

CAFII Executive Operations Teleconference Committee Meeting

Date: Tuesday, July 24, 2018
Location: Teleconference Only
Chair: M. Gill (acting for P. Thorn)

Time: 2:00 – 3:00 p.m. EST
Dial-in: 416-477-0921 / 1-888-543-2249
Pin #: 1500

Agenda

Item	Presenter	Action	Document
1. Call to Order and Welcome to New EOC Member(s) 2:00 p.m.	P. Thorn		
2. Consent Items 2:05 p.m.			
a. CAFII Response Submission to Nova Scotia Re CFTA			✓
b. CLHIA-Requested CAFII Letter of Support Re CLHIA Push-Back to Saskatchewan Re Certain Provisions of Revised Insurance Act and Related Regulations			✓
c. Renewal of CAFII Insurance Web Domain for 2018-19			
3. CAFII Governance 2:07 p.m.			
a. CAFII Market Conduct Committee Chair Succession	K. Martin/B. Wycks	Discussion	✓
b. Renewal of CAFII Services Contract with Managing Matters	K. Martin	Update	
c. October 2/18 CAFII Board and AMF Liaison Meeting in Montréal	B. Wycks	Update	
d. Location of November 27/18 CAFII Board Meeting and Reception	B. Wycks	Update	
4. Recent and Upcoming CAFII Regulatory and Strategic Initiatives 2:20 p.m.			
a. CAFII Communications/Influence Re Coming Into Force of Quebec Act <i>Respecting Insurers</i> and Framework for Online Insurance Sales on June 13, 2019	K. Martin/B. Wycks	Update	✓
b. September 2018 Special Purpose CAFII In-Person CAFII Board Meeting with Lucie Tedesco and/or Brigitte Goulard, FCAC, As Guest Presenters	B. Wycks/K. Martin	Update	✓
c. FCNB Response Re Summer 2018 Meeting on Plans for an RIA Regime	B. Wycks	Update	✓
d. July 5/18 CAFII Liaison Meeting with CBA Staff Executives	K. Martin/B. Wycks	Update	
e. July 16/18 Creditor's Group Insurance Research Kick-Off Meeting:	D. Quigley/K. Martin	Update	✓
i. Key Issues, Decisions, and Outcomes			
ii. Next Steps			
iii. Budgetary Issues Re Creditor's Group Insurance Research			
f. July 17/18 CAFII/CLHIA Working Group on Sask RIA Advisory Committee Meeting with Ron Fullan and April Stadnek, ICS	K. Martin/B. Wycks	Update	✓
g. July 18/18 CAFII Follow-up Meeting with CCIR/CISRO FTC Working Group Re "Guidance: Conduct of Insurance Business and Fair Treatment of Customers"	B. Wycks/K. Martin	Update	✓
h. Invitation to Provide Input for CISRO 2019-2022 Strategic Plan, By August 27/18	K. Martin	Update	✓
i. CAFII 2018 Stakeholder Meeting with CCIR: October 25/18	B. Wycks	Update	
j. "About CAFII Video" For Website Home Page	K. Martin	Update	
k. Member Request Re Australian Royal Commission Intelligence-Gathering	K. Martin/B. Wycks	Discussion	
5. Tracking Issues			
a. AMF 2018 Consultation on Updating Sound Commercial Practices Guideline			
b. Alberta Government Plans to Create a Single Financial Services Regulator			
c. FCAC: Phase 2 of Domestic Bank Retail Sales Practices Review			
d. Australian Royal Commission on Banking			
e. FSCO: Treating Consumers Fairly Guideline (Final); ISI Market Conduct Questionnaire and CEO Attestation; and Succession by FSRA			

Next EOC Meeting: Tuesday, August 14/18, 2:00 – 3:00 p.m., Teleconference-only meeting

Next Board Meeting: Tuesday, October 2/18, 2:20 – 4:00 p.m., BMO Financial Group,
Executive Dining Rooms, 14th Floor, 129 rue Saint Jacques, Montréal, QC

July 4, 2018

Mr. William Ngu, Superintendent of Insurance
Nova Scotia Finance and Treasury Board
1723 Hollis St., 4th Floor
Halifax, Nova Scotia
B3J 1V9
Email: alexis.michael@novascotia.ca

Subject: CAFII Input on Financial Services Issues For Inclusion In Canadian Free Trade Agreement

Dear Mr. Ngu:

Thank you for your letter of June 7, 2018 and the invitation extended to CAFII to provide input on financial services areas and issues which should be considered for inclusion in exploratory discussions related to the Canadian Free Trade Agreement (CFTA).

Our Association is pleased to respond to the three stakeholder questions in your letter, as follows:

Question 1:

CAFII believes that the current system of multi-jurisdictional insurance licensing across Canada creates a significant interprovincial barrier which negatively impacts the ability of the insurance sector to operate across the country.

Current Market Environment

The life insurance needs of Canadians have evolved dramatically over the past 20 years. The marketplace is now served by new distribution channels, providing innovative products tailored to meet the unique needs of Canadians across the full spectrum of society.

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

Current Business Environment

The need for harmonization, modernization, and simplification of licensing; and the need to foster an innovative and competitive marketplace, while ensuring consumer protection, are ongoing, major regulatory challenges for the insurance industry.

Canadian insurance providers are increasingly using direct channels such as the internet and client contact centres to sell coverage in all jurisdictions. Direct distribution of insurance has continued to grow due to the convenience and value that its channels provide to consumers.

Currently, for individual life insurance, client contact centres employ Life Licence Qualification Program (LLQP)-trained agents, each of whom must hold licences from the jurisdictions serviced by the centre, typically 13 different licences.

It is administratively very costly and cumbersome to have to manage licensing for 13 separate jurisdictions (including separate background checks; monitoring expiry dates for each jurisdiction; completion of forms; and compliance with multiple continuing education requirements, errors and omissions insurance requirements, and notification requirements). The current situation consumes a disproportionate amount of agent, insurer, and regulator time and resources. It also poses risks to licensed agents and companies in navigating the system, mainly through the possibility of errors and inadvertent non-compliance.

The increased costs of doing business caused by multi-jurisdictional licensing are borne by insurance providers, but ultimately have to be passed on to consumers.

The challenges created by multi-jurisdictional licensing give rise to operational inefficiencies and reduced growth in the client contact centre channel, resulting in reduced service standards and access for consumers. From an operational perspective, some companies choose to simplify their operations by offering products in only certain jurisdictions. Since the jurisdictions selected usually represent larger markets, the availability of insurance coverage can be negatively impacted in smaller jurisdictions, thereby reducing accessibility for population segments (rural, low and middle income, young families) that are already underserved by traditional face-to-face distribution channels.

The number of agents in a client contact centre who are able to serve consumers from all jurisdictions across Canada is limited by the complexity of the current multi-jurisdictional licensing system. In situations where an insurance provider has chosen to offer products in all jurisdictions, the reality is that at any given point in time, it's often only possible to have a portion of the agents licensed in all jurisdictions. Therefore, when a call comes in from a particular jurisdiction, the first agent in the queue may not have the appropriate provincial/territorial licence, and the caller must wait until an agent with a licence for his/her jurisdiction is available. In many cases, a caller may be asked to call back later because the queue is too long.

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

In some client contact centres, agents may not actually begin to answer phone calls until they have received the required licences for all jurisdictions; and if agents are kept off the phone while waiting to receive all required licences, the time lag reduces capacity and makes it more difficult for callers to get through to an agent.

The current multi-jurisdictional insurance licensing situation does not support quality customer service in a client contact centre environment; and some businesses have not been able to achieve the level of growth in that channel which customer demand warrants, for directly related reasons.

Solution: CAFII views a nationally harmonized insurance licensing model – one which recognizes the importance of the client contact centre channel and alleviates the unnecessary burden imposed by multi-jurisdictional licensing – as an imperative.

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

Making this change will better align with the CFTA, and the objective that individuals with recognized skills and qualifications should be able to work in their field in any jurisdiction in Canada, without undue impediment.

We urge the Ministers involved in CFTA discussions and negotiations to take a leadership position by mandating the development and launch of a national system for automatic mutual recognition of licensed insurance agents from other jurisdictions.

We note that the 2006 *Reliance Model For Reciprocal Licensing* introduced by the Canadian Council of Insurance Regulators (CCIR) and the Council of Insurance Services Regulatory Organisations (CISRO) intended to make it easier for regulators in other jurisdictions to rely on the requirements of an agent's home jurisdiction. Under this approach, a jurisdiction's requiring that an agent applicant meet further requirements beyond what they have met in their home jurisdiction, while optional, was not expected to be the norm.

While the *Reliance Model For Reciprocal Licensing* has not been implemented to any significant degree, two examples of where small progress has been made in this area are as follows:

Nova Scotia's *Insurance Agents Licensing Regulations* make provision for such automatic mutual recognition, via this clause: *10(1) Despite Sections 2, 3, and 4, the Superintendent may issue an insurance agent or agency license to an applicant who resides outside of Nova Scotia if the applicant holds a valid license in good standing for the same class of insurance issued by the jurisdiction in which the person resides as evidenced by a certificate of authority issued by that jurisdiction.*

And in 2015, the Insurance Council of BC amended its policy on non-resident licence applicants who are subject to criminal record check requirements in their home province or territory. From that point in time forward, non-resident licence applicants who hold an insurance licence that is in good standing in their home province or territory have no longer been required to provide a criminal record check when they submit their licence application to BC.

CAFI views these Nova Scotia and BC modernizations as positive stepping stone developments.

Question 2:

A specific financial services-related issue which CAFI would like to see addressed through the CFTA is that of a much-needed update to the insurance regulatory framework, across jurisdictions, to foster innovation and support consumer choice in a digital world.

Consumer habits are evolving rapidly, and more and more clients expect insurance offerings to cater to their specific needs. Even though *insurtech* (digital innovation in the insurance industry) is currently at an infancy stage as compared to its more advanced *fintech* sibling, new innovative business models within the insurance industry have emerged, such as micro-insurance and pay-as-you-go insurance.

The unique value proposition of *insurtech* innovation lies in the shift from complexity and long-termism to real-time, easy-to-use, configurable, customized and cost-friendly products and services, all offered with the utmost consumer convenience through digital devices.¹ The biggest winners from *insurtech* innovation will be the end customers, who will benefit from better user experience, more personalized insurance solutions, and possibly improved pricing through lower premiums.²

^{1.} *Opportunities await: How Insurtech is reshaping insurance. Pwc Global Fintech Survey, June 2016.*

^{2.} *Insurtech: Disruptions and opportunities in the Insurance Industry, Pinebridge Investments, October 2016.*

CAFI believes that the insurance regulatory structure should foster an open marketplace where consumers are able to choose how and where to purchase coverage. Our members distribute Authorized Insurance Products (under the federal Bank Act and related Insurance Business Banking Regulations) and other types of life and health insurance products by direct mail, client contact centres, and through the internet; and we share regulators' objective of ensuring that consumers are protected while purchasing products through their channel of choice.

It's our view that the future of life and health insurance will be marked by continued and accelerating innovation; and that regulation should embrace the role of all insurance channels in meeting the insurance needs of consumers. In particular, consumers continue to demand greater access to insurance information, purchasing opportunities, servicing, and claims fulfillment through digital means; and we believe that the digital space will play an ever more important role in meeting the insurance needs of Canadians.

Solution: we recommend that the Ministers involved in CFTA discussions and negotiations play a leadership role by pursuing a strategic priority to create a nationally co-ordinated structure which fosters innovation and supports consumer choice in a digital world. One possible leadership initiative in this area would be the development and launch of a national "regulatory sandbox."

CAFI recognizes that some Canadian insurance regulators – in particular, the Autorité des marchés financiers (AMF) in Quebec and the in-development Financial Services Regulatory Authority of Ontario (FSRA) – have regulatory sandboxes under consideration. However, we strongly encourage the pursuit of one nationally co-ordinated regulatory sandbox, in which all Canadian jurisdictions are involved. A single, nationally harmonized regulatory sandbox is essential for such an initiative to be attractive to potential participants and to be successful -- because technological innovation does not happen on an individual jurisdiction basis.

Around the world, a number of financial services regulators – including the Financial Conduct Authority (FCA) in the UK; its counterparts in Australia and Singapore; and the Ontario Securities Commission (OSC LaunchPad) here at home – have established regulatory sandboxes, as projects designed to help companies test innovation with a limited number of users, without having to comply with existing regulatory rules, for a limited period of time.

With respect to its regulatory sandbox, the FCA in the UK has said

- technology has the potential to improve not only how products and services are designed, but also how they are distributed;
- it wants more firms to embrace innovation and it wants to work with innovators to build in consumer protection from the outset; and
- the sandbox has been designed to reduce the time and potential costs of getting innovative ideas to market; and it will accelerate the testing and introduction of genuinely novel products and distribution enhancements which will benefit consumers.

Question 3:

There are no financial services-related sectors or issues which CAFI would like to see excluded from the CFTA.

Conclusion

Thank you again for the opportunity to provide our Association's comments and recommendations related to this important CFTA consultation. Should you require further information from CAFII or wish to meet with representatives from our Association at any time as the CFTA exploratory discussions and subsequent negotiations progress, please contact Keith Martin, CAFII Co-Executive Director, at keith.martin@cafii.com or 647-460-7725.

Sincerely,



Peter Thorn
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

Monday, July 23, 2018

Mr. Roger Sobotkiewicz
Superintendent of Insurance
Financial and Consumer Affairs Authority
#601 – 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2

Dear Mr. Sobotkiewicz:

CAFII has become aware that the Canadian Life and Health Insurance Association (CLHIA) wrote to you on June 5, 2018 to reiterate and amplify upon unresolved concerns about several provisions in the pending *Insurance Act* in Saskatchewan and *The Insurance Regulations* developed to support the new *Act*.

The purpose of this letter is to convey CAFII's agreement with the concerns raised in CLHIA's letter. Our Association supports CLHIA's position that the provisions it has identified in the *Act* and the *Regulations* are of serious concern; and that they will be costly and problematic for the industry to implement, without proportionate benefit to consumers.

While we concur with and support all of the unresolved issues set out in CLHIA's letter, we particularly want to highlight the following five which are of major importance to CAFII members:

1) Free Look Should Not Apply to Group and Creditor's Group Life Insurance Contracts: Request That Exception to *Insurance Act* s. 7-21(1) Be Extended in s. 7-5 of *The Insurance Regulations*

Saskatchewan's new insurance laws give policy owners the right to rescind their insurance coverage within 10 days of purchasing it. The new *Act* and the *Regulations* exempt group and creditor's group accident & sickness insurance contracts, in accord with CLHIA Guideline G10: "10-Day Insurance Contract Rescission Right." However, unlike Guideline G10, the pending laws do not exempt group and creditor's group life insurance contracts. This appears to be an unintended drafting error, as we presume the intent was to exempt both types of group and creditor's group insurance. CAFII strongly encourages Saskatchewan to make the necessary amendment(s) to achieve that objective.

2) Harmonize the s. 5-69 of *The Insurance Act* Definition of "Travel Insurance" Sold Under A Restricted Insurance Agent (RIA) Licence to Match the Definition in Alberta, Manitoba, and BC

Under section 5-69 of the new *Insurance Act*, "travel insurance" means (a) a policy that provides certain insurance regarding trip cancellation, interruption, or baggage loss or delay, and (b) group insurance against certain other risks. In Alberta, Manitoba, and BC, the word "group" is not included in subsection (b) of the definition regarding restricted licensing or, in the case of BC, its "insurance licensing exemptions." It would be extremely helpful to the industry to have this provision harmonized with the other provinces that have an RIA licensing regime or insurance licensing exemptions. CAFII strongly encourages Saskatchewan to make the necessary amendment(s) to achieve that objective.

3) Premium Refunds: Reinstate Exception for Life Insurance – s. 7-5(2) & (3) of *The Insurance Act*

It appears that in combining rules from various sections of the province's existing insurance law, the new *Insurance Act* inadvertently introduces a rule that requires insurers to issue a pro-rated premium refund on life insurance when the insurance is terminated. Under the province's existing insurance law, life insurance is exempted from this requirement. Life insurance is not priced for such a refund. CAFII strongly encourages Saskatchewan to clarify – via an *Act* amendment or a Regulation – that this requirement does not apply to life insurance.

4) Section 1-2 and 5-5(1) & (2), *Insurance Act*; and Section 5-2(1) *The Insurance Regulations* – Insurer's Representative (Definition)

The current definitions of Insurer's Representative and Insurance Agent under the *Act* are so broadly worded that they will arguably require many insurance company employees who do not have any direct involvement with the sale of insurance to be licensed at significant cost. That additional cost will ultimately increase the cost of insurance to consumers, without any proportionate increase in consumer protection.

This issue is also of concern for employees of third party administrators, to whom insurers outsource clerical and administrative functions.

CAFII shares CLHIA's view that the focus of licensing requirements should be on those individuals who are engaged in the sale and negotiation of insurance. CAFII strongly encourages Saskatchewan to amend these sections; or, alternatively to clarify them through a Regulation in a manner similar to BC's *Financial Institutions Act – Insurance Licensing Exemptions Regulation* which contains an exemption for "a person who is an employee of an insurer or insurance agent if the employee does not solicit insurance, is paid a salary by the insurer or insurance agent, and does mainly clerical work."

5) Transition Regulation Requested

It would be of great assistance to the industry if the FCAA could provide guidance, via a Transition Regulation, on how the transition is to be made with respect to the application of new provisions on existing insurance contracts, certificates, and claims. BC and Alberta provided Transition Regulation guidance when they last updated their respective Insurance Acts, which was very helpful in identifying sections that only applied to existing contracts when they were to be renewed or replaced.

Conclusion

As an overarching theme, CAFII urges Saskatchewan to align its new *Insurance Act* and *The Insurance Regulations*, to the maximum degree possible, with the recently updated insurance legislation and Regulations of other provinces so that inter-provincial harmonization across Canada can be maximized.

Our Association also shares CLHIA's primary concern that, in the absence of a comprehensive addressing of the unresolved concerns it has reiterated, industry participants will face major difficulties in complying with all of the provisions of the new *Act* and the related *Regulations* by January 1, 2019. We add our voice to CLHIA's in respectfully requesting that Saskatchewan delay proclamation of the *Act* and *Regulations* until further direction and clarity can be provided for the industry; and to allow sufficient time for compliance with the required changes. Such a course correction is necessary to enable the industry to make a transition that is seamless and effective for consumers.

Should you require further information from CAFII or wish to meet with representatives from our Association at any time on the matters raised in this letter, please contact Brendan Wycks, CAFII Co-Executive Director, at brendan.wycks@cafii.com or 647-218-8243.

Sincerely,

Peter Thorn
Board Secretary and Chair, Executive Operations Committee

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Agenda Item 3(a)
July 24/18 EOC Teleconference Meeting

From: Brendan Wycks [mailto:brendan.wycks@cafii.com]
Sent: Thursday, July 19, 2018 2:23 PM
Subject: Congratulations to Rose Beckford on New Position; and CAFII Market Conduct Committee Chair Succession

CAFII Board, EOC and Other Committee Members:

Keith Martin and I have been advised by Rose Beckford that she has moved into a new role at Scotiabank as Director, Canadian Banking Compliance, overseeing key priorities and providing advice on strategic initiatives.

Given this already-in-effect change, Rose will not be able to continue with her current CAFII responsibilities as an EOC Member from Scotialife Financial and Chair of the Market Conduct Committee.

Brad Kuiper will continue to represent Scotialife Financial on the EOC. Rose's successor or CAFII Director Bob Grant will advise of any further CAFII committee representation changes.

Rose asked Keith and me to convey that she has very much enjoyed serving the Association and wishes CAFII the very best as it heads into its next chapter.

(It has been a pleasure for Keith and me to work with Rose in her CAFII volunteer leadership capacities on the EOC and as Market Conduct Committee Chair; and we wish her great success in her new position at Scotiabank.)

If you would like to extend best wishes to Rose, her email address is rose.beckford@scotiabank.com.

Given Rose's news, we have included "CAFII Market Conduct Committee Chair Succession" as an item on the agenda for next Tuesday's EOC teleconference meeting.

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance
Brendan.wycks@cafii.com
T: 647.218.8243
Alternate T: 647.361.9465
www.cafii.com

Agenda Item 4(a)
July 24/18 EOC Teleconference Meeting

Insurance sales over the internet permitted from 2019
by Lyle Adriano 13 Jul 2018

A regulatory framework that would allow the sale of insurance products online in Quebec will officially come into effect next year.

Bill 141 is an act that amends several financial sector laws; chief among the changes is a framework that would allow the purchase of home and/or auto insurance online without the aid of a broker or agent.

According to Article 741 of Bill 141, the regulatory changes will come into effect June 13, 2019 – at around the same time as the new Act respecting insurers. Additionally, new brokerage provisions – which include a requirement for brokerages to have distribution agreements with at least three different insurers – will come into effect December 2019.

In the months leading up to the implementation of the regulation, the Autorité des marchés financiers (AMF) was tasked with setting up the foundations of the framework. AMF has told The Insurance and Investment Journal that in order to establish the regulatory framework without issue, it would hold a consultation on the matter; further details regarding the consultation will be revealed during the fall.

Some brokers have raised concerns that allowing people to purchase insurance online without professional guidance could leave consumers vulnerable to exploitation.

AMF president and CEO Louis Morisset, in an earlier statement, offered assurances that consumers will be properly guided by a representative throughout the purchasing process.

“ ... Only a certified representative will be able to accompany the consumer in the buying process [if the consumer requests an agent’s assistance during the process],” Morisset said. “It is, therefore, simply wrong to claim, as some people continue to do, that anyone can now advise Quebec consumers in the insurance sales process.”

**Insurance sales via the Internet will be permitted in Quebec starting June 2019
by Hubert Roy July 11, 2018 09:45 a.m.**

The regulatory framework that will allow insurance sales via the Internet will officially come into effect on June 13, 2019. In the meantime, Quebec regulator – the Autorité des marchés financiers (AMF) – will have the task of establishing that framework.

These dates are set out in Article 741 of Bill 141. This article says the provisions of the Act respecting the distribution of financial products and services (ADFPS) that will apply to firms offering insurance products without an agent, in particular via the Internet, will come into effect on June 13, 2019, at the same time as the new Act respecting insurers.

The brokerage provisions, including the requirement to have distribution agreements with at least three different insurers, will come into effect December 2019.

Consultation in the fall

The AMF confirmed to The Insurance and Investment Journal that a consultation will be held. The details will be announced during the fall, said the AMF.

In a speech on May 22 in Quebec City, Louis Morisset, President and CEO of the AMF, announced that this consultation would be taking place, while speaking to a group of industry leaders and members of the Business Administration faculty at Université Laval.

During that speech, he said that consumers must be equally well protected when buying insurance via the Internet as they are when working with an agent. He added that the consumer will never be "forced" to buy insurance via the Internet. It will simply be a new option, which will expand his choices.

"I also reiterate that throughout the Internet sales process, only a certified representative will be able to accompany the consumer in the buying process (if the consumer requests an agent's assistance during the process). It is, therefore, simply wrong to claim, as some people continue to do, that anyone can now advise Quebec consumers in the insurance sales process."

Agenda Item 4(b)
July 24/18 EOC Teleconference Meeting

From: Brigitte Goulard (FCAC/ACFC) [mailto:Brigitte.Goulard@fcac-acfc.gc.ca]
Sent: Friday, July 20, 2018 8:43 AM
To: 'Brendan Wycks'
Cc: keith.martin@cafii.com; Melanie Leroux (FCAC/ACFC)
Subject: RE: Further Re CAFII Request: Special Purpose CAFII Board Meeting With FCAC Commissioner and/or Deputy Commissioner in Toronto in September 2018

Good morning Brendan,

Since Lucie has a very busy September, she requested that I attend your meeting and make the presentation on behalf of FCAC.

I will keep the September 14th date as requested. In terms of other dates, here are some options:

September 19th (any time), morning of September 20th, All day on September 21st.
Any time on September 25th, 26th, and 27th.

Have a good week-end.
Brigitte

From: Brigitte Goulard (FCAC/ACFC) [mailto:Brigitte.Goulard@fcac-acfc.gc.ca]
Sent: Wednesday, July 18, 2018 11:29 AM
To: 'Brendan Wycks'
Cc: keith.martin@cafii.com
Subject: RE: CAFII Request: Special Purpose CAFII Board Meeting With FCAC Commissioner and/or Deputy Commissioner in Toronto in September 2018

Hello Brendan,

So sorry it took so long to get back to you. Lucie and I are away on Thursday, September 13 on a retreat. Let me check with Lucie and we will get back to you shortly.

Brigitte

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

Sent: Friday, July 06, 2018 8:52 AM

Subject: Additional Special Purpose CAFII Board Meeting With FCAC Commissioner and/or Deputy Commissioner in Toronto on Thursday, September 13/18 or Friday, September 14/18

CAFII Board and EOC Members:

(Please respond to the questions below with respect to your availability on four dates in September 2018, by 4:00 p.m. on Monday, July 9/18.)

Arising from the attached AFII Insights/Intelligence Notes From June 12/18 Speech by FCAC Commissioner Lucie Tedesco; and the related "Strengthening financial consumer protection – what has to be the driving force"; Speech Delivered by Lucie Tedesco, Commissioner of the Financial Consumer Agency of Canada, June 12, 2018, Toronto ON; Economic Club of Canada; and, in particular, the highlighted third bullet in the first document as follows --

-Because CAFII is an important stakeholder related to the Review of domestic banks' sales practices, FCAC Deputy Commissioner Brigitte Goulard and/or Commissioner Lucie Tedesco would be happy to travel to Toronto to meet with the CAFII Board of Directors and other Association leaders to discuss relevant aspects of the Review's findings; the FCAC's new Supervision Framework; general plans for future "deep dives" at individual FIs, etc. (Based on further discussion of this FCAC offer from Ms. Tedesco and Ms. Goulard and internal CAFI consideration of it, it is recommended that the proposed meeting be a Special Purpose CAFII Board Meeting with FCAC Guest Presenter(s)/Discussant(s) and that it occur in Toronto during the second or third week of September 2018),

Keith and I have secured approval from Board Chair Nicole Benson and the EOC's concurrence/support to proceed with plans to arrange/organize a Special Purpose CAFII Board Meeting With FCAC Commissioner Lucie Tedesco and/or Deputy Commissioner Brigitte Goulard in September in Toronto. EOC members will also be invited to attend this meeting, which we envision as being akin to our annual Liaison Lunch and Industry Issues Dialogue with the AMF staff executives in la belle province in October.

We have also obtained from Nicole two mid-September dates on which she is available to attend and chair the proposed meeting with the FCAC.

The draft email message below to Ms. Tedesco and Ms. Goulard provides a clear sense of the proposed dates, timing/itinerary, and the agenda we envision for this Special Purpose CAFII Board meeting.

At this time, there are two key availability questions we need to ask of all CAFII Directors to determine the feasibility of proposing the dates in question to the FCAC:

- are you available to attend a Special Purpose CAFII Board Meeting with FCAC Guest Presenters/Discussants in downtown Toronto on either Thursday, September 13 or Friday, September 14 from 12:30 to 3:30 p.m. (or alternatively from 1:30 to 3:30 p.m., if informal liaison lunch ends up not being included)?; and

- are you available to attend a one-hour CAFII Board and EOC Preparatory Teleconference for Special Purpose CAFII Board Meeting with FCAC, between the hours of 12 Noon and 4:00 p.m. on either Friday, September 7/18 or Monday, September 10/18? (purpose: review outline of CAFII presentation section of the agenda; agree on who will answer any questions which FCAC may pose to CAFII; agree on CAFII-desired Next Steps, if any; etc.)

Please reply to Natalie Hill, Keith Martin, and Brendan Wycks by 4:00 p.m. on Monday, July 9/18 with your answer to these availability questions.

Thanks and regards,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance
Brendan.wycks@cafii.com
T: 647.218.8243
Alternate T: 647.361.9465
www.cafii.com

Hello, Lucie and Brigitte.

This message is in follow-up to the conversation which my CAFII Co-Executive Director colleague Keith Martin and I had with you following Lucie's Economic Club of Canada luncheon presentation in Toronto on June 12.

CAFII would like to take you up on your kind offer to have one or both of you meet with our CAFII Board of Directors and other Association leaders in Toronto in the near future, for a presentation and dialogue session on current and future matters of mutual interest.

Here are the elements/options for such a meeting, which we propose for your consideration:

Date Options: Thursday, September 13 or Friday, September 14, 2018

Time/Itinerary:

- Informal Liaison Lunch: 12:30 to 1:30 p.m. (Optional, based on FCAC representatives' availability)
- Presentation and Dialogue Session: 1:35 to 3:30 p.m.

Location: TBA: To Be Hosted By A CAFII Member At Corporate Premises In Downtown Toronto; or Held at a Private Venue In Downtown Toronto

Proposed Agenda For Presentation and Dialogue Session:

- 1:35 to 1:40 p.m.: Welcome and Participant Self-Introductions
- 1:40 to 2:05 p.m.: CAFII Presentation on New Association Strategic Plan; Strategic Initiatives; and CAFII Members' Fair Treatment of Consumers/Customer-Centricity Initiatives
- 2:05 to 2:15 p.m.: Dialogue on CAFII Presentation Matters
- 2:15 p.m. to 3:00 p.m.: FCAC Presentation on Results of Domestic Banks' Retail Sales Practices Review, Phase 1; Plans for Phase 2 of Domestic Banks' Retail Sales Practices Review; New FCAC Supervision Framework; Plans/Objectives for "Deep Dives" at Individual Federally Regulated FIs
- 3:00 to 3:20 p.m.: Dialogue on FCAC Presentation Matters
- 3:20 to 3:30 p.m.: Wrap-up, Next Steps, and Adjournment

CAFII greatly appreciates your indication that our Association is an important stakeholder for the FCAC; and your kind offer to meet with us directly as part of your current stakeholder engagement initiatives.

Please reply at your earliest convenience to let us know whether or not one of the September dates we've proposed will work for one or both of you to meet with CAFII in Toronto; and if the time/itinerary and meeting agenda we are proposing are acceptable to you.

We look forward to receiving your reply; and to being able to firm up the arrangements for a mutually beneficial FCAC/CAFII presentation and dialogue meeting shortly.

Best regards,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance
Brendan.wycks@cafii.com
T: 647.218.8243
Alternate T: 647.361.9465
www.cafii.com

Agenda Item 4(c)
July 24/18 EOC Teleconference Meeting

From: Brendan Wycks [mailto:brendan.wycks@cafii.com]
Sent: Thursday, July 12, 2018 1:28 PM
To: 'Weir, David (FCNB)'; 'Mazerolle, Angela (FCNB)'
Cc: 'keith.martin@cafii.com'; 'Debly, Jason (FCNB)'
Subject: RE: CAFII Request For Consultation/Dialogue Meeting On New Brunswick's Plans For Introducing A Restricted Insurance Agent (RIA) Licensing Regime

Thanks very much, David, for your timely, complete, and reassuring reply. And thank you for acquainting our Association with Jason Debly via your email introduction.

As a lone follow-up question at this time, do you have in mind a target timeframe (even tentative) for when your stakeholder consultation on the restricted licensing regime proposals will occur?

Regards and have a great summer also,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance
Brendan.wycks@cafii.com
T: 647.218.8243
Alternate T: 647.361.9465
www.cafii.com

From: Weir, David (FCNB) [mailto:david.weir@fcnb.ca]
Sent: Thursday, July 12, 2018 12:38 PM
To: 'Brendan Wycks'; Mazerolle, Angela (FCNB)
Cc: keith.martin@cafii.com; Debly, Jason (FCNB)
Subject: RE: CAFII Request For Consultation/Dialogue Meeting On New Brunswick's Plans For Introducing A Restricted Insurance Agent (RIA) Licensing Regime

Hello Brendan, I hope that you are well and are enjoying the summer.

We also found our May meeting to be beneficial and we are pleased with our continuing dialogue. With respect to the Commission's plans on establishing a restricted licensing regime, Angie and I have reviewed our schedules and there does not seem to be a good time during the summer for a meeting. That being said, the Commission does intend to consult stakeholders to obtain feedback on our proposals. We will ensure that CAFII is one of the stakeholders that we contact. I have copied Jason Debly on this e-mail as Jason is the person leading this project.

Best regards,

David Weir
Deputy Director, Insurance/Directeur adjoint, Assurances
Tel/Tél : 866-933-2222
Financial and Consumer Services Commission
Commission des services financiers et services aux consommateurs
www.fcnb.ca

From: Brendan Wycks [mailto:brendan.wycks@cafii.com]
Sent: Friday, July 06, 2018 2:52 PM
To: Mazerolle, Angela (FCNB); Weir, David (FCNB)
Cc: keith.martin@cafii.com
Subject: CAFII Request For Consultation/Dialogue Meeting On New Brunswick's Plans For Introducing A Restricted Insurance Agent (RIA) Licensing Regime

Hi, Angela and David.

On behalf of Keith Martin and myself -- along with Diane Quigley, Pete Thorn, and John Lewsen, the three CAFII Member representatives who attended with us -- thank you for hosting us for a very informative liaison meeting and industry issues dialogue at your Fredericton office on May 14. We trust that you found the discussion to be as informative as we did.

In that connection, we were particularly intrigued to learn that a key FCNB initiative is to develop a framework and related plans for the introduction of a Restricted Insurance Agent (RIA) licensing regime in your province in the not-too-distant future, and that your work in that regard is already well-advanced.

That being the case, CAFII would very much like to arrange a special purpose/single focus in-person meeting with you, preferably in July or August, which would afford our Association an opportunity to share with you our national, nuts-and-bolts knowledge and insights about how incidental sales of insurance works -- through financial institutions and other distribution channels -- and, in particular, the licensing-relevant aspects of ISI.

As you may or may not know, as a directly affected stakeholder Association, CAFII was instrumentally involved in advising on the establishment of Alberta's RIA regime in 2000; on the establishment of Saskatchewan's RIA regime in 2010; and on the establishment of Manitoba's RIA regime in 2014. We are also communicating regularly at present with BC's Ministry of Finance about its proposal to introduce an RIA regime in that province.

Therefore, another reason for our seeking a special purpose meeting with you is to share our advice on what are the features of an optimal RIA regime; and what are some of the issues to be aware of and the pitfalls to avoid.

To that end, a small group of three or four CAFII representatives (Keith Martin, myself, and one or two Member representatives) would like to meet with both of you (preferably), ideally for about two hours. We would be pleased to travel to Fredericton to meet with you in-person at your FCNB office.

Here are some dates over the remainder of July and August which would work for us for a meeting in Fredericton:

- Thursday, July 19 or Friday, July 20;
- the week of Monday, July 23 to Friday, July 27 (not Tuesday, July 24);
- the week of Monday, July 30 to Friday, July 3;
- the week of Tuesday, August 7 to Friday, August 10 (not Monday, August 6); or
- the week of Monday, August 13 to Friday, August 17.

If none of these July and August dates work for you, please advise and we will propose some September dates instead.

Or another alternative would be to meet in Toronto, if there is a near-term date when both (or one) of you will be in town for meetings.

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

P.S. As we indicated during our discussion on May 14, CAFII also looks forward to continuing to strengthen communications and the existing consultative, mutually beneficial relationship between CAFII and the Insurance Division at FCNB -- in part by visiting you in-person, at your home office, at least once every 18 months.

Thanks for your prompt consideration of this request and kind regards,

Brendan Wycks, BA, MBA, CAE
Co-Executive Director
Canadian Association of Financial Institutions in Insurance
Brendan.wycks@cafii.com
T: 647.218.8243
Alternate T: 647.361.9465
www.cafii.com

Agenda

Meeting on Consumer Research Creditors Group Insurance

Part 1--Strategy

1. Welcome – Diane Quigley, Chair, Research & Education
2. Introductions – All
3. Update on Pollara Travel Health Insurance – Sue Manson
4. Discussion of the Strategic Objectives of the research – Diane, Keith
5. Discussion on the Media Strategy
 - a. Media strategy objectives – Charles Blaquiére, Keith Martin
 - b. Sample desired Press Release – David Moorcroft, Media Consultant
6. Review of the Challenges for this Research (e.g. claims)—Lesli Martin, Pollara
7. In Scope, Out of Scope (see Appendix A) – All
8. Other issues – All

Part 2—Developing the Questionnaire

Note—everyone is invited to participate in this session, but only members of the Creditors Insurance Consumer Research Working Group (CICRWK) have to participate

1. Welcome from CICRWK Co-Chairs – Diane Quigley, Craig McKendrick
2. Review of the 2010 materials – Sue Manson
3. Methodological and process issues – Lesli Martin, Pollara
4. Process discussion—how often do we meet? Teleconference or in person? – All
5. Initial discussion on the Questionnaire – All
6. Other issues – All

Appendix A

What Does the Research Cover? What does it Not Cover?

	Mortgage	Line of Credit	Loans	Credit Cards	Other?
Life insurance	Yes? No?	Yes? No?	Yes? No?	Yes? No?	Yes? No?
Job Loss Insurance	Yes? No?	Yes? No?	Yes? No?	Yes? No?	Yes? No?
Disability Insurance	Yes? No?	Yes? No?	Yes? No?	Yes? No?	Yes? No?
Critical Illness	Yes? No?	Yes? No?	Yes? No?	Yes? No?	Yes? No?
Bundled	Yes? No?	Yes? No?	Yes? No?	Yes? No?	Yes? No?
Balance Protection Insurance (Credit Cards)				Yes? No?	Yes? No?

Institutions:

Banks

Insurance companies

Credit unions

Others?

Who/what is not to be covered (e.g. payday loans, car dealerships, warranty products)

Appendix B

Committee Members

Research & Education	Diane Quigley*	Director, Creditor Insurance Product & Pricing	CUMIS	diane.quigley@cumis.com
<i>CAFI Value Proposition</i>	Cecilia Xiao	Director, Lead Counsel for Canada	Assurant	cecilia.xiao@assurant.com
<i>IAIS Core Principles</i>	Scott Kirby	Specialist, Life, Creditor and Travel Government and	TDI	scott.kirby@td.com
<i>Complaint Statistics</i>	Sue Manson	Planning Director, Strategy & Planning	CIBC	sue.manson@cibc.com
<i>Underserved Market</i>	Noel Brackney	Manager, Regulatory Programs, Market Conduct & Privacy	BMO	Noel.Brackney@bmo.com
	Craig McKendrick	Senior Consultant, Consumer & Market Research CIBC M	CIBC	craig.mckendrick@cibc.com
	Laura Bedford	Senior Advisor, Insurance Compliance & Market Conduct	RBC	laura.bedford@rbc.com
	Dallas Ewen	Assistant Vice-President and Senior Counsel	Canada Life Assurance	dallas.ewen@gwl.ca
	Rob Dobbins	Senior Director Compliance, Canada	Assurant	rob.dobbins@assurant.com
	Sandy Zeidenberg	Research Manager	Manulife	sandy_zeidenberg@manulife.com
	Aneta Murphy	Senior Manager, Policy and Training, Creditor Products &	ScotiLife	aneta.murphy@scotiabank.com
Media Advocacy	Charles Blaquiere*	Vice President, Canadian Market, Business Partner	CPL	charles.blaquiere@valeyo.com
<i>Media Relations</i>	Brian Smith	Senior Advisor Corporate Communications, Government & Investor Relations	BMO	brianj.smith1@bmo.com
	Mark Beazley	Senior Manager, Corporate Communications	BMO	mark.beazley@bmo.com
<i>Public Advocacy</i>	Lara Nourcy	Senior Director	Desjardins	lnourcy@dsf.ca
	Greg Skinner	Director of Communications, Insurance	RBC	greg.skinner@rbc.com
	Darija Aksin	Senior Manager, Strategic Initiatives & Communication Insurance Canada	ScotiLife	darija.aksin@scotiabank.com
	Sarah Gray	Compliance Consultant, Creditor Insurance and Direct Marketing	Canada Life Assurance	sarah.gray@gwl.ca
	Crystal Jongeward	Manager, Corporate & Public Affairs	TD	crystal.jongeward@td.com
Travel Medical Insurance Working	Sue Manson *	Planning Director, Strategy & Planning	CIBC	sue.manson@cibc.com
	Afzal Baig	Product Manager, Travel & Credit Card Balance	BMO	afzal.baig@bmo.com
	Neil Henderson	Product Manager, Travel at TD Insurance	TD	neil.henderson@td.com
	Katia Umutoniwase	Client Services Manager, Travel Insurance	Manulife	katia_umutoniwase@manulife.com
	Martin Plante	Actuarial Consultant	Desjardins	mplante2@dsf.ca
	Lisa Voisin	Director, Claims	RBC	lisa.voisin@rbc.com

TO: Keith Martin, CAFII

FROM: Lesli Martin

DATE: July 5, 2018

RE: **Creditor Insurance Research Proposal**

Dear Keith,

On behalf of Pollara, thank you for the opportunity to again collaborate with CAFII on this important project to examine Creditor Insurance in Canada.

The proposal brief contains a summary of our understanding of the research objective, our recommended approach, scope and costs.

I hope this document meets your immediate needs and I look forward to discussing this with you in more detail.

Sincerely,



Lesli Martin
Vice-President
Pollara Strategic Insights
416-921-0090 x 2207
LesliMartin@pollara.com

BACKGROUND AND OBJECTIVES

Credit Protection Insurance, or Creditor's Insurance is used to pay out a mortgage or loan, or to make debt payments in the event of a consumer's death, disability, job loss or critical illness.

It is my understanding that the Canadian Association for Financial Institutions in Insurance would like to get a better perception of Canadian consumers' views of Creditor's Insurance. Specifically, they would like to know the following:

- Canadians' overall perception of creditor insurance on a number of factors including value for the money, trustworthiness and ability to cover needed expenses;
- Incidence of having Creditor's Insurance;
- Reasons for purchasing Creditor's Insurance;
- How Creditor's Insurance was purchased;
- Satisfaction of purchase experience;
- Incidence of making a claim on Creditor's Insurance;
- Satisfaction with claims process;
- Whether or not the claim has met expectations for paying needed debt.

METHODOLOGY

Online Survey using Panel

In order to reach the above listed objectives, Pollara recommends conducting an online survey with Canadians. This survey would be tailored to three quota groups:

- **General Population:** These will be Canadians who do not currently hold Creditor's Insurance, although they may have had it in the past. This group will be asked basic questions about this product, such as awareness and perceptions of the products trustworthiness and value for money.
- **Creditor Insurance Holders:** These will be Canadians who currently have Creditor Insurance. They will be asked questions such as reasons for having the product, comprehension of what the product covers, as well as perceptions of the products trustworthiness and value for money. These participants will also be asked questions regarding their purchase experience.
- **Creditor Insurance Claimants:** These will be Canadians who have made a claim on a Creditor's Insurance Policy. While this may be a subset of the Creditor Insurance Holders, it is possible they will be a stand-alone group who were not involved in purchasing the policy from which they were the beneficiary. These participants will be asked all of the questions above (with except of purchase experience if this is not applicable) as well as satisfaction with the claims process and whether the insurance met their expectations.

Pollara recently conducted a small flash poll of 200 Canadians to get an approximate incidence of Creditor Insurance Holders and Claimants. This poll showed that approximately 30% of Canadians hold Creditor Insurance and 3% have made a claim on such a policy.

Determining the appropriate sample size for any study is a matter of finding a balance between a large enough sample to be statistically reliable and meet the intended objectives and yet one that fits into your budget. Due to the relatively low incidence of these sample groups, we would recommend conducting surveys with 500 general population, 800 with Creditor Insurance holders and 100 with claimants. A sample of this size will allow for some reliable subgroup analysis of the general population and holders samples, while providing us with a reliable sample of claimants. If the budget allows, we could increase the sample of claimants to n=200, but due to the low incidence, we do not recommend increasing this sample any further. While margin of error is not valid on this study due to its online methodology, the below table provides the margin of error at a 95% level of confidence for random samples of these sizes for guidance.

Population	Sample Size	Margin of Error*
General Public	N=400	±4.9%
Holders	N=800	±3.5%
Claimants	N=100	±9.8%
	N=200	±6.9%

* Margin of Error based on a probability sample of this size, at a 95% level of confidence.

Online Survey using Customer Lists

Another, and perhaps more effective, way of obtaining views from such a narrow target is to use customer lists provided by CAFII and/or its member organizations. This would allow us to sample from a population that we know fit into our holders or claimants categories and would make it possible to get a higher sample size and a more reasonable cost.

However, there are a few caveats to this type of approach. First and foremost, we would not be able to contact these customers unless they have provided permission for their contact to be used for research. If the customers on the lists have provided this permission, we will work within the Marketing Research and Intelligence Association (MRIA) guidelines when making contact with participants.

Secondly, we will have to understand that the sample will only come from the customer list provided and not from any other method of obtaining this type of insurance.

If it is possible to obtain these lists, Pollara will work with the CAFII member team to determine the most effective way to use them to conduct or enhance this research.

COST

Online Survey using Panel

The table below outlines the cost for the two sample options provided in the methodology section of this proposal:

Sample	Cost
Total sample n=1100 General Population n=400 Creditor Insurance Holders n=800 Claimants n=100	\$43,000
Total sample n=1200 General Population n=400 Creditor Insurance Holders n=800 Claimants n=200	\$49,500

This cost includes all aspects of this research study, including project management and client meetings, survey design, programming, testing, fielding of survey, data analysis, final report and up to four presentations.

If it is possible to obtain customer lists, we will examine the lists we have at our disposal and make alternate recommendations.



June 25, 2018

Mr. Ron Fullan
Executive Director
Insurance Council of Saskatchewan
Suite 310
2631 – 28th Avenue
Regina, Saskatchewan S4S 6X3

Dear Mr. Fullan,

On behalf of the Canadian Life and Health Insurance Association (CLHIA) and the Canadian Association of Financial Institutions in Insurance (CAFII), we are pleased to provide our joint proposal for a Restricted Insurance Agent Advisory Committee (RIA Advisory Committee) of the Saskatchewan Insurance Councils.

As you will recall at our meeting on October 27, 2017, we expressed our support for an RIA Advisory Committee that would ensure the Councils have the benefit of expert information and advice when dealing with issues involving restricted insurance agents. At the time, you had requested that the CLHIA and CAFII develop a joint proposal for consideration.

We have since met with members of CLHIA and CAFII to develop a proposal that sets out the principles upon which we recommend establishing an RIA Advisory Committee. We believe that the RIA Advisory Committee itself may be in the best position to determine how the committee will be managed, but offer some details for consideration in the attached suggested Terms of Reference.

The CLHIA and CAFII appreciate the opportunity to provide this joint proposal for your consideration. We would be pleased to discuss our proposal in more detail at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Brendan Wycks", with a stylized flourish at the end.

Assistant Vice President, Distribution
Canadian Life and Health Insurance Association

A handwritten signature in black ink, appearing to read "Brendan Wycks", enclosed within a thin rectangular border.

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

A handwritten signature in black ink, appearing to read "Keith Martin", with a stylized flourish at the end.

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

CLHIA and CAFII's Joint Proposal for a Restricted Insurance Agent Advisory Committee of the Saskatchewan Insurance Councils

Mandate

The RIA Advisory Committee will provide subject matter expertise to the Saskatchewan Life Council, General Council, and/or Executive Director regarding Restricted Insurance Agents (RIAs). The Advisory Committee may also provide advice regarding the operational efficiency and effectiveness of regulations related to RIAs.

The RIA Advisory Committee will not advocate on behalf of the industry.

Scope

The RIA Advisory Committee will provide the Councils and/or Executive Director with advice and information on RIA-relevant issues, including:

- Information on relevant products and distribution channels;
- The consumer needs for which RIA-distributed products are designed;
- Impact of Council decisions on RIAs; and
- The operational efficiency and effectiveness of the Saskatchewan RIA regulatory regime.

Terms of Reference

Within the first year of its existence, the RIA Advisory Committee will develop its own Terms of Reference that will determine how it will function, including quorum at meetings, agenda development, and minutes, among other things. A suggested Terms of Reference is attached as a “thought-starter” for the RIA Advisory Committee.

Membership

Given the broad interests already represented on the Life and General Councils, we believe the membership of the RIA Advisory Committee should be limited to experts in the products and distribution channels utilized under restricted licenses.

The RIA Advisory Committee members will include:

- at least two (2) restricted insurance agent representatives with distribution expertise in RIA products;
- at least two (2) insurer representatives with expertise in relevant products, distribution channels and practices; and
- the Executive Director of the Insurance Councils or designated staff.

A wide range of products are distributed under restricted insurance agent licenses through a variety of channels. In order to balance the need for relevant subject matter expertise with the need for continuity on the RIA Advisory Committee, the Committee may be augmented by additional subject matter experts, as needed and on an *ad hoc* basis.

For Committee members and ad hoc subject matter experts, CAFII and CLHIA shall be called upon to propose a list of representative candidates. It should be noted, however, that CLHIA and CAFII can only propose representatives from the life and health insurance industry; and there may be a need, at some point, to include representatives from the property and casualty insurance industry. It is recommended that associations representing the P&C industry (e.g., IBC, CADRI) could be called upon to propose those representatives.

We believe the interests of consumers are already well-represented through the Life and General Councils; and, therefore, a consumer representative is not required on the RIA Advisory Committee.

RIA Advisory Committee members shall not be required to be residents of Saskatchewan.

Chair

In keeping with the Saskatchewan Life and General Councils' by-laws, the Chair of the RIA Advisory Committee will be appointed by the Life and General Councils.

Membership Rotation

Consistent with the Saskatchewan Life and General Councils model, RIA Advisory Committee members shall serve a three-year term, once renewable. In establishing the initial composition of the committee, members' terms of office may be staggered in order to ensure appropriate continuity of expertise.

Frequency of Meetings

The RIA Advisory Committee will meet as necessary, at the request of the Life Council, the General Council, or the Executive Director. However, the RIA Advisory Committee shall meet no less than twice per year.

Where two or more members of the RIA Advisory Committee feel that a meeting should be held to deal with an issue(s), they may request -- in writing to the Life Council, the General Council, or the Executive Director -- that a meeting of the Advisory Committee be held.

Duration of Committee

The duration of the RIA Advisory Committee's mandate is indefinite. However, after a three-year period, the Life and General Councils, in conjunction with the Executive Director, shall review the Advisory Committee's role and effectiveness.

Suggested Terms of Reference for the Restricted Insurance Agent Advisory Committee of the Saskatchewan Insurance Councils

Below we have provided a suggested Terms of Reference for the RIA Advisory Committee's consideration.

Conduct of the RIA Advisory Committee's meetings and related procedures shall be as consistent as possible with those followed by the Life and General Councils.

Quorum

Quorum for meetings will be attendance by a simple majority of RIA Advisory Committee members. The Executive Director or a designated staff member shall always be in attendance.

Distance Support

The RIA Advisory Committee may meet in-person or by teleconference or other electronic means.

Agenda

The Chair of the RIA Advisory Committee shall prepare a meeting agenda. The Chair may request agenda items from members.

Committee Records

The Executive Director or a designated staff member shall maintain minutes of the RIA Advisory Committee's meetings.

Conflicts of Interest

Members of the RIA Advisory Committee must be committed to the public interest regarding the insurance industry. If the RIA Advisory Committee is dealing with an issue that directly affects one of its members, that member shall remove him/herself from deliberations on the issue. The RIA Advisory Committee may wish to supplement its membership with another representative from the roster of *ad hoc* experts, if needed.

Removal from the RIA Advisory Committee

RIA Advisory Committee members may be removed if their conduct or activities are detrimental to or incompatible with the functions and policies of the committee or of the Life or General Councils.

Remuneration

Remuneration of RIA Advisory Committee members' committee-related expenses, including travel expenses if any, shall be in accordance with the expense reimbursement policy of the Insurance Councils of Saskatchewan.

Amending the Terms of Reference

The RIA Advisory Committee's Terms of Reference may be revised by the Executive Director or a designated staff member, in consultation with and upon the recommendation of the RIA Advisory Committee.



July 4, 2018

Mr. Brendan Wycks
Executive Director
Canadian Association of Financial Institutions in Insurance (CAFII)
21 St. Clair Ave. West, Suite 802
Toronto ON M4T 1L9

Brendan.wycks@cafii.com

Dear Mr. Wycks:

Re: Guidance – Conduct of Insurance Business and Fair Treatment of Customers

On May 3, 2018, the Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO) released a draft joint Guidance on Fair Treatment of Customers (proposed guidance) for a 45-day public consultation, which ended on June 18, 2018.

CCIR and CISRO thank your organization for reviewing and providing valuable written comments on our proposed guidance. We have carefully analyzed all comments received and would like to meet with you to provide feedback on the main issues raised as well as to get clarification and ensure that we understand your comments.

We invite your organization to participate in an in-person meeting to be held at the offices of the Financial Services Commission of Ontario, located at 5160 Yonge Street, 17th floor boardroom, Toronto, Ontario. Your meeting is scheduled for Wednesday, July 18, 2018 at 2:00 pm to 2:45 pm.

Please contact Tony Toy, Policy Manager at Tony.Toy@fSCO.gov.on.ca or by phone at 416-590-7257, as soon as possible, to confirm your organization's availability for the allocated date and time.

Prior to the meeting, we will provide you with a summary of the comments received along with the issues we would like to discuss with you.

We greatly appreciate your organization's contribution and look forward to meeting with you.

Sincerely yours,

Original signed by

Louise Gauthier
Co-Chair
Fair Treatment of Customers Working Group
Canadian Council of Insurance Regulators

Ron Fullan
Co-Chair
Fair Treatment of Customers Working Group
Canadian Insurance Services Regulatory Organizations

5160 Yonge Street
Toronto, ON M2N 6L9

www.ccir-ccrra.org
ccir-ccrra@fSCO.gov.on.ca

5160, rue Yonge
Toronto, ON M2N 6L9

**CCIR/CISRO FTC Guidance
Stakeholders Meetings, July 18, 2018
Table of Key Issues**

1. Harmonization

Overall, commenters are very receptive to the Canadian Council of Insurance Regulators (“CCIR”) and Canadian Insurance Services Regulatory Organizations’ (“CISRO”) collaborative approach in the development of a common set of expectations pertaining to the conduct of business to ensure the fair treatment of customers (“FTC”). Commenters generally found the proposed CCIR/CISRO Guidance on Conduct of Insurance Business and Fair Treatment of Customers (the “proposed Guidance”) to be aligned with International Association of Insurance Supervisors’ (“IAIS”) Insurance Core Principle 19 and current requirements in Canada.

However, commenters believe that customers will be best served by a national approach which would provide them with similar rights and expectations regardless of where they live in Canada. In this regard, they find that the document does not contain a firm commitment from regulators to put in place rules of conduct related to FTC that are consistent with CCIR and CISRO’s expectations. Commenters call for consistency in the development of future local instruments (i.e., Financial Services Commission of Ontario’s proposed guidance, Québec Sound Commercial Practices Guideline) with the proposed Guidance.

Moreover, regulators are encouraged to support harmonization amongst the financial services industries (namely, the securities and the banking sectors) to avoid regulatory arbitrage.

2. Proportionality and Multiple Audits

Commenters support a risk-based approach which allows for flexibility in implementing supervisory and oversight requirements to achieve the desired outcomes. CCIR and CISRO take note of the comments on increased efficiency and efficacy through joint audit or common audit questionnaires.

Furthermore, as supervisory responsibilities over distribution was discussed, it was said that insurers cannot be expected to supervise a business partner’s conduct to the same degree as a regulator with legislative authority.

3. Principles-based vs Prescriptive, Rules-based Approach

Commenters are generally comfortable with and support the proposed Guidance’s principles-based approach, rather than a prescriptive, rules-based one. For many commenters, the document is positioned at a high level, while still providing sufficient detail and clarity to ensure its usefulness.

However, other commenters claim for clarification, precision and details on how to implement the described expectations.

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4. Right Balance Between Roles and Responsibilities of Insurers and Intermediaries

CCIR and CISRO requested comments on this central issue. For many, the proposed Guidance appears to imply that insurers are directly responsible for the actions of independent and separately regulated intermediaries. There are limits to an insurer's ability to monitor an intermediary's actions and ensure that consumers are treated fairly throughout all stages of the insurance product life-cycle. Insurers cannot be expected to supervise a business partner's conduct to the same degree as a regulator with legislative authority. The insurer's responsibility to supervise its distribution channels could not replace regulator surveillance.

CCIR and CISRO acknowledge the comments. Discussions are already engaged with insurers and intermediaries' stakeholders on the question of advisor oversight. This issue will be discussed at a further stage after the adoption of the proposed Guidance. CCIR and CISRO will then evaluate whether the Guidance needs to be detailed.

5. Definitions

Commenters are of the view that definitions of the terms «Intermediary», «Distribution Firm», «Agent Firms» should be revised. Those later two terms appear unclear, uncommonly used and Québec-centric. Without further revision, some are of the view that there is a risk that certain entities could consider themselves as exempted.

There is support for the use of a broader definition of the term «Intermediary» closely aligned with the one used by IAIS.

At the stakeholder meetings, CCIR and CISRO will seek for further input on this issue. Participants will be asked to identify the clear risks that the current definitions present and which avenue seems preferable.

6. Outsourcing Versus Relationships Between Insurers and Intermediaries

Some stakeholders mention that there is overlap between those two sections. They are of the view that the scope of the Outsourcing section should be limited to outsourced activities that could ultimately impact a client. One stakeholder wonders if the proposed Guidance intends to extend beyond the distribution of insurance.

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7. Access to Independent Advice and Conflicts of Interest

A consumer's advocate is of the view that regulators should develop different licences reflecting if, whether or not, an intermediary can sell the products of one insurer or multiple insurers. In his opinion, current disclosure requirements are not working and often do not occur.

It is also said by other commenters that regulators will need to monitor industry trends of mergers and acquisitions because of their impacts on access to independent advice.

8. Incentives Management

For consumers' advocates, incentives should be aligned with conduct risk. Related processes should include, at a minimum, non-financial assessment criteria (such as the quality of risk management, degree of compliance with applicable rules and broader conduct objectives of the firm, including FTC outcomes) into individual performance management and compensation plans at all levels of the organization and as part of the broader governance and risk management framework. Such processes should be supported by ongoing programs including formal training courses that reinforce appropriate standards of behavior.

CCIR and CISRO currently monitor national/international as well as other financial sectors' regulatory developments (as those of the Canadian Securities Administrators) on incentives management. This issue will be considered in the second phase of their mandate.

Agenda Item 4(h)
July 24/18 EOC Teleconference Meeting

From: CISRO-OCRA [mailto:CISRO-OCRA@fsco.gov.on.ca]

Sent: Friday, June 29, 2018 10:42 AM

To: 'Brendan Wycks'; keith.martin@cafii.com

Subject: CISRO Strategic Plan 2019-2022

June 29, 2018

Re: CISRO Strategic Plan 2019-2022

Dear Mr. Wycks and Mr. Martin,

The Canadian Insurance Services Regulatory Organizations (CISRO) is an inter-jurisdictional group of regulating authorities who are dedicated to developing consistent standards of qualifications and practice for insurance intermediaries dealing in insurance of persons and property. Its goals and objectives include creating a common voice to deal with issues that may be of interest to other financial services regulators, consumers, intermediaries and insurers.

Over the past few years, CISRO members have collaborated on regulatory initiatives such as the Canadian Insurance Regulators Disciplinary Actions database (CIRDA) and an updated and harmonized Life Licence Qualification Program (LLQP).

CISRO's current activities include a review of licensing qualifications across Canada for general/property and casualty insurance agents and brokers; a joint initiative with the Canadian Council of Insurance Regulators (CCIR) to develop guidance for the fair treatment of customers; working more closely with the CCIR on issues related to Fintech, travel insurance and segregated funds; piloting a CISRO Secretariat; and developing communications strategies to better engage stakeholders.

CISRO is now considering its strategic priorities and initiatives in the context of the longer term and is developing a strategic plan for 2019-2022. In developing this plan, CISRO will consider the current insurance environment, projects currently underway and the priorities of its members.

CISRO is interested in hearing from key stakeholders in the insurance sector. Therefore, I invite your organization to provide input regarding the issues and concerns it feels should be considered in CISRO's next strategic plan. Comments should be forwarded, in writing, to the CISRO Secretariat (cisro-ocra@fsco.gov.on.ca) by August 27, 2018. Please contact the CISRO Secretariat if you have any questions. Thank you in advance.

Sincerely,

Ron Fullan, Chair