Substance and Purpose of Proposed Rules and Proposed Amendments

Over the years, the insurance industry has undergone significant changes. The Proposed Rule will update the regulatory framework to reflect the changes to the *Insurance Act* (the “**Act**”) and will replace five existing regulations, some of which are very dated:

- *Adjusters Regulation (2009)*,
- *Agents and Brokers Regulation (1995)*,
- *Licence and Examination Fees for Agents and Brokers Regulation (1983)*,
- *Licence Revival Fee Regulation (1984)*,
- *Life Insurance Agent Licensing Regulation (2003)*.

The Proposed Rule establishes the classes of licences that may be issued and the licensing qualifications and educational requirements for licensees. The Proposed Rule also enhances market conduct rules for insurance intermediaries.

The Commission will be publishing a proposed fee rule which will establish the regulatory fees for licensing applications and other related fees.

The effective date of the Proposed Rule would coincide with the implementation of related amendments to the *Insurance Act*.

Contents of Annexes

<u>Annex A:</u>	Proposed Rule INS – 01 <i>Insurance Intermediaries Licensing and Obligations</i>
<u>Annex B:</u>	List of Respondents

How to Obtain a Copy and Provide your Comments

The text of the Proposed Rule is included with this notice.

A paper copy of the proposed materials may be obtained by writing, telephoning or emailing the Commission. Comments are to be provided, in writing, by no later than 7 February 2022 to:

Corporate Secretary
Financial and Consumer Services Commission
85 Charlotte Street, Suite 300
Saint John, N.B. E2L 2J2
Telephone: 506-658-3060
Toll Free: 866-933-2222 (within NB only)
Fax: 506-658-3059
E-mail: secretary@fcnb.ca

We cannot keep submissions confidential. Any submission received during the comment period may be disclosed in accordance with provincial legislation. A summary of the written comments received during the comment period may be published. 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.

Questions

If you have any questions, please refer them to:

David Weir
Senior Technical Advisor
Tel: 1-866-933-2222
Email: david.weir@fcnb.ca

Ella-Jane Loomis
Senior Legal Counsel
Tel: 506-453-6591
Email: ella-jane.loomis@fcnb.ca



ANNEX A

FINANCIAL AND CONSUMER SERVICES COMMISSION RULE INS-001 *INSURANCE INTERMEDIARIES LICENSING AND OBLIGATIONS*

PART 1 – DEFINITIONS AND INTERPRETATION

Definitions

1. (1) In this Rule

“accident and sickness insurance” means insurance:

- (a) against loss resulting from bodily injury to or the death of a person caused by an accident;
- (b) under which an insurer undertakes to pay a certain sum or sums of insurance money in the event of bodily injury to or the death of a person caused by an accident;
- (c) against loss resulting from the sickness or disability of a person, excluding loss resulting from an accident or death;
- (d) under which an insurer undertakes to pay a certain sum or sums of insurance money in the event of the sickness or disability of a person not caused by an accident; or
- (e) under which an insurer undertakes to pay insurance money with respect to the health care, including dental care and preventative care, of a person; (*assurance accident et maladie*)

“Act” means the *Insurance Act* (New Brunswick); (*Loi*)

“adjusting firm” means a partnership, corporation, or sole proprietorship that is conducting insurance activity as an adjuster; (*cabinet d’expertise en sinistres*)

“agency” means a corporation, partnership or sole proprietor that is conducting insurance activity as an agent, and for greater certainty includes a brokerage; (*agence*)

“collector of insurance premiums” means a person who only collects insurance premiums and does not solicit, negotiate, sell or arrange insurance contracts or the renewal of insurance contracts; (*encaisseur de primes d’assurance*)

“general insurance” means all classes of insurance but does not include accident and sickness insurance, life insurance and travel insurance; (*assurances I.A.R.D.*)

“insurance intermediary” means an adjuster, an adjusting firm, an agency, an agent, a managing general agent, a restricted insurance representative and a special insurance broker; (*intermédiaire d’assurance*)

“level 1 assistant adjuster” means an individual who is authorized to act as an adjuster under the supervision of a level 2 adjuster or level 3 senior adjuster who meet the requirements for supervision; (*expert en sinistres adjoint de niveau 1*)

“level 2 adjuster” means an individual who is authorized to act as an adjuster; (*expert en sinistres de niveau 2*)

“level 3 senior adjuster” means an individual who is authorized to act as an adjuster and to manage an adjusting firm; (*expert en sinistres principal de niveau 3*)

“level 1 general insurance agent” means an individual who is authorized to act as a general insurance agent for all personal lines of insurance; (*agent d’assurances I.A.R.D. de niveau 1*)

“level 2 general insurance agent” means an individual who is authorized to act as a general insurance agent for all personal and commercial lines of insurance; (*agent d’assurances I.A.R.D. de niveau 2*)

“level 3 general insurance agent” means an individual who is authorized to act as a general insurance agent for all personal and commercial lines of insurance and is authorized to manage an insurance agency; (*agent d’assurances I.A.R.D. de niveau 3*)

“licensed firm” means an adjusting firm, agency or managing general agent; (*cabinet autorisé*)

“life insurance agent” means an individual who is authorized to solicit, negotiate, sell or arrange life insurance and accident and sickness insurance; (*agent d’assurance-vie*)

“managing general agent” means a corporation, partnership or sole proprietorship that carries out specific activities on behalf of an insurer, and includes an associate general agent, that:

- (a) in connection with life insurance and accident and sickness insurance, conducts any of the following activities:

- (i) soliciting or accepting applications for insurance from life insurance or accident and sickness insurance agencies or agents;
 - (ii) entering into written agency agreements with life insurance or accident and sickness insurance agencies or agents authorizing the agency or agent to do business on behalf of the insurer; or
 - (iii) supervising and monitoring the activities of a life insurance or accident and sickness insurance agency and agents with whom it has entered into written agency agreements on behalf of an insurer;
- (b) in connection with general insurance and travel insurance, conducts any of the following activities:
- (i) soliciting, negotiating or accepting applications from an agency or agent;
 - (ii) quoting and binding insurance for applications from an agency or agent;
 - (iii) effecting and countersigning contracts of insurance;
 - (iv) collecting and accepting premiums from an agency or agent;
 - (v) underwriting insurance contracts;
 - (vi) processing claims on behalf of an insurer;
 - (vii) supervising and monitoring the activities of agencies and agents with whom it has entered into written agency agreements on behalf of an insurer; (*agent de gestion générale*)

“restricted insurance representative” means a corporation, partnership or sole proprietorship who is authorized to solicit, negotiate, sell or arrange the class or type of insurance specified on the restricted insurance representative licence; (*représentant d’assurance restreinte*)

“special insurance broker” means a person who is authorized under the Act to negotiate, continue or renew contracts of insurance with unlicensed insurers; (*courtier spécial d’assurance*)

“supervision” means reasonable and prudent oversight of all insurance activities carried on by the individual being supervised; (*supervision*)

“third party administrator” means a person that, for compensation, carries out activities to administer a contract of insurance on behalf of an insurer, other than solely clerical activities, but does not include a person that is licensed as an agency or a managing general agent; (*tiers administrateur*)

“travel insurance” means any of the following:

- (a) in respect of a trip by a person away from the place where the person ordinarily resides, without any individual assessment of risk, insurance for any of the following:
 - (i) loss of, or damage to, personal property that occurs while on a trip;
 - (ii) loss that is caused by the delayed arrival of personal baggage while on the trip;
 - (iii) loss that is incurred from the rental of a motor vehicle while on the trip;

- (b) in respect of a trip by a person away from the place where the person ordinarily resides, insurance for any of the following:
 - (i) against expenses incurred while on the trip that result from an illness or disability of the person that occurs on the trip;
 - (ii) against expenses incurred while on the trip that result from bodily injury to, or the death of, the person caused by an accident while on the trip;
 - (iii) whereby the insurer undertakes to pay one or more sums of money in the event of an illness or the disability of the person that occurs on the trip, or of bodily injury to, or the death of, the person that is caused by an accident on the trip;
 - (iv) against expenses incurred by the person for dental care necessitated by an accident while on the trip;
 - (v) in the event that the person dies while on the trip, against expenses incurred for the return of that person's remains to the place where the person was ordinarily resident before death, or travel expenses for a person to go and pick up that person's remains;
- (c) insurance against loss that results from the cancellation or interruption of the trip; (*assurance voyage*)

“travel insurance agent” means an individual who is authorized to solicit, negotiate, sell or arrange travel insurance; (*agent d’assurance voyage*)

“trust money” means all monies or other consideration received or receivable by any licence holder in the course of carrying on insurance business:

- (a) from the public on behalf of insurers; or
- (b) from insurers on behalf of the public. (*fonds en fiducie*)

- (2) Unless the context requires otherwise, words and expressions used in the *Insurance Act*, whether or not defined in that *Act*, have the same meaning for the purposes of this Rule.

Licences

- 2. The Superintendent may issue the following classes of licence authorizing an individual to act in New Brunswick as:
 - (a) an adjuster with the following levels of authority:
 - (i) Level 1 assistant adjuster;
 - (ii) Level 2 adjuster;
 - (iii) Level 3 senior adjuster;
 - (b) a general insurance agent with the following levels of authority:
 - (i) Level 1 general insurance agent;
 - (ii) Level 2 general insurance agent;

- (iii) Level 3 general insurance agent;
- (c) a life insurance agent;
- (d) an accident and sickness insurance agent;
- (e) a restricted insurance representative;
- (f) a travel insurance agent;
- (g) a special insurance broker.

Exemptions for individuals

3. A collector of insurance premiums who does not solicit, negotiate, sell or arrange insurance contracts or the renewal of insurance contracts may carry on such activity without a licence, if the collection fee does not exceed five per cent of any amount collected.
4. (1) Unless the Superintendent directs otherwise, the requirement to be licensed does not apply to an individual acting for an insurer or reciprocal or inter-insurance exchange in the negotiation of any contracts of insurance or in the negotiation of the continuance or renewal of any contracts that the insurer or exchange may lawfully undertake, if the individual:
 - (a) is an officer or salaried employee of a licensed insurer, who does not receive commissions; or
 - (b) is acting as an attorney or salaried employee of a reciprocal or inter-insurance exchange at which no commission is paid except to the attorney.
- (2) In the case of an insurer authorized to undertake life insurance or accident and sickness insurance, the requirement to be licensed does not apply to an officer or salaried employee only if that officer or salaried employee works at the head office of the insurer, and does not receive commissions.
- (3) An officer or employee who has been refused a license, or whose licence has been suspended, revoked or cancelled, shall not act as provided in subsection (1) without written authorization from the Superintendent.
5. (1) The Superintendent may prohibit an individual from relying on an exemption if the Superintendent is of the opinion, on reasonable grounds, that an individual relying on an exemption from licensing under the Act or this Rule:
 - (a) violated or failed to comply with a written undertaking to the Superintendent;
 - (b) committed a fraudulent act or practice;
 - (c) demonstrated incompetency or untrustworthiness; or
 - (d) is otherwise unsuitable.

- (2) The Superintendent shall provide the individual with an opportunity to be heard prior to a decision to prohibit the individual from relying on an exemption from licensing.

Application for a licence

6. (1) The Superintendent may issue a licence to an individual if the Superintendent is satisfied that the applicant meets the requirements of the *Act* and the following licensing requirements:
 - (a) is 19 years of age or older;
 - (b) provides a satisfactory criminal record check from an accepted provider;
 - (c) identifies the applicant's sponsoring insurer, as required;
 - (d) identifies the licensed firm the applicant will represent, as required;
 - (e) identifies the applicant's supervisor, as required;
 - (f) provides details on trust accounts, as required;
 - (g) provides evidence that the applicant maintains or is covered by errors and omissions insurance, as required;
 - (h) provides employment details;
 - (i) has successfully completed the licensing qualifications and educational requirements for the respective licence as required or an educational program or course established by the Superintendent;
 - (j) submits a completed licensing application;
 - (k) is suitable to hold a licence and that the proposed licence is not for any reason objectionable.
- (2) The Superintendent may require additional information or documentation to assess the licensing requirements, including the applicant's qualifications and suitability to hold the licence and to ensure that the proposed licence is not for any reason objectionable.
- (3) The Superintendent may waive some or all of the requirements for a licence, if an applicant satisfies the Superintendent that the applicant has:
 - (a) equivalent licensing qualifications and educational requirements based on education, training and experience;
 - (b) been issued a substantially similar licence in another jurisdiction; or
 - (c) engaged in equivalent or comparable work in the insurance industry.
- (4) The licensing application shall be completed in a form provided by the Superintendent.
- (5) An adjuster, agent or special insurance broker who changes their adjusting firm or agency shall file a new application and pay the appropriate application fee.
- (6) The Superintendent may designate conditions for the writing and the re-writing of licensing qualification exams.

Renewal of licence

7. (1) The Superintendent may renew a licence for an individual if the Superintendent is satisfied that the applicant continues to:
 - (a) meet the licensing requirements and educational qualifications for the licence;
 - (b) be suitable to hold a licence and that the proposed licence renewal is not for any reason objectionable.
- (2) The Superintendent may require additional information or documentation to assess the applicant's qualifications and suitability and to ensure that the proposed licence renewal is not for any reason objectionable.
- (3) The Superintendent will not accept an application to renew a licence submitted 30 days after the expiration of the licence.

Certification

8. (1) The applicant shall certify that all information provided in an application is true, accurate and complete.
- (2) The Superintendent may require an applicant to verify, by affidavit or otherwise, the authenticity, accuracy or completeness of any information or material submitted as part of the application process.

Requirement to be licensed in home jurisdiction

9. (1) To obtain a licence in New Brunswick, an individual who resides in another jurisdiction shall be licensed in the jurisdiction in which they reside.
- (2) The Superintendent may, in exceptional circumstances or where the home jurisdiction does not have an equivalent licence, waive the requirement for the individual to hold a licence in the jurisdiction in which the individual resides.
- (3) An applicant or licensee shall provide proof of being licensed in the other jurisdiction.

Sponsorship by an Insurer

10. (1) An insurer who sponsors a person for a licence shall establish and document reasonable and demonstrable screening procedures to assess the suitability of the person to hold a licence.
- (2) An insurer shall follow such procedures in sponsoring an application for a licence.

Termination of Sponsorship

11. (1) An insurer who terminates sponsorship of a licensed person shall provide written notice and reasons for such termination to the Superintendent within 15 days of termination of sponsorship.
- (2) The notice of termination of sponsorship shall be in a form provided by the Superintendent.

Expiration of licence

12. (1) The following licences shall expire and no longer be valid on the date specified on the licence:
 - (a) a life insurance agent licence;
 - (b) an accident and sickness insurance agent licence;
 - (c) a general insurance agent licence;
 - (d) a travel insurance agent licence; and
 - (e) a special insurance broker's licence.
- (2) For the initial licence and first renewal of the classes of licences listed in subsection (1), the licence shall expire and no longer be valid on the expiration date listed on the licence, which date shall not be more than one year from the date the licence was issued or renewed.
- (3) For the second renewal and every subsequent renewal, the licence shall expire and no longer be valid on a date that shall not exceed two years after the date the licence was renewed.
- (4) The Superintendent may issue a licence for a lesser duration than set out in this section.
13. (1) An adjuster licence expires and is no longer valid on the date specified in the licence.
- (2) A person who has held an adjuster licence for two consecutive years, may apply on their next renewal for a licence with a two-year term.
- (3) The Superintendent may issue a licence for a lesser duration than set out in this section.
14. A restricted insurance representative licence, an adjusting firm licence, an agency licence and a managing general agent licence expire and is no longer valid on the date specified in the licence.
15. A licence issued to a non-resident is subject to any restrictions and terms and conditions imposed on a substantially similar licence by the jurisdiction where the licence holder resides.
16. The Superintendent may extend the duration of a licence under exceptional circumstances.

PART 2 – GENERAL INSURANCE AGENTS

Licensing qualifications and educational requirements – general insurance agents

17. (1) An applicant for a level 1 general insurance agent licence shall have successfully completed one of the following educational requirements:
- (a) the Fundamentals of Insurance Examination offered by the Insurance Brokers Association of Canada achieving a mark of at least seventy-five per cent (75%);
 - (b) course CAIB I of the Canadian Accredited Insurance Brokers Program offered by the Insurance Brokers Association of Canada;
 - (c) course C11 – Principles and Practice of Insurance and course C130 – Essential Skills for the Insurance Broker and Agent, offered by the Insurance Institute of Canada;
 - (d) courses C81 and C82 – General Insurance Essentials Parts 1 and 2 offered by the Insurance Institute of Canada;
 - (e) the ILS Level 1 General and Adjuster Insurance Licensing Program offered by ILS Learning Corporation.
- (2) The educational requirements shall have been completed by the applicant within 24 months prior to submitting the licensing application, unless the applicant held a level 1 general insurance agent licence, or equivalent licence, within the 5 years prior to submitting the licensing application.
18. (1) An applicant for a level 2 general insurance agent licence shall meet the following licensing qualifications and educational requirements:
- (a) the educational requirements for a level 1 general insurance agent licence in section 17;
 - (b) successful completion of one of the following educational requirements:
 - (i) course CAIB II and course CAIB III of the Canadian Accredited Insurance Broker Program offered by the Insurance Brokers Association of Canada; or
 - (ii) course C130 – Essential Skills for the Insurance Broker and Agent and course C131 - Advanced Skills for the Insurance Broker and Agent offered by the Insurance Institute of Canada.
- (2) An applicant without an existing level 1 general insurance agent licence shall have completed all the educational requirements within 24 months prior to submitting the licensing application, unless the applicant held a licence equivalent to a level 2 general insurance agent, or higher level licence in another jurisdiction within the 5 years prior to submitting the licensing application.
19. An applicant for a level 3 general insurance agent licence shall meet the following licensing qualifications and educational requirements:
- (a) the educational requirements for a level 1 general insurance agent licence in section 17;
 - (b) the licensing qualifications and educational requirements for a level 2 general insurance agent licence in section 18;
 - (c) successfully completed one of the following educational requirements:

- (i) course CAIB IV of the Canadian Accredited Insurance Broker Program offered by the Insurance Brokers Association of Canada; or
- (ii) course C132 - Practical Issues to Broker Management offered by the Insurance Institute of Canada;
- (d) have a minimum of four years of experience as a general insurance agent within the six years prior to submitting the licensing application, including a minimum of two years of experience as a level 2 general insurance agent or at an equivalent level in another jurisdiction.

Supervision – level 1 and level 2 general insurance agents

20. (1) A level 1 general insurance agent shall be under supervision for 12 months from the date the level 1 licence is issued.
- (2) During the period of supervision, a level 1 general insurance agent shall be supervised by an individual who is licensed as one of the following:
 - (a) a level 3 general insurance agent; or
 - (b) a level 1 or level 2 general insurance agent who has been licensed for at least 24 months.
21. (1) A level 2 general insurance agent shall be under supervision for 12 months from the date the level 2 licence is issued.
- (2) A level 2 general insurance agent shall be supervised by an individual who is licensed in one of the following:
 - (a) a level 3 general insurance agent, or
 - (b) a level 2 general insurance agent who has held this licence for at least 24 months.
22. The Superintendent may waive the requirement for supervision or reduce the duration of supervision where the level 1 or level 2 agent has been licensed in another jurisdiction within the previous 24 months.
23. The supervisor of a level 1 or a level 2 general insurance agent has the following responsibilities:
 - (a) provide appropriate instruction consistent with the type of activity conducted by the person being supervised;
 - (b) provide reasonable and prudent supervision of the insurance activities of the person being supervised;
 - (c) review and approve all insurance business of the person being supervised; and
 - (d) documenting the review and approval through countersignatures or notations in paper or electronic systems.
24. (1) An individual who is required to be under supervision shall not conduct any insurance activities without a supervisor.
- (2) The supervisor shall be acceptable for the position.

- (3) An individual who is required to be under supervision shall report a change in supervisor to the Superintendent within 10 days of the change in supervisor.
 - (4) The Superintendent may remove a supervisor who is not fulfilling the supervisor's responsibilities or is otherwise not acceptable to act as a supervisor.
 - (5) The Superintendent shall not remove a supervisor without giving the individual an opportunity to be heard.
25. A supervisor shall only supervise a reasonable number of level 1 or level 2 general insurance agents having regard to the circumstances, including:
- (a) the training and experience of the level 1 or level 2 general insurance agent being supervised;
 - (b) the training and experience of the supervisor; and
 - (c) the nature and complexity of the activity conducted.

Reinstatement – general insurance agents

26. (1) A person who has not held a level 1, level 2 or level 3 general insurance agent licence for five consecutive years or more shall requalify for a level 1 or level 2 general insurance agent licence, as applicable.
- (2) A level 1 or level 2 general insurance agent licence issued under subsection (1), shall be under supervision in accordance with subsection 20(2) and 21(2).

PART 3 - LIFE INSURANCE AGENTS AND ACCIDENT AND SICKNESS INSURANCE AGENTS

Licensing qualifications and educational requirements

27. (1) An applicant for a life insurance agent licence shall have successfully completed both of the following educational requirements:
- (a) the Life Licence Qualification Program course approved by the Superintendent; and
 - (b) an examination approved by the Superintendent for the approved Life Licence Qualification Program.
- (2) The examination for the approved Life Licence Qualification Program shall have been completed within 12 months prior to submitting the licensing application, unless the applicant held a life insurance agent licence, or equivalent licence, within the 24 months prior to submitting the licensing application.
- (3) A person who has not held a life insurance agent licence for 24 consecutive months or more shall satisfy the educational requirements.
28. (1) An applicant for an accident and sickness insurance agent licence shall have successfully completed both of the following educational requirements:

- (a) the accident and sickness component of the Life Licence Qualification Course approved by the Superintendent; and
 - (b) an examination approved by the Superintendent for the accident and sickness component of the approved Life Licence Qualification Program.
- (2) The examination for the approved accident and sickness component of the Life Licence Qualification Course shall have been completed within 12 months prior to submitting the licensing application, unless the applicant held an accident and sickness insurance agent licence, or equivalent licence, within the 24 months prior to submitting the licensing application.
- (3) A person who has not held an accident and sickness insurance agent licence for 24 consecutive months or more shall satisfy the educational requirements.

Life insurance agent's duty to disclose

- 29. (1) A life insurance agent shall disclose in writing, to a prospective insured at the time of application, renewal or replacement of a policy of life insurance, the names of all the insurers that the agent represents.
- (2) A life insurance agent shall disclose in writing to every prospective purchaser prior to the purchase of a financial product or service, the names of all the providers of financial products or services that the agent represents.

PART 4 – TRAVEL INSURANCE AGENTS

- 30. (1) An applicant for a travel insurance agent licence shall have successfully completed an education program for a travel insurance agent approved by the Superintendent.
- (2) An applicant for a travel insurance agent licence who holds a life insurance agent licence, or an accident and sickness insurance agent licence is not required to complete an approved education program.

PART 5 – RESTRICTED INSURANCE REPRESENTATIVES

Definitions

- 31. In this Part

“cargo insurance” means insurance within the class of property insurance that provides coverage only against damage to or the loss of goods in transit; (*assurance des marchandises*)

“creditor's critical illness insurance” means group insurance or creditor's group insurance as defined in section 186 of the *Act*, that is within the class of accident and sickness insurance and will pay all or part of the amount of a debt of a debtor to the creditor named under the policy, in the event of a diagnosis of a covered illness or medical condition with respect to:

- (a) where the debtor is a natural person, the debtor or the spouse of the debtor;
- (b) a natural person who is a guarantor of all or part of the debt;
- (c) where the debtor is a body corporate, any director or officer of the body corporate; or

- (d) where the debtor is an entity other than a natural person or a body corporate, any natural person who is essential to the ability of the debtor to meet the debtor's financial obligations; (*assurance crédit en cas de maladie grave*)

"creditor's disability insurance" means group insurance or creditor's group insurance as defined in section 186 of the *Act*, that is within the class of accident and sickness insurance and will pay all or part of the amount of a debt of a debtor to the creditor named under the policy, in the event of bodily injury to, or an illness or disability of any of the following:

- (a) where the debtor is a natural person, the debtor or the spouse of the debtor;
- (b) a natural person who is a guarantor of all or part of the debt;
- (c) where the debtor is a body corporate, any director or officer of the body corporate;
- (d) where the debtor is an entity other than a natural person or a body corporate, any natural person who is essential to the ability of the debtor to meet the debtor's financial obligations; (*assurance crédit en cas d'invalidité*)

"creditor's life insurance" means group insurance or creditor's group insurance as defined in section 132 of the *Act*, that is within the class of life insurance and that will pay all or part of the amount of the debt of a debtor to the creditor insured under the policy or, where a debt is in respect of a small business, a farm or fishery, all or part of the amount of the credit limit of a line of credit owing to the creditor, in the event of the death of any of the following:

- (a) where the debtor is a natural person, the debtor or the spouse of the debtor;
- (b) a natural person who is a guarantor of all or part of the debt;
- (c) where the debtor is a body corporate, any director or officer of the body corporate;
- (d) where the debtor is an entity other than a natural person or a body corporate, any natural person who is essential to the ability of the debtor to meet the debtor's financial obligation; (*assurance-vie de crédit*)

"creditor's loss of employment insurance" means insurance within the class of credit protection insurance that will pay, without any individual assessment of risk, all or part of the amount of a debt of a debtor to the creditor named under the policy in the event of either of the following:

- (a) the debtor, if the debtor is a natural person, becomes involuntarily unemployed;
- (b) a natural person who is a guarantor of all or part of the debt becomes involuntarily unemployed; (*assurance crédit en cas de perte d'emploi*)

"creditor's vehicle inventory insurance" means insurance within the class of credit protection insurance that provides coverage against direct and accidental loss or damage to vehicles that are held in stock for display and sale purposes by a debtor of a creditor, if some or all of those vehicles have been financed by the creditor; (*assurance crédit pour stocks de véhicules*)

"deposit-taking institution" means any of the following institutions:

- (a) a bank under the *Bank Act* (Canada);
- (b) a credit union incorporated or continued under the *Credit Unions Act* or a similar Act of the Parliament of Canada or an Act of the legislature of another province or a territory of Canada; or

- (c) a loan company or trust company incorporated by or pursuant to the *Loan and Trust Companies Act*, or a similar Act of the Parliament of Canada or Act of the legislature of another province or a territory of Canada; (*établissement qui reçoit des dépôts*)

“employee of a restricted insurance representative” means an employee or other person acting on behalf of the restricted insurance representative in the business of insurance; (*employé d’un représentant d’assurance restreinte*)

“export credit insurance” means insurance within the class of surety insurance that provides coverage to an exporter of goods or services against a loss incurred by the exporter due to non-payment for exported goods or services; (*assurance crédit à l’exportation*)

“funeral expense insurance” means insurance that is within the class of life insurance and under which the insurer undertakes to pay a maximum of \$20,000 to the insured for funeral services; (*assurance des frais funéraires*)

“funeral provider” means a person or a corporation licensed under the *Embalmers, Funeral Directors and Funeral Providers Act* who owns, controls or has a beneficial interest in or manages a funeral home or holds themselves out as a provider of funeral services; (*fournisseur de services funèbres*)

“guaranteed asset protection insurance” means insurance within the class of property insurance or automobile insurance that provides coverage to a motor vehicle, recreational vehicle, watercraft, farm implement or equipment owner or lessee, in the event of the unrecovered theft of the motor vehicle, recreational vehicle, watercraft, farm implement or equipment or its total loss, for some or all of the amount owed on the purchase financing for the motor vehicle, recreational vehicle, watercraft, farm implement or equipment or on the lease agreement, after credit for money received in respect of the theft or loss from any other insurance under which the owner or lessee has coverage for the value of the motor vehicle, recreational vehicle, watercraft, farm implement or equipment; (*assurance de protection garantie de l’actif*)

“line of credit” means a commitment on the part of a deposit-taking institution or sales finance company to lend one or more amounts to a debtor without a predetermined repayment schedule; (*marge de crédit*)

“mortgage associate” means a mortgage associate, as defined in the *Mortgage Brokers Act*, that is licensed in accordance with that Act; (*associé en hypothèques*)

“mortgage broker” means a mortgage broker, as defined in the *Mortgage Brokers Act*, that is licensed in accordance with that Act; (*courtier en hypothèques*)

“mortgage brokerage” means a mortgage brokerage, as defined in the *Mortgage Brokers Act*, that is licensed in accordance with that Act; (*maison de courtage d’hypothèques*)

"mortgage insurance" means insurance against loss caused by default on the part of a borrower under a loan secured by a mortgage or charge on, or other security interest in, real property; (*assurance prêt hypothécaire*)

"rented vehicle" means a vehicle that is rented for a period of 90 days or less; (*véhicule loué*)

"rented vehicle accidental injury or death insurance" means insurance within the class of automobile insurance that provides coverage to a vehicle renter and other occupants of the rented vehicle for bodily injury or death and reimbursement for medical expenses resulting from a vehicular accident involving the rented vehicle that occurs during the rental period; (*assurance en cas de lésion accidentelle ou de décès associés à un véhicule loué*)

"rented vehicle contents insurance" means insurance within the class of property insurance that provides coverage to a vehicle renter and other occupants of the rented vehicle against damage to or the loss of personal property in the rented vehicle during the rental period; (*assurance sur le contenu d'un véhicule loué*)

"rented vehicle liability insurance" means insurance within the class of automobile insurance that provides coverage to a vehicle renter and other authorized drivers of the rented vehicle for liability arising from its operation; (*assurance responsabilité pour véhicule loué*)

"replacement cost insurance" means insurance within the class of property insurance or automobile insurance that provides coverage for some or all of the cost of purchasing or leasing a replacement motor vehicle, replacement recreational vehicle, replacement watercraft, replacement farm implement or replacement equipment; (*assurance valeur à neuf*)

"sales finance company" means a corporation that provides consumer loans, or provides or arranges for credit but does not include:

- (a) a deposit-taking institution;
- (b) an entity licensed to transact insurance under the *Insurance Act*, or an entity incorporated, continued or licensed under a similar Act of Parliament or an Act of any province or territory of Canada;
- (c) an entity that is incorporated, continued or licensed under an Act of Parliament or of any province or territory of Canada and is primarily engaged in dealing in securities, including portfolio management and investment counselling; (*société de financement de ventes à crédit*)

"small business" means

- (a) a business that is a small business corporation as defined in subsection 248(1) of the *Income Tax Act* (Canada); or

- (b) an unincorporated business that would, if incorporated, be a small business corporation as defined in subsection 248(1) of the *Income Tax Act* (Canada). (*petite entreprise*)

Restricted insurance representative

- 32. The Superintendent may issue a restricted insurance representative licence to any of the following applicants:
 - (a) an automobile dealership, a watercraft dealership, a recreational vehicle dealership, a farm implement dealership or a construction equipment dealership;
 - (b) a customs brokerage;
 - (c) a deposit-taking institution;
 - (d) a freight forwarding business;
 - (e) a funeral provider;
 - (f) a mortgage brokerage;
 - (g) a sales finance company;
 - (h) a transportation company that provides transportation service for goods;
 - (i) a vehicle rental business;
 - (j) a person engaged on behalf of one of (a) to (i) to solicit, negotiate, sell or arrange insurance.
- 33. (1) The Superintendent may issue a restricted insurance representative licence for any of the following classes or types of insurance:
 - (a) cargo insurance;
 - (b) creditor's critical illness insurance
 - (c) creditor's disability insurance;
 - (d) creditor's life insurance;
 - (e) creditor's loss-of-employment insurance;
 - (f) creditor's vehicle inventory insurance;
 - (g) export credit insurance;
 - (h) funeral expense insurance;
 - (i) guaranteed asset protection insurance;
 - (j) mortgage insurance;
 - (k) rented vehicle accidental injury or death insurance;
 - (l) rented vehicle contents insurance;
 - (m) rented vehicle liability insurance;
 - (n) replacement cost insurance;
 - (o) travel insurance.
- (2) A restricted insurance representative licence for travel insurance will only be issued to a deposit-taking institution.
- 34. Where a restricted insurance representative is a mortgage brokerage, only a mortgage broker or a mortgage associate licensed under the *Mortgage Brokers Act* is authorized to solicit, negotiate, sell or arrange the insurance specified on the licence.

Licensing criteria – restricted insurance representative

35. (1) The Superintendent may issue a restricted insurance representative licence if the Superintendent is satisfied that the applicant meets the requirements of the *Act* and the following licensing requirements:
- (a) provides the applicant's legal name and any business name that the applicant is using;
 - (b) provides particulars of the business activity conducted by the applicant;
 - (c) identifies the applicant's sponsoring insurer;
 - (d) provides the address of the head office and any branches soliciting, negotiating, selling or arranging insurance in the Province;
 - (e) provides the name of and information regarding the designated representative;
 - (f) provides evidence that the applicant maintains or is covered by errors and omissions insurance as required by this Rule;
 - (g) provides information respecting any trust account as required by this Rule;
 - (h) provides the number of employees who will be authorized to transact on behalf of the applicant and the types of insurance they will be transacting;
 - (i) identifies the classes or types of insurance that the applicant wishes to transact under its licence;
 - (j) submits a completed licensing application;
 - (k) completes a director, officer, partner disclosure form, if requested;
 - (l) the applicant is suitable to hold a licence and that the proposed licence is not for any reason objectionable.
- (2) The Superintendent may require additional information or documentation to assess the applicant's qualifications and suitability to hold a licence and to ensure that the proposed licence is not for any reason objectionable.

Obligations for restricted insurance representatives

36. A restricted insurance representative shall comply with the following:
- (a) have a business name registered with the New Brunswick Corporate Registry, where applicable;
 - (b) have a designated representative; and
 - (c) maintain errors and omissions insurance as required by this Rule.
37. On request by the Superintendent, a restricted insurance representative shall provide a list of individuals who have engaged or are engaging in the business of insurance on behalf of the licence holder.

Suitability

38. A restricted insurance representative shall take reasonable steps to ensure that an employee of a restricted insurance representative is:

- (a) suitable and trained for the type of insurance activity being conducted;
- (b) conducting only insurance activities that are within the scope of the individual's training and experience.

39. A restricted insurance representative shall take reasonable steps to ensure that it:

- (a) is not engaging an employee of a restricted insurance representative who has had an insurance licence refused, revoked or suspended, unless the Superintendent gives prior written approval;
- (b) does not make representations that the restricted insurance representative is authorized to sell insurance products other than those permitted under the restricted insurance representative licence;
- (c) is not conducting insurance activities that are outside the scope of the licence;
- (d) does not permit an employee of a restricted insurance representative to do any of (b) or (c).

Separate application

40. (1) An application for the following classes or types of insurance shall use a form separate from the application or transaction for the related product or service:

- (a) creditor's critical illness insurance;
- (b) creditor's disability insurance;
- (c) creditor's life insurance;
- (d) creditor's loss of employment insurance;
- (e) funeral expense insurance;
- (f) guaranteed asset protection insurance; and
- (g) replacement cost insurance.

(2) The application for insurance in subsection (1) can cover multiple classes or types of insurance.

Prohibition against tied selling

41. (1) A restricted insurance representative, or an employee of a restricted insurance representative shall not:

- (a) make the provision of goods or services conditional on the purchase of insurance from the restricted insurance representative or from an insurer specified by the restricted insurance representative;
- (b) advise a person who wishes to purchase insurance for a good or service, that the person may only purchase insurance through the restricted insurance representative or from an insurer specified by the restricted insurance representative.

(2) A restricted insurance representative, or employee of a restricted insurance representative may, when making a loan to, or arranging a loan for, a person, inform the borrower that the borrower is required to obtain insurance coverage to protect the lender against default of the

borrower; however, the restricted insurance representatives shall not advise the person that they may only purchase insurance through the restricted insurance representative or from an insurer specified by the restricted insurance representative.

Disclosure obligations of restricted insurance representative

42. At the time a person applies for insurance, a restricted insurance representative shall:
- (a) ensure that the person is informed in writing of all of the following:
 - (i) that the person is contracting with the insurer and not with the restricted insurance representative;
 - (ii) that the person should contact the insurer for further information or clarification;
 - (iii) the name of the insurer providing the insurance and how the insurer may be contacted; and
 - (iv) the cost of the insurance;
 - (b) provide the person with all of the following:
 - (i) a written summary of the terms, including limitations, exclusions and restrictions, of the insurance offered;
 - (ii) a written summary of the circumstances under which the insurance commences or terminates and the procedures to follow in making a claim;
 - (c) notify the person applying for insurance that, on approval of the application:
 - (i) the application, policy and documentation describing the insurance will be sent to that person; or
 - (ii) in the case of a contract of group insurance, the application and a certificate will be sent to that person.
43. If a person is applying for creditor's disability insurance, creditor's life insurance, creditor's critical illness insurance or creditor's loss of employment insurance, the summary of terms referenced in subparagraph 42(b)(i) shall include, in a prominent manner:
- (a) the limitations, exclusions and restrictions of the insurance offered;
 - (b) information on the coverage and pre-existing conditions that may disqualify an applicant from coverage; and
 - (c) the consequences of any misrepresentation in the application for insurance.
44. (1) If a restricted insurance representative, or an employee of a restricted insurance representative, receives, or will receive any direct or indirect compensation, inducement or benefit from the insurer that exceeds 30% of the price paid by the consumer for an insurance product, the restricted insurance representative shall, at the time the applicant applies for insurance, inform the applicant in writing of the amount of compensation, inducement or benefit or the basis for calculating the amount of the compensation, inducement or benefit.

- (2) For clarity, subsection (1) does not include a salary paid to an employee of the restricted insurance representative.
45. 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.
46. A restricted insurance representative, or an employee of a restricted insurance representative, shall, at the time a person applies for insurance, provide that person with a statement that sets out the right to rescind the insurance contract and to obtain a full refund of the premium for the following classes or types of insurance:
- (a) creditor's critical illness insurance;
 - (b) creditor's disability insurance;
 - (c) creditor's life insurance;
 - (d) creditor's loss of employment insurance;
 - (e) funeral expense insurance;
 - (f) guaranteed asset protection insurance; and
 - (g) replacement cost insurance.
47. A restricted insurance representative, an employee of a restricted insurance representative, shall provide an applicant, at the time the person applies for insurance, with a statement that the duration of the insurance is less than the term of the amortization period of any related loan, or that the amount of the insurance is less than the indebtedness, if that is the case, for the following classes or types of insurance:
- (a) creditor's critical illness insurance;
 - (b) creditor's disability insurance;
 - (c) creditor's life insurance;
 - (d) creditor's loss of employment insurance; and
 - (e) guaranteed asset protection insurance.
48. A restricted insurance representative, or an employee of a restricted insurance representative, shall inform the applicant, at the time the person applies for insurance, that the insurance may provide a duplication, or a partial duplication, of coverage that may be available through the standard automobile insurance policy for the following classes or types of insurance:
- (a) guaranteed asset protection insurance; and
 - (b) replacement cost insurance.
49. A restricted insurance representative, or an employee of a restricted insurance representative, shall inform the applicant, at the time the person applies for insurance, that the insurance may provide a duplication or partial duplication of coverage already provided by the vehicle renter's automobile insurance policy or by another source of coverage for the following classes or types of insurance:
- (a) rented vehicle accidental injury or death insurance;

- (b) rented vehicle contents insurance; and
- (c) rented vehicle liability insurance.

50. A restricted insurance representative, or an employee of a restricted insurance representative, shall provide the insured, within 20 days of the insurance coverage coming into force, with all of the following:

- (a) the application;
- (b) the policy or, in the case of group insurance, the certificate;
- (c) written documentation that evidences the insurance.

Oversight obligations of insurer

51. An insurer shall ensure that a restricted insurance representative acting on its behalf has:

- (a) reasonable and demonstrable procedures respecting the disclosure requirements under this Rule;
- (b) a process in place to verify that the procedures are being followed; and
- (c) the knowledge and skills to carry on the type of insurance activity being conducted.

Right to rescind

52. (1) A purchaser may rescind the contract of insurance on or before the expiry of 20 days after the date the purchaser received the documents referred to in section 50 of this Rule, or any longer period specified in the policy or certificate for all of these insurance products:

- (a) creditor's critical illness insurance;
- (b) creditor's disability insurance;
- (c) creditor's life insurance;
- (d) creditor's loss of employment insurance;
- (e) funeral expense insurance;
- (f) guaranteed asset protection; or
- (g) replacement cost insurance.

(2) A person who rescinds a contract of insurance in accordance with subsection (1) is entitled to receive a refund from the insurer of the whole premium that has been paid.

PART 6 – EXEMPT INCIDENTAL SALES

53. In this Part

“portable electronic device” means any self-contained, easily carried, battery-operated electronic equipment for personal use for communicating, viewing, listening, recording, playing video games, computing or global positioning, including a cellular or satellite telephone, paging device, personal global positioning system unit, portable computer, audio listening or audio recording device, video viewing or video recording device, digital camera, portable video game system,

telephone answering machine, docking or charging station for any portable electronic device, and other similar device; (*appareil électronique portatif*)

“portable electronics insurance” means insurance within the class of property insurance that provides coverage against damage to or the loss of a portable electronic device; (*assurance sur les appareils électroniques portatifs*)

“portable electronics vendor” means a business that sells or leases portable electronic devices or provides the devices in connection with a transaction between the business and a consumer; (*fournisseur d’appareils électroniques portatifs*)

Exemption from licensing requirement for portable electronics vendors

54. (1) The requirement to be licensed does not apply to the sale of portable electronics insurance incidental to the sale of a portable electronic device by a portable electronics vendor, or a person acting on their behalf, if the portable electronics vendor provides the purchaser with the following at the time of sale:
- (a) a written summary of the terms, including limitations, exclusions and restrictions of the portable electronics insurance displayed in a prominent manner;
 - (b) a written summary of the circumstances under which the product commences or terminates and the procedures to follow in making a claim;
 - (c) written notice of the person’s right to rescind the insurance contract and obtain a full refund of the premium.
- (2) A portable electronics vendor, or a person acting on their behalf, shall not make the sale of a portable electronics device conditional on the purchase of portable electronics insurance from the vendor or any insurer or other person specified by the vendor.
55. (1) The Superintendent may prohibit a person from selling portable electronics insurance if the Superintendent is of the opinion, on reasonable grounds, that the person:
- (a) violated or failed to comply with the *Act* or this Rule;
 - (b) violated or failed to comply with a written undertaking to the Superintendent;
 - (c) committed a fraudulent act or practice;
 - (d) demonstrated incompetency or untrustworthiness in conducting insurance activities; or
 - (e) is otherwise unsuitable.
- (2) The Superintendent shall provide the person with an opportunity to be heard prior to a decision to prohibit the person from selling portable electronic insurance.

Right to rescind – portable electronics insurance

56. (1) A purchaser may rescind a contract of portable electronics insurance on or before the expiry of 20 days after the purchase of the contract or any longer period specified in the contract.

- (2) A person who rescinds a contract of insurance in accordance with subsection (1) is entitled to receive a refund of the whole premium that has been paid related to the contract of insurance.

PART 7 – ADJUSTERS

57. A person who adjudicates a claim related to accident and sickness insurance or life insurance is not acting as an adjuster for the purposes of the *Act* or this Rule.
58. (1) An adjuster licence is not required for a person who adjusts claims under the following contracts of insurance:
- (a) aircraft insurance;
 - (b) guaranteed asset protection insurance;
 - (c) legal expense insurance;
 - (d) marine insurance; or
 - (e) travel insurance.
- (2) An insurance company or an adjusting firm that uses the services of a person that is exempt from the requirement to be licensed under subsection (1) shall ensure that the person has the appropriate qualifications and competency to deal with any insurance claim that the person is involved in on behalf of the insurance company or adjusting firm, and shall oversee the activities of the person with respect to any insurance claim.

Licensing qualifications and educational requirements – adjusters

59. (1) An applicant for a level 1 assistant adjuster licence shall have successfully completed one of the following educational requirements offered by the Insurance Institute of Canada:
- (a) course C-11 Principles and Practice of Insurance;
 - (b) courses C81 and C82 – General Insurance Essentials Parts 1 and 2; or
 - (c) course C110 Essentials of Loss Adjusting or course C17 Claims 1.
- (2) The educational requirements shall have been completed by the applicant within 24 months prior to submitting the licensing application, unless the applicant held a level 1 assistant adjuster licence, or equivalent licence, within the 5 years prior to submitting the licensing application.
60. An applicant for a level 2 adjuster licence shall have successfully completed the following licensing qualifications and educational requirements:
- (a) 24 months of experience acting as a level 1 assistant adjuster or equivalent adjusting experience; and
 - (b) all of the following educational requirements offered by the Insurance Institute of Canada:
 - (i) course C11 Principles and Practice of Insurance or courses C81 and C82 – General Insurance Essentials Parts 1 and 2;
 - (ii) course C110 Essentials of Loss Adjusting or course C17 Claims 1;

- (iii) course C111 Advanced Loss Adjusting or course C46 Claims 2; and
- (c) any two of the following educational requirements offered by the Insurance Institute of Canada:
 - (i) course C12 Insurance on Property;
 - (ii) course C13 Insurance Against Liability - Part 1;
 - (iii) course C14 Automobile Insurance - Part 1; or
 - (iv) course C32 Bodily Injury Claims.

61. (1) An applicant for a level 3 senior adjuster licence shall have successfully completed the following licensing qualifications and educational requirements:

- (a) 48 months of experience as an adjuster, including 24 months experience acting as a level 2 adjuster or equivalent adjusting experience; and
- (b) all of the following educational requirements offered by the Insurance Institute of Canada:
 - (i) course C11 Principles and Practice of Insurance or courses C81 and C82 – General Insurance Essentials Parts 1 and 2;
 - (ii) course C12 Insurance on Property;
 - (iii) course C13 Insurance Against Liability - Part 1;
 - (iv) course C14 Automobile Insurance - Part 1;
 - (v) course C32 Bodily Injury Claims;
 - (vi) course C110 Essentials of Loss Adjusting or C17 Claims 1;
 - (vii) course C111 Advanced Loss Adjusting or C46 Claims 2; and
 - (viii) course C112 Practical Issues in Claims Management.

62. (1) An adjuster who is issued a level 1 assistant adjuster licence under subsection 6(3) will be required to meet the minimum experience requirements in paragraph 60(a) and successfully complete the following educational requirements to obtain a level 2 adjuster licence:

- (a) course C110 Essentials of Loss Adjusting or course C17 Claims 1;
- (b) course C111 Advanced Loss Adjusting or course C46 Claims 2; and
- (c) any two of the following:
 - (i) course C12 Insurance on Property;
 - (ii) course C13 Insurance Against Liability - Part 1;
 - (iii) course C14 Automobile Insurance - Part 1; or
 - (iv) course C32 Bodily Injury Claims.

(2) An adjuster who is issued a level 2 adjuster licence under subsection 6(3) will be required to meet the minimum experience requirements in paragraph 61(1)(a) and successfully complete the following educational requirements to obtain a level 3 senior adjuster licence:

- (a) course C112 Practical Issues in Claims Management; and
- (b) any two of the following:
 - (i) course C12 Insurance on Property;
 - (ii) course C13 Insurance Against Liability - Part 1;

- (iii) course C14 Automobile Insurance - Part 1; or
- (iv) course C32 Bodily Injury Claims.

63. (1) A level 2 adjuster may only adjust claims for which he or she has appropriate training and experience.
- (2) A level 1 and level 2 adjuster cannot act as a manager of an adjusting firm or a designated representative.

Supervision – adjusters

64. (1) A level 1 assistant adjuster shall be supervised by a level 3 senior adjuster, or a level 2 adjuster who has held this licence for at least 12 months.
- (2) The supervisor is responsible for:
- (a) the oversight of the general conduct of the person being supervised;
 - (b) reviewing and approving all claim reports and settlement offers of the person being supervised;
 - (c) documenting the review and approval through countersignatures or notations in paper or electronic systems;
 - (d) providing the Superintendent, when requested, with information with respect to the person being supervised.
65. (1) An individual who is required to be under supervision shall not conduct any insurance activities without a supervisor.
- (2) The supervisor shall not be objectionable to the Superintendent.
- (3) A level 1 adjuster shall report a change in supervisor to the Superintendent within 10 days of the change in supervisor.
- (4) The Superintendent may remove a supervisor who is not fulfilling the supervisor's responsibilities or is otherwise objectionable.
- (5) The Superintendent shall not remove a supervisor without giving the individual an opportunity to be heard.
66. A supervisor shall only supervise a reasonable number of level 1 assistant adjusters having regard to the circumstances, including:
- (a) the training and experience of the level 1 assistant adjusters being supervised;
 - (b) the training and experience of the supervisor; and
 - (c) the nature and complexity of the claims being adjusted.

Reinstatement - adjusters

67. A person who has not held an adjuster licence for five years or more may only apply for a level 1 assistant adjuster licence and shall satisfy the licensing qualifications and educational requirements set out in the *Act* and this Rule.

PART 8 – ADJUSTING FIRMS, AGENCIES OR MANAGING GENERAL AGENTS

68. (1) The Superintendent may issue an adjusting firm, agency or managing general agent licence to a corporation, a partnership or a sole proprietorship if the Superintendent is satisfied the applicant meets the requirements of the *Act* and the following licensing requirements:
- (a) provides the applicant's legal name and any business name the applicant is using;
 - (b) provides particulars of any other business activity conducted by the applicant;
 - (c) identifies the applicant's sponsoring insurer, as required;
 - (d) provides the classes or types of insurance that the applicant wishes to transact under its licence;
 - (e) provides the address of the head office and any branches soliciting, negotiating, selling or arranging insurance in the Province;
 - (f) provides the name of and information regarding the designated representative;
 - (g) provides evidence that the applicant maintains or is covered by errors and omissions insurance as required by this Rule;
 - (h) provides information respecting any trust account as required by this Rule;
 - (i) submits a completed licensing application;
 - (j) completes a director, officer, partner disclosure form, if requested;
 - (k) any additional information or documentation required by the Superintendent to assess the applicant's qualifications and suitability to hold a licence and that the proposed licence is not for any reason objectionable.
- (2) The Superintendent may, at any time, require additional information or documentation of an adjusting firm, agency or managing general agent or any director, officer or partner.
69. (1) The Superintendent may issue an agency licence or a managing general agent licence to a corporation, a partnership or a sole proprietorship for any of the following classes or types of insurance:
- (a) accident and sickness insurance;
 - (b) general insurance;
 - (c) life insurance; or
 - (d) travel insurance.
- (2) An agency or a managing general agent authorized to carry on life insurance business may also carry on accident and sickness insurance business in New Brunswick.
70. (1) An adjusting firm, an agency and a managing general agent shall:
- (a) have a legal name or business name registered with the New Brunswick Corporate Registry, where applicable;
 - (b) have a designated representative; and

- (c) maintain errors and omissions insurance as required by this Rule.
- (2) In addition to the requirements in subsection (1), an agency and a managing general agent shall have an agency contract with at least one insurance company that is licensed to carry on business in New Brunswick.

Revocation or suspension of a licence

- 71. (1) If an adjusting firm licence or agency licence lapses or is revoked or suspended, the licence of any adjuster or agent acting on its behalf is automatically suspended.
- (2) If a managing general agent licence lapses or is revoked or suspended, the licence of any agent with the managing general agent listed on the licence is automatically suspended.

PART 9 – THIRD PARTY ADMINISTRATORS

- 72. A third party administrator is exempt from the requirement to be licensed under section 351.01 of the *Act*.

PART 10 – DESIGNATED REPRESENTATIVES

Requirements for a designated representative

- 73. A designated representative of a licensed firm or a restricted insurance representative shall be:
 - (a) in the case of a corporation, a director, officer or management employee of the licensed firm or restricted insurance representative;
 - (b) in the case of a partnership, a partner or a management employee designated by the partnership; or
 - (c) in the case of a sole proprietorship, the sole proprietor or a management employee designated by the sole proprietor.
- 74. A designated representative shall satisfy the following qualifications:
 - (a) in the case of a general insurance agency, the person shall hold a level 3 general insurance agent licence;
 - (b) in the case of a managing general agent, the person shall hold one of the following:
 - (i) a level 3 general insurance agent licence;
 - (ii) a life insurance agent licence and have been licensed as a life insurance agent for two years;
 - (iii) an accident and sickness insurance agent licence and have been licensed as an accident and sickness insurance agent for two years;
 - (c) in the case of a life insurance agency, the person shall hold a life insurance agent licence and have been licensed as a life insurance agent for two years;
 - (d) in the case of an accident and sickness insurance agency, the person shall have been licensed for at least two year as either:
 - (i) an accident and sickness insurance agent licence; or
 - (ii) a life insurance agent licence;

- (e) in the case of an adjusting firm, the person shall hold a level 3 senior adjuster licence.
75. (1) A licensed firm or a restricted insurance representative shall satisfy the Superintendent that the individual nominated as the designated representative is suitable.
- (2) On request by the Superintendent, an individual nominated as the designated representative shall provide the Superintendent with any information or documentation required by the Superintendent to assess the nominated individual's suitability to be the designated representative.

Removal of a designated representative

76. (1) The Superintendent may remove an individual from being a designated representative if the individual:
- (a) no longer meets the requirements to be the designated representative;
 - (b) is not fulfilling the designated representative's responsibilities;
 - (c) is otherwise unsuitable.
- (2) The Superintendent shall not remove a designated representative without giving the individual an opportunity to be heard.

Responsibilities of a designated representative

77. (1) The designated representative of a licensed firm is the primary contact for the licensed firm for regulatory purposes.
- (2) The designated representative of a licensed firm is responsible for the oversight of all employees.
- (3) The designated representative of a licensed firm is responsible to ensure that:
- (a) staff are adequately trained and appropriately licensed;
 - (b) the adjusting firm, agency or managing general agent and staff comply with the *Act*, regulations and rules;
 - (c) licence holders operate in accordance with any terms, conditions and restrictions on their licence;
 - (d) trust money is handled properly;
 - (e) all books, records and accounts are properly maintained;
 - (f) errors and omissions insurance is properly maintained; and
 - (g) the adjusting firm, agency or managing general agent and staff comply with any instructions or guidelines from the Superintendent.
78. (1) The designated representative of a restricted insurance representative is the primary contact for the restricted insurance representative for regulatory purposes and is responsible for supervising all insurance activities of the licence holder and all individuals engaged in the business of insurance on behalf of the restricted insurance representative.

- (2) The designated representative of a restricted insurance representative is responsible to ensure that:
- (a) the restricted insurance representative is properly licensed;
 - (b) the restricted insurance representative and individuals engaged in the business of insurance on behalf of the restricted insurance representative comply with the *Act*, regulations and rules;
 - (c) the restricted insurance representative operates in accordance with any terms, conditions and restrictions on their licence;
 - (d) the restricted insurance representative has reasonable and demonstrable policies and procedures to ensure that any employee of the restricted insurance representative is knowledgeable, competent and suitable, taking into account the class or type of insurance, and that these individuals comply with the restricted insurance representative's policies and procedures;
 - (e) trust money related to insurance business is handled properly;
 - (f) all books, records and accounts related to insurance business are properly maintained;
 - (g) errors and omissions insurance is properly maintained; and
 - (h) the restricted insurance representatives and any individuals engaged in the business of insurance on behalf of the restricted insurance representative comply with any instructions or guidelines from the Superintendent.

79. Any notices or documents required to be served on a licensed firm or a restricted insurance representative under the *Act*, regulations or rules may be served on the designated representative.

Change of designated representative

80. (1) If the designated representative of a licensed firm or a restricted insurance representative ceases to be the designated representative, the licensed firm or restricted insurance representative shall:
- (a) notify the Superintendent in writing and provide reasons for the change within 10 days; and
 - (b) provide, within 20 days, the name of a new candidate who meets the requirements to be the designated representative and provide any additional information required by the Superintendent to determine the candidate's suitability to be the designated representative.
- (2) The licence of a licensed firm or a restricted insurance representative that does not submit a new candidate within 20 days is automatically suspended.
- (3) The Superintendent may approve a designated representative who does not meet the requirements of the *Act* and regulations or rules, on a temporary basis, for up to 60 days.
- (4) In exceptional circumstances, the Superintendent may extend a temporarily designated representative beyond 60 days.

PART 11 – MARKET CONDUCT

Use of personal information

81. (1) An insurance intermediary and those acting on its behalf shall only collect and use personal information that is necessary to carry out an insurance transaction, appropriate for the fulfillment of the service or product provided or a related purpose and shall only keep the personal information as long as necessary or required by law.
- (2) An insurance intermediary shall take all necessary and appropriate measures as required by applicable privacy legislation to protect the personal information.
- (3) An insurance intermediary shall notify the Superintendent, without delay, of unauthorized or otherwise non-compliant access, collection, use or disclosure of personal information collected by the insurance intermediary and the steps the insurance intermediary is taking to address the issue.
- (4) On the request of the Superintendent, an insurance intermediary shall disclose information requested by the Superintendent, including personal information collected by the insurance intermediary.

Market conduct

82. No person may represent or hold themselves out to the public as being or offering the services of an adjusting firm, adjuster, agency, agent, managing general agent, restricted insurance representative or special insurance broker or as being engaged in the insurance business, by means of advertisements, cards, circulars, email, letterheads, signs, websites or other means unless the person holds a valid licence or is relying on an exemption under the *Act*.
83. A licence holder shall only carry on business in the name that is on its licence.
84. Every licensed firm shall ensure that its business or legal name are shown in a conspicuous manner on all of its advertising, correspondence and contracts relating to the activities authorized by the licence.

Conflicts of interest

85. (1) An insurance intermediary shall disclose in writing to a prospective insured or claimant, any conflict of interest or potential conflict of interest of the licensee that is associated with a potential transaction or recommendation which could impact the prospective insured or claimant.
- (2) The disclosure in subsection (1) should be made at the earliest opportunity, and in all instances shall be made prior to entering into a transaction or prior to a recommendation.

Market conduct specific to agents

86. An accident and sickness insurance agent, a general insurance agent, and a life insurance agent shall not:

- (a) make a false or misleading statement or representation in the solicitation or negotiation of an insurance contract;
- (b) make or deliver an incomplete comparison of any policy or contract of insurance with that of the same or any other insurer in the solicitation or negotiation of insurance;
- (c) hold himself, herself or itself out, directly or indirectly, by representation or omission, in a way that is misleading in respect of the insurers on whose behalf the agent acts.

Market conduct specific to life insurance agents

87. A life insurance agent shall not:

- (a) offer an inducement or use coercion or undue influence in order to control, direct or secure insurance business;
- (b) for the purpose of encouraging the insured under an existing contract of life insurance to enter into another contract of life insurance, directly or indirectly induce or attempt to induce the insured to:
 - (i) rescind the existing contract or allow the existing contract to lapse, contrary to the insured's interests;
 - (ii) surrender the existing contract for cash, paid up or extended insurance, or other valuable consideration, contrary to the insured's interests; or
 - (iii) borrow a substantial amount against the existing contract, whether in a single loan or over a period of time, contrary to the insured's interests;
- (c) coerce, or attempt, directly or indirectly, to coerce a prospective buyer of life insurance through the influence of a professional or a business relationship or otherwise to give a preference with respect to the policy of life insurance that would not otherwise be given on the effecting of a life insurance contract.

Replacement of a life insurance contract

88. (1) For the purposes of this section:

"replacement of a contract of life insurance" means a transaction whereby life insurance is purchased in a single contract or in several related contracts by a person from an insurer and as a consequence of the transaction one or more contracts of the insurance are:

- (a) rescinded, lapsed or surrendered;
- (b) changed to paid-up insurance or continued as extended term insurance or under automatic premium loan;
- (c) changed in any manner so as to result in a reduction in benefits;
- (d) changed so that cash values in excess of 50 per cent of the tabular cash value of the insurance contract are released;
- (e) subjected to borrowing of any policy loan values whether in a single loan or under a schedule of borrowing over a period of time whereby an amount in excess of 50 per cent of the tabular cash value is borrowed on one or more contracts of life insurance;
- (f) but does not include a transaction where:
 - (i) a new contract of life insurance is made with an insurer with whom the person has an existing contract of life insurance in furtherance of a contractual conversion privilege exercised by the person;

- (ii) a contract is replaced by an annuity; or
 - (iii) a contract is replaced by group insurance. (*remplacement d'un contrat d'assurance-vie*)
- (2) As part of an application for a contract of life insurance, a life insurance agent shall obtain a statement signed by the applicant indicating whether or not replacement of a contract of life insurance is intended.
- (3) If replacement of a contract of life insurance is intended, before accepting an application for a replacement contract of insurance, the life insurance agent shall:
 - (a) obtain from the applicant a list of all life insurance contracts to be replaced;
 - (b) complete and sign a life insurance replacement declaration in a form approved by the Superintendent;
 - (c) complete and sign a written explanation of the advantages and disadvantages of replacing the contract of insurance;
 - (d) review the completed life insurance replacement declaration and the written explanation with the applicant and provide a copy of each form to the applicant;
 - (e) obtain the applicant's signature on a copy of the completed life insurance replacement declaration, attesting to the receipt of the completed declaration from the agent; and
 - (f) obtain the applicant's signature on a copy of the written explanation, attesting to the receipt of the written explanation from the agent.

Market conduct specific to adjusters

89. With respect to the adjustment of claims, no adjuster may
- (a) possess an interest, other than professional, in the settlement of a claim;
 - (b) fail to disclose to the insurer any information known with respect to policy violations and cases of fraud, misrepresentation, concealment, falsification of facts and records or any other information material to a claim;
 - (c) fail, when acting for more than one insurer in the same matter, to immediately notify each insurer of the interests of all insurers for whom the person is acting or has been requested to act in the same matter;
 - (d) seek or make a profit or seek or acquire an interest in any matter entrusted to the adjuster's care, other than the adjuster's fees or salary;
 - (e) represent falsely to an insurer that the adjuster has been instructed by another insurer to act in the settlement of a claim;
 - (f) act or hold out as acting for an insurer without authorization of that insurer;
 - (g) give legal advice or discourage a claimant from seeking legal advice;
 - (h) knowingly deal directly, including interview or settle a claim, with a claimant represented by a barrister or solicitor without the consent of that barrister or solicitor;
 - (i) mislead an interested party as to the identity or the interest of the insurer;
 - (j) mislead an interested party as to the adjuster's role in adjusting a claim;
 - (k) fail to take reasonable steps to keep an insured informed of the status of a claim and respond to the insured's communications in a timely manner;

- (l) fail to fully inform a claimant in a timely manner of material information regarding policy coverage, limitation periods, claim denials and the claimant's rights and obligations in the claims process, as required in the circumstances;
- (m) accept any financial inducement or gift in exchange for recommending the services of a third party;
- (n) fail to deal with all formal and informal complaints or disputes in good faith and in a timely and forthright manner, including, when necessary, referring the complainant to other more appropriate people, processes, or organizations;
- (o) attempt to influence a claim through coercion, false or misleading statements or other improper means;
- (p) make or assist anyone to make a false insurance claim or a false declaration to an insurer;
- (q) counsel a claimant to misrepresent any aspect of a claim report or proof of loss to misrepresent information or knowingly transmit information which the person has reason to believe is not true; or
- (r) ask an insured or a claimant to sign statements, proofs of loss or other documents which are incomplete, unless those sections of the form are noted as 'to be advised' or 'information to follow' prior to the insured or the claimant signing the document.

PART 12 – DUTY TO REPORT

- 90. An adjuster, agent or special insurance broker shall report any change to the licence holder's name or contact information to the Superintendent within 10 days of any change to the licence holder's name or contact information.
- 91. An adjuster, agent, special insurance broker or applicant for an adjuster, agent or special insurance broker licence shall report to the Superintendent within 10 days of any of the following:
 - (a) any criminal charge or conviction for an offence under any jurisdiction involving theft, fraud, forgery, breach of trust, misrepresentation, perjury, furnishing of false information, conspiracy to commit any of these offences, carrying on any regulated business or career while not licensed or crimes of violence or moral turpitude;
 - (b) any investigation commenced, disciplinary action taken, or decision rendered by a regulatory or professional body;
 - (c) any filing in bankruptcy or filing of a consumer proposal;
 - (d) any change in other employment or business activity;
 - (e) any change in adjusting firm or agency;
 - (f) any civil actions commenced, or decision rendered in relation to financial activities, fraud or breach of trust;
 - (g) any errors and omissions claim against the licensee or applicant.
- 92. A designated representative of an adjusting firm, agency, managing general agent or restricted insurance representative shall notify the Superintendent in a form provided by the Superintendent within 10 days of:
 - (a) a change in name of the licensed firm or restricted insurance representative;
 - (b) a change of ownership of the licensed firm or restricted insurance representative;

- (c) a change in address of the main office or any branch office;
- (d) the departure of any licensed individual, including where an individual is terminated, retires or leaves for any other reason;
- (e) any misconduct by any individual related to the business of the licensed firm or the insurance business of a restricted insurance representative;
- (f) any investigation commenced, disciplinary action taken, or decision rendered by a regulatory or professional body;
- (g) any errors and omissions claim against the licensed firm or any licensed individual acting on behalf of a licensed firm;
- (h) any errors and omissions claim related to the insurance business of a restricted insurance representative or any employee of the restricted insurance representative;
- (i) any civil actions commenced, or decision rendered in relation to financial activities, fraud or breach of trust; or
- (j) any criminal charges or conviction against the licensed firm or restricted insurance representative or against a director, officer or partner of the licensed firm or restricted insurance representative involving theft, fraud, forgery, breach of trust, misrepresentation, perjury, furnishing of false information, carrying on any regulated business or career while not licensed or crimes of violence or moral turpitude.

93. A designated representative of a managing general agency that has reasonable grounds to believe that an agent is not suitable to carry on business, shall, within 15 days from the date on which the designated representative becomes so aware, notify the insurer or insurers on whose behalf the agent acts that it believes that an agent is not suitable.

PART 13 – ERRORS AND OMISSIONS INSURANCE

94. (1) An insurance intermediary shall maintain or be covered by errors and omissions insurance, in a reasonable amount and no less than \$1,000,000 in respect of any one occurrence and an overall policy aggregate of at least \$2,000,000.
- (2) In determining the amount of insurance required, consideration shall be given to, among other considerations, the number of individuals carrying on insurance business on behalf of the insurance intermediary, the type of licence, and the nature and volume of the insurance business being carried on by the insurance intermediary.
- (3) Subsection (1) does not apply to:
- (a) an adjuster or agent who is a direct employee of an insurer and works exclusively for that insurer;
 - (b) a restricted insurance representative that is a member institution of the Canada Deposit Insurance Corporation or is a credit union incorporated or continued pursuant to the *Credit Unions Act* or an Act of the legislature of another province or a territory of Canada.
- (4) The errors and omissions required under this Part shall be issued by a licensed insurer, shall not be restricted to particular insurer's products and at a minimum shall include all of the following:
- (a) extended reporting for a period of 24 months;

- (b) extended coverage for fraudulent acts and dishonest acts;
 - (c) coverage for the insurance activities of the licensee and persons acting on their behalf;
 - (d) coverage for:
 - (i) financial planning services provided by the insured, if applicable,
 - (ii) the insured's supervisory activities, if applicable, and
 - (iii) any unlicensed individual acting on behalf of the insured for whose acts the insured is responsible.
95. An insurance intermediary shall provide proof of the required errors and omissions insurance on request by the Superintendent.
96. An insurer who issues an errors and omissions insurance policy shall provide the Superintendent with 30 days prior written notice before canceling, terminating or refusing to renew the policy or removing an insured from a group policy.
97. An insurance intermediary shall notify the Superintendent immediately of the cancellation or lapse in their errors and omissions insurance.
98. An insurance intermediary's licence is automatically suspended on cancellation, termination, lapse or refusal to renew the errors and omissions insurance coverage unless other coverage has been arranged.

PART 14 – TRUST ACCOUNTS

99. A licence holder that receives trust money shall, within two days, remit the trust money to the beneficial owner of the funds or deposit the money into a trust account.
100. (1) A trust account shall be held with one of the following:
- (a) a bank authorized to accept deposits pursuant to the *Bank Act* (Canada);
 - (b) a credit union incorporated or continued pursuant to the *Credit Unions Act*;
 - (c) a corporation authorized to accept deposits pursuant to the *Loan and Trust Companies Act*; or
 - (d) a retail association as defined under the *Cooperative Credit Associations Act* (Canada).
- (2) The account shall be designated as a trust account and shall be kept separate from all other accounts held in the name of the licence holder.
- (3) The Superintendent may permit a licence holder who is resident in another jurisdiction to use a trust account held at a branch of a bank, a credit union or a trust or loan company in that jurisdiction, subject to any terms and conditions the Superintendent may impose.
101. An agent, agency, restricted insurance representative, special insurance broker, or managing general agent is not required to have a trust account if all of the following are satisfied:
- (a) all trust money or other consideration received from the public is deposited directly into the insurance company's account within two days of receipt;

- (b) the agent, agency, restricted insurance representative, special insurance broker, or managing general agent is not able to access the trust money after it has been deposited into the insurance company's account;
 - (c) the agent, agency, restricted insurance representative, special insurance broker, or managing general agent does not receive trust money from insurers on behalf of the public.
- 102. An adjuster is not required to have a trust account if the adjuster is a salaried employee of an insurer.
- 103. A licence holder shall only withdraw money from a trust account for the following reasons:
 - (a) direct payment to an insurer on behalf of an insured;
 - (b) payment of a refund to an insured on behalf of an insurer;
 - (c) payment of a claim to a claimant on behalf of an insurer;
 - (d) payment of commission owed to the licence holder as authorized by the insurer;
 - (e) money paid into the trust account by mistake;
 - (f) disbursements paid in the course of adjusting an insurance claim; and
 - (g) any other withdrawals authorized by the Superintendent.
- 104. (1) An agent, agency, managing general agent or restricted insurance representative that receives money or other consideration, directly or indirectly, from an insured as premium for an insurance contract shall pay the premium over to the insurer within 15 days of receiving a written demand from the insurer, less commission and any other deductions authorized in writing by the insurer.
- (2) Subsection (1) does not apply to life insurance contracts.
- 105. An agent, agency, managing general agent or restricted insurance representative who receives any money or premium credit from an insurer which represents return premium due to an insured, shall pay the return premium and any unearned commission or other refund to which the insured is entitled, to the insured within 90 days of receipt or within 15 days after written demand from the insured, whichever is earliest.
- 106. An adjuster who receives money from an insurer on behalf of an insured, claimant or other person in the course of adjusting an insurance claim shall pay the money to the insured, claimant or other person within 15 days of receiving the money.
- 107. Failure to pay the amounts received as trust money in accordance with the *Act* and Rule shall be evidence that the licence holder applied the amounts to the licence holder's own use or to a use contrary to his or her trust.
- 108. The holder of a trust account shall:
 - (a) keep current such books, records and accounts in connection with the business as may be necessary to show and readily distinguish:
 - (i) all money received from or on behalf of and all money paid to or on behalf of each insurer and insured; and
 - (ii) all money received and paid on the business's behalf.

- (b) complete a monthly bank reconciliation, within 30 days of month end, which reconciles the bank statement balance to the holder's account balance;
 - (c) keep any other information or documents required by the Superintendent.
109. In addition to the requirements set out in section 108 of this Rule, an adjuster or adjusting firm that is required to maintain a trust account shall:
- (a) maintain a record of every amount of money received or disbursed in the course of adjusting an insurance claim; and
 - (b) maintain a record of the main particulars concerning each claim in a register of claims.
110. (1) A holder of a trust account is entitled to any interest earned on trust money held in trust for an insurer unless otherwise agreed with the insurer.
- (2) If funds are held in trust for a beneficiary other than an insurer, the beneficiary is entitled to any interest earned on those funds.
- (3) The interest shall be paid to the beneficiary other than an insurer in accordance with section 104.
111. (1) The Superintendent, or his or her designate, may perform an examination and assessment on any trust account required to be maintained under this Part or any other accounts related to the business of insurance.
- (2) The Superintendent may require any licence holder required to maintain a trust account under this Part to have an independent examination and assessment performed on the trust account or any other accounts related to the business of insurance and to provide the report of the examination and assessment to the Superintendent.

PART 15 – ABANDONMENT

112. If an application is submitted to the Superintendent and the applicant conducts no activity for 60 days after submitting the application, the Superintendent may consider the application to be abandoned.

PART 16 – TRANSITIONAL PROVISIONS

113. In this Part

“prior licensing regulations” means the *Adjusters Regulation – Insurance Act* (Regulation 2009-52), the *Agents and Brokers Regulation – Insurance Act* (Regulation 95-5) and the *Life Insurance Agent Licensing Regulation – Insurance Act* (Regulation 2003-36), as they read immediately before coming into force of this Rule; (*anciens règlements*)

“non-resident broker” means an agent under the *Insurance Act*. (*courtier non résident*)

General insurance agents

114. On the coming into force of this Rule:

- (a) A holder of an agent's licence class I, a broker's licence class I or a broker's licence class II for at least 12 months under the prior licensing regulations shall be deemed to hold a level 1 general insurance agent licence;
- (b) A holder of an agent's licence class I, a broker's licence class I or a broker's licence class II for less than 12 months under the prior licensing regulations, shall be under supervision until the licence holder has held a licence for 12 consecutive months;
- (c) A holder of an agent's licence class II under the prior licensing regulations shall be deemed to continue to hold that licence for 24 months following the commencement of this Rule or until such time as the licence holder obtains a new general insurance agent licence, whichever occurs first;
- (d) A holder of a broker's licence class III under the prior licensing regulations shall be deemed to hold a level 2 general insurance agent licence;
- (e) A holder of a broker's licence class III for less than 12 months under the prior licensing regulations, shall be under supervision for a period of 12 consecutive months less the period the holder held a broker's licence class III prior to the commencement of this Rule;
- (f) In calculating the experience of a holder of a broker's licence class III for the purposes of paragraph (e), any experience as broker class II shall be included;
- (g) A holder of a broker's licence class IV under the prior licensing regulations shall be deemed to hold a level 3 general insurance agent licence.

115. (1) A holder of a non-resident broker licence issued under s. 352 of the *Act* shall be deemed to hold a non-resident broker licence following the commencement of this Rule for 24 months or such time as the licence holder meets the requirements of Part 2 of this Rule and obtains a general insurance agent licence, whichever occurs first.
- (2) A non-resident broker licence expires on the same date that the holder's previous non-resident broker licence would have expired, unless extended by the Superintendent.
- (3) A holder of a non-resident broker licence for a period of less than 12 months prior to the commencement of this Rule who obtains a level 1 or level 2 general insurance agent licence, shall be under supervision for a period of 12 consecutive months less the period the holder held a non-resident broker licence prior to the commencement of this Rule.

Adjusters

116. (1) On the coming into force of this Rule:

- (a) A holder of a level 1 probationary adjuster licence under the prior licensing regulation shall be deemed to hold a level 1 assistant adjuster licence;
- (b) A holder of a level 2 assistant adjuster licence under the prior licensing regulation shall be deemed to hold a level 1 assistant adjuster licence;
- (c) A holder of all specializations of Level 3 adjuster licences under the prior licensing regulation shall be deemed to hold a level 2 adjuster licence;
- (d) A holder of a level 4 adjuster licence under the prior licensing regulation shall be deemed to hold a level 3 senior adjuster licence.

- (2) (a) An individual who received a level 1 assistant adjuster licence under paragraph (1)(a) who has not completed the educational requirements shall complete one of the following educational requirements no later than 12 months after the coming into force of this Rule:
 - (i) course C11 Principles and Practice of Insurance;
 - (ii) courses C81 and C82 – General Insurance Essentials Parts 1 and 2; or
 - (iii) course C110 Essentials of Loss Adjusting (or course C17 Claims 1);
 - (b) The Superintendent may extend the time period for completion of the educational requirements in paragraph (2)(a) for an additional period of up to 12 months.
- (3) An adjuster who is issued a level 2 adjuster licence under subsection (1) will be required to successfully complete educational requirements to obtain a level 3 senior adjuster licence set out in subsection 62(2).

Life insurance agents, accident and sickness insurance agents and travel insurance agents

- 117. On the coming into force of this Rule, a holder of a life agent licence or a life and accident and sickness agent licence under the prior licensing regulation shall be deemed to hold a life insurance agent licence.
- 118. On the coming into force of this Rule, a holder of an accident and sickness agent licence shall be deemed to hold an accident and sickness insurance agent licence.
- 119. On the coming into force of this Rule, a holder of a travel insurance agent licence shall be deemed to hold a travel insurance agent licence.
- 120. On the coming into force of this Rule, a holder of any classes of an agent or broker licence for general insurance before 1 July 2003 may be issued a travel insurance agent licence, provided that the licence holder contacts the Superintendent to request the issuance of a travel insurance agent licence.

General

- 121. Nothing in the transitional provisions prevents the Superintendent from suspending, revoking or refusing to issue or renew a licence as authorized by the *Act*.
- 122. There is no refund of licensing fees resulting from the transition of a licence.

ANNEX/ANNEXE B

List of respondents to Consultation Papers

Liste des personnes et organismes ayant répondu à notre consultation

The Commission issued three different consultation papers on different aspects of intermediary licensing. Below is a list of stakeholders who submitted responses.

La Commission a publié trois documents de consultation différents sur différents aspects des licences d'intermédiaires. Vous trouverez ci-dessous une liste des intervenants ayant répondu à notre consultation.

Modernizing the New Brunswick Insurance Licensing Framework - November 2015

Modernisation du cadre de délivrance des licences d'assurance du Nouveau-Brunswick - novembre 2015

1. B.A., Agent/agent
2. Canadian Association of Financial Institutions in Insurance/Association canadienne des institutions financières en assurance
3. Canadian Life and Health Insurance Association/Association canadienne des compagnies d'assurances de personnes
4. Co-operators Group/Groupe Co-operators
5. Huestis Insurance/Groupe d'assurance Huestis
6. Independent Financial Brokers/Courtiers indépendants en sécurité financière du Canada
7. Insurance Brokers Association of New Brunswick/Association des courtiers d'assurances du Nouveau-Brunswick
8. Insurance Bureau of Canada/Bureau d'assurance du Canada

Licensing of Insurance Adjusters and Damage Appraisers in New Brunswick - May 2019

La délivrance de licences aux experts en sinistres et aux estimateurs de dommages au Nouveau-Brunswick - mai 2019

1. Allstate Insurance Company/Assurance Allstate
2. Aviva Canada
3. Canadian Association of Direct Relationship Insurers/Association canadienne des assureurs directs
4. Canadian Association of Financial Institutions in Insurance/Association canadienne des institutions financières en assurance
5. Canadian Independent Adjusters' Association/Association canadienne des experts indépendants
6. Consumer Advocate for Insurance/Défenseur du consommateur en matière d'assurances
7. Co-operator's Group/Groupe Co-operators

8. Insurance Bureau of Canada/Bureau d'assurance du Canada
9. Insurance Institute of Canada/Institut d'assurance du Canada
10. Intact Insurance Atlantic Claims/Service de réclamation d'Intact, région atlantique
11. Travelers Canada

Incidental Selling of Insurance, Restricted Insurance Licensing Regime - December 2019

Vente d'assurance accessoire -- régime de délivrance de licences d'assurance à portée restreinte - décembre 2019

1. Asurion Insurance Company/Compagnie d'assurance Asurion
2. Atlantic Recreation Vehicle Dealers Association
3. AWN Insurance/Assurance AWN
4. Aviva Canada
5. Canadian Association of Direct Relationship Insurers/Association canadienne des assureurs directs
6. Canadian Association of Financial Institutions in Insurance/Association canadienne des institutions financières en assurance
7. Canadian Life and Health Insurance Association/Association canadienne des compagnies d'assurances de personnes
8. Consumer Advocate for Insurance/Défenseur du consommateur en matière d'assurances
9. Co-operators Group/Groupe Co-operators
10. Financial Advisors Association of Canada (Advocis)
11. G.W., non-resident broker/courtier d'assurance (non résident)
12. Independent Financial Brokers/Courtiers indépendants en sécurité financière du Canada
13. Industrial Alliance Pacific General Insurance Corporation/Compagnie d'assurances générale Industrielle Alliance Pacifique
14. Insurance Brokers Association of New Brunswick/Association des courtiers d'assurances du Nouveau-Brunswick
15. Insurance Bureau of Canada/Bureau d'assurance du Canada
16. Mortgage Professionals Canada/Professionnels hypothécaires du Canada
17. New Brunswick Automobile Dealers' Association/Association des concessionnaires d'automobiles du Nouveau-Brunswick
18. New Brunswick Credit Unions/Credit Unions du Nouveau-Brunswick
19. Travel Health Insurance Association of Canada/ Association canadienne de l'assurance voyage
20. UNI

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 4(c)iv

Committee Updates: Market Conduct & Licensing: AMF Consultation on Draft “Incentive Management Guideline” (Submission Deadline: February 18/22)

Purpose of this Agenda Item – Update

To update the EOC on a submission CAFII is making on a regulatory initiative.

Background Information

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

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.



**AUTORITÉ
DES MARCHÉS
FINANCIERS**

INCENTIVE MANAGEMENT GUIDELINE

November 2021

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Introduction

The *Sound Commercial Practices Guideline* presents the outcomes expected from financial institutions in regard to their obligation to adhere to sound commercial practices and treat clients fairly.¹

Among the expectations set out in the Guideline,² the AMF indicates that it expects any real or potential conflicts of interest to be avoided or managed in a manner that ensures the fair treatment of clients (FTC). The incentives awarded to a financial institution's staff, intermediaries or any other person acting on its behalf who is involved in offering its products and services are a major source of conflicts of interest.

This *Incentive Management Guideline* complements the *Sound Commercial Practices Guideline*. Accordingly, it adds to the expectations set out in the *Sound Commercial Practices Guideline* by presenting the AMF's expectations for financial institutions with respect to the way they manage incentive arrangements.

Financial institutions must avoid designing incentive arrangements that fail to ensure FTC. They must also implement risk management procedures and controls in order to fulfill their obligations in this respect.

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

The generic term "financial institution" refers to all the entities that are subject to the legal obligation to adhere to sound commercial practices. Consequently, this term does not refer to a federation of mutual insurance associations.

Although the enabling statutes refer specifically to "clientele", this guideline uses the terms "client" and "clients" for consistency with the *Sound Commercial Practices Guideline*.

² Specifically, see section 6.2 of the draft updated *Sound Commercial Practices Guideline* currently in public consultation that was published in the AMF Bulletin dated October 21, 2021.

Concepts

Incentives

The incentives awarded to a financial institution's staff, intermediaries³ or any other person acting on its behalf who is involved in offering its products and services fall into two main categories:

- Monetary incentives, including:
 - commissions paid based on services expected and provided (e.g., initial sales, renewal, trailers)
 - Bonuses and salaries paid on achievement of performance targets and criteria (e.g., volume of sales, retention, growth, FTC)
- Non-monetary incentives, including:
 - rewards or privileges (e.g., travel, goods and hospitality, entertainment, gifts, club or organization memberships, contest entry, client referrals, and access to services, conferences, seminars, conventions and other events) awarded on achievement of performance targets and criteria

Performance targets and criteria

Targets and criteria for measuring performance may be quantitative or qualitative:

- Quantitative performance targets and criteria reflect contribution to the financial institution's financial performance (e.g., sales volumes, profitability, productivity)
- Qualitative performance targets and criteria reflect FTC (e.g., based on results of sales quality controls, compliance with financial institution policies, disciplinary actions, complaints, client satisfaction)

Incentive arrangement

"Incentive arrangement" means the incentive itself, including any features related to payment or deduction of the incentive, and the performance targets and criteria associated with it.

³ Intermediaries are persons authorized to offer financial products and services pursuant to the *Act respecting the distribution of financial products and services*, CQLR, c. D-9.2.

1. Governance

The AMF expects financial institutions' decision-making bodies to place FTC at the centre of decisions concerning the way incentive arrangements are managed.

Incentive arrangements reflect the values and objectives financial institutions want to achieve and are therefore key elements in establishing a business culture. Among other things, they demonstrate the importance that the financial institution assigns to FTC.

Policies, procedures and controls relating to incentive arrangements should therefore be closely monitored by the board of directors and senior management.

Among other things, the AMF expects the board of directors to:⁴

- Ensure that the committees responsible for monitoring changes in the business culture and identifying risks of practices that could adversely affect FTC are also responsible for ensuring that clients' interests are taken into account in managing incentive arrangements
- Ensure that changes are quickly made to incentive arrangements when FTC cannot be ensured
- Ensure that appropriate measures are taken with respect to the clients concerned when a practice that adversely affects FTC is identified

Among other things, the AMF expects senior management to:

- Develop and periodically review policies, procedures and controls related to incentive arrangements to ensure their continued effectiveness in managing risks of practices that could adversely affect FTC
- Review incentive arrangements periodically and at least once a year with the involvement of the risk management, compliance and human resources functions
- Assess the impact on the clients concerned when a practice that adversely affects FTC is identified and, when required, take appropriate measures

⁴ *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

2. Managing incentive arrangements

The AMF expects incentive arrangements to be managed in a manner that ensures FTC.

Incentive arrangements arise primarily from the compensation and performance management programs implemented by financial institutions and the agreements entered into by them with intermediaries and other persons acting on their behalf who are involved in offering their products and services.

Incentive arrangements may vary depending on the nature of the financial institution's activities, the products or services offered, the distribution methods used, and the roles and responsibilities of the persons involved in offering products and services.

Financial institutions should manage incentive arrangements in a manner that prevents practices that could adversely affect FTC.

Financial institutions should also ensure that the incentive arrangements put in place by intermediaries or any other person acting on its behalf who is involved in offering its products and services are managed in a manner that satisfies their FTC-related obligations.

Expectations to achieve this outcome

- Establish an incentive mechanism design and review process that includes the following criteria:
 - Quantitative and qualitative performance targets and criteria are clearly defined and measurable and are balanced in a manner that ensures FTC
 - Any incentive awarded is consistent with the level of service expected and provided throughout the product's life cycle⁵
 - Incentive arrangements related to similar products⁶ are comparable
 - Where incentives for the same product differ across distribution methods or intermediaries, they do not justify a difference in the cost of the product for clients
 - Incentive arrangements for the financial institution's managers⁷ take into account their supervisory role and ability to influence staff, intermediaries or any other person acting on behalf of the institution who is involved in offering

⁵ As indicated in the *Sound Commercial Practices Guideline*, the "life cycle of a product" means from product design to after-sale service.

⁶ Products with features that can meet a client's needs and that involve the same level of service that is expected and provided. See example 2 in Appendix B.

⁷ Excluding members of the board and senior management, key persons in supervisory functions, and major risk-taking staff, for whom expectations regarding the applicable remuneration practices are set out in the *Governance Guideline*.

its products and services to prevent pressures from being exerted that could adversely affect FTC

- Ensure that staff, intermediaries or any other person acting on behalf of the financial institution who is involved in offering its products and services is informed in a timely manner of the incentive arrangements that apply to them
- Collect and use information and key indicators⁸ to be able to identify:
 - Individuals, sales teams, lines of business and products most at risk of practices that could adversely affect FTC
 - Trends, unusual sales spikes and practices that could adversely affect FTC
- Implement, periodically review and, when required, improve controls while taking into account the identification and assessment of risks of practices that could adversely affect FTC and the assessment of results of controls
- Take appropriate measures to correct practices that could adversely affect FTC, including:
 - Ensuring feedback when controls detect an inappropriate practice in interactions with clients
 - Implementing appropriate measures, particularly at the human resources level, to demonstrate that practices that could adversely affect FTC are unacceptable
 - Making the necessary corrections to incentive arrangements
 - Establishing chargeback mechanisms so that incentives can be clawed back, if necessary, after they have been awarded

⁸ Appendix A: Examples of information/key indicators

3. Identification and assessment of risks of practices that could adversely affect FTC

The AMF expects financial institutions to identify and regularly assess the risks of practices that could adversely affect FTC arising from incentive arrangements.

The risks of practices that could adversely affect FTC may arise, in particular, from the design of incentive arrangements, characteristics specific to financial institutions' business models⁹ and the inefficiency of the information systems and controls in place.

Appendix B in this Guideline provides a non-exhaustive list of examples of incentive arrangement features that increase the risks of practices that could adversely affect FTC.

Expectations to achieve this outcome

- Review the incentive arrangements regularly in order to assess the various arrangement features
- Give particular focus to incentive arrangements based primarily on quantitative performance targets and criteria
- Among other things, consider:
 - The combination of different types of incentive arrangements for the same sale
 - Sales campaigns focused on particular products
 - Incentive arrangements implemented by intermediaries or any other person acting on the financial institution's behalf
- Assess the likelihood of practices that could adversely affect FTC occurring while taking into account existing controls and their potential impact on clients

⁹ For example, if the financial institution designs and sells its own products, if it controls the firm that distributes its products or if its products are distributed by independent firms, if it outsources some of its activities to a service provider, etc.

4. Quality monitoring

The AMF expects financial institutions to have controls in place to identify any inappropriate sales or practices with clients that may result from the implementation of incentive arrangements.

Financial institutions should apply continuous controls and post-controls to, in particular:

- Detect inappropriate sales and practices with clients in order to take the required corrective actions
- Determine residual risks of practices that could adversely affect FTC
- Ensure that the incentive arrangements as designed enable the achievement of the expected FTC outcomes

The greater the risk that the incentive arrangements will result in practices that could adversely affect FTC, the greater the expectation that the financial institution will ensure the effectiveness of its controls.

Expectations to achieve this outcome

- Make sure that staff conduct sales quality monitoring¹⁰ have the required competencies and experience and have the requisite independence to carry out their functions
- Make sure that sales quality monitoring takes into account:
 - The identification and assessment of risks that practices that could adversely affect FTC will result from incentive arrangements
 - The analysis of the information and key indicators collected
- Use various types of controls to assess staff interactions with clients¹¹
- Analyze the results of sales quality controls on a regular basis to ensure that they:
 - Focus on risks of practices that could adversely affect FTC
 - Enable the assessment of FTC outcomes
 - Identify concerns or issues requiring corrective action by the financial institution to ensure FTC

¹⁰ By, among other things, analyzing sales records.

¹¹ For example, observing or listening to interactions with clients when products and services are being offered, mystery shopping, client surveys.

Appendix A

Examples of information/key indicators

This list of examples is not exhaustive. The examples come from various sources, including work carried out by the AMF in the context of its oversight and supervisory activities.

To determine which individuals or sales teams are most at risk of practices that could adversely affect FTC, identify those:

1. For which monetary incentives are a substantial component of total remuneration
2. For which products with higher commission rates represent a higher-than-normal percentage of sales
3. Who sell products to clients who do not fall within the defined target client groups for the products
4. With frequent chargebacks owing, for example, to products being cancelled shortly after they are sold
5. Who are the subject of repeated complaints from clients
6. With high lapse rates on new business or unusually high lapse rates compared to industry averages
7. With high penetration rates for cross-selling
8. With an unusually high number of product replacement transactions
9. Whose sales or practices are the subject of reports or measures by quality monitoring staff
10. For which there is little variety in the products sold

To determine which sectors and products are most at risk of practices that could adversely affect FTC, identify those:

11. With higher sales incentives
12. With sales incentives that are higher than for other similar products
13. For which sales campaigns are carried out or for which there is a sales spike
14. With higher than normal lapse rates
15. With fairly low renewal rates
16. With unusually high claim denial rates (total or partial)
17. Whose sales increase during specific periods, such as the bonus calculation period

Appendix B

Examples of incentive arrangements features that increase the risks of practices that could adversely affect FTC

This list of examples is not exhaustive. The examples are taken from various sources, including work carried out by the AMF in the context of its oversight and supervisory activities.

Incentives

1. Higher bonus rates with higher sales volumes
2. Different incentives for similar products (risk of the more lucrative product being sold rather than the product that is best suited to the client's needs and situation)
3. Additional incentives based on extra product options or features
4. Salaries increased or decreased, benefits awarded or withdrawn or any penalty imposed (e.g., dismissal) depending on whether primarily quantitative performance targets and criteria are met or not
5. Bonus paid on each sale above a set threshold. Individuals could seek to complete as many sales as possible before the end of the bonus calculation period
6. Commissions paid for ongoing services¹² that are inconsistent with the level of service expected
7. Significant difference between initial sales commissions and commissions paid for ongoing services, which could lead individuals to propose a replacement transaction with no clear benefit for the client in order to maximize their remuneration
8. For the same product, commissions that are different for sales of new insurance contracts than for renewals of existing contracts
9. Incentives awarded for a given product that differ from one distribution method to the next (e.g., through a distributor or through a representative)
10. Incentives awarded for sales of a specific product for a limited period of time

Performance targets and criteria

11. Quantitative performance targets and criteria that are factor heavily in awarding incentives
12. Weight given to performance criteria and targets reflecting FTC not sufficient to have a real impact on the awarding (or clawback) of incentives established based on performance targets and criteria contributing to the financial institution's financial performance
13. Performance targets or criteria that are ineffective for measuring or ensuring the achievement of the expected FTC outcomes
14. Use of group targets and criteria to measure performance without sufficient weight being assigned to individual performance with respect to FTC

¹² E.g., renewal commissions, trailing commissions.

-
15. Manager incentive arrangements that focus on quantitative performance targets and criteria
 16. Incentive arrangements for debt collection staff that focus on the amount they collect (quantitative performance targets and criteria that increase the risk of staff engaging in inappropriate debt collection practices)
 17. Performance measurement criteria that include cross-selling objectives

Other features

18. Monetary incentives representing a significant portion of a person's remuneration package
19. Renewal commissions are vested for life and paid to inactive, replaced or retired intermediaries (may result in clients being "orphaned" and in a new intermediary attempting to sell another product to them in order to earn remuneration)
20. Agreements with intermediaries (e.g., distribution, financial assistance, access to IT platforms/software, call center) that allow financial institutions to influence the decisions, transactions and practices of intermediaries and thereby restrict intermediaries' access to markets

For example:

- Imposition of a minimum volume or a deadline for attaining a minimum volume
- Inclusion of a bonus or a share of the profits based on contract experience

Such arrangements could have an effect on the advice provided by intermediaries or incentivize them to place a majority of new policies with a specific insurer.

The making of certain agreements (e.g., distribution, financial support, other long-term benefits) may also be contingent on the making of other agreements.

21. Incentive arrangements that could entail penalties or fees for clients, such as withdrawal fees
22. Chargeback mechanism that may influence practices. A person may, for example, induce a client to keep an unsuitable product in order to avoid chargeback
23. Incentives awarded on a discretionary basis
24. Incentive arrangements under which, for example, the sales commission may increase based on the interest rate negotiated with the client, the amount invested or borrowed, the amount of insurance coverage

Briefing Note

**CAFII EOC Meeting 18 January, 2022—Agenda Item 4(c)v
Committee Updates: Market Conduct & Licensing: FCNB Consultation on “Proposed Rule INS-002:
Insurance Fees” (Submission Deadline: February 18/22)**

Purpose of this Agenda Item – Update

To update the EOC on a submission CAFII is making on a regulatory initiative.

Background Information

CAFII is preparing its submission to New Brunswick on its proposed rule around insurance fees.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.



REQUEST FOR COMMENT

Notice and Request for Comment – Publication of proposed Financial and Consumer Services Commission Rule INS-002 *Insurance Fees* as set out in **Annex A** (the “**Proposed Fee Rule**”)

Introduction

On 16 December 2021, the Financial and Consumer Services Commission (“**Commission**”) approved publication in order to obtain comments on the Proposed Fee Rule.

Previously, on 9 November 2021, the Commission published proposed Financial and Consumer Services Commission Rule INS-001 *Insurance Intermediaries Licensing and Obligations* (the Proposed Licensing Rule). The Proposed Licensing Rule establishes the classes of licences that may be issued and the licensing qualifications and educational requirements for licensees. It also enhances market conduct rules for insurance intermediaries.

The Commission previously published proposed fee changes for insurance intermediaries in 2014 and 2015. In consideration of the recent amendments to the *Insurance Act* regarding licensing insurance intermediaries, we are seeking further comments from stakeholders.

Substance and Purpose of Proposed Fee Rule

The Proposed Fee Rule will establish the regulatory fees for licensing applications and other related fees and replace the *Licence and Examination Fees for Agents and Brokers Regulation* and the *Assessment Regulation*.

The effective date of the Proposed Insurance Rules would coincide with the implementation of related amendments to the *Insurance Act*.

Contents of Annexes

Annex A: Proposed Fee Rule INS – 002 *Insurance Fees*

How to Obtain a Copy and Provide your Comments

The text of the Proposed Rule is included with this notice.

A paper copy of the proposed materials may be obtained by writing, telephoning or emailing the Commission. Comments are to be provided, in writing, by no later than 18 February 2022 to:

Corporate Secretary
Financial and Consumer Services Commission
85 Charlotte Street, Suite 300
Saint John, N.B. E2L 2J2
Toll Free: 866-933-2222
Fax: 506-658-3059
E-mail: secretary@fcnb.ca

We cannot keep submissions confidential. Any submission received during the comment period may be disclosed in accordance with provincial legislation. A summary of the written comments received during the comment period may be published. 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.

Questions

If you have any questions, please refer them to:

David Weir
Senior Technical Advisor
Tel: 1-866-933-2222
Email: david.weir@fcnb.ca

Ella-Jane Loomis
Senior Legal Counsel
Tel: 506-453-6591
Email: ella-jane.loomis@fcnb.ca



ANNEX A

FINANCIAL AND CONSUMER SERVICES COMMISSION RULE INS – 002 *INSURANCE FEES*

PART 1 DEFINITIONS

1. (1) In this Rule “Act” means the *Insurance Act*.
- (2) The definitions contained in the *Act* apply to this Rule, unless the terms in question are defined in this Rule.

PART 2 FEES PAYABLE TO THE COMMISSION

2. (1) All fees set out in this Rule are payable to the Commission.
- (2) The fee payable for each application for, or renewal of, a one-year licence for an individual is:
 - (a) \$125 for a level 1, level 2 or level 3 general insurance agent;
 - (b) \$125 for a life insurance agent;
 - (c) \$125 for an accident and sickness insurance agent;
 - (d) \$75 for a travel insurance agent;
 - (e) \$200 for a special insurance broker;
 - (f) \$125 for a level 1 assistant adjuster;
 - (g) \$125 for a level 2 adjuster;
 - (h) \$125 for a level 3 senior adjuster;
- (3) The fee payable for each application for, or renewal of, a two-year licence for an individual is:
 - (a) \$250 for a level 1, level 2 or level 3 general insurance agent;
 - (b) \$250 for a life insurance agent;
 - (c) \$250 for an accident and sickness insurance agent;
 - (d) \$150 for a travel insurance agent;
 - (e) \$400 for a special insurance broker;
 - (f) \$250 for a level 1 assistant adjuster;
 - (g) \$250 for a level 2 adjuster;
 - (h) \$250 for a level 3 senior adjuster;

- (4) The fee payable for an application for or a renewal of a one-year licence for a restricted insurance representative licence is based on the number of employees or other persons acting on behalf of the restricted insurance representative in the business of insurance at the time of the application or renewal:
- (a) \$150 for 1 to 4 employees or other persons;
 - (b) \$225 for 5 to 10 employees or other persons;
 - (c) \$375 for 11 to 15 employees or other persons;
 - (d) \$500 for 16 to 20 employees or other persons;
 - (e) \$700 for 21 to 99 employees or other persons;
 - (f) \$1,500 for 100 to 249 employees or other persons;
 - (g) \$3,000 for 250 to 499 employees or other persons;
 - (h) \$5,500 for 500 or more employees or other persons.
- (5) The fee payable for an application for, or a renewal of, a one-year licence for an adjusting firm is \$150.
- (6) The fee payable for an application for, or a renewal of, a one-year licence for an agency is \$150.
- (7) The fee payable for an application for, or a renewal of, a one-year licence for a managing general agent is \$150.

PART 3 RECOVERABLE EXPENSES

3. Pursuant to subsection 373(8) of the *Act*, the following expenses are recoverable by the Commission:
- (a) \$50 per hour for each employee of the Commission involved in the compliance review;
 - (b) disbursements properly incurred by the Commission for a compliance review;
 - (c) fees paid or payable to an expert;
 - (d) disbursements properly incurred by an expert;
 - (e) fees paid or payable for legal services;
 - (f) disbursements properly incurred in connection with the provision of legal services.

PART 4 REFUNDS

4. An application fee is not refundable, unless the Superintendent considers the refund, or part of the refund, is fair and reasonable.

PART 5 OTHER FEES

5. There is a fee payable of \$25 for each of the following:

- (a) a letter of licencing history;
- (b) a certified copy of a licence;
- (c) a cheque or payment that is refused due to non-sufficient funds.

6. The amount for the purposes of paragraph 94(5)(a) of the *Insurance Act* is \$50.

PART 6
EFFECTIVE DATE

7. This rule comes into force on ●.

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 4(d)
Committee Updates: Travel Insurance Experts: Insights Gained From CAFII/CLHIA/THIA Weekly Calls
Re Impact Of COVID-19 On Travel Insurance Industry

Purpose of this Agenda Item – Update

To update the EOC on travel insurance issues.

Background Information

This will be an update on the weekly meetings CAFII, CLHIA, and THIA hold on travel insurance issues.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 4(e)i
Committee Updates: Networking & Events: Insights Gained from November 30/21 CAFII Webinar with Marlena Labieniec, Director of FSRA Innovation Office, on FSRA's Innovation Framework

Purpose of this Agenda Item – Update

To update the EOC on CAFII's initiatives around webinars.

Background Information

This will be an update on insights gained from the 30 November, 2021 webinar with Marlena Labieniece, Director of the FSRA Innovation Office.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(e)(i)
January 18/22 EOC Meeting

Subject: Reminder You're invited: CAFII Webinar On Navigating FSRA's New Process for Financial Services Innovation In Ontario: A Fireside Chat With Marlena Labieniec

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

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

Dear Brendan,

We are pleased to invite you to attend our November 2021 CAFII Webinar on

***Navigating FSRA's New Process for Financial Services Innovation In Ontario: A
Fireside Chat With Marlena Labieniec, Director of Innovation, Financial Services
Regulatory Authority of Ontario (FSRA)***

Date Change: Monday, November 29th, 2021
from 1:00 pm to 2:00 pm ET
via Zoom Webinar



Marlena Labieniec,
Director of Innovation, FSRA
(For capsule biography, [click here](#))

This CAFII Fireside Chat Webinar, moderated by CAFII Co-Executive Director Keith Martin, will feature

- *Introductory remarks by Glen Padassery, FSRA's Executive Vice-President, Policy and Chief Consumer Officer, about FSRA's vision for its role and approach in fostering innovation in Ontario's financial services sector; and*
- ***A Fireside Chat with Marlena Labieniec, FSRA's Director of Innovation, about the Authority's proposed Innovation Process, including***
 - *the Innovation Office as FSRA's "Innovation Orchestrator";*
 - *facilitating both 'inside-out' and 'outside-in' points of entry;*
 - *FSRA's five-step Innovation Process;*
 - *the role of an Intake Form in standardizing starting point input to FSRA*
 - *the importance of "Innovator Readiness";*
 - *FSRA's five-step Risk Assessment Process in working with Innovators on proposed Innovations;*
 - *the importance of strong, testable mitigation plans for any significant risks identified;*
 - *the role of regulatory sandbox-like Test and Learn Environments (TLEs) in resolving uncertainty through experimentation and in ameliorating or clarifying identified risks sufficiently, for Innovations which initially generate a low or medium level of FSRA confidence;*
 - *how TLEs will work;*
 - *the TLE fee structure;*

- the “go” or “no go” decision;
- some hypothetical Use Cases/examples; and
- FSRA’s balancing of incumbents and new market entrants in fostering innovation.

This webinar will provide the greatest value to audience members who have read/perused FSRA’s consultation document [“All Together Now: FSRA, the Innovation Office, and an Innovation Framework for a More Innovative Ontario Financial Services Sector.”](#)

*Industry representatives are encouraged to submit clarification questions for Marlena Labieniec – including those related to hypothetical innovation scenarios – **in advance**, by sending them to CAFII Co-Executive Directors Keith Martin (keith.martin@cafii.com) and Brendan Wycks (brendan.wycks@cafii.com); or alternatively to forward them during the webinar itself via Zoom’s Q&A functionality.*

[Register Here](#)

For further information or assistance, please email events@cafii.com or call 416-494-9224 ext. 3.

We look forward to welcoming you to our upcoming CAFII 2021 webinar.

Sincerely,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial
Institutions in Insurance
T: (647) 218-8243
Office: (416) 494-9224
brendan.wycks@cafii.com
www.cafii.com

Keith Martin
Co-Executive Director
Canadian Association of Financial
Institutions in Insurance
T: (647) 460-7725
Office: (416) 494-9224
keith.martin@cafii.com
www.cafii.com

Canadian Association of Financial Institutions in Insurance
Tel: 416-494-9224 | info@cafii.com | www.cafii.com

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 4(e)ii
Committee Updates: Networking & Events: Upcoming January 31/21 CAFII Webinar on “The Ins and Outs of Life Insurers’ Health and Wellness Incentivization Programs”

Purpose of this Agenda Item – Update

To update the EOC on CAFII’s initiatives around webinars.

Background Information

This will be an update on the upcoming webinar with a panel of three experts on the “ins and outs of life insurers’ health and wellness incentivization programs.”

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 4(e)(ii)
January 18/22 EOC Meeting

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

Having trouble viewing this email? [Click Here](#)

Reminder: You are receiving this email because you have expressed an interest in the Canadian Association of Financial Institutions in Insurance.



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

Hello Brendan,

You're Invited!

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

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

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

A CAFII-Moderated Panel Discussion with



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



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

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



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

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

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

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

[Register Here](#)

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

Sincerely,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial
Institutions in Insurance
T: (647) 218-8243
Office: (416) 494-9224
brendan.wycks@cafii.com
www.cafii.com

Keith Martin
Co-Executive Director
Canadian Association of Financial
Institutions in Insurance
T: (647) 460-7725
Office: (416) 494-9224
keith.martin@cafii.com
www.cafii.com

Canadian Association of Financial Institutions in Insurance
Tel: 416-494-9224 | info@cafii.com | www.cafii.com

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 4(e)iii

Committee Updates: Networking & Events: Possible Topics and Dates for 2022 CAFII Webinars

Purpose of this Agenda Item – Update

To update the EOC on CAFII's initiatives around webinars.

Background Information

CAFII's Board has indicated that it sees value in continuing with webinars on a going-forward basis, and as a result CAFII is intending to organize six webinars annually. This will be an opportunity to share the proposed approach with the EOC and solicit feedback on topics and guests that could be of interest.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Proposed CAFII 2022 Webinar Dates

Webinar #1 - January

Date: Monday January 31st, 2022

Time: 1:00 – 2:00 pm ET

Topic/ Focus: The Ins and Outs of Wellness Incentivization Programs At Major Life and Health Insurers

Presenters: Lisa Heath (Canada Life), Carmelina Manno (Manulife) and Patti Annable (Sun Life)

Webinar #2 – March

Date: Wednesday March 2nd, 2022 or Thursday March 3rd, 2022

Time: 1:00 pm – 2:00 pm ET

Topic/Focus: TBD

Presenters: TBD

Webinar #3 – April

Date: Wednesday April 6th, 2022 or Thursday April 7th, 2022

Time: 1:00 pm – 2:00 pm EDT

Topic/Focus: TBD

Presenters: TBD

Webinar #4 – May

Date: Wednesday May 4th, 2022 or Thursday May 5th, 2022

Time: 1:00 pm- 2:00 pm EDT

Topic/Focus: TBD

Presenters: TBD

Webinar #5 – September

Date: Wednesday September 7th, 2022 or Wednesday September 28th, 2022

Time: 1:00 – 2:00 pm EDT

Topic/Focus: TBD

Presenters: TBD

Webinar #6 – October

Date: Wednesday October 26th, 2022, Thursday October 27th, 2022 or Monday October 31st, 2022

Time: 1:00 pm -2:00 pm EDT

Topic/Focus: TBD

Presenters: TBD

Webinar #7 – November

Date: Wednesday November 23, 2022 or Wednesday November 30th, 2022

Time: 1:00 pm – 2:00 pm ET

Topic/Focus: TBD

Presenters: TBD

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 5(a) Committee Updates: Recent and Upcoming Strategic and Regulatory Initiatives: Outcomes of December 20/21 CAFII Follow-up Meeting with Eric Jacob and Louise Gauthier, AMF Re Improving Future CAFII/AMF “Industry Issues Dialogue” Meetings

Purpose of this Agenda Item – Update

To review the outcome of a recent meeting with the AMF.

Background Information

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

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(a)
January 18/22 EOC Meeting

From: Boyle, Martin <Martin.Boyle@bmo.com>

Sent: October-14-21 2:22 PM

To: Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>;
'rob.dobbins@assurant.com' <rob.dobbins@assurant.com>

Subject: AMF Dialogue

Hi gentlemen,

I appreciate the time and effort you all put into this meeting.

While I think the meetings with the AMF and other regulators are valuable opportunities, I found the AMF's approach to the discussions a little problematic and didn't allow for effective exchanges of information.

In particular, AMF staff seemed interested in speaking to items that are outside of CAFII's activities and scope. Many of the questions they asked were very specific and detailed (e.g., contents of Board reporting, outcomes of ongoing product analysis, complaint trends within insurers/banks, all of which are internal practices and process involving non-public information). CAFII's representation is largely senior executives and compliance staff and the responses the AMF were looking for may not be immediately at the finger tips of these participants.

Also, and more importantly, CAFII members compete in many fields, including customer experience and even FTC. Members are generally hesitant to speak to internal practices and process in front of their competitors, including the areas the AMF was inquiring about.

I think that in order to make the meetings more effective and to ensure the info exchanges meet expectations, certain parameters should be considered prior to the next meeting. Below is a summary of my initial thoughts:

- Members should not be asked or expected to speak to internal practices and processes in front of their competitors. CAFII has controls and practices in place for its own meetings to ensure we are onside with competitions law and in order to prevent members from providing info that could be leveraged to the advantage of a competitor. Similar regard to topics be in place for meetings with regulators
- Points of discussion should primarily focus on CAFII's activities or at least be within CAFII's scope as an organization.

- If AMF has areas they are interested in, questions related to those areas should be provided to CAFII well in advance. This would allow CAFII to gather the info from its members, anonymize it and speak to these items freely at the meetings.
- Any additional points of interest/questions on the internal practices of CAFII members that was not collected prior to the meeting (i.e., new specific questions directed to members that are raised during the meeting) should be noted by CAFII as follow up items. Similar to the point above, CAFII should be provided the opportunity to follow up with members after the meeting to gather the data, anonymize it and provide it to the AMF

Let me know if you have any questions or if you would like to discuss further.

Martin Boyle

Head, Governance & BUCO

BMO Insurance | 11th Flr, BMO Life Bldg, 60 Yonge St | Toronto, ON M5E 1H5

martin.boyle@bmo.com

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 5(b)

Committee Updates: Recent and Upcoming Strategic and Regulatory Initiatives: CAFII Working Group on Industry Alignment Around Compliance with AMF's Expectations Re RADM's Applicability to Credit Card-Embedded Insurance Benefits

Purpose of this Agenda Item – Update

To review the activities of a CAFII Working Group.

Background Information

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

As such, the Working Group's efforts are largely complete, and Chair Karyn Kasperski (RBC Insurance) will be stepping down. The final efforts of the Working Group will now be led by new Chair Jennifer Russell (Assurant).

Karyn Kasperski will provide an overview of the efforts and achievements of the Working Group.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 5(c)

Committee Updates: Recent and Upcoming Strategic and Regulatory Initiatives: CAFII January 17/22

Submission to AMF on Proposed Wording Modifications To Fact Sheet and Notice of Rescission to Make Them Fit/Suit Credit Card-Embedded Insurance Benefits

Purpose of this Agenda Item – Update

To review the approach of CAFII to the AMF around modifications to the Fact Sheet and Notice of Rescission.

Background Information

On 17 January, 2022 CAFII will have submitted proposed modifications to the Fact Sheet and Notice of Rescission. The sister Association THIA (Travel and Health Insurance Association of Canada) has agreed to join CAFII in proposing the recommended modifications to the AMF. The proposed approach is not to rewrite the documents, but rather to use an asterick approach to proposed modifications to the document.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

2 attachments.

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

LET'S TALK INSURANCE!

Name of distributor: _____

Name of insurer: _____

Name of insurance product: _____



IT'S YOUR CHOICE

You are never required to purchase insurance:

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

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



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

HOW TO CHOOSE

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



DISTRIBUTOR REMUNERATION

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

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



RIGHT TO CANCEL

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

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

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

Reserved for use by the insurer:

This fact sheet cannot be modified

SCHEDULE 5

(s.31)

NOTICE OF RESCISSION OF AN INSURANCE CONTRACT **

NOTICE GIVEN BY A DISTRIBUTOR

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

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

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

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

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

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

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

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

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

To: _____

(name of insurer)

(address of insurer)

Date: _____ (date of sending of notice)

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

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

In: _____ (place of signature of contract)

_____ (name of client)

_____ (signature of client)

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

PARLONS ASSURANCE !

Nom du distributeur : _____

Nom de l'assureur : _____

Nom du produit d'assurance : _____



LIBERTÉ DE CHOISIR

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

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

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

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



COMMENT CHOISIR

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



RÉMUNÉRATION DU DISTRIBUTEUR

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



DROIT D'ANNULER

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

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

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

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

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

Cette fiche ne peut être modifiée.

ANNEXE 5

(a.32)

AVIS DE RÉSOLUTION D'UN CONTRAT D'ASSURANCE **

AVIS DONNÉ PAR LE DISTRIBUTEUR

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

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

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

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

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

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

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

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

À:

_____ (nom de l'assureur)

_____ (adresse de l'assureur)

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

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

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

_____ (lieu de la signature du contrat)

_____ (nom du client)

_____ (signature du client)

Le distributeur doit remplir au préalable cette section.

Briefing Note

**CAFII EOC Meeting 18 January, 2022—Agenda Item 5(d)
Committee Updates: Recent and Upcoming Strategic and Regulatory Initiatives: Upcoming January
19/22 CAFII Virtual Meeting with Mario Beaudoin and Charlène Boucher, AMF Re Member Action
Plans Submitted CAFII By Members (December 17/21) For Bringing Credit Card-Embedded Insurance
Benefits Into Compliance With RADM; and Related Issues**

Purpose of this Agenda Item – Update

To review an upcoming meeting with the AMF.

Background Information

At a December, 2021 meeting with Mario Beaudoin and Charlène Boucher requested a 19 January, 2022 meeting with CAFII to discuss challenges each faced. This will be an opportunity to get EOC feedback on possible messages to share with the AMF.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 5(e)i

Committee Updates: Recent and Upcoming Strategic and Regulatory Initiatives: CAFII Working Group on Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance: Completion of Working Group's mandate; Dissolution; and Accomplishments Highlights

Purpose of this Agenda Item – Update

To review the activities of an FCAC Working Group.

Background Information

CAFII's FCAC Working Group on the Appropriateness Guideline met regularly through much of the latter part of 2021 to prepare the strategy for responding to the FCAC around the Appropriateness Guideline as it applies to CPI. That submission has now been sent to the FCAC, and Chair Martin Boyle (BMO Insurance) will provide a review of the Working Group's activities.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 5(e)ii

Committee Updates: Recent and Upcoming Strategic and Regulatory Initiatives: CAFII Working Group on Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance: Outcomes of January 15/22 CAFII Virtual Stakeholder Session with FCAC on proposed *"Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks"*

Purpose of this Agenda Item – Update

To review the outcomes of a meeting with the FCAC.

Background Information

The FCAC invited CAFII to engage in a meeting with it on the Appropriateness Guideline. This will be an opportunity to review the outcomes of that 15 January, 2022 meeting.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(e)(ii)
January 18/22 EOC Meeting

From: Bradley Schnarr (FCAC/ACFC) <Bradley.Schnarr@fcac-acfc.gc.ca>

Sent: January-12-22 1:27 PM

To: Brendan Wycks <brendan.wycks@cafii.com>

Cc: Keith Martin <Keith.Martin@cafii.com>; Stephen Wild (FCAC/ACFC) <Stephen.Wild@fcac-acfc.gc.ca>; Teresa Frick (FCAC/ACFC) <Teresa.Frick@fcac-acfc.gc.ca>; Sara Desjardins (FCAC/ACFC) <Sara.Desjardins@fcac-acfc.gc.ca>; Rana Abu Naameh (FCAC/ACFC) <Rana.AbuNaameh@fcac-acfc.gc.ca>

Subject: RE: Meeting request: Consultation on FCAC's proposed Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks

Hi Brendan,

Thanks for your email and I am happy to offer clarification to your questions.

Similar to the approach we took with other stakeholders, the meeting was put forward to CAFII due to your request to have an extension on providing a consultation submission. As we were unable to lengthen the comment period, we wanted to provide stakeholders with other options for providing their perspectives that may have eased the development of a formal written submission. Of course, CAFII has provided a submission for which we are thankful, and while we are actively analyzing it amongst other submissions, we still wanted to offer you the chance to voice your perspective via this meeting in the same way we have with other stakeholders.

To that end, we anticipate the agenda being rather informal. We will do introductions, we plan to do a brief overview of the draft guideline and the consultation process, and then we will hand the floor over to you and your colleagues. And while I expect there will be some back-and-forth dialogue, particularly with respect to areas that may require clarification, I will note that we will be primarily in listening mode and taking notes. That will allow us to take away your perspective and consider and analyze CAFII's position amongst the other submissions we have received.

I trust this approach works for you and your colleagues.

Thanks,

Brad

Bradley Schnarr (he, him, il)

Manager, Regulatory Guidance and Coordination | Supervision and Enforcement Branch
Financial Consumer Agency of Canada
Bradley.Schnarr@fcac-acfc.gc.ca | Tel: 613-299-5743

From: FCAC.FCPF.ConsultationWG.ACFC@FCAC-ACFC.gc.ca <fcac.FCPF.ConsultationWG.acfc@fcac-acfc.gc.ca>

Sent: January-07-22 12:49 PM

To: Brendan Wycks <brendan.wycks@cafii.com>

Cc: Rana Abu Naameh (FCAC/ACFC) <Rana.AbuNaameh@fcac-acfc.gc.ca>; Keith Martin <Keith.Martin@cafii.com>

Subject: RE: Meeting request: Consultation on FCAC's proposed Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks

Good Afternoon Mr. Wycks,

First off, Happy New Year! We hope that you had an enjoyable holiday season.

I can confirm that the CAFII submission regarding FCAC's proposed Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks was received this morning, via the FCAC Consultation Inbox. FCAC appreciates CAFII providing a submission. All submissions received from the public consultation will undergo FCAC analysis.

FCAC understands your members' interest in attending a stakeholder session and would like to extend the offer to meet with yourself, Mr. Martin and the other 10 CAFII members on:

- **Friday, January 14, 2022** **10:00 – 11:00 a.m. EST**

Kindly provide us with the names and contact emails for the CAFII attendees, and we will add them the formal invitation for next Friday's session.

Best regards,

Sara on behalf of the FCPF Project Team

Sara Desjardins

Research & Policy Support Officer | Supervision & Enforcement Branch

Financial Consumer Agency of Canada

sara.desjardins@fcac-acfc.gc.ca | Tel: 343-550-3487

From: FCAC.FCPF.ConsultationWG.ACFC@FCAC-ACFC.gc.ca <fcac.FCPF.ConsultationWG.acfc@fcac-acfc.gc.ca>

Sent: January-05-22 10:51 AM

Subject: Meeting request: Consultation on FCAC's proposed Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks

Hello,

I hope you have all had an enjoyable holiday season. Happy New Year!

In mid-December, we received your request regarding the scheduled timing of the public consultation on the Appropriate Products and Services for Banks and Authorized Foreign Banks Guideline (Guideline) and the possibility of receiving a submission extension. As indicated in the Commissioner's response to you, FCAC's efforts are to maintain a schedule for guideline publication that respects the FCPF coming-into-force (CIF) date.

As the Commissioner communicated, FCAC would like to meet with you to solicit your views on this and I am reaching out to you today to extend the offer to meet to receive your respective feedback.

The proposed Guideline is intended to clarify FCAC's expectations with respect to Banks' implementation of, and compliance with, the appropriate product or service provisions in the [Bank Act](#) and the new [Financial Consumer Protection Framework Regulations](#), which have a June 30, 2022 CIF Date.

As you may recall, the Department of Finance previously held consultations on the obligations and consumer rights that should explicitly be in the legislative and regulatory framework when developing the framework itself. This consultation is not intended to revisit those considerations, but rather to help inform FCAC's guidance to banks related to the obligations that exist.

Given the tight timelines we are working with, we plan to host a meeting, via videoconference, with various stakeholders to discuss the proposed guideline and to receive feedback. I would ask that you please let me know your availability to meet with FCAC, on January 11, 2022 at 2:00 p.m.

Please confirm your participation by **no later than noon, Monday, January 10th, 2022.**

I look forward to hearing from you.

Regards,

Rana Abu Naameh

Director, Regulatory Guidance and Coordination
Financial Consumer Agency of Canada
rana.abunaameh@fcac-acfc.gc.ca | Tel: 343-575-0147

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 5(f)

Committee Updates: Recent and Upcoming Strategic and Regulatory Initiatives: CAFII “Get Acquainted and Dialogue Meeting” with Saskia Tolsma, Vice-President, Stakeholder Engagement, BCFSa

Purpose of this Agenda Item – Update

To review the intention to hold a meeting with BCFSa.

Background Information

BCFSa’s Vice-President of Stakeholder Engagement has invited CAFII to meet with her.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 5(f)
January 18/22 EOC Meeting

From: Brendan Wycks

Sent: January-10-22 4:23 PM

To: Saskia Tolsma <Saskia.Tolsma@bcfsa.ca>; Keith Martin <Keith.Martin@cafii.com>

Subject: RE: Upcoming BCFSA 2022 consultations

Hello, Saskia; and on behalf of Keith and myself, thanks for reaching out to us with the self-introduction and heads-up information in your email of December 23/21 below.

As the staff executive leaders of an industry Association that is a key stakeholder for BCFSA, we're delighted to make your acquaintance, albeit just over email at this early stage.

That said, we'd be even more pleased to arrange an opportunity to "meet" you via a virtual Get Acquainted and Dialogue Meeting in the near future, in which we can have an informal chat and also discuss whether or not the two industry consultations that BCFSA has upcoming in early 2022 will be "in scope" for CAFII, the answer to which revolves around the definition and status of BC-incorporated insurance companies versus BC-authorized insurance companies, and other related issues.

If you wouldn't mind suggesting three or four date/time options over the next week or two when you'd be available for a one hour Get Acquainted and Dialogue Virtual Meeting – bearing in mind the three hour time zone difference between BC and where we're located in Ontario -- I'm sure that at least one of them will work for us.

We'll confirm promptly based on the date/time options that you propose; and then sent out a Zoom or MSTeams meeting invitation to get it confirmed in our calendars.

Looking forward to getting better acquainted via an upcoming meeting.

Best regards,

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

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

From: Saskia Tolsma <Saskia.Tolsma@bcfsa.ca>
Sent: December-23-21 2:30 PM
To: Keith Martin <Keith.Martin@cafii.com>; Brendan Wycks <brendan.wycks@cafii.com>
Subject: Upcoming BCFSA 2022 consultations

Hi Brendan, Keith,

Allow me to introduce myself – I am the VP of Stakeholder Engagement at the BC Financial Services Authority (BCFSA). I am returning from maternity leave and don't believe we've crossed paths before. Hope this email finds you both well, and preparing for the holidays. I'm reaching out to flag two items that are early on BCFSA's 2022 agenda, which may be of interest to CAFII and your members.

For your awareness, we have two consultations targeted for the early part of 2022 that impact BC-authorized insurance companies. The first is related to information security – to be published in mid-January - regarding a proposed rule that would require all BC-authorized financial institutions to report material information security incidents to BCFSA within a specified time period. Secondly, I'd also like to flag for you the work on the BC Insurer Code of Conduct, which we will begin with the sector in the upcoming quarter. As you may recall, pending section 94.3 of the BC *Financial Institutions Act* being brought into force by the B.C. Government, all BC-authorized insurance companies will be required to adopt a Code that is established by BCFSA (the expectation is that the code follows the principles outlined in the Canadian Council of Insurance Regulators' Fair Treatment of Customers guidance).

I'm happy to discuss any of these items in further detail. Hope you have a restful holiday ahead, with friends and family (to the extent that we can!). Take care and best wishes for 2022,

Saskia

Saskia Tolsma
Vice President, Stakeholder Engagement
BC Financial Services Authority
O (236) 455-1457
600-750 West Pender Street
Vancouver, B.C. | V6C 2T8
www.bcfsa.ca



Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 5(g)

Committee Updates: Recent and Upcoming Strategic and Regulatory Initiatives: 2022 FSRA

“Exchange” Virtual Mini-Conference: Thursday, January 27/22

Purpose of this Agenda Item – Update

To remind EOC members of an upcoming FSRA conference.

Background Information

FSRA is holding a “virtual mini-conference” on Thursday, 27 January, 2022.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

***Agenda Item 5(g)
January 18/22 EOC Meeting***

Registration is now open for the Financial Services Regulatory Authority of Ontario (FSRA's) inaugural 2022 FSRA Exchange event being held virtually on January 27, 2022 from 8:45 a.m. – 12:10 p.m.

This cross-sectoral event will be the first of FSRA's annual flagship event. Join us to hear from a great line-up of speakers including:

- The Honourable Peter Bethlenfalvy, Minister of Finance
- FSRA's Board Chair, Joanne De Laurentiis
- FSRA CEO, Mark White
- Expert Panel Discussion on Principles-Based Regulation
- Innovation Guest Speakers

Fee:

- Industry Registrants - \$25
- Consumers – Free

This event will be an opportunity to reinforce the FSRA narrative of change, innovation and principles-based regulation for all sectors.

For more details about this event, please visit the [event page](#).

We hope that you will be able to join us.

Thank you!

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 6(a) Governance Matters: Draft Minutes of November 23/21 EOC Meeting

Purpose of this Agenda Item – *Approval*

To ask the EOC to approve a document.

Background Information

The EOC is being asked to approve the 23 November, 2021 EOC meeting minutes.

Recommendation / Direction Sought – *Approval*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

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

Tuesday, November 23, 2021, 2:00-4:00pm

MINUTES

EOC Present:

Rob Dobbins	Assurant and EOC Chair
Karyn Kasperski	RBC Insurance and Vice Chair
Tony Pergola	ScotiaLife Financial and Treasurer
Anuraj Bains	CIBC Insurance
Sharon Apt	The Canada Life Assurance Company
Martin Boyle	BMO Insurance
Emily Brown	Sun Life
Isabelle Choquette	Desjardins Insurance
Farhad Eslah	Canadian Tire Financial Services
Dallas Ewen	The Canada Life Assurance Company
Moir Gill	TD Insurance
Ben Gray	CIBC Insurance
Casandra Litniansky	CUMIS/The Co-operators
Charles MacLean	RBC Insurance
Carmelina Manno	Manulife Financial
Katia Umtoniwase	Manulife Financial
Fay Coleman	TD Insurance
Asma Desai	Canadian Premier Life Insurance Company
Jonine McGregor	Canadian Tire Financial Services
Stacey Hughes-Brooks	RBC Insurance
Fergal Murphy	TD Insurance
Andrea Stuska	TD Insurance
Peter Thorn	TD Insurance
Marie Nadeau	National Bank Insurance
Michelle Costello	CUMIS/The Co-operators
Marco DeiCont	Valeyo
Penelope Cordogiannis	RBC Insurance
Anaar Jessa	Sun Life
Brad Kuiper	ScotiaLife Financial
Edward Kuo	Sun Life

Regrets:

Vivek Sahni	RBC Insurance
Monika Spudas	Manulife Financial
Aneta Murphy	ScotiaLife Financial
Aanchal Gulia	Sun Life
Esther Lee	CIBC Insurance
Diane Quigley	CUMIS/The Co-Operators
Shawna Sykes	The Co-operators
Mindy Tarantelli	ScotiaLife Financial
Susanne Oleksandriw	Sun Life

Nathalie Baron	Desjardins Insurance
Caroline Cardinal	National Bank Insurance
Corrine Gagné	Canadian Tire Financial Services
Fernando Heleno	RBC Insurance

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 and Board Secretary Rob Dobbins called the meeting to order at 2.02pm.

Item 1 (b): Appointment of Vice-Chair of Networking & Events Committee: Marco DeiCont, Valeyo

Rob Dobbins welcomed Marco DeiCont as the new Vice-Chair of the Networking & Events Committee.

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

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

Item 2: Consent Items

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

- Consultations/Submissions Timetable;
- Regulatory Update;
- October 25/21 CAFII Response Submission to AMF on "Concrete Examples of Regulatory Burden Reduction Opportunities";
- October 29/21 CAFII Response Submission to FSRA on "FY2022-23 Statement of Priorities and Budget";
- November 18/21 CAFII Response Submission to FSRA on "Proposed Innovation Framework";
- Regulator and Policy-Maker Visit Plan;
- Summary of Board and EOC Action Items;
- Board-Approved Schedule of CAFII 2021 Meetings and Events.

Item 3: Financial Management Matters

Item 3 (a): CAFII Financial Statements as at October 31/21

CAFII Treasurer Tony Pergola reported that the actuals as at October 31, 2021 showed revenue of \$80K, and expenses of \$66K, for a surplus of \$13K, which is a positive variance to budget of \$13K. The year-to-date numbers are revenues of \$796K, expenses of \$656K, for a surplus of \$140K, which is a positive variance of \$46K to budget. CAFII revenues are higher due to a new member (Canadian Tire Bank) and

new Associates that were not budgeted for. The financial ratio is 62%, which is above the band of 25-50% that the Association targets.

Item 3 (b): Forecast for CAFII 2021 Fiscal Year as at October 31/21

Treasurer Tony Pergola reported that the projected forecast is for revenues of \$956K, and expenses of \$784K, for a surplus of \$172K. CAFII put aside a contingency fund for travel but that amount will not be spent. The research study budget will be largely spent in 2021 but a portion of the work will be done in 2022 and that portion will be accrued and attributed to the 2022 budget.

Item 3 (c): Proposed CAFII 2022 Operating Budget

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

Item 4: Committee Updates

Item 4 (a): Research & Education

i) CAFII-Commissioned Deloitte Canada Thought Leadership Paper on Trends, Consumer Demands/Expectations, and Best Practices in Digitization of Insurance

Andrea Stuska, Research & Education Committee Chair, and Keith Martin, gave an overview of the progress made thus far on the Deloitte Canada research paper on digitization best practices. Deloitte had now largely completed both the survey and the interviews, and has noted that CAFII members were very engaged in this effort and had shared much valuable information. The Deloitte team was now moving forward on consolidating their initial findings.

Item 4 (b): Media Advocacy

i) Update on CAFII Website Videos on Pollara CPI Digitization Research Results; Job Loss CPI; and Consumer Protections Embedded In CPI

Keith Martin noted that the video on Pollara CPI digitization research results was now posted on the CAFII website, and that development of another video on CPI for job loss was well advanced.

Item 4 (c): Marketing Conduct & Licensing

i. CISRO Survey of Industry Stakeholder Associations on "Understanding the Consumer Awareness Strategies Currently Undertaken By Industry" (Response Deadline: November 30/21)

Brendan Wycks noted that a CISRO survey of industry approaches to financial literacy would be completed by CAFII, and that the only mechanism that CAFII uses to advance financial literacy for consumers is on through its website.

ii. AMF Consultation on "Draft Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector" (Submission Deadline: December 8/21)

CAFII was well-advanced in the development of a submission on "Draft Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector" and had engaged CAFII members in an

extensive internal consultation in the development of the submission. CAFII is making a submission that expresses major concerns with the very prescriptive approach of this draft regulation.

iii. FCAC Consultation on “Proposed Guideline on Complaint Handling Procedures for Banks and Authorized Foreign Banks” (Submission Deadline: December 11/21)

CAFII is developing a submission response on a “Proposed Guideline on Complaint Handling Procedures for Banks and Authorized Foreign Banks” and will be soliciting feedback from members on the proposed submission.

iv. AMF Consultation on Revised “Sound Commercial Practices Guideline” (Submission Deadline: December 17/21)

The AMF has offered an extension on its original deadline for submissions on a revised “Sound Commercial Practices Guideline” and CAFII will be developing a submission response.

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

CAFII has been dealing with multiple regulatory submissions and has not yet turned to the New Brunswick consultation which includes its proposed approach to a new Restricted Agent Insurance regime, but will be focusing on this in the new year.

vi. OSFI “Draft Guideline B-13: Technology and Cyber Risk Management” (Submission Deadline: February 9/22): Insights As To CAFII Relevance Will Be Gained From November 30/21 OSFI Information Session Webinar

CAFII will be participating in a 30 November, 2021 OSFI webinar on its consultation on “Draft Guideline B-13: Technology and Cyber Risk Management” and will determine after the webinar if this consultation is “in-scope” for CAFII.

Item 4 (d): Travel Insurance Experts

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

Katia Umutoniwase and Brendan Wycks provided an update on the weekly calls on COVID-19 with CLHIA and THIA, noting that the situation with respect to COVID-19 and travel remained fluid and what looked like a smooth emergence from the pandemic was now appearing less certain.

Item 4 (e): Networking & Events

i. Insights Gained from October 25/21 CAFII Webinar on “Provincial Insurance Policy and Regulatory Priorities and Emerging Issues as Canada Emerges from COVID-19”

It was noted that this was a successful webinar that CAFII held with regulators, and that once again this was an excellent method of not only hearing from a regulatory panel, but was also effective in reaching out to a broader group of regulators, with over a dozen regulators from across the country attending the webinar.

ii. Insights Gained from November 9/21 CAFII Virtual Annual Members and Associates Luncheon

It was noted that this virtual luncheon (Zoom webinar) with three senior partner lawyers (Jill McCutcheon, Torg; Stuart Carruthers, Stikeman Elliott; Marc Duquette, Norton Rose) was filled with

insights and interesting observations. While the session in “off the record,” CAFII is attempting to get permission from the lawyers for a high-level summary of the event to be shared with members.

iii. Upcoming November 30/21 CAFII Webinar with Marlena Labieniec, Director of FSRA Innovation Office, on FSRA’s Innovation Framework

CAFII is preparing for a 30 November, 2021 webinar with Marlena Labieniec, who is FSRA’s Director of its Innovation Office, on FSRA’s “Innovation Framework.”

Item 5: Recent and Upcoming Strategic and Regulatory Initiatives

Item 5 (a): Outcomes of November 10/21 CAFII Meeting with Mario Beaudoin and Charlène Boucher, AMF Re Plan For Modifying Fact Sheet and Notice of Rescission To Suit Credit Card-Embedded Insurance Benefits

Keith Martin and Brendan Wycks provided a follow-up on the written summary that was circulated to CAFII members on the 10 November, 2021 meeting with Mario Beaudoin and Charlène Boucher on the Fact Sheet and Notice of Rescission modifications in relation to credit card-embedded insurance benefits. It was noted that the AMF spend the initial part of the meeting resisting the request for modifications to these documents, but in the end the AMF asked CAFII to send its proposed modifications to these documents. The AMF seems to have backed off its original intention to organize a pan-industry working group. There was discussion of whether CAFII should send its recommendations on its own to the AMF, or attempt to organize a coordinated response with THIA and possibly also CLHIA.

Item 5 (b): CAFII Follow-up Meeting with Eric Jacob, AMF Re Improving Future CAFII/AMF “Industry Issues Dialogue” Meetings

There were some questions asked in the open forum of the industry issues dialogue meeting with the AMF that were difficult for members to answer given that industry competitors would hear the answer, and this nuance will be shared with Eric Jacob in a follow-up meeting that CAFII’s Co-Executive Directors are planning on organizing with him.

[Action Item: Organize a meeting of with Eric Jacob to discuss how to improve the CAFII Industry Issues Dialogue with AMF staff executives in future years; K. Martin, B. Wycks, November-December 2021.]

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

Karyn Kasperski provided an overview of the options available around meeting the expectations of the AMF around credit card-embedded insurance benefits, noting that the CAFII Working Group on this file was considering the benefits of an approach where CAFII submitted its own views alone, which would be more expeditious, versus trying to organize a pan-industry view, which might be more impactful. It was noted that CAFII needed to be careful not to imply that it represented more than its own membership in any submission to the AMF, and that it was important to consult internally on any recommendations with CAFII members’ credit card departments. The Working Group was leaning to a minimalist approach to modifying the Fact Sheet and Notice of Rescission, where an asterisk would point out where the language in the documents did not apply to credit card-embedded insurance benefits.

Item 5 (d): Insights Gained from October 24/21 Meeting of FSRA Sectoral Advisory Committee for Life and Health Insurance (SAC) with FSRA Management; and November 23/21 SAC Meeting with FSRA Board of Directors

Keith Martin, who represents CAFII on the Sectoral Advisory Committee for Life and Health Insurance, provided an overview of recent meetings of this group, noting that CAFII was active in the group and offered views on the approach of FSRA, which FSRA management and Board members seemed to appreciate. Keith Martin invited Moira Gill from TD Insurance, who also sits on the SAC, to represent her views of the proceedings.

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

Martin Boyle, Chair of the Working Group on Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI, noted that the timeline for submissions on a public draft of a revised Guideline from the FCAC would likely be very tight, and as a result the Working Group was developing arguments that it might wish to make ahead of having seen the revised document.

Item 6: Governance Matters

Item 6 (a): Draft Minutes of October 26/21 EOC Meeting.

The draft minutes of the 14 September, 2021 EOC meeting were approved.

Item 6 (b): Board-Approved Schedule of CAFII 2022 Meetings and Events

Brendan Wycks provided an update on the Board-approved schedule of CAFII 2022 meetings and events, noting that the Board wanted the first, April 2022 Board meeting to be virtual.

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 6(b) Governance Matters: Draft Minutes of December 7, 2021 Board Meeting

Purpose of this Agenda Item – *Endorsement*

To ask the EOC to endorse a document.

Background Information

The EOC is being asked to endorse approval by the Board of the 7 December, 2021 Board meeting minutes.

Recommendation / Direction Sought – *Endorsement*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

BOARD VIRTUAL MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

Tuesday, December 7, 2021

2:00 to 4:00 p.m. EDT

Minutes

Board Members

Present:

Nicole Benson	Valeyo
Paul Cosgrove	Assurant
Zack Fuerstenberg	ScotiaLife Financial
Louie Georgakis	The Canada Life Assurance Company
Chris Lobbezoo	RBC Insurance
Peter McCarthy	BMO Insurance
Ian Oncea	CIBC Insurance
Wally Thompson	Manulife Financial
Peter Thompson	National Bank Insurance
Kelly Tryon	CUMIS/The Co-operators
Rob Robinson	Canadian Premier Life Insurance Company
Adam Vespi	Canadian Tire Financial Services
Chantal Gagné	Desjardins

Regrets:

Sophie Ouellet	Sun Life
Janice Farrell-Jones	TD Insurance

Also Present:

Brendan Wycks, Co-Executive Director
Keith Martin, Co-Executive Director
Rob Dobbins, Secretary
Jake Becker, Association Coordinator

Item 1: Welcome, Call to Order, and Meeting Confirmation

C. Lobbezoo welcomed all to this meeting of the CAFII Board of Directors, which was held virtually on the Microsoft Teams platform, and called the meeting to order at 2:02 p.m. Jake Becker acted as Recording Secretary.

Item 1(a): Declaration of Meeting Properly Called and Constituted

Rob Dobbins, Board Secretary, confirmed that notice of the meeting had been sent to all Directors in accordance with the Association's By-Law; and that a quorum of Directors was present.

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

Item 1(b): Approval of Agenda

On a motion duly made, seconded and unanimously carried **IT WAS RESOLVED** that the meeting Agenda be and is approved as amended.

Item 2: Consent Items

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

- a. Draft Board Meeting Minutes, October 5/21;
- b. Summary of Board and EOC Action Items;
- c. Regulatory Update;
- d. Consultations/Submissions Timetable;
- e. Regulator and Policy-Maker Visit Plan;
- f. Board-Approved Schedule of CAFII 2022 Meetings and Events.

On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the Consent Agenda items be and are approved or received for the record, as indicated in the Action column in the Consent section of the agenda.

Item 3: Strategy-Setting and Governance Matters

Item 3(a): Summary of Options In Response To Proposal That CAFII Investigate Development and Launch of an Education/Master Class/Certification Program for Member Company Employees on “CPI Legislative and Regulatory Principles and Environment”

Keith Martin noted that the EOC had considered the proposal that CAFII develop an education or certification program and had endorsed a recommendation to not proceed with this at this time. While the EOC felt the idea had merit, it was also felt that CAFII’s volunteer leaders are stretched to their limit at this time due to the heavy regulatory consultation efforts currently underway, and that it was best to defer this effort for the foreseeable future.

The Board agreed with this EOC recommendation and passed a motion to defer this effort for the time being.

On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the Association will hold off on and defer any further work on the development of an educational or certification initiative at this time, based on other immediate and pressing priorities in CAFII’s core focus area of regulatory relationship-building, communications and advocacy; an already ambitious Strategic Plan; and the challenge of acting on this initiative while a significant set of other priorities are competing for the Association’s limited resources.

Item 4: Financial Management Matters

Item 4(a): CAFII Financial Statements as at October 31/21

CAFII Treasurer Tony Pergola reported that as the year-to-date financial results of the Association are that revenues are \$796K, and expenses are \$656K, for a surplus of \$140K, which is a positive variance to budget of \$46K. This is due to unbudgeted revenues, including CAFII having a new member (Canadian Tire Bank). The CAFII operating ratio is 62%, which is above the 25-50% range that the Association targets.

On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the financial statements as presented were approved.

Item 4(b): Forecast for CAFII 2021 Fiscal Year As At October 31/21

CAFII Treasurer Tony Pergola reported that forecast revenue is \$956K, and expenses are \$784K, for a surplus of \$111K. A contingency fund was set aside in the 2021 budget in case travel resumed, but it has not and this contingency fund will not be spent.

Item 4(c): Renewal of Association Management Services Contract with Managing Matters

Keith Martin provided an overview of the contract negotiations with Managing Matters, noting that the EOC had endorsed a recommendation to the Board that it approve the terms of the renewal of the contract with Managing Matters for three years.

On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the CAFII Board hereby approves the renewal of CAFII's Association Management Services contract with Managing Matters for a further three years – 2022, 2023, and 2024 – based on the terms set out in the Term Sheet provided in connection with agenda item 4(c) for this Board meeting.

Item 4(d): Proposed CAFII 2022 Operating Budget

CAFII Treasurer Tony Pergola reviewed the proposed 2022 operating budget, noting that it operated on the basis of a return to travel and in-person meetings starting in April, 2022. There are three scenarios or versions of the budget, which differ only in allocating different percentage salary increases for the two CAFII Co-Executive Directors (2%, 3%, 4%). There is a 5% increase in 2022 for the management fees for Managing Matters, based on the term sheet proposal for a three-year contract renewal with management matters (2022-2024). The proposed operating budget if approved would produce a small deficit. The EOC endorsed recommending to the Board that it approve the operating budget with the three scenario, with Board Chair Chris Lobbezoo and Board Vice Chair Peter Thompson authorized by the Board to make the determination of the compensation level for the Co-Executive Directors.

On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the Board approve the Proposed CAFII 2022 Operating Budget, as presented, with its three embedded Scenario options, with the express proviso that the Board is also empowering the Board Chair and Board Vice-Chair, collectively, to finalize which of the three Scenario options ultimately gets adopted as CAFII's actual 2022 Operating Budget, following the completion of the CAFII Co-Executive Directors' 2021 Performance Appraisal Process and a resulting compensation increase recommendation from the EOC Chair and Board Secretary.

Item 5: Strategy Implementation and Regulatory Matters

Item 5(a) CAFII-Commissioned Research/Thought Leadership Paper By Deloitte Canada On "Best Practices In The Digitization Of Credit Protection Insurance"

Keith Martin gave an overview of the progress made thus far on the Deloitte Canada research paper on digitization best practices. Deloitte had now largely completed both the survey and the interviews, and had noted that CAFII members were very engaged in this effort and had shared much valuable information. The Deloitte team was now moving forward on consolidating their initial findings.

Item 5(b) Imminent/Pending CAFII Regulatory Submissions As At November 19/21

Rob Dobbins noted that this was a period of intense regulatory activity, with over half a dozen active consultations currently underway. This was putting a strain on CAFII volunteer leaders, and was viewed as a "new normal" as regulators started to become more active as pandemic issues stabilize. Board members

discussed a wide range of possible mitigating actions, noting that this was something that the Board should continue to monitor.

Item 5(c) CAFII's Next Steps On AMF Credit Card-Embedded Insurance Benefits Issue

i. Outcomes of November 10/21 CAFII Meeting with Mario Beaudoin and Charlene Boucher, AMF, Re Plan For Modifying Fact Sheet and Notice of Rescission To Suit Credit Card-Embedded Insurance Benefits

Keith Martin and Brendan Wycks provided a follow-up on the written summary that was circulated to CAFII members on the 10 November, 2021 meeting with Mario Beaudoin and Charlene Boucher on the Fact Sheet and Notice of Rescission modifications in relation to credit card-embedded insurance benefits. It was noted that the AMF spend the initial part of the meeting resisting the request for modifications to these documents, but in the end the AMF asked CAFII to send its proposed modifications to the AMF. The AMF appears to have backed off its original intention to organize a pan-industry working group.

ii. CAFII Working Group On Industry Alignment Around Compliance With AMF's Expectations Re RADM's Applicability To Credit Card-Embedded Insurance Benefits

An overview was provided of the options available around meeting the expectations of the AMF around credit card-embedded insurance benefits, noting that the CAFII Working Group on this file was considering the benefits of an approach where CAFII submitted its own views alone, which would be more expeditious, versus trying to organize a pan-industry view, which might be more impactful. It was noted that CAFII needed to be careful not to imply that it represented more than its own membership in any submission to the AMF, and that it was important to consult internally on any recommendations with CAFII members' credit card departments. The Working Group was leaning to a minimalist approach to modifying the Fact Sheet and Notice of Rescission, where an asterix would point out where the language in the documents did not apply to credit card-embedded insurance benefits.

On a motion duly made, seconded, and unanimously carried **IT WAS RESOLVED** that the Board approved CAFII submitting its recommended modified language on the Fact Sheet and the Notice of Rescission to the AMF, and that such a recommendation be submitted from CAFII alone, but that the CLHIA and THIA could be copied on the note to the AMF.

Item 5(d): AMF Consultation on "Draft Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector" (Submission Deadline: December 8/21)

CAFII was well-advanced in the development of a submission on "Draft Regulation Respecting Complaint Processing and Dispute Resolution in the Financial Sector" and had engaged CAFII members in an extensive internal consultation in the development of the submission. CAFII is making a submission that expresses major concerns with the very prescriptive approach of this draft regulation.

Item 5(e): AMF Consultation on Revised "Sound Commercial Practices Guideline" (Submission Deadline: December 17/21)

The AMF has offered an extension on its original deadline for submissions on a revised "Sound Commercial Practices Guideline" and would be developing a submission response.

Item 5(f): AMF Consultation on “Incentive Management Guideline” (Submission Deadline: January 28/22)

CAFII is preparing a submission to the AMF on its “Incentive Management Guideline” and will consult carefully with the CLHIA to ensure industry alignment on the submission.

Item 5(g): FCAC Consultation on “Proposed Guideline on Complaint Handling Procedures for Banks and Authorized Foreign Banks” (Submission Deadline: December 11/21)

CAFII is developing a submission response on a “Proposed Guideline on Complaint Handling Procedures for Banks and Authorized Foreign Banks” and would be soliciting feedback from members on the proposed submission.

Item 5(h): FCAC Consultation on “Proposed Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks”; and CAFII Working Group on Industry Alignment Re Interpretation of FCAC’s Appropriateness Guideline’s Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance

CAFII has an active Working Group looking at the FCAC’s Appropriateness Guideline’s Application to Authorized Insurance Products/CPI. The timeline for submissions on a public draft of a revised Guideline from the FCAC would likely be very tight, and as a result the Working Group was developing arguments that it might wish to make ahead of having seen the revised document.

Item 5(i): FCNB Consultation on “Proposed Rule INS-001: Insurance Intermediaries Licensing and Obligations” (Submission Deadline: February 7/22)

CAFII has been dealing with multiple regulatory submissions and has not yet turned to the New Brunswick consultation which includes its proposed approach to a new Restricted Agent Insurance regime, but will be focusing on this in the new year.

Item 5(j): OSFI Consultation on “Draft Guideline B-13: Technology and Cyber Risk Management” (Submission Deadline: February 9/22)

CAFII will be participating in a 30 November, 2021 OSFI webinar on its consultation on “Draft Guideline B-13: Technology and Cyber Risk Management” and will determine after the webinar if this consultation is “in-scope” for CAFII.

Item 5(k): Insights Gained From CAFII/CLHIA/THIA Weekly Meetings Re Impact Of COVID-19 On Travel and Travel Insurance Industry

Brendan Wycks provided an update on the weekly calls on COVID-19 with CLHIA and THIA, noting that the situation around COVID-19 and travel remained fluid and what looked like a smooth emergence from the pandemic was now appearing less certain.

Briefing Note

CAFII EOC Meeting 18 January, 2022—Agenda Item 7(a)

Read Only Items: CAFII Determination Re Out-of-Scope Nature of OSFI “Draft Guideline B-13: Technology and Cyber Risk Management”

Purpose of this Agenda Item – Update

To report on a consultation from OSFI.

Background Information

OSFI is holding a consultation on a “Draft Guideline B-13: Technology and Cyber Risk Management.” CAFII has reviewed the consultation and determined that this is out-of-scope for CAFII, and so will the Association will not be sending a submission.

Recommendation / Direction Sought – Update

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 7(a)
January 18/22 EOC Meeting

From: Kasperski, Karyn <karyn.kasperski@rbc.com>
Sent: December-03-21 10:17 AM
To: Rob Dobbins <rob.dobbins@assurant.com>; Keith Martin <Keith.Martin@cafii.com>; Bradley Kuiper <bradley.kuiper@scotiabank.com>
Cc: Brendan Wycks <brendan.wycks@cafii.com>; Jake Becker <jake.becker@cafii.com>
Subject: RE: CAFII -- Consultation by OSFI on Draft Guidelines B-13: Technology and Cyber Risk Management consultation

Good morning all, agreed.

Karyn

From: Rob Dobbins [<mailto:rob.dobbins@assurant.com>]
Sent: Friday, December 3, 2021 10:15 AM
To: Keith Martin <Keith.Martin@cafii.com>; Kasperski, Karyn <karyn.kasperski@rbc.com>; Bradley Kuiper <bradley.kuiper@scotiabank.com>
Cc: Brendan Wycks <brendan.wycks@cafii.com>; Jake Becker <jake.becker@cafii.com>
Subject: RE: CAFII -- Consultation by OSFI on Draft Guidelines B-13: Technology and Cyber Risk Management consultation

Thanks Keith. I attended as well and completely concur with you and Brendan that responding to this OSFI B-13 consultation is "out of scope" for CAFII.

Rob Dobbins, CPA, CA
Senior Director, Compliance
Assurant - Canada
T: 416 733-3360 ext. 4666185 | C: 416-801-3164
E: rob.dobbins@assurant.com | www.assurant.ca
To report Ethics & Compliance questions or concerns, go to <http://helpline.assurant.com>.



From: Keith Martin <Keith.Martin@cafii.com>

Sent: Friday, December 3, 2021 10:04 AM

To: Rob Dobbins <rob.dobbins@assurant.com>; Karyn Kasperski <karyn.kasperski@rbc.com>; Bradley Kuiper <bradley.kuiper@scotiabank.com>

Cc: Brendan Wycks <brendan.wycks@cafii.com>; Jake Becker <jake.becker@cafii.com>

Subject: CAFII -- Consultation by OSFI on Draft Guidelines B-13: Technology and Cyber Risk Management consultation

Hello Rob, Karyn, Brad,

Brendan and I both attended OSFI's November 30 Information Session webinar on its *Draft Guidelines B-13: Technology and Cyber Risk Management consultation*.

The session was interesting, but in discussing this consultation document and the webinar, our view is that it is definitely an entirely prudential regulatory consultation, and is therefore "out of scope" for CAFII. Therefore, our recommendation is that CAFII not make a submission response on this consultation document.

However, OSFI's planned early 2022 consultation on updating OSFI Guideline B-10 on Outsourcing is likely to be reasonably in scope for our Association and may well warrant a CAFII submission.

Please let us know if you feel differently regarding the OSFI B-13 consultation.

Regards,

--Keith

Keith Martin

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

L'association canadienne des institutions financières en assurance

keith.martin@cafii.com

T: 647.460.7725

www.cafii.com



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