

CAFII EOC Meeting
Thursday, June 19, 2014
Location: CIBC Insurance
Commerce Court, 199 Bay Street, 4th Floor [Imperial Room], Toronto, ON
9:00 a.m. – 12:00 p.m.

Conference call dial-in information:
416-764-8662 or 1.888-884-4534, participant code: 771017#; moderator code: 7661560#

Chair: G. Grant

Agenda

- | | |
|---|-----------------------------|
| 1. Call to Order | G. Grant |
| 2. Approval of Agenda and Previous Minutes | All |
| a. EOC Minutes and Action Items of May 27, 2014 | |
| b. Board Minutes and Action Items of June 10, 2014 | |
| 3. CAFII Financial Statements as at May 31, 2014 | R. Rajaram |
| a. CAFII Financial Reserves Policy: Options Re Current Reserves Level | R. Rajaram/B. Wycks |
| 4. Policy Issues and Decision Items | |
| a. Regulator Request for Further CAFII Action Supporting LLQP Modernization | M. Gill/B. Wycks |
| b. Pan-Industry Project Group on Travel Insurance Issues | B. Wycks/J. Lewsen/G. Grant |
| i. Bruce Cappon Submission To CCIR | |
| c. Application for Voting Membership from The CUMIS Group Ltd. | B. Wycks |
| d. Balanced Scorecard | B. Wycks |
| 5. Regulatory Update | |
| a. Regulator and Policy-Maker Visit Plan 2014 | B. Wycks |
| i. Joint Visit with Atlantic Canada Insurance Regulators: Oct. 1/14 | B. Wycks |
| 6. EOC Committee Updates | |
| a. Distribution and Market Conduct Committee | S. Manson |
| i. Comparative Project on Creditor's Mortgage Life, Disability, and Critical Illness Insurance; and Equivalent Individual Insurance | |
| b. Licensing Efficiency Issues Committee | M. Gill |
| i. New Brunswick Licensing Issues | |
| ii. Manitoba Restricted License Regulation | |
| iii. Presentation to CISRO on Multi-jurisdictional Licensing Issues | |
| iv. Representation for Restricted License Holders in Sask./Alta.; and Banks-in-Insurance Sector in B.C. | J. Lewsen/M. Gill |
| c. Media and Communications Committee | P. Yeung/M. Sanchez-Chung |
| d. Events and Networking Committee | |
| i. Presentation & Reception, June 10, 2014 | |
| ii. Confirmed Speaker for October 7, 2014 Event | |

7. Other Business

- Next Tentative EOC Meeting is July 22/14 in Toronto; Next Regular EOC Meeting is Sept. 23/14 in Toronto
- Next Board Meeting is October 7, 2014 in Toronto (ON) hosted by TD Insurance

Draft CAFII EOC Meeting Minutes
Tuesday, May 27, 2014
Action Items from the Meeting

Agenda Item	Action Item	Responsible	Deadline
2. Approval of Agenda	EOC Members to follow-up with their Directors regarding attendance at the next meeting. Brendan Wycks to follow-up with FIs that don't have representation on EOC.	EOC, B. Wycks	May 30
4a. Fasken Martineau Invoice Re CNCA Continuance Legal Services	Brendan Wycks to request a comparison report of the initial proposal vs overrun proposal. Upon confirmation that the information is reasonable and acceptable, CAFII shall offer to pay half of the overrun cost, conditional upon Board approval.	B. Wycks	June 10
4b. Application for Voting Membership from The CUMIS Group Ltd	<ul style="list-style-type: none"> Brendan Wycks to seek further clarification from CUMIS as to which Foundation Member of the Association will be the sponsor of its membership application. Upon confirmation of the sponsoring Foundation Member, Brendan and one or two EOC members (one being from the sponsoring Member) to meet with CUMIS representatives, in an interview setting, to discuss such things as: <ul style="list-style-type: none"> alignment between CUMIS and CAFII around fundamental policy issues; fit between CUMIS' goals and expectations related to membership and CAFII's expectations of members; and rights and responsibilities of CAFII members. A summary report of that interview meeting to be presented to the EOC, which will then make a recommendation on the membership application to the Board. 	B. Wycks	June 19

4c. Industry Working Group on Travel Insurance Application Forms	<ul style="list-style-type: none"> The industry activity needs to slow down as CAFII needs to do more groundwork on this issue. CAFII has reached out to other industry Associations, as a preliminary step to garner interest on collaborating. Now that we have confirmed there is interest, we need to do some additional work on the scope of the initiative. 	B. Wycks	Ongoing
	<ul style="list-style-type: none"> Regarding the communique, it was requested that this be deferred or at least CAFII's name be removed, until it has completed the internal scoping process. 		May 28
	<ul style="list-style-type: none"> The Distribution and Market Conduct Committee to review this issue over the summer with the goal of determining the scope of the project. Additional volunteers with expertise will need to be recruited for this initiative. Greg Grant (CIBC), Rosemary Pulla (BMO), Isabelle Choquette (Desjardins) volunteered to join the committee for this project. 	DMC	Summer 2014
	<ul style="list-style-type: none"> Members with representatives on THiA to contact them and confirm what is being done already. 	All	June 19
4g. CAFII External Communications Strategy	Brendan Wycks to identify the key 2014 deliverables in the External Communications Strategy document and add them to the Balanced Scorecard.	B. Wycks	June 19
4h. CAFII Policies	Leya Duigu to include the Competition Policy on the agenda for the September 2014 EOC meeting, for review and discussion as to whether it should be included and acknowledged at each EOC meeting in addition to Board meetings. The Competition Policy should then be brought forward to the October 7, 2014 Board meeting for approval.	L. Duigu	September
5a. Distribution and Market Conduct Committee	Once the DMC has a better idea of when the survey will be released, they are to notify the EOC members so they can provide their teams with an update.	S. Manson, E. Brown	June 19
5dii. Confirmed Speaker for October 7, 2014 Event	Brendan Wycks to prepare and send a formal speaker request letter to Carolyn Rogers.	B. Wycks	June 10
7a. Enquiry Re Saskatchewan Insurance Council	Brendan Wycks to advise the member that the firm should seek independent legal advice on this.	B. Wycks	June 10

CAFII EOC Meeting
Tuesday, May 27, 2014
Location: CIBC Insurance
Commerce Court, 199 Bay Street, 4th Floor [Imperial Room], Toronto, ON

Present:	Rose Beckford	ScotiaLife Financial
	Derek Blake	RBC Insurance
	Charles Blaquiere	Canadian Premier Life Insurance Co. <i>(by teleconference)</i>
	Emily Brown	BMO Insurance
	Andre Duval	Desjardins Financial Security Life Assurance
	Eleanore Fang	TD Insurance <i>(by teleconference)</i>
	Moira Gill	TD Insurance <i>(by teleconference, for part)</i>
	Greg Grant	CIBC Insurance
	Jennifer Hines	RBC Insurance, Chair
	John Lewsen	BMO Insurance
	Sue Manson	CIBC Insurance
	Rosemary Pulla	BMO Insurance
	Maria Sanchez-Chung	TD Insurance <i>(by teleconference)</i>
	Paul Yeung	RBC Insurance <i>(by teleconference, for part)</i>
Regrets:	Raja Rajaram	CIBC Insurance <i>(by teleconference, for part)</i>
	Brian Wise	Assurant Solutions
	Cecilia Xiao	Assurant Solutions
Also Present:	Leya Duigu	T•O Corporate Services
	Brendan Wycks	CAFII Executive Director

1. Call to Order

The meeting was called to order at 1:05 pm. Jennifer Hines acted as Chair and Leya Duigu acted as Recording Secretary.

John Lewsen introduced Rosemary Pulla to the EOC, noting that she will be joining the EOC in future on behalf of BMO Insurance.

2. Approval of Agenda

The agenda was approved with the following addition under Other Business - Enquiry Re SK Insurance Council.

Jennifer Hines informed members of a potential quorum issue with respect to the next Board of Directors meeting on June 10, 2014 and asked members to follow up with their Directors to confirm their attendance.

Action: EOC Members to follow-up with their Directors regarding attendance at the next Board meeting.
Brendan Wycks to follow-up with FIs that don't have representation on the EOC.

a. EOC Minutes and Action Items of April 22, 2014

The Minutes and Action Items of the EOC Meeting held April 22, 2014 were reviewed.

3. CAFII Financial Management

a. Financial Statements as at April 30, 2014

Raja Rajaram, CAFII Treasurer, was unable to attend the meeting and provided his report on the April CAFII financial statements via email to Brendan Wycks as follows:

- the Balance Sheet is healthy and the GIC has been re-invested;
- the Association has an Excess of Revenue over Expenses of \$29,844 after four months of the fiscal year;
- all first instalment membership dues have been collected from Foundation and Voting Members, but 2014 dues from three Associates currently remain outstanding; and\
- the Treasurer is currently working with the TO Corporate Services Financial Controller, Senait Ghebru, and with the Executive Director on updating the computation of the minimum and maximum targets for the Association's financial reserves.

4. Policy Issues and Decision Items

a. Fasken Martineau Invoice Re CNCA Continuance Legal Services

Brendan Wycks reported that the Fasken Martineau's *pro forma* invoice (not yet issued) related to its CNCA Transition services to CAFII was higher than anticipated due to additional work, requested by CAFII, that wasn't anticipated in the initial proposal. A summary of this issue was included in the meeting materials.

The *pro forma* invoice amounts to \$22,266.10 which is more than double the initial \$9K that was proposed. While CAFII changed the scope of the project, it is good practice for legal firms to notify their clients in advance of any potential cost overruns, which didn't occur in this case. As a result, Mr. Wycks was proposing that CAFII meet Fasken Martineau half-way and be willing to pay half the overrun for a total of \$15,663.05 plus HST.

It was noted that this is the second time the Association has received a higher than anticipated invoice from its legal consultants. Therefore, strategies should be developed to avoid having this occur again in future.

It was suggested that while the *pro forma* invoice included an accounting of the time worked and charges, it would be ideal to receive information about where the cost overruns occurred specifically. Moving forward, when engaging legal and other consulting services, the Association should be vigilant about potential cost overruns.

Next Steps:

- Brendan Wycks to request a comparison report of the initial proposal vs *pro forma* invoice from Fasken Martineau. Upon confirmation that the information is reasonable

and acceptable, CAFII shall offer to pay half of the overrun cost, conditional upon Board approval.

b. Application for Voting Membership from The CUMIS Group Ltd.

Charles Blaquiére of Canadian Premier Life provided some background analysis and insights on The CUMIS Group Ltd. with respect to its application for Voting Membership in the Association.

Members discussed the addition of a credit union entity member and what affect this may have on the scope and objectives of the Association. It was noted and agreed that while comprehensive online research had not turned up any regulatory submissions by CUMIS, discussions with several provincial insurance regulators and internal discussions at member FIs had not produced any red flags that would indicate that CUMIS might be misaligned with CAFII's Mission, Vision, and policy positions.

Action Items:

- Brendan Wycks to seek further clarification from CUMIS as to which Foundation Member of the Association will be the sponsor of its membership application.
- Upon confirmation of the sponsoring Foundation Member, Brendan and one or two EOC members (one being from the sponsoring Member) to meet with CUMIS representatives, in an interview setting, to discuss such things as:
 - alignment between CUMIS and CAFII around fundamental policy issues;
 - fit between CUMIS' goals and expectations related to membership and CAFII's expectations of members; and
 - rights and responsibilities of CAFII members.
- A summary report of that interview meeting to be presented to the EOC, which will then make a recommendation on the membership application to the Board.

c. Industry Working Group on Travel Insurance Application Forms

Brendan Wycks provided a progress update on the Pan-Industry Group on Travel Insurance Issues, based on the summaries of two initial teleconferences included in today's meeting materials.

Subsequent to the second meeting last week, Karen Voin of CLHIA had just drafted a brief communique, for of the three participating Associations (CAFII, CLHIA, and THiA) to be able to share a consistent message with its members. A copy of the communique was provided to members onsite at this meeting.

In addition to participating in the group, Brendan Wycks recommended that CAFII support the pan-industry project by providing Secretariat services, through Leya Duigu. Being responsible for producing Meeting Notes would give CAFII a degree of extra influence by having primary "control of the pen" for the group.

Members discussed the proposed industry group and concerns were raised that CAFII hasn't fully scoped out the project internally and therefore cannot move forward with full participation in the group until it has considered the full extent of the project and its requirements.

Members were in favour of the project overall; however, before proceeding it was felt that CAFII must identify specific issues that will be addressed through the initiative, why CAFII should be involved, and what resources will be needed in order to participate.

Action Items and Next Steps:

- The industry activity needs to slow down as CAFII needs to do more groundwork on this issue. CAFII has reached out to other industry associations, as a preliminary step to garner interest on collaborating. Now that we have confirmed there is interest, we need to do some additional work on the scope of the initiative.

Regarding the communique, it was requested that this be deferred or at least CAFII's name be removed, until it has completed the internal scoping process.

- The Distribution and Market Conduct Committee to review this issue over the summer with the goal of determining the scope of the project. Additional volunteers with expertise will need to be recruited for this initiative. Greg Grant (CIBC), Rosemary Pulla (BMO), Isabelle Choquette (Desjardins) volunteered to join the committee for this project.
- Members with representatives on THiA to contact them and confirm what is being done already.

d. Balanced Scorecard

Brendan Wycks highlighted the key changes recently made to the Balanced Scorecard, which included combining the four separate worksheets into a single worksheet and the addition of a "Status" column.

Moving forward, the Balanced Scorecard will become a Consent Agenda item and initiatives will be updated as to their current status. Members agreed that the purpose of the document is to serve as an annual scorecard to determine if we are meeting our objectives.

e. CAFII External Communications Strategy

Brendan Wycks highlighted this updated document, noting that all items have now been prioritized as high, medium, or low, based on recent feedback from the Media and Communications Committee and the EOC.

Members agreed that the Balanced Scorecard is a separate document containing all the items that the Board has prioritized for accomplishment by the end of the year. The External Communications Strategy document shall contain more detail as well as the evergreen list of items that are of lesser priority. At this stage, the 2014 priority items need to be extracted from the Communications Strategy and transferred into the Balanced Scorecard.

Action: Brendan Wycks to identify the key 2014 deliverables in the External Communications Strategy document and add them to the Balanced Scorecard.

f. CAFII Policies

Leya Duigu reported that up to this time, CAFII's Competition Policy had been set out in the Association's bylaw. However, we received advice from legal counsel that under the Canada Non-Profit Corporations Act, it would be more appropriate for the Competition Policy to be an operational policy rather than a bylaw requirement. As a result, the Competition Policy has not been included in new CAFII Bylaw #1 which will be confirmed at the Annual and Special Meeting on June 10.

Included in today's meeting materials was a draft of the Competition Law Policy that will be put forward at the October 2014 Board meeting for approval.

Members agreed that the Competition Policy should continue to be read and recorded as received in the minutes of each Board of Directors meeting.

Action: Leya Duigu to include the Competition Policy on the agenda for the September 2014 EOC meeting, for review and discussion as to whether it should be included and acknowledged at each EOC meeting in addition to Board meetings. The Competition Policy should then be brought forward to the October 7, 2014 Board meeting for approval.

5. EOC Committee Updates

a. Distribution and Market Conduct Committee

Sue Manson reported on the Distribution and Market Conduct Committee's recent work with Towers Watson on the Comparative Project on Creditor's Mortgage Life, Disability, and Critical Illness Insurance; and Equivalent Individual Insurance.

She advised that in connection with this project, the DMC was seeking approval for the purchase of The LifeGuide Professional Software at a cost of \$470 for an annual license, as per a document to that effect that had recently been circulated electronically, copies of which were also available onsite.

Decision: EOC members discussed the benefits of the software to the project and supported the committee's recommendation that it be purchased. While this item was unforeseen, it was still within the committee's budget.

The committee anticipates releasing the survey of the seven CAFII member FIs in July, somewhat later than originally anticipated, which may impact the plans for presenting the results of the project to the Board at its October 7, 2014 meeting. However, the additional time being spent on development of the survey will result in a more focused and targeted instrument which will benefit member FIs by making it easier and more straightforward to complete.

Action: Once the DMC has a better idea of when the survey will be released, they are to notify the EOC members so they can provide their teams with an update.

b. Licensing Efficiency Issues Committee

Brendan Wycks provided an update on agenda topics planned for discussion in a May 28 meeting with Gerry Matier, Executive Director of the Insurance Council of BC, which would be attended by Moira Gill, Greg Grant, Derek Blake, and himself.

c. Media and Advocacy Committee

Members discussed and agreed that CAFII will not communicate with the media on travel insurance issues at this time. However, the Association may do so in the future.

d. Events and Networking Committee

i. Confirmed Speaker for June 10, 2014 Regulatory Reception

Paul Yeung reported that Brigitte Goulard, Deputy Commissioner of the Financial Consumer Agency of Canada, would be guest speaker at the June 10 CAFII event; and a preparation meeting will be held with her on June 2 to go over final details. A save the date message was sent to CAFII's guest list and Paul Yeung stressed the urgency with which the follow-up invitation must be sent.

ii. Confirmed Speaker for October 7, 2014 Event

The next event will be held on October 7 and Carolyn Rogers, BC Superintendent of Insurance and Chair of CCIR, has accepted CAFII's invitation to be the guest speaker.

Action: Brendan Wycks to prepare and send a formal speaker request letter to Carolyn Rogers.

6. Regulatory Update

Items were reviewed for urgency and a brief verbal update was provided by Brendan Wycks.

- **BC FICOM:** Brendan Wycks reported on a conversation he had recently with Harry James of BC's FICOM on the Commission's two question survey of the industry on the structuring of creditor's group insurance products, a summary of which was included in the Regulatory Update in the meeting materials. While FICOM is still awaiting responses from several stragglers, Harry James indicated that a picture is emerging and there seems to be an issue in three particular markets. Further updates and communication have been scheduled for June.

a. Draft CAFII Submission on FSCO 2014 Statement of Priorities

Members were reminded to provide feedback to Brendan Wycks on the draft submission within the next two days, in order for the Association's document to be finalized and submitted by the May 30 deadline.

7. Other Business

a. Enquiry Re Saskatchewan Insurance Council

A member recently flagged an issue of concern from the Saskatchewan Insurance Council. Members discussed and it was agreed that it could impact principles under the Bank Act.

Action: Brendan Wycks to advise the member that the firm should seek independent legal advice on this.

b. Alberta E&O Insurance Requirements for Restricted License Holders

Members discussed this issue. It was agreed that no further action on the part of the Association was required.

c. *In Camera* Discussion

Members met *in camera* to discuss a proposal with respect to CAFII Admin support.

8. Termination

The EOC meeting was terminated upon completion of the in-camera discussion. The next CAFII EOC Meeting will be held on June 19, 2014, in Toronto.

Date

Chair

Recording Secretary

**CAFII Board Meeting Minutes
Tuesday, June 10, 2014
Action Items from the Meeting**

Agenda Item	Action Item	Responsible	Deadline
4.1.2 CAFII Chair	CAFII to circulate an electronic vote regarding the appointment of the next CAFII Chair before the next Board of Directors meeting on October 7, 2014	B. Wycks, L. Duigu	
4.2 LLQP Modernization	<ol style="list-style-type: none"> EOC is tasked with developing a list of Policy makers and drafting a letter to them focusing on the underserved middle market and harmonization as well as highlighting LLQP as a great solution and method for harmonization. EOC to continue to monitor any developments on the issue and consider scheduling follow-up meetings with regulators and policy makers. 	EOC, B. Wycks EOC	
4.3 Pan-Industry Project Group on Travel Insurance Issues	<ul style="list-style-type: none"> EOC to prepare a proposal on CAFII's preliminary position with respect to Travel Insurance issues. The proposal work will proceed in tandem with the pan-industry working group meetings and discussion. Directors agreed to be ready to provide electronic approval of a proposal before the next meeting in October, with the possibility of meeting via conference call to discuss the issues as necessary. In addition if there are any hot button issues that members wish to have reviewed please communicate this through your EOC members or with Brendan Wycks. 	EOC, B. Wycks	

CAFII

55 St Clair Ave West, Suite 255
Toronto, ON M4V 2Y7

Statement of Operations

As at May 31, 2014

REVENUE	Current Month	Current YTD	Budget 2014	% Used	YTD 2013 Balance	% Used YTD 2013
Membership Fees	\$33,375	\$166,875	\$400,500	42%	\$168,875	44%
Interest Revenue	\$0	\$174	\$720	24%	(\$458)	-458%
TOTAL REVENUE	\$33,375	\$167,049	\$401,220	42%	\$168,417	44%
EXPENSE						
Association Operating Expenses						
Management Fees	\$18,455	\$95,737	223,380	43%	\$92,673	134%
Lawrie Savage Fees	\$0	\$0	-		\$0	0%
CAFII Legal Fees/Corporate Governance	\$0	\$2,825	19,500	14%	\$0	0%
Audit Fees	\$0	\$0	14,000	0%	\$1,617	16%
Insurance	\$439	\$2,193	5,368	41%	\$1,183	27%
Website (incl translation)	\$0	\$331	540	61%	\$31	6%
Telephone/Fax/Internet	\$1,035	\$2,572	2,250	114%	\$1,416	66%
Postage/Courier	\$0	\$211	500	42%	\$130	12%
Office Expenses	\$81	\$1,504	4,500	33%	\$1,080	40%
Bank Charges	\$0	\$0	38	0%	\$70	3%
Miscellaneous Expenses	\$0	\$0	-	0%	\$0	0%
Amortization Expense	\$0	\$0	-	0%	\$0	0%
Depreciation Computer/Office Equipm ¹	\$39	\$194	640	0%	\$311	12%
Sub Total Association Operating Expenses	\$20,048	\$105,567	\$270,716	39%	\$98,510	
Distribution & Market Conduct Committee						
Provincial Regulatory Review	\$0	\$2,474	3,000	82%	\$678	1%
Research/Studies	\$201	\$201	50,000	0%	\$4,758	11%
Sub Total Distribution & Market Conduct Committee	\$201	\$2,675	\$53,000	5%	\$5,436	
Licensing Efficiency Issues Committee						
Regulatory Model (s)	\$299	\$2,009	12,000	17%	\$15	1%
Federal Financial Reform	\$0	\$101	3,000		\$0	0%
Sub Total Licensing Efficiency Issues Committee	\$299	\$2,110	\$15,000	14%	\$15	
Media & Advocacy Strategy Committee						
Tactical Communications Strategy	\$47	\$2,088	51,500	4%	\$11	0%
Association Branding	\$0	\$1,130	2,500	45%	\$0	0%
Sub Total Media & Advocacy Strategy Committee	\$47	\$3,218	\$54,000	6%	\$11	
Networking & Events Committee						
Board/EOC/AGM Expense ²	\$94	\$10,939	20,500	53%	\$11,525	55%
Networking Events	\$0	\$9	1,756	1%	\$0	0%
15th Anniversary Event	\$0	\$0	-	#DIV/0!	\$5,405	26%
Sub Total Networking & Events Committee	\$94	\$10,949	\$22,256	49%	\$16,930	
Media Relations, CAFII Consultant						
Media Relations, CAFII Consultant	\$0	\$0	-		\$0	0%
Sub Total Media Relations, CAFII Consultant	\$0	\$0			\$0	
TOTAL EXPENSE	\$20,689	\$124,518	414,972	30%	\$120,903	29%
EXCESS OF REVENUE OVER EXPENSES	\$12,686	\$42,530	(\$13,752)		47,514.42	

Explanatory Notes:

- (1) Amortization of office equipment based on 4 year straight line depreciation
(2) Board meetings and receptions, special Board or EOC lunch meetings, speaker expenses

CAFII
 Toronto, ON M4V 2Y7
Membership Fees
As At May 31, 2014

	<u>Jan-14</u>		<u>Jul-14</u>	
	<u>Billed</u>	<u>Received</u>	<u>Billed</u>	<u>Received</u>
BMO Bank of Montreal	\$ 23,500.00	Mar7,2014	\$ 23,500.00	
CIBC Insurance	\$ 23,500.00	Mar20,2014	\$ 23,500.00	
RBC Insurance	\$ 23,500.00	Mar17,2014	\$ 23,500.00	
ScotiaLife Financial	\$ 23,500.00	Mar7,2014	\$ 23,500.00	
TD Insurance	\$ 23,500.00	Mar7,2014	\$ 23,500.00	
AMEX Bank of Canada	\$ 11,750.00	Apr7,2014	\$ 11,750.00	
Assurant Solutions	\$ 11,750.00	Apr7,2014	\$ 11,750.00	
Canadian Premier Life Insurance Company	\$ 11,750.00	Apr7,2014	\$ 11,750.00	
Desjardins Financial Security Life Assurance Company	\$ 11,750.00	Apr7,2014	\$ 11,750.00	Apr7,2014
National Bank Insurance Company	\$ 11,750.00	Apr7,2014	\$ 11,750.00	
Aimia	\$ 4,800.00	Mar7,2014		
Avalon Actuarial	\$ 4,800.00	Mar20,2014		
Collins Barrow Toronto Actuarial Services	\$ 4,800.00	June6,2014		
CSI Brokers Inc.	\$ 4,800.00	May23,2014		
KPMG	\$ 4,800.00			
Laurentian Bank of Canada	\$ 4,800.00	Mar20,2014		
Munich Re	\$ 4,800.00	Mar7,2014		
Optima Communications	\$ 4,800.00	Mar20,2014		
RGA Life Reinsurance Company of Canada	\$ 4,800.00	Apr7,2014		
The Canada Life Assurance Company	\$ 4,800.00	Mar20,2014		
January Invoices	\$224,250		\$176,250	
July Invoices	\$176,250			
Total Membership Fees	\$400,500			
Total amount to realocate monthly Jan-Dec	\$33,375			

CAFI

55 St Clair Ave West, Suite 255

Toronto, ON M4V 2Y7

Balance Sheet As at May 31, 2014

ASSETS	Current 2014
Current Assets	
Bank Balance	\$336,777
Investments ^A	\$52,852
Accounts Receivable	(\$2,150)
Interest Receivable	\$518
Prepaid Expenses	\$0
Computer/Office Equipment	\$2,334
Accumulated Depreciation -Comp/Equip	(\$817)
Intangible Assets-Trademarks	\$0
Accumulated Amortization-Trademark	\$0
Total Current Assets	\$389,514
TOTAL ASSETS	\$389,514
LIABILITIES	
Current Liabilities	
Account Payable ^B	\$1,434
Deferred Revenue	\$57,375
Total Current liabilities	\$58,809
TOTAL LIABILITIES	\$58,809
UNRESTRICTED NET ASSETS	
Unrestricted Net Assets, beginning of year	\$288,175
Excess of revenue over expenses	\$42,530
Total Unrestricted Net Assets	\$330,705
Total Unrestricted Net Assets	\$330,705
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$389,514

Minimum/Maximum Financial Reserves Targets:
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Minimum Reserves at 3 months (25%) of Annual Operating Expenses =	\$ 103,743
Maximum Reserves at 6 months (50%) of Operating Expenses =	\$ 207,486

C A F I I
55 St Clair Ave West, Suite 255
Toronto, ON, M4V 2Y7
Balance Sheet Items
As at May 31, 2014

Item A

Investment Portfolio

Investment Type	Issue Date	Principal	Rate	Deemed Interest	Maturity Date
Cashable GIC #0087-8019718-12	May-07-13	\$52,852.40	1.00%	\$528.52	May-07-14
Total		\$52,852.40		\$528.52	

Item B

Accounts Payable

	<u>Total</u>
	616.70
	<u>816.94</u>
Total outstanding:	<u>1,433.64</u>

**Briefing Document On Agenda Item 3(a):
CAFII Financial Reserves Policy: Options Re Current Reserves Level
June 19, 2014 CAFII EOC Meeting**

CAFII's Financial Reserves Policy is to maintain Reserves of approximately six (6) months or 50% of annual operating expenses.

Based on the Association's 2014 Operating Budget (displayed as a column in the Statement of Operations in each month's financial statements), the reserves target is therefore 50% of \$414,972 or \$207, 486.

As indicated by CAFII's Balance Sheet as at May 31, 2014, the Association's Reserves stand at \$330,705 which exceeds the targeted level by \$123,219.

On June 17, Brendan Wycks met by teleconference with Vivian Chen, Manager, Audit, Financial Services at KPMG, who worked on CAFII's 2013 audit, to discuss the Association's Financial Reserves Policy and current position; Canada Revenue Agency views on Reserves held by non-profit organizations; and related action options for the Association.

The following insights were generated from that discussion:

- the amount of reserves that has been generated by the Excess of Revenue Over Expenses for the first four months of fiscal 2014 should be factored out of consideration, because it is largely a timing difference. It is reasonable to remove that \$42,530 of Excess of Revenue Over Expenses, as temporary, because (i) the Association's 2014 budget calls for a modest deficit of \$13K at the end of the year; and (ii) some major project spending has been delayed but is imminent, in particular Towers Watson's invoicing for its services on the Comparative Value of Creditor's Group Insurance Project.

- therefore, a more accurate assessment places CAFII's current level of Reserves at \$288,175, which still exceeds the targeted amount of \$207,486 by \$80,689. CAFII's Reserves therefore currently stand at 69.4% of annual operating expenses, well above the targeted 50% of annual operating expenses.

- With Reserves of \$288, 175 (69.4% of annual operating expenses) is CAFII at risk of running afoul of CRA regulations and losing its non-profit status?

Answer: No, certainly not. CRA would not care and would not be bothered at all about Reserves at this level. So long as there is a Reserves Policy that is tied to the organization's Mission and its current and future commitments, and the members are comfortable with that policy, CRA would not be fussed.

Even absent a Reserves Policy, CRA probably would not be concerned at all unless the Reserves were in excess of 200% of annual operating expenses.

- What level of Reserves (ie. what percentage of annual operating expenses) would CAFII have to reach to be at risk of losing its non-profit status?

Answer: CRA doesn't have a specific rule or a yardstick for Reserves held by non-profits. It all depends on the type of organization. It's important to have a Reserves Policy that is tied to Mission and current and future commitments. But after that, it's really just a philosophical question and one that's linked to the comfort of the members.

-Does KPMG regard CAFII's Financial Reserves Policy (50% of annual operating expenses) as prudent, given our size and scope as an Association?

Answer: Given that CAFII is a small Association with a straightforward structure, and it has low debt and a very stable revenue stream, the policy of targeting Reserves at equivalent to six months of annual operating expenses seems very appropriate.

But there are Associations that have policies that target anywhere from three months to two years in financial Reserves. What's appropriate varies widely, based on the mission, structure, and plans of the organization.

-If CAFII chooses to draw down its Reserves to bring them closer to the targeted level, the feasible options would seem to be

- spend money on one or more major projects that will bring long-term benefit to the members; or

- create a budget for a particular fiscal year(s) that calls for lower Revenue by reducing Member Dues by a certain percentage for that year(s). In this way, for one or more years, the Association would have an Operating Budget that calls for a deficit.

This budgetary approach to reducing Revenue temporarily, and thereby drawing down Reserves within a specified time period, is a better way to go than the alternative of declaring a Dues Holiday or a Dues Reduction for second instalment dues within an already started fiscal year.

Doing this on a well-planned, budgeted basis is cleaner and better from an overall management and reputation management perspectives.

(Vivian Chen also offered to vet these questions/issues with a "non-profit expert" within KPMG, to see if there are any further points of analysis or advice to add; and to get back to Brendan Wycks at her earliest convenience.)

**Briefing Document On Agenda Item 4(a):
Regulator Request For Further CAFII Action Supporting LLQP Modernization
June 19, 2014 CAFII EOC Meeting**

- Six of the 8 stakeholder groups that have participated in one-on-one stakeholder meetings with CISRO's LLQP Committee are supportive of the LLQP modernization effort, but two of them (Primerica, an insurance company, and Oliver's, an LLQP course provider) are very opposed and have combined forces in a national lobbying campaign designed to undermine CISRO's efforts to bring in a nationally harmonized, modular-based life agent qualification program.
- Those two organizations have launched a multi-faceted, multi-media campaign called "Community Life Insurance Workers and Educators" (www.communitylifeinsurance.ca) Given that the AMF/Quebec has been an educational resource expert and leader in the current LLQP modernization work, Primerica and Oliver's have set up Quebec up as the "bogeyman" in their lobbying campaign:
 - they've taken out full page ads in daily newspapers in mid-sized cities in Newfoundland, BC, Saskatchewan, and Ontario, at a minimum. The ads use a catchphrase along the lines of "You Wouldn't Treat Foresters/Farmers/Fishermen This Way" (depending upon the province). The campaign also uses letters to the editor and blog posts.
 - Primerica is getting its individual agents to lobby their local MLAs hard on this issue in a concerted grassroots effort. There is a full court press happening in Ontario right now during the provincial election campaign, and they are trying to cultivate all-party support so that their issue and messaging will live on regardless of which party forms the next Government. Primerica also arranged for the State of Georgia (where its corporate office is located) to file a grievance against Canada under NAFTA about the LLQP modernization. (But a grievance can only be investigated once a "harm" has actually occurred.)
 - On Wednesday, June 4, CAFII representatives Sue Manson and Brendan Wycks attended an Economic Club of Canada luncheon presentation in Toronto on "The Underinsured Market in Canada" by co-presenters Richard Hekeler, Assistant Vice-President & Director of Custom Research at LIMRA/LOMA, and Laura Dawson, PhD, President of Dawson Strategic.

While the LIMRA component of the presentation was an objective overview of recent industry research findings, it was in some respects a customized, even co-opted presentation, in support of the premises that there is a huge under-insurance issue in Canada and there is a significant channel preference for dealing in-person with an insurance agent/advisor/broker.

Ms. Dawson's ensuing part of the presentation was unequivocally a polemical, propaganda presentation of "commissioned research." Ms. Dawson highlighted from her recent research paper "Market Barriers and the Proposed Changes to the Life Agent Licensing System in Canada: A Commissioned Report For Primerica Canada By Dawson Strategic."

Ms. Dawson's key messages, delivered in both the research paper and her presentation, are:

-Insurance is a necessity/staple product, not a luxury, but the level of underinsurance across the country is getting worse because of declining numbers of agents. "I study the public policy impact of decisions made by regulators, and they shouldn't be making it harder for Canadians to buy insurance."

-The proposed new nationally harmonized LLQP is onerous, expensive, and has no clear benefits. The new program is a solution looking for a problem. An analysis of enforcement actions by provincial insurance regulators from 2008-13 shows that there is no problem here that needs to be addressed by introducing a new program that raises the bar for qualification.

-The new program is going to reduce the number of successful LLQP writers and drive up entry costs due to exam re-take fees. When you change the structure of the exam by breaking it up into a series of discreet modules (each of which has to be passed with a 60% mark), you increase the odds of getting "False Fails" and you reduce the exam's overall reliability as a measure of knowledge/competence. (Source for this, cited in the research paper, is Dr. Edwin Weinstein, President of the Brondesbury Group, an independent consulting firm specializing in financial services included related credentialing. His PhD is in measurement and evaluation. Dr. Weinstein was in attendance at the Economic Club luncheon and asked a question to add independent, third party cachet to Dr. Dawson's skewering of the modular exam approach.)

-While in general, harmonization is good, this particular change is not something we need. Harmonizing the common law provinces to the Quebec model is a false economy and not "least disruptive to trade" as required under the Agreement on Internal Trade (AIT).

-Moving forward with the proposed nationally harmonized LLQP could put Canada off-side its international trade obligations. Under NAFTA, when Canada – arbitrarily and without due process consultation -- changes the conditions of competition for an American or Mexican company operating in this country, then the changes can be subject to a NAFTA challenge. The signatories to the Agreement have the right to "regulate in the public interest" but that has to be balanced against "were appropriate analyses and steps taken?", "were stakeholders adequately consulted?," etc.

- While very appreciative of CAFII's February 2014 letter of support for CISRO's LLQP harmonization effort, which has been shared with relevant Ministers across the country, Gerry Matier, Executive Director of the Insurance Council of BC and a member of CISRO's LLQP Committee, suggested that CAFII take further key action in support of the LLQP modernization. Given that Primerica is aggressively trying to lay exclusive claim to serving "The Underserved Market" in its lobbying messages to legislators, Gerry suggested that CAFII take measures to present a more accurate and balanced view.

**Briefing Document On Agenda Item 4(b):
Pan-Industry Project Group on Travel Insurance Issues
June 19, 2014 CAFII EOC Meeting**

Carol Shevlin, CCIR's Policy Manager, arranged a recent meeting with Karen Voin, Director, Health and Dental at CLHIA and that Association's staff executive responsible for travel insurance issues. Informed by Carolyn Rogers that CLHIA, CAFII and THiA were in the process of forming an industry Associations group to address the concerns about travel insurance that regulators have been articulating, Carol requested the meeting with Karen to provide an update on some key travel insurance developments at CCIR.

Travel Insurance Front-and-Centre in 2014-17 CCIR Strategic Plan; and New Committee To Focus Specifically on Travel Insurance

Carol reinforced that travel insurance is very much a hot button issue for CCIR. The Council has its summer teleconference meeting on July 4, during which the new 2014-17 Strategic Plan is to be approved. Addressing issues related to travel insurance will be a key priority in that new Strategic Plan. She expects that a new CCIR committee will be formed to focus on travel insurance.

White Labeling of Travel Insurance

Also under the new Strategic Plan, the existing Agencies Regulation Committee (ARC) will be looking at white labeling of travel insurance, as an outgrowth from its recent Review of Third Party Administrators.

Carol said that, recently, she happened to hear the ombudsman from an underwriter company shirking responsibility for a claim by referring the matter back to the white labeler. And in this particular situation, in effect, both the marketer/white labeler and the underwriter were trying to absolve themselves of responsibility for dealing with the claim by pointing the consumer toward the other party.

Carol noted that this is highly inappropriate, and will be dealt with head-on by the ARC. She also said that CCIR will be mandating/requiring that in white label travel insurance product documents, the information about who the underwriter is and about the claims process must be moved up to the very front end and will not be allowed to be buried on page 55.

Submission To CCIR By Bruce Cappon, life insurance broker and travel insurance specialist, titled "Travel Insurance: The Urgent Need For Improved Regulation – A Memorandum And Submission To The Canadian Council Of Insurance Regulators, March 2014"

Bruce Cappon is the Ottawa broker and advocate for snowbirds/retirees who was quoted in the recent CBC negative media coverage about travel insurance. He has written a 20 page document (attached) on problems/issues with travel insurance, and submitted it to CCIR and relevant Ministers across the country. Therefore, his submission had to be acknowledged by a response letter from Carolyn Rogers, as CCIR Chair, essentially stating that CCIR is on the case.

(CAFII has obtained permission from Carol Shevlin to share Bruce Cappon's submission with its EOC and Board members; however, it should not be shared more broadly at this time.)

Cappon has also encouraged his clients to send their stories and anecdotes about their experiences with travel insurance – especially re claims denials -- into CCIR, and to encourage their friends to do the same. This has gone viral to a degree, such that CCIR's inbox has been inundated with communiques from seniors and snowbirds.

Insights/Conclusions From Karen Voin

Karen said the primary message that she and her CLHIA colleagues took away from the conversation with Carol Shevlin is that addressing regulatory concerns about travel insurance is a very high priority for CCIR, and the regulators are going to be under scrutiny and pressure to ensure that reforms are introduced within a reasonable, not prolonged period of time. “Essentially what they’re saying to us is ‘Fix it and fix it soon!’” or else the regulators will have no choice but to take unilateral action.

While this will definitely be discussed by the pan-industry group, Karen said that once CCIR’s new 2014-17 Strategic Plan is published (likely shortly after the Council’s July 4 meeting) and its new committee dedicated to travel insurance is announced, the thought at CLHIA is that Frank Swedlove, CEO, would then write to Carolyn Rogers to provide a brief update on the pan-industry group on travel insurance and to propose the best/optimal way and timing for it to engage with the new CCIR Committee.

Travel Insurance: The Urgent Need For Improved Regulation

A Memorandum And Submission To
The Canadian Council Of Insurance Regulators
March 2014

**From Bruce Cappon,
Travel Insurance Specialist and Consultant.**

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1. Executive Summary

As presently constituted, practices in segments of medical travel insurance are systematically unfair to clients, and lead to financial hardship – in some cases catastrophe – for thousands of Canadians annually.

The principal reason for unfairness lies in the requirement that particular applicants for such insurance are required to provide on a medical form answers to questions that are frequently vague. In addition, decisions by insurance companies on the validity of a claim by travellers are often based on non-specific, ill-defined or even unspecified criteria. For this reason, there is a high rate of denial of medical travel insurance claims across the country.

Based on Cappon's experience, misinformation provided by applicants on medical forms for travel only rarely relates to deliberate prevarication by clients. Instead, the misrepresentation, eligibility and physician consultation clauses in travel insurance contracts provide a mechanism that permits insurers retroactively to dismiss policies as null and void.

Medical travel insurance provisions in Canada are therefore systemically and inherently problematic, regardless of the character or competence of clients and their doctors.

The present memorandum analyses the issue in some detail: it explains why there is an urgent need for improved regulation of medical travel insurance. Through its recommendations, the memorandum shows how regulation may be enhanced, such that the rate of denial is reduced dramatically – without unnecessarily deep intrusion by regulators into the industry.

The principal recommendation is that the requirement of full information and disclosure must apply equally to insurers and their policies - and not only to applicants, who are then left at the whim of insurers whose criteria for claim approval are generally not transparent.

This memorandum takes the form of a submission to the Canadian Council of Insurance Regulators, together with an admonition that the CCIR review its findings and take the appropriate action in light of its recommendations.

2. Acknowledgement

Warm thanks for his collaboration in the preparation of this memorandum are extended to Dr. Jack Allingham. A distinguished family doctor, very busy with myriad activities, Dr. Allingham exemplifies both sound medical practice and profound social conscience: he has taken the time and made the effort not only to write for professional, peer-reviewed medical journals on the problems at issue in this document; but also to provide to us his advice, correction and comments on the iterations of this text as it has progressed. This submission then represents the fruit of a unique collaboration between a knowledgeable physician and a travel insurance specialist with long experience in the field.

3. Introduction

Like small business people across the spectrum of industries, insurance specialists prefer to be allowed to assist their clients and grow their enterprise in a manner as untrammelled as possible by over-regulation, “red-tape” and external interference. The author of the present memorandum is of that traditional ilk.

It must be admitted, however, that circumstances arise when the social conscience of individualists overcomes the natural proclivity to be left alone to do one’s work. This is such a time.

It is such a time because the absence of adequate regulation of the travel insurance industry in Canada is causing massive uncertainty, surprise, money and grief to numbers of Canadians – especially those of older age groups who may also be on fixed incomes.

That is why an insurance broker and interested colleagues from his field as well as a practitioner from the medical domain have taken the responsibility to frame the present memorandum in the form of a submission to the CCIR. This is a submission requiring a considered response from CCIR in the form of a substantial but unobtrusive regulatory framework for the travel insurance industry.

To cast this issue in broader socio-economic terms: “markets do not automatically generate trust. Quite the contrary; it is in the nature of economic competition that a participant that breaks the rules will triumph – at least in the short run – over more ethically sensitive competitors. But capitalism could not survive such cynical behaviours for very long”. (P. 36, *Ill fares the Land*, Tony Judt, Penguin, 2010).

Translating this truism into the terms of travel insurance in Canada: there are firms whose practices and behaviours towards insurance holders are so ethically disturbing in their self-interested manipulativeness that they threaten the sustainability of the insurance system within which they operate. This in turn jeopardizes both the welfare of the millions of Canadians who travel abroad and the integrity (and eventually the livelihood) of those, like this author, who daily work in that industry.

Therefore, through this memorandum, we submit:

- that through its action or inaction on this file, the CCIR affects the welfare of millions of Canadians
- that the CCIR must inquire specifically into matters relating to the “post-claim underwriting process” (PCU)
- that particular attention by CCIR should focus on Parts VII and XVIII of the Insurance Act, R.S.O., 1990, entitled respectively “accident and sickness insurance” and unfair or deceptive acts or practices”.
- that such an inquiry by CCIR needs to determine: whether certain insurance providers may be involved in systematic deceptive acts/practices; whether recommendations must be made to responsible ministers to amend insurance regulations in this field; and whether enhanced

oversight of the conduct of those engaged in marketing these insurance products and who design PCU policies is warranted.

This memorandum is written in plain (minimally technical) language, so that it may be easily understood by interested Canadians. Following an executive summary, it provides the necessary background to issues. It then describes current status of these issues, followed by the key considerations that will determine the range of policy options, which are then articulated.

Careful consideration of these policy options leads to recommendations for the kind of positive change that will preserve the interests and confidence of the public, as well as the sustainability of the industry and the integrity of those of us who work within it.

4. Background

Millions of Canadians travel abroad annually. In many cases, the absence of adequate travel insurance for medical issues would render such mobility prohibitively risky.

In an article entitled “Just How Many Travel Insurance Claims Are Denied?”⁽¹⁾ Daw acknowledges that the primary reason for denial is invocation by insurers of their right to **retroactively** declare policies null and void, their contention that policy holders were ineligible or misrepresented at time of application. One company estimated that 55% of claims were denied on this basis.

Moreover Daw’s article establishes that two major insurers have three main reasons for denials. Among these, the foremost is *“the customer not being eligible for the coverage (at the price paid) due to an inaccurate or incomplete information on the application or medical questionnaire.”*

Cappon has written⁽²⁾ that this “one strike and you’re out travel insurance clause” obliges him to counsel snowbirds in particular on their extreme vulnerability to being denied coverage post facto. Cappon’s additional article⁽³⁾ “Travel Insurance Claims Denials: The Stats Are Out Of The Bag” includes a consumer travel insurance safety check list to assist consumers in assessing particular high risk clauses, which could defeat a travel insurance claim.

It is a singular and troubling fact that most insurers neither provide nor wish to collect data on the rate of such denials. Post facto denial of claims follow a pattern: clients are refused their right to coverage as having been ineligible for insurance at the price paid; or due to inaccurate responses on the application.

Denial of claims is associated with three types of policy structures: medical questionnaire; non-medical questionnaire protocols; change of health clause.

Although this report primarily focuses on the insurers’ proclivity retroactively to void contracts due to an apparent misrepresentation, or an inaccurate statement made by the applicant on a medical questionnaire, there are two additional policy structures that serve as justification for the insurer to void the policy contract.

Non-medical questionnaire protocols refer to policies for which there are no medical questionnaires. Notwithstanding, applicants must correctly interpret eligibility and medical conditions that apply to the purchase process. Errors made in the applicant’s misinterpretation will lead to the insurer retroactively voiding the contract.

There are also policy structures that may affix an additional clause, which may readily lead to policy voiding.

Armed with these two additional policy structures, certain insurance providers may trigger the misrepresentation clause.

For example: on a single-trip plan, if health “changes” go unreported by the insured prior to departure, the insurer may declare the policy null and void at the time of claim.

Similarly, on a multi-trip plan, certain providers demand that change of health be reported. “Change of Health” may be ill-defined, eventuating in unreported conditions which facilitate the insurer’s decision to void the policy. (Note that this clause is not to be confused with a stability clause).

Seniors are especially vulnerable: they may have numerous visits to their physicians over 365 day period. Despite the understanding of both insured and his doctor that the condition is not sufficiently severe as to warrant declaration of change of health, at the time of claim the insurer may well void the contract retroactively.

The Honourable Robert Wells, Q.C., in his “Second Independent Review” of the OLHI ⁽⁴⁾ explains findings that cast light on issues of fairness in medical travel insurance:

- he notes that focus of adjudicators should be on fairness between the complainant and the insurer
- He notes that the underwriting process itself may be inherently flawed as described: “If ...there is a claim, the insurer closely examines all of the circumstances to determine whether or not the claimant’s factual disclosures at the time of the application were correct. In medical claims, the examination focuses very much on pre-existing health issues. It is easy for an applicant unfamiliar with travel insurance to miss the significance of some health fact in his or her past which could be called into question once a claim has been made. Even when an applicant has consulted with his family doctor and been assured that all is well; there may have been latent problems which were not significant to either the doctor or the patient. When such claims are being analysed by the insurer, it usually engages the services of a medical specialist whose expertise may place the opinions of the family doctor, and thus the complainant, at a disadvantage. That can happen even though the claimant has acted in good faith throughout”.

When explaining motives for voiding clients’ policies for misrepresentation, industry spokespeople identify three principal factors/possibilities:

- the applicant has been deliberately misleading
- the applicant has not applied herself sufficiently to the task at hand, in order to provide accurate information
- information provided by insurers at time of application were not sufficiently clear to permit an accurate appraisal and response to the medical questionnaire

Although industry representatives identify the first two of these factors as most common in claim denial, it is indisputable that insurance providers remain the sole architects of the underwriting process; and that, in the case of the third factor, clients alone bear what may be a fearsome financial burden when medical bills are not reimbursed.

As if all the factors and processes noted in this document were not sufficiently conducive to arbitrary voiding of policies at time of claim, some insurers have taken the further draconian step of obliging senior applicants to complete their medical questionnaire in an informational vacuum. Utilising a pre-scripted interview, a customer service representative from the insurer conducts a 20 minute interview with the applicant. However, the applicant has no prior access to the questionnaire and therefore is also barred from consulting his physician.

The questions may span a lifetime of medical history. Augmenting the likelihood of inaccuracy, the applicant is refused a copy of the completed questionnaire – even at the time of receipt of her policy certificate. Further aggravating this practice, the policy may include a “change of health clause”; in the instance of a multi-trip plan covering a 365 policy term, it is demanded that the applicant report ill-defined medical conditions for which they have consulted a doctor in the interim.

Failure to do so leads to voiding of the policy by the insurer .

5. Current Status

A penetrative analysis of this issue of medical travel insurance would begin, as would an epidemiological survey, with accurate data that would determine the actual prevalence of post facto claim denial.

But declining to gather this information leaves industry representatives in the position of speculating on client motives rather than on the architecture of the underwriting process.

However, estimations have been made by various reputable experts in the field. David Hartman, President of the Travel Health Insurance Association of Canada ⁽⁵⁾ (CBC Marketplace) avers that: “of travel claims made every year, 15,000 are denied for a variety of reasons. There are no industry numbers on how many of those denials are because of the medical questionnaire, but research by CBC’s The Marketplace shows the number could be in the thousands”. If Daw’s figure of a 55% rate of claim refusal based on medical misinformation is accurate, then approximately 8,000 of the 15,000 annual denials would be on those grounds – a considerable number. In those cases, we infer that the policy contracts were deemed by the insurer as **invalid from the date the policies were purchased**, even though the client is blissfully unaware of the fact.

It is also noted that there exists no independent study of the numbers of voided contracts for multiple causes. Similarly, there is no existing analysis showing demographic segmentation of post facto voiding of policy. We may assume that many of these clients most vulnerable to claim denial will be seniors and snowbirds on fixed incomes.

A further contextual issue requiring accurate data and explanation is the heavy variability of post facto denials based on medical questionnaires. Daw quotes from Will McAleer, Director of Business development of Travel Underwriters: “the rate of claims denied may differ among companies because some may exclude those policies that were deemed void from the beginning because of an error or misrepresentation on the application”. His firm “does notice that errors on medical questionnaires are particularly noticeable with travellers who are senior in year and may have more complex medical conditions and multiple forms of treatment”.

In such cases, McAleer’s firm is rare among those that will provide a “Compassion Clause” whereby the company incorporates a cap on a claim, so that their claim is not fully denied on account of innocent mistakes in completion of the medical questionnaire. McAleer states: “in situations where a customer does not answer medical questions correctly, Travel Underwriter will not void coverage but rather consider the claim by instituting higher deductible on the claim”.

Most companies have no such provision. It is likely that such companies are able to sell their insurance more cheaply, thereby gaining a strong competitive advantage over those firms which, like McAleer’s, deal fairly with their clients. In this way, we may observe how in travel insurance, Judt’s conclusion may operate: the cynical insurance firm procuring itself an advantage over its ethically sensitive competitors.

There is a disincentive against transparency to otherwise reputable insurance providers who would normally supply requisite information to clients at time of sale. But these companies would expect to pay out higher claims, which in turn necessitate higher premiums charged. Whereas this puts them at a distinct competitive disadvantage, their competitors, operating with inferior ethical standards, are able to offer lower premiums, gain increased market share – while continuing to deny more claims.

In this contextual imbalance, insurers will not be motivated to provide information. Claims are denied on frivolous criteria which the applicant and their doctor may have deemed clinically insignificant or based on minor pre-existing conditions.

6. Key Considerations

In considering options to efficiency and ethical proactive Canadian medical travel insurance, the following issues require elucidation:

- Are there innovative approaches in other jurisdictions that promote fairness and efficiency?
- What should be the regulatory approach to the “fine print” of medical travel insurance?
- How can we determine the true prevalence of post facto denial of claims on grounds of misinformation?
- How can the prevalence of misinformation be reduced?
- How does the Traditional Method of Underwriting (TMU) insurance differ from the new Post Claim Underwriting (PCU) approach?
- Is the Post Claim Underwriting process designed to fail?
- What are typical examples of misrepresentation clauses that require remedy?
- What are typical examples of ill-defined medical questions on travel insurance applications?
- Does the current Post Claim Underwriting (PCU) process definitively undermine ethical industry standards?

6.1 Determining the true prevalence of denial on grounds of medical misinformation

To this point in time, we have observed that insurance firms have not perceived it to be in their interest to collect adequate and comparable data on prevalence. Refusing to collect data and make it public permits the obscuring of common phenomena. More importantly, one need not act on something which is unknown; it may be more convenient for the unethical that facts remain comfortably hidden. The status quo may then continue to benefit them.

If, however, the collection and regular publication of such data were mandated, improved practice and fairness may well occur under the influence of appropriate public scrutiny – without resorting to further regulation

6.2 Is the Post Claim Underwriting (PCU) process designed to fail?

Under the PCU methodology, applicants are effectively barred from fully disclosing their medical history. This is because disclosure is constrained by a highly restrictive process consisting of checking off boxes on a medical form. There may be many grey areas, which determine severe limits on accuracy of the applicant.

In addition to being prevented an opportunity to present contextual narrative, as they would in a life insurance interview with nurse, applicants are also frequently confronted with having to interpret vague policy and insurance jargon.

The fact that only written information from the form, obtained at time of application, can be used in defence of a claim is very significant. The PCU process thus jeopardizes the applicant’s right to defend a

subsequent claim as he/she is deprived of the opportunity **comprehensively** to disclose relevant medical history at the time of application.

Are insurance firms aware of having designed a process to fail?

6.3 What should be the regulatory approach to the “fine print” of medical travel insurance?

- It is clear that the fine details relating to questions and responses on the form are critical to the outcome upon claim – whether or not the questions, process and consequences of error are transparent. Yet it is clear that claim denial may occur from *“any fact that would cause us to decline your application for insurance or charge more premium than you have paid for the insurance policy”* (quotation from an actual form). The problem, of course, is that the applicant often does not know if his information is totally accurate according to the company’s obscure, often unstated definitions; and that misanswered questions are only rarely related directly or indirectly to the emergent event which triggered a claim. In other words, most denials are based on misinformation that is entirely incidental to the pathology that resulted in a claim;
- The general practice of insurers: when applicants, especially seniors, contact an insurance provider for clarification on a specific interpretation of a pre-existing medical condition, the customer service representative will simply refer them on for clarification to the client’s own family doctor. The physician in turn will not have a complete grasp of the specific definitions and concerns of the particular insurance company in play;
- the misrepresentation/non disclosure clause in policies does not effect reciprocity, whereby insurers also have equal obligation to the applicant to be transparent and accurate: many medical questionnaires, depending on the ethics and quality of the insurer, may be comprehensive and clear – or they may be ambiguous, vague, ill-defined, misleading;
- At time of application, insurers generally make no effort to verify information received. Only at the time of claim will they scrutinise for accuracy the information received;
- Insurance providers frequently require applicants to agree to a clause stating that they will have consulted their physician for clarification as required. They may then add the contradictory statement that “you must be stable based on the definition of stable in this policy regardless of the opinion of your physician or any other person who may provide a medical opinion”. Not only does this place the doctor in an invidious position; it is also disingenuous, in that only one party to the contract knows precisely how insurers will interpret a medical condition at time of claim.
- Only at claim time will clients and their doctors discover the correct interpretation of questions they sought to answer most honestly and thoroughly on the form. This practice represents for

unprincipled insurers a “get out of claim card free”, a Hammer Clause open to abuse by providers.

Note that this practice contrasts sharply with the process relating to TMU products such as critical illness, disability and long term care, by which insurance companies may write directly to the attending physician’s office to obtain medical information pertinent to the underwriting of the risk. In travel medical insurance, responsibility is shifted from company to client and her doctor, for whom, incidentally, there is no proposed payment from the company for the doctor’s services in this application.

The regulatory approach to the “fine print” of travel insurance must remediate all these major issues.

6.4 How can the prevalence of misinformation be reduced?

Currently, under the “physician clarity clause” and the “misrepresentation clause”, providers “download” all responsibility to applicants to interpret the insurer’s questionnaires not only honestly but also accurately. However, applicants’ accuracy is contingent upon the explicitness of criteria being expressed by insurers at time of application. But these criteria are not explicit.

This frequently leads judges and the OLHI to support claim denials based purely on the strict legal wording of a policy contract, tying adjudicator’s hands with regard to considerations of “fairness” or the right of expectation of coverage.

The prevalence of misinformation leading to claim denial may be reduced markedly by eliminating poorly defined medical questions on travel insurance applications.

For example (one among a legion of such illustrations): an insurer may inquire whether an applicant has a “bowel disorder”. It may add “including but not limited to” a sample of severe conditions – which the client and his doctor know that the applicant does not have. At time of claim, however, the claim may be denied because two benign polyps were removed at colonoscopy.

Under the current obscurity, applicants and physicians are placed in the invidious position of having to speculate on correct responses: if an insurer intends subsequently to deny a claim based on removal of benign polyps or the presence of haemorrhoids, let it define it clearly and specifically under the rubric of “bowel condition”. Full and plain disclosure from insurance providers should be the rule – and would reduce dramatically the prevalence of misinformation.

If the insurer chooses to avoid such specificity, it may exercise the option to remove the condition from the list of denied disorders. As a rule of thumb, if the insurer fails to define a condition, the misrepresentation clause should not be invoked.

If a specific medical condition is listed, the applicant, carrying precise information relating to polyp, haemorrhoid or other issue, can consult with his doctor correctly to recall diagnosis and treatment. Cappon writes in “The Medical Post” that in the absence of this specificity, doctors who attempt to help

their patients by completing an ambiguous medical questionnaire on their behalf are “walking into a minefield”⁽⁶⁾. Doctors should not be required to speculate about variable interpretations from each insurer in Canada regarding a “symptom, disorder, generalised condition”.

Dr. Jack Allingham, experienced and respected family physician, has noted an illustration in his excellent article on travel medical insurance in the “Canadian Family Physician”⁽⁷⁾: *“one company asks those who indicate that they have had general cardiac screening if their ejection fraction is less than a certain number...The applicant can check off only yes or no. Potential clients are advised, sometimes in small print, to consult their physicians if they are uncertain about particular questions. The utility of this advice depends on the physician having a good understanding of how insurers work, and awareness that there might well be a discrepancy between the physician’s definitions of an issue and that of the insurer...Clarity and transparency are, however, essential in maintaining a good industry reputation and are the best approach to avoid regulatory action”*.

It is possible that some insurance providers, with assistance from medical/legal experts, may cleverly craft policies intended to defeat potential claims. CCIR will need to determine the extent of such deceptive and unfair practices.

Finally, there is a need for more explicit warning labels when applications for insurance are filed. There may be a minority of applicants who naively attempt to mislead the insurance company. The industry could do much more to discourage potential untruths with conspicuous labelling with regard to the consequences of misinformation. The insurer must make it very clear to applicants that even though insurers do not verify information at the time of application, if there is a claim, the insurer will closely examine all of the circumstances to determine whether or not the claimant’s factual disclosure was accurate. If not, the insurer would then void the policy and any medical expenses incurred would be paid by the applicant.

Also, there is a need that applicants are made aware of the consequences of innocent misrepresentation. In particular, they must be informed that claims may be denied merely on the basis of incorrect information on the form that related in no way to the pathology surrounding the claim. Aware of this fact, some clients may prefer to seek insurance from more complaisant firms.

Elimination of uncertainty and ambiguity – deliberate or otherwise – on travel medical questionnaires will go far in reducing misinformation on completion of forms, and consequent high rates of claim denial.

6.5 How does TMU insurance differ from the new PCU approach?

For purposes of clarity and comparison, it is useful to emphasize the unique and radical departure represented by the Post Claim Underwriting (PCU) approach in relation to Traditional Method of

underwriting processes (TMP). Under the normal TMU method (for life, critical illness, disability, long term care):

- Issue of a policy involves comprehensive and meaningful collaborative exchange of information between the insurer and the applicant. Insurers thereby obtain relevant information that assist in determining their risk;
- collaborative exchange of information might entail completion of medical questionnaires at time of application by physicians or nurses, results of x-rays, attending physician statements, ECG, MIB inquiry etc;
- **most significant is that applicants are encouraged to provide a complete narrative, rather than simply and only checking boxes in relation to ambiguous and vague wording under the PCU system;**
- under the TMU methodology, given its thoroughness and clarity, a misrepresentation clause allowing insurers unfettered power retroactively to declare a contract null and void may be perceived as equitable.

6.6 What are typical examples of misrepresentation clauses that require remedy?

A misrepresentation clause may read as follows: *"I declare that I meet the eligibility requirements. Where I was unsure of medical history as it relates to these requirements, I have verified it with my physician...I agree that if I do not meet both the eligibility requirements or if **any** material misrepresentation or evasion is contained herein, the XYZ insurance company will void my policy and no coverage will be provided"*.

The applicant would need to be able to reference the definition section of the policy to discover legal meanings, such as: *"**material fact** means **any** fact that would cause us to decline your application for insurance or charge more premium than you have paid on the insurance policy"*.

One inaccurate response can void a policy. As we have observed: in the vast majority of cases, claim denials are related to misanswered questions which are unrelated directly or indirectly to the emergency event that triggered a claim.

Also in the vast majority of cases, claim denials were related to non-**"Eligibility requirements"***— that is, on misanswered questions beyond the eligibility section, which typically stream applicants into qualification categories. Put simply, even though these applicants "made it through the eligibility/underwriting door", their claims were harshly denied.

We have set out above an example of GI function as illustrative of the results of unfair misrepresentation clauses in relation to eligibility or "material fact". Dr. Allingham, in private correspondence with the present author, makes the following observations in relation to the use of this clause by insurers:

- *“The smorgasbord of exits potentially provided by the medical record, and the insurer’s free interpretation of entries, is a concern. The major one is clarifying the advantage insurers have in fitting medical notation from records into their usually undefined or vaguely defined interpretation of terms”;*
- *“Clients completing the questionnaire on their own may have an incorrect picture of their own medical condition, sometimes because that’s what they erroneously took away from a consultation with their physician in which a diagnosis was given, or because the physician, for various reasons, used evasive or alternate language with the patient”;*
- *“On the other hand, Physicians helping a patient fill out the questionnaire may have different views about medical conditions than do insurers. Advice may be given to answer NO to questions about diagnoses of hypertension and high cholesterol because of ignorance about precisely how the insurer is defining the conditions. Take hypertension as an example. Major medical protocols will say that to define a patient with high blood pressure, there should be three successive readings where one of the numbers is over the standard limit of normal (140/90). The patient may have had only one elevated reading, so the patient was not so labelled by the physician, no prescription given, no lifestyle alteration discussed. Advice for the medical questionnaire was given accordingly.”;*
- *“further difficulty emerges in deciding how to respond to medical stability questions....Changes in medications over a specific period of time are very broadly defined by insurers, including dropping or adding a drug, changing the dosage – even if it is lowered because of progress in treating the condition, and even a change from a brand name to generic.”;*
- *“Of surprise to most physicians might be the insurance consequence of pm prescription medications, where the patient alters, according to a medical protocol, frequency or dosage of a drug depending on a lab result or clinical condition. An example would be asthma, where a daily inhalation of a corticosteroid is matched with a pm prescription of a bronchodilator, for use only when there is major flare up of symptoms. This is standard protocol. At least one insurer has declared that use of a pm medication is inherently unstable”;*
- *“the medical chart will provide the insurer with opportunities...they may see that singular blood pressure reading with a slight, fleeting elevation, that one elevation of cholesterol tests. They may seize on musings by the physician about drinking too much on occasion...such a comment may well prove sufficient for insurers with an alcohol abuse exclusion to deny a claim” even if the issue is “not supported by empirical data such as lab tests, or even quantitatively specific. The concern is that undefined or vaguely defined initial screen questions or in exclusionary clauses in the fine print of policies, **become miraculously well defined after a claim and the medical records are in hand.**”*

These examples of manipulative interpretations of misrepresentation clauses, as provided by an experienced medical practitioner, should give rise to specific remedies by regulators.

6.7 Innovative approaches in other jurisdictions that promote fairness and efficiency

If we can find no alternative to the current dysfunctional nature of the medical travel claim process in Canada, that could be an argument for the status quo. However, other countries have found a better way. We should be attentive to their examples.

In the U.K., when travel medical claims are in dispute, the Ombudsman is currently finding in favour of the complainant in around a quarter of the cases – far more than in Canada. The reasons are:

- the English ombudsman will determine whether the facts withheld by the client would have made a difference to the underwriting decision;
- whether the applicant knew about the condition/information in question;
- whether the questions asked by the insurer were sufficiently clear and specific that it is reasonable to have expected the applicant to have disclosed the information.

An English spokesman for the UK Financial Ombudsman Services said ⁽⁷⁾: *“we always factor in the individual circumstances, so even if the insurer has not technically done anything wrong, we may still conclude that it has not acted within the spirit of the agreement.”*

* Please see appendix 2 for a clarification of eligibility clauses and questions in contradistinction to less significant medical conditions

7. Policy Options

The foregoing analysis leads to consideration of policy options that will be both fair to consumers and reasonable for insurers.

7.1(A): RECIPROCITY

Misrepresentation and non-disclosure clauses could be made reciprocal, so that the onus would fall upon the insurer at time of application to show transparency in the medical questionnaire and in wording of the policy.

Questions and policy interpretations must be sufficiently clear that they elicit accurate responses.

Returning to our example of a “bowel disorder”, insurers could continue to ask such questions. However, in case of dispute, unless it was absolutely transparent which specific medical conditions were pertinent, the misrepresentation clause could not be invoked to deny a claim. In our example, therefore, a claim could not be denied for the presence of benign polyps unless there was a requirement to disclose that information at time of application.

7.1(B): CAUSALITY

In addition to the above, the misrepresentation clause could be invoked only when a substantial causal connection exists between the faulty information on application and the medical expenses incurred. Presumably, an unreported benign colonic polyp would not obviate a claim for an MI.

7.2: MISREPRESENTATION AND ELIGIBILITY

In this option, in addition to the reciprocity clause detailed in option 7.1(A), the misrepresentation clause could be invoked only in limited circumstances in relation to eligibility requirements.

All other issues not related to eligibility requirements would allow insurers to trigger a misrepresentation clause only when there was “fraud, concealment or deliberate misstatement”.

What industry response to these options may be anticipated? One could be forgiven for assuming that option 7.1(A) above would already have found its way into the Insurance Act; and that ethical insurers would not wish to resist sharing the responsibility with clients in assisting them to answer questions and interpret conditions correctly.

Unfortunately, the experience of travel insurance brokers is instead that certain providers object to this provision. The grounds for their resistance appear to be in demonising their clients. Insurers appear willing to condemn clients who “misrepresent”: if they provide incorrect responses on one question, even if unrelated to the medical emergency for which they stake a claim, they cannot be trusted on any other. Not only is this condemnation offensive to clients; it also suggests that their clients are either dishonest or indolent. In other words, insurers prefer to ascribe problems to the first two motives for

misinformation described above; and not to the real, systemic causes that they themselves have created.

(For a clarification of the differences between eligibility requirements and lesser medical issues, see appendix 2)

7.3: REGRESSIVE SOLUTION

All insurance would be underwritten at time of issue. This option represents reversion to traditional method of underwriting (TMU) where the medical information is verified at the time the policy is approved and issued. (For further clarification of Post Claim Underwriting, see page 11 under section 6.2 “Is post-claim underwriting process designed to fail?”).

8. Recommendations

8.1 Review of findings by CCIR

We recommend that the CCIR set rapidly in place a method of reviewing and confirming the salient findings of this review; and that, if these findings are corroborated, it inform all interested parties including: provincial and territorial ministers responsible; insurance companies and their associations; and regulators of insurance across the country. Sharing the results of such a review should constitute an opportunity to advise all parties, especially insurance providers, on the ethical standards required in this industry.

As a corollary to its review, CCIR should determine to what extent current travel insurance practices by insurers are deceptive, intended to defeat potential claims by deliberate obscuring of questions and policies. (See key considerations above).

8.2 Implementation of Option 1

We recommend that CCIR and its entire membership implement both sections of option 1 as above: only in the presence of reciprocity and causality could a misrepresentation clause be invoked by insurers.

8.3 Implementation of Option 2

We recommend incorporation of the reciprocity clause identified in option 1A. Additionally that the misrepresentation clause could only be invoked by the insurer in relation to misanswered eligibility requirements/questions. Non-eligibility questions would require proof of fraud for the insurer to be in a position to trigger the misrepresentation clause.

8.4 Removal of the physician clarity clause

This briefing has shown how the **contractual requirement** to involve clients' doctors in formulating responses to the application form places both client and doctor in invidious and unfair positions. The clause must be removed from medical travel policies.

8.5 Mandate collection and publishing of data on denials

We have observed that insurers prefer not to collect data on the prevalence of claim denials based on the issues raised in this monograph. The reasons are: not being explicitly aware absolves them of an ethical responsibility to alter practice; altering practice towards fair and ethical approaches may not be seen as advantages for unethical firms; public relations problems that may ensue.

CCIR is advised to mandate collection and publication of such data, including stratification of these data by demographic group and region, as well as by insurance firm.

8.6 Institute progressive practices in arbitration as in the U.K. model

We have observed that the more equitable approach taken in England by its ombudsperson for insurance results in a fairer distribution of results between clients and insurers.

Canada should emulate this model in its arbitration practices

8.7 More explicit warning labels on medical forms

Insurers should be urged to provide more conspicuous warnings of the consequences of incorrect information.

In particular, applicants must be clearly informed that any error, even if quite unrelated to the cause of medical problems while travelling, may be used by the firm to declare the policy null and void.

8.8 Mandate fair and transparent marketing of travel insurance products

New insurance sales strategies have combined three separate clauses that may eventuate in claim denials. This practice should/must be amended.

9. Final Word

The future evolution of the travel insurance industry will depend very much on an enlightened response from regulators and governments, as well as from insurers themselves.

It is quite clear from this brief that the industry is moving rapidly in the wrong direction, exposing its clients arbitrarily to unfair voiding of policies and refusal to honour legitimate claims – often leaving the unsuspecting and trusting to lose their pensions or their homes.

Will we have the judgment and foresight to reverse the unfortunate trends detailed in this document?

The benefits of well articulated reform will extend to all participants: clients, brokers, governments and insurance companies.

10. References

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- (6) Bruce Cappon - “Pitfalls To Avoid In Snowbird Patients’ Health Insurance” – The Medical Post, October 23rd, 2012, **Rogers Publishing Limited**, One Mount Pleasant Rd., Toronto, ON M4Y 2Y5.
- (7) Dr. Jack D. Allingham PHD. MD. CCFP, - “Travel Medical Insurance” - Canadian Family Physician, Vol. 59, August 2013
- (8) Jill Insley – “Life Insurance: Missing Details That Could Leave Your Family Penniless” December 2nd, 2012 – The Guardian/The Observer - <http://www.theguardian.com/money/2012/dec/03/life-insurance-missing-details>

11. Appendices

APPENDIX 1

Biographical note on the author:

Bruce Cappon, is President and co-founder of First Rate Insurance. A licensed Ontario broker, Mr. Cappon has over 35 years experience in insurance.

Currently specialising in providing innovative travel insurance recommendations to seniors, snowbirds and other Canadians, Mr. Cappon has written numerous articles on travel insurance for both medical publications and popular papers and magazines, as well as advising his own clients on a daily basis. He is also in high demand as a speaker on medical travel insurance – including at insurance conferences.

Bruce Cappon strives to improve travel insurance processes for the benefit both of clients and for sustainability and ethics of the industry.

APPENDIX 2

Clarification of the difference between eligibility questions/clauses and less significant medical conditions?

“Eligibility requirements” may appear separately labelled as such in a medical questionnaire format; or alternatively in the policy or application where no policy questionnaire is required. These medical requirements typically relate to very severe diseases which would render the applicant ineligible to purchase the policy. A pertinent analogy: if your house were on fire, you certainly could not purchase fire insurance.

If the applicant is deemed eligible, there are additional questions that stream applicants into various risk categories. These questions relate to far less serious medical conditions.

Example of eligibility questions:

☐ In the past six months prior to the application, have you had a stroke?

☐ In the 36 months prior to the application, have you been diagnosed with, treated, or ordered by a physician to take medication for three or more of the following conditions:

- a) Heart disease/condition;
- b) Liver disease/condition;
- c) Lung disease/condition;
- d) Diabetes (requiring medication)

☐ Do you have a terminal condition or metastatic cancer?

Example of “Non-Eligibility” questions:

☐ In the 24 months prior to the application, how many of the following medical conditions have you been diagnosed with, treated or ordered by a physician to take medication for?

- a) Kidney;
- b) Gastrointestinal bleeding;
- c) Pancreatitis;
- d) Chronic bowel disease;
- e) Bowel obstruction.

☐ Was your last medical check-up more than 24 months ago?

CAFII Regulator and Policy-Maker Visit Plan 2014

updated June 18, 2014

Jurisdiction	Regulator/Policy-Maker	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
British Columbia	Insurance Council of BC: Gerry Matier, Executive Director	X	-Update on Council priorities -Maintain and strengthen relationship	M. Gill G. Grant D. Blake B. Wycks S. Gelgor J. Lewsen R. Beckford T. VanMeggelen B. Wycks	Invite when in Toronto	<p>-CAFII group met with G. Matier on May 28/14. Insights gained reported in Regulatory Visit Report. CAFII implored to take further action in support of LLQP modernization, to counter campaign by opposed parties focused on “The Underserved Market”. G. Matier informed that matter to be discussed at June 10/14 CAFII Board meeting.</p> <p>-Five CAFII reps had liaison lunch meeting with G. Matier in Toronto on May 15/13; covered range of topics in CAFII Briefing document.</p> <p>-G. Matier is member of CISRO LLQP Committee, which had engaging discussion with CAFII reps. in one-on-one stakeholder meetings on February 10 and May 28/14.</p>

Jurisdiction	Regulator/Policy-Maker	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	<p>Financial Institutions Commission(FICOM): Carolyn Rogers , CEO, FICOM & Superintendent of Insurance (CCIR chair);</p> <p>Doug McLean, Deputy Superintendent</p> <p>Harry James, Director, Policy Initiatives</p>	X	<p>-update on FICOM priorities -Maintain and strengthen relationship</p> <p>(-CAFII decided not to submit a formal response to FICOM’s summer 2013 Consultation on Use of Managing General Agents, as that is not CAFII members’ distribution channel.)</p>		Surrey, BC When Carolyn is in Toronto; or CAFII Board member in Vancouver	<p>-CAFII group of C. Knight, M. Gill, M. Sanchez-Chung, J. Lewsen, J. Beauchamp, G. Grant, and B. Wycks had liaison dinner with C. Rogers in Ottawa on May 6/14. C. Rogers accepted invitation to be speaker at October 7/14 CAFII event.</p> <p>-B. Wycks called H. James on May 26/14 for update on “Creditor’s Group Insurance” issue.</p> <p>-H. James phoned B. Wycks on March 12/14 with heads-up about “Creditor’s Group Insurance” issue involving large life insurer that led to Consent Order and \$150,000 in fines (see March and April 2014 Regulatory Updates)</p> <p>-J. Lewsen and B. Wycks met with H. James, Chair of CCIR’s Agencies Regulation Committee, and Carol Shevlin of CCIR on September 26, 2013 around CCIR’s TPA Review initiative. Presented opportunity to have brief side meeting with Harry around BC/FICOM regulatory issues.</p> <p>-Targeted networking with C. Rogers occurred during CAFII 15th Anniversary event on April 10, 2013; at CLHIA Compliance Conference in Vancouver in May 2013; and at CAFII/CCIR Industry Stakeholder Meeting on October 30, 2013.</p>

Jurisdiction	Regulator/Policy-Maker	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
Alberta	Alberta Insurance Council : Joanne Abram, CEO; Tom Hampton, Chief Operating Officer; Ron Gilbertson, Chair (2012-15)	X	-Update on Council priorities -Council Representation for Restricted Licence Holders -Licensing for 3 rd party providers -Business number registration system -Maintain and strengthen relationship		When Joanne or Tom is in Toronto; or CAFII Board member in Edmonton	<p>-M. Gill, J. Lewsen, and B. Wycks had lunch liaison meeting with J. Abram and R. Gilbertson on March 17/14 (see March 2014 Regulatory Update)</p> <p>-J. Abram and W. Martinson of AIC are members of CISRO LLQP Committee, which had engaging discussion with CAFII reps. in one-on-one stakeholder meetings on February 10 and May 28/14 -CAFII arranged opportunity for two AIC staff execs. to give demo presentation of new “Canadian Insurance Participant Registry” (CIPR) to CAFII member audience on January 8/14. Highlights captured in Regulatory Update. CAFII arranged follow-up opportunity for electronic demo presentation of CIPR for CAFII and CADRI members which occurred on March 17/14</p> <p>-M. Gill, J. Lewsen, B. Wycks and L. Duigu met with J. Abram and S. Boyetchko on December 12/13 around AIC’s interest in Representation for Restricted Licence Holders in Alberta. Discussion captured in Regulatory Report. CAFII to submit formal proposal on two viable options to J. Abram</p> <p>-B. Wycks met with J. Abram at the CLHIA Consumer Complaints Officers Section Fall Seminar on November 21/13; insights captured in ED’s Report</p>

Jurisdiction	Regulator/Policy-Maker	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	Ministry of Finance: Mark Prefontaine, Superintendent of Insurance Brad Geddes, Deputy Superintendent of Insurance Laurie Balfour, Acting Deputy Superintendent of Insurance		-Update on Superintendent's priorities -Maintain and strengthen relationship		When Mark is in Toronto; or CAFII Board member in Edmonton	Targeted networking with M. Prefontaine and B. Geddes occurred during CAFII 15 th Anniversary event on April 10/13 Effective June 27/13, Laurie Balfour became Deputy Superintendent of Insurance - Alberta. Brad Geddes has been seconded to the Government of Alberta's Flood Recovery Task Force as the Director of Stakeholder Engagement. This is for an indefinite period of time, likely for at least 6 months. Briefing networking with L. Balfour occurred during CAFII/CCIR Industry Stakeholder Meeting on October 30/13
	New President of Treasury Board and Minister of Finance Doug Horner					

Jurisdiction	Regulator/Policy-Maker	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
Saskatchewan	Insurance Councils of Saskatchewan: Ron Fullan, Executive Director; and Chair, CISRO	X	-Update on Council priorities -Council Representation -Maintain and strengthen relationship		Invite when Ron is in Toronto	-R. Fullan is Chair of CISRO LLQP Committee, which had engaging discussion with CAFII reps. in one-on-one stakeholder meetings on February 10 and May 28/14. -B. Wycks had Get Acquainted discussions with April Stadnek, Director of Compliance, Saskatchewan Insurance Councils, around CLHIA CCOS Fall Seminar and FSCO Life & Health Sector Symposium, November 21-22/13; insights captured in Executive Director's Report. -CAFII reps met with R. Fullan on July 29/13 to discuss main themes in CAFII's Proposal For Restricted Licensee Representation in Sask. Proposal submitted to R. Fullan on October 10/13. Favourable feedback on CAFII proposal received from R. Fullan in April 2014.
	Financial and Consumer Affairs Authority, David Wild, Chairperson and Superintendent of Insurance; Ian McIntosh, Deputy Superintendent of Insurance		-Courtesy visit, Introduction of CAFII -Insurance Act Review, ISI; Council Representation for Restricted Licence Holders -Maintain and strengthen relationship		When David or Ian is in Toronto; or CAFII Board member in Regina	
	Consultant (ex Superintendent) Jim Hall		-Update on Insurance Act review -Maintain and strengthen relationship		When Jim is in Toronto; or CAFII Board member in Regina	

Jurisdiction	Regulator/Policy-Maker	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
Manitoba	Ministry of Finance: Jim Scalena, Superintendent (Targeted networking with J. Scalena, Superintendent, occurred during CAFII 15 th Anniversary Event on April 10, 2013)	X	-Update of Insurance Act review and ISI regime -Maintain and strengthen relationship		Winnipeg	-CAFII delegation of M. Gill, P. Yeung, and B. Wycks met with Minister of Finance J. Howard, Deputy Minister J. Hrichishen, Superintendent of Insurance J. Scalena, and Deputy Superintendent S. Moore on April 29/14. That meeting immediately preceded by meeting with J. Scalena, S. Moore, and E. Pearson, Executive Director of Insurance Council. (See Meetings Summary and CAFII thank you letters.) -Manitoba released Draft ISI Regulation in early June 2013. CAFII responded with detailed submission. -On January 10/14, CAFII responded to Draft 2 of ISI Regulation with detailed submission. CAFII requested meeting with Minister of Finance re imperative of harmonization of Manitoba ISI Regime with other provinces, as directed by Board on October 8/13. -In late February 2014, S. Moore communicated with B. Wycks by e-mail and phone to advise that Manitoba's Draft ISI Regulation would be amended to address nearly all of the concerns expressed by CAFII and other industry stakeholders (see Regulatory Update).

Jurisdiction	Regulator/Policy-Maker	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	Insurance Council of Manitoba: Erin Pearson, Executive Director	X	-Update on Council priorities -Representation for Restricted Licence Holders -Maintain and strengthen relationship		When Erin is in Toronto; or CAFII Board or EOC member or Executive Director is in Winnipeg	CAFII delegation of M. Gill, P. Yeung, and B. Wycks met with E. Pearson in Winnipeg on April 29/14 as part of pre-meeting with her, J. Scalena, and S. Moore immediately prior to meeting with Minister of Finance J. Howard.
	Ministry of Finance Minister Jennifer Howard		Letter of introduction sent to predecessor Finance Minister Stan Struthers; include on a visit of CAFII Chair or other reps to Manitoba. Letter requesting meeting with new Finance Minister Jennifer Howard re Draft ISI Regime Regulation and other CAFII issues sent on January 15/14, on heels of response submission on Draft 2 of ISI Regulation			-CAFII delegation of M. Gill, P. Yeung, and B. Wycks met with Minister of Finance J. Howard, Deputy Minister J. Hrichishen, Superintendent of Insurance J. Scalena, and Deputy Superintendent S. Moore on April 29/14. (See Meetings Summary and CAFII thank you letters.)
Ontario	FSCO: Phil Howell, CEO & Superintendent	X	-Update on FSCO priorities -Maintain and strengthen relationship		Toronto	-CAFII made submission on FSCO's 2014 Statement of Priorities on May 30/14. -B. Wycks had catch-up/courtesy visit discussion with P. Howell at luncheon table during CLHIA Compliance Conference on May 7/14. -B. Wycks had Get Acquainted lunch meeting with P. Howell, at his request, on July 5/13. Insights gained captured in Regulatory Visit Report.

Jurisdiction	Regulator/Policy-Maker	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	<p>FSCO: Grant Swanson, Executive Director, Licensing & Market Conduct Division</p> <p>Jim Fox, Senior Policy Advisor (leader of Modernizing Disciplinary Hearings for Insurance Agents and Adjusters initiative)</p> <p>FSCO: Anatol Monid, Director, Market Regulation Branch</p> <p>Adrienne Warner, leader of Life Insurance Product Suitability Review initiative</p> <p>Shonna Neil, Senior Manager, Licensing; member of CISRO LLQP Committee</p>		<p>Consultation Proposal on “Modernizing Disciplinary Hearings for Insurance Agents and Adjusters”</p> <p>Industry consultation on “Life Insurance & Mortgage Broker Product Suitability Review”</p>			<p>-J. Fox e-mailed B. Wycks in March 2014 to advise that implementing amendments to Insurance Act had been introduced in the legislature (legislation died on Order Paper with calling of provincial election for June 12/14). On February 14/13, B. Wycks and R. Troiani, RBC Insurance, met with G. Swanson, I. Scovino and J. Fox around FSCO’s plans for Modernizing Disciplinary Procedures For Life Insurance Agents and Independent Adjusters.</p> <p>-A. Warner called B. Wycks on May 28/14 to advise that FSCO would not be releasing final report from Life Insurance Product Suitability Review until after provincial election on June 12/14.</p> <p>-CAFII reps met with FSCO team on April 9/14 and provided feedback on of analysis of data from life agent questionnaire and resulting Interim Report of Life Insurance Product Suitability Review.</p> <p>-CAFII made written submission in September 2013. Adrienne Warner of A. Monid’s team is “point person” for FSCO’s “Life Insurance & Mortgage Broker Product Suitability Review,” scope of which was narrowed to cover just term life, whole life, and universal life sales. CAFII reps participated in focus group discussion with A. Monid, A. Warner, and other FSCO reps on this matter on July 18/13. Follow-up discussion on draft survey of insurance agents occurred on September 6/13.</p>

Jurisdiction	Regulator/Policy-Maker	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	FSCO: Annual Symposium for Life and Health Insurance Sector			-individual FI member reps. -CAFII Executive Director	Toronto November	FSCO's 6 th Annual Symposium for the Life and Health Insurance Sector took place on November 22/13. Networking by B. Wycks and several CAFII volunteer leaders in attendance occurred with G. Swanson, A. Monid, S. Neil, A. Warner, L. Miclescu, and other FSCO senior staff

Jurisdiction	Regulator/Policy-Maker	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
Quebec	New AMF CEO effective July 2/13: Louis Morisset		-Update on AMF priorities -Maintain and strengthen relationship		When Louis is in Toronto; or CAFII Board member in Quebec City	<p>-Louis Morisset and four members of AMF staff executive team (P. Dery, E. Stevenson, J. Reid, S. Langlois) had candid discussion on industry issues with CAFII Board and EOC group on April 8/14.</p> <p>R. Hebert, M. Gill, R. Beckford, I. Choquette, and B. Wycks met with Mario Albert, CEO; Eric Stevenson; Julien Reid; and Louise Gauthier in Quebec City on June 7/13 for a productive and informative liaison meeting.</p>
	<p>AMF: Superintendent, Client Services and Distribution Oversight: Eric Stevenson</p> <p>AMF: Superintendent of Solvency, Patrick Dery</p>	X				Targeted networking with E. Stevenson and P. Dery occurred during CAFII 15 th Anniversary event on April 10/13
	AMF: Stephane Langlois, Senior Director, Distribution Practices				Fall	B. Wycks had networking discussions with S. Langlois at CLHIA CCOS seminar and FSCO symposium on November 21-22/13.

New Brunswick	<p>Angela Mazerolle, Superintendent of Insurance</p> <p>David Weir, Deputy Superintendent of Insurance</p> <p>Adam Mitton, Attractiveness Executive, Invest New Brunswick</p>		<p>-Update on Superintendent's priorities</p> <p>-Discuss/educate on creditor's group insurance (CGI) and Avalon Study;</p> <p>-Licensing issues, electronic licensing; Insurance Act Review Status; including consultation on "Opportunities for Reforming the Licensing Framework for Other-than-Life Agents and Brokers" announced in late August 2013</p> <p>-Maintain and strengthen relationship</p> <p>-David Weir is Chair of Atlantic Taskforce on ISI (dormant)</p>		TBD Fredericton	<p>-B. Wycks had brief get-reacquainted discussion with A. Mazerolle during CLHIA Conference in Ottawa on May 7/14. Discussion confirmed that morning of October 1/14 in Fredericton is highly viable option for rescheduling of CAFII Joint Visit with Atlantic Canada Regulators, postponed from May 15/14 due to Regulator attendance constraints, and she would be able to attend.</p> <p>-Targeted networking with A. Mazerolle and D. Weir, Deputy Superintendent of Insurance, occurred during CAFII 15th Anniversary Event on April 10/13.</p> <p>-D. Weir is member of CISRO LLQP Committee, which had engaging discussion with CAFII reps. in one-on-one stakeholder meeting on February 10/14 meeting.</p> <p>-CAFII met with Adam Mitton of Invest New Brunswick on June 3/14 in Toronto re insurance licensing inefficiency and related constraints to business investment in the province. (See Industry Liaison Visit Report.)</p>
	Consumer Advocate For Insurance, Ronald Godin		<p>-Update on Consumer Advocate's priorities</p> <p>-Discuss /educate on creditor's group insurance (CGI) and Avalon</p> <p>-Build relationship</p>		When Ronald Godin is in Toronto; or CAFII Board member in Fredericton	In April 2014, New Brunswick government announced that role of Consumer Advocate For Insurance will be eliminated, and responsibilities transferred to provincial ombudsman.

Nova Scotia	Superintendent Doug Murphy		<ul style="list-style-type: none"> -Update on Superintendent's priorities -Discuss/educate on creditor's group insurance (CGI) and Avalon Study; -Atlantic Taskforce on ISI -Build relationship 		TBD Halifax	<p>-D. Murphy has confirmed that he can attend CAFII Joint Meeting with Atlantic Canada Regulators if rescheduled for morning of October 1/14 in Fredericton.</p> <ul style="list-style-type: none"> -Brief networking with D. Murphy occurred following CAFII/CCIR Industry Stakeholder Meeting on October 30/13. -Targeted networking with D. Murphy occurred during CAFII 15th Anniversary event on April 10/13.
PEI	Superintendent Robert Bradley		<p>Courtesy- Low priority for 2013 (only if CAFII Board member in Charlottetown)</p> <ul style="list-style-type: none"> -Update on Superintendent's priorities -Build relationship 		Charlottetown	<p>-R. Bradley has confirmed that he can attend CAFII Joint Meeting with Atlantic Canada Regulators if rescheduled for morning of October 1/14 in Fredericton.</p> <ul style="list-style-type: none"> -Targeted networking with R. Bradley occurred during CAFII 15th Anniversary event on April 10/13.

Newfoundland	<p>Superintendent Douglas Connolly (retired effective early 2014; successor appointment pending)</p> <p>Craig Whalen, Deputy Superintendent</p>		<p>-Update on Superintendent's priorities</p> <p>-Discuss/educate on creditor's group insurance (CGI) and Avalon</p> <p>-Build relationship</p>		<p>St John's</p> <p>-Targeted networking with D. Connolly occurred during CAFII 15th Anniversary event on April 10, 2013</p> <p>-C. Whalen has confirmed that he can attend CAFII Joint Meeting with Atlantic Canada Regulators if rescheduled for morning of October 1/14 in Fredericton.</p> <p>-Brief networking with C. Whalen occurred immediately following CAFII/CCIR Industry Stakeholder meeting on October 30, 2013.</p>
Atlantic Canada	Joint Forum of Insurance Regulators		<p>- Update on Superintendents' priorities</p> <p>-Discuss/educate on creditor's group insurance (CGI) and Avalon</p> <p>-Build relationships</p>		<p>- CAFII Joint Meeting with all Atlantic Canada insurance regulators rescheduled for morning of October 1/14 in Fredericton.</p> <p>-Such a joint visit to Atlantic Canada regulators strongly encouraged by Phil Howell of FSCO.</p>

CCIR	Carol Shevlin, Policy Manager	X	<p>-Annual lunch. Discuss priorities</p> <p>-Maintain and strengthen relationship</p>		Toronto	<p>-B. Wycks had productive discussion with C. Shevlin at CLHIA Conference in Ottawa on May 7/14, in which she confirmed that she would not schedule any CCIR activity for the morning of October 1/14 in Fredericton, which will thereby allow for rescheduling of postponed CAFII Joint Meeting with Atlantic Canada Insurance Regulators to that slot. CISRO is meeting there on September 29-30; and CCIR on October 2-3.</p> <p>-in spirit of open communication, B. Wycks shared CAFII's submission in response to proposed federal financial consumer code with CCIR in early March 2014, to which C. Shevlin replied with a note of appreciation.</p> <p>-J. Lewsen and B. Wycks had meeting with Carol Shevlin and Harry James, ARC Chair, on September 26/13 around CCIR's TPA Review initiative.</p> <p>-B. Wycks had a Get Acquainted Lunch with C. Shevlin in January 2013; and is in regular contact with her.</p>
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	CCIR Executive		Meet when pressing issues or opportunistic meeting occasions arise.		October 30, 2013 in Toronto	CAFII Board members, EOC members, and B. Wycks had “industry stakeholder meeting” with CCIR Executive on October 30/13. Discussion captured in Regulatory Update.
CISRO	Ron Fullan Chair		<ul style="list-style-type: none"> -Update on CISRO priorities -Maintain and strengthen relationship -LLQP Modernization -Multi-jurisdictional licensing and related contact centre compliance issues 		-invite when in Toronto	<p>-CAFII reps (2) had engaging one-on-one stakeholder meeting with CISRO LLQP Committee on May 28/14.</p> <p>-CAFII reps (3) had engaging one-on-one stakeholder meeting discussion with CISRO LLQP Committee on February 10/14</p> <p>-B. Wycks interacted and had private liaison conversations with CISRO LLQP Chair Ron Fullan and other LLQP Committee members during each of four Stakeholder Information Sessions held in Toronto in 2013.</p> <p>-Based on suggestion made by J. Abram at March 17/14 liaison lunch, B. Wycks contacted R. Fullan, Chair of CISRO. As a result, CAFII likely to be offered opportunity to make a presentation to CISRO on multi-jurisdictional licensing and other compliance challenges faced by national contact centres, at meeting in Fredericton on September 29-30/14.</p>
Federal	Federal Finance Dept.		Educational – marketing of CGI			
	OSFI: Julie Dickson, Superintendent					
	OBSI: Doug Melville Ombudsman		Educational – marketing of CGI			

	Financial Consumer Agency of Canada (FCAC)		Financial Literacy re insurance			<p>-B. Goulard, Deputy Commissioner of FCAC, spoke at CAFII event on June 10/14. Presentation nicely customized to CAFII as an industry stakeholder.</p> <p>-M. Sanchez-Chung, M. Gill, L. Duigu, and B. Wycks had get acquainted and briefing/orientation meeting with newly appointed Deputy Commissioner Brigitte Goulard and Kevin Thomas, Senior Compliance Officer, on May 6/14. P. Yeung, L. Duigu, and B. Wycks had follow-up planning teleconference on June 5/14, re B. Goulard's presentation at CAFII speaker event on June 10/14.</p> <p>-M. Gill and B. Wycks had Get Acquainted/Refresh meeting with Karen Morgan and other FCAC contacts on January 9/14. Discussion captured in Regulatory Update.</p> <p>-On April 15/14, Jane Rooney was promoted from Director position to spotlight role of "Financial Literacy Leader" for Canada.</p> <p>-CAFII participated in federal government consultation, being led by FCAC, around a proposed new federal financial consumer code. Submission sent February 28/14 and is now posted on Finance Canada site.</p>
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CAFII Priorities by Committee – June 18, 2014

Executive Operations Committee

Membership: As per CAFII Bylaw 6.01. Sub-committees may strike taskforces drawing on expertise of other individuals associated with member companies.

Mandate	Activities	Issues of Interest
Recommend budget and priorities to Board	Draft and review Financial Reports Develop, monitor and report on performance against Balanced Scorecard	
Keep environment open to key products	Be aware of current and emerging issues (Regulatory Update). Develop responses to regulatory initiatives. Forward to board for approval as necessary. Oversight of Distribution and Market Conduct Policy Committee (DMC)	Regulation of ISI International regulation of creditor products Market Conduct Regulation Electronic Commerce Provincial Insurance Act Reviews
Keep environment flexible /efficient	Identify barriers to efficient operations. Oversight of Licensing Efficiency Issues Committee (LEIC)	Quebec Distribution Guide Licensing Irritants Provincial Insurance Councils and CISRO issues, including LLQP Electronic licensing Multi-jurisdictional licensing/mutual recognition
Develop communication plans and tools	Oversight of Media and Communications Strategy Committee (MAC)	Communications strategy, CAFII Branding Advocacy Strategy Website
Build relationships with key stakeholders	Connect with regulators and policy-makers. Manage and conduct regulator visits. (Manage Regulator and Policy-Maker Visit Plan) Approve attendees at regulator and policy-maker meetings, review meeting notes and manage follow-up actions Oversight of Networking and Events committee	
Other items	Continuance under new Canada Not for Profit Corporations Act Changes to CAFII Management structure – development of Executive Director role	Articles of Continuance to be filed by October 17, 2014 Executive Director hired effective December 2012; oversight of establishment of ED's role, its evolution and effectiveness

Distribution and Market Conduct Policy Committee (DMC)

Membership: The committee will have 4 permanent members including 2 co-chairs all of whom are members of the EOC.

1) Sue Manson, CIBC, Chair 2) Eleanore Fang, TD 3) Emily Brown, BMO 4) Brian Wise, Assurant Solutions

5) Andre Duval, DFS 6) Rose Beckford, ScotiaLife Financial 7) Ex Officio: Jennifer Hines, RBC; Brendan Wycks, Executive Director **Mandate:** Oversee development of CAFII policy positions as directed by EOC. Oversee taskforces as required. Activities: Draft CAFII submissions; Manage and interpret industry research projects as approved by EOC. **DMC priorities closely linked with Balanced Scorecard.**

Item	Description	Activities Completed/Industry Developments	Status/Next Steps
Regulation of ISI	Quebec <ul style="list-style-type: none"> DWR (review of Insurance Act) 	<ul style="list-style-type: none"> CAFII members met with Eric Stevenson November 15/12 and with AMF staff executives on June 7/13 and April 8/14. Insurance Act Overhaul/Re-write formally announced by Quebec Government on April 30/13 New government elected in Quebec on April 7/14. AMF advised on April 8/14 that overhaul of Insurance Act and Distribution Act will proceed ahead in due course 	<ul style="list-style-type: none"> Active/Monitor ongoing
	Quebec <ul style="list-style-type: none"> Review of Distribution Guide Sound Commercial Practices Guideline 	<ul style="list-style-type: none"> CAFII input provided on Guide (e.g. signature, remuneration) through letter sent to AMF June 2012, meeting with Eric Stevenson on November 15/12 and follow-up letter sent to AMF in Dec 2012 AMF advised on April 8/14 that a new iteration of draft DG will be released for consultation in due course, in conjunction with Distribution Act overhaul AMF advised on April 8/14 that a self-assessment questionnaire re compliance with Guideline, released in June/13, would be sent in May 2014 to entities licensed in Quebec, with several months provided for completing and submitting it 	<ul style="list-style-type: none"> Active EOC involvement and oversight Met with AMF in Quebec City on June 7/13 DMC proposes information session on the Guide, for CAFII member staff, once Guide is finalized DMC to review its IAIS ICPs Impact Matrix in comparison with Sound Commercial Practices Guideline self-assessment questionnaire
International Regulation of Creditor Insurance	PPI IAIS Core Principles	<ul style="list-style-type: none"> CAFII Project 	<ul style="list-style-type: none"> Active/Monitor ongoing Board approval received on June 11/13 to secure draft communication of project outcomes Post-Implementation Review

CAFII Priorities by Committee – June 18, 2014

Item	Description	Activities Completed/Industry Developments	Status/Next Steps
		<ul style="list-style-type: none"> Subcommittee working on matrix of impact of Insurance Core Principles (ICPs) and international regulations 	<ul style="list-style-type: none"> Presentation by Chryst Lemon on latest developments in US, at Annual Members' Luncheon in February 2014 EOC Input obtained Active
Industry Complaint Statistics		<ul style="list-style-type: none"> Subcommittee working on compilation of Industry Complaint Statistics 	<ul style="list-style-type: none"> EOC Input obtained DMC Subctte. met on June 4 and 25/13 S. Manson and R. Beckford met in Spring 2014 to reactivate this initiative
Consultations	FSCO life insurance product suitability review	<ul style="list-style-type: none"> FSCO has held consultation meetings with CAFII on this initiative in July and September 2013; and April 2014 	<ul style="list-style-type: none"> Having provided significant input through two meetings, CAFII was consulted on final draft of survey of life agents, and on final report from Suitability Review. CAFII had follow-up meeting with FSCO on April 9/13 to discuss Interim Report of product suitability review, based on results of life agent survey. Release of final Report delayed until after provincial election on June 12/14.
	E-commerce	<ul style="list-style-type: none"> CCIR and AMF – upcoming consultations 	<ul style="list-style-type: none"> CAFII submitted response to CCIR E-Commerce Position Paper in July 2013 CCIR Final E-Commerce Position Paper released November 15/13; final CCIR recommendations in harmony with CAFII positions, as stated in submission
	Provincial Insurance Acts	<ul style="list-style-type: none"> Manitoba Saskatchewan 	<ul style="list-style-type: none"> Draft ISI Regulations released on June 3/13; Licensing Committee is dealing with this matter. Watch

CAFII Priorities by Committee – June 18, 2014

Item	Description	Activities Completed/Industry Developments	Status/Next Steps
		<ul style="list-style-type: none"> Ontario 	<ul style="list-style-type: none"> Watch
Comparison of creditor insurance on mortgages with term life and individual disability insurance project	Survey member companies, update analysis and research	<ul style="list-style-type: none"> Comparison of creditor insurance on mortgages with term life and individual disability insurance: pricing, approval rates, claim approval rates, etc. 	<ul style="list-style-type: none"> Active Last conducted in late 2009/early 2010 on 2008 data Board approved the engagement of Towers Watson as actuarial consultant to this project in early March 2014. Ongoing progress monitoring meetings being held every two weeks. Survey of CAFII members to be distributed in early July 2014, with 6 to 8 weeks allowed for completion.
Regulatory concerns about travel Insurance	<p>-Consumer confusion around coverage; complex application forms and medical questionnaires</p> <p>-redundancy of coverage (employer-sponsored benefits plans; through a credit card; and privately purchased) and sales agents not informing consumers of possible duplication</p>		<p>DMC to conduct internal policy positions development work on travel insurance issues in summer 2014. Greg Grant, Rosemary Pulla, and Isabelle Choquette volunteered to join DMC for this project.</p> <p>B. Wycks reached out to relevant industry Associations with proposal to form a pan-industry project group on travel insurance issues – with representation from CAFII, THIA, and CLHIA – as per regulators' behest and as endorsed by CAFII Board of Directors on April 8/14. B. Wycks, J. Lewsen, and G. Grant liaising with CLHIA and THIA, and providing regular progress reports to EOC and Board.</p>

AMF Distribution Guide Task Force

(Task Force of Distribution and Market Conduct Policy Committee)

Members: Emily Brown, Brian Wise, Rose Beckford, Moira Gill, Sue Manson, Brendan Wycks

Purpose: Recommend changes to the AMF Distribution Guide based on the Mutual Fund Guide, customized for exclusion disclosure

Licensing Efficiency Issues Committee (LEIC)

Membership – 1 Chair who is a member of EOC and three members from representative companies.

Chair: Moira Gill, TD 2) Rose Beckford, ScotiaLife Financial 3) Brian Wise, Assurant Solutions 4) ? 5) Ex Officio: Greg Grant, CIBC; Brendan Wycks, Executive Director

Mandate: Identify and manage licensing efficiency issues for restricted and individual licensing processes. **LEIC priorities closely linked with Balanced Scorecard.**

Priorities	Issues	Currently Active issues	Status/Next Steps
Licensing operation issues Streamlining and harmonizing licensing requirements (training, CE, other)	Request for restricted certificates for third parties in Alberta		CAFII letter to the Council (2011). Council responded that they did not support the request. Committee decision to address the issue with the Council again when time was opportune. J. Abram indicated to B. Wycks on November 21/13 that AIC is interested in creating a forum for Representation for Restricted Licence Holders in Alberta. Window of opportunity for this in 2014, in conjunction with plans to fold near-dormant Adjusters Council into General Council. CAFII had preliminary consultation meeting with J. Abram about this on December 12/13 and further discussion during liaison lunch on March 17/14. This development may present a tandem opportunity to push for restricted certificates for third parties.
	CISRO project to redesign LLQP – project completion target date is 2015, for implementation at beginning of 2016		CAFII attended CISRO’s quarterly LLQP Stakeholder Information Sessions on January 17/13, April 9/13, and October 30/13; and had one-on-one meetings with LLQP Committee on February 10 and May 28/2014. Thereafter, CISRO requested a letter of support from CAFII for its LLQP modernization initiative, which CAFII delivered on February 21/14. CAFII Board has authorized EOC to take further action in support of LLQP modernization, as requested by G. Matier, Insurance Council of BC.
	Licensing process -streamlining and harmonization		Identification of issues ongoing. CAFII representatives met with Invest New Brunswick on June 4/14 re licensing crisis in that province. Opportunity expected for CAFII to present to CISRO on “Multi-jurisdictional Licensing Challenges” on September 29 or 30/14.

CAFIL Priorities by Committee – June 18, 2014

ISI regime implementation	Manitoba – issues to be resolved with implementing regulations		<p>-Included in Insurance Act Spring 2012 Letter sent in August 2012 -CAFIL response to draft ISI Regulation sent in early July 2013. On October 8/13, Board supported recommendation that CAFIL seek a meeting with the Minister re imperative of harmonization of Manitoba's ISI Regime with other provinces -CAFIL response submission on second draft of ISI Regulation sent on January 10, 2014 -In late February 2014, S. Moore, Deputy Superintendent, communicated to CAFIL that Manitoba's Draft ISI Regulation would be amended to address nearly all of the concerns expressed by CAFIL and other industry stakeholders; and he subsequently confirmed that in writing -S. Moore advised in February 2014 that Draft ISI Regulation will be amended to address nearly all of concerns expressed by CAFIL and other industry stakeholders; and confirmed same in writing. -CAFIL met with Superintendent of Insurance and with Finance Minister Jennifer Howard on April 29/14. Imperatives of harmonization of provincial ISI regimes and of providing adequate lead time for implementation stressed in productive meeting; and in immediately prior pre-meeting with Superintendent of Insurance and Executive Director of Insurance Council.</p>
Provincial Insurance Councils and CISRO issues	Opportunities to have restricted licensees represented or otherwise participate on Council discussed with Saskatchewan, Alberta.		<p>Legal assistance engaged and analysis of options underway. Meeting with AIC Jan 2012. Meetings with Sask. held Meeting with Manitoba held Meeting with G. Matier, BC, on May 28/14</p>

CAFII Priorities by Committee – June 18, 2014

			<p>Active: CAFII Concept Proposal For A Saskatchewan Insurance Councils' Restricted Insurance Agents Advisory Committee submitted to R. Fullan on October 10/13.</p> <p>Active: In a meeting with B. Wycks on November 21/13, J. Abram, CEO, indicated that AIC would be open to a CAFII proposal re representation for restricted licence holders.</p> <p>2014 is opportune for discussions re establishing a "Restricted Licence Holder Council." CAFII advanced discussion with AIC on this issue on December 12/13 and March 17/14. CAFII to provide submission to AIC based on updated options analysis developed by Stikeman Elliott</p> <p>Under Consideration: G. Matier indicated that he is always receptive to nominations of well-qualified candidates from the banks-in-insurance sector to serve as non-voting members of the Insurance Council</p>
Electronic licensing	Promote use of electronic licensing systems by provincial regulators; possible use of "business numbers" to link		<p>-Letter of support sent to CISRO May 2012</p> <p>-Alberta Insurance Council readying to launch Canadian Insurance Participant Registry (CIPR) later in 2014; will be a significant leap forward towards a national electronic licensing system</p>
Multi-jurisdictional licensing/ mutual recognition	Trade Agreements - promote mutual recognition (Ontario – Quebec, New West Partnership)		<p>-Attended trade agreement update meeting May 2012</p> <p>-CAFII viewpoints on licensing and harmonization communicated, as related relevant commentary, in February 2014 letter of support for CISRO's LLQP modernization initiative</p> <p>-CAFII expecting invitation from CISRO to make presentation on multi-jurisdictional licensing and other compliance challenges faced by national contact centres, at meeting in Fredericton on September 29-30/14</p>

Media and Communications Committee (MAC)

Membership: The committee will have 4 permanent members including 2 co-chairs, all of whom are members of EOC. EOC Chair is ex-officio member.

Co-Chairs: 1) John Lewsen, BMO 2) Moira Gill, TD

Members: 3) Paul Yeung, RBC 4) Greg Grant, CIBC 5) Charles Blaquiere, Canadian Premier 6) Ex Officio: Greg Grant, CIBC

Resources: Leya Duigu, Brendan Wycks

Mandate: Identify key stakeholders and develop, recommend and implement communications strategy. Oversee CAFII branding. Oversight of Media Response Task Force.

Areas of Interest: Underserved Market: Creditor Insurance (value proposition, disclosure); Counter broker lobby messages. **MAC priorities integrated within Balanced Scorecard.**

Initiatives	Explanation	Resp	Next Steps/Status
-Develop a Communications Strategy	-Update Communications Strategy: CAFII-branded “Regulatory Value Added Strategy” for website and regulator communication. Most materials exist but materials should be reviewed and recommendations made as to how to package and brand materials. Include concept of sending targeted messages to regulators when an issue is in the media.	ED	-2014 External Communications Strategy approved by Board on October 8/13 and December 4/13. Completed. -Communications Strategy Tactical Implementation Plan approved by Board on April 8/14, with suggestions for minor tweaks in presentation only. Completed.
<i>Media: Improve, Consolidate, and Confirm “Readiness” to Respond to Media Requests</i>			
Key Messages/Story Scenarios/Stock Answers (High Priority)	Complete Key Messages/Stock Answers/Story Scenarios with strong emphasis on “human touch” aspects of how CAFII members meet consumer needs	ED	In progress. To be completed in Q3 and Q4 2014.
Short articles on case for Creditor Insurance and Alternate Distribution (High Priority)	Develop series of short articles on Creditor Insurance and Alternate Distribution, with emphasis on human interest angle, for use on web site, in Media Kit, and in “pen control” media opportunities, etc.	ED	In progress. To be completed in Q3 and Q4 2014.
Media Kit (High Priority)	Develop “About Creditor Insurance” Media Kit, using existing web site content and other resources		To be completed in Q3 and Q4 2014.

CAFII Priorities by Committee – June 18, 2014

Initiatives	Explanation	Resp	Next Steps/Status
<p>Independent consumer research on insurance topics and issues (Medium Priority)</p> <p><i>The Public and Consumer Interest Groups: Monitoring & Engagement</i></p> <p>FAQs on Creditor Insurance for FCAC web site (High Priority)</p> <p>Monitoring of Consumer Interest Groups (Ongoing High Priority)</p>	<p>Formulate plan and budget and obtain approval for increased use of independent consumer research, to provide communications content for media and other audiences</p> <p>Develop approved FAQs using existing CAFII content; and provide to FCAC for use on its site</p> <p>Include intelligence on Consumer Interest Groups' issues and activities in Regulatory Update for EOC and Board meetings</p>	<p>ED</p> <p>ED</p> <p>ED</p>	<p>To be completed in Q4 2014.</p> <p>In progress. To be completed in Q3 2014.</p> <p>On target and ongoing.</p>
<p>Evergreen/Bring Forward Items For 2015</p> <p><i>Media: Improve, Consolidate, and Confirm "Readiness" to Respond to Media Requests</i></p> <p>Media Section on CAFII Web Site</p> <p><i>Selective Proactive Engagement With Media</i></p> <p>Roundtable discussion meeting with "friendly media"</p>	<p>Develop a media-focused section on web site, using Media Kit materials and other content</p> <p>Roundtable with targeted "friendly media" to discuss and educate around Creditor's Group Insurance, the underserved market, and alternate distribution, using Media Kit as a discussion guide</p>	<p>ED</p> <p>ED</p>	<p>To be brought forward and re-assessed as a possible priority for 2015</p> <p>To be brought forward and re-assessed as a possible priority for 2015</p>

CAFII Priorities by Committee – June 18, 2014

Initiatives	Explanation	Resp	Next Steps/Status
Evergreen/Bring Forward Items For 2015			
<i>The Public and Consumer Interest Groups: Enhanced Consumer-Friendly Web Presence</i>			
Consumer Testimonials	Secure additional Consumer Testimonials from CAFII members and post to CAFII site, and regularly refresh	ED	To be brought forward and re-assessed as a possible priority for 2015
Enhance consumer-friendliness of CAFII's web presence	Engage Search Engine Optimization services to improve CAFII's ranking in search results, and drive consumers with Creditor Insurance inquiries to CAFII site	ED	To be brought forward and re-assessed as a possible priority for 2015
<i>The Public and Consumer Interest Groups: Monitoring & Engagement</i>			
Financial Literacy Month	Obtain approval and execute a plan to increase CAFII's profile/involvement in Financial Literacy Month (November) to raise CAFII's profile with FCAC and/or other regulators	ED	To be brought forward and re-assessed as a possible priority for 2015
Direct Engagement with Consumer Interest Groups	Formulate plan and budget for CAFII to engage directly with one or more key Consumer Interest Groups (eg. seat on Advisory Board of Consumer's Council of Canada)	ED	To be brought forward and re-assessed as a possible priority for 2015

Media Response Taskforce

Membership: Taskforce consists of any two members of the Media and Communications committee plus Executive Director Brendan Wycks.

Purpose: Deal with media issues as they arise. Make recommendation to Board communications committee (Members: to be reconstituted with four Board members: new Board Chair plus three other Directors)

CAFII Priorities by Committee – June 18, 2014

Networking and Events Committee

Membership: 1 Chair - 2 members; EOC Chair is an ex-officio member

Chair: Paul Yeung, RBC 2) Maria Sanchez –Chung, TD 3) Ex-Officio: Greg Grant, CIBC ; Resources: Leya Duigu, Brendan Wycks

Mandate : Operate CAFII events and receptions to maintain contact with regulators, associate members and other key stakeholders. **Networking and Events Committee priorities closely linked with Balanced Scorecard.**

Priority	Activities	Status
Plan Quarterly Speaker and reception events, and member-only event	-February 2014 Speaker Event (members only)	-Annual Members' Luncheon moved to February 11, 2014, with Chrys Lemon, Partner, McIntyre & Lemon, PLLC, Washington, DC, speaking on "Update On Credit Card Insurance Market In The U.S. Since 2012."
	-April 8, 2014	-Louis Morriset, CEO, and four AMF staff executives spoke informally with CAFII Board/EOC at liaison meeting in Montreal on April 8/14
	-June 2014 AGM/Regulator Reception Event	-Maria Sanchez-Chung secured Brigitte Goulard, newly appointed FCAC Deputy Commissioner, as speaker
	October 2014 Speaker Event	-Carolyn Rogers, CCIR Chair, has accepted CAFII's invitation to be speaker at CAFII's October 7/14 Reception Event
	December 2014 Reception	
Keep current lists of key contacts		
Christmas cards to key contacts?		
Seek out other opportunities to meet with contacts (eg. corporate table)		

**Briefing Document On Agenda Item 6(b)(i): New Brunswick Licensing Issues
June 19, 2014 CAFII EOC Meeting**

**Industry Liaison Visit Report
Confidential: Not For Distribution**

Industry Liaison: Invest New Brunswick
Date: June 4, 2014
Location: Royal Bank Plaza, Toronto

Attendees:

Invest New Brunswick: Adam Mitton, Investment Officer

CAFII: Moira Gill, TD Insurance; Sandy Prokop, RBC Insurance; and Brendan Wycks, Executive Director

Purpose of Meeting: This liaison Meeting was requested by Invest New Brunswick, as a follow-up to CAFII's October 2013 submission in response to the New Brunswick Superintendent of Insurance's consultation on "Opportunities for Reforming the New Brunswick Licensing Framework for Other-than-Life Insurance Agents and Brokers." The meeting invitation presented an opportunity for CAFII to enlist support from this Crown Corporation mandated to attract inbound investment to the province, to help raise the political profile of the current crisis in the processing of insurance licenses in New Brunswick (very slow turnaround in issuing both new licenses and renewals).

New Brunswick Committed To Introducing Online/Electronic Licensing System: Adam Mitton advised that Angela Mazerolle, Superintendent of Insurance, acknowledges the problem and an online/electronic licensing system is coming as a solution. No hard date for implementation has been set, but it will be within a year. In the meantime, she has found the resources to hire two additional people to focus on nothing but licensing processing. CAFII representatives made the point that it's absolutely imperative that the one year target date for implementation of an online/electronic licensing system not be allowed to slip.

Post-2014 Provincial Election Opportunity To Address Red Tape Issues In New Brunswick Insurance Act: New Brunswickers go to the polls in a regular, four year term provincial election on September 22, 2014. CAFII representatives made the point that even with an online/electronic licensing system, the province's Insurance Act is terribly out-of-date and a number of updates are required to facilitate expedited licensing and the efficient conduct of business in the province. New Brunswick's requirement that a sworn affidavit be filed with a license application or renewal; and its requirement, hard-wired into the Insurance Act, that a new/separate criminal record check be obtained even for a candidate who has been licensed in another province, with no gaps, were cited as examples of "red tape" wastes of business and regulator resources that need to be addressed soon after the September 2014 provincial election.

Invest New Brunswick, has done an analysis of all of the response submissions to the recent New Brunswick consultation, with respect to requested Insurance Act changes. Adam Mitton asked if CAFII would be interested in being part of a post-election project group around this? CAFII representatives responded "Yes, definitely."

In addition, Adam requested that CAFII send Invest New Brunswick a separate letter, by the end of September, on its views on necessary changes to the Insurance Act. CAFII requested that the contemplated post-election review of the Insurance Act be separated out from the more comprehensive, painstaking, line-by-line reviews of provincial Acts that is typical; and instead be treated in an expedited manner.

**CAFII Presentation & Reception Summary
Agenda Item 6(d)(i); June 19, 2014 EOC Meeting**

Stakeholders: CAFII Board and EOC Members, Voting member representatives, Associates, CLHIA, FSCO, Ministry of Finance, Stikeman Elliot, Fasken Martineau, FCAC, OSFI

Date: Tuesday, June 10, 2014

Location: One King West, 1 King Street West, Toronto, ON M5H 1A1

Purpose: Speaker Presentation and Reception following quarterly Board Meeting

Guest Speaker: Brigitte Goulard
Deputy Commissioner, Financial Consumer Agency of Canada

Topic: FCAC and the Insurance Industry: Past, Present and Future

Guest Speaker Brigitte Goulard, Deputy Commissioner of the Financial Consumer Agency of Canada, provided an engaging overview of the role, accomplishments, and aspirations of the FCAC, with an emphasis on future plans for strengthening Consumer Financial Literacy and other aspects of its consumer protection mandate. The presentation was nicely tailored around points of intersection and relevance to CAFII and its members.

Attendees: 76 people representing the following organizations:

CAFII Members	CAFII Associates
<ul style="list-style-type: none"> • AMEX Bank of Canada • Assurant Solutions • BMO Insurance • Canadian Premier Life Insurance Company • CIBC Insurance • Desjardins Financial Security Life Assurance Company • RBC Insurance • ScotiaLife Financial • TD Insurance 	<ul style="list-style-type: none"> • Aimia • Avalon Actuarial • The Canada Life Assurance Company • Collins Barrow Toronto Actuarial Services Inc. • CSI Brokers Inc. • Munich Re Canada • Optima Communications • RGA Reinsurance Company
Regulators	Other Associations
<ul style="list-style-type: none"> • Financial Services Commission of Ontario • Ministry of Finance • Office of the Superintendent of Financial Institutions 	<ul style="list-style-type: none"> • Canadian Life and Health Insurance Association
	Other Industry & Consultants
	<ul style="list-style-type: none"> • Fasken Martineau DuMoulin LLP • Stikeman Elliot LLP