

CAFII Executive Operations Committee Meeting Agenda

Date: Tuesday, January 26, 2021

Chair: R. Dobbins

Location: [Virtual MStTeams Meeting](#)

Time: 2:00 – 4:30 p.m. EST

Dial-in: 437-703-4263

Phone Conference ID: 965 295 258#

1. Welcome, Call to Order, and Priority Matters	2:00 p.m.	Presenter	Action	Page #	Document
a. Call to Order and Opening Remarks		R. Dobbins		3	
b. Welcome to Rob Dobbins as New EOC Chair		B. Wycks/K. Martin		4	
c. Welcome to New EOC Members		R. Dobbins		5	

2. Consent Items	2:05 p.m.	Presenter	Action	Page #	Document
a. Consultations/Submissions Timetable				7	✓
b. Regulatory Update				8	✓
c. Regulator and Policy-Maker Visit Plan				16	✓
d. Summary of Board and EOC Action Items				20	✓
e. CAFII/CLHIA Joint Response Submission To FCNB On Contemplated Changes to New Brunswick Insurance Act With Respect To Payment Of Insurance Monies To A Minor				21	✓
f. CAFII/CLHIA Joint Submission To Insurance Councils Of Saskatchewan On Nominees For Appointment To Saskatchewan Restricted Insurance Agent Advisory Committee				24	✓
g. Board-Approved Schedule Of CAFII 2021 Meetings And Events				35	✓

3. Financial Management Matters	2:08 p.m.	Presenter	Action	Page #	Document
a. CAFII Financial Statements as at December 31/20 (full 2020 fiscal year)		T. Pergola	Update	38	✓
b. Board-Approved CAFII 2021 Operating Budget		T. Pergola	Update	42	✓
c. Critical Path With KPMG For CAFII 2020 Fiscal Year Audited Financial Statements		B. Wycks	Update	45	✓
d. Dissemination of 2021 First Instalment CAFII Member Dues Invoices		B. Wycks	Update	47	

4. Committee Updates	2:23 p.m.	Presenter	Action	Page #	Document
a. Research & Education		A. Stuska			
i. CAFII 2020/21 Consumer Research Project With Pollara Strategic Insights: Progress Report		A. Stuska/K. Martin	Update	48	✓
b. Media Advocacy		C. Blaquiére	Update		
i. CAFII Motion Graphic Website Video On Credit Protection Critical Illness Insurance and Disability Insurance		K. Martin	Update	74	
ii. February 3/21 Operatic Agency Presentation On 2020 CAFII Website Search Engine Optimization and Related Performance Metrics		K. Martin	Update	75	
c. Market Conduct & Licensing		B. Kuiper	Update		
i. FSRA Consultation on Proposed Rule [2020-002] – Unfair or Deceptive Acts or Practices, with March 18/21 Submission Deadline		K. Martin	Update	76	✓
ii. Imminent AMF Consultations on Updated Sound Commercial Practices Guideline and Draft Regulation Respecting Complaint Processing		B. Wycks/K. Martin	Update	115	✓
iii. CAFII Board Direction On Possible Follow-Up With AMF Re CAFII's July 7/20 "Creative Solutions" Submission on Degree to Which Industry Can Meet AMF's Requirements Around RADM's Application to Credit Card-Embedded Insurance Benefits		K. Martin/ B. Wycks	Update	146	
iv. Insights Gained From November 25/20 Sectoral Advisory Committee (SAC) For Life and Health Insurance Virtual Meeting With FSRA Board		K. Martin	Update	147	✓
d. Travel Medical Insurance Experts		A. Baig	Update		
i. Reactivation of CCIR Travel Insurance Working Group (TIWG) and Consultation With Industry Around Reforms Needed To Trip Cancellation Component of Travel Insurance; and Tweaks To Travel Insurance Data Gathered Via CCIR's 2022 Annual Statement on Market Conduct		A. Baig	Update	165	
e. Networking & Events		S. Kirby	Update		
i. Plans For CAFII Webinars In Q1 and Q2 of 2021		K. Martin	Update	166	
FIVE MINUTE BREAK	3:00 p.m.				

5. Recent and Upcoming Strategic and Regulatory Initiatives	3:05 p.m.	Presenter	Action	Page #	Document
a. Launch Of Working Group To Upgrade Data Collected and Report Produced By CAFII Quarterly CPI Benchmarking Study With RSM Canada		K. Martin	Update	167	
b. EOC Intelligence/Information-Sharing Re Internal Work Being Done Or Planned Re FCAC's Development Of "Appropriateness Guideline" for Financial Products and Services; and Next Steps in Board-Requested EOC Engagement on This Issue		K. Martin/ R. Dobbins	Discussion	169	✓
c. Insights Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact Of COVID-19 On Travel Insurance Industry		B. Wycks/K. Martin	Update	173	
d. Launch of Saskatchewan RIA Advisory Committee		B. Wycks	Update	174	

6. Governance Matters	3:30 p.m.	Presenter	Action	Page #	Document
a. Preparation For February 11/21 CAFII Board Special Purpose Meeting To Review and Update CAFII Strategic Plan, Including Development of a Pre-Read Document		K. Martin	Update/ Discussion	175	
b. Board Admission Of A New CAFII Member and Appointment of A New CAFII Director In Early 2021		B. Wycks	Update	176	
c. Draft Minutes of November 17/20 EOC Meeting		B. Wycks	Approval	177	✓
d. Draft Minutes of December 1/20 Board Meeting		B. Wycks	Approval	184	✓
e. CAFII Marketing/Outreach For Attracting New Associates		K. Martin/B. Wycks	Update	193	✓
f. Application Review and Admission of RSA as a New CAFII Associate		B. Wycks/K. Martin	Approval	198	✓
g. Application Review and Admission of Dog and Pony Studios as a New CAFII Associate		B. Wycks/K. Martin	Approval	199	✓
h. CAFII Recognition For Recently Retired EOC Member And Past-EOC Chair John Lewsen		B. Wycks	Update	201	

7. Read Only Items		Presenter	Action	Page #	Document
a. CAFII Board December 1/20 Amendment Of CAFII Bylaw To Remove Stipulation That Board Secretary/EOC Chair Must Come From A Foundation Member				202	✓
b. CAFII Board's December 1/20 Appointment Of A New Board Secretary/EOC Chair				205	✓
c. CAFII Board's December 1/20 Approval Of Proposed CAFII Policy On Executive Staff Annual Performance Review and Resulting Consideration For Compensation Adjustment				207	✓

8. Other Business	3:55 p.m.	Presenter	Action	Page #	Document

9. In Camera Session	4:00 p.m.	Presenter	Action	Page #	Document

10. Tracking Issues		Presenter	Action	Page #	Document
a. FCNB Insurance Act Rewrite (Including Linked Plan to Introduce an RIA Regime)					
b. BC Ministry of Finance Drafting of Regulations To Implement Financial Institutions Amendment Act, 2019					
c. FCAC: Phase 2 of Domestic Bank Retail Sales Practices Review					

Next Board Meetings:

(Special Purpose Meeting To Review CAFII Strategic Plan: Thursday, February 11/21, 1:00 to 2:00 p.m. Virtual MSTEams Meeting
Tuesday, April 13/21, 2:00 to 4:00 p.m., Virtual MSTEams Meeting

Next EOC Meeting: Tuesday, February 23/21, 2:00 to 3:30 p.m., Virtual MSTEams Meeting

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 1a
Call to Order and Opening Remarks

Purpose of this Agenda Item

Start of meeting.

Background Information

Recommendation / Direction Sought -- *Update*

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 1b Welcome to Rob Dobbins as New EOC Chair

Purpose of this Agenda Item – *Update*

Update only.

Background Information

A motion was passed by the Board at its 1 December, 2020 meeting for Rob Dobbins to serve as the new CAFII Board Secretary/EOC Chair.

Recommendation / Direction Sought -- *Update*

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 1c
Welcome to New EOC Members

Purpose of this Agenda Item – *Update*

Update only.

Background Information

Welcome to new EOC members.

Recommendation / Direction Sought -- *Update*

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 2 (a-g) 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:

- Consultations/Submissions Timetable;
- Regulatory Update;
- Regulator and Policy-Maker Visit Plan;
- Summary of Board and EOC Action Items;
- CAFII/CLHIA Joint Submission To FCNB On Contemplated Changes to New Brunswick Insurance Act With Respect To Payment Of Insurance Monies To A Minor;
- CAFII/CLHIA Joint Submission To Insurance Councils Of Saskatchewan On Nominees For Appointment To Saskatchewan Restricted Insurance Agent Advisory Committee;
- Board-Approved CAFII 2021 Schedule of Meetings and Events.

Recommendation / Direction Sought – *Information Only*

No action required.

Attachments Included with this Agenda Item

7 attachments.

CAFII Consultations/Submissions Timetable 2021-22

Regulatory Issue	Deliverable	Deadline	Accountable
BC Ministry of Finance 10-Year Review of FIA (Initial Public Consultation Paper released June 2, 2015)	<ul style="list-style-type: none"> Revised Financial Institutions Act (FIA) tabled in the legislature CAFII Meeting with Ministry of Finance staff executives <i>CAFII Follow-up Meeting (Virtual) with Ministry officials Re CPI Sales Practices and Related Fair Treatment of Consumers Considerations</i> CAFII submissions on draft Regulations in support of Revised FIA 	<ul style="list-style-type: none"> October 21/19 October 25/19 <u>Q2 or Q3 2021</u> Q1 through Q4 2021 	<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 CAFII submission on updated Sound Commercial Practices Guideline 	<ul style="list-style-type: none"> <u>Q1 2021</u> Q1/Q2 2021 	<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 around RADM’s applicability to credit card-embedded insurance benefits CAFII receives AMF acknowledgement response to July 7/20 submission, indicating “We acknowledge receipt of your correspondence and will get back to you with comments following the analysis of the issues raised AMF responds to CAFII’s “creative solutions” submission AMF launches consultation of Draft Regulation Respecting Complaint Processing CAFII submission on Draft Regulation Respecting Complaint Processing 	<ul style="list-style-type: none"> July 7/20 July 9/20 <u>Q1 2021 (expected)</u> <u>Q1 2021 (expected)</u> Q1/Q2 2021 	<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> 	<ul style="list-style-type: none"> July 2/20 August 31/20 	<ul style="list-style-type: none"> Mkt Conduct & Licensing Cttee; Co-EDs to monitor
SK Bill 177	<ul style="list-style-type: none"> FCAA delays implementation of new Act and Regulations to Jan 1/20 FCAA releases transition-related Guidance and Interpretation Bulletin FCAA releases further transition-related Guidance/Interpretation Bulletin(s) 	<ul style="list-style-type: none"> November 26, 2018 May 17, 2019 <u>Q1/Q2 2021 (expected)</u> 	<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"> FCNB launches industry consultation on RIA licensing regime model CAFII submission on FCNB’s RIA Regime licensing regime model <i>FCNB launches informal stakeholder consultation on applicability of A&S 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) 	<ul style="list-style-type: none"> November 29, 2019 January 31, 2020 July 2020 October 22/20 December 22/20 	<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"> FSRA launches preliminary consultation on Transforming FSCO’s Unfair or Deceptive Acts or Practices (UDAP) Regulation Into A FSRA Rule CAFII responds to FSRA’s preliminary consultation on Transforming FSCO’s Unfair or Deceptive Acts or Practices (UDAP) Regulation Into A FSRA Rule FSRA launches consultation on FY 2021-22 Statement of Priorities and Budget CAFII responds to FSRA consultation on FY 2021-22 Proposed Statement of Priorities and Budget CAFII speaks to its submission on FSRA’s FY 2021-22 Statement of Priorities and Budget at Stakeholder Advisory Committee meeting with FSRA Board CAFII responds to FSRA consultation on Unfair and Deceptive Practices (UDAP) Rule 	<ul style="list-style-type: none"> September 2020 October 7, 2020 October 7, 2020 November 3, 2020 November 25/20 March 18/21 	<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*

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Regulatory Update – CAFII Executive Operations Committee, January 19, 2021

Prepared By Brendan Wycks, CAFII Co-Executive Director

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Federal/National

Office of the Superintendent of Financial Institutions (OSFI)

OSFI Launches Climate Risk Consultation

Amid growing concern about the effects of global warming among both investors and policymakers, OSFI is examining whether capital requirements need to give these risks greater weight. The prudential regulator of federally regulated financial institutions (FRFIs) launched a consultation on January 11/21 on climate-related risks to the safety and soundness of FRFIs and pension plans.

OSFI published a discussion paper that seeks feedback on how banks, insurers and pensions are measuring climate risks and factoring them into their operations, balance sheets and risk management efforts. The regulator is also considering how it can encourage the industry to ensure that it is capable of absorbing these risks.

“This input will guide the development of regulatory and supervisory approaches that meet OSFI’s mandate of protecting depositors, policyholders and private pension plan beneficiaries while allowing institutions to compete and take risks,” OSFI said in a release announcing the consultation.

Jeremy Rudin Retiring From OSFI Superintendent Role In Mid-2021

Jeremy Rudin, Superintendent of the Office of the Superintendent of Financial Institutions (OSFI), is stepping down at the end of June 2021.

Rudin will remain in the role throughout the six months remainder of his term, and then will retire from public service, OSFI announced.

“It has been a privilege to serve as the Superintendent of Financial Institutions and I look forward to completing my seven-year term,” Rudin said in a statement.

Prior to joining OSFI, Rudin was assistant deputy minister of the financial sector policy branch at the Department of Finance. Along with other roles at Finance, he also worked for the Bank of Canada and taught economics at the University of British Columbia and Queen’s University.

Canadian Council of Insurance Regulators (CCIR)

CCIR Releases First Public Report Derived From Annual Statement On Market Conduct Data

In early December 2020, CCIR published its first public report based on data from its Annual Statement on Market Conduct (ASMC) -- which must be completed by both life and health insurers and property and casualty insurers -- outlining its findings from 2019.

The report, *2019 Annual Statement on Market Conduct – Public Report*, states that while insurers value fair treatment of customers (FTC) principles, there are opportunities for some insurers to better demonstrate how they have incorporated FTC principles into their businesses.

When asked if they had a standalone, documented policy that specifically addresses FTC, 57 per cent of life and health companies indicated they did, while 53 per cent of p&c companies said the same. The report says it was noted during examinations that some insurers had not fully implemented FTC principles into their business operations. CCIR member regulators also noted during examinations that some insurers have inadequate supervision of their external sales forces regarding conflicts of interest or incentives.

For the life and health sector, a disproportionate number of complaints, 40 per cent, originated in Quebec, with accident and sickness insurance-related complaints making up 57 per cent of the total. The English and French versions of the report can be found here: <https://www.ccir-ccrra.org/Documents/View/3617>; <https://www.ccir-ccrra.org/Documents/View/3618>; and the English and French versions of a related CCIR news release can be found here: <https://www.ccir-ccrra.org/Documents/View/3613>; <https://www.ccir-ccrra.org/Documents/View/3615>.

Provincial/Territorial

British Columbia

British Columbia Financial Services Authority (BCFSA)

BCFSA Appoints Vice-President, Sector Liaison

On November 27/20, BCFSA announced that Peta Wales had been appointed its new Vice-President, Sector Liaison, reporting to CEO Blair Morrison.

Ms. Wales joins BCFSA after several working in the credit union system where her most recent role was Senior Vice-President, Operations with First West Credit Union. In that role, she was accountable for executing the operational strategies enabling staff and member experience. Her mandate included creating efficiency and harmonization across the business processes supporting branch, contact centre and mortgage broker channels.

Prior to First West Credit Union, Ms. Wales held a variety of leadership positions with HSBC Bank Canada and TD Bank. She is Lean Greenbelt Certified, and holds a Diploma in Business Management from BCIT as well as a bachelor's degree from the University of British Columbia.

As BCFSA moves to become a modern, efficient and effective regulator, the Vice-President, Sector Liaison will seek to engage with regulated entities and individuals to better understand their views, challenges and opportunities, and to share BCFSA's priorities going forward, the regulator stated in its Advisory on Ms. Wales' appointment.

Manitoba

Insurance Council of Manitoba (ICM)

Insurance Council Issues Notice On When To File A Licence Amendment

On January 14/21, the Insurance Council of Manitoba issued an educational notice titled "When to File an Amendment to a Licence with the Insurance Council of Manitoba (ICM)" to all licence holders.

The notice covers the following:

- When is an Amendment Required?
- Is it permissible for a Licence Holder to work at another agency/firm that is affiliated with the agency/firm name(s) on their licence?
- How does a Licence Holder File an Amendment?

The ICM notice can be found here: https://www.icm.mb.ca/files/Bulletin/WEB_NOTICE_-_When_to_Amend_a_Licence.pdf

Ontario

Financial Services Regulatory Authority of Ontario (FSRA)

FSRA Formally Adopts CCIR/CISRO's Insurance Guidance As Its Own

On December 22/20, FSRA released guidance to provide standards for the fair treatment of customers in the insurance sector, by formally harmonizing its expectations for industry practices around the fair treatment of customers with CCIR/CISRO's "Guidance: Conduct of Insurance Business and Fair Treatment of Customers" which was released in September 2018.

The guidance will promote principles that support fair customer treatment throughout the lifecycle of insurance contracts and reduce burden on licensees while setting service delivery expectations for insurers, agents and customers, FSRA said.

"Helping insurers and agents treat customers fairly using a common approach in Ontario both promotes high standards of business conduct in the sector and protects the interest of insurance customers," FSRA said in the release.

The regulator recently completed a consultation on the proposed guidance, with industry and consumer stakeholders expressing general support in following CCIR and CISRO's guidance on fair treatment. FSRA's new guidance came into effect on January 1, 2021.

FSRA Appoints New Board Member

On January 13/21, FSRA announced that Dexter John had been appointed to its Board of Directors for a three-year term. Mr. John has 25 years' experience in governance and risk management from prior positions at Stikeman Elliott LLP and Donahue LLP, as well as the Investment Dealers Association of Canada, the Ontario Securities Commission and the Toronto Stock Exchange, the FSRA release said.

Mr. John is currently President and CEO with Gryphon Advisors Inc., which offers consulting services in corporate governance, investor voting behaviour analytics, executive compensation, and cannabis business management. He's also a member of the Committee on the Future of Corporate Governance in Canada, which will revise and update corporate governance policy in the country.

Mr. John's experience "will help FSRA support innovation in the sectors that it regulates while being principles-based, transparent and accountable," said FSRA Board Chair Bryan Davies.

FSRA Seeks Feedback On Proposed New Rule On Unfair Or Deceptive Acts Or Practices (UDAP)

FSRA is focusing on unfair or deceptive acts or practices (UDAP) rules for insurance industry brokers, insurers, intermediaries, adjusters and other providers of goods and services in the insurance sector in Ontario. The regulator says its proposed new UDAP rule is aimed at making the supervision of insurance more transparent, dynamic and flexible.

“We have heard clearly that the current regulation defining an unfair or deceptive act or practice under the Insurance Act is outdated, too prescriptive and a barrier to innovation,” said FSRA’s executive vice president, auto insurance products, Tim Bzowey. “FSRA will use its rule-making authority in this area to better protect consumers and deliver more effective and efficient regulation by taking a principles-based approach.”

According to the guidance accompanying the draft rule, unfair or deceptive acts or practices are already discussed in sections of the Insurance Act. FSRA has drafted the new rules to replace the existing UDAP regulation because it says the current regulation is not aligned with FSRA’s principles-based approach.

“Insurance stakeholders have requested a review of the current regulation to allow for more flexibility and have stated that the regulation is too prescriptive and a barrier to innovation. The draft rule also focuses on the need for stronger consumer protections by clearly defining outcomes that are unfair or otherwise harmful to consumers. The proposed rule is intended to improve the identification, deterrence and sanctioning of misconduct to better protect the public interest,” FSRA said.

In addition to publishing the text of the new proposed regulation, which covers unfair or deceptive practices, discrimination, unfair claims practices, incentives and prohibited conduct in auto insurance quotations, applications or renewals, FSRA has also published a summary of stakeholder feedback it has received thus far, alternatives to the proposed rules that FSRA considered, and a list of targeted questions about regulatory gaps, transition issues and redundancies – which can be found here: <https://www.fsrao.ca/engagement-and-consultations/fsras-first-proposed-insurance-rule-released-public-consultation-unfair-or-deceptive-acts-or-practices-udap-rule>.

Interested stakeholders can comment on the proposed new UDAP rule until March 18/21.

FSRA Proposes To Allow Insurers To Offer Rebates And Incentives To Ontarians

As part of its proposed new UDAP Rule, FSRA is proposing to relax the rules prohibiting unfair or deceptive acts, thereby allowing insurers to offer rebates and incentives to consumers under certain circumstances.

However, FSRA’s proposed new UDAP Rule, if implemented, would let insurers offer rebates and incentives to consumers only under certain conditions. For example, under the new rule, insurers would not be allowed to offer rebates if they would lead to a client to “buy a product which would not, considering the options generally available in the marketplace, be recommended as a suitable insurance product by a reasonable person licensed to sell such an insurance product.”

Currently, as it stands, there is pretty much a blanket prohibition on incentives. “Any payment, allowance or gift which is offered as an inducement to any prospective client” is currently considered an unfair or deceptive practice under Ontario insurance law.

“If you talk to insurance companies and look at the restrictions that you have under the current Unfair or Deceptive Acts or Practices (UDAP) Rule, it is very difficult for them to innovate in certain areas,” said Colin Simpson, CEO of the Insurance Brokers Association of Ontario, in an interview with Investment Executive.

FSRA Seeks To Raise Standards For Mortgage Brokers

In an effort to raise conduct standards among mortgage brokers, FSRA announced in early December 2020 that it was developing guidance for mortgage brokers on how to comply with a proposed national code of conduct for the sector. The regulator published its proposed approach to incorporating a code of conduct that’s being jointly developed by the industry and the Mortgage Broker Regulators’ Council of Canada (MBRCC).

“The code promotes high standards of business conduct to protect consumers of mortgage brokering services,” FSRA said.

The MBRCC’s consultation closed on December 23/20.

Québec

Autorité des marchés financiers (AMF)

AMF Superintendent Leaves To Become Quebec Superior Court Judge

The AMF lost Frédéric Pérodeau, its Superintendent, Client Services and Distribution Oversight, on December 15/20 when he was appointed a judge of the Quebec Superior Court for the district of Montreal by the Honorable David Lametti, Canada’s Minister of Justice and Attorney General.

The AMF said that it will quickly put in place a search process to identify Mr. Pérodeau’s successor and fill the vacant Superintendent position.

In the insurance industry, Mr. Pérodeau will be remembered for driving the amendments to Bill 141, including the *Regulation respecting Alternative Distribution Methods*, which governs the sale of insurance over the internet.

Prince Edward Island

CLHIA Applauds PEI’s Update To Its Insurance Act

On December 11/20, CLHIA issued a Media Release applauding PEI’s recent passage of legislation to update the Insurance Act of Prince Edward Island.

The CLHIA release states that, among other things, the new legislation includes clarifications to the definition of premiums for life insurance. PEI becomes the fifth province in the last year to make such amendments, joining Nova Scotia, New Brunswick, Alberta and Ontario.

"We are pleased that Prince Edward Island and other provinces have taken these steps to provide certainty to consumers in this area" CLHIA President and Chief Executive Officer Stephen Frank said. "We will continue to encourage the remaining provinces to make similar amendments" Frank continued.

International Developments

New NAIC Rule Would Allow Rebating To US Insurance Consumers

The Executive Committee of the National Association of Insurance Commissioners (NAIC) adopted language on December 10/20 designed to allow for "rebates" to be offered to consumers.

The committee unanimously adopted an amendment to the NAIC Unfair Trade Practices Act which will permit insurers or producers to "offer or give non-cash gifts, items, or services, including meals to or charitable donations on behalf of a customer, in connection with the marketing, sale, purchase, or retention of contracts of insurance."

The amendment leaves open the possibility of a cap on gift amounts to be determined by the state commissioner. Amendment drafters suggested that "the lesser of 5% of the current or projected policyholder premium or \$250 would be an appropriate limit."

The NAIC's Innovation and Technology Task Force has worked on the anti-rebating issue since 2018. During that time, several states, from New Hampshire to Arizona, either proposed or adopted new legislation, rules, or bulletins addressing their states' anti-rebating prohibition.

"This has been a very, very long time coming," said Jon Godfread, North Dakota insurance commissioner and chairman of the task force. "It's important and will serve to allow the right balance of bringing the needed and desired innovation and technology as it relates to the value of products and services to our consumers while affording appropriate consumer protection."

Thousands Of UK Financial Firms Face Failure: Financial Conduct Authority

Thousands of financial firms in the UK are at risk of failing due to fallout from the COVID-19 outbreak, according to new data from the UK's Financial Conduct Authority (FCA).

The FCA published the results of its coronavirus financial resilience survey, which it launched between June and August 2020.

"Our role isn't to prevent firms failing. But where they do, we work to ensure this happens in an orderly way," said Sheldon Mills, executive director of consumers and competition at the FCA, in a release. "By getting early visibility of potential financial distress in firms we can intervene faster so that risks are managed and consumers are adequately protected."

The survey found that approximately 4,000 of the 23,000 firms surveyed are at elevated risk of failure. While the firms at risk are primarily small and medium-sized, the FCA said about 30% of them have the potential to cause wider harm to the economy if they did fail.

Australia's Treasurer "Declares War" On Regulator ASIC In Bid To Reduce Its Powers

Australia's Treasurer Josh Frydenberg has "declared war" on the country's corporate regulator, saying the Australian Securities and Investments Commission (ASIC) needs to be overhauled so that it conforms to the will of parliament.

ASIC was caught in a pincer movement in mid-November 2020, with a parliamentary committee chaired by a Liberal senator mulling ways to break up or reduce the powers of the regulator while Frydenberg used a speech to declare it must not "supplement, circumvent or frustrate" the law.

While regulators need to make enforcement decisions independent of government, they "do not carry out their mandates in a vacuum," Frydenberg said. "They must pursue their mandates in a manner that is consistent with the will of the parliament," he said. "There need to be mechanisms to hold them to account."

ASIC is under extreme pressure over \$190,000 in payments benefiting its chairman and deputy chairman that the auditor-general says fell outside remuneration rules.

There has been a long-running dispute between ASIC and Frydenberg over responsible lending rules and a backlash by the financial sector against tougher regulation proposed by the banking royal commission.

ASIC Launches Consultation On Short Supply Of Affordable Financial Advice

Australia's financial services regulator is examining the root causes of an apparent shortage of financial advice, and possible solutions to the perceived advice gap.

The Australian Securities and Investments Commission (ASIC) launched a consultation in mid-November 2020 that aims to explore the barriers to its investment industry's supply of "good-quality affordable personal advice" and to recommend measures to enhance access to advice.

In a consultation paper, ASIC reported that its research found that "while many consumers see value in financial advice, they do not tend to seek advice." It said consumers often don't seek advice because it's seen as expensive and suited to only wealthy investors.

In particular, the regulator said it's seeking to promote access to quality "limited advice" for investors who don't need comprehensive advice. "Market-based research has shown that the cost of financial advice is a significant driver for consumers to prefer limited advice over a traditional comprehensive advice service," it said.

ASIC is also calling for industry feedback on the industry's experience in providing digital advice and so-called strategic advice (planning advice with product recommendations). "Good-quality affordable personal advice may help consumers make better financial decisions, especially during times of heightened vulnerability," said ASIC commissioner Danielle Press.

The deadline for submissions to the consultation was January 18/21. ASIC also said that it will hold industry roundtables in the first quarter of 2021 to discuss the results of its consultation.

Agenda Item 2(c)
January 26/21 EOC Meeting

CAFII Insurance Regulator and Policy-Maker Meetings/Interactions
From November 11/20 To January 20/21

<u>Date</u>	<u>Event/Occasion</u>	<u>Who</u>
November 25, 2020	Virtual Meeting of FSRA's Sectoral Advisory Committee (SAC) on Life and Health Insurance with the FSRA Board of Directors to discuss industry feedback on FSRA's proposed 2021-22 priorities for the sector.	Keith Martin, CAFII's representative on the SAC, attends meeting and at invitation of FSRA Board Chair Bryan Davies, speaks to the highlights of CAFII's written submission on FSRA's proposed 2021-22 priorities for the life and health insurance sector – noting, in particular, a desire to see FSRA begin to play a prominent role on the international regulatory stage, as a member of the International Association of Insurance Supervisors (IAIS).
December 10, 2020	On behalf of CLHIA and CAFII, Brent Mizzen, at CLHIA, submitted a joint letter to the Insurance Councils of Saskatchewan on Industry Nominees For Appointment To Founding/Inaugural Saskatchewan RIA Advisory Committee.	Ron Fullan, Executive Director, and April Stadnek, Director, Strategic Initiatives, Insurance Councils of Saskatchewan.
December 10, 2020	Acknowledgment reply to CLHIA/CAFII joint submission on Industry Nominees For Appointment To Founding/Inaugural Saskatchewan RIA Advisory Committee.	Ron Fullan, Executive Director, ICS, responded as follows: <i>Thanks Brent et al. A first official step in an important and exciting initiative!</i>

December 22, 2020	CAFI and CLHIA made joint submission to David Weir, FCNB in response to his New Brunswick Insurance Act Rewrite-based follow-up questions (received November 6/20) with respect to insurance monies to be paid to a minor where no trustee has been named.	David Weir, FCNB responded as follows on December 23/20 to Brendan Wycks, Keith Martin, and Rob Dobbins (CAFI signatory) of CAFI and Kate Walker and Craig Anderson of CLHIA: <i>Thank you for this information. I would like to thank both CLHIA and CAFI for all of the contributions on the Modernization Project. Your feedback has been very helpful.</i>
January 15-18/21	Brendan Wycks shared/forwarded a Miller Thomson legal advisory newsletter article (see Appendix A) on a Draft Member's Bill in Ontario re life insurance viatical settlements with relevant FSRA Market Conduct Division staff executives, given that FSRA is specifically mentioned in the article.	Erica Hiemstra, at FSRA, replied to Brendan Wycks as follows: <i>Thanks for sharing the article. As the article highlights, life settlements are a multi-faceted issue with important implications for Ontario consumers.</i>
January 15-18, 2021	Brendan Wycks shared/forwarded a Miller Thomson legal advisory newsletter article (see Appendix A) on a Draft Member's Bill in Ontario re life insurance viatical settlements with relevant BCFS staff executives, given that BCFS is specifically mentioned in the article.	Frank Chong, at BCFS, responded to Brendan Wycks as follows: <i>Received, with thanks.</i>

January 19, 2021	Brendan Wycks sent follow-up email to Ron Fullan and April Stadnek, Insurance Councils of Saskatchewan, asking for an update on its plans for utilizing the CLHIA/CAFI joint submission on Industry Nominees For Appointment To Founding/Inaugural Saskatchewan RIA Advisory Committee.	Ron Fullan, Executive Director, ICS, responded as follows: <i>Thanks for the follow-up. One of my to-do's for the near future is contacting the nominees and getting the process started. I will be in touch when that is underway about initial steps. I think we'll want to have the group (or the group and the associations) identified some issues for discussion. We'll also want to spend some time taking about timing of the first meeting, and what launch tasks we need to complete. We will be moving forward with the 7 people nominated.</i>
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Appendix A

Gifts Of Life Insurance In Ontario: MPP Introduces Bill Amending The *Insurance Act*

By Susan M. Manwaring and Katrina Karys, Miller Thomson, January 15, 2021

[Gifts of life insurance in Ontario: MPP introduces bill amending the *Insurance Act* | Miller Thomson LLP](#)

An Ontario MPP recently introduced a private Member's bill that would amend the Ontario *Insurance Act* (the "**Act**"). The amendment purports to amend the prohibition on trading and trafficking in insurance policies so that it does not apply if the policy is sold or assigned by the original policyholder or a transferee, used as collateral security or donated to a charity. The provisions in the Bill that deal with the donation of a policy to a charity exempt donations of life insurance policies from the prohibition on trading or trafficking in insurance policies if the insurance has been held for more than two years. The Bill has been referred to the Standing Committee on Finance and Economic Affairs.

We think this Bill is problematic for several reasons. First, by creating this exemption, MPP Rudy Cuzzetto appears to be accepting that, under the current Act, the transfer of an insurance policy to a charity constitutes trading or trafficking. The regulator in Ontario has not previously taken that position publicly and thus the need for the provision is questionable. The Bill would also introduce into Ontario a regime which would permit the sale of insurance policies – commonly known as life settlement or viatical transactions. Generally these types of transactions are prohibited in Canada. Such a dramatic change to the landscape should, in our view, only be considered after public consultation and careful consideration by the government.

With respect to donations of life insurance to charities, donors have used life insurance to facilitate charitable giving for years. One common giving method allows a donor to leave a legacy gift, naming a charity as the beneficiary of their life insurance policy. When the donor passes, the recipient charity receives a gift which is higher in value than the cost to the donor. While the Act does not explicitly recognize charities as potential beneficiaries, it is the position of the Financial Services Regulatory Authority of Ontario (“**FSRA**”) (previously the Financial Services Commission of Ontario) that a policyholder can name a charity as beneficiary. The other methods involve a donor purchasing a new policy and naming a charity as owner and beneficiary and a policyholder transferring a paid-up or partially paid-up policy to a charity. While perhaps less common than beneficiary designation alone, these two giving methods are long-established. FSRA has not historically targeted for regulation any of these methods of donation used. That said, it is true that transfers of insurance policies to charities have become a topic of discussion in the charitable sector after they were called into question by the provincial regulator in British Columbia.

Letters were received by two charities in British Columbia from the BC Financial Services Authority (“**BCFSA**”) which appeared to question the legality of gifts of life insurance through the transfer of a policy. BCFSA’s unexpected statement was met with much confusion and criticism, stemming from a concern that it may limit donations of life insurance policies. BCFSA attempted to clarify its position in a subsequent bulletin, stating that charities are not generally prohibited from soliciting nor accepting donations of life insurance. However, as discussed in our [previous article](#), the regulator did not explain how it would interpret the anti-trafficking provisions with respect to transfers to charities.

Why this Bill, and why now? The preamble to the Bill states that the amendments will modernize the Act to allow life settlements and life loans, providing Ontario seniors with an alternative financial resource. The addition of the provision with respect to charitable donations is less understood. In fact, it would create a limit on donations of insurance policies to charities that does not exist today. Frankly, we think the Bill leaves more questions than answers and suggest that these topics are of public importance and that public consultation should be held before the Bill proceeds. We will follow the development of the Bill as it proceeds through debate and public hearings.

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status Jan 19 2021
		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-Mar-20	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	K. Martin	12-Jul-05	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	30-Jun-20	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	25-Oct-19	In progress
5	Bod: Oct 15, 2020	Schedule and organize a Dedicated, Special Purpose CAFII Board Virtual Meeting in early 2021 to review and possibly update CAFII's 3 to 5 Year Strategic Plan	B. Wycks/K. Martin	31-Dec-20	Completed
7	EOC October 29, 2020	FRFI EOC members to share with Co-Executive Directors the work being done within their organizations on the FCAC's Appropriateness Guideline and about their organization's involvement in this file with the CBA; relevant EOC members	Elevant EOC members	17-Nov-20	In progress
8	EOC November 17, 2020	Distribute an update to the CAFII strategic plan pre-read document to Board and EOC members, several weeks prior to the Board's special purpose meeting in early 2021	K. Martin	31-Jan-21	In progress
		Regulatory Initiatives			
9	EOC: Sept 22, 2020	Resuscitate the Working Group on CPI Best Practices and add the FCAC appropriateness test to its mandate	K. Martin	31-Oct-20	In Progress
10	EOC October 29, 2020	Share the FCAC's presentation deck with EOC members and other relevant CAFII member representatives	B. Wycks	17-Nov-20	Completed
11	EOC October 29, 2020	Share the AMF's presentation deck with EOC members and other relevant CAFII member representatives	B. Wycks	17-Nov-20	Completed
		Website and Media Initiatives			
12	EOC: Aug 25, 2020	Share draft visuals for CAFII website video with EOC	K. Martin	30-Sep-20	Completed
		Research and Education			
13	EOC November 17, 2020	Send penultimate draft of the Pollara consumer research questionnaire on CPI and digitization to EOC members, with a request for high level feedback	K. Martin	31-Jan-21	Completed



December 22, 2020

Mr. David Weir
Senior Technical Analyst
Pensions and Insurance (Division)
Financial and Consumer Services Commission
david.weir@fcnb.ca

Dear David,

Thank you for your emails of November 6, 2020 to our respective Associations. As you suggested, CLHIA and CAFII have taken the opportunity to work together to provide you with a joint response to avoid a duplication of our efforts. This letter is therefore submitted on behalf of both our organizations.

We have now had an opportunity to survey our members on the questions you raised with respect to insurance money that is payable to a minor where no trustee or guardian for property has been appointed.

You advised that New Brunswick is reviewing sections 182 and 215 of the province's *Insurance Act* and is considering amending these sections to provide for payment of the money to the Public Trustee. You cited section 198 of Manitoba's *Insurance Act* as an example of a jurisdiction that has included a provision that permits an insurer to pay insurance money to the Public Trustee as an alternative to paying into court in a situation where there is no one who can provide a valid discharge on behalf of a minor.

The following is a brief summary of each of your questions and our corresponding responses:

- 1) How frequently are insurers making payments into court in New Brunswick under sections 182 and 215 of the *Insurance Act*, and in Atlantic Canada under similar provisions?

Without exception, our members reported that, on an annual basis, the frequency of payments into court with respect to minors is extremely low. Mid-sized insurers reported five to six such payments across all of Canada annually, with possibly one payment into court in Atlantic Canada. None of the mid-sized insurers surveyed indicated that they were tracking these payments by province because each time such a situation arises, it is handled as a one-off due to the relative infrequency of occurrence. One of the larger insurers reported making 20 payments into court in Atlantic Canada in 2019, with three of the payments being made in New Brunswick. The reason why the number of these cases is so low across the industry is discussed below.

- 2) Where a benefit is payable to a minor, what process do insurers follow to determine the best course of action to discharge their legal obligation to the minor?

The principal process that the industry has adopted to proactively manage the payment of benefits to minor beneficiaries is the standard inclusion of a question on insurance beneficiary designation forms that requests the name of a trustee where minors are named as beneficiaries of insurance benefits.

It is our understanding that members will typically follow-up with policy owners or group insureds who have named minor beneficiaries but have not included the name of a trustee. As a result, there are relatively few cases industry-wide where a trustee has not been named. If the benefit becomes payable to the minor, the insurer will pay the money to the named trustee. Where electronic beneficiary designation processes are used, some insurers have included mandatory fields that require a trustee to be named in situations of minor beneficiaries. Going forward, this type of tool will further reduce the number of times insurance money would need to be paid into court or to the Public Trustee.

In cases where either no trustee was named or the named trustee is unwilling or unable to act as a trustee for the minor, insurers will then typically follow a series of steps to determine the best course of action to discharge their obligation to the minor. They will determine:

- Is there someone who has been appointed to act either as the trustee or as the guardian for property for the minor? It is our understanding that in most jurisdictions, this is generally an appointment made by a court since a parent or personal guardian of a minor is not automatically that minor's guardian for property; and that legal distinction is why insurers are not routinely able to resolve the absence of a designated trustee with a personal guardian for a minor. That said, by way of example of an available solution in your own province, payment may be made to the parent(s) of a child or to another person who has been appointed by the parent(s) to act as guardian of a child per New Brunswick's *Guardianship of Children Act*.
- If there is no trustee or guardian for property for the minor, insurers will determine if the province or territory in which the minor resides allows for payment to a parent or guardian of a minor and whether the benefit amount is within the stated maximum allowable payment permitted by the legislation.

In 2020, Alberta updated its Minors' Property Regulation to allow up to \$25,000 to be paid to a minor's "guardian"; and that said guardian may be a parent of the minor (see section 2(1) Small Obligations - Alta. Reg. 240/2004. We view \$25,000 as a more realistic and reasonable figure to establish as the maximum amount of insurance money which may be paid to the parent or guardian of a minor.

In Ontario, the situation is less desirable from the industry's perspective as the *Children's Law Reform Act* permits such a payment up to a maximum of just \$10,000 (see section 51, Payment of debt due to child if no guardian [*Children's Law Reform Act, R.S.O. 1990*](#)). In British Columbia, a similar provision is contained in section 178 of the *Family Law Act*, although the maximum amount is prescribed in the Regulation to that Act, BC 347/2012, at section 24 (also \$10,000).

We do not believe that this is currently permitted in New Brunswick.

- If there is no trustee or guardian for property for the minor and either there is no provision permitting payment to a parent or guardian or the benefit amount exceeds what is permitted, then insurers will consider either payment into court or paying the benefit to the Public Trustee in the jurisdiction where the minor resides.

Our members have advised that this is a last resort and will always be done on a case-by-case basis. It was not clear from the responses that we received that there is any established industry practice preferring one method of payment over the other. It is our understanding that both require documents to be filed but it may be in the best interests of the minor that the insurer make payment to the Public Trustee.

3) How are the costs incurred by the public trustees for these services covered?

We do not have any information on this. We assume that the Office of the Public Trustee in each jurisdiction is publicly funded.

In conclusion, we support New Brunswick's intention to amend sections 182 and 215 of the province's *Insurance Act* to permit the payment of a benefit to the Public Trustee where payment to the trustee or guardian of a minor is not possible. We recommend replacing these sections with wording based on section 198 of Manitoba's *Insurance Act* and some additional proposed wording changes that we have set out in red:

If an insurer admits liability for insurance money payable to a minor and there is no person capable of giving and authorized to give a valid discharge for the insurance money who is willing to do so, the insurer may, at any time after 30 days after the date of the event on which the insurance money becomes payable, pay the money to the Public Guardian and Trustee for the benefit of the minor; and if it does so pay, it must ~~and~~ notify the Public Guardian and Trustee of the name, date of birth and residential address of the minor, and the name and residential address of at least one parent or guardian of the minor, as known to the insurer.

These proposed changes would assist insurers by aligning with privacy legislation principles and requirements (i.e., disclosure that is "required" by law).

Thank you for the opportunity to provide you with our collective comments on this issue. If you have any further questions, please do not hesitate to contact us directly.

Best Regards,

Original signed by

Kate Walker
Senior Counsel
Canadian Life and Health Insurance Association

Original signed by

Rob Dobbins
Board Secretary and Executive Operations Committee Chair
Canadian Association of Financial Institutions in Insurance



December 10, 2020

Mr. Ron Fullan
Executive Director
Insurance Councils of
Saskatchewan
Ron.Fullan@skcouncil.sk.ca

Ms. April Stadnek
Director Compliance & Enforcement
Insurance Councils of
Saskatchewan
April.Stadnek@skcouncil.sk.ca

Dear Mr. Fullan & Ms. Stadnek,

On behalf of the Canadian Life and Health Insurance Association (CLHIA) and the Canadian Association of Financial Institutions in Insurance (CAFII), we commend you on establishing a Restricted Insurance Agent (RIA) Advisory Committee in your recently adopted Insurance Councils of Saskatchewan (ICS) – Life Insurance Council Bylaws, January 1, 2020 (Bylaws).

We believe the ICS RIA Advisory Committee is a good example of mutually beneficial collaboration involving CLHIA members, CAFII members, and the ICS, and we are enthused to be participating in this inaugural Advisory Committee. In time, other jurisdictions may look to Saskatchewan as an example of an advisory committee model they too can adopt.

We would also like to thank Ms. Stadnek for meeting with the CLHIA on March 3, 2020 and Mr. Fullan for meeting with CAFII by telephone on November 9, 2020 to discuss the next steps to establish the RIA Advisory Committee. We noted the following take-aways during our respective meetings. We would appreciate it if you could confirm that we have captured the complete list of relevant considerations, as set out below.

- The suggested Terms of Reference document attached to the CLHIA and CAFII's Joint Proposal Letter of August 3, 2018 has been approved by the ICS and is the 'Terms of Reference' referred to in the Bylaws. The document is a 'living document' and could serve as a "thought-starter" for the RIA Advisory Committee.
- Ron Fullan, Executive Director ICS is the administrator referred to in the Bylaws. The administrator or a designated staff member shall maintain minutes and records of the RIA Advisory Committee's meetings.
- The Chair of the RIA Advisory Committee shall be appointed from the industry.
- Committee members shall be appointed at the decision of the ICS. RIA Advisory Committee members shall serve a three-year term, which shall be renewable.

- Year 1 (2021) of the RIA Advisory Committee's operations/activity will be treated as a "learning curve and evaluation year".
- Quarterly meetings might be useful for the first year of the RIA Advisory Committee while the Committee gets set up and establishes its mandate and objectives.
- The transition items identified for the RIA Advisory Committee in its inaugural year will include the following:
 - Development of an appropriate disciplinary process for RIA-specific issues, including a protocol for RIA representation in disciplinary matters;
 - Development of a process to address RIA-specific complaints and issues coming forward; and
 - Identifying any other items to be managed by the Committee.
- The CLHIA and CAFII will have "observer status" at meetings of the RIA Advisory Committee.

In accordance with our discussions and the Bylaws, we have since met with members of CLHIA and CAFII to develop the appended joint list of industry representative nominees for appointment to the RIA Advisory Committee, for your consideration. **Appendix A** is a list of our nominees. **Appendix B** provides capsule biographies for each of our nominees, for background in your appointment deliberations. You will see from the capsule biographies that we have given consideration to the different distribution channels and products offered under an RIA licence in our development of the nominees list, to ensure broad coverage of interests.

The CLHIA and CAFII appreciate the opportunity to provide our list of nominees for your consideration. We would be pleased to discuss any of our nominees in more detail at your convenience.

Sincerely,

Original signed by

Brent Mizzen
Assistant Vice President, Market Conduct Policy and Regulation
Canadian Life and Health Insurance Association

Original signed by

Brendan Wycks
Co-Executive Director
Canadian Association of Financial Institutions in Insurance

Original signed by

Keith Martin
Co-Executive Director
Canadian Association of Financial Institutions in Insurance

Appendix A: CLHIA and CAFII Industry Representative Nominees for Appointment to the ICS RIA Advisory Committee

- Barbara Peter of First Canadian Insurance Corporation (*Insurance company representative*);
- Charles MacLean of RBC Insurance (*Restricted insurance agent representative*);
- Emily Brown of Sun Life (*Insurance company representative*);
- Greg Shirley of Manulife (*Insurance company representative*);
- Moira Gill of TD Insurance (*Restricted insurance agent representative*);
- Sharon Apt of Canada Life (*Insurance company representative*); and
- Shawna Sykes of The Co-operators Group Ltd (*Restricted insurance agent representative*).

**Appendix B: Capsule Biographies of CLHIA and CAFII Industry Representative Nominees
for Appointment to the ICS RIA Advisory Committee**



**CAPSULE BIOGRAPHY
BARBARA PETER
CORPORATE RISK MANAGER, FIRST CANADIAN INSURANCE CORPORATION**

Barbara Peter has enjoyed a long professional career in insurance, risk management and compliance. From extensive experience in commercial insurance broking, her career progressed through enterprise risk management roles in various industries. She has also worked in a regulatory environment.

Her current position is with the First Canadian Financial Group which comprises Life & Health insurer First Canadian Insurance Corporation and P&C insurer Millennium Insurance Corporation. Both companies' businesses include the sale of insurance products by auto dealers in conjunction with the purchase and financing of vehicles by consumers; this refers to Creditor Group, Mechanical Breakdown, and GAP insurances.

In her present role, Barbara functions as Corporate Risk Manager, Compliance Officer, Privacy Officer and Complaints Ombudsman for both companies.

First Canadian Financial Group is a unit of the Wheaton Group of Companies which, among several business interests, operates auto dealerships in western Canada.

Ms. Barbara Peter

Corporate Risk Manager | First Canadian Insurance Corporation

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**CAPSULE BIOGRAPHY
CHARLES MACLEAN
CHIEF COMPLIANCE OFFICER, RBC INSURANCE**

Originally from the east coast of Canada, Charles MacLean spent several years with KPMG Halifax after graduating from Saint Mary's university.

Trained as a Chartered Professional Accountant (CPA/CA), Charles has since worked at Manulife, Aviva, and RBC Insurance in various roles including Audit, Risk, and Compliance.

As an insurance professional with nearly 20 years of industry experience, he has worked in the life insurance, health insurance, wealth management, travel insurance, surety, and property & casualty insurance sectors, as well as in pensions and reinsurance.

Charles also holds a Certified Internal Auditor designation from the Institute of Internal Auditors (IIA) along with a Certificate in Regulatory Compliance and Legal Risk Management for Financial Institutions from Osgoode Hall.

Charles is currently the Chief Compliance Officer at RBC Insurance, leading a team with responsibilities for Regulatory Compliance Management, business advisory, market conduct, and escalated complaints.

Charles is an active volunteer leader within the Canadian Association of Financial Institutions in Insurance (CAFII), and has served on its Executive Operations Committee (EOC) for the past five years.

He meets with various insurance regulators regularly and is very interested in making a positive contribution to the insurance industry and customer outcomes.

An outdoor enthusiast, Charles lives in Toronto with his spouse and three children.

Charles MacLean

Chief Compliance Officer | **RBC Insurance**

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CAPSULE BIOGRAPHY
EMILY BROWN
PROGRAM MANAGER, RISK AND COMPLIANCE, SUN LIFE

Emily Brown is Program Manager, Risk and Compliance, Sponsored Markets, at Sun Life. She has worked at Sun Life for five years where she also held the position of Best Practice Manager for Sponsored Markets' three market segments, which include creditor, association and affinity and students. Prior to Sun Life, Emily worked at BMO for five years in creditor insurance, first as a Compliance Manager and later as a Product Manager. Additionally, she has insurance experience in marketing, marketing operations, and process improvement having worked at CIBC, ACE INA, and Encon Group Inc. Currently at Sun Life, and previously during her time at BMO, Emily has been a member of the Executive Operations Committee of the Canadian Association of Financial Institutions in Insurance (CAFI) and a participant in CLHIA's Committee on Creditor's Group Insurance and Committee on Alternate Distribution. Emily has a M.A. in International Affairs from the Norman Paterson School of International Affairs, Carleton University and a B.A. in Economics from the University of California at Berkeley.

Ms. Emily Brown

Program Manager, Risk and Compliance | Sun Life

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**CAPSULE BIOGRAPHY
GREG SHIRLEY
SENIOR COUNSEL, MANULIFE**

Greg is a Senior Counsel at The Manufacturers Life Insurance Company. He has a general advisory practice that is primarily focused on Manulife's sponsored markets business. Greg advises his business clients on legal agreements with plan sponsors, group and individual policies on all types of life and A&S insurance, certificates, claims, TPA issues, and regulatory and licensing issues. A significant component of Greg's practice is supporting Manulife's credit card insurance business, which includes creditor balance insurance and embedded credit card insurance products.

Greg is also Assistant Corporate Secretary for Manulife's P&C subsidiary, First North American Insurance Company, which underwrites certain benefits on Manulife's credit card and travel insurance products.

Greg is Manulife's legal department representative on the CLHIA Committee on Creditor's Group Insurance and Committee on Alternate Distribution.

Greg has been with Manulife for 8 years. Prior to that, he worked as in-house counsel for CIBC.

Mr. Greg Shirley

Senior Counsel | Manulife

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Moira E. Gill

Assistant Vice President, Government and Industry Relations, TD Insurance

BIOGRAPHY

Responsible for leading Government and Industry Relations at TD Insurance since 2005, Moira's focus on strong, long term, industry and government relationships has led to successful collaboration and resolution of issues across a range of political, regulatory and operational files. Her responsibilities extend over the Life and Health, Credit Protection, Environmental Initiatives and General Insurance businesses. In addition to her role at corporate office, Moira also supports the Ontario, Quebec, Western, Central and Atlantic regional operations with sensitivity to regional specific concerns and priorities.

She provides strategic support to the TD Insurance business through a deep understanding of the current and emerging regulatory environment. Her ability to see issues from the perspective of many stakeholders was gained through roles in federal and provincial government, industry and government associations and regulatory and compliance consulting.

Moira also leads TDI's sustainability and climate change action strategy and participates in UN Environment Insurance programs/committee focused on climate risk disclosure, Canadian Government/industry working groups on flood risk and advocates directly with Canadian stakeholders on public policy related to climate change risk adaptation and resilience.

Moira is an Executive Committee Member of CAFII, (Canadian Association of Financial Institutions in Insurance) and past-Chair, serves on the Board of Directors for CADRI (Canadian Association of Direct Relationship Insurers) and is an active participant in many taskforces and committees with IBC (Insurance Bureau of Canada) and CLHIA (Canadian Life and Health Association).

Prior to joining TD Insurance, Moira was a management consultant in a regulatory compliance practice and held positions at the Financial Services Commission of Ontario (Joint Forum of Financial Market Regulators) and the Department of Finance Canada (Financial Sector Division).

A graduate in International Relations from the University of Toronto, Moira also has an MBA from the Rotman School of Management. Moira is an active supporter of the United Way, the Ride for Heart (Atlantic and Ontario), the Ride to Conquer Cancer, and local environmental initiatives.



**CAPSULE BIOGRAPHY
SHARON APT
COMPLIANCE CONSULTANT, CANADA LIFE**

Sharon Apt has been working in the regulatory/compliance sector for nearly 7 years in diverse industries including insurance, telecommunications and finance. She has an LL.B. from the Universidad Privada Boliviana in La Paz, Bolivia and an LL.M. from the University of California Los Angeles (UCLA), School of Law. She has been with Canada Life as a Compliance Consultant in Creditor Insurance for two years and a member of CLHIA and CAFII during this time.

Ms. Sharon Apt

Compliance Consultant | Canada Life

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Email: Sharon.Apt@canadalife.com

CAPSULE BIOGRAPHY
SHAWNA SYKES, ASSISTANT VICE-PRESIDENT, COMPLIANCE PLANNING AND REPORTING,
ENTERPRISE COMPLIANCE
THE CO-OPERATORS GROUP LIMITED

Shawna Sykes is Assistant Vice-President, Compliance Planning and Reporting, Enterprise Compliance at The Co-operators Group Limited in Regina, Saskatchewan, where she has worked for the past 11 years.

As The Co-operators is a group of companies, she has gained significant experience in insurance licencing matters for property & casualty, life and health, and travel insurance companies.

For the past eight years, Shawna's primary areas of responsibility have been in the life insurance and credit protection insurance sectors of The Co-operators' business; and she is an active member participant within both the Canadian Association of Financial Institutions in Insurance (CAFII) and the Canadian Life and Health Insurance Association (CLHIA).

At The Co-operators, Shawna is currently responsible for Compliance Planning, Board and Management Reporting, and Regulatory Compliance Management.

Shawna Sykes

AVP, Compliance Planning and Reporting, Enterprise Compliance

The Co-operators Group Limited

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CAFII Board-Approved 2021 Schedule of Meetings and Events
(Approved by Board at October 15/20 Meeting)

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

- **Tuesday, January 26, 2021** (2:00-4:00 p.m.)
- Tuesday, February 23, 2021 (2:00 – 3:30 p.m.)
(Family Day stat holiday: Monday, February 15)
- **Tuesday, March 30, 2021** (2:00-4:00 p.m.)
(Good Friday, April 2; Easter Monday, April 5)
- Tuesday, April 27, 2021 (2:00 – 3:30 p.m.)
- **Tuesday, May 25, 2021** (2:00-4:00 p.m.)
(Victoria Day stat holiday: Monday, May 24)
- Tuesday, June 22, 2021 (2:00 – 3:30 p.m.)
(St. Jean Baptiste Day: Thursday, June 24; Canada Day: Thursday, July 1)
- Tuesday, July 20, 2021 , tentative summer meeting (2:00 – 3:30 p.m.)
- Tuesday, August 17, 2021, tentative summer meeting (2:00 – 3:30 p.m.)
(Civic Stat Holiday: Monday, August 2)
- **Tuesday, September 14, 2021** (2:00-4:00 p.m.) *If in-person meeting is possible, switch to 2:00-4:30 p.m. meeting, hosted by TBA.*
(Rosh Hashanah: September 7 & 8; Yom Kippur: September 16)
- Tuesday, October 26, 2021 (2:00 – 3:30 p.m.)
(Thanksgiving Stat Holiday: Monday, October 11)
- **Tuesday, November 23, 2021** (2:00-4:00 p.m.) *If in-person meeting is possible, switch to 2:00-4:30 p.m. meeting, hosted by TBA.*
- EOC Annual Dinner: TBA in conjunction with September or November 2021 in-person EOC meeting, if public health requirements allow.

Board Meetings:

- **Tuesday, April 13, 2021** (2:00-4:00 p.m.; *Virtual Meeting possibly followed by CAFII Webinar).*
- **Tuesday, June 8, 2021** (2:00-5:00 p.m., *immediately preceded by 2021 CAFII Annual Meeting of Members, and possibly followed by CAFII Webinar).*
- **Tuesday, October 5, 2021** (2:00-4:00 p.m.; *Virtual Meeting possibly followed by CAFII Webinar).* *If in-person meeting is possible, switch to 2:20-4:00 p.m. meeting, immediately following liaison lunch and Industry Issues Dialogue with AMF staff executives, hosted by Desjardins Insurance in Levis, Quebec.*
- **Tuesday, December 7, 2021** (2:00-4:00 p.m.; *Virtual Meeting possibly followed by CAFII Webinar).* *If in-person meeting is possible, switch to 2:00-5:00 p.m. meeting, followed by Reception, hosted by CIBC Insurance.*

2021 Annual Members Luncheon:

- *Tentative Date: Tuesday, March 9, 2021 from 12 Noon to 1:30 p.m. EST (Virtual-only)*

Webinar)

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

2015 Board Meetings Hosted by:

CIBC Insurance; ScotiaLife Financial; Desjardins; Canadian Premier

Recent Years' Annual Members' Luncheons

2020 Annual Members 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

Venue: Virtual-Only Webinar

2019 Annual Members 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 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

2017 Annual Members Luncheon

Topic: Tomorrow is Today: Insurtech Disruption in the Life and Health Insurance Sector

Speaker: Keegan Iles, Director, Insurance Consulting Leader, PwC Canada

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

2016 Annual Members Luncheon

Topic: Innovation in Insurance: Opportunities in a Changing Market

Speaker: Alison Salka, Ph.D, Senior Vice President and Director Research, LIMRA
Venue: Arcadian Loft, 401 Bay St., Simpson Tower, 8th Floor, Toronto, ON

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 3a

CAFII Financial Statements as at December 31/20 (full 2020 fiscal year)

Purpose of this Agenda Item – *Update*

To update the EOC on the Association’s financial results for the full 2020 fiscal year, as at 31 December, 2020.

Background Information

Treasurer Tony Pergola will provide an update on the CAFII Financial Statements as at 31 December, 2020.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

CAFII

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

Statement of Operations As at December 31, 2020

	Current Month	Budget Dec-20	Variance to Monthly Budget	Current YTD	Budget '20 YTD	Variance Budget to YTD	Budget 2020
Revenue							
Membership Dues	73,728	\$75,727	(\$1,999)	\$884,721	\$908,720	(\$23,999)	\$908,720
Luncheon Revenue	-	\$0	\$0	\$0	\$0	\$0	\$0
Interest Revenue	20	\$17	\$3	\$399	\$200	\$199	\$200
TOTAL REVENUE	73,748	\$75,743	(\$1,996)	\$885,120	\$908,920	(\$23,800)	\$908,920
Expenses							
Management Fees	39,034	\$39,582	\$548	\$476,844	\$474,989	(\$1,855)	\$474,989
CAFII Legal Fees/Corporate Governan	-	\$0	\$0	\$28,975	\$20,000	(\$8,975)	\$20,000
Audit Fees	1,271	\$1,271	(\$0)	\$16,743	\$15,247	(\$1,496)	\$15,247
Insurance	449	\$462	\$13	\$5,385	\$5,500	\$115	\$5,500
Website Ongoing Maintenance	822	\$458	(\$363)	\$5,765	\$5,500	(\$265)	\$5,500
Telephone/Fax/Internet	380	\$483	\$103	\$5,808	\$5,800	(\$8)	\$5,800
Postage/Courier	-	\$21	\$21	\$53	\$250	\$197	\$250
Office Expenses	55	\$167	\$112	\$2,158	\$2,000	(\$158)	\$2,000
Bank Charges	-	\$16	\$16	\$236	\$190	(\$46)	\$190
Miscellaneous Expenses	-	\$38	\$38	\$0	\$500	\$500	\$500
Depreciation Computer/Office Equipm	95	\$100	\$5	\$1,136	\$1,200	\$64	\$1,200
Board/EOC/AGM							
Annual Members Lunch	-	\$0	\$0	\$0	\$12,400	\$12,400	\$12,400
Board Hosting (External)	-	\$0	\$0	\$0	\$22,500	\$22,500	\$22,500
Board/EOC/Meeting Expenses	- 890	\$3,292	\$4,181	\$4,676	\$39,500	\$34,824	\$39,500
Industry Events	-	\$0	\$0	\$0	\$1,300	\$1,300	\$1,300
EOC Annual Appreciation Dinner	-	\$0	\$0	\$4,244	\$4,244	\$0	\$4,244
Sub Total Board/EOC/AGM	- 890	3,292	4,181	8,920	79,944	71,024	79,944
Provincial Regulatory Visits	-	\$0	\$0	\$983	\$12,875	\$11,892	\$12,875
Research/Studies	-	\$5,000	\$5,000	\$28,646	\$60,000	\$31,355	\$60,000
Website SEO and Enhancements	- 3,013	\$3,496	\$6,509	\$31,144	\$41,950	\$10,806	\$41,950
Regulatory Model(s)	-	\$0	\$0	\$0	\$15,000	\$15,000	\$15,000
Federal Financial Reform	-	\$625	\$625	\$540	\$7,500	\$6,960	\$7,500
CAFII Benchmarking Study/RSM Canada	16,950	\$5,650	(\$11,300)	\$68,365	\$67,800	(\$565)	\$67,800
FCAC Presentation	-	\$1,883	\$1,883	\$20,905	\$22,600	\$1,695	\$22,600
Media Outreach	2,260	\$3,008	\$748	\$28,035	\$36,100	\$8,065	\$36,100
Marketing Collateral	650	\$0	(\$650)	\$845	\$5,000	\$4,155	\$5,000
CAFII Reception Events	-	\$0	\$0	\$0	\$900	\$900	\$900
Speaker fees & travel	-	\$0	\$0	\$0	\$2,000	\$2,000	\$2,000
Gifts	-	\$0	\$0	\$0	\$500	\$500	\$500
Networking Events	-	\$0	\$0	\$0	\$500	\$500	\$500
Sub Total Networking & Events	-	-	-	-	3,000	3,000	3,000
TOTAL EXPENSE	58,062	65,552	7,490	731,485	883,845	152,361	883,845
NET INCOME	15,685	10,191	5,494	153,636	25,075	128,561	25,075

Explanatory Notes:

- 1 - Amortization of office equipment based on 4 year straight line depreciation
- 2 - Management fees includes Managing Matters and Executive Director
- 3 - Website includes hosting cafi.com, subscription and website improvements

CAFII
411 Richmond Street E, Suite 200
Toronto, ON M5A 3S5
Balance Sheet
As at December 31, 2020

	CAFII Operations			CCBPI Project			Combined		
ASSETS	31-Dec 2020	30-Nov 2020	31-Dec 2019	31-Dec 2020	30-Nov 2020	31-Dec 2019	31-Dec 2020	30-Nov 2020	31-Dec 2019
Current Assets									
Bank Balance	\$308,624	\$372,381	\$251,549	\$0	\$0	\$0	\$308,624	\$372,381	\$251,549
Savings Account	\$102,278	\$102,258	\$101,879	\$12,151	\$12,151	\$12,151	\$114,429	\$114,409	\$114,030
Accounts Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prepaid Expenses	\$14,037	\$5,446	\$3,251	\$0	\$0	\$0	\$14,037	\$5,446	\$3,251
Computer/Office Equipment	\$8,014	\$8,014	\$8,014	\$0	\$0	\$0	\$8,014	\$8,014	\$8,014
Accumulated Depreciation -Comp/Equip	(\$6,878)	(\$6,783)	(\$5,742)	\$0	\$0	\$0	(\$6,878)	(\$6,783)	(\$5,742)
Total Current Assets	\$426,075	\$481,317	\$358,951	\$12,151	\$12,151	\$12,151	\$438,226	\$493,468	\$371,102
TOTAL ASSETS	\$426,075	\$481,317	\$358,951	\$12,151	\$12,151	\$12,151	\$438,226	\$493,468	\$371,102
LIABILITIES									
Current Liabilities									
Accrued Liabilities	\$32,852	\$26,034	\$115,891	\$0	\$0	\$0	\$32,852	\$26,034	\$115,891
Credit Card	\$352	\$1,418	\$1,223	\$0	\$0	\$0	\$352	\$1,418	\$1,223
Account Payable	\$9,012	\$11,300	\$11,613	\$0	\$0	\$0	\$9,012	\$11,300	\$11,613
Deferred Revenue	\$0	\$73,728	\$0	\$0	\$0	\$12,151	\$0	\$73,728	\$12,151
Total Current liabilities	\$42,216	\$112,480	\$128,727	\$0	\$0	\$12,151	\$42,216	\$112,480	\$140,879
TOTAL LIABILITIES	\$42,216	\$112,480	\$128,727	\$0	\$0	\$12,151	\$42,216	\$112,480	\$140,879
UNRESTRICTED NET ASSETS									
Unrestricted Net Assets, beginning of year	\$230,223	\$230,223	\$271,190	\$12,151	\$12,151	\$0	\$242,375	\$242,375	\$271,190
Excess of revenue over expenses	\$153,636	\$138,613	(\$40,967)	\$0	\$0	\$0	\$153,636	\$138,613	(\$40,967)
Total Unrestricted Net Assets	\$383,859	\$368,836	\$230,223	\$12,151	\$12,151	\$0	\$396,010	\$380,988	\$230,223
Total Unrestricted Net Assets	\$383,859	\$368,836	\$230,223	\$12,151	\$12,151	\$0	\$396,010	\$380,988	\$230,223
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$426,075	\$481,316	\$358,950	\$12,151	\$12,151	\$12,151	\$438,226	\$493,468	\$371,102

Financial Reserves Targets as per 2019 Budget:	
Minimum 3 months (25%) of Annual Operating Expenses=	\$ 220,961
Maximum 6 months (50%) of Annual Operating Expenses=	\$ 441,923
Current Level of Financial Reserves (total unrestricted net assets):	\$383,859
Current Level of Financials Reserve (%):	43%

CCBPI initiative	
1) Invoice paid to Stikeman Elliott on 19th December 2019 for Consulting Services incurred to date (31 October 2019) for \$92,113.81 (\$81,516.65 plus HST).	
2) Invoice to be paid to Norton Rose Fulbright in Feb 2020 for Consulting Services incurred to date (30 November 2019) for \$85,226.13 (\$75,421.35 plus HST).	
3) Invoice to be paid to Norton Rose Fulbright in Feb-Mar 2020 for Consulting Services incurred to date (31 December 2019) for \$15,765.82 (\$13,952.05 plus HST).	

CAFII

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Membership Fees

		Feb-20		Jul-20	
		<i>To be billed</i>	<i>Received</i>	<i>To be billed</i>	<i>Received</i>
BMO Bank of Montreal	2020 Upper Tier Member	\$ 38,555	6-Apr-20	\$ 38,555	15-Aug-20
CIBC Insurance	2020 Upper Tier Member	\$ 38,555	18-Mar-20	\$ 38,555	31-Jul-20
RBC Insurance	2020 Upper Tier Member	\$ 38,555	20-Mar-20	\$ 38,555	30-Jul-20
ScotiaLife Financial	2020 Upper Tier Member	\$ 38,555	2-Mar-20	\$ 38,555	7-Aug-20
TD Insurance	2020 Upper Tier Member	\$ 38,555	12-Mar-20	\$ 38,555	13-Aug-20
Desjardins Financial Security Life Assurance Company	2020 Upper Tier Member	\$ 38,555	10-Apr-20	\$ 38,555	31-Jul-20
National Bank Life Insurance Company	2020 Upper Tier Member	\$ 38,555	2-Mar-20	\$ 38,555	24-Jul-20
Manulife Financial	2020 Upper Tier Member	\$ 38,555	6-Mar-20	\$ 38,555	14-Jul-20
The Canada Life Assurance Company	2020 Upper Tier Member	\$ 38,555	30-Apr-20	\$ 38,555	8-Jul-20
Assurant Solutions	2020 Lower Tier Member	\$ 19,277	2-Mar-20	\$ 19,277	2-Jul-20
Canadian Premier Life Insurance Company	2020 Lower Tier Member	\$ 19,277	2-Mar-20	\$ 19,277	31-Jul-20
Cumis Group Ltd/Co-operators Life Insurance Co.	2020 Lower Tier Member	\$ 19,277	3-Apr-20	\$ 19,277	13-Aug-20
Sun Life Financial	2020 Initiation Members (Upper Tier)	\$ 23,133	23-Mar-20	\$ 23,133	31-Jul-20
RSM Canada	Associate	\$ 4,800	24-Mar-20		
Willis Towers Watson	Associate	\$ 4,800	16-Apr-20		
KPMG MSLP	Associate	\$ 4,800	29-May-20		
Munich Reinsuranc Company Canada Branch (Life)	Associate	\$ -	Not Renewing		
Optima Communications	Associate	\$ 4,800	3-Mar-20		
RGA Life Reinsurance Company of Canada	Associate	\$ 4,800	3-Mar-20		
Torys LLP	Associate	\$ 4,800	6-Mar-20		
PWC	Associate	\$ -	Not Renewing		
RankHigher.ca	Associate	\$ -	Not Renewing		
TBC	Associate	\$ -			
TBC	Associate	\$ -			
Feb Invoices		\$456,760		\$427,960	
July Invoices		\$427,960			
Total Membership Fees		\$884,720			
Total amount to realocate monthly Jan-Sept		\$73,727			
Total amount to realocate monthly Oct-Dec		\$73,727			

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 3b Board-Approved CAFII 2021 Operating Budget

Purpose of this Agenda Item – *Update*

To update the EOC on the Association’s Board-approved 2021 operating budget.

Background Information

Treasurer Tony Pergola will provide an update on the CAFII 2021 operating budget. The Board accepted the recommendation that most in-person meetings and receptions will not occur in 2021, but also set aside funds as a contingency in case some in-person meetings and events are permitted later in 2021, perhaps in Q3 or Q4.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

2021 CAFII Budget

	2016 Actual	2017 Actuals	2018 Actuals	2019 Actuals	2020 Budget	2020 YTD October 2020	2020 Revised Forecast	Recommended 2021 Budget (with No In-Person Meetings/Events; but Contingency Line Item To Provide For Possible Resumption Of In-Person Meetings/Events, Related Relationship-Building, and Related Travel At Some Point During The Year)	Comment/Rationale
Revenue									
Membership Dues	\$435,750	\$475,425	\$695,545	\$734,664	\$908,720	\$737,267	\$884,720	\$918,475	See breakdown in Member Dues Revenue Tab (includes one new Member at Lower Tier Dues as CPL and Valeyo intend to become two separate CAFII Members)
Annual Members' Luncheon "Additional Seat Interest"	\$231	\$126	\$0	\$195	\$0	\$0	\$0	\$0	Interest from the Savings Account
	\$231	\$126	\$0	\$982	\$200	\$360	\$400	\$300	
TOTAL REVENUE	\$ 436,212	\$ 475,677	\$ 695,545	\$ 735,841	\$ 908,920	\$ 737,627	\$ 885,120	\$ 918,775	
EXPENSE									
Management Fees	\$279,042	\$442,012	\$460,299	\$465,134	\$474,989	\$398,776	\$476,844	\$487,780	Includes MM Fees (2.0% contractual increase) and two Co-Eds (2.5% increase each)
Legal and consulting costs associated with regulatory submissions and initiatives	\$10,565	\$2,954	\$563	\$0	\$20,000	\$28,975	\$28,975	\$50,000	For streamlining/simplicity, this line now includes expenses previously captured under Regulatory Model(s) (Row 39), where \$15,000 was budgeted in 2020. 2021 Budget amounts are based on 2020 actuals (recognizing that while in 2020, zero expenses will be incurred under Regulatory Models, that is largely due to the COVID-19 pandemic) and the expectation that CAFII will likely need to tackle heightened regulatory communications/submissions and advocacy/relationship-building work in 2021 as regulators clear their abeyance "backlog" caused by COVID-19.
Audit Fees	\$13,560	\$14,271	\$14,432	\$14,799	\$15,247	\$14,201	\$16,743	\$16,743	Same as 2020 Forecast
Insurance	\$5,238	\$5,238	\$5,258	\$5,338	\$5,500	\$4,487	\$5,385	\$6,050	Increase by 10% over 2020 Budget, as per advice from insurance broker Marsh, as a buffer for 2021 renewal in June 2021
Website Ongoing Maintenance	\$13,060	\$42,575	\$6,461	\$10,022	\$5,500	\$4,408	\$5,456	\$7,156	Includes CG Technology (\$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	\$3,538	\$6,119	\$5,939	\$6,494	\$5,800	\$4,741	\$5,730	\$5,730	Includes Office Line (\$56.50 per month), Conference Line (\$47.46 per month) & Co-Eds phone and internet lines
Postage/Courier	\$180	\$380	\$458	\$159	\$250	\$53	\$53	\$150	Monthly Cheque Run and Ad Hoc Mailing
Office Expenses	\$5,257	\$1,312	\$2,423	\$2,025	\$2,000	\$1,971	\$2,080	\$5,000	Increased from 2020 Budget to cover possible replacement computer hardware and peripherals expenses in 2021 for the Co-Executive Directors
Bank Charges	\$25	\$38	\$23	\$112	\$190	\$236	\$236	\$470	Annual Credit Card Fee (\$190) plus a possible new digital/electronic Accounts Payable process in 2021 (\$280.00)
Depreciation Computer/Office Equipment	\$467	\$1,564	\$1,136	\$1,136	\$1,200	\$947	\$1,136	\$1,136	Same as 2020 Forecast
Miscellaneous Expense	\$0	\$433	\$0	\$0	\$500	\$0	\$500	\$500	Same as 2020 Forecast
Board/EOC/AGM									
Annual Members Luncheon	\$12,044	\$10,247	\$10,503	\$12,052	\$12,400	\$0	\$0	\$0	Not budgeted for. However, expenses for possible occurrence in 2021 provided for in Contingency line item below
Board Hosting (External)	\$19,407	\$7,500	\$19,515	\$14,001	\$22,500	\$0	\$0	\$0	Not budgeted for. However, expenses for possible occurrence in 2021 provided for in Contingency line item below
Board/EOC Meeting Expenses	\$8,145	\$25,493	\$20,715	\$35,419	\$39,500	\$5,559	\$9,991	\$0	Not budgeted for. However, expenses for possible occurrence in 2021 provided for in Contingency line item below
Industry Events		\$36	\$1,270	\$0	\$1,300	\$0	\$0	\$0	Not budgeted for. However, expenses for possible occurrence in 2021 provided for in Contingency line item below
EOC Annual Appreciation Dinner	\$2,079	\$8	\$763	\$2,193	\$4,244	\$4,244	\$4,244	\$0	Not budgeted for. However, expenses for possible occurrence in 2021 provided for in Contingency line item below
Speaker fees & travel	\$0	\$0	\$191	\$1,189	\$2,000	\$0	\$0	\$0	Not budgeted for. However, expenses for possible occurrence in 2021 provided for in Contingency line item below
Gifts	\$221	\$452	\$0	\$200	\$500	\$0	\$0	\$0	Same as 2020 Budget
Networking Events	\$0	\$514	\$0	\$0	\$500	\$0	\$0	\$500	Not budgeted for. However, expenses for possible occurrence in 2021 provided for in Contingency line item below
CAFII Reception Events	\$0	\$0	\$0	\$0	\$900	\$0	\$0	\$0	Not budgeted for. However, expenses for possible occurrence in 2021 provided for in Contingency line item below
CAFII 25th Anniversary Celebration	\$0	\$26,495	\$0	\$0	\$0	\$0	\$0	\$0	This line item is a placeholder. But this expense will actually occur in 2022, CAFII's "silver anniversary" year
Total Board/EOC/AGM	\$41,896	\$70,745	\$52,957	\$65,053	\$83,844	\$9,803	\$14,235	\$500	
Provincial Regulatory Visits and Relationship-Building	\$10,395	\$11,011	\$11,230	\$16,833	\$12,875	\$983	\$983	\$0	Not budgeted for. However, expenses for possible occurrence in 2021 provided for in Contingency line item below
Federal Regulatory Visits and Relationship-Building	\$0	\$0	\$0	\$442	\$7,500	\$540	\$3,750	\$0	Not budgeted for. However, expenses for possible occurrence in 2021 provided for in Contingency line item below
Research/Studies	\$1,356	\$17,807	\$77,345	\$5,368	\$60,000	\$0	\$56,274	\$60,000	Same as 2020 Budget
Website SEO and Enhancements	\$0	\$0	\$21,702	\$40,914	\$41,950	\$22,104	\$41,950	\$41,950	Same as 2020 Budget
Regulatory Model(s)	\$0	\$15,001	\$6,490	\$7,555	\$15,000	\$0	\$0	\$0	Combined with Legal Fees; and this line item will be removed/dispensed with, beginning with the 2021 CAFII budget
CAFII Benchmarking Study/RSM Canada	\$0	\$0	\$0	\$0	\$67,800	\$51,415	\$67,800	\$67,800	Continuation of CAFII CPI Benchmarking Study with RSM Canada, estimated at \$60K plus HST.
FCAC Presentation	\$0	\$0	\$0	\$0	\$22,600	\$20,905	\$22,600	\$0	
Media Outreach	\$27,408	\$44,023	\$6,883	\$5,683	\$8,980	\$350	\$350	\$6,000	Expenses related to CAFII Media Releases including Wire Service charges (new split into separate Media Outreach and Media Consultant Retainer (David Moorcroft's S2C retainer) expenses)
Media Consultant Retainer	\$0	\$0	\$31,639	\$27,120	\$27,120	\$23,165	\$27,685	\$27,120	Monthly retainer fees for David Moorcroft, S2C (new split into separate Media Outreach and Media Consultant Retainer (David Moorcroft's S2C retainer) expenses)
Marketing Collateral	\$1,781	\$0	\$557	\$1,629	\$5,000	\$195	\$500	\$5,000	Same as 2020 Budget
Tactical Communications Strategy	\$446	\$379	\$0	\$0	\$0	\$0	\$0	\$0	This line item is being removed/dispensed with, beginning with the 2021 CAFII budget
Contingency For Possible Resumption Of In-Person Meetings/Events, Etc. in 2021									
TOTAL EXPENSE	\$ 414,214	\$ 675,862	\$ 705,793	\$ 675,816	\$ 883,845	\$ 588,253	\$ 779,264	\$ 789,085	
Excess of Revenue over Expenses	\$21,998	(\$200,185)	(\$10,248)	\$60,025	\$25,075	\$149,373	\$105,856	\$129,690	
Unrestricted Net Assets (beginning of year)	\$358,991	\$380,758	\$180,447	\$170,198	\$230,223	\$230,223	\$230,223	\$336,079	
Unrestricted Net Assets (end of year)	\$380,989	\$180,573	\$170,198	\$230,223	\$255,298	\$379,596	\$336,079	\$465,769	

Explanatory Notes:
(1) Assumes Two Co-Executive Directors, one @ 5 days per week; one @ 4.5 days per week; plus Managing Matters Admin support
(2) Amortization of office equipment based on 4 year straight line depreciation
(3) \$45,000 Legal Expense for Marc Dequette/Norton Rose Fulbright to complete legal opinion re: AMF Spousal Coverage Issue. Alternative for paying for legal opinion is to use the remaining funds from the CCPBI Special Project Fund

Actual/Forecasted Financial Reserves	2016 Actual	2017 Actuals	2018 Actuals	2019 Actuals	2020 Budget	2020 Revised Forecast	2021 Budget
Minimum 3 months (25%) of Annual Operating Expenses	\$103,554	\$168,966	\$176,448	\$168,954	\$220,961	\$194,816	\$197,271
Maximum 6 months (50%) of Annual Operating Expenses	\$207,107	\$337,931	\$352,897	\$337,908	\$441,923	\$389,632	\$394,543
Actual/Forecasted Level of Financial Reserves	\$380,758	\$180,573	\$170,198	\$230,223	\$255,298	\$336,079	\$465,769
Actual/Forecasted Level of Financial Reserves	92%	27%	24%	34%	29%	43%	59%

2019 Operational Budget - Member Dues Breakdown

2018 Member Dues Breakdown

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

2019 (Base) Member Dues Breakdown

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

2019 Operational Budget - Member Dues Breakdown - Revised

2019 Member Dues Breakdown

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

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

2020 Member Dues Breakdown

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

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

2020 Member Dues Breakdown

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

2020 Upper Tier Member

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

2020 Lower Tier Member

Assurant Solutions
Canadian Premier Life Insurance Company
Cumis Group Ltd/Co-operators Life Insurance Co.

2020 Initiation Members (Upper Tier)

Sun Life Financial

2020 Associate

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

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

Did not renew in 2020

PWC
Munich Reinsurance Company Canada Branch (Life)
RankHigher.ca

2021 Operational Budget - Member Dues Breakdown - No Dues Increase

2020 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

2020 Upper Tier Member

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

2020 Lower Tier Member

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

2020 Initiation Members (Upper Tier)

Sun Life Financial 2 Year

2020 Associate

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

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 3c

Critical Path With KPMG For CAFII 2020 Fiscal Year Audited Financial Statements

Purpose of this Agenda Item – *Update*

Update only.

Background Information

To update the EOC on the Association’s critical path for the audit of CAFII’s 2020 financial statements by KPMG.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Critical Path With KPMG For CAFII 2020 Audited Financial Statements

Task	Responsible	Timing/Deadline
Prepare Draft CAFII 2020 Financial Statements	T. Moran	January 31/21
Conduct audit of Draft CAFII 2020 Financial Statements	KPMG	February and early March 2021
Provide Draft 1 of CAFII 2020 Audited Financial Statements for circulation prior to March 30/21 CAFII EOC Meeting	KPMG (assisted/facilitated by T. Moran)	March 22/21
Provide feedback on Draft 1 of CAFII 2020 Audited Financial Statements	EOC	March 30/21
Provide Draft 2 of CAFII 2020 Audited Financial Statements for circulation prior to April 13/21 CAFII Board Meeting	KPMG (assisted/facilitated by T. Moran)	April 5/21
Approve Draft 2 of CAFII 2020 Audited Financial Statements for presentation to membership at 2021 Annual Meeting of Members	CAFII Board	April 13/21
Provide Final Draft of CAFII 2020 Audited Financial Statements for inclusion in CAFII 2021 Annual Meeting of Members Materials Package	KPMG (assisted/facilitated by T. Moran)	April 26/21
Circulate CAFII 2021 Annual Meeting of Members Materials Package	A. Lin	April 27/21
Approve CAFII 2020 Audited Financial Statements At 2021 Annual Meeting of Members	Membership	June 8/21

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 3d Dissemination of 2021 First Instalment CAFII Member Dues Invoices

Purpose of this Agenda Item – *Update*

Update only.

Background Information

To give EOC members an alert that the first installment of CAFII member dues invoices is going to be sent out shortly.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 4ai
Research & Education – CAFII 2020/21 Consumer Research Project With Pollara Strategic
Insights: Progress Report

Purpose of this Agenda Item – *Update*

Update only.

Background Information

A meeting will have been held on Friday, 22 January, 2021 with EOC members to review with them the latest version of the proposed consumer research questionnaire on consumers' future digital preferences. This will be an opportunity to provide the EOC with an update on the consumer research initiative.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

CAFII – Online Process Survey
January 17
Draft

• Please select the province or territory in which you live:

- Newfoundland & Labrador
- Nova Scotia
- Prince Edward Island
- New Brunswick
- Quebec
- Ontario
- Manitoba
- Saskatchewan
- Alberta
- British Columbia
- Northwest Territories
- Yukon
- Nunavut
- Currently live outside Canada [TERMINATE]

[RECODE INTO REGIONS]

Atlantic Canada

Quebec

Ontario

Prairies

Alberta

BC and Territories

• Please enter your year of birth:

[ENTER]

[TERMINATE IF UNDER 18]

• Please select your gender:

Male

Female

Other

Prefer not to answer

- Do you have the following:

GRID COLUMNS

Yes

No

Don't know

GRID ROWS (RANDOMIZE)

A mortgage

A Home Equity Line of Credit

IF NO/DON'T KNOW TO BOTH SKIP TO Q8

Definitions

IF HAVE MORTGAGE OR HOME EQUITY LINE OF CREDIT, SHOW DEFINITIONS: SHOW ON SEPARATE PAGE. RESPONDENTS MUST CLICK NEXT TO CONTINUE WITH SURVEY.

Today we are going to ask you about Credit Protection Insurance for mortgages and Home Equity Lines of Credit. Below are some definitions of what we will be referring to in the survey. Throughout the survey, if you would like a reminder of these definitions, just mouse over the name of the insurance product and you can see the relevant definition.

Credit Protection Insurance for mortgages - is optional insurance used to pay out the balance on your mortgage in the event of death or diagnosis of a critical illness, or make/postpone debt payments on your behalf in the event of disability or job loss (depending on the coverage you have chosen). It is offered by banks and credit unions across Canada.

Note: Credit Protection Insurance is NOT the insurance that is required by the Canada Mortgage and Housing Corporation (CMHC) on homes that were purchased with less than a 20% down payment, which will pay back the lender if the home owner were to default on their mortgage.

Credit Protection Insurance for Home Equity Line of Credit - is optional insurance used to pay out the balance of your Home Equity Line of Credit in the event of death or diagnosis of a critical illness, or make/postpone payments on your behalf in the event of disability or job loss (depending on the coverage you have chosen). It is offered by banks and credit unions across Canada.

- IF HAVE MORTGAGE IN Q1 ASK: Do you currently have credit protection insurance for your mortgage?

Yes

No

Don't know

IF NO OR DON'T KNOW, SKIP TO Q5

- When did you obtain the credit protection insurance for your mortgage?

Before April 2020
 From April to June 2020
 From July to September 2020
 From October to December 2020
 In 2021

- And what does the credit protection insurance cover you for? Please select all that apply.

Life – pays out your insured balance in the event of death
 Disability – payments for your mortgage will be made on your behalf until you are able to return to work or until you reach a designated maximum benefit (e.g. 24 months)
 Critical Illness – pays out your insured balance if you are diagnosed with a covered critical illness
 Job Loss – on involuntary unemployment, provides payment protection by making specific debt payments on your behalf, for a time-limited period
 None of the above
 Don't know

- IF HAVE LINE OF CREDIT IN Q1 ASK: Do you currently have credit protection insurance for your Home Equity Line of Credit?

Yes
 No
 Don't know

IF NO OR DON'T KNOW, SKIP TO Q8

- When did you obtain your credit protection insurance for your Home Equity Line of Credit?

Before April 2020
 From April to June 2020
 From July to September 2020
 From October To December 2020
 In 2021

- And what does the credit protection insurance cover you for? Please select all that apply.

Life – pays out your insured balance in the event of death
 Disability – payments for your Home Equity Line of Credit will be made on your behalf until you are able to return to work or until you reach a designated maximum benefit (e.g. 24 months)
 Critical Illness – pays out your insured balance if you are diagnosed with a covered

critical illness

Job Loss – on involuntary unemployment, provides payment protection by making specific debt payments on your behalf, for a time-limited period

None of the above

Don't know

- IF HAVE NOT REGISTERED FOR CPI SINCE APRIL OR DO NOT HAVE MORTGAGE/HELOC IN Q1 ASK: How likely are you to do each of the following in the next few years?

GRID ROWS

Obtain a mortgage for a home you are planning on buying
Re-negotiate your mortgage
Get a Home Equity Line of Credit

GRID COLUMNS

In the next few months
In the next year
In the next two years
More than two years from now
No plans to get this
Don't know

Definitions

IF DO NOT HAVE MORTGAGE OR HOME EQUITY LINE OF CREDIT, SHOW DEFINITIONS: SHOW ON SEPARATE PAGE. RESPONDENTS MUST CLICK NEXT TO CONTINUE WITH SURVEY.

Today we are going to ask you about Credit Protection Insurance for mortgages and Home Equity Lines of Credit. Below are some definitions of what we will be referring to in the survey. Throughout the survey, if you would like a reminder of these definitions, just mouse over the name of the insurance product and you can see the relevant definition.

Credit Protection Insurance for mortgages - is optional insurance used to pay out the balance on your mortgage in the event of death or diagnosis of a critical illness, or make/postpone debt payments on your behalf in the event of disability or job loss (depending on the coverage you have chosen). It is offered by banks and credit unions across Canada.

Note: Credit Protection Insurance is NOT the insurance that is required by the Canada Mortgage and Housing Corporation (CMHC) on homes that were purchased with less than a 20% down payment, which will pay back the lender if the home owner were to default on their mortgage.

Credit Protection Insurance for Home Equity Line of Credit - is optional insurance used to pay out the balance of your Home Equity Line of Credit in the event of death or diagnosis of a critical illness, or make/postpone payments on your behalf in the event of disability or job loss (depending on the coverage you have chosen). It is offered by banks and credit unions across Canada.

- Before answering this survey, had you heard of Credit Protection Insurance?

Yes
No
Don't know

- After reading this description, in the next few years, how likely are you to consider obtaining Credit Protection Insurance for your Mortgage/Line of Credit?

Very Likely
Somewhat Likely
Not very likely
Not at all likely

QUOTAS: **CURRENT HOLDERS:** HAVE MORTGAGE/HOME EQUITY LINE OF CREDIT PROTECTION INSURANCE. HAVE OBTAINED THIS INSURANCE SINCE APRIL 2020 N=200
FUTURE PURCHASERS: ARE CONSIDERING A MORTGAGE OR HELOC IN THE NEXT 2 YEARS AND ARE AT LEAST SOMEWHAT LIKELY TO OBTAIN CREDIT PROTECTION INSURANCE N=800

IF NEITHER CONDITION MET, TERMINATE

SECTION A: CREDIT PROTECTION INSURANCE HOLDERS

A1. Before the Covid-19 pandemic in Canada, how did you usually conduct financial transactions such as arranging for loans or buying insurance? Please select only one answer

In person at a branch
Through a financial representative coming to my home
By talking to a financial representative over the phone
Video conferencing with a financial representative
Through email with a financial representative
Online through the financial institution's website
Using the financial institutions mobile app
Don't know

A2. Since the Covid-19 pandemic in Canada, would you say that you are more or less likely to conduct financial transactions such as arranging for loans or buying insurance in each of the following ways?

In person at a branch
Through a financial representative coming to my home
By talking to a financial representative over the phone
Video conferencing with a financial representative
Through email with a financial representative
Online through the financial institution's website
Using the financial institutions mobile app

Much more likely
Somewhat more likely
Somewhat less likely
Much less likely
My use of this method has not changed
Don't know

A3. Once the Covid-19 pandemic in Canada is over, how do you think you will want to conduct financial transactions such as arranging for loans or buying insurance? Please select only one answer

In person at a branch
Through a financial representative coming to my home
By talking to a financial representative over the phone
Video conferencing with a financial representative
Through email with a financial representative
Online through the financial institution's website
Using the financial institutions mobile app
Don't know

Now I would like you to specifically consider your credit protection insurance. INCLUDE DEFINITION OF CREDIT PROTECTION INSURANCE IF RESPONDENT MOUSES OVER NAME

IF CREDIT PROTECTION FOR MORTGAGE ASK:

A4. Considering the credit protection insurance you obtained for your mortgage in ENTER TIME PERIOD IN Q3, which of the following best describes your situation?

You were obtaining a new mortgage for a property you just bought
You were renegotiating an existing mortgage at the same financial institution where you had it before
You were renegotiating an existing mortgage at a new financial institution
You were obtaining Credit Protection insurance on a mortgage you already had and

were not renegotiating

FOR REMAINDER OF SECTION, INSERT MORTGAGE OR HOME EQUITY LINE OF CREDIT AS IT APPLIES

A5. Which of the following methods, if any, did you use when **researching options** for your mortgage/home equity line of credit? Please select all that apply [TRACKING]

- Went into a branch location and talked to a representative in person
- Talk to a representative over the phone
- Talked to a representative using an online chat
- Obtained information regarding the options via email
- Researched through financial institutions' websites
- Researched through different websites
- Talked to friends and family
- Talked to mortgage broker in person
- Talked to mortgage broker online/over phone
- Other

A6. Thinking back to when you first got your mortgage/home equity line of credit, did a representative of the financial institution talk to you about Credit Protection Insurance? [TRACKING]

- Yes
- No
- Don't know/Can't recall

IF OBTAINED CREDIT PROTECTION INSURANCE WHEN RENEGOTIATING (A4 CODE 2 OR 3) ASK
A7. IF NOT SKIP TO A8

A7. And when you were renegotiating your mortgage, did a representative of the financial institution talk to you about Credit Protection Insurance? [TRACKING]

- Yes
- No
- Don't know/Can't recall

[IF TALKED TO REPRESENTATIVE IN QA6 or A7 ASK QA8, IF NOT SKIP TO A9]

A8. Did a representative of your financial institution talk to you about each of the following features of Credit Protection Insurance? [TRACKING]

GRID COLUMNS

- Yes
- No
- Don't know/Can't recall

GRID ROWS (RANDOMIZE)

I was told the coverage options that were available to me (e.g. life, disability, critical illness, job loss)

I was told the premiums/costs of the coverage options available (e.g. life, disability, critical illness, job loss)

I was told the advantages of having the insurance
I was offered Credit Protection Insurance as a way to protect me and/or my family in case of certain unexpected events
I was informed that Credit Protection Insurance is optional
I was told about the free look or review period that was available with the Credit Protection Insurance, during which I could cancel at no cost

A9. How confident are you that you know how much of your mortgage balance or mortgage payment will be paid with each of the types of coverage that you have? Please indicate your level of confidence for each. **SHOW EACH CHOSEN IN Q4** [TRACKING]

GRID COLUMNS

Life
Critical illness
Disability
Job loss

GRID ROWS

Very confident
Somewhat confident
Not very confident
Not at all confident
Don't know

A10. The following questions are in regard to your experience obtaining your Credit Protection Insurance for your mortgage/home equity line of credit. How did you **complete the process of obtaining your Credit Protection Insurance?** [RANDOMIZE] [TRACKING]

By phone with the financial representative
By video chat with the financial representative
The process was initiated online, including mobile (e.g., smartphone, tablet), but finished in another way (in person, over the phone, etc.)
The whole process was completed online
The whole process was completed In-Person at the branch
A representative of the financial institution came to my house
Talked to a mortgage broker in-person
Talked to a mortgage broker online or over the phone
Other [ANCHOR]

A11. Overall, how would you rate your level of satisfaction with the *purchase experience*, when you purchased your Credit Protection Insurance for your mortgage/home equity line of credit? [TRACKING]

Very satisfied
Somewhat satisfied
Somewhat dissatisfied
Very dissatisfied

Don't recall

A12. More specifically, how satisfied were you with the following elements of the purchase process? [TRACKING]

GRID COLUMNS

Very satisfied

Somewhat satisfied

Somewhat dissatisfied

Very dissatisfied

Don't recall

Not applicable

GRID ROWS (RANDOMIZE)

Availability of comprehensive information to help me make an informed decision

Coverage details -- what was and was not covered were written in a clear and easy to understand language

Coverage details -- what was and was not covered were explained well by a representative of the financial institution

Responsiveness of the representative (e.g., answering questions in a timely manner)

Quality of responses to my questions (e.g., comprehensive, easy to understand, etc.)

Value for the money

Ease of purchase

The trial period that allowed me to cancel the purchase within a period of time at no cost

A13. At any point in the process of obtaining Credit Protect Insurance for your mortgage/home equity line of credit, did you meet with a representative of the bank, financial institution or mortgage brokerage in-person?

Yes, the whole process was done in person

Part of the process was done in person

None of the process was done in person

IF WHOLE OR PART OF THE PROCESS WAS DONE IN PERSON CONTINUE

A14. Why did you choose to conduct all or part of the process in person? SELECT ALL THAT APPLY

It was the only option

I was not aware it could be completed online

I wanted to speak to knowledgeable representative before making a decision

I prefer to deal with people in-person

There were papers that had to be signed, so that had to be done in-person

I don't feel comfortable making financial decisions online

I don't feel comfortable making financial decisions over the phone

I don't feel comfortable sharing personal information online

I don't feel comfortable sharing personal information over the phone
This is how I do all my financial transactions – no reason to change
Other Please Specify
Don't know

A15. Please indicate how comfortable you feel with each of these methods for obtaining Credit Protection insurance?

GRID ROWS (SHOW FIRST GROUP OF STATEMENTS AND THEN SECOND GROUP OF STATEMENTS; RANDOMIZE WITHIN EACH GROUP)

GROUP ONE

Talking to the representative over the phone
Talking to the representative through a virtual meeting platform (such as Zoom, Google Meets, Microsoft Teams, etc.)

GROUP TWO

Having the forms emailed to you, for you to fill out and email back to the representative
Having the forms contained on a secure online portal managed by the financial institution

GRID COLUMNS

Very comfortable
Somewhat comfortable
Not very comfortable
Not at all comfortable

A16. How important is it to you that a financial institution offers each of the following when conducting transactions online?

GRID ROWS RANDOMIZE

The ability to deal with one representative throughout the process
Easily connect with a person to get answers to my questions in real time
Plain language information is available to me online
Security and protection of your personal information
Online Tools and diagrams to illustrate product and price information
Having all forms and personal information shared only through a secure online portal
Immediate online confirmation of the transaction

GRID COLUMNS

Very important
Somewhat important
Not very important
Not at all important
Don't know

A17. Once the Covid-19 pandemic in Canada is over, how would you like to complete each step of the process of obtaining credit protection insurance? Please choose only one for each.

GRID ROWS (DO NOT RANDOMIZE)

Research the details of the different insurance options

Apply for the insurance

GRID COLUMNS

In person at a branch

Through a financial representative coming to my home

By talking to a financial representative over the phone

Video conferencing with a financial representative

Through email with a financial representative

Online through the financial institution's website

Using the financial institutions mobile app

Other

Don't know

A18. To what extent do you agree or disagree with the following statements?

GRID ROWS RANDOMIZE

The pandemic has changed the way I want to conduct financial transactions in the future

I look forward to going back to a branch to conduct my financial transactions in-person

Since the pandemic, I am more comfortable conducting financial transactions online

I prefer the convenience of conducting financial transactions online

I have upgraded my technology to make it easier to conduct financial transactions from home

GRID COLUMNS

Strongly agree

Somewhat agree

Somewhat disagree

Strongly disagree

Don't know

Don't know

SECTION B: FUTURE PURCHASERS

B1. Before the Covid-19 pandemic in Canada, how did you usually conduct financial transactions such as arranging for loans or buying insurance? Please select only one answer

- In person at a branch
- Through a financial representative coming to my home
- By talking to a financial representative over the phone
- Video conferencing with a financial representative
- Through email with a financial representative
- Online through the financial institution's website
- Using the financial institutions mobile app
- Don't know

B2. Since the Covid-19 pandemic in Canada, would you say that you are more or less likely to conduct financial transactions such as arranging for loans or buying insurance in each of the following ways?

- In person at a branch
- Through a financial representative coming to my home
- By talking to a financial representative over the phone
- Video conferencing with a financial representative
- Through email with a financial representative
- Online through the financial institution's website
- Using the financial institutions mobile app

- Much more likely
- Somewhat more likely
- Somewhat less likely
- Much less likely
- My use of this method has not changed
- Don't know

B3. Once the Covid-19 pandemic in Canada is over, how do you think you will want to conduct financial transactions such as arranging for loans or buying insurance? Please select only one answer

- In person at a branch
- Through a representative coming to my home
- By talking to a financial representative over the phone
- Video conferencing with a financial representative
- Through email with a financial representative
- Online through the financial institution's website
- Using the financial institutions mobile app

Don't know

IF IN-PERSON AT BRANCH OR HOME CHOSEN FOR ANSWER IN B3 ASK:

B4. Why would you want to apply for credit protection insurance with an in-person meeting?

I believe this is the only option

I am not aware it could be completed online

I would want to speak to knowledgeable representative before making a decision

I prefer to deal with people in-person

There were papers that had to be signed, so that had to be done in-person

I don't feel comfortable making financial decisions online

I don't feel comfortable making financial decisions over the phone

I don't feel comfortable sharing personal information online

I don't feel comfortable sharing personal information over the phone

I don't want to do apply without help from real person

I talked to the same person I talked to about other financial transactions

This is how I do all my financial transactions – no reason to change

Other Please Specify

Don't know

IF OVER THE PHONE, VIDEO CONFERENCE OR THROUGH EMAIL CHOSEN IN B3 ASK:

B5. Why do you prefer to apply for credit protection insurance through virtual (phone, video conferencing or email) conversations with a financial representative but with no in-person meeting? Please select all that apply.

I believe that is the only option I have at this time

I did not want to meet with anyone in-person due to the Covid-19 pandemic

I conduct all my transactions in this manner, even before the pandemic

Easier than having to travel to a branch

I would want to speak to knowledgeable representative before making a decision

I don't want to do apply without help from real person

I talked to the same person I talked to about other financial transactions

Other Please Specify

Don't know

IF USING FINANCIAL INSTITUTIONS WEBSITE OR MOBILE APP CHOSEN IN B3 ASK:

B5. Why do you prefer to apply for credit protection insurance through the financial institutions website or mobile app? Please select all that apply.

I believe that is the only option I have at this time

I don't need any assistance or advice

I don't like talking to financial representatives, I would rather do it on my own

I did not want to meet with anyone in-person due to the Covid-19 pandemic

I conduct all my transactions in this manner, even before the pandemic

Easier than having to travel to a branch

It is easier to do it online than to talk to a representative

Other Please Specify
Don't know

B8. Please indicate how comfortable you feel with each of these methods for obtaining Credit Protection insurance ?

GRID ROWS (SHOW FIRST GROUP OF STATEMENTS AND THEN SECOND GROUP OF STATEMENTS; RANDOMIZE WITHIN EACH GROUP)

GROUP ONE

Talking to the representative over the phone

Talking to the representative through a virtual meeting platform (such as Zoom, Google Meets or Microsoft Teams, etc.)

GROUP TWO

Having the forms emailed to you, for you to fill out and email back to the representative

Having the forms contained on a secure online portal managed by the financial institution

GRID COLUMNS

Very comfortable

Somewhat comfortable

Not very comfortable

Not at all comfortable

B9. How important is it to you that a financial institution offers each of the following when conducting transactions online?

GRID ROWS RANDOMIZE

The ability to deal with one representative throughout the process

Easily connect with a person to get answers to my questions in real time

Plain language information is available to me online

Security and protection of your personal information

Online Tools and diagrams to illustrate product and price information

Having all forms and personal information shared only through a secure online portal

Immediate online confirmation of the transaction

GRID COLUMNS

Very important

Somewhat important

Not very important

Not at all important

Don't know

B10. Once the Covid-19 pandemic in Canada is over, how would you like to complete each step of the process of obtaining credit protection insurance? Please choose only one for each.

GRID ROWS (DO NOT RANDOMIZE)

Research the details of the different insurance options
Apply for the insurance

GRID COLUMNS

In person at a branch
Through a financial representative coming to my home
By talking to a financial representative over the phone
Video conferencing with a financial representative
Through email with a financial representative
Online through the financial institution's website
Using the financial institutions mobile app
Other
Don't know

B11. To what extent do you agree or disagree with the following statements?

GRID ROWS RANDOMIZE

The pandemic has changed the way I want to conduct financial transactions in the future
I look forward to going back to a branch to conduct my financial transactions in-person
Since the pandemic, I am more comfortable conducting financial transactions online
I prefer the convenience of conducting financial transactions online
I have upgraded my technology to make it easier to conduct financial transactions from home

GRID COLUMNS

Strongly agree
Somewhat agree
Somewhat disagree
Strongly disagree
Don't know

SECTION C: CLAIMS

CPI HOLDERS: START AT C1

FUTURE PURCHASERS: SKIP TO C9

C1. Have you made a claim on your mortgage/home equity line of credit protection insurance since April 2020?

Yes
No

IF NO SKIP TO QC9

C2. What type of claim was made?

- Life Insurance
- Disability
- Critical illness
- Job loss

C3. What was the result of your claim submission? [TRACKING]

- It was paid
- It was denied
- The claim is still being processed [SKIP TO C5]

C4. Thinking back about the *entire* claim experience, from the initial contact to the final outcome, how would you rate your satisfaction with the overall experience? [TRACKING]

- Very satisfied
- Somewhat satisfied
- Somewhat dissatisfied
- Very dissatisfied
- Don't recall

C5. How did you complete this claim process? If more than one method was use in the process, please select all that apply

- In person at a branch
- Through a representative coming to my home
- By talking to a financial representative over the phone
- Video conferencing with a financial representative
- Through email with a financial representative
- Online through the financial institution's website
- Using the financial institutions mobile app
- Other
- Don't know

IF IN-PERSON AT BRANCH OR HOME CHOSEN FOR ANSWER IN C5 ASK:

C6. Why did you complete the claims process with an in-person meeting?

- I believe this is the only option
- I am not aware it could be completed online
- There were papers that had to be signed, so that had to be done in-person
- I had to provide documents that I did not have electronically
- I prefer to deal with people in-person
- I did not feel comfortable doing this online
- I did not feel comfortable doing this over the phone
- I did not want to share my personal information online
- I talked to the same person I talked to about other financial transactions

This is how I do all my financial transactions – no reason to change

Other Please Specify

IF OVER THE PHONE, VIDEO CONFERENCE OR THROUGH EMAIL CHOSEN IN C5 ASK:

C7. Why do you complete the claims process through virtual (phone, video conferencing or email) conversations with a financial representative but with no in-person meeting? Please select all that apply.

I believe that is the only option I have at this time

I did not want to meet with anyone in-person due to the Covid-19 pandemic

I conduct all my transactions in this manner, even before the pandemic

Easier than having to travel to a branch

I would want to speak to knowledgeable representative

I prefer talking to a real person

I talked to the same person I talked to about other financial transactions

Other Please Specify

Don't know

IF USING FINANCIAL INSTITUTIONS WEBSITE OR MOBILE APP CHOSEN IN C5 ASK:

C8. Why did you complete the claims process through the financial institutions website or mobile app? Please select all that apply.

I believe that is the only option I have at this time

I don't need any assistance or advice

I don't like talking to financial representatives, I would rather do it on my own

I did not want to meet with anyone in-person due to the Covid-19 pandemic

I conduct all my transactions in this manner, even before the pandemic

Easier than having to travel to a branch

It is easier to do it online than to talk to a representative

Other Please Specify

Don't know

C9. If you needed to make a claim on your credit protection insurance in the future, how comfortable would you feel with the process of making this claim in each of the following manners?

GRID ROWS (SHOW FIRST GROUP OF STATEMENTS AND THEN SECOND GROUP OF STATEMENTS, RANDOMIZE WITHIN GROUP)

GROUP ONE

Talking to the representative over the phone

Talking to the representative through a video conferencing (such as Zoom, Google Meets or Microsoft Teams, etc.)

GROUP TWO

Having the forms emailed to you, for you to fill out and email back to the representative

Having the forms accessible on a secure online portal managed by the financial institution

GRID COLUMNS

Very comfortable

Somewhat comfortable

Not very comfortable

Not at all comfortable

C10. Once the Covid-19 pandemic in Canada is over, how would you prefer to submit a claim on your credit protection insurance? Please choose only one answer

In person at a branch

Through a representative coming to my home

By talking to a financial representative over the phone

Video conferencing with a financial representative

Through email with a financial representative

Online through the financial institution's website

Using the financial institutions mobile app

Other

Don't know

You are almost done. There are just have a few questions left to help us better analyze and understand responses to this survey.

SECTION Z DEMOGRAPHICS

Z1. Which of the following income brackets best represents your annual household income before taxes?

Less than \$75,000

\$75,000 to less than \$120,000

\$120,000 or more

Prefer not to answer

Z2. Do you have children in any of the following age groups? Please select all that apply.

Under 18 years

18 years or older

Do not have children **[EXCLUSIVE]**

Prefer not to answer **[EXCLUSIVE]**

Z3. Which of the following best describes your employment status?

Employed (full-time, part-time, self-employed)

Full-time student

Retired

Unemployed

Other

Z4. How long have you been a resident of Canada?

- Born in Canada
- Less than 2 years
- 2 to less than 5 years
- 5 to less than 10 years
- 10 to less than 20 years
- More than 20 years

You have reached the end of this survey. Thank you for your responses and your time.

Briefing Note

CAFIL EOC Meeting 26 January 2021—Agenda Item 4bi

Media Advocacy—CAFIL Motion Graphic Website Video On Credit Protection Critical Illness Insurance and Disability Insurance

Purpose of this Agenda Item – *Update*

Update only.

Background Information

CAFIL has been working with its website consultant Operatic Agency (formerly RankHigher) on its 2020 website enhancement plan including the production of the first of two motion graphic videos.

We are currently entering the visual production phase of the video. A near-final pre-production version of the video on Vimeo was circulated to all EOC members for review and critical/show-stopper issue feedback on Thursday, 21 January, 2021 with a Wednesday, 27 January, 2021 deadline for feedback. We should be able to complete and publish the video in February.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 4bii

Media Advocacy—February 3/21 Operatic Agency Presentation On 2020 CAFII Website Search Engine Optimization and Related Performance Metrics

Purpose of this Agenda Item – *Update*

Update only.

Background Information

CAFII's search engine optimization firm Operatic Agency tracks website metrics including how high CAFII ranks on credit protection insurance term search results. Operatic Agency's President Chris Barrett will lead us through key measures of how CAFII's website performed in 2020.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 4ci

Market Conduct & Licensing—FSRA Consultation on Proposed Rule (2020-002) – Unfair or Deceptive Acts or Practices, with March 18/21 Submission Deadline

Purpose of this Agenda Item – *Update*

Update only.

Background Information

FSRA is replacing an existing FSCO regulation on Unfair or Deceptive Acts or Practices with a new Rule of its own, which will give it more flexibility to enforce its expectations and provide greater clarity on expectations of the industry. CAFII intends to make a formal written submission on this consultation, with some prior comments from the EOC suggesting that we will be largely supportive of this initiative.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

Financial Services Regulatory Authority of Ontario (FSRA)

Notice of Proposed Rule and Request for Comment

Proposed Rule [2020-002]

Unfair or Deceptive Acts or Practices

Introduction

FSRA is making the supervision of conduct in Ontario's insurance system more transparent, dynamic and flexible. Through a new rule defining unfair or deceptive acts or practices (UDAP) under the *Insurance Act*, FSRA is moving towards a clearly understood regime that is adaptable to changing circumstances and in which all stakeholders participate so that misconduct can be better identified, curbed and sanctioned to protect the public interest.

Pursuant to subsection 22(1) of the *Financial Services Regulatory Authority of Ontario Act, 2016* (the **FSRA Act**), the Financial Services Regulatory Authority of Ontario (**FSRA** or the **Authority**) is publishing for comment Proposed Rule [2020-002] – *Unfair or Deceptive Acts or Practices* (the **Proposed Rule**) under the *Insurance Act*.

The text of the Proposed Rule is set out in Appendix A to this Notice. Interested persons are invited to make written representations to FSRA with respect to the Proposed Rule on or before March 18, 2021.

Substance and Purpose of the Proposed Rule

Section 439 of the *Insurance Act* prohibits UDAP, which are prescribed in O. Reg 7/00 (**the Regulation**) under the *Insurance Act*. According to the Regulation, actions defined as UDAP may apply to insurers (including the officers, employees or agents of insurers), brokers, intermediaries, adjusters and providers of goods and/or services engaged in the insurance sector (including but not limited to lawyers, paralegals, health service providers, tow truck operators, vehicle repair shops and automobile storage facilities).

FSRA was provided with rulemaking authority under section 121.0.1 (1) 67 of the *Insurance Act* to prescribe “any activity or failure to act that constitutes an unfair or deceptive act or practice under the definition of “unfair or deceptive acts or practices” in section 438 and prescribing requirements that, if not complied with, are considered UDAP.

FSRA rulemaking on UDAP aims to advance the following Objects, as stated in the FSRA Act:

- Regulate and generally supervise the regulated sectors;

- Contribute to public confidence in the regulated sectors;
- Deter deceptive or abusive conduct, practices and activities by the regulated sectors;
- Promote high standards of business conduct;
- Promote transparency and disclosure of information by the regulated sectors;
- Protect the rights and interests of consumers; and
- Foster strong, sustainable, competitive and innovative financial services sectors.

FSRA's 2020-2023 Annual Business Plan, which was approved by the Minister of Finance in June 2020, committed to exploring opportunities for FSRA rulemaking regarding UDAP. The Proposed Rule delivers on this commitment by promoting safety, fairness and choice for insurance customers. It also supports FSRA's cross-cutting commitments to enhancing effectiveness and transparency, removing barriers to innovation, aligning with international best practices and transitioning towards principles-based regulation.

FSRA is adopting a staged approach to transforming UDAP in Ontario. The first stage, described below, is intended to enable the definition of UDAP by a FSRA rule, reduce certain identified barriers to innovation and redraft in an outcomes-focused manner in support of transitioning towards principles-based regulation. The first stage of drafting is also intended to further alignment with particular Canadian Council of Insurance Regulators / Canadian Insurance Services Regulatory Organizations (**CCIR / CISRO**) Fair Treatment of Customers (**FTC**) Guidance standards as appropriate, including in relation to advice, product promotion, disclosures to policy holders and customers, compliance with laws, claims handling and settlements. If approved, the first stage of UDAP rulemaking would conclude with the coming into force of the Proposed Rule and the revocation of the existing Regulation. A second stage of UDAP rulemaking is intended with a focus on issues that were deemed out of scope for stage one, including further transition towards principles-based regulation.

The Proposed Rule is intended to advance FSRA's objects, with a focus on transparency and protecting the public interest, while enhancing regulatory efficiency and effectiveness. It aims to achieve these goals and further the ongoing regulatory dialogue between FSRA and stakeholders on conduct in the insurance sector by:

- Providing outcomes-based definitions of UDAP that are consistent with FSRA's objects, facilitate better outcomes and support transition to principles-based regulation;

- Providing clear and objective standards for determining misconduct that incorporate examples of unfair treatment and reference to the Ontario Human Rights Code to enhance precision, and allowing for supplemental FSRA guidance where permitted;
- Removing barriers to innovation in the area of customer incentives, including rebates and incentives provided that they:
 - do not lead to decisions that are against the interests of consumers;
 - are not prohibited by law;
 - are transparently communicated; and
 - are not unfairly discriminatory, anti-competitive or reliant on prohibited factors.
- Bringing greater alignment with certain CCIR / CISRO FTC Guidance provisions, particularly in the areas of misrepresentation and unfair claims practices; and
- Reducing regulatory burden through consolidation, streamlining and removing redundant or spent provisions.

FSRA's objective of removing specific barriers to innovation through the Proposed Rule is aligned with the Ontario government's commitment to provide the CEO of FSRA with "the power to operate an insurance regulatory sandbox to pilot initiatives that bring new consumer-focused products and services to market more quickly in response to changing consumer needs."¹ In this regard, the government has passed amendments that permit the CEO of FSRA, on application by a person or entity, to exempt persons or entities from requirements under the Act that are prescribed by regulation, and specify the conditions to which the exemption is subject, should the CEO be of the opinion that doing so would not be prejudicial to the public interest. The amendments will come into effect on a day to be named by proclamation of the Lieutenant Governor.

Authority for the Proposed Rule

The following statutory provisions grant FSRA the authority to make the Proposed Rule:

- Section 21(1) of the FSRA Act authorizes FSRA to make rules in respect of any matter over which a statute gives FSRA rulemaking authority; and
- Section 121.0.1 (1) 67 of the *Insurance Act* grants FSRA the authority to prescribe through rulemaking any activity or failure to act that constitutes an unfair or deceptive act or practice under the definition of "unfair or deceptive acts or practices" in section 438 of the *Insurance Act*, and to prescribe requirements that, if not complied with, constitute an unfair or deceptive act or practice.

¹ Ontario Ministry of Finance, *Ontario's Action Plan: Protect, Support, Recover* (Queen's Printer for Ontario, 2020), 117.

Summary of the Proposed Rule

The following section provides a high-level summary of each provision within the Proposed Rule.

Section 1: Interpretation

This section defines key terms used in the Proposed Rule.

Section 2: Unfair or Deceptive Practices

This section defines UDAP in terms of outcomes that can be expected to result from action or inaction by certain persons or entities active in the insurance sector, excepting conduct by lawyers or paralegals providing services as authorized by the Law Society Act.

Section 3: Non-Compliance with the Law

This section deems that any non-compliance with the *Insurance Act*, its regulations or FSRA rules made in respect of the *Insurance Act* is a UDAP.

Section 4: Unfair Discrimination

This section defines unfair discrimination for the purpose of determining a UDAP and clarifies the meaning of ‘reasonable and bona fide grounds.’

Sections 5: Unfair Claims Practices

This section provides that certain outcomes associated with any unfair claims practice are a UDAP, defines related terms and provides discretion to the CEO of FSRA.

Section 6: Fraudulent or Abusive Conduct related to Goods and Services Provided to a Claimant

This section provides that certain outcomes associated with fraudulent or abusive conduct related to goods and service providers are a UDAP and defines related terms.

Section 7: Incentives

This section determines the scope and circumstances in which the offering or provision of an incentive is deemed a UDAP and defines related terms.

Section 8: Misinformation

This section provides that the receipt of inaccurate or misleading information across a variety of mediums with respect to insurance policies, contracts, claims or coverage is a UDAP and defines related terms.

Section 9: Prohibited Conduct in Auto Insurance Quotations, Applications or Renewals

This section deems that the unfair treatment of consumers with respect to quotations, applications or renewals is a UDAP and provides indicators of unfair treatment as well as discretion to the CEO of FSRA for the purposes of determining unfair treatment.

Section 10: Affiliated Insurers

This section prescribes the circumstances in which the failure to offer the lowest rate available from an insurer or its affiliates to a person requesting a quote for automobile insurance is a UDAP.

Development of the Proposed Rule

Prior to developing the Proposed Rule, in 2019-2020, FSRA had already received stakeholder input on UDAP provisions that were found to be overly prescriptive or barriers to innovation, particularly with respect to incentives (including rebates and inducements). As part of FSRA's [Take All Comers Consultation](#), insurers recommended that FSRA undertake a review of section 2 of UDAP with a view to removing provisions that are unnecessarily prescriptive, inconsistent with desired regulatory outcomes or not consistent with a principles-based approach to insurance conduct regulation.

FSRA carried out a line-by line review of the Regulation and comparative analysis with the CCIR / CISRO FTC Guidance. The review examined consumer protection needs and identified opportunities for outcomes-focused redrafting, enabling innovation on incentives and aligning with certain aspects of international standards. The line-by-line review, comparative analysis of FTC Guidance and information collected by FSRA prior to beginning work on the Proposed Rule informed the development of FSRA's staged approach and guiding principles, including the intentions of the Proposed Rule as set out above.

FSRA conducted targeted outreach and consultations to solicit input on best practices and feedback from consumers, stakeholders, experts and industry leaders on FSRA's plan to transform UDAP regulation in Ontario. Preliminary consultations involved FSRA's Consumer Advisory Panel as well as representatives from over 30 regulated entities, including the members of FSRA's Stakeholder Advisory Committees for property and casualty insurance, life and health insurance and health service providers who met to discuss FSRA's initial assessment and approach (see **Appendix C**). In addition, FSRA has convened a Residents Reference Panel on Automotive Insurance in Ontario that will provide further insights regarding consumer expectations once its work is complete.

Stakeholders expressed general support for FSRA's approach to the Proposed Rule, provided feedback on FSRA's initial assessment and raised issues for consideration in the second stage of UDAP rulemaking (see **Table 1**, below).

Work undertaken as part of the development of the Proposed Rule and preliminary consultations identified key principles that guided FSRA's approach to drafting. FSRA determined that:

- **Outcomes-focused drafting** would provide stronger consumer protections, clearer UDAP definitions and support future transition to principles-based regulation. The Proposed Rule is intended to recast the definition of UDAP in terms of behavior on the part of persons or entities active in the sector that can

reasonably be expected to produce outcomes unfair or otherwise harmful to consumers.

- As far as possible, the Proposed Rule should be **complete**. The Proposed Rule is intended to anticipate as far as possible the sorts of gaps that would otherwise be addressed in guidance.
- At the same time, the Proposed Rule is intended to be **flexible**, with a built-in framework that incorporates the participation of stakeholders and, within established processes and parameters, enables possible future guidance to supplement the rule.
- The Proposed Rule should **define key terms** that are subjective or otherwise prone to dispute. The Proposed Rule is intended to provide clear legal tests for key terms such as “unfair,” “reasonable expectation” and “unsuitable.”
- The Proposed Rule should promote **transparency** and facilitate the participation of all stakeholders in the ongoing identification and prevention of misconduct to protect the public interest and ensure desired outcomes.
- A **streamlined** rule that consolidates sections as appropriate and removes redundant provisions as far as possible would reduce regulatory burden while enhancing clarity, accessibility and ease of use.
- Where changes are inappropriate given the scope of **stage one** or otherwise unsuitable given contemplated consumer harms, the Proposed Rule should preserve the substantive intent of the Regulation.

The Proposed Rule provides a framework for the ongoing participation of stakeholders in the evolving definition of misconduct, while enabling possible guidance to supplement the rule within established parameters and processes. The Proposed Rule thereby builds in transparency and flexibility to better keep pace with the changing nature of misconduct and adapt to changing circumstances in the sector.

Table 1: Summary of Stakeholder Feedback

Key Topic	Stakeholder Feedback	FSRA Response
FSRA’s recommended approach to UDAP rulemaking	<ul style="list-style-type: none">• Broad support for FSRA’s recommended staged approach to rulemaking and opportunity for further engagement during the second stage of rulemaking.	N/A

Key Topic	Stakeholder Feedback	FSRA Response
Principles-based redrafting	<ul style="list-style-type: none"> Broad support for FSRA's intention to transition to principles-based regulation. Some stakeholders wanted to learn more about the desired end state of the rule. Health service provider stakeholders raised questions about the enforceability of principles-based regulation and expressed concern that a shift to principles-based regulation could lead to abuse by insurers. 	<ul style="list-style-type: none"> The first stage of rulemaking will focus on outcomes-focused redrafting in support of transitioning to principles-based regulation. Principles-based regulation would require less prescriptive oversight resources, while generating improved outcomes for consumers; principles-based regulation, however, does not entail giving up the ability to enforce.
Reducing barriers to innovation	<ul style="list-style-type: none"> P&C sector stakeholders supported a more permissive approach to incentives. L&H sector stakeholders expressed concerns about improper rebating but noted that existing prohibitions in the legislation and regulations would be adequate to guard against consumer harm resulting from incentives offered by advisors. Overall stakeholders viewed the proposal as a positive step with further changes required to meet innovation goals 	<ul style="list-style-type: none"> Proposal is not meant to address standalone advisor conduct requirements related to offering incentives in the L&H sector (prohibitions on inducements in the Agents regulation under the <i>Insurance Act</i> are not in scope for rulemaking). FSRA will continue work to foster innovation through the next stage of UDAP rulemaking and other activities.
Alignment with CCIR / CISRO FTC Guidance	<ul style="list-style-type: none"> Broad support for alignment with certain FTC principles. Some stakeholders expressed concerns about the vagueness and subjectivity of language like "fairness," with an emphasis on consumer protection and claims handling. 	<ul style="list-style-type: none"> The intention is to align with certain principles that are already set out in the FTC Guidance, with a more comprehensive review in the next stage of FSRA's work. Definitions are embedded within the redrafted provisions to address terms that are subjective or prone to dispute.

Alternatives Considered

FSRA considered several alternatives while developing the Proposed Rule in the first stage of its work to transform UDAP in Ontario. Many of the alternatives brought forward as part of FSRA's review, including alternatives recommended by stakeholders, have been considered and deferred to the second stage of FSRA's work rather than rejected outright.

FSRA considered further convergence with CCIR / CISRO FTC Guidance. FSRA determined that doing so should be reserved for stage two given the scope of rulemaking authority established by the enabling legislation, as well as a lack of conceptual alignment between the existing regulation and other components of the guidance that could potentially lead to greater compliance costs and complexity in implementation of the stage one rule.

FSRA also considered not adopting a staged approach to transforming UDAP. Given the specific issues identified related to barriers to innovation as well as burdensome and prescriptive provisions in the current regulation, FSRA determined that a staged approach allowing for the early prioritization of, and progress on, those issues would better serve the public interest.

Unpublished Materials

The development of the Proposed Rule was informed by stakeholder submissions provided to FSRA through preliminary consultations on FSRA's initial assessment and intended approach. Other than these submissions, FSRA has not relied on any significant unpublished study, report, decision or other written materials, other than internal reports prepared by FSRA management for the FSRA Board of Directors.

Anticipated Costs and Benefits

New costs for businesses are anticipated in connection with the need to adapt existing compliance programs to a new principles-based and outcomes-focused rule administered by FSRA.

If approved, the Proposed Rule would reduce barriers to innovation and provide greater flexibility to insurers while providing consumers with a high standard of protection. Some of the specific anticipated benefits of the Proposed Rule include:

- FSRA would be provided with greater flexibility to meet evolving consumer needs and unanticipated market changes;
- Insurers would be able to offer innovative incentive programs, which could bring greater value and benefit to consumers;
- Redrafting in a principles-based manner that allows for greater flexibility, while simplifying the Regulation and removing redundant provisions, would lead to reduced regulatory burden; and

- The Proposed Rule would better align with existing CCIR / CISRO FTC Guidance.

The Proposed Rule preserves the substantive intent of the Regulation with respect to consumer protection and contemplated consumer harms. It is anticipated that any new compliance costs created for businesses will be outweighed by the anticipated benefits of the Proposed Rule.

Consequential Amendments

FSRA's recommendation that the Proposed Rule be approved by the Minister of Finance will be conditional on consequential amendments being made to the *Insurance Act*, O. Reg 408/12 (Administrative Penalties) and O. Reg. 132/97 (Variable Insurance Contracts), which, if passed or approved, would provide FSRA with the necessary powers to enforce the Proposed Rule.

As regulations made under the *Insurance Act* supersede FSRA rules in cases of conflict, and the Proposed Rule is intended to replace the Regulation, it is recommended that O. Reg 7/00 be revoked.

Targeted Questions

Although all feedback from interested parties is welcome, the following questions are of particular interest:

1. Are there any parts of the Proposed Rule that are too general or require further detail, including for the purposes of clarity or closing possible gaps?
2. Are there any implementation considerations, such as transition issues or the coming into force date of the Proposed Rule, that interested parties would like to bring to FSRA's attention?
3. FSRA has drafted the Proposed Rule to ensure that the intent of existing consumer protection provisions is preserved where no substantive policy change is being proposed. FSRA has deliberately erred on the side of maintaining consumer protections even where they may be redundant given other aspects of the Proposed Rule. An example includes provisions related to non-compliance with the Statutory Accident Benefits Schedule in section 5 (Unfair Claims Practices) given the contents of section 3 (Non-Compliance with Law). Are there sections of the Proposed Rule that are redundant and can be removed without compromising consumer protection?
4. Are there any other issues or amendments to the Proposed Rule that FSRA should consider as it proceeds to its intended second stage of work in this area?

Comment

Interested parties are invited to make written representations with respect to the Proposed Rule. Submissions received by March 18, 2021 will be considered.

Submissions should be submitted through the submission system on FSRA's website at: [FSRA's first proposed insurance rule released for Public Consultation – the Unfair or Deceptive Acts or Practices \(UDAP\) Rule.](#)

Under the *FSRA Act*, FSRA is required to make all written representations publicly available. As a result, all submissions received will be posted on FSRA's website in a timely manner: [FSRA's first proposed insurance rule released for Public Consultation – the Unfair or Deceptive Acts or Practices \(UDAP\) Rule.](#)

Appendix A – Proposed Rule

Appendix B – Key UDAP Changes

Appendix C – List of Stakeholders

Appendix A – Proposed Rule [2020-002] Unfair or Deceptive Acts or Practices

1 Interpretation

1(1) In this Rule,

- (i) “Act” means the Insurance Act, R.S.O. 1990, c. I.8, as amended,
- (ii) “Affiliated insurer” means an insurer that is considered to be affiliated with another insurer under s. 414(3) of the Act,
- (iii) “Claimant” means a person who claims statutory accident benefits or who otherwise claims any benefit, compensation or payment under a contract of insurance,
- (iv) “Contract of insurance” means:
 - (a) for a contract of life insurance, has the meaning ascribed to such term in s. 174 of the Act,
 - (b) for a contract of group insurance, has the meaning ascribed to such term in s. 293 of the Act, and
 - (c) for a contract of insurance not referred to in (a) or (b), has the meaning ascribed to “contract” in s. 1 of the Act,
- (v) “Credit information” means information about a person’s creditworthiness, including the person’s credit score, credit-based insurance score, credit rating and information about or derived in whole or in part from his or her occupation, previous places of residence, number of dependants, educational or professional qualifications, current or previous places of employment, estimated income, outstanding debt obligations, past debt payment history, cost of living obligations and assets,
- (vi) “Declination grounds” means the grounds on which an insurer is authorized under the Act to decline to issue or to terminate or refuse to renew a contract of automobile insurance or to refuse to provide or continue a coverage or endorsement,
- (vii) “Prohibited factor” means:
 - (a) any reason or consideration that, under section 5 of Regulation 664 of the Revised Regulations of Ontario, 1990 (Automobile Insurance), made under the Act, insurers are prohibited from using in the manner described in that section,

- (b) any fact or factor that, under section 16 of Regulation 664 of the Revised Regulations of Ontario, 1990, insurers are prohibited from using as elements of a risk classification system, or
 - (c) any other factor that the Authority determines is an estimate of, a surrogate for or analogous to a prohibited factor referred to in clause (a) or (b),
 - (viii) “Reasonable person” means a reasonable and prudent person in the same or similar circumstances as, and in the position of, and/or with the same licensing status of, the person in question, having regard to any applicable professional standards, best industry practices or codes of conduct, who has full knowledge of all and any relevant facts or circumstances,
 - (ix) “Schedule” means the Statutory Accident Benefits Schedule — Effective September 1, 2010 and all previous Statutory Accident Benefit Schedules for which there are still active claims,
 - (x) “Substantially deficient” means that the delivery of goods or services fell below the standard required in the oral or written agreement to provide those services to an extent or in such a manner that a significant part or the whole of the goods or services was unfit for the purpose intended from the perspective of a reasonable person who is the intended recipient of the goods or services,
 - (xi) “Unfair discrimination” means discrimination which contravenes the provisions of the Ontario *Human Rights Code* or any other discrimination which FSRA, in its published guidance, has identified as not being reasonable or bona fide in the provision or administration of insurance or goods or services related to insurance, and
 - (xii) “Unreasonable consideration” means an amount being paid or sought for goods or services provided to a claimant that a reasonable person, in the position of the provider of the goods or services, would not charge or seek, or would not expect a reasonable person, in the position of the recipient of the goods or services, to accept.
- 1(2) For greater clarity:
- (i) in determining what amounts to a reasonable person who is an insurer, the reasonable person will be deemed to have a level of knowledge and expertise commensurate with that insurers size and type of business, and
 - (ii) Sections 22, 25(2), 25(2.1), 25(2.2) and 25(3)(a)-(b) of the Ontario *Human Rights Code* are applicable in assessing whether discrimination amounts to unfair discrimination under this Rule.
- 1(3) If a person has committed an unfair or deceptive act or practice, then every director, officer, employee or legal representative of that person shall be deemed to have

committed an unfair or deceptive act or practice if that director, officer, employee or legal representative,

- (i) causes, authorizes, permits, acquiesces or participates in the commission of an unfair or deceptive act or practice by the person; or
- (ii) fails to take all reasonable care in the circumstances to prevent the person from committing an unfair or deceptive act or practice.

1(4) References in this Rule to a form approved by the Chief Executive Officer are deemed to include the last form approved by the Superintendent for the purposes of the relevant provision prior to the day section 22 of Schedule 13 to the Plan for Care and Opportunity Act (Budget Measures), 2018 came into force until the Chief Executive Officer approves a subsequent form for the purposes of this section.

2 Unfair or Deceptive Act or Practice

2(1) For the purposes of the definition of “unfair or deceptive act or practice” in section 438 of the Act, conduct, including inaction or omission, which results in, or could reasonably be expected to result in the outcomes, events or circumstances set out in s. 3 through s. 10 of this Rule is prescribed as an unfair or deceptive act or practice.

2(2) For the purpose of determining what conduct, including inaction or omission could be reasonably expected to result in the outcomes, events or circumstances set out in s. 3 through s. 10 of this Rule:

(i) if the action or conduct, including inaction or omission is committed by:

- (a) an agent, broker, adjuster, insurer or any director, officer, employee or legal representative of an agent, broker, adjuster or insurer, or
- (b) any person, or any director, officer, employee or legal representative of that person, who provides goods or services to a claimant which are fully or partially expected to be paid for through the proceeds of insurance, including for greater clarity and without limitation, automotive repair, towing and storage services,

then an outcome, event or circumstance will be deemed to be reasonably expected if it would be expected by a reasonable person in that person’s business or profession with full knowledge of all and any facts and circumstances the person knew about or, with reasonable diligence under the circumstances, ought to, have known.

(ii) if the action or conduct, including inaction or omission is committed by a person not listed in (i) then an outcome, event or circumstance will be deemed to be reasonably expected if it would be expected by a reasonable person in that person’s position with knowledge of all and any relevant facts and

circumstances the person knew about or ought to, with reasonable diligence under the circumstances, have known.

- 2(3) Section 2(1) does not apply to conduct by a lawyer or paralegal with respect to activities that constitute practising law or providing legal services, as the case may be, as authorized under the Law Society Act which results in the outcomes listed in in sections 6(1), 6(2) and 6(3).

3 Non-Compliance with Law

- 3(1) The commission of any act prohibited under the Act, or under any regulation or rule made under the Act.
- 3(2) Any provision of the Act, or a regulation or rule made under the Act, not being complied with resulting in the unfair treatment or unfair discrimination of a person.
- 3(3) Non-compliance with the requirements under the Act or a regulation or rule made under the Act, by the subject of an examination or purported examination.

4 Unfair Discrimination

- 4(1) Unfair Discrimination:
- (i) between individuals of the same class and of the same expectation of life, in the amount or payment or return of premiums, or rates charged for contracts of life insurance or annuity contracts, or in the dividends or other benefits payable on such contracts or in the terms and conditions of such contracts, or
 - (ii) in any rate or schedule of rates between risks in Ontario of essentially the same physical hazards in the same territorial classification.

5 Unfair Claims Practices

- 5(1) Resolution or delay in the adjustment or settlement of any claim which would be considered unreasonable or unfair, such as, but not limited to:
- (i) treating a claimant in an arbitrary, capricious or malicious manner,
 - (ii) not acting in good faith,
 - (iii) seeking a result which is inequitable or inconsistent with the rights of the claimant under the contract,
 - (iv) imposing unreasonable or unfair costs or expenses on the (1) claims handling or dispute resolution processes, (2) goods or (3) services,

- (v) communicating in an untimely manner or misrepresenting the rights of the claimant or obligations of the insurer under the contract, or
- (vi) any adjuster or insurer not following fair, simple and accessible claims handling procedures or not providing a claimant timely information about the status of its claim, the process for settling its claim or reasons for a decision made respecting its claim.

5(2) With respect to automobile insurance:

- (i) non-compliance with the Schedule, including but not limited to:
 - (a) payment for goods or services not being made, or
 - (b) the cost of an assessment not being paid,
 without reasonable cause, within the time period prescribed in the Schedule.
- (ii) the making of a statement by or on behalf of an insurer for the purposes of adjusting or settling a claim if the insurer knows or ought to know that the statement misrepresents or unfairly presents the findings or conclusions of a person who conducted an examination under section 44 of the Schedule, or
- (iii) a conflict of interest not being disclosed to a person who claims statutory accident benefits.

6 Fraudulent or Abusive Conduct Related to Goods and Services Provided to a Claimant

- 6(1) Consideration being paid or sought for goods or services in connection with a claim under a contract of insurance which were not provided to a claimant or were provided in a substantially deficient manner.
- 6(2) A referral fee being solicited, demanded, paid or accepted in connection with goods or services provided to a claimant.
- 6(3) Unreasonable consideration being paid or sought for goods or services provided to a claimant.
- 6(4) With respect to auto insurance, a claimant signing or being asked to sign a claims form or other document that is required to be in a form approved by the Chief Executive Officer or any form or document that is specified in a Guideline applicable for the purposes of the Schedule before the goods or services related to such a form or document have been provided.
- 6(5) Information, being communicated about the business, billing practices or licensing status of a person who provides or offers to provide goods or services to a claimant

which a reasonable person, in the position of the intended recipient, would consider false, misleading or deceptive.

7 Incentives

- 7(1) Payment, rebate, consideration, allowance, gift or thing of value being offered or provided, directly or indirectly,
- (i) as an incentive or inducement for a person to take an action or make a decision that would encourage that person to buy a product which would not, considering the options generally available in the marketplace, be recommended as a suitable insurance product by a reasonable person licensed to sell such an insurance product,
 - (ii) which is otherwise prohibited under the Act, Regulations or Rules,
 - (iii) in a manner which a reasonable person licensed to sell such a product would not consider to be clearly and transparently communicated to intended recipients or applied consistently,
 - (iv) in a manner which involves unfair discrimination or contributes to an anti-competitive practice, including, but not limited to, tied selling or predatory pricing, or
 - (v) if related to automobile insurance, is based, in whole or in part, on, or is calculated by reference to, prohibited factors.
- 7(2) An agreement being made or offered to be made, directly or indirectly, for a premium to be paid that is different from the premium set out in the contract of insurance.
- 7(3) For the purpose of this section clear and transparent communication includes but is not limited to providing an explanation of how the amount or value of any payment, rebate, consideration, allowance, gift or thing of value is calculated.
- 7(4) For the purpose of this section, a gift or thing of value will not be considered an incentive or inducement if the gift or thing of value is a good or service related to reducing the risk insured by the contract of insurance to which it is related.

8 Misrepresentation

- 8(1) A person receiving information, promotional materials, or advice in any form, including audio, visual, electronic, written and oral means, which a reasonable person in the position of the recipient would consider to be inappropriate, inaccurate or misleading, respecting:
- (i) the terms, benefits or advantages of any contract of insurance issued or to be issued,

- (ii) an insurance claim, the claims process or whether a policy provides coverage, or
- (iii) any comparison of contracts of insurance.

9 Prohibited Conduct in Auto Insurance Quotations, Applications or Renewals

- 9(1) Unfair treatment by an agent, broker or insurer to a consumer with regard to any matter relating to quotations for automobile insurance, applications for automobile insurance, issuance of contracts of automobile insurance or renewals of existing contracts of automobile insurance, including but not limited to:
- (i) variance of formal or informal processes and procedures which make it more difficult for certain persons to interact with an insurer, broker or agent for the purpose of discouraging or delaying such persons from applying for, renewing or obtaining insurance,
 - (ii) using credit information or a prohibited factor,
 - (iii) asking or requiring a person to provide consent to the collection, use or disclosure of any credit information, other than for the sole purpose of considering whether to provide premium financing,
 - (iv) applying any other information in a manner that is subjective or arbitrary or that bears little or no relationship to the risk to be assumed by the insurer,
 - (v) misclassifying a person or vehicle under the risk classification system used by the insurer or that the insurer is required by law to use,
 - (vi) making the issuance or variation of a policy of automobile insurance conditional on the insured having or purchasing another insurance policy,
 - (vii) engaging in unfair discrimination,
 - (viii) treating a consumer in an arbitrary, capricious or malicious manner,
 - (ix) not acting in good faith or behaving in a way that causes consumers to have a reasonable apprehension of bias,
 - (x) communicating in an untimely manner or misrepresenting the rights of the claimant or obligations of the insurer under the contract, or
 - (xi) any other practice or conduct which the Authority has identified in published guidance as unfair treatment for the purpose of this section.

- 9(2) credit information about a person being collected, used or disclosed in any manner in connection with automobile insurance, other than:
- (i) for the limited purposes, if any, described in the form of application for insurance approved by the Chief Executive Officer under subsection 227 (1) of the Act, or
 - (ii) in accordance with the consent obtained in compliance with the *Personal Information Protection and Electronic Documents Act* (Canada) of the person to whom the information relates.

10 Affiliated Insurers

- 10(1) An agent, broker or insurer providing a quote or renewal for automobile insurance from an insurer, and not offering the lowest rate available from amongst that insurer and its affiliated insurers.
- 10(2) In this section “lowest rate available” is the lowest rate amongst an insurer and its affiliates which is reasonably available to be offered to the insured or potential insured, having regard to all of the circumstances, including but not limited to:
- (i) each insurer’s declination grounds,
 - (ii) each insurer’s rates and risk classification systems,
 - (iii) each insurer’s method of distribution; or
 - (iv) whether the insurers only recently became affiliated.

Appendix B – Key UDAP Changes

Existing #	Existing Provision (Reg 7/00)	Proposed Rule
<p style="text-align: center;">Heading: Interpretation</p> <p><i>Summary of Key Changes</i></p> <ul style="list-style-type: none"> • Changed references from “regulation” to “rule.” • Added new definitions of “claimant,” “contract of insurance” and “schedule” to reduce redundancy, increase readability and otherwise support new drafting. • Added new definitions of “reasonable person,” “unfair discrimination,” “substantially deficient,” “unreasonable consideration,” “inaccurate” and “misleading” to support outcomes-based drafting and provide a legal test for terms that may be subjective or prone to dispute. • Added a section which expands liability for directors, officers, employees involved with a corporation engaged in a UDAP. 		
0.1(1)	In this Regulation	<p>1 Interpretation</p> <p>1(1) In this Rule,</p> <p>(i) “Act” means the Insurance Act, R.S.O. 1990, c. I.8, as amended,</p> <p>(ii) “Affiliated insurer” means an insurer that is considered to be affiliated with another insurer under s. 414(3) of the Act,</p> <p>(iii) “Claimant” means a person who claims statutory accident benefits or who otherwise claims any benefit, compensation or payment under a contract of insurance,</p> <p>(iv) “Contract of insurance” means:</p> <p>(a) for a contract of life insurance, has the meaning ascribed to such term in s. 174 of the Act,</p>
	“affiliated insurer” means an insurer that is considered to be affiliated with another insurer under subsection 414 (3) of the Act;	
	“credit information” means information about a person’s creditworthiness, including the person’s credit score, credit-based insurance score, credit rating and information about or derived in whole or in part from his or her occupation, previous places of residence, number of dependants, educational or professional qualifications, current or previous places of employment, estimated income, outstanding debt obligations, past debt payment history, cost of living obligations and assets;	
	“declination grounds” means the grounds on which an insurer is authorized under the Act to decline to issue or to terminate or refuse to renew a contract of automobile	

Existing #	Existing Provision (Reg 7/00)	Proposed Rule
	insurance or to refuse to provide or continue a coverage or endorsement;	(b) for a contract of group insurance, has the meaning ascribed to such term in s. 293 of the Act, and
	<p>“prohibited factor” means,</p> <p>(a) any reason or consideration that, under section 5 of Regulation 664 of the Revised Regulations of Ontario, 1990 (Automobile Insurance), made under the Act, insurers are prohibited from using in the manner described in that section,</p> <p>(b) any fact or factor that, under section 16 of Regulation 664 of the Revised Regulations of Ontario, 1990, insurers are prohibited from using as elements of a risk classification system, and</p> <p>(c) any other factor that is an estimate of, a surrogate for or analogous to a prohibited factor referred to in clause (a) or (b)</p>	<p>(c) for a contract of insurance not referred to in (a) or (b), has the meaning ascribed to “contract” in s. 1 of the Act,</p> <p>(v) “Credit information” means information about a person’s creditworthiness, including the person’s credit score, credit-based insurance score, credit rating and information about or derived in whole or in part from his or her occupation, previous places of residence, number of dependants, educational or professional qualifications, current or previous places of employment, estimated income, outstanding debt obligations, past debt payment history, cost of living obligations and assets,</p> <p>(vi) “Declination grounds” means the grounds on which an insurer is authorized under the Act to decline to issue or to terminate or refuse to renew a contract of automobile insurance or to refuse to provide or continue a coverage or endorsement,</p> <p>(vii) Prohibited factor” means:</p> <p>(a) any reason or consideration that, under section 5 of Regulation 664 of the Revised Regulations of Ontario, 1990 (Automobile Insurance), made under the Act, insurers are prohibited from using in the manner described in that section,</p> <p>(b) any fact or factor that, under section 16 of Regulation 664 of the Revised Regulations of Ontario, 1990, insurers are prohibited from using as elements of a risk classification system, or</p> <p>(c) any other factor that the Authority determines is an estimate of, a surrogate for or analogous to a prohibited factor referred to in clause (a) or (b),</p> <p>(viii) “Reasonable person” means a reasonable and prudent person in the same or similar circumstances as, and in the position of, and/or with the same licensing status of, the</p>
	“prohibited manner” means a manner that is subjective or arbitrary or that bears little or no relationship to the risk to be borne by the insurer.	
0.1(2)	References in this Regulation to a form approved by the Chief Executive Officer are deemed to include the last form approved by the Superintendent for the purposes of the relevant provision prior to the day section 22 of Schedule 13 to the Plan for Care and Opportunity Act (Budget Measures), 2018 came into force until the Chief Executive Officer approves a subsequent form for the purposes of this section	

Existing #	Existing Provision (Reg 7/00)	Proposed Rule
		<p>person in question, having regard to any applicable professional standards, best industry practices or codes of conduct, who has full knowledge of all and any relevant facts or circumstances,</p> <p>(ix) “Schedule” means the Statutory Accident Benefits Schedule — Effective September 1, 2010 and all previous Statutory Accident Benefit Schedules for which there are still active claims,</p> <p>(x) “Substantially deficient” means that the delivery of goods or services fell below the standard required in the oral or written agreement to provide those services to an extent or in such a manner that a significant part or the whole of the goods or services was unfit for the purpose intended from the perspective of a reasonable person who is the intended recipient of the goods or services,</p> <p>(xi) “Unfair discrimination” means discrimination which contravenes the provisions of the Ontario <i>Human Rights Code</i> or any other discrimination which FSRA, in its published guidance, has identified as not being reasonable or bona fide in the provision or administration of insurance or goods or services related to insurance, and</p> <p>(xii) “Unreasonable consideration” means an amount being paid or sought for goods or services provided to a claimant that a reasonable person, in the position of the provider of the goods or services, would not charge or seek, or would not expect a reasonable person, in the position of the recipient of the goods or services, to accept.</p> <p>1(2) For greater clarity:</p> <p>(i) in determining what amounts to a reasonable person who is an insurer, the reasonable person will be deemed to have a level of knowledge and expertise commensurate with that insurers size and type of business, and</p>

Existing #	Existing Provision (Reg 7/00)	Proposed Rule
		<p>(ii) Sections 22, 25(2), 25(2.1), 25(2.2) and 25(3)(a)-(b) of the Ontario <i>Human Rights Code</i> are applicable in assessing whether discrimination amounts to unfair discrimination under this Rule.</p> <p>1(3) If a person has committed an unfair or deceptive act or practice, then every director, officer, employee or legal representative of that person shall be deemed to have committed an unfair or deceptive act or practice if that director, officer, employee or legal representative,</p> <p>(i) causes, authorizes, permits, acquiesces or participates in the commission of an unfair or deceptive act or practice by the person; or</p> <p>(ii) fails to take all reasonable care in the circumstances to prevent the person from committing an unfair or deceptive act or practice.</p> <p>1(4) References in this Rule to a form approved by the Chief Executive Officer are deemed to include the last form approved by the Superintendent for the purposes of the relevant provision prior to the day section 22 of Schedule 13 to the Plan for Care and Opportunity Act (Budget Measures), 2018 came into force until the Chief Executive Officer approves a subsequent form for the purposes of this section.</p>
<p style="text-align: center;">Heading: Unfair or Deceptive Practices</p> <p><i>Summary of Key Changes</i></p> <ul style="list-style-type: none"> Defining UDAP in terms of outcomes that can reasonably be expected to follow from actions or inactions by specified entities or persons. This change is intended to support transition to principles-based regulation. The change is intended to apply a different standard of “reasonable expectation” depending on the class of entity or person at issue, and the definition of “reasonably expected” is provided in order to provide a clear legal test for actions resulting in outcomes. 		

Existing #	Existing Provision (Reg 7/00)	Proposed Rule
1	For the purposes of the definition of “unfair or deceptive act or practice” in section 438 of the Act, each of the following actions is prescribed as an unfair or deceptive act or practice:	2 Unfair or Deceptive Act or Practice 2(1) For the purposes of the definition of “unfair or deceptive act or practice” in section 438 of the Act, conduct, including inaction or omission, which results in, or could reasonably be expected to result in the outcomes, events or circumstances set out in s. 3 through s. 10 of this Rule is prescribed as an unfair or deceptive act or practice. 2(2) For the purpose of determining what conduct, including inaction or omission could be reasonably expected to result in the outcomes, events or circumstances set out in s. 3 through s. 10 of this Rule: (i) if the action or conduct, including inaction or omission is committed by: (a) an agent, broker, adjuster, insurer or any director, officer, employee or legal representative of an agent, broker, adjuster or insurer, or (b) any person, or any director, officer, employee or legal representative of that person, who provides goods or services to a claimant which are fully or partially expected to be paid for through the proceeds of insurance, including for greater clarity and without limitation, automotive repair, towing and storage services, then an outcome, event or circumstance will be deemed to be reasonably expected if it would be expected by a reasonable person in that person’s business or profession with full knowledge of all and any facts and circumstances the person knew about or, with reasonable diligence under the circumstances, ought to, have known. (ii) if the action or conduct, including inaction or omission is committed by a person not listed in (i) then an outcome, event or circumstance will be deemed to be reasonably expected if it would be expected by a reasonable person in that person’s position with knowledge of all and any relevant facts and circumstances the person knew about or ought to, with reasonable diligence under the circumstances, have known.
3(4)	This section does not apply to a lawyer or paralegal with respect to activities that constitute practising law or providing legal services, as the case may be, as authorized under the Law Society Act. However, paragraph 6 of subsection (2) applies at all times with respect to lawyers and paralegals.	

Existing #	Existing Provision (Reg 7/00)	Proposed Rule
		2(3) Section 2(1) does not apply to conduct by a lawyer or paralegal with respect to activities that constitute practising law or providing legal services, as the case may be, as authorized under the Law Society Act which results in the outcomes listed in in sections 6(1), 6(2) and 6(3).
<p style="text-align: center;">Heading: Non-Compliance with Law</p> <p><i>Summary of Key Changes</i></p> <ul style="list-style-type: none"> • Definition of UDAP as it relates to non-compliance with the law is extended to FSRA rules and broadened so that it includes violation of the act, rules or regulations as such, including failure to comply or inaction. • Changes align with FTC Guidance regarding conduct of business – compliance with laws. • Streamlined by removing specific reference to variation from forms approved under the <i>Insurance Act</i> given existing requirement for compliance with the law and the existing framework for review and approval of forms under the <i>Insurance Act</i> 		
1.1	The commission of any act prohibited under the Act or the regulations.	3 Non-Compliance with Law <p>3(1) The commission of any act prohibited under the Act, or under any regulation or rule made under the Act.</p> <p>3(2) Any provision of the Act, or a regulation or rule made under the Act, not being complied with resulting in the unfair treatment or unfair discrimination of a person.</p> <p>3(3) Non-compliance with the requirements under the Act or a regulation or rule made under the Act, by the subject of an examination or purported examination.</p>
1.13	Any examination or purported examination under oath that does not comply with the requirements under the Act or the regulations.	
1.12	The use of a document in place of a form approved for use by the Chief Executive Officer, unless none of the	

Existing #	Existing Provision (Reg 7/00)	Proposed Rule
	deviations in the document from the approved form affects the substance or is calculated to mislead.	
<div>Heading: Unfair Discrimination</div> <div>Summary of Key Changes<ul style="list-style-type: none">Existing provisions in the Regulation have been consolidated into one section with language that remains substantively the same.In redrafting FSRA has adopted the Supreme Court Canada’s test of “reasonable and bona fide grounds” consistent with its guiding principle of defining key terms that are subjective or subject to dispute. This standard is specified in the definitions section of the Proposed Rule.</div>		
1.2	Any unfair discrimination between individuals of the same class and of the same expectation of life, in the amount or payment or return of premiums, or rates charged for contracts of life insurance or annuity contracts, or in the dividends or other benefits payable on such contracts or in the terms and conditions of such contracts.	<div>4 Unfair Discrimination</div> <div>4(1) Unfair Discrimination:<ul style="list-style-type: none">between individuals of the same class and of the same expectation of life, in the amount or payment or return of premiums, or rates charged for contracts of life insurance or annuity contracts, or in the dividends or other benefits payable on such contracts or in the terms and conditions of such contracts, orin any rate or schedule of rates between risks in Ontario of essentially the same physical hazards in the same territorial classification.</div>
1.3	Any unfair discrimination in any rate or schedule of rates between risks in Ontario of essentially the same physical hazards in the same territorial classification.	
<div>Heading: Unfair Claims Practices</div> <div>Summary of Key Changes<ul style="list-style-type: none">Provisions concerning unfair claims practices from the Regulation have been adapted to outcomes-focused drafting.Provisions concerning claims practices in general and those associated with Statutory Accident Benefit Schedules in particular have been consolidated into one section to reduce regulatory burden while also making the rule easier to navigate.A new provision has been added concerning unfair resolution or delay in the processing, negotiation or payment of claim in general (i.e., not limited to insurers and licensees).</div>		

Existing #	Existing Provision (Reg 7/00)	Proposed Rule
	<ul style="list-style-type: none"> Criteria has been provided for the purposes of defining how a reasonable person would judge the adjustment or settlement of claims as unreasonable or unfair. The existing broad claims adjustment provision in the Regulation has been modified to reflect CCIR FTC indicators of unfair treatment related to: <ul style="list-style-type: none"> handling claims in a manner consistent with written procedures; failing to have written procedures and internal dispute resolution mechanisms; and claimants being unable to obtain timely information about their claims. 	
1.9	Any conduct resulting in unreasonable delay in, or resistance to, the fair adjustment and settlement of claims.	5 Unfair Claims Practices 5(1) Resolution or delay in the adjustment or settlement of any claim which would be considered unreasonable or unfair, such as, but not limited to: <ul style="list-style-type: none"> (i) treating a claimant in an arbitrary, capricious or malicious manner, (ii) not acting in good faith, (iii) seeking a result which is inequitable or inconsistent with the rights of the claimant under the contract, (iv) imposing unreasonable or unfair costs or expenses on the (1) claims handling or dispute resolution processes, (2) goods or (3) services, (v) communicating in an untimely manner or misrepresenting the rights of the claimant or obligations of the insurer under the contract, or (vi) any adjuster or insurer not following fair, simple and accessible claims handling procedures or not providing a claimant timely information about the status of its claim, the process for settling its claim or reasons for a decision made respecting its claim. 5(2) With respect to automobile insurance:
6.	For the purposes of the definition of “unfair or deceptive acts or practices” in section 438 of the Act, each of the following actions is prescribed as an unfair or deceptive act or practice in relation to a claim for statutory accident benefits under the <i>Statutory Accident Benefits Schedule — Effective September 1, 2010, made under the Act (in this section referred to as the Schedule)</i> :	
6. 1	The failure or refusal of an insurer without reasonable cause to pay a claim for goods or services or for the cost of an assessment within the time prescribed for payment in the <i>Schedule</i> .	
6. 2	The making of a statement by or on behalf of an insurer for the purposes of an adjustment or settlement of a claim if the insurer knows or ought to know that the statement misrepresents or unfairly presents the findings or conclusions of a person who conducted an examination under section 44 of the <i>Schedule</i> .	
3.(2)	The failure to disclose a conflict of interest to a person who claims statutory accident benefits or to an insurer,	

Existing #	Existing Provision (Reg 7/00)	Proposed Rule
6	as required under the <i>Statutory Accident Benefits Schedule</i>	<p>(i) non-compliance with the Schedule, including but not limited to:</p> <p>(a) payment for goods or services not being made, or</p> <p>(b) the cost of an assessment not being paid,</p> <p>without reasonable cause, within the time period prescribed in the Schedule.</p> <p>(ii) the making of a statement by or on behalf of an insurer for the purposes of adjusting or settling a claim if the insurer knows or ought to know that the statement misrepresents or unfairly presents the findings or conclusions of a person who conducted an examination under section 44 of the Schedule, or</p> <p>(iii) a conflict of interest not being disclosed to a person who claims statutory accident benefits.</p>
<p style="text-align: center;">Heading: Fraudulent or Abusive Conduct related to Goods or Services Provided a Claimant</p> <p><i>Summary of Key Changes</i></p> <ul style="list-style-type: none"> Provisions concerning unfair claims practices from the Regulation have been adapted to outcomes-focused drafting while preserving the original intent of the Regulation. As s. 3 of the Regulation concerns unfair claims practices by providers of goods or services, including those with whom FSRA does not have a direct regulatory relationship, the original more prescriptive drafting remains appropriate. 		
3(2) 1	Charging an amount in consideration for the provision of goods or services to or for the benefit of a person who claims statutory accident benefits or who otherwise claims payment under a contract of insurance, if the goods or services are not provided.	<p>6 Fraudulent or Abusive Conduct Related to Goods and Services Provided to a Claimant</p> <p>6(1) Consideration being paid or sought for goods or services in connection with a claim under a contract of insurance which were not provided to a claimant or were provided in a substantially deficient manner.</p> <p>6(2) A referral fee being solicited, demanded, paid or accepted in connection with goods or services provided to a claimant.</p>
3(2) 2	Soliciting or demanding a referral fee, directly or indirectly, by or from a person who provides goods or	

Existing #	Existing Provision (Reg 7/00)	Proposed Rule
	services to or for the benefit of a person who claims statutory accident benefits or who otherwise claims payment under a contract of insurance.	6(3) Unreasonable consideration being paid or sought for goods or services provided to a claimant.
3(2) 3	Acceptance of a referral fee, directly or indirectly, by or from a person who provides goods or services to or for the benefit of a person who claims statutory accident benefits or who otherwise claims payment under a contract of insurance.	6(4) With respect to auto insurance, a claimant signing or being asked to sign a claims form or other document that is required to be in a form approved by the Chief Executive Officer or any form or document that is specified in a Guideline applicable for the purposes of the Schedule before the goods or services related to such a form or document have been provided.
3(2) 4	The payment of a referral fee, directly or indirectly, to or by a person who provides goods or services to or for the benefit of a person who claims statutory accident benefits or who otherwise claims payment under a contract of insurance.	6(5) Information, being communicated about the business, billing practices or licensing status of a person who provides or offers to provide goods or services to a claimant which a reasonable person, in the position of the intended recipient, would consider false, misleading or deceptive.
3(2) 5	Charging an amount in consideration for the provision of goods or services to or for the benefit of a person who claims statutory accident benefits or who otherwise claims payment under a contract of insurance, where the amount charged unreasonably exceeds the amount charged to other persons for similar goods or services.	
3(2) 7	Requiring, requesting or permitting a person who claims statutory accident benefits or who otherwise claims payment under a contract of insurance to sign, before it has been completed in full, a claims form or other document that is required to be in a form approved by the Chief Executive Officer or any form or document that is specified in a Guideline applicable for the purposes of the <i>Statutory Accident Benefits Schedule — Effective September 1, 2010</i> .	

Existing #	Existing Provision (Reg 7/00)	Proposed Rule
3(2) 8	<p>The communication of any false, misleading or deceptive information by a person who provides or offers to provide goods or services to or for the benefit of a person who claims statutory accident benefits or who otherwise claims payment under a contract of insurance regarding any of the following:</p> <p>(i) The business and billing practices of the person who provides or offers to provide the goods or services.</p> <p>(ii) The licence status of the person who provides or offers to provide the goods or services, or any other information related to a licence issued to the person under subsection 288.5 (3) of the Act.</p>	
3(3)	<p>For the purposes of paragraphs 1 and 5 of subsection (2), a person who provides good or services includes,</p> <p>(a) A person who provides towing services or owns a tow truck;</p> <p>(b) A person engaged in the provision of vehicle repair services;</p> <p>(c) a person engaged in the provision of automobile storage services. O. Reg. 547/05. S. 1(2).</p>	
3(4)	<p>This section does not apply to a lawyer or paralegal with respect to activities that constitute practising law or providing legal services, as the case may be, as authorized under the <i>Law Society Act</i>. However, paragraph 6 of subsection (2) applies at all times with respect to lawyers and paralegals. O. Reg 15/13, s. 1(2).</p>	
Heading: Incentives		

Existing #	Existing Provision (Reg 7/00)	Proposed Rule
<p><i>Summary of Key Changes</i></p> <ul style="list-style-type: none"> Removes the existing prohibition against incentives, which have acted as a barrier to new and innovative consumer offerings, and replaces it with a permissive provision that makes it a UDAP to offer incentive (e.g. a rebate or an inducement) in those cases where the incentive: <ul style="list-style-type: none"> leads to a decision that is not in the consumer's interests; is otherwise prohibited by law; is not transparently communicated; and is discriminatory, anti-competitive or relies on prohibited factors. The change is not intended to address advisor conduct related to offering inducements in the Life & Health sector. The Agents Regulation under the Insurance Act (O. Reg 347/04) includes a prohibition for licensed life insurance agents on using inducements for securing business. The provisions on rebating are no longer limited by the type of actor offering incentives or to behavior intended to make someone sign a contract of insurance (i.e., it includes incenting someone to accept a settlement). Changes are also intended to align with principles established through Government changes to rebating provisions in the Regulation made in April 2020 and associated FSRA-issued guidance (Auto Insurance – Consumer Relief during a Declared Emergency under the Emergency Management and Civil Protection Act) aimed at facilitating rebating for the purpose of providing financial relief to auto insurance policyholders during the COVID-19 pandemic. A “reasonable person” test has been added to provide clear legal test for behavior defined as UDAP. 		
1 7	Any payment, allowance or gift or any offer to pay, allow or give, directly or indirectly, any money or thing of value as an inducement to any prospective insured to insure.	<p>7 Incentives</p> <p>7(1) Payment, rebate, consideration, allowance, gift or thing of value being offered or provided, directly or indirectly,</p> <p>(i) as an incentive or inducement for a person to take an action or make a decision that would encourage that person to buy a product which would not, considering the options generally available in the marketplace, be recommended as a suitable insurance product by a reasonable person licensed to sell such an insurance product,</p> <p>(ii) which is otherwise prohibited under the Act, Regulations or Rules,</p>
2(1) 2	When such a person pays, allows or gives, directly or indirectly, a rebate of all or part of the premium stipulated by a policy to a person insured or applying for insurance in respect of life, person or property in Ontario, or offers or agrees to do so.	

Existing #	Existing Provision (Reg 7/00)	Proposed Rule
2(1) 3	When such a person pays, allows or gives, directly or indirectly, any consideration or thing of value that is intended to be in the nature of a rebate of the premium, stipulated by a policy to a person insured or applying for insurance in respect of life, person or property in Ontario, or offers or agrees to do so.	<div><div>(iii)in a manner which a reasonable person licensed to sell such a product would not consider to be clearly and transparently communicated to intended recipients or applied consistently,</div><div>(iv)in a manner which involves unfair discrimination or contributes to an anti-competitive practice, including, but not limited to, tied selling or predatory pricing, or</div><div>(v)if related to automobile insurance, is based, in whole or in part, on, or is calculated by reference to, prohibited factors.</div><div>7(2)An agreement being made or offered to be made, directly or indirectly, for a premium to be paid that is different from the premium set out in the contract of insurance.</div><div>7(3)For the purpose of this section clear and transparent communication includes but is not limited to providing an explanation of how the amount or value of any payment, rebate, consideration, allowance, gift or thing of value is calculated.</div><div>7(4)For the purpose of this section, a gift or thing of value will not be considered an incentive or inducement if the gift or thing of value is a good or service related to reducing the risk insured by the contract of insurance to which it is related.</div></div>
2. (3)	Despite paragraphs 1 to 3 of subsection (1), a rebate of all or part of an automobile insurance premium is not prescribed as an unfair or deceptive act or practice if, <div><div>(a)an emergency is declared under the <i>Emergency Management and Civil Protection Act</i>;</div><div>(b)the rebate is issued in response to the declared emergency; and</div><div>(c)the insurer files an undertaking with the Chief Executive Officer, in the form approved by the Chief Executive Officer. O. Reg. 150/20, s. 1.</div></div>	
2.(4)	Subsection (3) applies from the day an emergency is declared under the <i>Emergency Management and Civil Protection Act</i> to the day that is one year after the day on which the declared emergency is terminated under that Act. O. Reg. 150/20, s. 1.	
2(1) 1	When such a person makes or attempts to make, directly or indirectly, an agreement with a person insured or applying for insurance in respect of life, person or property in Ontario as to the premium to be paid for a policy that is different from the premium set out in the policy.	
Heading: Misrepresentation		

Existing #	Existing Provision (Reg 7/00)	Proposed Rule
<p><i>Summary of Key Changes</i></p> <ul style="list-style-type: none">Provisions concerning disclosures have been redrafted in an outcomes-focused manner aimed at furthering alignment with certain CCIR FTC standards (including advice, product promotion and disclosure to policyholder / customer).Changes make it a UDAP to provide information, promotional materials, or advice in any form that is inaccurate or misleading.A “reasonable person” test has been added to provide clear legal test for behavior defined as UDAP.		
1.4	Any illustration, circular, memorandum or statement that misrepresents, or by omission is so incomplete that it misrepresents, terms, benefits or advantages of any policy or contract of insurance issued or to be issued.	<p>8 Misrepresentation</p> <p>8(1) A person receiving information, promotional materials, or advice in any form, including audio, visual, electronic, written and oral means, which a reasonable person in the position of the recipient would consider to be inappropriate, inaccurate or misleading, respecting:</p> <p>(i) the terms, benefits or advantages of any contract of insurance issued or to be issued,</p> <p>(ii) an insurance claim, the claims process or whether a policy provides coverage, or</p> <p>(iii) any comparison of contracts of insurance.</p>
1.5	Any false or misleading statement as to the terms, benefits or advantages of any contract or policy of insurance issued or to be issued.	
1.6	Any incomplete comparison of any policy or contract of insurance with that of any other insurer for the purpose of inducing or intending to induce an insured to lapse, forfeit or surrender a policy or contract.	
1.8	Any charge by a person for a premium allowance or fee other than as stipulated in a contract of insurance upon which a sales commission is payable to the person.	
<p>Heading: Prohibited Conduct in Auto Insurance Quotations, Applications or Renewals</p> <p><i>Summary of Key Changes</i></p> <ul style="list-style-type: none">Changes are intended to consolidate multiple existing auto insurance specific provisions into a single provision on unfair treatment.Existing provisions were redrafted in an outcomes focused manner. Instances of unfair treatment are provided. The new language is intended to streamline provisions on auto insurance conduct, incorporate feedback received as part of FSRA take all comers consultation, and maintain key consumer protections.		

Existing #	Existing Provision (Reg 7/00)	Proposed Rule
2(1) 4	<p>When such a person uses credit information or a prohibited factor,</p> <ul style="list-style-type: none"> i. in processing or otherwise responding to requests for quotations for automobile insurance, ii. in processing or otherwise responding to requests for applications to apply for automobile insurance, iii. in processing or otherwise responding to completed and signed applications for automobile insurance, iv. in processing offers to renew existing contracts of automobile insurance, or v. In connection with any other matter relating to quotations for automobile insurance, applications for automobile insurance or renewals of existing contracts of automobile insurance. vi. in connection with any other matter relating to quotations for automobile insurance, applications for automobile insurance or renewals of existing contracts of automobile in 	<p>9 Prohibited Conduct in Auto Insurance Quotations, Applications or Renewals</p> <p>9(1) Unfair treatment by an agent, broker or insurer to a consumer with regard to any matter relating to quotations for automobile insurance, applications for automobile insurance, issuance of contracts of automobile insurance or renewals of existing contracts of automobile insurance, including but not limited to:</p> <ul style="list-style-type: none"> (i) variance of formal or informal processes and procedures which make it more difficult for certain persons to interact with an insurer, broker or agent for the purpose of discouraging or delaying such persons from applying for, renewing or obtaining insurance, (ii) using credit information or a prohibited factor, (iii) asking or requiring a person to provide consent to the collection, use or disclosure of any credit information, other than for the sole purpose of considering whether to provide premium financing, (iv) applying any other information in a manner that is subjective or arbitrary or that bears little or no relationship to the risk to be assumed by the insurer, (v) misclassifying a person or vehicle under the risk classification system used by the insurer or that the insurer is required by law to use, (vi) making the issuance or variation of a policy of automobile insurance conditional on the insured having or purchasing another insurance policy, (vii) engaging in unfair discrimination, (viii) treating a consumer in an arbitrary, capricious or malicious manner,
2(1) 5	<p>When such a person applies any information or other factor in a prohibited manner on receiving a request for a quotation for automobile insurance, a request for an application to apply for automobile insurance, an application for automobile insurance or in connection</p>	

Existing #	Existing Provision (Reg 7/00)	Proposed Rule
	with an offer to renew an existing contract of automobile insurance.	<ul style="list-style-type: none"> (ix) not acting in good faith or behaving in a way that causes consumers to have a reasonable apprehension of bias, (x) communicating in an untimely manner or misrepresenting the rights of the claimant or obligations of the insurer under the contract, or (xi) any other practice or conduct which the Authority has identified in published guidance as unfair treatment for the purpose of this section. <p>9(2) credit information about a person being collected, used or disclosed in any manner in connection with automobile insurance, other than:</p> <ul style="list-style-type: none"> (i) for the limited purposes, if any, described in the form of application for insurance approved by the Chief Executive Officer under subsection 227 (1) of the Act, or (ii) in accordance with the consent obtained in compliance with the <i>Personal Information Protection and Electronic Documents Act</i> (Canada) of the person to whom the information relates.
2(1) 6	When such a person requires someone to consent or to obtain the consent of another person to the collection, use or disclosure of any credit information as a condition for providing a quotation for automobile insurance or an offer to renew an existing contract of automobile insurance.	
1. 10	Making the issuance or variation of a policy of automobile insurance conditional on the insured having or purchasing another insurance policy.	
1. 11	When rating a person or a vehicle as an insurance risk for the purpose of determining the premium payable for a policy of automobile insurance, misclassifying the person or vehicle under the risk classification system used by the insurer or that the insurer is required by law to use.	
2(1)7	<p>When such a person collects, uses or discloses any credit information about someone in any manner in connection with automobile insurance, other than,</p> <ul style="list-style-type: none"> i. for the limited purposes, if any, described in the form of application for insurance approved by the Chief Executive Officer under subsection 227 (1) of the Act, or ii. in accordance with the consent obtained in compliance with the <i>Personal Information Protection and Electronic Documents Act</i> (Canada) of the person to whom the information relates. 	

Existing #	Existing Provision (Reg 7/00)	Proposed Rule
<p style="text-align: center;">Heading: Affiliated Insurers</p> <p><i>Summary of Key Changes</i></p> <ul style="list-style-type: none"> Outcomes-focused redrafting and clarification of affiliated insurers requirement by adding clearly stated circumstances to be considered when determining compliance. This change is intended to provide greater flexibility to regulated entities and discretion to the CEO of FSRA while maintaining the consumer protection intent of the current Regulation. A “reasonable person” test has been added to provide clear legal test for behavior defined as UDAP. Clarifying the applicability of the affiliated insurer provision as related to agents, insurers (including their officers, employees or agents). 		
2(1)8 and 2(2)	<p>8. When, in connection with a request for a quotation for automobile insurance or an application for automobile insurance made to an affiliated insurer, or an offer by an affiliated insurer to renew an existing contract of automobile insurance, such a person fails to provide the lowest rate available from the insurer or any of the insurers with which it is affiliated in accordance with,</p> <p>i. their declination grounds, and</p> <p>ii. their rates and risk classification systems as approved under the Act or the Automobile Insurance Rate Stabilization Act, 2003. O. Reg. 7/00, s. 2; O. Reg. 37/10, s. 2 (1); O. Reg. 128/19, s. 2.</p> <p>(2) The reference to the “lowest rate available” in paragraph 8 of subsection (1) is a reference to the lowest rate available having regard to all of the circumstances, including the means of distribution through which the</p>	<p>10 Affiliated Insurers</p> <p>10(1) An agent, broker or insurer providing a quote or renewal for automobile insurance from an insurer, and not offering the lowest rate available from amongst that insurer and its affiliated insurers.</p> <p>10(2) In this section “lowest rate available” is the lowest rate amongst an insurer and its affiliates which is reasonably available to be offered to the insured or potential insured, having regard to all of the circumstances, including but not limited to:</p> <p>(i) each insurer’s declination grounds,</p> <p>(ii) each insurer’s rates and risk classification systems,</p> <p>(iii) each insurer’s method of distribution; or</p> <p>(iv) whether the insurers only recently became affiliated.</p>

Existing #	Existing Provision (Reg 7/00)	Proposed Rule
	request, application or offer is made. O. Reg. 37/10, s. 2 (2).	
END OF NEW RULE.		
Spent Provisions <ul style="list-style-type: none"> The Proposed Rule does not carry over provisions in s. 5 of Reg 7/00 – these provisions deal with conduct under the Reg 403/96 (Statutory Accident Benefits Schedule – Accidents on or after November 1, 1996) which was revoked on July 3, 2020. 		
5.	For the purposes of the definition of “unfair or deceptive acts or practices” in section 438 of the Act, each of the following actions, if done on or after March 1, 2006, is prescribed as an unfair or deceptive act or practice in relation to a claim for statutory accident benefits under the <i>Statutory Accident Benefits Schedule — Accidents on or after November 1, 1996 (in this section referred to as the Schedule)</i> :	N/A
5. 1	The failure or refusal of an insurer without reasonable cause, following internal mechanisms or informing insureds about processes for settling claims, to pay a claim for goods or services or for the cost of an assessment within the time prescribed for payment in the <i>Schedule</i> .	
5. 2	The determination by an insurer that a person is not entitled to a statutory accident benefit or that a person does not have a catastrophic impairment if,	

Existing #	Existing Provision (Reg 7/00)	Proposed Rule
	<p>i. the insurer makes the determination before obtaining a report of an examination in respect of the person under section 42 of the <i>Schedule</i>, and</p> <p>The <i>Schedule</i> does not authorize the insurer to make the determination without having obtained the report.</p>	
5.3	The making of a statement by or on behalf of an insurer for the purposes of an adjustment or settlement of a claim if the insurer knows or ought to know that the statement misrepresents or unfairly presents the findings or conclusions of a person who conducted an examination under section 42 of the <i>Schedule</i> .	
5.4	A requirement by an insurer that an insured person attend for an examination under section 42 of the <i>Schedule</i> conducted by a person whom the insurer knows or ought to know is not reasonably qualified by training or experience to conduct the examination.	
5.5	A requirement by an insurer that an insured person attend for an examination under section 42 of the <i>Schedule</i> that the insurer knows or ought to know is not reasonably required for the purposes authorized under the <i>Schedule</i> .	
5.6	The failure of an insurer to obtain the written and signed consent of an insured person in the approved form before a pre-claim examination under section 32.1 of the <i>Schedule</i> is conducted in respect of the insured person. O. Reg. 547/05, s. 2	

Appendix C – List of Stakeholders Consulted

FSRA Stakeholder Advisory Committees (SACs)

- P&C Insurance SAC
- L&H Insurance SAC
- Health Service Provider SAC

Regulated Entities

- Aviva Canada
- Desjardins General Insurance Group
- Intact Financial Corporation
- Manulife
- Onlia
- Wawanesa Insurance

Other Organizations

- FSRA Consumer Advisory Panel
- Health Profession Regulators of Ontario
- Law Society of Ontario
- Insurance Bureau of Canada

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 4cii

Market Conduct & Licensing—Imminent AMF Consultations on Updated Sound Commercial Practices Guideline and Draft Regulation Respecting Complaint Processing

Purpose of this Agenda Item – *Update*

Update only.

Background Information

The AMF has let CAFII know that it will soon be releasing formal public consultations on two initiatives: updates to its Sound Commercial Practices Guideline (2013); and a new Regulation Respecting Complaint Processing.

CAFII will be monitoring this carefully and plans to make submissions on each of the two initiatives. We have not yet seen any posting on the AMF website around these consultations. The AMF originally suggested that it would likely be posting the documents, for a 60-day consultation, in late November 2020, but that did not happen.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

1 attachment.

FAIR TREATMENT OF CUSTOMERS:
DIRECTIONS FOR PROPOSED FRAMEWORKS –
SOUND COMMERCIAL PRACTICES
GUIDELINE AND
DRAFT REGULATION RESPECTING COMPLAINT PROCESSING



Proposed Frameworks

- 1. Updated Sound Commercial Practices Guideline**
2. Draft Regulation respecting complaint processing and dispute resolution
3. Next steps

1. Updated Guideline

- 1.1. Key messages**
- 1.2. Background**
- 1.3. Underlying philosophy**
- 1.4. Main changes**

1.1. KEY MESSAGES

Financial institutions have a legal obligation to adhere to sound commercial practices

Commercial practices mean financial institutions' behaviour in their relationships with customers

1.1. KEY MESSAGES

Fair Treatment of Customers (FTC):

- Is based on international core principles
- Manifests itself at every stage of a product's life cycle, from product design to after-sales service

1.1. KEY MESSAGES

The Guideline sets out:

- Expected FTC outcomes for financial institutions
- Measures financial institutions can take to achieve the outcomes and meet their legal obligation to adhere to sound commercial practices

1.2. BACKGROUND

Ensure compliance with international core principles (International Association of Insurance Supervisors, ICP 19, updated in 2017)

Reflect the work done across Canada

- Insurance industry – CCIR guidance (2018)
- Banking sector – Changes to consumer protection framework (2017 - 2020)

1.2. BACKGROUND

Take into account:

- Bill 141
- Updates to certain AMF guidelines
- Draft Regulation respecting complaint processing and dispute resolution
- New personal information protection provisions

1.3. UNDERLYING PHILOSOPHY

Emphasize how important it is for institutions' decision-making bodies to firmly commit to and exercise strong leadership in making FTC a core component of their governance and business culture

1.4. MAIN CHANGES

Going forward, financial institutions are expected to have agreements in place with market intermediaries to ensure FTC

1.4. MAIN CHANGES (CONT.)

The topic of incentive management leads into the topic of conflict of interest management

- The proposed expectations take into account the customer-mutual fund registrant relationship reforms

1.4. MAIN CHANGES (CONT.)

Product design and product marketing are dealt with separately, in different sections, to promote a better understanding of the AMF's expectations

1.4. MAIN CHANGES (CONT.)

- Introduction of a new expected outcome for deposit institutions:
 - The AMF expects the customer's needs and situation to be taken into account when offering a product

Proposed Frameworks

1. Updated Sound Commercial Practices Guideline
2. Draft Regulation respecting complaint processing and dispute resolution
3. Next steps

2. Draft Regulation respecting complaint processing and dispute resolution

2.1. Background

2.2. Directions

2.1. BACKGROUND

Bill 141: New complaint processing provisions

Provisions practically identical in the 7 sector-based laws concerned:

- Treat complaints fairly
- Adopt a complaint processing policy
- Make a summary of the policy publicly available on the institution's website
- Keep a register
- Deliver an “acknowledgement of receipt” to the complainant stating the complainant's right to have the complaint examined by the AMF

2.1. BACKGROUND (CONT.)

The proposed framework covers registrants' complaint processes, not the AMF's internal mechanisms

2.1. BACKGROUND (CONT.)

The AMF wishes to leverage its role as an integrated regulator to propose a harmonized, FTC-based framework applicable to all sectors (various frameworks)

The AMF's objective is twofold:

- Facilitate the application of new legislative provisions for financial sector participants
- Improve customers' complaint experience

2.1. BACKGROUND (CONT.)

The AMF's thought process:

- Draws on practices that are working well for the industry in Québec
- Is aimed at eliminating certain practices that the AMF wants to see an end to
- Has been tested with its advisory committees and specific stakeholders

2.1. BACKGROUND (CONT.)

The content being considered for a framework:

- Is consistent with international core principles, including ICP 19
- Aligns with national principles, such as CCIR Guidance
- Compares favourably with what is being done elsewhere in the world

2.1. BACKGROUND (CONT.)

The content being considered for a framework is intended to ensure that:

- Complaints are dealt with in an objective and impartial manner
- Recurring weaknesses and issues are addressed
- Institutions are proactive in analyzing how other customers are impacted by the facts relating to the complaint

2.2. DIRECTIONS HARMONIZED FRAMEWORK

Comparable obligations across all sectors but set out in various instruments

Implementation by the financial institution or intermediary of a process that takes into account the nature, scope, size and complexity of its operations

2.2. DIRECTIONS

DEFINITION OF A COMPLAINT

Definition of a complaint:

- Initial obligation trigger event
- Must be sufficiently broad to prevent circumvention of the regime

The industry is asking for a clear definition

Transparency is critical for consumers

2.2. DIRECTIONS FUNCTIONS AND RESOURCES

Designation of a “complaints officer” function and a “complaint examination staff” function

Competence, independence and accountability of complaint examination functions

2.2. DIRECTIONS TIME LIMITS

60-day complaint examination period = strict time limit

15-day limit for transferring a complaint file to the AMF
at the request of the complainant

2.2. DIRECTIONS PROHIBITIONS AND PENALTIES

Conditions and restrictions may not be attached to a settlement offer

Confusing terms (e.g., Ombudsman) may not be used

Administrative penalties added

2.2. DIRECTIONS

ADDITIONAL CLARIFICATION

Clarification regarding:

- Fair treatment and analysis of complaints
- Contents of a complaint file
- Contents of a final decision
- Contents of the complaint processing policy summary made publicly available
- Time limit for registering complaints in the register
- Contents of the complaints register
- Contents of the notice of the complaint's registration in the register
- Length of time complaint records must be kept



Proposed Frameworks

1. Updated Sound Commercial Practices Guideline
2. Draft Regulation respecting complaint processing and dispute resolution
3. **Next steps**

3. NEXT STEPS

GUIDELINE AND DRAFT REGULATION

September – October 2020: Meetings with stakeholders

Coming months: Publication in the AMF Bulletin of the updated Sound Commercial Practices Guideline and the Draft Regulation for a 60-day comment period



**AUTORITÉ
DES MARCHÉS
FINANCIERS**

QUESTIONS?

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 4ciii

Market Conduct & Licensing—CAFII Board Direction On Possible Follow-Up With AMF Re CAFII’s July 7/20 “Creative Solutions” Submission on Degree to Which Industry Can Meet AMF’s Requirements Around RADM’s Application to Credit Card-Embedded Insurance Benefits

Purpose of this Agenda Item – *Update*

Update only.

Background Information

The Board has provided clear direction that it does not want CAFII to reach out to the AMF and ask for an update on its response to our Association’s “creative solutions” submission of 7 July, 2020. CAFII has made the submission and the ball is now in the AMF’s court. In the absence of a response from the AMF, it is the Board’s view that CAFII members do not need to do anything further.

Recommendation / Direction Sought – *Update*

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 4civ Insights Gained From November 25/20 Sectoral Advisory Committee (SAC) For Life and Health Insurance Virtual Meeting With FSRA Board

Purpose of this Agenda Item

Update only.

Background Information

Keith Martin sits on the FSRA Sectoral Advisory Committee (SAC) on Life and Health Insurance, which met virtually with the FSRA Board on 25 November, 2020. CAFII tabled a Powerpoint on its views on the FSRA 2021-2022 Statement of Priorities, and Budget, at that meeting.

Among the key points made at the meeting:

- There was a strong consensus that FSRA had done an excellent job ramping up, and was demonstrating a collaborative, dialogue-based approach to regulation;
- CAFII encouraged FSRA to continue to play an enhanced leadership role in CCIR, and to increase its presence in the International Association of Insurance Supervisors (IAIS), and there was strong support for those points, with FSRA Chair Bryan Davies reporting that FSRA had applied for and been accepted into the membership of the IAIS;
- CAFII asked if the new Ontario budget initiative to give FSRA powers to create a regulatory sandbox in the auto space would also apply to the life and health insurance sector, and FSRA CEO Mark White said that it did and they were actively pursuing that;
- The Associations representing MGAs continue to express some concerns that FSRA not just look at MGAs in its work on distribution channels, but rather include MGAs as part of a more all-encompassing review of distribution channels;
- CAFII noted that there was some concern in the industry around regulators, after a period of pause due to COVID-19, all re-starting regulatory initiatives that they had temporarily paused, leading to a deluge of activity. Bryan Davies asked if the concern was that the pause had led to pent-up demand, and Keith Martin responded that the pause was appreciated and allowed industry to dedicate resources and effort to improved customer outcomes, and that the concern was more around timing. Bryan Davies said he understood the concern and would take note of it;
- A FSRA Board member asked what developments “were coming down the pipeline” and CAFII said that the adoption of digital means to communicate with insurance providers was dramatic, and that it was expected to be enduring, a comment that many others on the call agreed with.

Erica Hiemstra, who worked for 21 years at CLHIA, most recently as Assistant Vice-President, Distribution, and who was a key CLHIA liaison with CAFII, left to join Sun Life in July 2019 as Director, Regulatory Initiatives.

A very important development at FSRA is that CAFII has recently learned that Ms. Hiemstra left Sun Life in early November 2020 to join the Financial Services Regulatory Authority of Ontario (FSRA), effective Monday, November 16/20, as Director, Insurance within Huston Loke's Market Conduct Division. Ms. Hiemstra managed credit protection insurance files for CLHIA, and has intimate knowledge of credit insurance products and regulatory concerns and preoccupations around these products.

Recommendation / Direction Sought -- *Update*

Update only.

Attachments Included with this Agenda Item

1 attachment.



The Canadian Association of
Financial Institutions in Insurance

FSRA Board of Directors Stakeholder Advisory Committee - Life and Health Insurance – 25 November, 2019, By Webinar

*CAFII's Comments on FSRA's
Draft Fiscal Year 2021-22
Priorities and Budget*

ABOUT CAFII: Who We Are

Non-profit industry Association dedicated to development of an open and flexible insurance marketplace.

Established in 1997 to create a voice for financial institutions involved in selling insurance through a variety of distribution channels.

ABOUT CAFII: Who We Are

CAFII members offer credit protection insurance; travel insurance; other types of life and health insurance; and, in some cases, property & casualty insurance across Canada. Credit protection insurance and travel insurance are product lines of primary focus for CAFII as members' common ground.

CAFII members offer insurance through financial institution branches; client contact centres; the internet and other digital channels; direct mail; and, in some cases, agents and brokers (including travel agents for travel insurance).

CAFII's Membership is Comprised of Seven Financial Institutions (Bank and Credit Union Distributors) and Six Insurers / Underwriters of Credit Protection Insurance

Financial Institutions



Insurers



CAFII Congratulates FSRA on a Successful Adjustment to COVID-19 Environment

- CAFII congratulates FSRA's management team and Board on continued success after last year's successful rollout as a new integrated regulator in Ontario.
- A highly competent and experienced FSRA executive team has adjusted to the new COVID-19 pandemic environment very effectively and professionally.

CAFII Believes Strong Relationships with Regulators Help Achieve Positive Customer Outcomes

- CAFII believes that the insurance industry has been very client-centric in the new environment, and has made significant efforts to adjust in a way that demonstrates fair treatment of customers. It is our belief that effective and open communication with FSRA has been important in achieving these changes.

CAFII Is Commenting Only on Issues Germane to its Members

- We have restricted our comments to those sections of FSRA's *Proposed FY2021-2022 Statement of Priorities; and Budget* which are germane to CAFII members, i.e. to the consultation document's sections on Cross-Sectoral Priorities, the Life and Health Insurance Sector-specific Priorities, and FSRA's Proposed Fiscal Year 2021-22 Budget.

CAFII Agrees with FSRA's Environmental Scan

- We agree with the observation that *“after a considerable decrease in traditional distribution channels, COVID-19 has also accelerated industry progress in digitizing the distribution of insurance products.” (Page 6.)*
- This is something that has been the “lived experience” of our member representatives over the past seven months; and we believe that much of the movement by consumers to digital platforms will become a permanent shift after the COVID-19-imposed restrictions on face-to-face meetings are reduced and eventually eliminated.
- As such, we believe that it is critical for FSRA to continue to operate under a regulatory framework that promotes innovation and facilitates industry’s ability to serve consumers in the channel and the manner that they prefer.

Cross-Sectoral Priority: “Protect the Public Interest”

- CAFII strongly supports the “Protect the Public Interest” priority; and, in that connection, we note that our members, as major financial institution distributors and underwriters of credit protection insurance and travel insurance, make considerable investments in systems, processes, oversight, monitoring, employee training, and controls to support highly professional sales practices focused on appropriate products and the fair treatment of customers.
- We agree with the importance of robust complaints handling systems; and CAFII and its members are committed to ongoing assessment of shifting consumer expectations. All of our members are also committed to consumers’ financial education and strengthening financial literacy.

Cross-Sectoral Priority: “Enable Innovation”

- With respect to the “Enable Innovation” priority, we strongly agree with the statement *“innovation moves quickly. As a regulator, FSRA needs to be agile in order to support and adjust to the change that comes with it.”* (Page 12.)
- The needs of consumers and the industry are changing and challenging the regulatory system faster than current mechanisms can adapt. The deliverables and outcomes specified by FSRA under this priority are appropriate in our view.
- We continue to believe that “regulatory sandboxes” that provide a safe, monitored space within which to test innovative products and services can foster innovation while ensuring consumer protection. We note in that regard that the Ontario budget introduces new powers to *“...allow FSRA to operate an insurance regulatory sandbox to pilot initiatives that bring new consumer-focused products and services to market more quickly in response to changing consumer needs.”*

Cross-Sectoral Priority: “Modernize Systems and Processes”

- With respect to the “Modernize Systems and Processes” priority, we encourage FSRA to continue to invest in its core technology and processes to make the Authority as efficient as possible.
- The deliverable of improving data interfaces and analytics will be most effectively implemented if it incorporates ongoing consultation with industry on this topic. Each private sector institution has its own definitions around data and its own approaches to technology, and understanding these nuances before building interfaces will reduce the risk of obtaining data that is difficult to aggregate, analyze, and interpret.
- That said, we wholeheartedly support the fundamental concept of an evidence-based approach to regulation.

Cross-Sectoral Priority: “Transition to Principles-Based Regulation”

- With respect to the “Transition to Principles-Based Regulation (PBR)” priority, this is something for which CAFII has been a long-time proponent and advocate. Consumers and industry are best served by regulations that are not prescriptive, and which allow the principles that the regulator has established to be met without impeding innovation and efficiency.
- CAFII extends kudos to FSRA for adopting *CCIR/CISRO’s Guidance: Conduct of Insurance Business and Fair Treatment of Customers* as the document which outlines FSRA’s expectations of industry with respect to FTC, without the need for a separate FSRA Guideline in this area. FSRA has set up a leadership example of supporting national co-ordination and harmonization by adopting the CCIR/CISRO Guidance.

Life and Health Insurance Specific Priority: “Enhance Market Conduct Oversight to Protect Consumers”

- With respect to the life and health insurance sector-specific “Enhance Market Conduct Oversight to Protect Consumers” priority, we note that CAFII members have made significant investments in systems, processes, oversight, monitoring, employee training, and controls to achieve consumer protection expectations.

CAFII Supports FSRA Playing an Enhanced Leadership Role By Becoming Active Within the International Association of Insurance Supervisors (IAIS)

- Turning now to a priority area we have expressed support for in the past, but which is not addressed in FSRA's FY 2021-22 priorities, we continue to believe that a commitment to active participation in international organizations is important to FSRA's overall strength, in particular the International Association of Insurance Supervisors (IAIS).
- We recognize that international travel is currently restricted due to COVID-19. But that will not always be the case and we believe that it is important for FSRA, as the financial services regulator of Canada's most populous province and the economic engine of the country, to play a prominent role within the IAIS.

FSRA Proposed 2021-2022 Budget

- With respect to the FSRA's proposed 2021-2022 Budget, we note that there is a significant increase in the provision for the life and health insurance sector, which gives rise to an expectation of increased fees for the sector, reflecting "increased conduct supervision."
- The COVID 19-dominated 2020 year has been a very challenging one for the life and health insurance sector, and the industry has made considerable efforts to respond to shifting and heightened consumer needs and expectations in these difficult times. The industry has experienced increased claims levels, and faces considerable financial challenges. We encourage FSRA to keep those factors in mind when considering fee increases and increased conduct supervision for the life and health insurance sector.

Thank You for the Opportunity to Comment on FSRA's 2021-2022 Priorities and Budget

THANK YOU

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 4di

Travel Medical Insurance Experts—Reactivation of CCIR Travel Insurance Working Group (TIWG) and Consultation With Industry Around Reforms Needed To Trip Cancellation Component of Travel Insurance; and Tweaks To Travel Insurance Data Gathered Via CCIR's 2022 Annual Statement on Market Conduct

Purpose of this Agenda Item – *Update*

Update only.

Background Information

CAFII is actively engaged in the effort by the CCIR to add additional travel insurance questions to the 2022 Annual Statement on Market Conduct.

Recommendation / Direction Sought -- *Update*

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 4ei

Networking & Events—Plans For CAFII Webinars in Q1 and Q2 of 2021

Purpose of this Agenda Item -- *Update*

Update only.

Background Information

CAFII successfully held three well-attended webinar panels with regulators and policy-makers in 2020. We are planning on holding a further series of webinars in 2021.

Recommendation / Direction Sought – *Update Only*

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 5a

Launch of Working Group To Upgrade Data Collected and Report Produced By CAFII Quarterly CPI Benchmarking Study with RSM Canada

Purpose of this Agenda Item – *Update*

Update only.

Background Information

When CAFII was asked to relaunch the former CBA quarterly CPI benchmarking study, there was discussion around at some point developing a Working Group that RSM Canada would participate in with CAFII members, to improve the data quality and comparability of the study.

The direction from the Board was to get the report going just as before, and only create this Working Group when the study was back on track. There was no specific timeline and, of course, since the report was launched the COVID pandemic has occurred. At the 1 December, 2020 Board meeting, the Board provided direction that the timing was now right to launch the Working Group.

CAFII Board members have been invited to nominate participants for the Working Group. The characteristics of Working Group members as identified by RSM Canada are as follows:

Further to our discussion yesterday morning, below are some specific qualifications that could be utilized by your members in deciding who should take part in the Benchmarking Improvements Working Group. We have tried to identify areas of expertise which will allow us both to work through the changes as expeditiously as possible and ensure that the members get the most value out of the changes to the study:

- *An end-user of the current benchmarking report to help us identify beneficial improvements to the participants;*
- *Have a working knowledge of the data available and the various loan and insurance data systems that feed into the benchmarking reports; and*
- *Have sufficient decision-making authority over the benchmarking report contents so that the group can make reasonable implementations during these meetings with minimal back-and-forth after the fact.*

All participants have sent CAFII management an email confirming that they have read, understood, and will comply with the Stikeman Elliott guidelines on competition policy that the Working Group must follow. RSM Canada will be launching the next steps soon. The members of the Working Group are listed below.

**Members of the Working Group To Improve the Data Quality and Comparability Of
CAFII Quarterly CPI Benchmarking Study With RSM Canada**

<u>Institution</u>	<u>Participating Member</u>
BMO Insurance	Maeesha Patel Maeesha.Patel@bmo.com
National Bank Insurance	Martin Houde-Bergeron MARTIN.HOUDEBERGERON@BNC.CA
TD Insurance	Damian Kim damian.kim@td.com
RBC Insurance	Gunther Rathgeb gunther.rathgeb@rbc.com
ScotiaLife Financial	Ben King ben.king@scotiabank.com
CIBC Insurance	Ernest Weidner Ernest.weidner@cibc.com Ben Gray Ben.Gray@cibc.com
CUMIS Services Inc.	Pius Tang Pius.tang@cumis.com Michelle Costello michelle.costello@cumis.com
Valeyo	Sara Mazhar sara.mazhar@valeyo.com
Desjardins Insurance	Rita Ricci Rita.Ricci@dsf.ca Maxime Veilleux maxime.veilleux@dsf.ca
<u>STAFF RESOURCES</u>	
CAFII	Keith Martin keith.martin@cafii.com Brendan Wycks Brendan.wycks@cafii.com

Recommendation / Direction Sought -- Update

Update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFIL EOC Meeting 26 January 2021—Agenda Item 5b

EOC Intelligence/Information-Sharing Re Internal Work Being Done Or Planned Re FCAC's Development of "Appropriateness Guideline" for Financial Products and Services; and Next Steps in Board-Requested EOC Engagement on This Issue

Purpose of this Agenda Item

Discussion.

Background Information

At the 15 October, 2020 CAFIL Board meeting, the Board requested that CAFIL closely monitor the FCAC's work on the development of an "Appropriateness Guideline"; and in particular, **that the EOC members collect information about what work is being done on this file internally within their organizations, and share this with CAFIL's Co-Executive Directors.**

This item was discussed at the 17 November, 2020 EOC Meeting. While some limited information was shared with CAFIL's Co-Executive Directors, EOC members were still gathering information. There was a consensus at the meeting that CAFIL should not engage with FCAC on this matter right now, as further careful consideration and discussion was needed, including by the Board, as to the best course of action by CAFIL. There was a concern that we not give the FCAC the impression that we expect, or feel that it is necessary, for credit protection insurance to be subject to a future "Appropriateness Fuideline."

Recommendation / Direction Sought -- *Update*

EOC feedback on how best to gather information about what our members are doing on the FCAC Appropriateness Guideline is sought.

Attachments Included with this Agenda Item

1 attachment.

EOC Intelligence/Information-Sharing Re Internal Work Being Done Or Planned Re FCAC's Development of "Appropriateness Guideline" for Financial Products and Services; and Next Steps in Board-Requested EOC Engagement on This Issue

From: Keith Martin <Keith.Martin@cafii.com>
Sent: November-04-20 4:38 PM
To: EOC Members
Cc: Brendan Wycks <brendan.wycks@cafii.com>
Subject: Board Request for EOC Members To Find Out and Share What Their Organizations are Doing Internally on the Appropriateness Test

Dear EOC Member:

At the 15 October, 2020 Board meeting, the Board agreed on an Action Item calling for EOC members (especially those in banks) to gather internal company information on what their member organization was doing on the FCAC's Appropriateness Guideline; and sharing this with Brendan and me, preferably prior to the November 17/20 EOC meeting, so that we can compile the various inputs into an aggregated, anonymous summary document that we distribute prior to the 17 November EOC meeting, or failing that, during the November 17/20 EOC meeting.

A summary document outlining in more detail the status of this file is attached (*below*).

Many thanks,

--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

One-Pager on CAFII Board's Directive/Request To The Executive Operations Committee (EOC) on the FCAC's Looming Financial Consumer Protection Framework (FCPF)-Based Financial Products "Appropriateness Guideline"

- The CAFII Board has asked CAFII EOC members to find out what their own organization is doing on this file internally:
 - This includes finding out what different departments within the overall company (e.g. parent bank), which may be more advanced than the Insurance section of the parent bank on how to respond to an Appropriateness Guideline, have done thus far or intend to do on this file
 - This also includes seeing what work internal legal counsel within members' organizations has done thus far or intends to do on the Appropriateness Guideline
- This needs to be reported to the CAFII Co-Executive Directors who, if an EOC member(s) so desires, can present it in an anonymous, aggregated form at the 17 November/20 EOC Meeting
- There may be a need to launch an EOC Working Group on this issue (perhaps as a relaunched CCBPI Industry Best Practices Working Group, but with a special, add-on/sidebar mandate), but that would be contingent upon EOC members bringing to the table and sharing meaningful intelligence at the 17 November/20 EOC meeting, derived from their internal investigations

Excerpt From September 22/20 EOC Meeting Minutes

5.c. Briefing Documents Being Developed For CAFII Board and EOC Members On Federal Financial Consumer Protection Framework (Bill C-86) And Quebec Bills 64 and 53

K. Martin reported that CAFII management has been asked to produce a Briefing Document on the FCAC's intention to develop an "appropriateness test" for financial products, along with a separate Briefing Document on Quebec Bills 64 and 53.

M. Boyle recommended that as part of CAFII's efforts on the FCAC appropriateness test, that the Working Group on CPI Best Practices be resuscitated, with the appropriateness test added to the mandate of the Working Group. It was also noted that CAFII will reach out to the CBA to find out what work it has done on this file.

[Action Item: resuscitate the Working Group on CPI Best Practices and add the FCAC appropriateness test to its mandate; K. Martin, 31 October, 2020.]

Excerpt From October 15/20 CAFII Board Meeting Minutes

Briefing Document on Federal Bill C-86, including Financial Consumer Protection Framework (FCPF); and Related Development of "Appropriateness Guideline"

- B. Wycks and K. Martin summarized the briefing note developed for Board members on Bill C-86, including what we have learned around an appropriateness guideline that the FCAC is preparing. There was discussion about how to proceed, with a desire to get information from the CBA on what it was planning to do. It was also recommended that

the EOC should look at this issue and offer its recommendations on how best to proceed.

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[Action Item: Get EOC engaged in the issue of an FCAC Appropriateness Guideline, B. Wycks/K. Martin, 1 December 2020.]

Excerpt From October 29/20 CAFII EOC Meeting Minutes

5b. CAFII Board Directive/Request For Ongoing EOC Engagement in Monitoring FCAC's Development Of "Appropriateness Guideline" and Related Sharing of Members' Insights

K. Martin summarized the desire of the Board that the CAFII EOC gather information on what their member organizations were doing around the FCAC's looming Appropriateness Guideline, and share this with the CAFII Co-Executive Directors, who, if an EOC member(s) so desires, could present the information in an anonymous, aggregated summary. The EOC should play a leadership role on this issue, and findings should be reported back to the Board. The Board also asked the EOC to find out what work the CBA was doing on this and share this with the Co-Executive Directors.

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 5c

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

Purpose of this Agenda Item – *Update*

Update.

Background Information

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

Recommendation / Direction Sought -- *Update*

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 5d Launch of Saskatchewan RIA Advisory Committee

Purpose of this Agenda Item – Update

Update.

Background Information

On December 10/20, on behalf of CLHIA and CAFII, Brent Mizzen of CLHIA submitted a joint letter to Ron Fullan and April Stadnek of the Insurance Councils of Saskatchewan (ICS) on *Nominees for Appointment To The Founding/Inaugural Saskatchewan Restricted Insurance Agent (RIA) Advisory Committee*.

On January 19/21, Ron Fullan of ICS responded favourably that ICS would be moving forward to launch the RIA Advisory Committee in early 2021 with all seven (7) industry nominees being appointed as its founding members. Three of the seven appointees are CAFII nominees and four of the seven appointees are CLHIA nominees; however, three of the four CLHIA nominees are also actively involved in CAFII.

Recommendation / Direction Sought -- Update

This is an update only.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 6a

Preparation For Dedicated/Special Purpose 11 February 2021 CAFII Board Meeting To Review and Update CAFII Strategic Plan, Including Development of a Pre-Read Document

Purpose of this Agenda Item

Update/discussion.

Background Information

CAFII's Board adopted a Three-to-Five-Year Strategic Plan for the Association in February 2018. With the passage of time, the Board has requested an opportunity to review the plan and see if updates or changes to it are required. There will be a one-hour special purpose Board meeting on 11 February, 2020 to engage in this review. The approach to the meeting will be discussed at this EOC meeting, with the EOC invited to provide feedback.

Recommendation / Direction Sought – *Update/Discussion*

The EOC is being asked to provide its feedback on the proposed approach to the Board meeting to discuss updates to the Strategic Plan.

Attachments Included with this Agenda Item

No attachments.

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 6b

Board Admission Of A New CAFII Member And Appointment of A New CAFII Director in Early 2021

Purpose of this Agenda Item

Update.

Background Information

CAFII has Canadian Premier Life (CPL) as a member, but for the past several years, the Board member representing that organization has been Nicole Benson from CPL's subsidiary company Valeyo. Because both Canadian Premier Life and Valeyo wish to be CAFII members with each having their own Board member, Valeyo will be joining CAFII and Rob Robinson from Canadian Premier Life will become the Board member from CPL.

A formal Written Resolution will be sent via email to the 13 existing CAFII Directors, for them to vote on and approve these changes. As per CAFII's Bylaw, a Written Resolution requires participation by all Directors and unanimous approval in order to pass. As a result of this change, CAFII will then have 14 members and a new, lower-tier dues paying member.

Recommendation / Direction Sought – *Update/Discussion*

Update.

Attachments Included with this Agenda Item

1 attachment.

Briefing Note

**CAFII EOC Meeting 26 January 2021—Agenda Item 6c
Draft Minutes of November 17/20 EOC Meeting**

Purpose of this Agenda Item

Approval.

Background Information

The EOC is being asked to approve the 17 November, 2020 EOC meeting minutes.

Recommendation / Direction Sought – *Approval*

Approval.

Attachments Included with this Agenda Item

1 attachment.

CAFII Executive Operations Committee Teleconference-Only Meeting

Tuesday, November 17, 2020, 2-4pm

Minutes

EOC Present: Martin Boyle, BMO Insurance
Anuraj Bains, CIBC Insurance
Dana Easthope, Canadian Premier Life
John Lewsen, BMO Insurance (for part)
Michelle Costello, CUMIS Services Inc.
Sharon Apt, Canada Life Assurance
Emily Brown, Sun Life
Pete Thorn, TD Insurance
Marie Nadeau, National Bank Insurance
Diane Quigley, CUMIS Services Inc.
Tony Pergola, ScotiaLife Financial, Treasurer
Shawna Sykes, CUMIS/The Co-Operators
Brad Kuiper, ScotiaLife Financial
Charles Blaquiere, Valeyo
Andrea Stuska, TD Insurance
Penelope Cordogiannis, RBC Insurance
Anita Mukherjee, RBC Insurance
Casandra Litniansky, CUMIS Services Inc.
Kamana Tripathi, TD Insurance
Karyn Kasperski, RBC Insurance
Scott Kirby, TD Insurance
Dallas Ewen, Canada Life Assurance
Moirra Gill, TD Insurance
Rob Dobbins, Assurant

Also Present: Brendan Wycks, *Co-Executive Director*
Keith Martin, *Co-Executive Director*
Albert Lin, CAFII/Managing Matters

1. Welcome, Call to Order, and Priority Matters

1.a. Call to Order

CAFII Co-Executive Director B. Wycks moderated the meeting, and called the meeting to order at 2:02 p.m.

(Partway through the meeting, J. Lewsen (BMO Insurance) joined the call, and Mr. Wycks noted that CAFII had recently learned that Mr. Lewsen would be retiring at the end of November 2020 and this would therefore be the last EOC meeting he would attend. Mr. Wycks noted that Mr. Lewsen was the EOC's longest serving member, that he had been a past-EOC Chair, and had made numerous important contributions to the Association. Mr. Lewsen made comments about his enjoying his roles within CAFII, and EOC members thanked

him for his strong leadership contributions to the Association over many years, congratulated him on his imminent retirement, and wished him all the best for the future.)

1.b. EOC Chair Succession

B. Wycks noted that CAFII was currently in discussions with a well-qualified candidate to succeed M. Boyle in the Board Secretary and EOC Chair role, and an update on this should be available soon.

2. Consent Items

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

- Consultations/Submissions Timetable
- Regulatory Update
- Regulator and Policy-Maker Visit Plan
- Summary of Board and EOC Action Items
- CAFII Response Submission on FSRA's Fiscal Year 2021-22 Proposed Statement of Priorities and Budget

3. Financial Management Matters

3.a. CAFII Financial Statements as at October 31/20

Treasurer T. Pergola reported that CAFII's financial position was strong, with October revenue of \$73,000, expenses of \$45,000, and a monthly surplus of \$28,000. Year to date revenue was \$737,000, expenses were \$588K, resulting in a year-to-date surplus of \$149,000, resulting mainly from lower spending due to COVID-19 in-person restrictions.

3.b. Forecast For CAFII 2020 Fiscal Year as at October 31/20

Treasurer T. Pergola reported that CAFII was now forecasting 2020 year-end revenue of \$885,000, expenses of \$774,000, resulting in a \$111,000 fiscal year surplus, and financial reserves of 44% of annual operating expenses as at December 31, 2020.

3.c. Draft 2 of CAFII 2021 Operating Budget

Treasurer T. Pergola advised that CAFII was proposing two scenarios for consideration for the 2021 Operating Budget: one with no in-person events occurring during the year, and the other with limited in-person events happening in 2021. The EOC approved recommending to the Board the scenario with no in-person events, but also to include a \$50,000 contingency so that if in-person events are permitted again in the latter stages of the year, that would be provided for in the budget.

4. Committee Updates

4.a. Research & Education

4.a.i. CAFII 2020 Consumer Research Project With Pollara Strategic Insights: Progress Report

A. Stuska, Chair of the Research & Education Committee, provided an update of the current CAFII consumer research project with Pollara Strategic Insights, noting that several one-hour meetings had recently been held between the R&E Committee and Pollara's L. Martin to review the draft survey questionnaire in detail. The intention was to prolong the shelf life of the research by only going to field in early 2021, so it can be viewed as 2021 research as opposed to 2020 research. When the questionnaire is complete, the EOC will be sent a copy with an opportunity for feedback.

[Action Item: Send penultimate draft of the Pollara consumer research questionnaire on CPI and digitization to EOC members, with a request for high level feedback; K. Martin, January 31/21.]

4.b. Media Advocacy

4.b.i. CAFII Motion Graphic Website Video On Credit Protection Critical Illness Insurance and Disability Insurance

C. Blaquiere, Chair of the Media Advocacy Committee, advised that CAFII had approved the script for the video on credit protection critical illness insurance and disability insurance, and was now working with Operatic Agency on the visuals.

4.b.ii. Distribution to Insurance Regulators and Policy-Makers of Announcement Re Fair Treatment of Customers Enhancement to CAFII Website: New Claims Facilitation Section

K. Martin reported that CAFII had sent an announcement about the new claims facilitation section on the CAFII website to over 200 insurance regulators and policy-makers across Canada.

4.c. Market Conduct & Licensing

4.c.i. Imminent AMF Consultations on Updated Sound Commercial Practices Guideline and Draft Regulation Respecting Complaint Processing

B. Kuiper, Chair of the Market Conduct & Licensing Committee, reported that CAFII was waiting for the AMF to release its formal consultation documents on updates to its Sound Commercial Practices Guideline and a new Draft Regulation Respecting Complaint Processing. CAFII will make submissions in response to both of those consultations, he advised.

4.c.ii David Weir, FCNB Request For Follow-Up CAFII Response Submission On New/Further New Brunswick Insurance Act Rewrite Questions

B. Wycks advised that David Weir of the FCNB has asked CAFII and CLHIA for further input on the New Brunswick Insurance Act rewrite. CAFII will be submitting a joint response with CLHIA to

Mr. Weir's follow-up questions about how best to update his province's Insurance Act to deal with issues related to the payment of insurance monies to a minor where a trustee has not been named.

4.c.iii. Possible CAFII Direct Follow-Up With AMF Re CAFII's July 7/20 "Creative Solutions" Submission on Degree to Which Industry Can Meet AMF's Requirements Around RADM's Application to Credit Card-Embedded Insurance Benefits

K. Martin asked EOC members for guidance on what next steps, if any, CAFII should take given the lack of any response from the AMF to the Association's 7 July, 2020 "creative solutions" submission on how the industry can respond to the AMF's expectations related to its Regulation respecting Alternative Distribution Methods' (RADM) applicability to credit card-embedded insurance benefits.

The EOC strongly expressed the view that in the absence of specific feedback from the AMF, CAFII members should not be expected to conform to the view that credit card-embedded insurance benefits are covered by the RADM; and further, that CAFII should not reach out to the AMF for a response, but rather should do nothing.

4.d. Travel Medical Insurance Experts

B. Wycks reported that H. James, Chair of CCIR's Travel Insurance Working Group (TIWG), and his regulator colleagues are intending to add further travel health insurance questions to the Year 6 (2022) Annual Statement on Market Conduct (ASMC). There is concern that while the industry was being expected to respond to such questions on the ASMC on a "best efforts" basis, many of the current and new data points being requested by the regulators are not tracked by the industry.

Mr. Wycks also reported that the Government of Ontario had ultimately decided not to appeal the recent ruling by an Ontario court invalidating the government's decision to terminate its Out-of-Country travel health program, which provides coverage for Ontarians making travel health claims for out-of-country medical issues, effective January 1, 2020.

4.e. Networking & Events

K. Martin noted that CAFII's three regulatory webinars held in the summer of 2020 had been quite successful, and he asked for input on whether such webinars should be continued in 2021. EOC members expressed strong support for continuation of a CAFII webinars program in 2021.

5. Recent and Upcoming Strategic and Regulatory Initiatives

5.a. EOC Intelligence/Information-Sharing Re Internal Work Being Done Or Planned Re FCAC's Development Of "Appropriateness Guideline" for Financial Products and Services; and Next Steps in Board-Requested EOC Engagement on This Issue

K. Martin reminded EOC members that the CAFII Board had asked for internal work efforts within member institutions to be shared with CAFII's Co-Executive Directors, for the purposes of information-gathering and intelligence-sharing. He also noted that at the 1 December, 2020 Board meeting, there would be discussion on whether CAFII should reach out to the FCAC on the

appropriateness guideline and communicate why it was CAFII's view that it should not apply to credit protection insurance.

EOC members strongly felt that it was premature to reach out to the FCAC on the appropriateness guideline at this time, and that the Association should instead take a "do nothing" approach on this matter for the time being.

5.b. Impact Of COVID-19 On CAFII Members, Credit Protection Insurance and Travel Insurance

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

B. Wycks reported that CAFII continues to have regular weekly meetings with CLHIA and THIA on COVID-19 and its impact on the travel insurance industry. He noted CAFII had recently had a get-acquainted meeting with Global Affairs Canada on COVID-19 and its impact on the travel insurance industry; and that the Canada-US border was likely to remain closed for the foreseeable future.

6. Governance Matters

6.a. Preparation For Dedicated/Special Purpose Early 2021 CAFII Board Meeting To Review and Update CAFII Strategic Plan, Including Development of a Pre-Read Document

B. Wycks reported that CAFII's Board had indicated an interest in a special-purpose Board meeting to review and potentially update CAFII's Three-to-Five-Year Strategic Plan, which had been approved by the Board in February 2018. CAFII would be reaching out to Board members to finalize a time and date for the meeting, likely for late January or early February 2021. There will be a pre-read package distributed to the EOC and Board prior to this meeting.

[Action Item: Distribute an update to the CAFII strategic plan pre-read document to Board and EOC members, several weeks prior to the Board's special purpose meeting in early 2021; K. Martin, January 31/21.]

6.b. CAFII Marketing/Outreach Plan For Attracting New Associates For 2021

K. Martin advised that there are several professional services suppliers to and related business partners of CAFII, including law firms that we have done business with, such as Stikeman Elliott and Norton Rose, which CAFII will shortly be reaching out to with a pitch for them to become a CAFII Associate in 2021. CAFII is in the process of preparing these pitches and will send them out to potential new Associates and recently lapsed Associates soon.

6.c. Draft Minutes of October 29/20 EOC Teleconference Meeting

The draft minutes of the October 29, 2020 EOC teleconference meeting were approved.

8. Other Business

There being no other business, the EOC meeting was terminated at 3:45 p.m.

Briefing Note

**CAFII EOC Meeting 26 January 2021—Agenda Item 6d
Draft Minutes of December 1/20 Board Meeting**

Purpose of this Agenda Item

Approval.

Background Information

The EOC is being asked to approve the 1 December 2020 Board meeting minutes.

Recommendation / Direction Sought – *Approval*

Approval.

Attachments Included with this Agenda Item

1 attachment.

BOARD TELECONFERENCE MEETING
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE
Tuesday, December 1, 2020
MINUTES

Board Present:	Chris Lobbezoo	RBC Insurance, <i>Chair</i>
	Nicole Benson	Valeyo (Canadian Premier Life Insurance)
	Paul Cosgrove	Assurant Canada
	Janice Farrell-Jones	TD Insurance
	Zack Fuerstenberg	ScotiaLife Financial
	Andre Langlois	Desjardins Insurance
	Peter McCarthy	BMO Insurance
	Mica Sweet	CIBC Insurance
	Wally Thompson	Manulife Financial
	Peter Thompson	National Bank Insurance
	Kelly Tryon	CUMIS/The Co-operators
	Louie Georgakis	The Canada Life Assurance Company
Regrets:	Sophie Ouellet	Sun Life
Also Present:	Martin Boyle	BMO Insurance, <i>Board Secretary and EOC Chair</i>
	Tony Pergola	ScotiaLife Financial, <i>Treasurer</i>
	Keith Martin	CAFII Co-Executive Director
	Brendan Wycks	CAFII Co-Executive Director
	Albert Lin	Recording Secretary (Managing Matters)

1. Call to Order and Meeting Confirmation

C. Lobbezoo welcomed all to present to this meeting of the CAFII Board of Directors, which was being held virtually for the first time ever on the Microsoft Teams platform, and called the meeting to order at 2:02 p.m. Albert Lin acted as Recording Secretary.

M. Boyle, 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 virtually on Microsoft Teams platform.

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.

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1.a Approval of Agenda

- C. Lobbezoo noted that the agenda for this meeting included, as had the agenda for the previous 15 October, 2020 Board meeting, a "Read Only" section which members were expected to have reviewed, but which would not require discussion during the meeting. Combined with the "Consent Items" section, the designation of certain documents as

“Read Only” would allow the meeting to focus largely on items that required Board discussion or decision-making.

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

2. Consent Items

C. Lobbezoo noted that documents had been provided for each of the following nine (9) Consent Agenda items; and it was presumed that Directors had reviewed them in advance of this meeting:

-
- Draft Board Meeting Minutes, October 15, 2020
- Summary of Board and EOC Action Items
- Regulatory Update
- Consultations/Submissions Timetable
- Regulator and Policy-Maker Visit Plan
- Committee Reports Addressing CAFII Priorities
- CAFII Submission To FCNB On Informal Consultation on Contemplated Changes to Life Insurance and Accident & Sickness Insurance Parts of New Brunswick Insurance Act
- CAFII Submission on FSRA’s 2021-22 Proposed Statement of Priorities and Budget
- Board-Approved CAFII 2021 Schedule of 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.

And further, IT WAS RESOLVED that the minutes of the CAFII Board of Directors meeting held October 15, 2020 be and are adopted in the form presented, and that a copy of these minutes be signed and placed in the minute book of the Corporation.

3. Governance Matters

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3.a. Amendment of CAFII Bylaw to Remove Stipulation That Board Secretary / EOC Chair Must Come From A Foundation Member

C. Lobbezoo advised that the first of three agenda items in this section was a prerequisite item, being a recommendation that the Board pass a resolution to amend the Association’s Bylaw provision found in *clause 7.2(d)* such that the stipulation that any person whom the Board wishes to appoint into the CAFII Officer role of Board Secretary and Executive Operations Committee Chair must come from a “Foundation Member,” that is one of the founding Big 6 Bank insurance distributor members.

The removal of the words *“The Secretary must be appointed from a Foundation Member organization and . . .”* was necessary to allow the Board to appoint a candidate from a Regular Member of the Association into the Board Secretary and EOC Chair position; and that change was recommended for Board approval, Mr. Lobbezoo advised.

Mr. Lobbezoo noted that it was the view of the Association’s Co-Executive Directors and of Board Vice-Chair Peter Thompson and himself that while there was obviously good reason for the inclusion of those words in CAFII’s original Bylaw at the time of the Association’s establishment in 1997, the exclusivity that they created with respect to the role of Board Secretary and EOC Chair was somewhat anachronistic today, given the current membership of the Association – with Foundation Members now being in the minority – and given the Association’s current governance approach and practices.

Mr. Lobbezoo noted that this Bylaw amendment was necessary to allow the Board to appoint a highly recommended candidate, Rob Dobbins of Assurant Canada, as the Association’s new Board Secretary and EOC Chair under the ensuing agenda item.

Mr. Lobbezoo further noted that, in keeping with clause 13.1 *Bylaws, Amendment or Repeal* of the CAFII Bylaw,

the Directors may, by resolution, make, amend or repeal any by-law that regulates the activities or affairs of the Corporation. Subject to the Act (i.e. the Canada Non-Profit Corporations Act) and the articles, any such by-law, amendment or repeal shall be effective from the date of the resolution of directors until the next meeting of members (i.e. our Annual General Meeting in June, or a Special General Meeting that could be held before then) where it may be confirmed, rejected or amended by the Foundation Members by special resolution.

With that as background, Mr. Lobbezoo requested a Mover and a Seconder for a Board Resolution which would strike out and remove the words *“The Secretary must be appointed from a Foundation Member organization and . . .”* from clause 7.2(d) of the CAFII Bylaw, such that the sentence in question would instead read as follows: *“The Secretary will also serve as the chair of the Executive Operations Committee.”*

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that clause 13.1 of CAFII’s Bylaw be amended to read: *“The Secretary will also serve as the chair of the Executive Operations Committee.”*

3.b. Appointment of New Board Secretary/EOC Chair

C. Lobbezoo advised that the Association’s Co-Executive Directors, Board Vice-Chair P. Thompson, and he were recommending the appointment of a new Board Secretary and EOC Chair to succeed Martin Boyle, who had advised the Association earlier this Fall that he would be stepping down after two years of service in that Officer role. Mr. Lobbezoo made note of Mr. Boyle’s excellent contribution as EOC Chair and Board Secretary and thanked him for his service.

A capsule biography of a well-qualified candidate for appointment as Board Secretary and EOC Chair – Rob Dobbins of Assurant Canada – had been included in the materials for this meeting. Mr. Lobbezoo noted that in addition to his impressive career background, Mr. Dobbins was also an experienced EOC member who had been a strong contributor to its deliberations over the past three years.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that Rob Dobbins be appointed as CAFII’s Board Secretary and Executive Operations Committee Chair, effective 1 December, 2020 until the Association’s next Annual Meeting of Members in June 2021.

3.c. Proposed CAFII Policy On Executive Staff Annual Performance Review; and Resulting Consideration For Compensation Adjustment

M. Boyle, CAFII’s outgoing Board Secretary and EOC Chair, presented for Board approval a CAFII human resources-related policy which he had documented, in consultation with the Co-Executive Directors.

Mr. Boyle advised that the *Proposed CAFII Policy On Executive Staff Annual Performance Review; and Resulting Consideration For Compensation Adjustment* codified the process by which an annual performance review and compensation adjustment for the Association’s Co-Executive Directors was to be made, with an emphasis on obtaining input from EOC and Board members on the Executive Staff’s performance through an annual survey, as well as a self-evaluative accomplishments document to be produced by each member of the Executive staff. The proposed policy also outlined an appeal process should an Executive Staff member take issue with the findings of the annual review or compensation adjustment recommendation.

On a motion duly made, seconded and unanimously carried

IT WAS RESOLVED that the *Proposed CAFII Policy On Executive Staff Annual Performance Review; and Resulting Consideration For Compensation Adjustment* be formally approved and adopted as a CAFII Policy.

4. Financial Management Matters

4.a. CAFII Financial Statements as at October 31/20

Treasurer T. Pergola provided an overview of the financial statements as at 31 October, 2020, noting that the Association’s year-to-date financial results reflected slightly lower than budgeted revenue due to the fact that two anticipated new Associates had not joined CAFII, and three existing Associates had also chosen not to renew for 2020. Offsetting the reduced revenue, however, CAFII’s 2020 expenses were much lower than budgeted due to restricted activities as a result of the COVID-19 pandemic.

-
- *On a motion duly made, seconded and unanimously carried*
-
- **IT WAS RESOLVED** that CAFII Financial Statements as at October 31, 2020 be and are approved in the form presented.
-

4.b. Forecast for CAFII 2020 Fiscal Year as at October 31/20

-
- Treasurer T. Pergola reported that as at October 31, 2020, CAFII's forecasted 2020 year-end revenues were \$885,000, and the anticipated year-end expenses were \$774,000, leading to a forecasted surplus of revenues over expenses of \$111,000, which is a favourable variance to budget of \$86,000 and will lead to 2020 year-end financial reserves of 44% of annual operating expenses. Mr. Pergola noted that he did not feel that CAFII's having reserves of 44% of annual operating expenses would cause the Association any concerns with Canada Revenue Agency, as it was a one-year surplus and also not unreasonably large.

• **4.c. Proposed CAFII 2021 Operating Budget**

C. Lobbezoo thanked CAFII Treasurer T. Pergola for working closely with the Association's Co-Executive Directors and Controller to develop a Proposed CAFII 2021 Operating Budget, noting the complexity of developing a budget in the context of an unresolved pandemic.

In presenting the proposed CAFII 2021 Operating Budget for the Board's consideration, T. Pergola noted that the recommendation to the Board was that line items for travel and in-person meetings be reduced to \$0 in 2021, but that as a prudent measure the budget include a \$50,000 contingency fund which could be tapped in the event that in the latter part of 2021, there is some resumption of travel and in-person events.

Mr. Pergola also highlighted the fact that the budget included a 2% contractual increase in the fees payable to Managing Matters, CAFII's Association management services provider; and a 2.5% compensation increase for the Association's two Co-Executive Directors.

-
- *On a motion duly made, seconded and unanimously carried*
-
- **IT WAS RESOLVED** that CAFII's Proposed 2021 Operating Budget be approved and adopted as presented.
-

5. Strategic and Regulatory Matters

5.a. Distribution to Insurance Regulators and Policy-Makers of Announcement Re Fair Treatment of Customers Enhancement to CAFII Website: New Claims Facilitation Section

K. Martin reported that in early November 2020, CAFII sent an announcement about the recently implemented enhancement to the CAFII website – the inclusion of a new "How to Make a Claim" section which provides links to the claims sections on the Association's members' websites – to over 200 insurance regulators and policy-makers across Canada.

The new website page will be permanently displayed in a CAFII tab under “Tools and Resources.” This will provide easy access to our members’ claims sections for consumers seeking claims information, and it demonstrates the transparency and openness of our members to regulators and to the public. Several regulators had commented positively on the CAFII announcement, and C. Lobbezoo said that he felt this was an important achievement for the Association.

5.b. EOC Engagement and Information-Sharing Around FCAC’s Development Of “Appropriateness Guideline” For Financial Products and Services

K. Martin reported that at the 15 October, 2020 Board meeting, the Board had requested that CAFII closely monitor the FCAC’s work on the development of an “Appropriateness Guideline”; and, in particular, that the EOC members collect information about what work is being done on this file internally within their own member organizations, and share that information with CAFII’s Co-Executive Directors.

This item was discussed at the 17 November, 2020 EOC Meeting. While some limited information was shared with CAFII’s Co-Executive Directors, EOC members were still gathering the requested information. There was a consensus at the meeting, however, that CAFII should not engage with FCAC on this matter right now, and more careful consideration and discussion was needed, including by the Board, as to the best course of action by CAFII. There was a concern that the Association should not give the FCAC the impression that we expect, or feel that it is necessary, for credit protection insurance to be subject to a future “Appropriateness Guideline.”

- Following Mr. Martin’s context-setting introduction to this matter, a thorough Board discussion ensued about whether or not to engage with the FCAC on it at this time, with most Board members of the view that it was too early to do so, and that the FCAC would be fully engaged with Canada’s banks before they would have the capacity to explore whether credit protection insurance should fall under an Appropriateness Guideline.
-
- It was noted, however, that approximately six to eight months hence, the FCAC was expected to issue an initial consultation document on the Appropriateness Guideline, and that it might be advisable to pre-empt any notion in that document that credit protection insurance should fall under the auspices of an Appropriateness Guideline.
-
- As a prudent preparatory step, the Board agreed that CAFII management should produce an initial set of industry views and arguments as to why credit protection insurance should not be subject to an Appropriateness Guideline, for review by the Board in 2021.
-

5.c. Insights Gained From November 25/20 Sectoral Advisory Committee (SAC) For Life and Health Insurance Virtual Meeting With FSRA Board

- K. Martin reported that as CAFII’s representative, he had made several direct speaking interventions during the 25 November, 2020 Sectoral Advisory Committee for Life and Health Insurance virtual meeting with the FSRA Board on FSRA’s 2021-2022 Statement of Priorities and Budget. In particular, he noted that he had highlighted CAFII’s view that

FSRA should play an enhanced role with the International Association of Insurance Supervisors (IAIS). On that point, FSRA Board Chair Bryan Davies had responded that FSRA had applied for membership in the IAIS, and its application had been accepted.

K. Martin also noted that Erica Hiemstra, who worked for 21 years at CLHIA, most recently as Assistant Vice-President, Distribution, and who was a key CLHIA liaison with CAFII; and who had joined Sun Life in July 2019 as Director, Regulatory Initiatives had quite recently left Sun Life to join FSRA's executive staff, effective Monday, November 16/20, as Director, Insurance within Huston Loke's Market Conduct Division. Ms. Hiemstra had managed credit protection insurance files for CLHIA, and has intimate knowledge of credit protection insurance products and regulatory concerns and preoccupations around these products.

5.d. CAFII Quarterly CPI Benchmarking Study With RSM Canada: Time To Launch CAFII Working Group To Upgrade Data Collected And Resulting Report?

- K. Martin provided background on the CAFII CPI Benchmarking Study with RSM Canada, noting that the Board had initially wanted the report relaunched in the same way it was designed when the CBA produced it, but that at some point a Working Group could be struck to work with RSM Canada at improving the data quality and comparability of the study.
- Mr. Martin posed the question, for the Board's consideration, as to whether this was the right time to move forward with such a Working Group. Board member Janice Farrell-Jones expressed the view that this was indeed the right time, and feedback from other Board members was strongly aligned with her perspective.
- K. Martin advised that he would therefore soon send an email to Board members, copied to EOC members, inviting nominees from the nine CAFII members participating in the study to join the Working Group, with an expected launch of its deliberations in early 2021.

5.e. Reactivation Of CCIR Travel Insurance Working Group (TIWG) and Consultation With Industry Around Reforms Needed to Trip Cancellation Component of Travel Insurance; and Tweaks to Travel Insurance Data Gathered Via Annual Statement on Market Conduct

A. Baig, Chair of the CAFII Travel Medical Insurance Experts Working Group, provided an update on developments emanating from CCIR's Travel Insurance Working Group (TIWG), chaired by Harry James of BCFSA, whose activities had been put on hold due to COVID-19 earlier in 2020, but which would now be reactivated.

The TIWG wanted the insurance industry to provide a variety of travel health insurance-related data, through the Annual Statement on Market Conduct, and was working with industry to agree on those data points. The first incidence of providing this data is expected for the Year 6/2022 Annual Statement on Market Conduct. Mr. Baig noted that some of the data that being requested of the industry was not currently collected by the industry, and, as such, the expectations of the TIWG may not be realistic.

5.f. Insights Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact of COVID-19 on Travel Insurance Industry

- B. Wycks reported that the three Associations, CLHIA, THIA, and CAFII, continue to meet weekly to discuss issues related to the COVID-19 pandemic's impact upon the travel insurance industry. On Tuesday, 9 December, 2020, CLHIA's Committee on Travel Insurance would be receiving presentations from Global Affairs Canada on various COVID-related issues including the Canada-US border closure, and the Committee would also be hearing from the Government of Ontario regarding the re-introduction of OHIP coverage for out of country travel health coverage claims. CAFII and THIA have been invited to participate in both of those presentations to the CLHIA Committee.

5.g. Timing Of Early 2021 CAFII Board Special Purpose Meeting Re Possible Updating of CAFII Strategic Plan

B. Wycks recalled that the Board had requested that a Special Purpose Board Meeting be scheduled to review the Three-to-Five-Year CAFII Strategic Plan, adopted by the Board in February 2018, to see if it needs updating. He advised that an availability poll would be sent to Board members shortly to ascertain the best date, with the last two weeks in January 2021 and the first two weeks in February 2021 being the period that CAFII is currently looking at for this session.

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 6e
CAFII Marketing/Outreach For Attracting New Associates

Purpose of this Agenda Item

Update.

Background Information

CAFII has identified key prospects to join the Association as new or returning (previously lapsed) Associates. A marketing effort has been launched and follow-up virtual meetings are being booked with prospects. This is an update on this initiative.

Recommendation / Direction Sought – *Update*

Update.

Attachments Included with this Agenda Item

1 attachment.

A customized version of the following “Special Invitation To Join As A ‘CAFII Associate’” was sent to the following prospects in mid-December, 2020:

New Associate Prospects (11)

Stikeman Elliott
Norton Rose Fulbright
Fasken
Deloitte Canada
RSA
Dog and Pony Studios
Allianz Global Assistance
Tugo
World Travel Protection Canada
AIG Canada
Optimum Reassurance

Lapsed Associate Prospects (11)

Munich Re
DGA Careers
Swiss Re
Operatic Agency (formerly RankHigher)
PwC
AXA Assistance Canada
CSI Brokers Inc.
Oliver Wyman
Eckler
The Benefits Alliance Group
DIRECTimi

From: Brendan Wycks

Sent: December-15-20 5:16 PM

To: sean.mcgurran@rsagroup.ca; sthom@johnson.ca; travis.macgiver@rsagroup.ca

Cc: Keith Martin <Keith.Martin@cafii.com>; Albert Lin <albert.lin@cafii.com>; Tara Moran <Tara.Moran@cafii.com>

Subject: Special Invitation To Join As A "CAFII Associate" In 2021: Significantly Enhanced Suite of Industry Intelligence/Insights and Networking/Business Development Benefits for Modest \$4,800 Annual Dues

Hello, Sean, Shane, and Travis.

As senior executives at a company/firm that is a key supplier of professional services to the Canadian Association of Financial Institutions in Insurance and/or our 13 CAFII Member companies -- which collectively comprise the vast majority of the credit protection insurance/bancassurance sector and a significant component of the travel health insurance sector in Canada – you may be aware that our Association has a Member-like category of affiliate/supporter called “CAFII Associate.”

Given your company’s status as an important supplier to and supporter of the credit protection insurance/travel insurance/bancassurance sector in Canada and your existing relationship with CAFII, the purpose of this outreach email is to invite RSA Canada to join CAFII as an Associate in 2021.

For modest annual dues of \$4,800, CAFII Associates gain access to a recently significantly enhanced range of benefits which focus on (i) industry intelligence and actionable insights; and (ii) networking and business development opportunities through exposure to and engagement with senior representatives from CAFII Members.

CAFII Associates now receive the following direct access benefits:

CAFII Alerts Weekly Digest

Insider information and industry intelligence delivered once a week

The CAFII Alerts Weekly Digest is a new insider information/industry intelligence benefit which was introduced for both Members and Associates in 2020. The Weekly Digest is a compilation of domestic and international news items relevant to the Canadian credit protection insurance/travel insurance/bancassurance sector. Each issue of the Digest features synopses of a wide range of CAFII sector-relevant articles; links to the full articles at the source publications; a thought-provoking Research/Technology/Thought Leadership appendix; and a helpful Table of Contents with embedded links to the synopsis articles in that week’s issue. Each week, the Digest is distributed directly to the designated contact at each Associate company, for distribution within the organization as the contact sees fit. We are pleased to attach three recent issues of the CAFII Alerts Weekly Digest, as samples of this information/intelligence/insights compilation which you can expect to receive each week as a CAFII Associate.

CAFII Monthly Regulatory Updates

The Regulatory Update is a deeper dive and more precisely focused intelligence piece, filled with insights about industry and regulatory developments

Produced monthly by the Association's Co-Executive Directors (except in July, August, and December) -- primarily for the CAFII Board of Directors and the Association's Executive Operations Committee, but with expanded distribution to CAFII Associates since early 2020 -- the Regulatory Update features information and insights about Canadian and international insurance policy-maker and regulator developments which are relevant to the credit protection insurance/travel insurance/bancassurance sector. We are pleased to attach three editions of the Regulatory Update that were produced in 2020, as samples of this insurance policy and regulation-focused intelligence and insights compendium which you can expect to receive nine months of the year as a CAFII Associate.

Annual Members and Associates Luncheon: Superb Profile-Raising, Networking and Business Development Opportunity

Annual in-person luncheon event with a leading industry guest speaker or panel of presenters

The CAFII Annual Members and Associates Luncheon is a major networking/relationship-building, business development, and education opportunity for CAFII Associates. Up to five of your company's representatives can attend the Annual Members and Associates Luncheon, at no charge (additional attendees beyond five may attend at a fee of CAFII's marginal-cost-only). The Annual Members and Associates Luncheon is an in-person event, held at a premiere downtown Toronto location, which features a prominent guest speaker or panel of presenters on a thought leadership topic of high relevance to the credit protection insurance/travel insurance/bancassurance sector in Canada. While our 2020 Annual Members and Associates Luncheon was converted to a virtual-only event due to COVID-19 restrictions, we are planning to hold the event in Q3 or Q4 in 2021, based on the optimistic expectation that widespread vaccination of the populace by that time will lead to a relaxation of public health guidelines on social distancing; permitted in-person gatherings of up to 250 people; and a return to a semblance of pre-pandemic normalcy. Should that not occur, our Annual Members and Associates Luncheon in 2021 will again be held virtually and there will be no limit on attendees from CAFII Associate companies.

CAFII Reception Events: Three Tailor-Made Profile-Raising, Networking and Business Development Opportunities Each Year

Opportunity to network with executives from CAFII Member companies, as well as insurance regulators, policy-makers, and allied industry Association representatives

CAFII's Receptions are in-person events typically held in April, June, and late November/early December each year, which are typically hosted by a Member company at its downtown Toronto corporate premises and usually feature a guest speaker who provides a short educational presentation of relevance to the CAFII Member and Associate audience. These recurring 2.5 hour, host bar Receptions (typically 5:00 to 7:30 p.m.) provide excellent networking and business development opportunities for CAFII Member and Associate representatives and other industry guests, which are enjoyed and eagerly anticipated by everyone in the CAFII

community.

CAFII stands ready to pivot back to holding in-person Reception events, as soon as vaccination program benefits take hold and public health guidelines allow for such. We are optimistic of being permitted to hold at least one in-person Reception event in 2021, likely in late November/early December, but are poised for an earlier re-introduction if a better-than-expected scenario emerges.

CAFII Webinars

Intelligence and insights via exclusive webinars with insurance regulator, policy-maker, and industry leader presenters

In this COVID-19-disrupted 2020 year, in which large in-person gatherings became impossible by mid-March, CAFII pivoted and organized a series of four highly rated educational webinars in June, July, August, and September, three of which featured panels of provincial/territorial insurance regulators and policy-makers from across Canada. Regardless of the timing of the relaxation of current social distancing guidelines and a return to a semblance of pre-pandemic normalcy, including permitted in-person events, we plan to continue with a program of periodic educational webinars on interesting, thought leadership-oriented topics. We plan to hold another four CAFII webinars over the course of 2021. There is no limit on the number of attendees from Associate companies at CAFII webinars.

With that as background, we cordially invite and encourage RSA Canada to join our Association and start to experience the significantly enhanced benefits of CAFII Associate status in 2021.

We strongly believe that your company will find, after a year's experience as a CAFII Associate, that the value of the benefits delivered far surpasses the \$4,800 price tag associated with this supporter/affiliate status (paid once per annum, in February each calendar/membership year); and that you'll want to renew year-after-year thereafter.

In that connection, we would like to offer to have a short virtual meeting with you (20 to 30 minutes over Zoom or MTeams at any mutually convenient date/time between now and the end of January 2021) to discuss this invitation and answer any questions you may have about CAFII Associate status. Please let us know if that would be of interest to you.

Brendan Wycks
Co-Executive Director, CAFII
CAFII

Keith Martin
Co-Executive Director,

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 6f

Application Review and Admission of RSA as a New Associate

Purpose of this Agenda Item

Approval.

Background Information

The EOC is being asked to approve RSA as a new CAFII Associate.

Recommendation / Direction Sought – *Approval*

Approval.

Attachments Included with this Agenda Item

1 attachment.

Briefing Note

CAFIL EOC Meeting 26 January 2021—Agenda Item 6g

Application Review and Admission of Dog and Pony Studios as a New Associate

Purpose of this Agenda Item

Approval.

Background Information

The EOC is being asked to approve Dog and Pony Studios as a new CAFIL Associate.

Recommendation / Direction Sought – *Approval*

Approval.

Attachments Included with this Agenda Item

1 attachment.

CAFII ASSOCIATE STATUS APPLICATION FORM: 2021

Organization Name: Dog and Pony Studios Inc.

Representative's Name and Title: Christopher Davies, CEO

Address: 1151 St. Clair Avenue West, Ground Floor

City: Toronto Province: ON Postal Code: M6E 1B2

Phone - Main: 833 DOG PONY Direct: 416 659 0676

Fax: NA Email: chris@dogandponystudios.com

Website: www.dogandponystudios.com

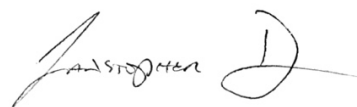
Parent Company (if applicable): NA

Description and Dues Amount:

I. Associates ☒ \$4,800

Organizations that are suppliers to and/or supporters of the financial institutions in insurance industry in Canada or otherwise support the Association's goals are eligible to apply for CAFII Associate status. Associates receive invitations to have up to five representatives attend CAFII's Annual Members' Luncheon and Reception events (typically three per year); and also receive periodic CAFII-produced industry information/intelligence communications. For 2021, Associates pay \$4,800 per annum in one instalment with the invoice to be issued on or about February 1/21.

Associate Status is valid from January 1 to December 31 each year.



Signature of Applicant:

Date: January 19, 2021

As a signing authority for my organization, I hereby acknowledge that as an applicant for Associate status in CAFII, my organization supports the Association's mission, objectives, and policy positions. For more information visit www.cafii.com.

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 6h

CAFII Recognition For Recently Retired EOC Member and Past-EOC Chair John Lewsen

Purpose of this Agenda Item

Update.

Background Information

John Lewsen, longest-serving EOC member and a past-EOC Chair, retired from BMO Insurance at the end of November 2020. This is an update to advise EOC members of how CAFII will be thanking and recognizing John for his contributions to the Association, and how they can participate in that by electronically signing a Happy Retirement e-card to John, which will be sent to him along with a gift card in early February.

Recommendation / Direction Sought – *Update*

Update only.

Attachments Included with this Agenda Item

1 attachment.

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 7a

CAFII Board December 1/20 Amendment Of CAFII Bylaw To Remove Stipulation That Board Secretary/EOC Chair Must Come From A Foundation Member

Purpose of this Agenda Item

Read only item.

Background Information

Prior to the 1 December, 2020 CAFII Board meeting, the Association's Bylaw stipulated that the Board Secretary/EOC Chair must come from a Foundation Member (the Big 6 Bank distributors of CPI). However, Rob Dobbins, who was identified as an excellent candidate to succeed Martin Boyle as Board Secretary/EOC Chair, works at Assurant Canada which is a Regular Member of the Association, not a Foundation Member.

At the 1 December, 2020 Board meeting, the Board passed a motion to amend the CAFII Bylaw to strike the provision that the Board Secretary/EOC Chair must come from a Foundation Member.

Recommendation / Direction Sought – *Read Only Item*

Read only item.

Attachments Included with this Agenda Item

1 attachment.

Agenda Item 7(a)
January 26/21 EOC Meeting

Amendment Of CAFII Bylaw To Remove Stipulation That Board Secretary/EOC Chair Must Come From A Foundation Member: Approved By CAFII Board At December 1/20 Meeting

From: Brendan Wycks

Sent: November-30-20 4:06 PM

Subject: Additional Agenda Item For December 1/20 CAFII Board Meeting Re Amendment Of CAFII Bylaw (new item 3(a)), and Slightly Revised Version of Document For What Now Becomes Agenda Item 3(c)

CAFII Board Members (c.c. EOC Members):

This message is being sent on behalf of CAFII Board Chair Chris Lobbezoo, Board Vice-Chair Peter Thompson, Co-Executive Director Keith Martin, and myself.

We have discovered that an amendment to clause 7.2(d) *Secretary* in CAFII's Bylaw is necessary to allow the Board to appoint a highly recommended candidate, Rob Dobbins of Assurant Canada, as the Association's new Board Secretary and EOC Chair at tomorrow's Board meeting. In addition to his impressive career background (see capsule biography included the Board's meeting materials), Rob is also an experienced EOC member who has been a strong contributor to its deliberations over the past three years.

In the CAFII Bylaw, clause 7.2(d) *Secretary* currently says, in its final sentence, "*The Secretary must be appointed from a Foundation Member organization and . . .*"

(Please find CAFII's Bylaw attached.)

Therefore, as per the revised December 1/20 CAFII Board agenda attached, a new item 3(a) *Amendment of CAFII Bylaw to Remove Stipulation That Board Secretary/EOC Chair Must Come From A Foundation Member* has been added, as a first and prerequisite item in the Governance section of the agenda.

(Also attached are a Briefing Note for new agenda item 3(a); and re-numbered/re-lettered Briefing Notes for the subsequent two items in Section 3 of the agenda.)

Under new agenda item 3(a), the Board is being asked to pass a resolution to amend Bylaw clause 7.2(d) such that the words stipulating that any person whom the Board wishes to appoint into the CAFII Officer role of Board Secretary and Executive Operations Committee Chair must come from a "Foundation Member," that is one of the founding Big 6 Bank insurance distributor members, be struck out and removed.

Keith Martin and I believe, and Chris Lobbezoo and Peter Thompson concur, that while there

was obviously good reason for the inclusion of those words in CAFII's original Bylaw back at the time of the Association's establishment in 1997, the exclusivity that they create with respect to the role of Board Secretary and EOC Chair is anachronistic today, given the current membership of our Association – with Foundation Members now being in the minority – and given our Association's current governance approach and practices.

In a related, relevant CAFII Bylaw provision, *clause 13.1 Bylaws, Amendment or Repeal* says this: *"the Directors may, by resolution, make, amend or repeal any by-law that regulates the activities or affairs of the Corporation. Subject to the Act (B. Wycks: i.e. the Canada Non-Profit Corporations Act) and the articles, any such by-law, amendment or repeal shall be effective from the date of the resolution of directors until the next meeting of members (B. Wycks: i.e. our Annual General Meeting in June, or a Special General Meeting that could be held before then) where it may be confirmed, rejected or amended by the Foundation Members by special resolution."*

With that as background, in tomorrow's Board meeting, Chair Chris Lobbezoo will be seeking a Mover and a Seconder for a Board Resolution which would strike out and remove the words *"The Secretary must be appointed from a Foundation Member organization and . . ."* from *clause 7.2(d)* of our CAFII Bylaw.

For absolute clarity, the amended *clause 7.2(d)* will then read as follows:

Secretary: The Secretary, or his or her delegate, shall give or cause to be given notice of all meetings of the board and of the members, have custody of the seal, minute books, registers and other corporate documents of the Corporation, cause to be kept a record of the minutes of all meetings of the board and its committees, attend to correspondence and shall have such other duties as may from time to time be assigned to him or her by the board. The Secretary ~~must be appointed from a Foundation Member organization and~~ will also serve as the chair of the Executive Operations Committee (EOC).

In that connection, also attached is a draft Written Resolution which can be used as the basis for a verbal Motion/Resolution in tomorrow's Board meeting.

P.S. In addition, attached is a slightly revised/updated November 30/20 version of the document for what is now agenda item 3(c) Proposed CAFII Policy On Executive Staff Annual Performance Review and Consideration For Compensation Adjustment, which is being circulated on behalf of Martin Boyle. While the updates/changes made to the November 24/20 version included in the Board meeting materials are of a minor, housekeeping nature only, the attached November 30/20 version supersedes the previous version and should be referenced for the Board's dealing with agenda item 3(c) in tomorrow's meeting.

Brendan Wycks, BA, MBA, CAE

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

Briefing Note

CAFIL EOC Meeting 26 January 2021—Agenda Item 7b

CAFIL Board's December 1/20 Appointment Of A New Board Secretary/EOC Chair

Purpose of this Agenda Item

Read only item.

Background Information

At the 1 December, 2020 Board meeting, the Board passed a motion to appoint Rob Dobbins as CAFIL's new Board Secretary/EOC Chair.

Recommendation / Direction Sought – *Read Only Item*

Read only item.

Attachments Included with this Agenda Item

1 attachment.

CAFII Board's December 1/20 Appointment Of A New Board Secretary and EOC Chair



Rob Dobbins, Senior Director Compliance, Assurant Canada

Rob joined Assurant in January 2017 as Senior Director, Compliance. He supports the business with key oversight responsibilities including: regulatory awareness and advisory services, management of regulatory compliance risk, and regulatory policies, procedures and training development. In March 2017, Rob became Chief Compliance Officer, Chief Anti-Money Laundering Officer and Privacy Officer of American Bankers Insurance Company of Florida and American Bankers Life Assurance Company of Florida. Rob is also a member of the Executive Operations Committee of the Canadian Association of Financial Institutions in Insurance.

Prior to joining Assurant, Rob was the Director, Investment Management Compliance at AGF Investments Inc. and the Assistant Vice-President, Compliance and Risk Management at Invesco Trimark Investments respectively. During his 20+ year career he also held various business management roles at Fidelity Investments spanning policy and communications, customer relations, transfer agent operations, trust accounting and limited partnership operations.

Rob obtained his Bachelor of Commerce from McMaster University. He subsequently obtained a professional designation as a Chartered Accountant and is a Member of the Chartered Professional Accountants Canada and the Chartered Professional Accountants Ontario. Rob is married with three children and resides with his family in the Greater Toronto Area.

Briefing Note

CAFII EOC Meeting 26 January 2021—Agenda Item 7c

CAFII Board's December 1/20 Approval Of Proposed CAFII Policy On Executive Staff Annual Performance Review and Resulting Consideration For Compensation Adjustment

Purpose of this Agenda Item

Read only item.

Background Information

At the 1 December, 2020 Board meeting, the Board passed a motion to adopt a new policy – developed under the leadership of and championed/recommended by outgoing Board Secretary and EOC Chair Martin Boyle -- on Executive Staff Annual Performance Review and Resulting Consideration For Compensation Adjustment.

Recommendation / Direction Sought – *Read Only Item*

Read only item.

Attachments Included with this Agenda Item

1 attachment.

Proposed CAFII Policy On Association Executive Staff Annual Performance Review and Consideration For Compensation Adjustment: Approved By CAFII Board On December 1/20

Date Prepared: November 30, 2020

Recommended By: Martin Boyle, Immediate Past-Board Secretary and EOC Chair

Date Presented To Board of Directors: December 1, 2020

Date Approved By Board of Directors:

Purpose of Policy

- to formally document CAFII's practices related to its process for the Executive Staff Annual Performance Review and Consideration for Compensation Adjustment; and
- to bring transparency, rigour, objectivity, and certainty to this process.

Executive Staff Annual Performance Review and Consideration For Compensation Adjustment

This policy shall apply to whomever the CAFII Board shall determine to be the Association's "Executive Staff."

The person in the CAFII Officer role of Board Secretary and Executive Operations Committee Chair (hereinafter referred to as "EOC Chair") shall be responsible for carrying out this policy, in consultation with the Board Chair and Board Vice-Chair.

In November/December each year, the EOC Chair shall gather appraisal input for an Executive Staff member's annual performance review from three sources:

- Board members' responses to a survey on the Executive Staff member's goals/objectives/Position Description-based performance within the period being evaluated. The EOC Chair shall develop the survey questions in consultation with the Executive Staff, and such questions will be subject to annual review and update;
- EOC members' responses to a survey on the Executive Staff member's goals/objectives/Position Description-based performance within the period being evaluated. The EOC Chair shall develop the survey questions in consultation with the Executive Staff, and such questions will be subject to annual review and update; and
- the Executive Staff member's self-evaluative goals/objectives/Position Description-

based key performance accomplishments for the period being evaluated.

Taking those inputs into account, the EOC Chair shall prepare a written assessment of the Executive Staff member's performance in the period being evaluated, for use in a performance feedback discussion with the Executive Staff member and eventual placement into the individual's personnel file.

The EOC Chair shall also formulate a recommended compensation adjustment based on the Executive Staff member's performance, for discussion with the Board Chair and Board Vice-Chair.

Prior to conducting a performance feedback discussion with the Executive Staff member, the EOC Chair shall consult with the Board Chair and Board Vice-Chair on the written assessment of the Executive Staff member's performance in the period being evaluated; and on the EOC Chair's recommended compensation adjustment for that Executive Staff member. The EOC Chair shall take the views of the Board Chair and the Board Vice-Chair into account in finalizing the written assessment of the Executive Staff member's performance and any resulting compensation adjustment.

Following completion of the EOC Chair's consultation with the Board Chair and Board Vice-Chair, the EOC Chair shall schedule and conduct a performance feedback discussion with the Executive Staff member, in which the written assessment of Executive Staff member's performance in the period being evaluated and any resulting compensation adjustment shall be communicated and discussed.

Executive Staff Member's Right Of Appeal

In the event that an Executive Staff Member does not agree with the written assessment of his/her performance and/or the compensation adjustment offered, he or she has the right to appeal either or both of those performance evaluation components.

The Executive Staff member must file an appeal in writing – setting out grounds/rationale for the appeal -- to the Board Chair and Board Vice-Chair, for consideration. The Board Chair and Vice-Chair shall review the written appeal, in consultation with the EOC Chair, and make a decision on the appeal on its merits, which decision shall be final.

Timing Of Effect Of Any Compensation Adjustment Awarded

Any compensation adjustment awarded to a CAFII Executive Staff member shall take effect on January 1 of the year following the period for which performance has been evaluated.

Adjustments may be made retroactive to this date if the performance review was not completed and finalized prior to the end of the calendar year.

Reporting/Accountability To Board of Directors

Following the completed execution of this *Executive Staff Annual Performance Review and Consideration For Compensation Adjustment Policy* each year, the EOC Chair – or in his/her absence, the Board Chair – shall report to the Board of Directors in an *in camera* session that

this annual policy responsibility has been completed.