



**CAFII EOC Meeting**  
**Tuesday, June 25, 2013**  
**Location: CIBC, Commerce Court**  
**199 Bay Street, 4th Floor, Imperial Room, Toronto, ON**  
**1:00 – 4:00 pm**

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

**Chair: J. Hines**

**Draft Agenda**

1. Call to Order J. Hines
2. Approval of Agenda All
3. Minutes All
  - a. EOC Minutes and Action Items of May 28, 2013
  - b. Board Minutes and Action Items of June 11, 2013
4. CAFII Financial Statements as at May 31, 2013 – Review M. Fabian
5. Policy Issues and Decision Items S. Manson/ W. Eccles/  
J. Poolman
  - a. Action on Board-Approved Recommendation Re CAFII Project Next Steps
  - b. Board Issue Re
    - (i) Self-Regulation of the Incidental Sales of Insurance Industry; and
    - (ii) Advocacy with Policy-Makers in addition to Regulators.
6. Regulatory Update M.Gill/B. Wycks
  - a. Manitoba's Draft ISI Amendments to Insurance Agents and Adjusters Regulation
  - b. CCIR E-Commerce Position Paper B. Wycks
  - c. BC FICOM Consultation on Use of Managing General Agents B. Wycks
  - d. AMF's Commercial Practices Guideline B. Wycks
  - e. Regulator Visits
    - i. June 7, 2013 CAFII Liaison Visit With AMF Executives
    - ii. Appointment of Louis Morisset as CEO of AMF
    - iii. Regulator Visit Plan
    - iv. Regulatory Newsletter
7. CAFII Priorities and EOC Committees B. Wycks
  - a. CAFII Priorities by Committee
  - b. Distribution and Market Conduct Policy Committee S. Manson / W. Eccles
    - i. AMF Distribution Guide
    - ii. Quebec Insurance Act Re-write
    - iii. Project on IAIS Core Principles
    - iv. Project on Industry Complaint Statistics

- c. Licensing Efficiency Issues Committee M. Gill
  - i. Submission to Saskatchewan Re Representation Via Restricted Licensee Advisory Committee
- d. Media and Advocacy Strategy Committee S. Gelgor / J. Lewsen
  - i. Logo Redesign & Rebranding Initiative B. Wycks
  - ii. Topic and Timing of Next CAFII Webinar For CCIR B. Wycks
  - iii. Industry Issues and Trends E-Newsletter B. Wycks
- e. Events and Networking Committee P. Yeung / M. Sanchez-Chung
  - i. Opportunities For CAFII In-Person Interaction With CCIR Members:
    - CCIR's Fall 2013 Meeting in Toronto
    - CCIR's Spring 2014 Meeting
  - ii. Speaker for October 8, 2013 Regulator Reception
  - iii. Potential Speakers for 2014 Annual Members Luncheon and Speaker Forum

## 8. Other Business

- Next Board Meeting/ Regulator Reception is October 8, 2013 hosted by AMEX Bank of Canada
- Efforts are being made to arrange a summer EOC teleconference meeting on Wednesday, July 24, 2013 (to be confirmed; and in lieu of previous tentative EOC teleconference date of August 13, 2013). Next regular EOC meeting is September 24, 2013, in Toronto.

**CAFII EOC Meeting Minutes**  
**Tuesday, May 28, 2013**  
**Action Items from the Meeting**

<b>Agenda Item</b>	<b>Action Item</b>	<b>Responsible</b>	<b>Deadline</b>
3.a. EOC Minutes April 23, 2013	L. Duigu to provide B. Wycks with meeting notes, separate to the minutes.	L. Duigu	Ongoing
3.b. Board Minutes April 10, 2013	L. Duigu to add additional columns to the board minutes.	L. Duigu	June 6
4. Financials	L. Duigu to create a 1-page results document for the board meeting regarding CAFII's 15 <sup>th</sup> Anniversary Celebration event.	L. Duigu	June 6
6.a. CCIR E-Commerce Position Paper	B. Wyck to draft a submission for vetting by the DMC Committee, including a high level summary of what CAFII has done and how each issue aligns with member company activities.	B. Wycks	June 20
6.a.iv. Regulator Visit Plan	M. Gill to informally solicit possible meeting dates from the Atlantic Canada regulators.	M. Gill	
7.b. Distribution and Market Conduct Policy Committee	B. Wycks / L. Duigu to ensure the CAFII Board Meeting Agenda clearly defines expectations, such as update, review, discussion or approval.  J. Hines to follow-up on the RBC Call Centre Visit by FSCO staff.	B. Wycks / L. Duigu	June 6
7.e. Event and Networking Committee	L. Duigu to draft an invitation for review by J. Hines and B. Wycks.	L. Duigu	May 30
8.c. Board Meeting and EOC Member Roles	L. Duigu to draft a notice regarding EOC member expectations at Board Meeting for J. Hines to review.	L. Duigu	June 6

**CAFII EOC Meeting**  
**Tuesday, May 28, 2013**  
**Location: CIBC, Commerce Court**  
**199 Bay Street, 4th Floor, Imperial Room, Toronto, ON**

<b>Present:</b>	Rose Beckford Charles Blaquiere Emily Brown Isabelle Choquette  Matthew Fabian Sara Gelgor Moirra Gill Greg Grant Jennifer Hines John Lewsen Sue Manson John Poolman	ScotiaLife Financial Canadian Premier Life Insurance Co. ( <i>teleconference</i> ) BMO Insurance Desjardins Financial Security Life Assurance ( <i>teleconference</i> ) BMO Insurance ( <i>teleconference</i> ) ScotiaLife Financial ( <i>teleconference</i> ) TD Insurance CIBC Insurance RBC Insurance <i>Chair</i> BMO Insurance CIBC Insurance Assurant Solutions ( <i>teleconference</i> )
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<b>Also Present:</b>	Leya Duigu Brendan Wycks	T•O Corporate Services CAFII
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<b>Regrets:</b>	Andre Duval Wayne Eccles Maria Sanchez-Chung Paul Yeung	Desjardins Financial Security Life Assurance TD Insurance MBNA Bank of Canada RBC Insurance
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**1. Call to Order**

The meeting was called to order at 1:00 p.m. J. Hines acted as Chair and L. Duigu acted as Recording Secretary.

**2. Approval of Agenda**

The agenda was approved as amended.

**3. Minutes**

**a. EOC Minutes and Action Items, April 23, 2013**

Review of Action Items

FSCO's Draft Statement of Priorities submission due date is June 2 and a CAFII submission should be prioritized.

Inter-Association Liaison: Global Federation of Insurance Associations – there isn't a formal schedule of fees; however, upon enquiry it was learned that CAFII's membership dues would be approximately \$5K U.S. per annum. It was agreed that CAFII should decline to become a member of GFIA for 2013, but then revisit this in the Fall when the Association's 2014 budget is being prepared.

Minutes should be brief and high level with less commentary.

**Action:** L. Duigu to provide B. Wycks with meeting notes, separate to the minutes.

**b. Board Minutes, April 10, 2013**

Financial Consumer Agency of Canada (FCAC). The FCAC is currently focusing on defining the role of the new Financial Literacy Leader, and is not looking at insurance issues at this time.

**Action:** L. Duigu to add additional "Responsibility" and "Timelines" columns to the Board Action Items.

**4. Financials**

M. Fabian reported that the bank balance is lower compared to March. The accounts receivable will decrease as membership fees are paid. The reserves are still within the target range. The Statement of Operations shows that spending has been quite low for the month. One Associate Member's dues are still outstanding and B. Wycks will be following up with them.

**Action:** L. Duigu to create a 1-page results document for the June 11 Board meeting regarding CAFII's 15<sup>th</sup> Anniversary Celebration event.

On the matter of Regulatory Meetings, these expenditures will be allocated to the Distribution and Market Conduct Committee line item.

2012 Audit. All the final documents have been received and everything is ready for the Annual General Meeting on June 11, 2013.

**5. Decision Items**

**a. Recommendations to Board Re. CAFII Project Next Steps**

S. Manson provided an overview of the CAFII Project. The EOC was tasked with developing a proposal for approval at the next board meeting. As a result of this and a follow-up debrief with M. Cummings, a 1-page recommendation will be presented at the Board meeting on June 11.

## **6. Regulatory Update**

### **a. CCIR E-Commerce Position Paper**

B. Wycks provided summary comments based on the attachment in the meeting package. Consultation submissions are due by July 26, 2013.

C. Shevlin of CCIR has indicated that the provincial insurance regulators want to ensure that consumers have an opportunity to talk to someone during an insurance purchase process if they so choose. Assistance from an advisor should be accessible but it should not be mandatory for a licensed intermediary to be involved in a transaction.

The DMC Committee will produce the first draft of CAFII's response to the E-Commerce Position Paper, and EOC will have an opportunity to weigh in on it.

**Action:** B. Wycks to draft a submission for vetting by the DMC Committee, including a high level summary of what CAFII has done and how each issue aligns with member company activities.

### **b. Webinar on E-Commerce & Digital and Social Media for CCIR**

The following groups will receive an invite to the May 30 webinar: CCIR Members, CAFII Board and EOC members. A test presentation was conducted yesterday; C. Shevlin of CCIR participated and provided feedback.

### **c. Regulator Visits**

#### **i. Alberta Insurance Council, Joanne Abrams**

The AIC has been asked by Alberta's Superintendent of Insurance to look into expanding its mandate. Stakeholder meetings on that possibility have been scheduled for June 25 (Calgary) and June 26 (Edmonton) for designated representatives named on the license. Up for discussion will be the proposed change to the Insurance Council's mandate and its 5-year Key Strategy document. Sessions will be two hours long and information can be found online.

Concerns were raised regarding the nature of the meetings which could also be viewed as consultation meetings. It would be beneficial for an EOC member to participate in one of the two meetings. Areas of concern include the Insurance Council's discomfort with certain aspects of e-commerce.

#### **ii. BC Insurance Council, Gerry Matier**

A CAFII delegation met with G. Matier in Toronto on May 15. The main issue on his mind was regulation of Managing General Agents (MGAs). He also confirmed for CAFII that CCIR's Agencies Regulation Committee is starting with

a blank slate with respect to its Review of Third Party Administrators (TPAs) initiative, and is looking to CAFII and other industry stakeholders to help educate them on the issue.

**iii. Proposed AMF Visit, Quebec City**

The meeting has been confirmed for Friday, June 7 from 12:00 -2:00 p.m. Four member of the AMF executive team will be in attendance including CEO M. Albert. CAFII delegates include Richard Hebert (Board Member, National Bank), Rose Beckford (EOC Member, ScotiaLife Financial), Moira Gill (EOC Member, TD Insurance), and Brendan Wycks (CAFII Executive Director).

Preparation for the meeting shall include a review of the Quebec Insurance Act. The two-page Distribution Guide is expected to come up again, and it was agreed that this issue should be reassigned to the EOC from the DMC Committee.

**iv. Regulator Visit Plan**

Atlantic Canada regulators Robert Bradley, David Weir and Doug Murphy have indicated that a “joint meeting” between them and CAFII representatives – which would likely be held in Charlottetown or Moncton -- would be ideal.

**Action:** M. Gill to informally solicit possible meeting dates from the Atlantic Canada regulators.

**v. Regulator Newsletter**

The regulator newsletter was circulated to members recently and any feedback is to be provided to B. Wycks and L. Duigu.

**7. CAFII Priorities and EOC Committee**

**a. CAFII Priorities by Committee**

**b. Distribution and Market Conduct Policy Committee**

Avalon Survey. This information is important to CAFII members and previous results have been cited regularly in regulator submissions and communications.

EOC Members were in favour of updating the survey and the following tentative time line was proposed:

- Preparation of Survey – July to August 2013
- Board Review of Survey – October 2013
- Final editing of Survey – November to December 2013
- Avalon Actuarial to conduct survey – January to February 2014



- Members will require a few months to respond, then Avalon will collate the results.

The initial 2013 budget for this project was \$42K, some of which could be carried forward into the 2014 budget as the study would be completed in the 2014 fiscal year.

There was a brief discussion about whether to put this survey out to tender or remain with the same supplier. Members felt that the Association builds relationships with particular suppliers and therefore should continue using Avalon Actuarial for this study, so long as we are satisfied with the results.

**Action:** B. Wycks / L. Duigu to ensure the Board agenda clearly defines expectations, for each particular agenda item, such as update, review, discussion or approval.

**Action:** J. Hines to follow-up on the RBC Call Centre Visit by FSCO staff. FSCO Travel items will be addressed at the next meeting.

**i. AMF Distribution Guide**

Covered under 6(c)(iii).

**ii. Quebec Insurance Act Re-write**

A detailed 100-page document containing 52 recommendations was released on March 29, 2013. At this time no one has any insight on this.

**iii. Project on IAIS Core Principles**

This project hasn't started yet.

**c. Licensing Efficiency Issues Committee**

EOC Members discussed whether CAFII's in-process recommendation for representation for Restricted Life Licence holders in Saskatchewan via an Advisory Committee should propose that the Advisory Committee reporting to the Executive Director of the Insurance Councils of Saskatchewan or to the Life Council itself.

CLHIA has been working on a proposal on this issue as well, which will be complimentary to CAFII's. The LEIC will be reviewing the latest version prepared by legal counsel, identifying gaps and bringing it forward to R. Fullan. It was confirmed that during the April 10, 2013 Board Meeting, Directors confirmed that a follow-up presentation on this issue was not required before moving CAFII's proposal forward. The information will therefore be presented to Board Chair M. Cummings for his review and information.



**d. Media and Advocacy Strategy Committee**

Testimonials. The committee has received two testimonials from members and one more is pending. Each member company still owns the rights to their testimonials which will be displayed on the CAFII site.

**i. Communications Strategy**

The MAC had a thorough discussion about Communications Strategy at its last meeting. While prioritizing regulatory submissions as appropriate, B. Wycks will also be focusing on producing a Revised Communications Strategy by July for MAC and EOC review.

**ii. Logo Redesign & Rebranding Initiative**

The committee has reviewed a few iterations of possible logo options, but to date none of which have been ideal. It was acknowledged that perhaps we were too ambitious in trying to seek a new logo that incorporates a pictorial image that would appeal to all Members. As a result, we have now requested new typography-only logo options from the designer. If the next mock-ups don't meet the expectations of the group, then it was agreed that an alternative supplier will need to be engaged.

**iii. Industry Issues and Trends E-Newsletter**

The first issue was released last week and members were invited to comment on it. To date, many feel that the e-newsletter was user-friendly and featured good content.

**e. Event and Networking Committee**

**i. Speaker for June 11 Regulator Reception**

Doug McPhie of Ernst & Young has been confirmed as the next guest speaker on June 11.

**Action:** L. Duigu to draft an invitation for review by J. Hines and B. Wycks.

**8. Governance**

**a. CAFII Bylaw Provisions Governing Decision-Making Where Board Consensus Can't Be Achieved**

According to the Association's Bylaw, the CAFII Board of Directors is supposed to make decisions based on a two-thirds majority vote; however, in practice, all decisions have been based on consensus. It is the preference of Members to make decisions based on consensus.

**b. Appointment of CAFII Vice-Chair**

Board Chair M. Cummings has discussed the need for the appointment of a Vice-Chair with EOC Chair J. Hines and Executive Director B. Wycks. It is therefore expected that Mr. Cummings will recommend a Vice-Chair candidate at the June 11 Board meeting, and call for a mover and a seconder of a motion to appoint that individual.

**c. Board Meetings and EOC Member roles**

As a reminder, it was noted that EOC Members are invited to attend Board Meetings as observers and to provide reports and updates on CAFII initiatives. Discussion and debate during Board Meetings should be restricted to Directors. EOC Members have the opportunity to have fulsome discussion of Board agenda matters with their Board Member in advance of meetings, to ensure their perspectives are taken into account. In the event that a Director is not present at a Board meeting, then it is appropriate for an EOC member to participate more fully in a Board meeting, as a proxy on behalf of their Member financial institution.

**Action:** L. Duigu to draft a notice regarding EOC member expectations at Board Meeting for J. Hines to review.

**9. Termination**

There being no further business, the meeting terminated at 3:50 p.m. The next EOC meeting will be held on Tuesday, June 25, 2013 at 1:00 pm in Toronto.

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Date

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Chair

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Recording Secretary

**CAFII Board Meeting Minutes**  
**Tuesday, June 11, 2013**  
**Action Items from the Meeting**

<b>Agenda Item</b>	<b>Action Item</b>	<b>Responsible</b>	<b>Deadline</b>
6.3. Request to Commission Avalon Actuarial to Update Study “A Comparison Of Creditor’s Group Mortgage, Life & Disability and Equivalent Individual Insurance”	DMC to provide a more specific time line for this initiative at the next board meeting on October 8, 2013.	DMC	September 30, 2013
7.3. May 30, 2013 CAFII Webinar for CCIR	L. Duigu to circulate <i>Digital &amp; Social Media: Insurance Trends, Practices and Implications</i> presentation and evaluation results to EOC Members.	L. Duigu	June 21, 2013
7.6. Regulator Visit Plan	EOC to look at ISI industry issue in more detail with a view to differentiating and buffering CAFII member companies from other ISI players; and developing strategies to address this issue.	EOC	July to September, 2013; and ongoing
7.6. Regulator Visit Plan	CAFII should include policy makers in our target audiences and the tactical communications strategy should be expanded to address this.	MAC	July 2013

**CAFII Board of Directors Meeting**  
**Tuesday, June 11, 2013**  
**Location: CIBC**  
**Commerce Court, 199 Bay Street, 56<sup>th</sup> Floor**  
**Toronto, ON**

**Draft Minutes**

<b>Present:</b>	Mark Cummings	ScotiaLife Financial	<i>Chair</i>
	Dave Minor	TD Insurance	
	Rick Lancaster	CIBC Insurance	
	Isaac Sananes	Canadian Premier Life Insurance Co.	
	Linda Fiset	Desjardins Financial Security Life Assurance	
	Yvonne Ziomecki	AMEX Bank of Canada	
	Richard Hebert	National Bank Insurance Co. (teleconference)	
	Rino D'Onofrio	RBC Insurance	
<b>Regrets:</b>	Julia Barker-Merz	BMO Insurance	
	Robert Zanussi	Assurant Solutions	
<b>EOC Present:</b>	Andre Duval	Desjardins Financial Security Life Assurance	
	Maria Sanchez-Chung	TD Insurance	
	Charles Blaquiere	Canadian Premier Life Insurance Co.	
	Paul Yeung	RBC	
	Greg Grant	CIBC Insurance	
	Sue Manson	CIBC Insurance	
	Jennifer Hines	RBC Insurance	<i>Secretary</i>
	Sara Gelgor	ScotiaLife Financial	
	Rose Beckford	ScotiaLife Financial	
	John Lewsen	BMO Insurance	
	Matthew Fabian	BMO Insurance	<i>Treasurer</i>
<b>EOC Regrets:</b>	Emily Brown	BMO Insurance	
	Wayne Eccles	TD Insurance	
	Moira Gill	TD Insurance	
<b>Also Present:</b>	Brendan Wycks	CAFII	<i>Executive Director</i>
	Leya Duigu	T•O Corporate Services	<i>Recording Secretary</i>

**1. Welcome and Call to Order**

The meeting was called to order at 2:05 p.m. M. Cummings acted as Chair, J. Hines acted as Secretary, and L. Duigu acted as Recording Secretary.

**2. Review of CAFII Competition Guidelines**

M. Cummings reminded members that the Competition Guidelines provided in the package were adopted at the April 3, 2008 Board of Directors meeting. The practice of reviewing the guidelines was adopted at the start of the meetings to ensure that the CAFII Board's deliberations conform to its principles, which were briefly summarized.

### **3. Approval of Agenda**

On a motion duly made, seconded and unanimously carried with amendments (Rino re feedback from regulators, AMEX Board member resignation)

**IT WAS RESOLVED that:**

**The agenda be approved as amended.**

### **4. Minutes**

#### **4.1. Adoption of April 10, 2013 Board Meeting Minutes**

On motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

**The minutes of the meeting of the Board held on April 10, 2013 be adopted in the form presented, and that a copy of these minutes be signed and placed in the Minute Book of the Corporation.**

### **5. Financial Update**

#### **Adoption of April 2013 Financials**

M. Fabian, Treasurer, reported on the financial statements for the four month period ending April 30, 2013.

The Association's bank balance is positive due to receiving the 2013 membership fees. Liabilities are normal and unrestricted net assets remain at \$220K. The investment page is slightly out-dated as the GIC matured in May and the full maturity amount has since been reinvested based on discussion with the EOC. This will be reflected in the May financial statements. The Statement of Operations shows that we are on track and the only significant expenses that have come through pertain to CAFII's 15<sup>th</sup> Anniversary Celebrations in Toronto. Membership fees show some outstanding invoices; however, M. Fabian confirmed that the only outstanding fees at this time are from Oliver Wyman Consulting and a follow-up reminder will be issued to them.

### **6. Decision Items**

#### **6.1. Appointment of Board Vice-Chair**

On motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

**Rino D'Onofrio be appointed Vice-Chair of the Association for a one year term expiring at the time of the Annual General Meeting in 2014.**

## **6.2. EOC Recommendation Re. CAFII Project Next Steps**

S. Manson reminded the Board of its discussion of this topic at the last meeting, following which the EOC was tasked with conducting further research into the matter, with a view to presenting a recommendation on the CAFII project at this meeting. A handout providing highlights of the project was provided, and Board discussion ensued.

## **6.3. Request to Commission Avalon Actuarial to Update Study “A Comparison of Creditor’s Group Life & Disability Insurance and Equivalent Individual Insurance”**

S. Manson summarized for the Board the Distribution and Market Conduct Committee’s proposal that CAFII engage Avalon Actuarial to update this independent research study, which was last carried out for CAFII in 2009-10 using 2008 data. An addition to the prior study would be a trend analysis which wasn’t an option previously.

It was observed and agreed that this project required a considerable amount of work the last time from member companies and it would be ideal to have as much lead time as possible. The budget for this initiative will straddle the Association’s 2013 and 2014 fiscal years. The EOC will have an opportunity to review and request enhancements to the study’s results report and any presentation of the findings, before they are released in Spring 2014.

**Action:** DMC to provide a more specific timeline at the next Board meeting for the execution of this initiative.

On motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

**CAFII allocate resources to commission Avalon Actuarial to update the study “A Comparison of Creditor’s Group Mortgage Life & Disability Insurance and Equivalent Individual Insurance” with a maximum budget of \$42,000.**

## **7. Regulatory Update**

### **7.1. Regulatory Newsletter**

B. Wycks presented the regulator newsletter that was circulated in early May 2013. Many of the updates will be raised under subsequent agenda items and discussed then. A separate newsletter was created for regulators that is a more condensed version of the member’s newsletter.

### **7.2. CCIR E-Commerce Position Paper**

The CCIR E-Commerce Position Paper was released on May 23, following which CAFII, with the assistance of PwC, presented a timely webinar on *Digital & Social Media: Insurance Trends, Practices and Implications* to the CCIR audience.

B. Wycks has completed an analysis of the position paper, including CAFII's position on various issues, and he provided the Board with highlights of that analysis. EOC members have received a copy of his analysis for review and discussion at their next meeting.

### **7.3. May 30, 2013 CAFII Webinar for CCIR**

CAFII presented a webinar to CCIR Members across the country on *Digital & Social Media: Insurance Trends, Practices and Implications*, with guest presenters from PwC. A copy of the presentation was provided to Board members in today's meeting package. J. Hines reported that the presentation highlighted that consumers are the driving force behind social media and ecommerce, and industry (ie. insurance companies) need to catch up.

**Action:** L. Duigu to circulate the *Digital & Social Media: Insurance Trends, Practices and Implications* presentation and evaluation results to EOC Members.

### **7.4. Report on Regulator Meetings**

#### **7.4.1. May 7, 2013 Meeting with J. Abram and R. Gilbertson, Alberta Insurance Council**

Members discussed various items that have been coming from Alberta including commission disclosure and the potential for the Insurance Council to seek an expansion on its mandate.

#### **7.4.2. May 15, 2013 Meeting with G. Matier, Insurance Council of BC**

This matter was treated as a consent item. As Board members did not raise any questions about it, the matter was not discussed.

#### **7.4.3. June 7, 2013 Meeting with AMF Staff Executives In Quebec City**

A written summary of this meeting was included in the meeting package; and B. Wycks provided a brief verbal summary for the Board. One of the AMF's strategic priorities, he noted, is fostering consumer financial literacy through social media projects and communications initiatives.

### **7.5. CCIR Invitation to Phone Pre-Consultation Re "Review of Third Party Administrators" Initiative**

The EOC is treating this as an important priority and when CCIR's Agencies Regulation Committee arranges the pre-consultation teleconference, the CAFII delegation will include members who are well versed in this issue and prepared with key messages.

### **7.6. Regulator Visits Plan**

The Regulator Visit plan was included in the meeting materials for review.



R. D'Onofrio shared some commentary on a regulator meeting he recently had with C. Rogers (BC) and P. Howell (ON). Concerns were raised regarding how creditor insurance is being sold in particular channels (ie. payday loan companies and car dealers). It is felt that the industry (CAFII Members included) isn't doing enough to self-regulate; and should regulations be created to address these concerns, they won't differentiate between company types. .

**Action:** EOC to look into "self-regulation of Incidental Sellers of Insurance (ISI)" in more detail with a view to differentiating and buffering CAFII member companies from other ISI players; and developing strategies to address this issue.

During the same meeting, Ms. Rogers and Mr. Howell were asked how effective CAFII's voice is as an industry Association. The response was that CAFII's voice and messaging are heard quite well by regulators such as themselves; however, policy-makers tend to receive more information and input from brokers, who are thereby able to have more influence at the policy level.

**Action Item:** CAFII should include policy-makers in our target audiences and the tactical communications strategy should be expanded to address this.

## **8. Committee Reports on Addressing CAFII Priorities**

### **8.1. Distribution & Market Conduct Committee**

S. Manson provided an update based on the CAFII Priorities document included in the meeting materials. The committee was asked to review the International Association of Insurance Supervisors' (IAIS) Core Principles on Treating the Customer Fairly, with a focus on principles 18 and 19. Through cross-referencing these principles with CAFII member practices, the committee will seek to identify best practices and potential conflicts of interest. The result should be a Best Practices advisory document, which can also be used for future regulatory submissions.

The Distribution and Market Conduct Committee has a very active, multi-issue work plan at this time.

### **8.2. Licensing Efficiency Issues Committee**

#### **8.2.1. Restricted Licensee Representation on Saskatchewan Insurance Council**

The Restricted Licensee Representation initiative is going well. A number of conversations have occurred with R. Fullan, Executive Director of the Saskatchewan Insurance Councils, and the objective will be for CAFII to take the lead on the initiative while continuing to collaborate with CLHIA on it. The committee is meeting next week to review the latest proposal developed in consultation with legal counsel.

### **8.2.2. Manitoba Draft Regulation on Incidental Sales of Insurance**

S. Gelgor reported that the Licensing Efficiency Issues Committee would be meeting next week to review the draft regulations from Manitoba in advance of the July 2 deadline for stakeholder submissions.

## **8.3. Media & Advocacy Strategy Committee**

B. Wycks provided an update on the Media and Advocacy Strategy Committee's progress on initiatives.

### **8.3.1. CAFII Logo Redesign & Rebranding Initiative**

The committee has reviewed a number of logo iterations. Members recently determined that including a pictorial element in the logo was problematic. . As a result, they have asked the designer to provide an updated typography-only logo, which has now been received and is currently being reviewed by the committee's co-chairs for guidance.

### **8.3.2. CAFII Communications Strategy**

B. Wycks will be focusing on developing a proposed CAFII Communications Strategy over the next month. He will add policy-makers to the list of stakeholders, as discussed earlier in the meeting.

M. Cummings feels this is an important strategy that will provide us with real life examples. J. Hines added that the communications strategy has been discussed on a few occasions and what it is evident is that there are varying comfort levels among members with different communication approaches to different channels. The strategy will be to clearly define different target audiences and the specific messages and tactics targeted at each, to facilitate Board approval and allow us to move forward with the strategy.

### **8.3.3. Industry Issues and Trends E-Newsletter**

B. Wycks has disseminated the first issue of an Industry Issues and Trends e-newsletter and would welcome feedback from Board and EOC members on it.

## **8.4. Networking & Event Hosting Committee**

### **8.4.1. CAFII 15th Anniversary.**

P. Yeung reported on the results of CAFII's 15<sup>th</sup> Anniversary Celebration, thanking B. Wycks, L. Duigu and members of the EOC for their help with the event. The feedback has been very positive from both members and regulators, regarding the networking opportunities and CAFII swag given to all attendees. The event also came in significantly under budget at ~\$15,000 versus the \$30,000 budget, with RBC paying for a small portion of the reception as per the agreement when hosting.

### **8.4.2. June 11, 2013 Regulator Reception Event.**

It was noted that 60 people had confirmed their attendance for this evening's Reception event, to hear guest speaker Doug McPhie from Ernst & Young present on his firm's "2013 Canadian Life Insurance Outlook".

**9. Other Business**

M. Cummings reported that Y. Ziomecki, Board Member from AMEX Bank of Canada, has accepted another position within her company and will therefore be leaving the CAFII Board of Directors. Y. Ziomecki was thanked for her work on the Board of Directors. A replacement from AMEX will be appointed at the next meeting of the Board on October 8, 2013.

**10. Termination**

On a motion duly made, seconded and unanimously carried

**IT WAS RESOLVED that:**

**The meeting be terminated at 4:30 p.m; and that the next meeting of the Board is to be held on Tuesday, October 8, 2013 in Toronto, hosted by AMEX Bank of Canada.**

# CAFI

55 St Clair Ave West, Suite 255

Toronto, ON M4V 2Y7

## Balance Sheet As at May 31, 2013

	Current 2013
<b>ASSETS</b>	
<b>Current Assets</b>	
Bank Balance	\$233,968
Investments <sup>A</sup>	\$52,097
Accounts Receivable	\$4,800
Interest Receivable	\$35
Prepaid Expenses	\$0
Computer/Office Equipment	\$2,334
Accumulated Depreciation -Comp/Equip	(\$233)
Intangible Assets-Trademarks	\$0
Accumulated Amortization-Trademark	\$0
<b>Total Current Assets</b>	<b>\$293,000</b>
<b>TOTAL ASSETS</b>	<b>\$293,000</b>
<b>LIABILITIES</b>	
Current Liabilities	
Account Payable <sup>B</sup>	\$5,770
Deferred Revenue	\$60,175
<b>Total Current liabilities</b>	<b>\$65,945</b>
<b>TOTAL LIABILITIES</b>	<b>\$65,945</b>
<b>UNRESTRICTED NET ASSETS</b>	
Unrestricted Net Assets, beginning of year	\$179,424
Excess of revenue over expenses	\$47,631
<b>Total Unrestricted Net Assets</b>	<b>\$227,055</b>
<b>Total Unrestricted Net Assets</b>	<b>\$227,055</b>
<b>TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS</b>	<b>\$293,000</b>

### Minimum Reserve = Greater of:

Reserve at 25% of Annual Operating Expense =	\$ 61,383
Reserve at 6 months of Operating Expense =	\$ 121,759

### 2013 Reserve (based on 6 month Reserve):

**C A F I I**  
 55 St Clair Ave West, Suite 255  
 Toronto, ON, M4V 2Y7  
**Balance Sheet Items**  
**As at May 31, 2013**

**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
<b>Total</b>		<b>\$52,852.40</b>		<b>\$528.52</b>	

**Item B**

**Accounts Payable**

	Total
	394.61
	5,367.50
	7.95
<b>Total outstanding:</b>	<b><u>5,770.06</u></b>

# CAFII

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

## Statement of Operations As at May 31, 2013

REVENUE	Current Month	Current YTD	Budget 2013	% Used	YTD 2012 Balance	% Used YTD 2012
Membership Fees	\$32,175	\$168,875	\$410,100	41%	\$170,875	45%
Interest Revenue	(\$706)	(\$458)	\$750	-61%	\$266	266%
	<u>\$31,469</u>	<u>\$168,417</u>			171,140.92	
<b>TOTAL REVENUE</b>	<b>\$31,469</b>	<b>\$168,417</b>	<b>\$410,850</b>	41%	<b>\$171,141</b>	44%
<b>EXPENSE</b>						
<b>Association Operating Expenses</b>						
Management Fees	\$18,083	\$92,673	209,150	44%	\$29,424	43%
Lawrie Savage Fees	\$0	\$0	-		\$73,396	44%
CAFII Legal Fees/Corporate Governance	\$0	\$0	10,500	0%	\$0	0%
Audit Fees	\$0	\$1,617	13,250	12%	\$347	4%
Insurance	\$237	\$1,183	5,368	22%	\$1,183	27%
Website (incl translation)	\$0	\$31	540	6%	\$1,314	243%
Telephone/Fax/Internet	\$50	\$1,416	750	189%	\$225	10%
Postage/Courier	\$22	\$130	500	26%	\$161	15%
Office Expenses	\$273	\$1,080	4,500	24%	\$360	13%
Bank Charges	\$0	\$70	-	0%	\$25	1%
Miscellaneous Expenses	\$0	\$0	-	0%	\$0	0%
Amortization Expense	\$0	\$0	-	0%	\$0	0%
Depreciation Computer/Office Equipm <sup>1</sup>	\$39	\$194	640	0%	\$0	0%
<b>Sub Total Association Operating Expenses</b>	<b>\$18,703</b>	<b>\$98,393</b>			<b>\$106,434</b>	
<b>Distribution &amp; Market Conduct Committee</b>						
Provincial Regulatory Review	\$652	\$678	35,000	2%	\$338	1%
Research/Studies	\$4,758	\$4,758	42,000	11%	\$5,085	12%
<b>Sub Total Distribution &amp; Market Conduct Committee</b>	<b>\$5,410</b>	<b>\$5,436</b>			<b>\$5,423</b>	
<b>Licensing Efficiency Issues Committee</b>						
Regulatory Model (s)	\$0	\$15	12,000	0%	\$0	0%
Federal Financial Reform	\$0	\$0	-		\$0	0%
<b>Sub Total Licensing Efficiency Issues Committee</b>	<b>\$0</b>	<b>\$15</b>			<b>\$0</b>	
<b>Media &amp; Advocacy Strategy Committee</b>						
Tactical Communications Strategy	\$0	\$11	25,000	0%	\$893	4%
Association Branding	\$0	\$0	7,000	0%	\$0	0%
<b>Sub Total Media &amp; Advocacy Strategy Committee</b>	<b>\$0</b>	<b>\$11</b>			<b>\$893</b>	
<b>Networking &amp; Events Committee</b>						
Board/EOC/AGM Expense <sup>2</sup>	\$543	\$11,525	10,000	115%	\$7,093	34%
Networking Events	\$0	\$0	3,500	0%	\$0	0%
15th Anniversary Event	\$59	\$5,405	30,000	18%	\$0	0%
<b>Sub Total Networking &amp; Events Committee</b>	<b>\$602</b>	<b>\$16,930</b>			<b>\$7,093</b>	
<b>Media Relations, CAFII Consultant</b>						
Media Relations, CAFII Consultant	\$0	\$0	-		\$5,910	49%
<b>Sub Total Media Relations, CAFII Consultant</b>	<b>\$0</b>	<b>\$0</b>			<b>\$5,910</b>	
<b>TOTAL EXPENSE</b>	<b>\$24,716</b>	<b>\$120,786</b>	<b>409,698</b>	29%	<b>\$125,753</b>	28%
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$6,753</b>	<b>\$47,631</b>	<b>\$1,152</b>		<b>45,388.12</b>	

### 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, 2013**

	<u>Jan-13</u>		<u>Jul-13</u>
	<u>Billed</u>	<u>Received</u>	<u>Billed</u> <u>Received</u>
TD Insurance	\$23,500.00	8-Mar-13	\$23,500.00
Assurant Solutions	\$11,750.00	22-Feb-13	\$11,750.00
BMO Insurance	\$23,500.00	31-May-13	\$23,500.00
Canadian Premier Life Insurance Company	\$11,750.00	1-Mar-13	\$11,750.00
CIBC Insurance	\$23,500.00	8-Mar-13	\$23,500.00
National Bank Insurance Company	\$11,750.00	8-Mar-13	\$11,750.00
RBC Insurance	\$23,500.00	7-Mar-13	\$23,500.00
ScotiaLife Financial	\$23,500.00	12-Apr-13	\$23,500.00
Desjardins Financial Security Life Assurance Company	\$11,750.00	8-Mar-13	\$11,750.00
AMEX Bank of Canada	\$11,750.00	15-Mar-13	\$11,750.00
Avalon Actuarial	\$4,800.00	26-Apr-13	
CSI Brokers Inc.	\$4,800.00	28-Mar-13	
Dion, Durrell & Associates Inc.	\$4,800.00	15-Mar-13	
KPMG	\$4,800.00	12-Apr-13	
Laurentian Bank of Canada	\$4,800.00	15-Mar-13	
Oliver, Wyman Consulting Limited	\$4,800.00		
Optima Communications	\$4,800.00	12-Apr-13	
RGA Life Reinsurance Company of Canada	\$4,800.00	1-Mar-13	
Swiss Reinsurance Company Ltd	\$4,800.00	Will not be renewing 2013 membership	
Munich Re	\$4,800.00	8-Mar-13	
Aimia	\$4,800.00	15-Mar-13	
The Canada Life Assurance Company	\$4,800.00	1-Mar-13	
<b>January Invoices</b>	<b>\$233,850</b>		<b>\$176,250</b>
<b>July Invoices</b>	<b>\$176,250</b>		
<b>Total Membership Fees</b>	<b>\$410,100</b>		



**Finance**  
Financial Institutions Regulation Branch

June 3, 2013

Moira Gill  
Canadian Association of Financial Institutions in Insurance  
255 – 55 St. Clair Avenue West  
Toronto ON M4V 2Y7

1115-405 Broadway  
Winnipeg, Manitoba  
R3C 3L6 Canada  
Phone: (204) 945-1150  
Fax: (204) 948-2268  
Toll Free: 1-800-282-8069

**Re: Licencing of Incidental Sellers of Insurance**  
**Amendments to Insurance Agents and Adjusters Regulation**

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In 2010 the Insurance Council of Manitoba (ICM) established a committee to review the regulation of incidental sellers of insurance (ISI). The committee conducted an extensive review of existing regimes in other jurisdictions and considered comments from stakeholders through both written and in person submissions. In 2011 the committee provided their recommendations to the Superintendent of Financial Institutions.

In June 2012, amendments to *The Insurance Act* were passed in the Legislative Assembly of Manitoba as Bill 27, The Insurance Amendment Act. Amendments to *The Insurance Act* allowed for the introduction of the licencing of incidental sellers of insurance regime.

Prior to bringing the unproclaimed sections of The Insurance Amendment Act (relevant to ISI) into force, the Insurance Agents and Adjusters Regulation needs to be amended.

We plan to recommend the attached Draft Regulation to government this summer. In advance, we would appreciate your comments in order to ensure that the proposed framework will be effective.

Please direct your comments, by **July 2<sup>nd</sup>, 2013**, in electronic form to: [insurance@gov.mb.ca](mailto:insurance@gov.mb.ca). If you wish to send your comments in paper format, please forward them directly to my attention.

Thank you for your participation. If you have any further questions, please do not hesitate to contact me.

Yours truly,



J. SCOTT MOORE  
Deputy Superintendent of Financial Institutions-Insurance

Attachment (1)

## **Liability insurance — restricted insurance agent licence**

**16.1(1)** For the purposes of subsection 371(1.1) of the Act, an applicant for a restricted insurance agent licence under section 380.1 of the Act must have, and an agent who holds such a licence must maintain, liability insurance of at least \$1,000,000 in respect of any one occurrence, with an overall policy aggregate of at least \$2,000,000.

**16.1(2)** The liability insurance required by subsection (1)

(a) must, at a minimum,

(i) include extended reporting for a period of 12 months,

(ii) include extended coverage for fraudulent acts and dishonest acts,

(iii) provide coverage amounts that are exclusive of defence and investigative expenses,

(iv) include coverage that covers all of the insurance products that the insured is or will be licensed to sell,

(v) include coverage for

(A) the insured's supervisory activities, if applicable, and

(B) any unlicensed employee for whose acts the insured is responsible; and

(b) must not be restricted to particular insurers' products.

**16.1(3)** The underwriting insurer of a liability insurance policy issued, or a group liability insurance policy providing coverage, to satisfy the requirements of subsection 371(1.1) of the Act must not, without providing the superintendent and the Insurance Council of Manitoba with at least 15 days' prior notice by registered mail,

(a) cancel, terminate or refuse to renew the policy or group policy; or

(b) delete an insured from the group policy.

## **Limited exemption for lawyers — title insurance**

**21** A lawyer is — in respect of the lawyer's services in obtaining for a client, or assisting a client in obtaining, title insurance in order to complete a purchase or sale of real estate — exempt from the requirement to hold a licence under subsection 369(1) of the Act if the lawyer

(a) is entitled to practice law in Manitoba and provides the services in the usual course of his or her profession; and

(b) is not, whether directly or indirectly, paid or offered a commission or other compensation or anything of value by any person for providing the services.

## PART 2

### RESTRICTED INSURANCE AGENT LICENCES

#### Application of Part 2

**22** For the purpose of section 380.1 of the Act, this Part applies in respect of restricted insurance agent licences within the meaning of that section.

#### Definitions

**23** The following definitions apply in this Part.

**"cargo insurance"** means insurance that is within the class of property insurance and provides coverage only against damage to or the loss of goods in transit.

**"creditor's disability insurance"** means insurance

(a) that is within the class of accident and sickness insurance and is creditor's group insurance as defined in section 203 of the Act; and

(b) under which the insurer undertakes to pay all or part of the amount of a debtor's debt to the creditor named in the policy in the event of bodily injury to, or the illness or disability of,

(i) the debtor, when the debtor is an individual, or the spouse of such a debtor,

(ii) an individual who is a guarantor of all or part of the debt,

(iii) a director or officer of the debtor, when the debtor is a corporation, or

(iv) an individual who is essential to the ability of the debtor to meet the debtor's financial obligations, when the debtor is an entity other than an individual or a corporation.

**"creditor's life insurance"** means insurance

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(i) the debtor, when the debtor is an individual, or the spouse of such a debtor,

(iii) a director or officer of the debtor, when the debtor is a corporation, or

**"creditor's loss-of-employment insurance"** means insurance

(b) under which the coverage is limited to the insurer's undertaking to pay, without any individual assessment of risk, all or part of the amount of a debtor's debt to the creditor named in the policy in the event

(ii) that an individual who is a guarantor of all or part of the debt becomes involuntarily unemployed.

**"creditor's vehicle inventory insurance"** means insurance that is within the class of credit protection insurance and provides coverage only against direct and accidental loss of or damage to vehicles — some or all of which have been financed by a creditor — that are held in stock for display and sale purposes by a debtor of the creditor.

**"deposit-taking institution" means**

(b) a credit union that is incorporated or continued under

*The Credit Unions and Caisses Populaires Act*, or

(c) a loan corporation or trust corporation that is incorporated or continued under *The Corporations Act* and entitled to carry on business under Part XXIV of that Act.

**"equipment insurance"** means insurance that is within the class of boiler and machinery insurance and provides coverage only against damage to or the loss of

- (a) a motor vehicle;
- (b) farm equipment or a farm implement; or
- (c) recreational, marine or construction equipment.

**"export credit insurance"** means insurance

- (a) that is within the class of surety insurance; and
- (b) under which the insurer undertakes, to an exporter of goods or services, to guarantee payment for goods or services exported by the exporter.

**"financial institution"** means:

- (a) a bank;
- (b) a credit union that is incorporated or continued *The Credit Unions and Caisses Populaires Act*, or a credit union incorporated under the laws of a jurisdiction other than Manitoba that is registered as provided by section 129 of that Act;
- (c) a loan corporation or trust corporation incorporated or continued under *The Corporations Act* and entitled to carry on business under Part XXIV of that Act, or an extra-provincial loan corporation or extra-provincial trust corporation, as defined in section 315 of that Act, that is entitled to carry on business under Part XXIV of that Act;
- (d) an entity licensed to transact insurance under the Act, or an entity incorporated, continued or licensed under a similar Act of Parliament or of any province or territory of Canada;
- (e) a local cooperative credit society as defined section 2 of the *Cooperative Credit Associations Act* (Canada);
- (f) an association incorporated or continued under the *Cooperative Credit Associations Act* (Canada);
- (g) an entity that is incorporated, continued or licensed

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under an Act of Parliament or of any province or territory and is primarily engaged in dealing in securities, including portfolio management and investment counselling; or

(h) an entity that

(i) is engaged primarily in the business of providing financial services, including deposit, loan or trust services, transacting insurance or dealing in securities; and

(ii) is incorporated or continued under the laws of a jurisdiction outside Canada or is otherwise governed by the laws of such a jurisdiction.

**"funeral expense insurance"** means insurance that is within the class of life insurance and under which the insurer undertakes to pay a maximum of \$15,000 for funeral services for the insured under a prearranged funeral plan as defined in *The Prearranged Funeral Services Act*.

**"line of credit"** means a commitment on the part of a deposit-taking institution or sales finance company to lend one or more amounts to a debtor without a predetermined repayment schedule.

**"mortgage broker"** means a mortgage broker, as defined in *The Mortgage Brokers Act*, that is registered in accordance with that Act.

**"mortgage insurance"** means the class of mortgage insurance prescribed in the *Classes of Insurance Regulation*, Manitoba Regulation 165/2008.

**"personal travel insurance"** means insurance

(a) that is within the classes of life insurance and accident and sickness insurance and is group insurance as defined in sections 148 and 203 of the Act; and

(b) that

(i) provides coverage to an individual with respect to a trip by the individual away from the place where the individual ordinarily resides

(A) against expenses incurred while on the trip that result from an illness or disability of the individual that occurs on the trip,

(B) against expenses incurred while on the trip that result from the death of or bodily injury to the individual caused by an accident while on the trip,

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(C) against expenses incurred by the individual for dental care necessitated by an accident while on the trip, or

(D) in the event of the individual's death while on the trip, against expenses incurred for the return of the individual's remains to the place where the individual ordinarily resided before death, or for travel expenses incurred by a relative of the individual who is required to travel to identify the individual's remains, or

(ii) under which the insurer undertakes to pay one or more sums of money in the event of an illness or the disability of the individual that occurs on the trip, or in the event of the death of or bodily injury to the individual that is caused by an accident while on the trip.

**"portable electronics insurance"** means insurance that is within the class of property insurance and provides coverage against damage to or the loss of a portable electronic device.

**"portable electronics vendor"** means a person or entity that

(a) sells or leases portable electronics devices; or

(b) otherwise provides portable electronics devices in connection with a transaction between the person or entity and another person or entity.

**"rent"**, in relation to a vehicle, means rent the vehicle for a period of 90 days or less.

**"rented-vehicle accidental injury or death insurance"** means insurance that is within the class of automobile insurance and provides coverage to a vehicle renter and other occupants of the rented vehicle for bodily injury or death and reimbursement for medical expenses resulting from a vehicular accident involving the rented vehicle that occurs during the rental period.

**"rented-vehicle contents insurance"** means insurance that is within the class of property insurance and provides coverage to a vehicle renter and other occupants of the rented vehicle against damage to or the loss of personal property in the rented vehicle during the rental period.

**"rented-vehicle liability insurance"** means insurance that is within the class of automobile insurance and provides coverage to a vehicle renter and other authorized drivers of the rented vehicle for liability arising from its operation.

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**"restricted licence holder"** means a person who holds a restricted insurance agent licence issued under subsection 380.1(2) of the Act.

**"sales finance company"** means a corporation, other than a financial institution, that provides consumer loans, or provides or arranges for credit.

**"small business"** means

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

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

**"travel interruption and property-loss insurance"** means insurance that

(a) is within the class of property insurance; and

(b) without any individual assessment of risk, provides coverage — to an individual with respect to a trip by the individual away from the place where the individual ordinarily resides — against

(i) loss that results from the cancellation or interruption of the trip,

(ii) the loss of or damage to personal property that occurs while on the trip, or

(iii) loss that is caused by the delayed arrival of personal baggage while on the trip.

**"vehicle"** has the same meaning as in subsection 1(1) of *The Highway Traffic Act*.

#### **Persons and entities eligible for restricted licence**

**24** For the purpose of section 380.1 of the Act, the following persons and entities may apply for and hold a restricted insurance agent licence

(a) a deposit-taking institution;

(b) a sales finance company;

(c) a person or entity that provides transportation service for people or goods;

(d) a person or entity that carries on the business of a travel

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agency;

(e) a person or entity that carries on the business of an automobile dealership, watercraft dealership, recreational vehicle dealership, farm implement dealership or construction equipment dealership;

(f) a mortgage broker, as defined in *The Mortgage Brokers Act*, that carries on business in Manitoba in accordance with that Act;

(g) a person or entity that carries on the business of a customs brokerage;

(h) a person or entity that carries on the business of freight forwarding;

(i) a person or entity that carries on the business of renting vehicles to the public;

(j) a funeral director who holds a licence under *The Prearranged Funeral Services Act*;

(k) a portable electronics vendor.

**Classes or types of insurance for which a restricted licence may be issued**

**25** The following are the classes or types of insurance in respect of which a restricted license may be issued:

(a) cargo insurance;

(b) creditor's disability insurance;

(c) creditor's life insurance;

(d) creditor's loss-of-employment insurance;

(e) creditor's vehicle inventory insurance;

(f) equipment insurance;

(g) export credit insurance;

(h) funeral expense insurance;

(i) mortgage insurance;

(j) portable electronics insurance;

(k) personal travel insurance;

(l) rented vehicle contents insurance;

Draft

- (m) rented vehicle liability insurance;
- (n) travel interruption and property-loss insurance.

**Applying for a restricted licence**

**26(1)** An application for a restricted insurance agent licence must

- (a) be filed with the superintendent;
- (b) be made in the form required by the superintendent;
- (c) specify the class or type of insurance that the applicant wishes to transact as an incidental seller; and
- (d) contain the information and be accompanied by the material required by the superintendent, including the information and material described in subsection (2).

**26(2)** An application for a restricted insurance agent licence must be accompanied by

- (a) the written recommendation of an insurer that
  - (i) has an agreement with the applicant under which the applicant is to be authorized to sell the insurer's insurance products as an incidental seller, and
  - (ii) is licensed under the Act to transact the class of insurance
    - (A) for which the licence is to be issued, or
    - (B) that includes the type of insurance for which the licence is to be issued;
- (b) the written designation of an operating agent under the licence who is designated to be responsible for receiving notices and other documents on the applicant's behalf and for supervising employees of the applicant who negotiate, solicit or transact insurance on the applicant's behalf;
- (c) a statement of the number of persons who will be authorized to negotiate, solicit or transact insurance on behalf of the applicant when and if the licence is issued; and
- (d) evidence acceptable to the superintendent that the applicant has
  - (i) liability insurance that satisfies the requirements of subsection 371(1.1) of the Act, and
  - (ii) reasonable and demonstrable policies and procedures

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to ensure that anyone who solicits, negotiates or transacts insurance on behalf of the applicant is knowledgeable, competent taking into account the class or type of insurance.

**26(3)** For greater certainty, subsection 371(1.1) of the Act applies to restricted insurance agent licences under this section, except as provided in subsection (4).

**26(4)** Subclause (2)(d)(i) does not apply to a person who applies for restricted insurance agent licence or to renew such a licence if the person is a member institution of the Canada Deposit Insurance Corporation or is a credit union incorporated under *The Credit Unions and Caisses Populaires Act*.

**26(5)** To obtain the renewal of a restricted agent licence, the holder of the licence must apply in accordance with clauses (1)(a), (b) and (d), and those clauses together with clause (2)(d) apply, with necessary changes, to the application.

**26(6)** The superintendent may issue a restricted insurance agent licence if the superintendent is satisfied that

(a) the applicant

(i) is an incidental seller as defined in subsection 380.1(1) of the Act,

(ii) qualifies under section 24, and

(iii) has complied with this section; and

(b) the application is in respect of a class or type of insurance listed in section 25 and satisfies the requirements of this section.

**26(7)** The superintendent may specify

(a) which class or type of insurance listed in section 25 the restricted licence holder may transact as an incidental seller; and

(b) the category of business activity in relation to which the restricted licence holder may transact insurance as an incidental seller.

### **Employees of other entities**

**27(1)** Without limiting the application of subsection 380.1(3) of the Act, a restricted insurance agent licence authorizes the holder, through the employees of another entity that qualifies under subsection (2) (referred to in this regulation as a "qualified entity"), to act or offer to act as an agent in respect of the class or type of insurance specified in the licence.

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**27(2)** A restricted licence holder may only act or offer to act as an agent through the employees of another entity if

(a) the entity provides its employees' services to the restricted licence holder under a contract that the superintendent believes provides adequate consumer protection and adequate control by the restricted licence holder so that the restricted licence holder is able to meet its obligations under the licence and to comply with this regulation; and

(b) the restricted licence holder provides the superintendent with the information about the entity and the contract that the superintendent requires.

### **Qualifications of operating agent**

**28** An person may not be the operating agent under a restricted insurance agent licence unless

(a) the person

(i) is a director, officer or employee of the restricted licence holder,

(ii) is a member of the partnership if the restricted licence holder is a partnership, or

(iii) in the case of an individual who carries on business under a name other than his or her own, is the individual who carries on the business; and

(b) the person has the qualifications, and satisfies the educational, training and other standards, prescribed under section 396.1 of the Act.

### **Replacement or incapacity of operating agent**

**29(1)** If a restricted licence holder's operating agent ceases to be eligible under subclause 28(a)(i) or (ii) or the designation of a person as the operating agent under a restricted insurance agent licence is otherwise to be terminated, the restricted licence holder must, without delay, inform the superintendent and provide the superintendent with a designation of a replacement operating agent.

**29(2)** If a restricted licence holder's operating agent is unable to discharge the responsibilities expected of the operating agent, the restricted licence holder must, without delay, inform the superintendent and provide the superintendent with a designation of a replacement operating agent.

### **Restricted licence holder's responsibilities**

**30(1)** A restricted licence holder must

(a) have reasonable and demonstrable policies and procedures

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to ensure that anyone who solicits, negotiates or transacts insurance on behalf of the restricted licence holder is knowledgeable, competent and suitable taking into account the class or type of insurance;

(b) ensure that anyone who solicits, negotiates or transacts insurance on behalf of the restricted licence holder complies with the policies and procedures mentioned in clause (a);

(c) make and maintain a record of all persons authorized by the restricted licence holder to solicit, negotiate or transact insurance on the restricted licence holder's behalf showing

(i) the person's full name;

(ii) the dates on which the person's authorization began and, if applicable, ended,

(iii) the business location and address at or from which the person was authorized to solicit, negotiate or transact insurance on the restricted licence holder's behalf,

(iv) whether the person is an employee of the restricted licence holder or of a qualified entity named in the record, and

(v) the class or type of insurance that the person was authorized to solicit, negotiate or transact;

(d) ensure that the record maintained under clause (c) is current;

(e) permit the superintendent or a person authorized by the superintendent to inspect the record required by clause (c) at any reasonable time; and

(f) ensure that, before any of its employees or, if applicable, any employee of a qualified entity permits a consumer to complete an application for insurance in relation to the restricted licence holder's goods or services, the consumer is provided with a notice

(i) stating that the consumer is contracting with the insurer and not with the restricted licence holder or, if applicable, the qualified entity,

(ii) stating that the consumer is not obligated to purchase the insurance in order to obtain the goods or services,

(iii) setting out the terms, including limitation and restrictions, of the insurance,

(iv) setting out the circumstances under which the

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insurance commences or terminates and the procedures to follow in making a claim, and

(v) if applicable, stating that the restricted licence holder or the qualified entity receives direct or indirect compensation, or a direct or indirect inducement or benefit, from the insurer for soliciting, negotiating or transacting the insurance.

**30(2)** A restricted licence holder must not

(a) make its provision of goods or services conditional upon the consumer's purchase of insurance through it or from an insurer specified by it or conditional upon the consumer's purchase of other insurance;

(b) permit a person to solicit, negotiate or transact insurance on its behalf unless the person

(i) is, at the time, listed in the record of authorized persons required by clause (1)(c) and shown in the record as being authorized to solicit, negotiate or transact the class or type of insurance involved, as may be applicable,

(ii) has been suitably trained to be able to knowledgeably solicit, negotiate or transact the class or type of insurance involved, as may be applicable; or

(c) permit an employee of the restricted licence holder or a qualified entity to tell a consumer or potential consumer of the restricted licence holder's goods or services that

(i) the consumer is required to purchase insurance in relation to the goods or services, or

(ii) should the consumer wish to purchase insurance in relation to the goods or services, the consumer may only purchase insurance through the restricted licence holder or a qualified entity or from a specified insurer.

**30(3)** When a consumer purchases insurance through a restricted licence holder or a qualified entity acting on its behalf, or from an insurer specified by either of them, the restricted licence holder

(a) must inform the consumer about the name of the insurer and how it may be contacted; and

(b) must ensure that the consumer is sent a policy or, in the case of a contract of group insurance, a certificate of insurance.

**30(4)** When a consumer purchases

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- (a) rented-vehicle accidental injury or death insurance;
- (b) rented-vehicle contents insurance; or
- (c) rented-vehicle liability insurance;

through a restricted licence holder or a qualified entity acting on its behalf, or from an insurer specified by either of them, the restricted licence holder must inform the consumer that the insurance may provide a duplication of coverage already provided by the vehicle renter's automobile insurance policy or by another source of coverage.

### **Qualified entity's responsibilities**

**31** A qualified entity that acts on behalf of a restricted licence holder must

- (a) ensure that its employees who solicit, negotiate or transact insurance in relation to the restricted licence holder's goods or services comply with the policies and procedures mentioned in clause 30(1)(a);
- (b) make and maintain a record listing its employees who to solicit, negotiate or transact insurance in relation to the restricted licence holder's goods or services, including information about each employee that is equivalent to that required by clause 30(1)(c);
- (c) ensure that the record maintained under clause (c) is current;
- (d) provide a copy of the record required by clause (b) to the restricted licence holder and notify the restricted licence holder without delay when an employee
  - (i) listed in the record ceases to be employed to solicit, negotiate or transact insurance in relation to the restricted licence holder's goods or services, or
  - (ii) is added to the list for one of those purposes;
- (e) must ensure that, before any of its employees permits a consumer to complete an application for insurance in relation to the restricted licence holder's goods or services, the consumer is provided with a notice
  - (i) stating that the consumer is contracting with the insurer and not with the restricted licence holder or the qualified entity,
  - (ii) stating that the consumer is not obligated to purchase the insurance in order to obtain the goods or services,

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(iii) setting out the terms, including limitation and restrictions, of the insurance,

(iv) setting out the circumstances under which the insurance commences or terminates and the procedures to follow in making a claim, and

(v) if applicable, stating that the restricted licence holder or the qualified entity receives direct or indirect compensation, or a direct or indirect inducement or benefit, from the insurer for soliciting, negotiating or transacting the insurance.

**31(2)** A qualified entity acting on behalf of a restricted licence holder must not

(a) permit any of its employees to solicit, negotiate or transact insurance in relation to the restricted licence holder's goods or services unless the employee

(i) is, at the time, listed in the record of authorized persons required by clause 30(1)(c) and shown in the record as being authorized to solicit, negotiate or transact the class or type of insurance involved, as may be applicable,

(ii) has been suitably trained to be able to knowledgeably solicit, negotiate or transact the class or type of insurance involved, as may be applicable; or

(b) permit any of its employees to tell a consumer or potential consumer of the restricted licence holder's goods or services that

(i) the consumer is required to purchase insurance in relation to the goods or services, or

(ii) should the consumer wish to purchase insurance in relation to the goods or services, the consumer may only purchase insurance through the qualified entity or from a specified insurer.

**31(3)** When a consumer purchases insurance through a qualified entity acting on behalf of a restricted licence holder, or from an insurer specified by either of them, the qualified entity

(a) must inform the consumer about the name of the insurer and how it may be contacted; and

(b) must ensure that the consumer is sent a policy or, in the case of a contract of group insurance, a certificate of insurance.

#### **Personal information received from consumer**

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(b) release the information described in clause (a) to a person who is not an employee of the restricted licence holder, unless

(ii) subsection (4) applies in respect of the release of the information.

**32(3)** Before a consumer signs a consent for the purpose of subclause (1)(b)(i), the restricted licence holder must inform the consumer that the consent is being given for the purpose of that subclause. The consent must state

(c) the purpose for which the released personal information may be used.

(b) is released to the insurer on whose behalf the restricted licence holder is transacting insurance.

## Responsibilities of insurers

(a) establish reasonable policies and procedures to ensure that

anyone who solicits, negotiates or transacts insurance on behalf of the restricted licence holder is knowledgeable and competent taking into account the class or type of insurance; and

(b) ensure that the policies and procedures are complied with.

**33(2)** To avoid doubt, subsection (1) applies whether the restricted licence holder solicits, negotiates or transacts insurance through its own employees or through a qualified entity.

**Non-application of subsection 371(1.1) of the Act to certain restricted licence holders**

**34** Subsection 371(1.1) of the Act does not apply to a person who holds a restricted insurance agent licence if the person is a member institution of the Canada Deposit Insurance Corporation or is a credit union incorporated under *The Credit Unions and Caisses Populaires Act*.

**Exemption of certain persons from application of subsection 369(1) of the Act**

**35(1)** A person who is the operating agent under a restricted insurance agent licence is exempt from the requirement to hold a licence under subsection 369(1) of the Act while the person is acting within the scope of the person's duties as operating agent.

**35(2)** A person who is recorded as a person authorized by a restricted licence holder to solicit, negotiate or transact insurance on the restricted licence holder's behalf is exempt from the requirement to hold a licence under subsection 369(1) of the Act while the person is acting within the scope of the person's authorization.

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**Comparison of *Draft Manitoba Amendment to Insurance Agents and Adjusters Regulation*  
*To Address Licencing of Incidental Sellers of Insurance***  
**With**  
***The Saskatchewan Insurance Act Amendment Regulations, 2010***  
**And**  
***Alberta Insurance Agents And Adjusters Regulation (with amendments up to and including Regulation 199/2012)***

**Draft Prepared by Brendan Wycks**

Generally, the Manitoba draft regulation closely parallels the Saskatchewan model, and draws upon the Alberta regime to a lesser degree. There are some notable differences, however, between Manitoba's proposals and Saskatchewan's regime:

- Manitoba identifies the class of insurance under which each defined type of insurance falls, whereas Saskatchewan identifies the types of organizations or business entities which may apply for a restricted licence. The Manitoba approach seems more beneficial in that it implies more rigour and scrutiny/vetting of restricted licence applications
- Manitoba places much focus/onus on a designated "operating agent", who takes primary responsibility, under the licence; Saskatchewan places somewhat looser requirements upon a "designated individual"
- Manitoba details licence holders' responsibilities extensively
- Manitoba does not address Right of Rescission/Free Look Period in its draft regulation

Some questions to consider:

- Do the types of insurance detailed in Manitoba's draft regulation fit easily into the life, credit and accident and sickness classes of insurance?
- Does the Manitoba regulation impose any new disclosure requirements for CAFII members?
- Does the Manitoba regulation impose any new business process requirements on your company?
- Does anything stand out as being incongruent with the restricted licensing regimes in Saskatchewan and Alberta?

This comparison is organized as follows:

- Sections of the draft Manitoba Regulation are set out sequentially, in their entirety, in the left column
- Parallel Saskatchewan provisions are found in the right column
- Analytical commentary is set out in the left or the right column, as appropriate, *in green text*

Draft Manitoba Regulation	Parallel Saskatchewan Provisions And Commentary
<p><b>Liability insurance — restricted insurance agent licence</b>  <b>16.1(1)</b> For the purposes of subsection 371(1.1) [requirement for liability insurance] of the Act, an applicant for a restricted insurance agent licence under section 380.1 of the Act must have, and an agent who holds such a licence must maintain, liability insurance of at least \$1,000,000 in respect of any one occurrence, with an overall policy aggregate of at least \$2,000,000.</p> <p><b>Not applicable to CAFII members under section 34 of this Regulation (Non-application of subsection 371 (1.1) of the Act to certain restricted licence holders.)</b></p>	<p><i>Alberta and Saskatchewan Regulations have parallel liability insurance requirements for restricted licence holders, but also exempt CAFII members with wording that typically reads like this:</i></p> <p><i>This Section does not apply to restricted licensees that are banks, credit unions, loan corporations or trust corporations within the meaning of The Trust and Loan Corporations Act, or to any member institution of the Canada Deposit Insurance Corporation.</i></p>
<p><b>16.1(2)</b> The liability insurance required by subsection (1)</p> <p>(a) must, at a minimum,</p> <p>(i) include extended reporting for a period of 12 months,</p> <p>(ii) include extended coverage for fraudulent acts and dishonest acts,</p> <p>(iii) provide coverage amounts that are exclusive of defence and investigative expenses,</p> <p>(iv) include coverage that covers all of the insurance products that the insured is or will be licensed to sell,</p> <p>(v) include coverage for</p> <p>(A) the insured's supervisory activities, if applicable, and</p> <p>(B) any unlicensed employee for whose acts the insured is responsible; and</p> <p>(b) must not be restricted to particular insurers' products.</p> <p><b>Not applicable to CAFII members under section 34 of this Regulation (Non-application of subsection 371 (1.1) of the Act to certain restricted licence holders.)</b></p>	

<p><b>16.1(3)</b> The underwriting insurer of a liability insurance policy issued, or a group liability insurance policy providing coverage, to satisfy the requirements of subsection 371(1.1) of the Act must not, without providing the superintendent and the Insurance Council of Manitoba with at least 15 days' prior notice by registered mail,</p> <p>(a) cancel, terminate or refuse to renew the policy or group policy; or</p> <p>(b) delete an insured from the group policy.</p> <p><i>Not applicable to CAFII members under section 34 of this Regulation (Non-application of subsection 371 (1.1) of the Act to certain restricted licence holders.)</i></p>	
<p><b>Limited exemption for lawyers — title insurance</b></p> <p><b>21</b> A lawyer is — in respect of the lawyer's services in obtaining for a client, or assisting a client in obtaining, title insurance in order to complete a purchase or sale of real estate — exempt from the requirement to hold a licence under subsection 369(1) [not to act without a licence] of the Act if the lawyer</p> <p>(a) is entitled to practice law in Manitoba and provides the services in the usual course of his or her profession; and</p> <p>(b) is not, whether directly or indirectly, paid or offered a commission or other compensation or anything of value by any person for providing the services.</p> <p><i>This limited exemption for lawyers, which is not relevant to CAFII members, is unique to Manitoba among the three Prairie provinces.</i></p>	
<p><b>PART 2</b></p> <p><b>RESTRICTED INSURANCE AGENT LICENCES</b></p> <p><b>Application of Part 2</b></p> <p><b>22</b> For the purpose of section 380.1 of the Act, this Part applies in respect of restricted insurance agent licences within the meaning of that section.</p>	

<p><b>Definitions</b></p> <p><b>23</b> The following definitions apply in this Part.</p> <p><i>Manitoba's draft regulation closely parallels Saskatchewan's with respect to the detailed/specific definitions of (a) the types of insurance for which a restricted agent licence may be obtained; and (b) related industry terms. Alberta, in contrast, has chosen to incorporate such definitions into the Insurance Act itself, and does so with a much broader, high level approach (less specificity and detail).</i></p> <p><i>There are minor variations between the Manitoba and Saskatchewan definitions due to style; wording preferences; and jurisdictional idiosyncrasies.</i></p> <p><i>The notable differences between the two sets of definitions are as follows:</i></p> <ul style="list-style-type: none"> <li><i>-“funeral expense insurance” is unique to Manitoba;</i></li> <li><i>-“highway transport vehicle gap insurance” (and related) is unique to Saskatchewan;</i></li> <li><i>-“personal life insurance” is defined in Saskatchewan but not in Manitoba. This is perhaps a critical omission which CAFII can point to Manitoba.</i></li> <li><i>-“portable electronics insurance” (and related) is unique to Manitoba;</i></li> <li><i>-“rented vehicle accidental injury or death insurance” (and related) is unique to Manitoba;</i></li> <li><i>-in the Saskatchewan Regulation, there is one definition of travel insurance with two meanings. These correspond to “personal travel insurance” and “travel interruption and property loss insurance” in Manitoba's. The uncoupling and finer definitional breakdown in Manitoba's approach seems superior; at the very least, it avoids the potential confusion of having one title/term mean two different things.</i></li> </ul>	
<p><b>"cargo insurance"</b> means insurance that is within the class of property insurance and provides coverage only against damage to or the loss of goods in transit.</p>	<p>(b) “cargo type insurance” means insurance covering goods in transit;</p>



<p><b>"creditor's disability insurance"</b> means insurance</p> <p>(a) that is within the class of accident and sickness insurance and is creditor's group insurance as defined in section 203 of the Act; and</p> <p>(b) under which the insurer undertakes to pay all or part of the amount of a debtor's debt to the creditor named in the policy in the event of bodily injury to, or the illness or disability of,</p> <p>(i) the debtor, when the debtor is an individual, or the spouse of such a debtor,</p> <p>(ii) an individual who is a guarantor of all or part of the debt,</p> <p>(iii) a director or officer of the debtor, when the debtor is a corporation, or</p> <p>(iv) an individual who is essential to the ability of the debtor to meet the debtor's financial obligations, when the debtor is an entity other than an individual or a corporation.</p>	<p>(c) "creditor's disability insurance" means a group insurance policy, or a creditor's group insurance policy, that will pay all or part of the amount of a debt of a debtor to the creditor insured under the policy, in the event of bodily injury to, or an illness or disability of:</p> <p>(i) if the debtor is an individual, the debtor or the spouse of the debtor;</p> <p>(ii) an individual who is a guarantor of all or part of the debt;</p> <p>(iii) if the debtor is a corporation, any director or officer of the corporation; or</p> <p>(iv) if the debtor is an entity other than an individual or a corporation, an individual who is essential to the ability of the debtor to meet the debtor's financial obligations;</p>
<p><b>"creditor's life insurance"</b> means insurance (a) that is within the class of life insurance and is creditor's group insurance as defined in section 148 of the Act; and</p> <p>(b) under which the insurer undertakes to pay all or part of the amount of the amount of a debtor's debt to the creditor named in the policy or, if the debt is a line of credit for a small business or a farm, fishery or ranch, all or part of the amount of the credit limit of the line of credit owing to the creditor, in the event of the death of</p> <p>(i) the debtor, when the debtor is an individual, or the spouse of such a debtor,</p> <p>(ii) an individual who is a guarantor of all or part of the debt,</p> <p>(iii) a director or officer of the debtor, when the debtor is a corporation, or</p> <p>(iv) an individual who is essential to the ability of the debtor to meet the debtor's financial obligations, when the debtor is an entity other than an individual or a corporation.</p>	<p>(d) "creditor's life insurance" means a group insurance policy, or a creditor's group insurance policy, that will pay to a creditor insured under the policy all or part of the amount of a debt of a debtor or, if the debt is with respect to a small business or a farm, fishery or ranch, all or part of the amount of the credit limit of a line of credit, in the event of the death of:</p> <p>(i) if the debtor is an individual, the debtor or the spouse of the debtor;</p> <p>(ii) an individual who is a guarantor of all or part of the debt;</p> <p>(iii) if the debtor is a corporation, any director or officer of the corporation; or</p> <p>(iv) if the debtor is an entity other than an individual or a corporation, an individual who is essential to the ability of the debtor to meet the debtor's financial obligations;</p>
<p><b>"creditor's loss-of-employment insurance"</b> means insurance</p>	<p>(e) "creditor's loss of employment insurance" means a policy of an insurer that will pay, without any individual assessment of risk, all or</p>

<p>(a) that is within the class of credit protection insurance; and</p> <p>(b) under which the coverage is limited to the insurer's undertaking to pay, without any individual assessment of risk, all or part of the amount of a debtor's debt to the creditor named in the policy in the event</p> <p>(i) that the debtor — being an individual — becomes involuntarily unemployed, or</p> <p>(ii) that an individual who is a guarantor of all or part of the debt becomes involuntarily unemployed.</p>	<p>part of the amount of a debt of a debtor to the creditor insured under the policy in the event that:</p> <p>(i) if the debtor is an individual, the debtor becomes involuntarily unemployed; or</p> <p>(ii) an individual who is a guarantor of all or part of the debt becomes involuntarily unemployed;</p>
<p><b>"creditor's vehicle inventory insurance"</b> means insurance that is within the class of credit protection insurance and provides coverage only against direct and accidental loss of or damage to vehicles — some or all of which have been financed by a creditor — that are held in stock for display and sale purposes by a debtor of the creditor.</p>	<p>(f) "creditor's vehicle inventory insurance" means insurance against direct and accidental loss or damage to vehicles that are held in stock for display and sale purposes by a debtor of a creditor, if some or all of those vehicles have been financed by the creditor;</p>
<p><b>"deposit-taking institution"</b> means</p> <p>(a) a bank;</p> <p>(b) a credit union that is incorporated or continued under <i>The Credit Unions and Caisses Populaires Act</i>; or</p> <p>(c) a loan corporation or trust corporation that is incorporated or continued under <i>The Corporations Act</i> and entitled to carry on business under Part XXIV of that Act.</p>	<p>(g) "deposit-taking institution" means:</p> <p>(i) a bank;</p> <p>(ii) a credit union;</p> <p>(iii) a trust corporation that holds a valid licence issued pursuant to <i>The Trust and Loan Corporations Act, 1997</i>;</p>
<p><b>"equipment insurance"</b> means insurance that is within the class of boiler and machinery insurance and provides coverage only against damage to or the loss of</p> <p>(a) a motor vehicle;</p> <p>(b) farm equipment or a farm implement; or</p> <p>(c) recreational, marine or construction equipment.</p>	<p>(h) "equipment warranty insurance" means the subclass of boiler and machinery insurance that provides insurance against loss of or damage to a motor vehicle, or recreational, marine, farm implement or construction equipment, arising from its mechanical failure, but does not include automobile insurance or insurance incidental to automobile insurance;</p>
<p><b>"export credit insurance"</b> means insurance</p>	<p>(i) "export credit insurance" means a policy of an insurer that provides</p>

<p>(a) that is within the class of surety insurance; and</p> <p>(b) under which the insurer undertakes, to an exporter of goods or services, to guarantee payment for goods or services exported by the exporter.</p>	<p>insurance to an exporter of goods or services against a loss incurred by the exporter due to a non-payment for exported goods or services;</p>
<p><b>"financial institution"</b> means:</p> <p>(a) a bank;</p> <p>(b) a credit union that is incorporated or continued <i>The Credit Unions and Caisses Populaires Act</i>, or a credit union incorporated under the laws of a jurisdiction other than Manitoba that is registered as provided by section 129 of that Act;</p> <p>(c) a loan corporation or trust corporation incorporated or continued under <i>The Corporations Act</i> and entitled to carry on business under Part XXIV of that Act, or an extra-provincial loan corporation or extra-provincial trust corporation, as defined in section 315 of that Act, that is entitled to carry on business under Part XXIV of that Act;</p> <p>(d) an entity licensed to transact insurance under the Act, or an entity incorporated, continued or licensed under a similar Act of Parliament or of any province or territory of Canada;</p> <p>(e) a local cooperative credit society as defined section 2 of the <i>Cooperative Credit Associations Act</i> (Canada);</p> <p>(f) an association incorporated or continued under the <i>Cooperative Credit Associations Act</i> (Canada);</p> <p>(g) an entity that is incorporated, continued or licensed under an Act of Parliament or of any province or territory and is primarily engaged in dealing in securities, including portfolio management and investment counselling; or</p> <p>(h) an entity that</p> <p>(i) is engaged primarily in the business of providing financial services, including deposit, loan or trust services, transacting insurance or dealing in securities; and</p> <p>(ii) is incorporated or continued under the laws of a jurisdiction outside Canada or is otherwise governed by the laws of such a jurisdiction.</p>	<p>(j) "financial institution" means:</p> <p>(i) a bank or a credit union;</p> <p>(ii) an entity licensed pursuant to <i>The Trust and Loan Corporations Act</i>, 1997 or an entity incorporated, continued or licensed pursuant to a similar Act of Parliament or of any province or territory of Canada;</p> <p>(iii) an entity licensed to transact insurance pursuant to the Act or an entity incorporated, continued or licensed pursuant to a similar Act of Parliament or of any province or territory of Canada;</p> <p>(iv) a cooperative credit society within the meaning of the <i>Cooperative Credit Associations Act</i> (Canada) that is incorporated, continued or regulated by or pursuant to an Act or an Act of any province or territory of Canada;</p> <p>(v) an association incorporated or continued pursuant to the <i>Cooperative Credit Associations Act</i> (Canada);</p> <p>(vi) an entity that is incorporated, continued or licensed pursuant to an Act of Parliament or of any province or territory that is primarily engaged in dealing in securities, including portfolio management and investment counselling;</p> <p>(vii) a foreign financial institution;</p> <p>(l) "foreign financial institution" means an entity that:</p> <p>(i) is engaged in the business of banking or in the trust, loan or insurance business, the business of a cooperative credit society or the business of dealing in securities or is otherwise engaged primarily in the business of providing financial services; and</p> <p>(ii) is not incorporated or continued pursuant to an Act of Parliament or of any province or territory of Canada;</p>

	<p>(m) “highway transport vehicle” means a truck, power unit or semi-trailer as defined in <i>The Traffic Safety Act</i>;</p> <p>(n) “highway transport vehicle gap insurance” means insurance respecting a highway transport vehicle that:</p> <ul style="list-style-type: none"> <li>(i) is paid to a creditor under the loan being used to finance the purchase of the highway transport vehicle on the primary insurer’s determination that the highway transport vehicle is a total loss or total write-off; and</li> <li>(ii) is calculated as the difference between: <ul style="list-style-type: none"> <li>(A) the amount outstanding on a loan used to finance the purchase of a highway transport vehicle; and</li> <li>(B) the value of the highway transport vehicle as assessed by the primary insurer of the debtor;</li> </ul> </li> </ul> <p>(o) “highway transport vehicle payment insurance” means insurance respecting a highway transport vehicle that:</p> <ul style="list-style-type: none"> <li>(i) is obtained from an insurer;</li> <li>(ii) is paid to a purchaser or lessor of a highway transport vehicle on a determination by the primary insurer of the highway transport vehicle that the highway transport vehicle is a total loss or total write-off; and</li> <li>(iii) is calculated as the value of the initial payment made by the purchaser or lessor of the highway transport vehicle to the highway transport vehicle dealer at the time of: <ul style="list-style-type: none"> <li>(A) entering into the purchase agreement respecting the highway transport vehicle; or</li> <li>(B) entering into the lease of the highway transport vehicle;</li> </ul> </li> </ul>
<p><b>"funeral expense insurance"</b> means insurance that is within the class of life insurance and under which the insurer undertakes to pay a maximum of \$15,000 for funeral services for the insured under a prearranged funeral plan as defined in <i>The Prearranged Funeral Services Act</i>.</p>	<p><i>-no Saskatchewan parallel</i></p>

<p><b>"line of credit"</b> means a commitment on the part of a deposit-taking institution or sales finance company to lend one or more amounts to a debtor without a predetermined repayment schedule.</p>	<p>(p) "line of credit" means a commitment on the part of a financial institution to lend to a debtor, without a predetermined repayment schedule, one or more amounts, where the aggregate amount outstanding does not exceed a predetermined credit limit;</p>
<p><b>"mortgage broker"</b> means a mortgage broker, as defined in <i>The Mortgage Brokers Act</i>, that is registered in accordance with that Act.</p>	<p>(q) "mortgage broker" means a mortgage broker, as defined in <i>The Mortgage Brokers Act</i>, that holds a valid licence issued pursuant to that Act;</p>
<p><b>"mortgage insurance"</b> means the class of mortgage insurance prescribed in the <i>Classes of Insurance Regulation</i>, Manitoba Regulation 165/2008.</p> <p>[<i>Classes of Insurance Regulation, Man Reg 165/2008</i> Mortgage insurance The insurer undertakes to pay insurance money in respect of loss caused by default on the part of a borrower under a loan secured by (a) a mortgage or charge on real property; or (b) another security interest in real property.]</p>	<p>(r) "mortgage insurance" means an insurance policy that provides insurance to the mortgagee against loss caused by a default on the part of a debtor who is an individual under a loan from the mortgagee that is secured by a mortgage on real property or on an interest in real property;</p>
<p><i>-no parallel in Manitoba; may be a critical omission</i></p>	<p>(s) "personal life insurance" means a group insurance policy that provides insurance to an individual:</p> <p>(i) whereby the insurer undertakes to pay one or more sums of money in the event of bodily injury to, or the death of, that individual caused by an accident; or</p> <p>(ii) whereby the insurer undertakes to pay a certain sum for each day that the individual is hospitalized in the event of:</p> <p>(A) bodily injury to that individual caused by an accident; or</p> <p>(B) an illness or disability of that individual;</p>
<p><b>"personal travel insurance"</b> means insurance</p> <p>(a) that is within the classes of life insurance and accident and sickness insurance and is group insurance as defined in sections 148 and 203 of the Act; and</p> <p>(b) that</p> <p>(i) provides coverage to an individual with respect to a trip by the individual away from the place where the individual ordinarily resides</p>	<p><i>-In the Saskatchewan Regulation, there is one definition of travel insurance with two meanings. These correspond to "personal travel insurance" and "travel interruption and property loss insurance" in Manitoba's. The uncoupling and finer definitional breakdown in Manitoba's approach seems superior; at the very least, it avoids the potential confusion of having one title/term mean two different things.</i></p>

<p>(A) against expenses incurred while on the trip that result from an illness or disability of the individual that occurs on the trip,</p> <p>(B) against expenses incurred while on the trip that result from the death of or bodily injury to the individual caused by an accident while on the trip,</p> <p>(C) against expenses incurred by the individual for dental care necessitated by an accident while on the trip, or</p> <p>(D) in the event of the individual's death while on the trip, against expenses incurred for the return of the individual's remains to the place where the individual ordinarily resided before death, or for travel expenses incurred by a relative of the individual who is required to travel to identify the individual's remains, or</p> <p>(ii) under which the insurer undertakes to pay one or more sums of money in the event of an illness or the disability of the individual that occurs on the trip, or in the event of the death of or bodily injury to the individual that is caused by an accident while on the trip.</p>	<p>15.1 (w) "travel insurance" means: ...</p> <p>(ii) a group insurance policy that provides insurance to an individual with respect to a trip by the individual away from the province or territory in which the individual ordinarily resides:</p> <p>(A) against expenses incurred while on the trip that result from an illness or disability of the individual that occurs on the trip;</p> <p>(B) against expenses incurred while on the trip that result from bodily injury to, or the death of, the individual caused by an accident while on the trip;</p> <p>(C) whereby the insurance company undertakes to pay one or more sums of money in the event of an illness or the disability of the individual that occurs on the trip, or of bodily injury to, or the death of, the individual that is caused by an accident while on the trip;</p> <p>(D) against expenses incurred by the individual for dental care necessitated by an accident while on the trip; or</p> <p>(E) in the event that the individual dies while on the trip, against expenses incurred for the return of that individual's remains to the place where the individual was ordinarily resident before death, or for travel expenses incurred by a relative of that individual who must travel to identify that individual's remains.</p>
<p><b>"portable electronics insurance"</b> means insurance that is within the class of property insurance and provides coverage against damage to or the loss of a portable electronic device.</p>	<p><i>-no Saskatchewan parallel</i></p>
<p><b>"portable electronics vendor"</b> means a person or entity that</p> <p>(a) sells or leases portable electronics devices; or</p> <p>(b) otherwise provides portable electronics devices in connection with a transaction between the person or entity and another person or entity.</p>	<p><i>-no Saskatchewan parallel</i></p>
<p><b>"rent"</b>, in relation to a vehicle, means rent the vehicle for a period of 90 days or less.</p>	<p><i>-no Saskatchewan parallel</i></p>

<p><b>"rented-vehicle accidental injury or death insurance"</b> means insurance that is within the class of automobile insurance and provides coverage to a vehicle renter and other occupants of the rented vehicle for bodily injury or death and reimbursement for medical expenses resulting from a vehicular accident involving the rented vehicle that occurs during the rental period.</p> <p><i>[Classes of Insurance Regulation, Man Reg 165/2008]</i> Automobile insurance The insurer undertakes to pay insurance money</p> <ul style="list-style-type: none"> <li>(a) in respect of the insured's liability arising out of <ul style="list-style-type: none"> <li>(i) bodily injury to or the death of another person, or</li> <li>(ii) the loss of or damage to property, caused by an automobile or resulting from its use; or</li> </ul> </li> <li>(b) in respect of the loss of or damage to, or the loss of use of, an automobile.</li> </ul> <p>This class includes insurance, otherwise coming within the class of accident insurance, in respect of an accident that is caused by an automobile or by an automobile's use or operation, whether liability exists or not, if the insurance contract also includes insurance described in clause (a).]</p> <p><b><i>This seems to be more accident-related insurance than automobile insurance, but is treated here as automobile insurance. However, at section 25 below, which lists the classes of insurance for which restricted licenses can be issued, accident and automobile classes are not on that list, so how would this insurance be sold? This is something that CAFII may want to bring to Manitoba's attention.</i></b></p>	<p><i>-no Saskatchewan parallel</i></p>
<p><b>"rented-vehicle liability insurance"</b> means insurance that is within the class of automobile insurance and provides coverage to a vehicle renter and other authorized drivers of the rented vehicle for liability arising from its operation.</p>	<p><i>-no Saskatchewan parallel</i></p>

<p><b>"rented-vehicle contents insurance"</b> means insurance that is within the class of property insurance and provides coverage to a vehicle renter and other occupants of the rented vehicle against damage to or the loss of personal property in the rented vehicle during the rental period.</p>	<p><i>-no Saskatchewan parallel</i></p>
	<p>(t) "restricted licence" means a restricted licence that is issued pursuant to this Part;</p>
<p><b>"restricted licence holder"</b> means a person who holds a restricted insurance agent licence issued under subsection 380.1(2) of the Act.</p> <p><i>For greater clarity and certainty, CAFII may want to encourage Manitoba to use the words "person or entity" in each and every instance where it is defining or explaining the terms "restricted licence holder" or "restricted insurance agent."</i></p>	<p>(u) "restricted licensee" means a person or partnership that holds a valid restricted licence;</p>
<p><b>"sales finance company"</b> means a corporation, other than a financial institution, that provides consumer loans, or provides or arranges for credit.</p>	<p>(k) "financing corporation" means a financing corporation, as defined in The Trust and Loan Corporations Act, 1997, that holds a valid licence issued pursuant to The Trust and Loan Corporations Act, 1997 but does not include a person carrying on the business of advancing money if the money being advanced:</p> <ul style="list-style-type: none"> <li>(i) is in an amount of \$1,500 or less;</li> <li>(ii) is for a term of 62 days or less; and</li> <li>(iii) is in exchange for a post-dated cheque, a pre-authorized debit or a future payment of a similar nature, but not for any guarantee, suretyship, overdraft protection or security on property and not through a margin loan, pawnbroking, a line of credit or a credit card;</li> </ul>
<p><b>"small business"</b> means</p> <ul style="list-style-type: none"> <li>(a) a business that is a small business corporation as defined in subsection 248(1) of the <i>Income Tax Act</i> (Canada); or</li> <li>(b) an unincorporated business that would, if incorporated, be a small business corporation as defined in subsection 248(1) of the <i>Income Tax Act</i> (Canada).</li> </ul>	<p>(v) "small business" means a business that:</p> <ul style="list-style-type: none"> <li>(i) in the case of a corporation, is a small business corporation within the meaning of subsection 248(1) of the <i>Income Tax Act</i> (Canada); or</li> <li>(ii) in the case of a business that is not a corporation, would, if incorporated, be a small business corporation within the meaning of</li> </ul>



	subsection 248(1) of the <i>Income Tax Act</i> (Canada);
<p><b>"travel interruption and property-loss insurance"</b> means insurance that</p> <p>(a) is within the class of property insurance; and</p> <p>(b) without any individual assessment of risk, provides coverage — to an individual with respect to a trip by the individual away from the place where the individual ordinarily resides — against</p> <p>(i) loss that results from the cancellation or interruption of the trip,</p> <p>(ii) the loss of or damage to personal property that occurs while on the trip, or</p> <p>(iii) loss that is caused by the delayed arrival of personal baggage while on the trip.</p>	<p>(w) "travel insurance" means:</p> <p>(i) a policy of an insurer that provides insurance to an individual with respect to a trip by the individual away from the place where the individual ordinarily resides, without any individual assessment of risk, against:</p> <p>(A) loss that results from the cancellation or interruption of the trip;</p> <p>(B) loss of, or damage to, personal property that occurs while on the trip; or</p> <p>(C) loss that is caused by the delayed arrival of personal baggage while on the trip; or ...</p> <p><i>-In the Saskatchewan Regulation, there is one definition of travel insurance with two meanings. These correspond to "personal travel insurance" and "travel interruption and property loss insurance" in Manitoba's. The uncoupling and finer definitional breakdown in Manitoba's approach seems superior; at the very least, it avoids the potential confusion of having one title/term mean two different things.</i></p>
<p><b>"vehicle"</b> has the same meaning as in subsection 1(1) of <i>The Highway Traffic Act</i>.</p>	<p><i>-no parallel in Saskatchewan</i></p>
<p><b>Persons and entities eligible for restricted licence</b></p> <p><b>24</b> For the purpose of section 380.1 of the Act, the following persons and entities may apply for and hold a restricted insurance agent licence</p> <p>(a) a deposit-taking institution;</p> <p>(b) a sales finance company;</p> <p>(c) a person or entity that provides transportation service for people or goods;</p> <p>(d) a person or entity that carries on the business of a travel agency;</p> <p>(e) a person or entity that carries on the business of an automobile dealership, watercraft dealership, recreational vehicle dealership, farm implement dealership or construction</p>	<p><i>-The Manitoba and Saskatchewan lists of persons and entities eligible for a restricted licence are nearly identical, except for three additional types of parties eligible in Manitoba given that there are three additional types of insurance covered under its draft regulation</i></p> <p>Application for restricted licence</p> <p>15.11(1) The following may apply to the superintendent for a restricted licence:</p> <p>(a) a deposit-taking institution;</p> <p>(b) a financing corporation;</p> <p>(c) a mortgage broker;</p> <p>(d) an operator of any of the following:</p>

<p>equipment dealership;</p> <p>(f) a mortgage broker, as defined in <i>The Mortgage Brokers Act</i>, that carries on business in Manitoba in accordance with that Act;</p> <p>(g) a person or entity that carries on the business of a customs brokerage;</p> <p>(h) a person or entity that carries on the business of freight forwarding;</p> <p>(i) a person or entity that carries on the business of renting vehicles to the public;</p> <p>(j) a funeral director who holds a licence under <i>The Prearranged Funeral Services Act</i>;</p> <p>(k) a portable electronics vendor.</p>	<p>(i) a travel agency;</p> <p>(ii) an automobile dealership, a marine dealership, a recreational vehicle dealership, a farm implement dealership or a construction equipment dealership;</p> <p>(iii) a customs brokerage;</p> <p>(iv) a freight-forwarding business;</p> <p>(e) a transportation company;</p> <p>(f) an agent of a business or operator mentioned in clauses (a) to (e) who is engaged by that business or operator through an agency contract that, in the opinion of the superintendent, provides adequate authority for the agent to meet the obligations of a restricted licensee on behalf of the business or operator.</p>
<p><b>Classes or types of insurance for which a restricted licence may be issued</b></p> <p><b>25</b> The following are the classes or types of insurance in respect of which a restricted license may be issued:</p> <p>(a) cargo insurance;</p> <p>(b) creditor's disability insurance;</p> <p>(c) creditor's life insurance;</p> <p>(d) creditor's loss-of-employment insurance;</p> <p>(e) creditor's vehicle inventory insurance;</p> <p>(f) equipment insurance;</p> <p>(g) export credit insurance;</p> <p>(h) funeral expense insurance;</p> <p>(i) mortgage insurance;</p> <p>(j) portable electronics insurance;</p> <p>(k) personal travel insurance;</p> <p>(l) rented vehicle contents insurance;</p> <p>(m) rented vehicle liability insurance;</p> <p>(n) travel interruption and property-loss insurance.</p> <p><i>-To accommodate product innovation in ISI without having to re-write the Regulation frequently, CAFII should implore Manitoba to add a catch-all clause to parallel (m) in Saskatchewan's regulation.</i></p>	<p>15.2(3) The following are the classes or types of insurance with respect to which the superintendent may authorize a restricted licensee to act or offer to act as an insurance agent:</p> <p>(a) cargo type insurance;</p> <p>(b) creditor's disability insurance;</p> <p>(c) creditor's life insurance;</p> <p>(d) creditor's loss of employment insurance;</p> <p>(e) creditor's vehicle inventory insurance;</p> <p>(f) equipment warranty insurance;</p> <p>(g) export credit insurance;</p> <p>(h) highway transport vehicle gap insurance;</p> <p>(i) highway transport vehicle payment insurance;</p> <p>(j) mortgage insurance;</p> <p>(k) personal life insurance;</p> <p>(l) travel insurance;</p> <p>(m) any other class or type of insurance that, in the opinion of the superintendent, is similar to or contains significant features of any of the classes or types of insurance mentioned in clauses (a) to (l).</p>

<p><b>Applying for a restricted licence</b></p> <p><b>26(1)</b> An application for a restricted insurance agent licence must</p> <ul style="list-style-type: none"> <li>(a) be filed with the superintendent;</li> <li>(b) be made in the form required by the superintendent;</li> <li>(c) specify the class or type of insurance that the applicant wishes to transact as an incidental seller; and</li> <li>(d) contain the information and be accompanied by the material required by the superintendent, including the information and material described in subsection (2).</li> </ul>	<p><i>-no parallel in Saskatchewan</i></p>
<p><b>26(2)</b> An application for a restricted insurance agent licence must be accompanied by</p> <ul style="list-style-type: none"> <li>(a) the written recommendation of an insurer that <ul style="list-style-type: none"> <li>(i) has an agreement with the applicant under which the applicant is to be authorized to sell the insurer's insurance products as an incidental seller, and</li> <li>(ii) is licensed under the Act to transact the class of insurance <ul style="list-style-type: none"> <li>(A) for which the licence is to be issued, or</li> <li>(B) that includes the type of insurance for which the licence is to be issued;</li> </ul> </li> </ul> </li> <li>(b) the written designation of an operating agent under the licence who is designated to be responsible for receiving notices and other documents on the applicant's behalf and for supervising employees of the applicant who negotiate, solicit or transact insurance on the applicant's behalf;</li> <li>(c) a statement of the number of persons who will be authorized to negotiate, solicit or transact insurance on behalf of the applicant when and if the licence is issued; and</li> <li>(d) evidence acceptable to the superintendent that the applicant has <ul style="list-style-type: none"> <li>(i) liability insurance that satisfies the requirements of subsection 371(1.1) of the Act, and</li> <li>(ii) reasonable and demonstrable policies and procedures to ensure that anyone who solicits, negotiates or transacts insurance on behalf of the applicant is knowledgeable, competent taking into account the class or type of insurance.</li> </ul> </li> </ul>	<p>15.11 (2) Every application for a restricted licence for a class of insurance must include a written recommendation recommending the issuance of the restricted licence from an insurer that:</p> <ul style="list-style-type: none"> <li>(a) is licensed to undertake that class of insurance; and</li> <li>(b) has entered into an agency contract with the applicant.</li> </ul> <p>(3) In its application for a restricted licence, an applicant must designate an individual to be responsible for receiving notices and other documents pursuant to the Act.</p> <p>15.11 (4) Subsection 423(1) of the Act does not apply to an application for a restricted licence.</p> <p><i>[The Saskatchewan Insurance Act, RSS 1978, c S-26</i> Approval of agent's application by insurers or general agents to be represented</p> <p>423(1) Every application for a licence as an agent shall be approved in writing by an insurer or general agent to be represented by him, certifying to the good business reputation of the applicant and his qualifications for and knowledge of the business of insurance, and recommending the granting of a licence to him.]</p> <p><i>-In this area, Manitoba's draft Regulation is much more detailed and prescriptive than Saskatchewan's. This gives rise to at least two potential issues/problems for CAFII members with respect to Manitoba's proposed regime:</i></p>

	<p><i>--why is it that Manitoba is requiring restricted licence applicants to file a written recommendation from an insurer, along with related documentation; whereas Saskatchewan exempts a restricted licence applicant from the requirement to have its application approved in writing by an insurer or general agent?; and</i></p> <p><i>--with respect to sub-clause (c), how precise/accurate does the "statement of the number of persons who will be authorized to negotiate, solicit or transact insurance on behalf of the applicant when and if the licence is issued" have to be? Within plus or minus 50? 100? 200? And what if business growth/conditions cause the restricted licence holder to exceed the number of persons authorized by its licence before its next renewal?</i></p>
<b>26(3)</b> For greater certainty, subsection 371(1.1) [liability insurance required] of the Act applies to restricted insurance agent licences under this section, except as provided in subsection (4).	<i>-CAFII members are exempt from this liability insurance requirement in Alberta, Saskatchewan, and Manitoba</i>
<b>26(4)</b> Subclause (2)(d)(i) does not apply to a person who applies for restricted insurance agent licence or to renew such a licence if the person is a member institution of the Canada Deposit Insurance Corporation or is a credit union incorporated under <i>The Credit Unions and Caisses Populaires Act</i> .	<i>-CAFII members are exempt from this liability insurance requirement in Alberta, Saskatchewan, and Manitoba</i>
<b>26(5)</b> To obtain the renewal of a restricted agent licence, the holder of the licence must apply in accordance with clauses (1)(a), (b) and (d), and those clauses together with clause (2)(d) apply, with necessary changes, to the application.	<i>-no parallel in Saskatchewan</i>
<p><b>26(6)</b> The superintendent may issue a restricted insurance agent licence if the superintendent is satisfied that</p> <p>(a) the applicant</p> <p>(i) is an incidental seller as defined in subsection 380.1(1) of the Act,</p> <p>(ii) qualifies under section 24, and</p> <p>(iii) has complied with this section; and</p> <p>(b) the application is in respect of a class or type of insurance listed in section 25 and satisfies the requirements of this section.</p>	<p>Issuance and terms and conditions of restricted licence</p> <p>15.2(1) On receipt of an application pursuant to section 15.11, the superintendent may issue the restricted licence that is the subject of the application if the superintendent is satisfied that:</p> <p>(a) the application complies with this Part;</p> <p>(b) the applicant has paid the fee required by section 15.7; and</p> <p>(c) the applicant meets the requirements and satisfies the criteria for the licence set out in the Act and has otherwise complied with it.</p>

<p><b>26(7)</b> The superintendent may specify</p> <p>(a) which class or type of insurance listed in section 25 the restricted licence holder may transact as an incidental seller; and</p> <p>(b) the category of business activity in relation to which the restricted licence holder may transact insurance as an incidental seller.</p>	<p>15.2 (2) The superintendent may specify:</p> <p>(a) subject to subsection (3), the classes or types of insurance with respect to which a restricted licensee may act or offer to act as an insurance agent; and</p> <p>(b) categories of business activities with respect to which a restricted licensee may or may not act or offer to act as an insurance agent.</p>																		
<p><i>-no parallel in Manitoba</i></p> <p><i>-this is an interesting omission in Manitoba, in that both Alberta and Saskatchewan stipulate a Right of Rescission/Free Look Period.</i></p>	<p>15.4 (6) A person who buys life insurance through a restricted licensee may rescind the insurance contract on or before the expiry of seven business days, or any longer period specified in the policy or certificate, after the date on which the person received the policy or certificate.</p> <p>15.4 (7) A person who rescinds an insurance contract in accordance with subsection (6) is entitled to receive a refund from the insurer of the whole premium that has been paid.</p>																		
<p><i>-Manitoba and Alberta deal with the annual fee schedule through means other than the Insurance and Adjusters Regulation</i></p>	<p>Annual fee payable</p> <p>15.7(1) Every restricted licensee shall pay to the superintendent, on or before the anniversary date of the issuance of the restricted licence, an annual fee respecting the restricted licensee's restricted licence in accordance with the following Table 1:</p> <p style="text-align: center;">TABLE 1</p> <table border="1"> <thead> <tr> <th>Number of employees of restricted licensee</th><th>Fee</th></tr> </thead> <tbody> <tr> <td>1 to 4</td><td>\$ 150.</td></tr> <tr> <td>5 to 10</td><td>225.</td></tr> <tr> <td>11 to 15</td><td>375.</td></tr> <tr> <td>16 to 20</td><td>500.</td></tr> <tr> <td>21 to 99</td><td>700.</td></tr> <tr> <td>100 to 249</td><td>1500.</td></tr> <tr> <td>250 to 499</td><td>3000.</td></tr> <tr> <td>500 or more</td><td>5500.</td></tr> </tbody> </table> <p>(2) If a restricted licensee fails to pay the annual fee as required by this section, the restricted licensee's restricted licence is suspended until the fee is paid.</p>	Number of employees of restricted licensee	Fee	1 to 4	\$ 150.	5 to 10	225.	11 to 15	375.	16 to 20	500.	21 to 99	700.	100 to 249	1500.	250 to 499	3000.	500 or more	5500.
Number of employees of restricted licensee	Fee																		
1 to 4	\$ 150.																		
5 to 10	225.																		
11 to 15	375.																		
16 to 20	500.																		
21 to 99	700.																		
100 to 249	1500.																		
250 to 499	3000.																		
500 or more	5500.																		

<p><b>Employees of other entities</b></p> <p><b>27(1)</b> Without limiting the application of subsection 380.1(3) of the Act, a restricted insurance agent licence authorizes the holder, through the employees of another entity that qualifies under subsection (2) (referred to in this regulation as a "qualified entity"), to act or offer to act as an agent in respect of the class or type of insurance specified in the licence.</p> <p><i>-There appears to be significant difference between the approaches taken by Manitoba and Saskatchewan here. Subject to certain conditions, Manitoba is empowering restricted licence holders to have the employees of another company/entity (MGA; TPA) act as its agent, without the need for that entity to obtain its own restricted licence. Meanwhile, Saskatchewan only goes so far as saying that a restricted licence holder's own employees may act on its behalf.</i></p>	<p>15.2</p> <p>(4) Subject to any terms and conditions imposed on a restricted licence, a restricted licensee's restricted licence authorizes the restricted licensee and the restricted licensee's employees to act or offer to act as an insurance agent with respect to the class or type of insurance that:</p> <ul style="list-style-type: none"> <li>(a) is specified in the restricted licence; and</li> <li>(b) is offered by the restricted licensee in the course of the conduct by the restricted licensee of the business activity specified in the restricted licence.</li> </ul> <p>(5) No restricted licensee shall fail to comply with the provisions of this Part.</p>
<p><b>27(2)</b> A restricted licence holder may only act or offer to act as an agent through the employees of another entity if</p> <ul style="list-style-type: none"> <li>(a) the entity provides its employees' services to the restricted licence holder under a contract that the superintendent believes provides adequate consumer protection and adequate control by the restricted licence holder so that the restricted licence holder is able to meet its obligations under the licence and to comply with this regulation; and</li> <li>(b) the restricted licence holder provides the superintendent with the information about the entity and the contract that the superintendent requires.</li> </ul>	<p><i>-no parallel in Saskatchewan</i></p> <p><i>-As noted above, this is a liberal, business-friendly provision on Manitoba's part, in that an MGA/TPA would not have to obtain its own/separate restricted licence. Yet, consumer protection is addressed through close monitoring/supervision by the Superintendent</i></p>
<p><b>Qualifications of operating agent</b></p> <p><b>28</b> A person may not be the operating agent under a restricted insurance agent licence unless</p> <ul style="list-style-type: none"> <li>(a) the person</li> <li>(i) is a director, officer or employee of the restricted licence holder,</li> <li>(ii) is a member of the partnership if the restricted licence holder is a partnership, or</li> </ul>	<p><i>-no parallel in Saskatchewan</i></p>

<p>(iii) in the case of an individual who carries on business under a name other than his or her own, is the individual who carries on the business; and</p> <p>(b) the person has the qualifications, and satisfies the educational, training and other standards, prescribed under section 396.1 of the Act.</p> <p><i>-Section 396.1 of the Manitoba Insurance Act says “A licence may be issued to an insurance agent, or to a broker, adjuster or assistant adjuster, subject to such limitations and conditions as the superintendent may prescribe.”</i></p>	
<p><b>Replacement or incapacity of operating agent</b></p> <p><b>29(1)</b> If a restricted licence holder's operating agent ceases to be eligible under subclause 28(a)(i) or (ii) or the designation of a person as the operating agent under a restricted insurance agent licence is otherwise to be terminated, the restricted licence holder must, without delay, inform the superintendent and provide the superintendent with a designation of a replacement operating agent.</p>	<p><i>-no parallel in Saskatchewan</i></p>
<p><b>29(2)</b> If a restricted licence holder's operating agent is unable to discharge the responsibilities expected of the operating agent, the restricted licence holder must, without delay, inform the superintendent and provide the superintendent with a designation of a replacement operating agent.</p>	<p><i>-no parallel in Saskatchewan</i></p>
<p><b>Restricted licence holder's responsibilities</b></p> <p><b>30(1)</b> A restricted licence holder must</p> <p>(a) have reasonable and demonstrable policies and procedures to ensure that anyone who solicits, negotiates or transacts insurance on behalf of the restricted licence holder is knowledgeable, competent and suitable taking into account the class or type of insurance;</p> <p>(b) ensure that anyone who solicits, negotiates or transacts insurance on behalf of the restricted licence holder complies with the policies and procedures mentioned in clause (a);</p>	<p>Procedures to ensure employees are knowledgeable</p> <p>15.3(1) Every restricted licensee shall:</p> <p>(a) establish reasonable procedures to ensure that its employees who are soliciting, negotiating or effecting insurance for the restricted licensee are knowledgeable about the insurance being solicited, negotiated or effected; and</p> <p>(b) ensure that the procedures established pursuant to clause (a) are being used.</p> <p>15.4 (4) If a restricted licensee or an employee of a restricted licensee receives any compensation, inducement or benefit from an</p>

<p>(c) make and maintain a record of all persons authorized by the restricted licence holder to solicit, negotiate or transact insurance on the restricted licence holder's behalf showing</p> <ul style="list-style-type: none"> <li>(i) the person's full name;</li> <li>(ii) the dates on which the person's authorization began and, if applicable, ended,</li> <li>(iii) the business location and address at or from which the person was authorized to solicit, negotiate or transact insurance on the restricted licence holder's behalf,</li> <li>(iv) whether the person is an employee of the restricted licence holder or of a qualified entity named in the record, and</li> <li>(v) the class or type of insurance that the person was authorized to solicit, negotiate or transact;</li> </ul> <p>(d) ensure that the record maintained under clause (c) is current;</p> <p>(e) permit the superintendent or a person authorized by the superintendent to inspect the record required by clause (c) at any reasonable time; and</p> <p>(f) ensure that, before any of its employees or, if applicable, any employee of a qualified entity permits a consumer to complete an application for insurance in relation to the restricted licence holder's goods or services, the consumer is provided with a notice</p> <ul style="list-style-type: none"> <li>(i) stating that the consumer is contracting with the insurer and not with the restricted licence holder or, if applicable, the qualified entity,</li> <li>(ii) stating that the consumer is not obligated to purchase the insurance in order to obtain the goods or services,</li> <li>(iii) setting out the terms, including limitation and restrictions, of the insurance,</li> <li>(iv) setting out the circumstances under which the insurance commences or terminates and the procedures to follow in making a claim, and</li> <li>(v) if applicable, stating that the restricted licence holder or the qualified entity receives direct or indirect compensation, or a direct or indirect inducement or benefit, from the insurer for soliciting, negotiating or transacting the insurance.</li> </ul>	<p>insurer, directly or indirectly, for selling insurance, the restricted licensee must disclose that fact to any person who is considering obtaining insurance from that restricted licensee.</p>
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<p><i>-Manitoba's itemization of a restricted licence holder's responsibilities is much more detailed than Saskatchewan's. However, Manitoba closely parallels Alberta's regulation in this area, including the prohibition against Tied Selling and the requirement for Compensation Disclosure.</i></p> <p><i>-How does the Compensation Disclosure provision work in the case of CAFII members, whose sellers are predominantly salaried employees and not agents selling on commission? Is some more encompassing/liberal or perhaps "exception" wording required in the Compensation Disclosure clause to make it more pertinent to and workable for CAFII members?</i></p>	
<p><b>30(2)</b> A restricted licence holder must not</p> <p>(a) make its provision of goods or services conditional upon the consumer's purchase of insurance through it or from an insurer specified by it or conditional upon the consumer's purchase of other insurance;</p> <p>(b) permit a person to solicit, negotiate or transact insurance on its behalf unless the person</p> <p>(i) is, at the time, listed in the record of authorized persons required by clause (1)(c) and shown in the record as being authorized to solicit, negotiate or transact the class or type of insurance involved, as may be applicable,</p> <p>(ii) has been suitably trained to be able to knowledgeably solicit, negotiate or transact the class or type of insurance involved, as may be applicable; or</p> <p>(c) permit an employee of the restricted licence holder or a qualified entity to tell a consumer or potential consumer of the restricted licence holder's goods or services that (i) the consumer is required to purchase insurance in relation to the goods or services, or (ii) should the consumer wish to purchase insurance in relation to the goods or services, the consumer may only purchase insurance through the restricted licence holder or a qualified entity or from a specified insurer.</p>	<p><i>-no parallel in Saskatchewan</i></p> <p><i>--Manitoba closely parallels Alberta's regulation in this area, including the prohibition against Tied Selling and the requirement for Compensation Disclosure.</i></p> <p><i>-How does the Compensation Disclosure provision work in the case of CAFII members, whose sellers are predominantly salaried employees and not agents selling on commission? Is some more encompassing/liberal or perhaps "exception" wording required in the Compensation Disclosure clause to make it more pertinent to and workable for CAFII members?</i></p>

<p><b>30(3)</b> When a consumer purchases insurance through a restricted licence holder or a qualified entity acting on its behalf, or from an insurer specified by either of them, the restricted licence holder</p> <p>(a) must inform the consumer about the name of the insurer and how it may be contacted; and</p> <p>(b) must ensure that the consumer is sent a policy or, in the case of a contract of group insurance, a certificate of insurance.</p>	<p><i>-Saskatchewan is much more detailed and prescriptive in the area of “Conditions to be followed when providing insurance” than the Manitoba draft proposes to be.</i></p> <p><i>-Interesting that Manitoba does not include Right of Rescission/Free Look Period provisions, nor does it include a requirement to disclose “if the duration of the insurance is for a period of less than the term of the amortization period of any related loan or if the amount of the insurance is less than the indebtedness” (both of which are explicit provisions in Alberta as well as Saskatchewan)</i></p>
<p><b>30(4)</b> When a consumer purchases (a) rented-vehicle accidental injury or death insurance;</p> <p>(b) rented-vehicle contents insurance; or</p> <p>(c) rented-vehicle liability insurance;</p> <p>through a restricted licence holder or a qualified entity acting on its behalf, or from an insurer specified by either of them, the restricted licence holder must inform the consumer that the insurance may provide a duplication of coverage already provided by the vehicle renter's automobile insurance policy or by another source of coverage.</p> <p><i>-This provision is unique to Manitoba. Certain not to be a popular required disclosure among car rental agencies in the province</i></p>	<p>Conditions to be followed when providing insurance</p> <p>15.4(1) When a restricted licensee receives an application for insurance coverage, the restricted licensee shall:</p> <p>(a) provide to the person who applies for insurance coverage all of the following:</p> <p>(i) a summary of the terms, including limitations and restrictions, of the insurance offered;</p> <p>(ii) a summary of the circumstances under which the insurance commences or terminates and the procedures to follow in making a claim;</p> <p>(b) notify the applicant that, on approval of the application:</p> <p>(i) documentation describing the insurance coverage and the insurance policy will be sent to the applicant; or</p> <p>(ii) in the case of a contract of group insurance, a certificate will be sent to the applicant; and</p> <p>(c) ensure that a person applying for insurance coverage is informed that the person is contracting, or is considered to be contracting, with an insurer and not with the restricted licensee.</p> <p>(2) When a person applies to a restricted licensee for creditor's disability insurance, creditor's life insurance, creditor's loss of employment insurance or mortgage insurance, the restricted licensee shall:</p>
<p><b>Qualified entity's responsibilities</b></p> <p><b>31</b> A qualified entity that acts on behalf of a restricted licence holder must</p> <p>(a) ensure that its employees who solicit, negotiate or transact insurance in relation to the restricted licence holder's goods or services comply with the policies and procedures mentioned in clause 30(1)(a);</p> <p>(b) make and maintain a record listing its employees who to solicit, negotiate or transact insurance in relation to the restricted licence holder's goods or services, including information about each employee that is equivalent to that required by clause 30(1)(c);</p> <p>(c) ensure that the record maintained under clause (c) is current;</p> <p>(d) provide a copy of the record required by clause (b) to the restricted licence holder and notify the restricted licence holder</p>	

<p>without delay when an employee</p> <p>(i) listed in the record ceases to be employed to solicit, negotiate or transact insurance in relation to the restricted licence holder's goods or services, or</p> <p>(ii) is added to the list for one of those purposes;</p> <p>(e) must ensure that, before any of its employees permits a consumer to complete an application for insurance in relation to the restricted licence holder's goods or services, the consumer is provided with a notice</p> <p>(i) stating that the consumer is contracting with the insurer and not with the restricted licence holder or the qualified entity,</p> <p>(ii) stating that the consumer is not obligated to purchase the insurance in order to obtain the goods or services, (iii) setting out the terms, including limitation and restrictions, of the insurance,</p> <p>(iv) setting out the circumstances under which the insurance commences or terminates and the procedures to follow in making a claim, and</p> <p>(v) if applicable, stating that the restricted licence holder or the qualified entity receives direct or indirect compensation, or a direct or indirect inducement or benefit, from the insurer for soliciting, negotiating or transacting the insurance.</p>	<p>(a) provide to the applicant:</p> <p>(i) a statement that sets out the right to rescind the insurance contract and to obtain a full refund of the premium; and</p> <p>(ii) if the duration of the insurance is for a period less than the term of the amortization period of any related loan or if the amount of the insurance is less than the indebtedness, a statement to that effect; and</p> <p>(b) inform the applicant of all of the following:</p> <p>(i) that the insured may contact the insurer for further information or clarification;</p> <p>(ii) the name of the insurer that is providing the insurance;</p> <p>(iii) how the insurer mentioned in subclause (ii) may be contacted.</p> <p>15.4 (5) Within 20 business days after the insurance coverage comes into force, the restricted licensee shall ensure that the following is provided to the applicant for the insurance coverage:</p> <p>(a) written documentation that:</p> <p>(i) evidences the insurance coverage; and</p> <p>(ii) sets out the information required to be disclosed by clause (1)(c);</p> <p>(b) written documentation describing the insurance coverage and the insurance policy or, in the case of group insurance, a certificate.</p>
<p><b>31(2)</b> A qualified entity acting on behalf of a restricted licence holder must not</p> <p>(a) permit any of its employees to solicit, negotiate or transact insurance in relation to the restricted licence holder's goods or services unless the employee</p> <p>(i) is, at the time, listed in the record of authorized persons required by clause 30(1)(c) and shown in the record as being authorized to solicit, negotiate or transact the class or type of insurance involved, as may be applicable,</p> <p>(ii) has been suitably trained to be able to knowledgeably solicit, negotiate or transact the class or type of insurance involved, as may be applicable; or</p> <p>(b) permit any of its employees to tell a consumer or potential</p>	

<p>consumer of the restricted licence holder's goods or services that</p> <p>(i) the consumer is required to purchase insurance in relation to the goods or services, or</p> <p>(ii) should the consumer wish to purchase insurance in relation to the goods or services, the consumer may only purchase insurance through the qualified entity or from a specified insurer.</p>	
<p><b>31(3)</b> When a consumer purchases insurance through a qualified entity acting on behalf of a restricted licence holder, or from an insurer specified by either of them, the qualified entity</p> <p>(a) must inform the consumer about the name of the insurer and how it may be contacted; and</p> <p>(b) must ensure that the consumer is sent a policy or, in the case of a contract of group insurance, a certificate of insurance.</p>	<p><i>-no parallel in Saskatchewan</i></p> <p><i>-but here Manitoba closely parallels Alberta</i></p>
<p><b>Personal information received from consumer</b></p> <p><b>32(1)</b> A restricted licence holder must not</p> <p>(a) use personal information given by a consumer who applies for or obtains insurance coverage through the restricted licence holder, unless it is used for the purpose for which it is given and the consumer signs a consent that meets the requirements of subsection (2); or</p> <p>(b) release the information described in clause (a) to a person who is not an employee of the restricted licence holder, unless</p> <p>(i) the consumer signs a consent that meets the requirements of subsection (3), or</p> <p>(ii) subsection (4) applies in respect of the release of the information.</p> <p><b>32(2)</b> Before a consumer signs a consent for the purpose of clause (1)(a), the restricted licence holder must inform the consumer that the consent is being given for the purpose of that clause. The consent must state the purpose for which the restricted licence holder may use the personal information covered by the consent.</p> <p><b>32(3)</b> Before a consumer signs a consent for the purpose of subclause (1)(b)(i), the restricted licence holder must inform the</p>	<p><b>Restrictions on use of personal information received as part of an insurance transaction</b></p> <p>15.5(1) No restricted licensee shall:</p> <p>(a) use personal information given by an applicant for insurance coverage or an insured unless it is used for the purpose for which it is given and the applicant for insurance coverage or the insured signs a consent that meets the requirements of subsection (2); or</p> <p>(b) subject to subsection (4), release the information described in clause (a) to a person who is not an employee of the restricted licensee unless the applicant for insurance coverage or the insured signs a consent that meets the requirements of subsection (3).</p> <p>(2) The restricted licensee shall identify the consent to the applicant for insurance coverage or the insured as a consent for the purposes of clause (1)(a), and the consent must specifically identify the purpose for which the information may be used by the restricted licensee.</p> <p>(3) The restricted licensee shall identify the consent to the applicant for insurance coverage or the insured as a consent for the purposes of clause (1)(b), and the consent must specifically identify:</p> <p>(a) the information to be released;</p> <p>(b) to whom the information is to be released; and</p> <p>(c) the purpose for which the released information may be used.</p>

<p>consumer that the consent is being given for the purpose of that subclause. The consent must state</p> <p>(a) the personal information that may be released;</p> <p>(b) to whom the personal information may be released; and</p> <p>(c) the purpose for which the released personal information may be used.</p> <p><b>32(4)</b> Clause (1)(b) does not apply if the personal information</p> <p>(a) is released to a person as required by law; or</p> <p>(b) is released to the insurer on whose behalf the restricted licence holder is transacting insurance.</p> <p><b>32(5)</b> Subsections (1) to (4) apply, with necessary changes, to a qualified entity that acts on behalf of a restricted licence holder.</p>	<p>(4) Clause (1)(b) does not apply if the personal information:</p> <p>(a) is released to another person as required by law; or</p> <p>(b) is released to the insurer on whose behalf the restricted licensee is transacting insurance.</p> <p><i>-Manitoba, Saskatchewan, and Alberta all closely parallel each other in this area around the collection, use and disclosure of the consumer's personal information (privacy protection). However, Alberta is most stringent of all, by including a prohibition against using a consumer's personal information for the purposes of cross-selling.</i></p> <p><i>-As well, Alberta is unique among the three provinces in requiring that when a restricted licence holder "negotiates or enters into a transaction with a person for credit-related insurance at the same time as a credit arrangement is being negotiated or entered into with the person, the holder must provide the person with a separate application for the insurance coverage."</i></p> <p><i>-Manitoba goes Saskatchewan one better by including clause 32(5), which states that the same privacy protection provisions apply to the restricted licence holder's "qualified entities" (MGAs; TPAs)</i></p>
<p><b>Responsibilities of insurers</b></p> <p><b>33(1)</b> An insurer for whom a restricted licence holder solicits, negotiates or transacts insurance must</p> <p>(a) establish reasonable policies and procedures to ensure that anyone who solicits, negotiates or transacts insurance on behalf of the restricted licence holder is knowledgeable and competent taking into account the class or type of insurance; and</p> <p>(b) ensure that the policies and procedures are complied with.</p> <p><b>33(2)</b> To avoid doubt, subsection (1) applies whether the restricted licence holder solicits, negotiates or transacts insurance</p>	<p>15.3 (2) Every insurer on whose behalf the restricted licensee is offering insurance shall:</p> <p>(a) establish reasonable procedures to ensure that employees of the restricted licensee who are soliciting, negotiating or effecting insurance for the restricted licensee are knowledgeable about the insurance being solicited, negotiated or effected; and</p> <p>(b) ensure that the procedures established pursuant to clause (a) are being used.</p> <p>15.4 (3) The insurer on whose behalf the restricted licensee is soliciting, negotiating or effecting insurance shall ensure that:</p>

through its own employees or through a qualified entity.	<p>(a) procedures are established to effect the requirements of this section; and</p> <p>(b) the procedures established pursuant to clause (a) are being used.</p>
<p><b>Non-application of subsection 371(1.1) of the Act to certain restricted licence holders</b></p> <p><b>34</b> Subsection 371(1.1) of the Act does not apply to a person who holds a restricted insurance agent licence if the person is a member institution of the Canada Deposit Insurance Corporation or is a credit union incorporated under <i>The Credit Unions and Caisses Populaires Act</i>.</p>	<p><i>-CAFII members are exempt from this liability insurance requirement in Alberta, Saskatchewan, and Manitoba</i></p>
<p><b>Exemption of certain persons from application of subsection 369(1) of the Act</b></p> <p><b>35(1)</b> A person who is the operating agent under a restricted insurance agent licence is exempt from the requirement to hold a licence under subsection 369(1) [Not to act without licence] of the Act while the person is acting within the scope of the person's duties as operating agent.</p>	<p>Certain provisions of Act not to apply</p> <p>15.21(1) Sections 416 and 417 and subsections 422(3) and (4) of the Act do not apply to an individual who is acting in the course of his or her employment with a restricted licensee.</p> <p>(2) Section 418 of the Act does not apply to a restricted licensee.</p> <p>(3) Section 438 of the Act does not apply to insurance with respect to which a restricted licence may be issued.</p>
<p><b>35(2)</b> A person who is recorded as a person authorized by a restricted licence holder to solicit, negotiate or transact insurance on the restricted licence holder's behalf is exempt from the requirement to hold a licence under subsection 369(1) of the Act while the person is acting within the scope of the person's authorization.</p>	<p><i>-Manitoba's 35(1) and 35(2) closely parallel Saskatchewan's 15.21 (1), (2), and (3), in providing that the employees and, more explicitly in the case of Manitoba, the operating agent of a restricted licence holder do not have to hold their own individual restricted licences.</i></p>



May 23, 2013

Dear Stakeholder:

**Re: Release of CCIR Position Paper**

***Electronic Commerce in Insurance Products***

We are pleased to announce the release of a CCIR paper entitled *Position Paper: Electronic Commerce in Insurance Products* for a 60 day consultation period.

This is the second paper from the Electronic Commerce Committee (ECC). ECC's objective with this position paper is to communicate back to stakeholders what we have learned from the consultation and to set out ECC's recommendations to CCIR members regarding the issues discussed. These recommendations are intended to afford consumers with an adequate level of information and protection regardless of how the insurance is sold.

The position paper is attached to this e-mail. It is also available on the CCIR website ([www.ccir-ccrra.org](http://www.ccir-ccrra.org)). CCIR encourages all interested parties to review and comment on the paper. We ask for comments to be submitted by July 26, 2013.

Electronic submissions would be preferred. Please note that CCIR intends to publicly release all submissions received pursuant to this consultation process by posting them on the CCIR web site.

All submissions should be forwarded to the CCIR Secretariat e-mail: [ccir-ccrra@fscs.gov.on.ca](mailto:ccir-ccrra@fscs.gov.on.ca)

Sincerely,

Carolyn Rogers  
CCIR Chair



## ***POSITION PAPER***

# ELECTRONIC COMMERCE IN INSURANCE PRODUCTS

This document reflects the work of regulators who are members of CCIR. The views expressed should not be considered as legal opinions.

This document does not necessarily represent the official position or views of any provincial, territorial or federal government or agency.

**May 2013**



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## 1. INTRODUCTION

### 1.1 CCIR

The Canadian Council of Insurance Regulators (CCIR) is a forum for Canadian insurance regulators to collaborate to improve insurance regulation to serve the public interest.

CCIR adopted our *Approach to Risk-based Market Conduct Regulation* several years ago. Since then we have been implementing a risk-based approach in everything we do. We don't just react - we identify and assess risks first. We focus on the outcomes needed and how to accomplish them, not on rules and forms. We recognize that the best control is self-control, so we work with our industry stakeholders to develop industry standards so that all market participants know what is expected of them.

With a risk-based approach, regulators try first to understand what is happening in the marketplace, give industry the opportunity to respond, assess the quality of the industry response, and then determine if there are risks or gaps that may require the engagement of government policy staff to change the laws. In other words, policy-makers will intervene where problems remain unaddressed by the industry. This can also be described as a progressive approach to market conduct regulation.

If gaps or risks are identified, it is up to policy-makers in each jurisdiction to determine- based on their specific legislation and public policy objectives- what particular measures, if any, will be introduced, and in what manner, so that the regulatory goals of fair treatment of consumers and compliance with the laws can be met.

### 1.2 ELECTRONIC COMMERCE COMMITTEE

The use of the Internet by insurance providers has increased significantly over the past decade and should continue to grow.

While there is legislation in all Canadian jurisdictions governing electronic commerce in Canada, none applies specifically to financial products. As well, much of the insurance legislation currently in place in Canada was developed long before electronic transactions were contemplated. Both of these circumstances have been cited by some industry participants as factors in inhibiting the growth of electronic commerce for insurance products.

In CCIR's view, consumers must be afforded an adequate level of information and protection regardless of how the insurance is sold. In January 2012, CCIR's Electronic Commerce Committee (ECC) released an issues paper, entitled *Electronic Commerce in Insurance Products*, for public consultation. The goal of the issues paper was, among other things, to obtain

stakeholders' views on various issues and on how best to achieve the following consumer protection goals in the electronic commerce context:

- 1) Consumers have access to additional information/advice from a licensed intermediary;
- 2) Consumers know they are dealing with a regulated entity;
- 3) Consumers have and understand the necessary information about the products;
- 4) Consumers have the opportunity to review the accuracy of the information they provide;
- 5) Consumers are aware of the terms and conditions;
- 6) Consumers can rely on the transaction; and,
- 7) The consumer's personal information is secure.

The paper was also seeking stakeholders' comments on whether consumers are better protected if the designation of beneficiaries and the termination of an insurance policy continue to be paper transactions.

ECC met with a variety of stakeholders during the consultation period and ultimately received 25 submissions from stakeholders, the full-text of which has been posted on CCIR's website. We received responses from industry organizations representing insurers (both direct writers and others) and agents and brokers as well as individual insurers. No consumer groups were heard from, though their input was requested.

We wish to thank all of those who participated in the consultation.

### **1.3 PURPOSE OF THIS PAPER**

ECC's objective with this position paper is to communicate back to stakeholders what we have learned from the consultation and to set out ECC's recommendations to CCIR members regarding the issues discussed.

ECC welcomes your comments on the recommendations presented in this paper.

## **2. RESULTS OF CONSULTATION AND RECOMMENDATIONS**

### **CONSUMER PROTECTION OUTCOMES**

The ECC was seeking several kinds of input from stakeholders with regard to the various consumer protection outcome presented in the issues paper:

- Whether the description of the topic was factually correct;
- Whether the issues identified were, indeed, significant (i.e. have the potential to negatively affect consumers);
- Whether all significant issues had been identified; and
- How the significant risks could be managed, referencing both the methods suggested as examples and other methods possible to achieve our consumer protection goals.

#### **2.1 Consumers Have Access to Additional Information/Advice**

There is a substantial information imbalance between the consumer and the insurer. It was the case before and, even though the Internet provides the consumer with much more information than before, it is still the case now. If not remedied, this gap can lead to undesirable situations that can negatively affect the consumer (invalid contract, over-insurance, etc.).

##### **Consultation Outcome**

The issues paper suggested various ways to overcome this issue of information imbalance. The majority of stakeholders gave their opinions on how to achieve the goal of protecting the consumer facing this lack of information or advice. The positions expressed were polarized:

- Generally, brokers and intermediaries are of the view that a licensed agent should be involved in each insurance transaction. They argue that a consumer who deals with such an agent to complete an application for insurance has access to appropriate, specific and suitable information from an individual who has a duty to act in the consumer's interest. Without the individualized guidance from a licensed agent, there is an increased risk of purchasing an unsuitable product, due to the consumer's lack of knowledge.

Others propose that at least the consumer be allowed to contact a licensed agent at any stage in the process.

- Insurers generally believe that the Internet allows for the same level of advice as other methods of interaction. Through the Internet, they provide consumers with products and self-assessment information and thus, there is no need to involve a licensed agent in each

transaction. They argue that Web architecture gives the insurer the ability to clarify information and present it to consumers in a logical and consistent manner.

They believe that consumers should be able to compare and access insurance products that meet their needs using the delivery channel and mode of interaction they want to choose. For insurers, the consumer's choice should prevail. Consequently, they generally support having a licensed agent available for contact at the consumer's request during business hours.

### **Recommendations**

The mandate of insurance regulators is, among others, to make sure that the consumer's interests are adequately protected when purchasing insurance products. This mandate does not include influencing the consumer's preferred means of acquiring this product. It is indeed the consumer's right to choose which product to purchase and how to do so.

To protect the consumer's interests, the ECC believes that, regardless of the means of communication chosen, the product chosen by the consumer should suit its needs. For this goal to be reached, it is of paramount importance that consumers have access to all the information needed so they can understand the product they are offered and, ultimately, they can make an informed decision.

To be able to make this informed purchase decision, some consumers may need advice, others may not. Moreover, the level of advice needed may vary depending on the consumer. It is ECC's view that consumers should receive proper advice when needed, again regardless of how they contract the insurance product.

Some insurance products are more complex than others. By their nature, simple or generic products require less advice than more sophisticated or complex products. The level of advice needed could consequently vary depending on the product complexity. Therefore, the level of advice provided could be adjusted to the nature of the product offered. In all cases, consumers purchasing an insurance product should have access to a clear, straightforward and suitable level of advice at all time.

Finally, the ECC believes that it is not sufficient to provide the on-line consumer with information or to give passive access to advice. The consumer should also be made aware of the importance of advice. Before beginning an on-line process, the consumer should be presented with a disclosure stressing the importance of advice and how to obtain it.

On-line insurance providers, whether licensed agents, insurers or firms, have the responsibility to make sure that a consumer purchasing an insurance product makes an informed decision by:

- Providing the consumer with the information needed, in a timely and comprehensive way;
- Giving the consumer access to a suitable level of advice, taking into account, among others, the complexity of the product;
- Making the consumer aware of the importance of advice.

## **2.2 Consumers Know they are Dealing with a Regulated Entity**

On the Internet, consumers have access to information originating from many countries and from various sources. Therefore, a consumer might have trouble determining whether the service provider is indeed registered with the regulator. For example, the consumer might buy an insurance product from a company that is not an insurer, or from an insurer that is not registered with a regulator of its jurisdiction.

### **Consultation Outcome**

Most of the stakeholders agree with the importance for a consumer to have access to specific information with regard to the identity of the provider. However, they are of the view that this information should not necessarily be found on the website homepage of a provider.

### **Recommendation**

To allow a consumer to verify the identity of the service provider and, if need be, to check whether it is registered with the regulator, the following information should be made easily, directly and permanently accessible on the websites of all providers that distribute insurance products online:

- Legal name of the provider;
- Geographic address of the provider;
- Telephone and electronic contact information, whereby consumers can reach the provider directly and easily;
- A statement that the provider is registered with the regulator, including its registration number and type;
- Contact information and information on how consumers can file a complaint, including a link to the regulator's website.

### **2.3 Consumers Have and Understand the Necessary Information about the Products**

In order to make informed insurance decisions, consumers must have access to a minimum of specific information about the product they are interested in. It is important that consumers receive disclosure that can give them a basic and correct understanding of the product and costs associated with it.

It is also important that this information be presented in a simple, clear and timely manner.

#### **Consultation Outcome**

Most of the stakeholders agree with the benefits of presenting the consumer with sufficient information on the products and that timing is relevant when it comes to providing this information.

#### **Recommendation**

- Providers offering insurance products online should draw to the consumer's attention the following information before buying an insurance product, in a clear and simple language:
  - The type of consumer for whom the product is intended;
  - Main characteristics of the product;
  - Options and coverage provided by the product, as applicable;
  - Exclusions and limitations associated with the product, if any;
  - The total premium and other charges that the consumer will have to pay (including all applicable taxes) or, if an exact amount cannot be indicated, the basis for the calculation of the amount, so that the consumer can verify it;
  - The consumer's right to cancel, if applicable, as well as the duration of the cancellation period and procedures for exercising that right;
  - Any time limit on the validity of the information provided.
- Disclosure on providers' websites should meet all the legal obligations that are incumbent upon them.

## **2.4 Consumers Have the Opportunity to Review the Accuracy of Information They Provide**

On the Internet, it is the consumer who completes the insurance application form without assistance. That process may be subject to error. To avoid such errors that would negatively affect consumers and providers, consumers should be given the opportunity to validate their answers once more.

### **Consultation Outcome**

Stakeholders' submissions showed strong support for this proposition.

### **Recommendation**

- Providers offering insurance products online should present to the consumer, before a contract is concluded, a summary of the information provided by the consumer in the application form.

## **2.5 Consumers are Aware of the Terms and Conditions**

It is important that consumers have a copy of the application and the contract that they can refer back to following the transaction.

### **Consultation Outcome**

Stakeholders' submissions showed support for this proposition.

### **Recommendation**

- Providers offering insurance products online should provide the consumer with a copy of the application and the contract in a form that enables reproduction and storing.

## **2.6 Consumers Can Rely on the Transaction**

Computer systems are not fault-free. A defect in a provider's computer network could have negative consequences:

- The transaction is not carried out;
- Information is not transmitted;
- Unauthorized alteration of a document.



### **Recommendation**

- Providers offering insurance products online have the responsibility to use systems on which consumers can rely.

## **2.7 The Consumer's Personal Information is Secure**

The Internet is an intangible medium, it is easily accessible and therefore it can be vulnerable. Using it to carry out insurance transactions has the potential to put the consumers' personal information at risk through:

- Leaking of personal information;
- Identity theft (of the insured, of the intermediary or of the insurer);
- Fraud and misappropriation;
- Money laundering.

### **Recommendation**

- In compliance with applicable laws, providers offering insurance products online have the responsibility to make sure that consumer's personal information is secure

## **EXISTING PAPER TRANSACTIONS**

### **2.8 Designation of Beneficiary**

The consultation paper asked whether insurers and consumers should have the option of designating and changing beneficiaries using electronic means.

In the absence of specific legislative provisions that authorize electronic beneficiary designations, insurers continue to require designations to be made in paper form. Without a designation on paper, insurers consider there to be no designation at all and any insurance benefits are paid to the estate by default. This not only delays insurance payments to beneficiaries, but also renders the insurance proceeds both taxable and vulnerable to claims from creditors – probably not the result the consumer intended, yet our research shows that this is a very common result.

Both British Columbia and Alberta recently implemented regulatory changes that may make insurers more comfortable using electronic beneficiary designations<sup>1</sup>. An industry best practices guideline is under consideration in Alberta which may include additional consumer protection such as written verification of change in beneficiaries.

We thank the CLHIA for giving us access to their proposed guideline/process for designating, altering or revoking beneficiaries electronically for consideration during the electronic commerce discussions.

The issues around beneficiary designation – electronic and otherwise – are all centered on whether a court will accept the designation, therefore, admissibility and related evidentiary issues should form a key component of any best practices guidelines. Evidence Acts already exist and care should be taken to follow them.

#### **Consultation Outcome**

Seven stakeholders (six insurer groups and one group of intermediaries) said electronic designations should be an option available for consumers to choose. It would be a convenient and reliable method for exercising this important right.

One group of investment planners, however, said beneficiary designations should continue to take the form of written documents.

None of the commentators would make any distinction between requirements for the initial designation vs. a change in beneficiary.

#### **Recommendation**

- To protect consumers, and to harmonize standards across Canadian jurisdictions, the Committee concluded that CCIR should recommend that insurers have in place effective systems for offering consumers the option of designating and changing beneficiaries by electronic means.
- Electronic Beneficiary designation transactions should be followed-up with written verification as a critical protection against fraud.
- Any best practice guidelines, whether promulgated by industry or regulators, should clearly address evidentiary issues.

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<sup>1</sup> See Section 547(2) of Alberta's Insurance Act and Section 5.4 of their Fair Practices Regulation

## **2.9 Termination of Insurance Contract by Insurer**

Today, insurers give notice of termination of insurance contracts by registered mail or personal delivery. The consultation paper asked whether insurers should be able to terminate an insurance contract by electronic means, with both parties' consent.

BC and Alberta recently made significant changes in their insurance regimes but chose to continue the previous requirement that a notice of termination of insurance by the insurer be done on paper.

### **Consultation Outcome**

Six insurer groups said that an electronic notice of termination of an insurance policy should be an option that consumers can choose, perhaps with an acknowledgement from the consumer or a "read receipt",

Three intermediary groups thought the current practice of paper notices should continue, perhaps with an additional notification by e-mail.

### **Recommendation**

- In the interest of harmonization, the Committee does not recommend changes to existing practices at the current time.

## **COMPARISON SHOPPING SITES**

The main function of these websites, namely, comparing various available coverage options, is similar to the advisory role normally played by brokers. However, the manner in which these entities are remunerated, and their ownership or business relationships with the insurers, raise questions about their independence, disclosure issues, and indeed, whether or not they are involved in transacting insurance and are therefore subject to regulation.

### **Consultation Outcome**

The prevailing view is that no additional rules appear to be necessary at this time. Those sites should be held to the same obligations and bound by the same regulatory framework as other insurance entities in terms of information and advice provided.

## Recommendation

- The line between simple comparisons only vs. transacting insurance must be clear. If not properly licensed, these entities must not:
  - provide advice,
  - hold themselves out as licensed insurers or firms, or
  - post insurance applications, which could mislead a consumer into thinking they are an insurance provider.
- Regulators will survey these websites and enforce the regulation when needed.

## SOCIAL MEDIA

Social media are very much in vogue. As a rule, they facilitate social interconnection. They offer users a platform where they can interact, post content and share their views, thereby creating virtual communities and a sense of belonging.

There is also a commercial purpose to social media. Consumers visit sites to express an opinion about a company or product, or to read customer reviews prior to making a purchasing decision. Consumers' opinions about a company or product are now largely influenced by peer opinions.

The insurance industry is no exception: It is increasingly leveraging social media. Insurers are using social media sites to build and maintain customer relations, as a customer service tool and for marketing purposes.

Social media can benefit both providers of insurance products and consumers. However, risks are an inherent part of this communications channel: In the realm of social media, the barrier between consumers and professionals is thin and the "social" component clouds the issue by establishing a relationship of trust. Some providers could take advantage of the consumer's vulnerability, and often that leads to issues of conflict of interest and disclosure, in particular.

#### **Recommendation**

Although the issues paper did not specifically address social media, due to the growing popularity of this medium, it is important to communicate ECC's view on this topic.

- Social media are a form of communication like any other. CCIR is therefore of the view that the current legislative and regulatory framework apply. Consequently, rules pertaining to, in particular, ethics, advertising, suitability and file record-keeping, are to be followed when insurers and representatives use social media.

### **3. NEXT STEPS**

- ECC will review the comments from stakeholders to this position paper, and will finalize its recommendations.
- Final recommendations will be presented to CCIR for adoption.
- Each jurisdiction will consider the recommendations and evaluate the circumstances in its own jurisdictions to determine what changes, if any, are necessary to implement them.
- CCIR will continue to monitor issues related to electronic commerce in insurance products.

### **4. HOW TO GIVE US YOUR COMMENTS**

The ECC welcomes your comments on the recommendations presented in this consultation paper. This paper and all prior ECC publications are available on the CCIR's website, [www.ccir-ccra.org](http://www.ccir-ccra.org).

We look forward to receiving your submissions by July 26, 2013, 2013.

Electronic submissions are preferred and should be forwarded to [ccir-ccra@fsco.gov.on.ca](mailto:ccir-ccra@fsco.gov.on.ca).

Written submissions should be forwarded to:

CCIR Secretariat  
5160 Yonge Street, Box 85  
17th Floor  
Toronto, Ontario M2N 6L9

CCIR intends to make the submissions received publicly available. If you indicate that you do not want your submission or specific parts of your submission to be made public, we will treat the submission, or the designated parts, as confidential to the limited extent permitted by law.

**Summary of CCIR Position Paper, *Electronic Commerce in Insurance Products*;  
and Proposed CAFII Responses**

**Draft Prepared by Brendan Wycks**

<b>Consumer Protection Objective</b>	<b>CCIR Recommendation</b>	<b>Response/Feedback based on CAFII's Submission of April 2012</b>
<p>Consumers Have Access to Additional Information/Advice</p>	<p>On-line insurance providers, whether licensed agents, insurers or firms, have a responsibility to make sure that a consumer purchasing an insurance product makes an informed decision by:</p> <ul style="list-style-type: none"> <li>• Providing the consumer with the information needed, in a timely and comprehensive way;</li> <li>• Giving the consumer access to a suitable level of advice, taking into account, among others, the complexity of the product;</li> <li>• Making the consumer aware of the importance of advice.</li> </ul>	<p>CAFII supports the main thrust of this recommendation.</p> <p>However, we take issue with the final bullet point because an obligation to make the consumer aware of the importance of advice implies steering him/her to a licensed intermediary, which would, in many instances, undermine the consumer's choice and negate the convenience and efficiency of the online channel. CAFII would be more comfortable if this bullet was reworded to "Making the consumer aware of the importance of accessing all relevant information in order to make an informed purchase decision."</p> <p>CAFII believes that consumers should have access to the information and advice they need to make an informed decision on an insurance purchase. Consumer expectations have driven insurance providers to deliver high quality products and services online, and to provide information about them in innovative ways. Consumer accessibility and choice are enhanced through innovative technology, and CAFII members have developed interactive simulations to enable consumers to work through a variety of scenarios enabling them to better understand and choose a product.</p> <p>Most consumers who are shopping for a simple, straightforward insurance product will not ask for, or need, additional information beyond what is already provided in the online application process. However, if and when a consumer has questions or would like access to advice, CAFII members provide it online or, in some cases, by telephone through a licensed agent. CAFII supports consumer choice and the right to access information and advice, if desired, in a channel and manner that suits the consumer's needs.</p>

		<p><b>NOTE:</b> CAFII's response on this recommendation may be somewhat at odds with CLHIA's. CLHIA is considering providing some commentary on the value or importance of advice.</p>
Consumers Know they are Dealing with a Regulated Entity	<p>To allow a consumer to verify the identity of the service provider and, if need be, to check whether it is registered with the regulator, the following information should be made easily, directly and permanently accessible on the websites of all providers that distribute insurance products online:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Legal name of the provider;</li> <li><input type="checkbox"/> Geographic address of the provider;</li> <li><input type="checkbox"/> Telephone and electronic contact information, whereby consumers can reach the provider directly and easily;</li> <li><input type="checkbox"/> A statement that the provider is registered with the regulator, including its registration number and type;</li> <li><input type="checkbox"/> Contact information and information on how consumers can file a complaint, including a link to the regulator's website.</li> </ul>	<p>CAFII supports the main thrust of this recommendation.</p> <p>However, we take issue with the requirement to include a link to the web site of the jurisdiction's regulator, for the reasons noted below.</p> <p>CAFII supports requirements that enable consumers to assure themselves that they are dealing with a legitimate, regulated entity, regardless of channel.</p> <p><i>Name, Address and Contact Information</i> It is standard practice in the life and health insurance industry to provide consumers, prior to accepting coverage, with this information. In fact, Section 278 of the Insurance Companies Act requires a federally regulated insurer to set out its name in legible characters in all contracts, premium notices, applications, policies, negotiable instruments and other documents evidencing rights or obligations with respect to other parties. This information is provided to consumers regardless of the channel of purchase.</p> <p><i>Registration Information</i> CAFII agrees that providing registration information on-line would be useful. CAFII is pleased that this recommendation, while requiring prominent online disclosure, does not mandate that registration information appear on the provider's home page. The home pages of CAFII members' web sites are accessed by consumers in multiple jurisdictions. We therefore appreciate the fact that CCIR is allowing for some flexibility in how online providers can enable consumers to confirm that they are dealing with a licensed entity in the appropriate jurisdiction.</p> <p><i>Contact information and information on how consumers can file a complaint, including a link to the regulator's website</i></p>



		<p>CAFII members have well-established processes in place to inform consumers about complaints mechanisms. In that connection, we believe that including a link to the regulator's website could have an unintended negative consequence: creating a false perception that the regulator is the consumer's first right of recourse on a complaint matter. CAFII supports the "company first" approach to complaint resolution; we therefore strongly suggest that "including a link to the regulator's web site" be deleted from this recommendation.</p>
<p>Consumers Have and Understand the Necessary Information about the Products</p>	<p>Providers offering insurance products online should draw to the consumer's attention the following information before buying an insurance product, in a clear and simple language:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> The type of consumer for whom the product is intended;</li> <li><input type="checkbox"/> Main characteristics of the product;</li> <li><input type="checkbox"/> Options and coverage provided by the product, as applicable;</li> <li><input type="checkbox"/> Exclusions and limitations associated with the product, if any;</li> <li><input type="checkbox"/> The total premium and other charges that the consumer will have to pay (including all applicable taxes) or, if an exact amount cannot be indicated, the basis for the calculation of the amount, so that the consumer can verify it;</li> <li><input type="checkbox"/> The consumer's right to cancel, if applicable, as well as the duration of the cancellation period and procedures for exercising that right;</li> <li><input type="checkbox"/> Any time limit on the validity of the information provided.</li> </ul> <p>Disclosure on providers' websites should meet all the legal obligations that are incumbent upon them.</p>	<p>CAFII members support full disclosure of information in all channels so that the consumer can make an informed decision. We therefore support this CCIR recommendation.</p> <p>Disclosure in Life and Health Insurance</p> <p>Given that all CAFII members are also members of the Canadian Life and Health Insurance Association, and therefore bound by its Guidelines, it is important to note that CLHIA Guideline G9, Direct Marketing, which encompasses distribution via the Internet, requires that insurers disclose the following information prior to the consumer accepting coverage:</p> <ul style="list-style-type: none"> <li>• the name of the insurer that will issue the product</li> <li>• sufficient contact information so that the consumer can communicate with the insurer, if desired</li> <li>• the main type of benefit provided by the product (e.g., life insurance, disability insurance)</li> <li>• the amount of the premium or a description of the basis for determining it, so that the consumer can calculate it</li> <li>• any significant exclusions, restrictions or limitations and consequences of misrepresentation</li> <li>• clarification as to whether the policy is an individual or group policy</li> <li>• the source and date of any statistics used in marketing</li> <li>• confirmation and the effective date of coverage</li> <li>• information regarding rescission rights, if applicable.</li> </ul>

		<p>and cancellation</p> <p>With the exception of "the type of consumer for whom the product is intended," CLHIA Guidelines G9 covers all of the items identified in CCIR's "Consumers Have and Understand the Necessary Information about the Products" recommendation, plus three additional disclosures.</p> <p>With respect to drawing the consumer's attention to "the type of consumer for whom the product is intended," the Internet channel is particularly conducive to providing consumers with complete, clear information in this area and helping them to assess a product's suitability through the use of interactive needs analysis tools and educational aids.</p> <p><i>Clear Language</i></p> <p>CAFIL supports the use of clear, plain language information in all channels. Given the nature of an insurance policy as a legal contract, however, our members cannot avoid the use of technical and legal terminology in all instances. We work hard to minimize the use of such language, and strive to use clear, plain language to the highest degree possible in all communications and interactions with consumers.</p>
Consumers Have the Opportunity to Review the Accuracy of Information They Provide	Providers offering insurance products online should present to the consumer, before a contract is concluded, a summary of the information provided by the consumer in the application form.	<p>CAFIL supports this CCIR recommendation. The online channel is highly conducive to providing consumers with an information validation opportunity, via a summary of the answers they've provided in the application process.</p> <p>In addition to pre-purchase validation, consumers have a 'free look' period of 20 to 30 days following their receipt of the insurance contract, during which they may evaluate the product purchased, review the information they provided, and cancel the policy for a full premium refund if they so choose.</p>
Consumers are Aware of the Terms and Conditions	Providers offering insurance products online should provide the consumer with a copy of the application and the contract in a form that enables reproduction and storing.	CAFIL strongly endorses this CCIR recommendation, and note that it holds true for all distribution channels. Internet distribution can make policy documentation readily available in a form that provides for ready storage and retrieval.

Consumers Can Rely on the Transaction	Providers offering insurance products online have the responsibility to use systems on which consumers can rely.	CAFII strongly supports this CCIR recommendation. CAFII members, as financial institution-based insurers and their business partners, have long had technologically advanced systems in place to ensure the reliability of many forms of consumer e-commerce transactions.
The Consumer's Personal Information is Secure	In compliance with applicable laws, providers offering insurance products online have the responsibility to make sure that consumer's personal information is secure	CAFII strongly supports this CCIR recommendation. CAFII members, as financial institution-based insurers and their business partners, have long had technologically advanced systems in place to ensure the security of consumers' personal information regardless of channel.
Designation of Beneficiary	<p>To protect consumers, and to harmonize standards across Canadian jurisdictions, the Committee concluded that CCIR should recommend that insurers have in place effective systems for offering consumers the option of designating and changing beneficiaries by electronic means.</p> <p>Electronic Beneficiary designation transactions should be followed-up with written verification as a critical protection against fraud.</p> <p>Any best practice guidelines, whether promulgated by industry or regulators, should clearly address evidentiary issues.</p>	<p>CAFII strongly supports this CCIR recommendation, as we are in favour of regulation that permits insurers to receive beneficiary designations through the insured's channel of choice. It is our view that permitting electronic beneficiary designations may increase consumer protection by making it more convenient and straightforward for consumers to complete and submit their initial beneficiary designation and/or notify the insurer of a subsequent beneficiary change.</p> <p>We are pleased to see the reference to harmonization across jurisdictions on this issue, as it would be optimal for the industry for all jurisdictions to adopt a uniform approach.</p>
Termination of Insurance Contract by Insurer	In the interest of harmonization, the Committee does not recommend changes to existing practices at the current time.	<p>As previously stated, CAFII strongly supports consumer choice and regulation which allows insurers to communicate and deal with consumers in their channel of choice. Therefore, CAFII does not support this status quo recommendation.</p> <p>Contract termination by insurers is primarily relevant to accident and sickness insurance. This area is governed by legislation which specifically requires insurers to give notice of termination of insurance contracts through "registered mail" or "personal delivery."</p> <p>From an industry perspective, it would be preferable for legislation to provide the option for notice of termination to be provided electronically. As with registered mail, electronic delivery could be confirmed through the use of acknowledgements, either by way of direct response from</p>

		<p>the insured or through the use of email “read receipts”.</p> <p>Permitting electronic communication of termination of an insurance contract would provide both the insurer and the insured with an additional reliable means of communication based on current and emerging technologies.</p>
COMPARISON SHOPPING SITES	<p>The line between simple comparisons only vs. transacting insurance must be clear. If not properly licensed, these entities must not:</p> <ul style="list-style-type: none"> <li>• provide advice,</li> <li>• hold themselves out as licensed insurers or firms, or</li> <li>• post insurance applications, which could mislead a consumer into thinking they are an insurance provider.</li> </ul> <p>Regulators will survey these websites and enforce the regulation when needed.</p>	<p>CAFIL supports this CCIR recommendation, particularly insofar as we agree that the provision of advice with respect to insurance products should be limited to regulated entities.</p> <p>However, because CAFII members consider the use of Comparison Shopping Sites to be a strategic decision and not all CAFII members participate in such sites, it is not appropriate for CAFII to comment further on this recommendation.</p>
SOCIAL MEDIA	<p>Social media are a form of communication like any other. CCIR is therefore of the view that the current legislative and regulatory framework apply. Consequently, rules pertaining to, in particular, ethics, advertising, suitability and file record-keeping, are to be followed when insurers and representatives use social media.</p>	<p>CAFIL acknowledges the potential of social media as a sales and service tool, and that its use is a matter of interest to insurers across all distribution channels. CAFII members are developing policies and procedures to ensure that their participation in social media, and that of their agents and business partners, is consistent with their organizational values and legislative and regulatory requirements.</p> <p><b>NOTE:</b> We may want to address how CAFII members are managing the rules around ethics, advertising, suitability and record-keeping in social media.</p>



EOC Members:

FYI, see the three PDF documents attached re a just-announced BC FICOM Consultation on *Life Insurer's Use of MGAs*.

This move by BC's FICOM -- predicated on its belief that CCIR's November 2012 working paper on MGAs does not provide sufficient guidance on what should be considered best practices, and does not offer guidance for an insurer's strategy, internal processes or controls -- is perhaps not surprising, especially since

- the Insurance Council of BC "got out in front of" CCIR on this issue by issuing a six page guidance document on MGAs in January 2012 (see Word article attached); and
- during a CAFII delegation's recent liaison meeting with Gerry Matier, Executive Director of the Insurance Council of BC, it was obvious that Use/Monitoring/Control of MGAs was a dominant issue on his mind. He stressed the Council's belief that insurers must be held responsible for reporting any agent misconduct or unsuitable agents to the appropriate regulatory authority, even if the relationship with agents is managed for the insurer by an MGA.

In this same vein, **it is likely that this MGA Consultation offers some precursor insights for CAFII about CCIR's imminent "Review of Third Party Administrators" initiative**, given that

- responses to this BC MGA Consultation are to be sent to Harry James, Director, Policy Initiatives at FICOM; and Harry is the Chair of CCIR's Agencies Regulation Committee for the TPA Review; and
- the attached MGA Guideline Impact Analysis Statement says "Insurers are expected to have adequate controls and oversight of their business functions to ensure that undue risk or harm to the public does not occur. This includes prudent and effective controls over any business function outsourced to, or provided by, a third party."

Please note that this MGA Consultation

- is addressed to the CEOs of all life insurers authorized in BC;
- invites comments from authorized life insurers, MGAs, and other industry stakeholders; and
- has a deadline of July 26, 2013 for responses (45 days).

**Given that the majority of CAFII members are not themselves "life insurers," but rather are akin to being TPAs for other companies that underwrite the life-related products that CAFII members market, I will look to the EOC for guidance as to whether it makes sense for CAFII to respond to this FICOM Consultation on MGAs, as an industry stakeholder.**

**If it is indeed deemed to be a good fit for CAFII to respond, I'd recommend that the Distribution & Market Conduct Committee take on the "drafting pen" assignment of preparing a response for the EOC's review.**

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**AUTORITÉ  
DES MARCHÉS  
FINANCIERS**

# **SOUND COMMERCIAL PRACTICES GUIDELINE**

**JUNE 2013**

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## Preamble

Under the laws of their respective activities<sup>1</sup>, financial institutions must adhere to sound commercial practices, including properly informing persons being offered a product or service<sup>2</sup> and acting fairly in dealings with them.

Under this guideline, the AMF communicates its expectations regarding expected results in matter of fair treatment of consumers. The AMF provide financial institutions with the necessary latitude to determine the requisite strategies, policies and procedures in order to facilitate achieving such results and to apply them based on the nature, size and complexity of their activities.

### AMF Notes:

The AMF considers governance, integrated risk management and compliance (GRC) as the foundation stones for a financial institution's sound commercial practices and, consequently, as the basis for the commercial practices framework provided by the AMF.

This guideline is part of this approach and sets out the AMF's expectations regarding the fair treatment of consumers<sup>3</sup> of financial products and services, a sound commercial practice expected from financial institutions.

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<sup>1</sup> *An Act respecting insurance*, R.S.Q., c. A-32, s. 222.2;  
*An Act respecting financial services cooperatives*, R.S.Q., c. C-67.3, s. 66.1;  
*An Act respecting trust companies and savings companies*, R.S.Q., c. S-29.01, s. 177.3.

<sup>2</sup> The generic term "product" used in this guideline refers both to financial products and financial services.

<sup>3</sup> The generic term "consumer" used in this guideline refers both to consumers of financial products and users of financial services.



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## Introduction

The rapid growth of financial markets and technologies, the increasing complexity of financial products and the greater transfer of risks to consumers are among the factors that have contributed to the increased risk that they falling victim to careless practices, abuse or fraud.

The supervision conducted and the framework developed for financial institutions' commercial practices are intended to protect consumers against the inherent risks in these products and foster consumer confidence in Québec's financial system.

Otherwise, a number of factors have contributed to creating a higher-risk environment for financial institutions, including the globalization of financial markets, the deregulation of financial product offerings, increased reliance on financial engineering, changes in information technologies and matters of ethics, integrity and competence.

The AMF's oversight and prudential monitoring are intended to foster the solvency of financial institutions and, ultimately, maintain the stability of Québec's financial system so as to protect the interests of consumers. It is with this in mind that the AMF will ensure that the risks resulting from commercial practices are taken into consideration by institutions in their integrated risk management.

The combination of these two roles, together with the macroprudential oversight of systemic risk and the AMF's role in disseminating financial education throughout Québec, are intended to identify and mitigate the risks that threaten financial stability and public confidence, prevent negative impacts on consumers, encourage market discipline and make Québec's financial system more resilient and stable.

In this context and pursuant to the authority conferred upon the AMF under the various statutes<sup>4</sup> it administers, it is issuing this guideline to inform financial institutions of its expectations. Thereby, the AMF's intent is to ensure that the fair treatment of consumers constitutes a key component of each institution's corporate culture.

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<sup>4</sup> *An Act respecting insurance*, R.S.Q., c. A-32, ss. 325.0.1 and 325.0.2;  
*An Act respecting financial services cooperatives*, R.S.Q., c. C-67.3, s. 565;  
*An Act respecting trust companies and savings companies*, R.S.Q., c. S-29.01, s. 314.1.

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## Scope

This guideline is intended for insurers of persons (life and health), damage insurers, holding companies controlled by an insurer, mutual insurance associations, financial services cooperatives as well as trust and savings companies, which are governed by the following statutes:

- *An Act respecting insurance*, R.S.Q., c. A-32
- *An Act respecting financial services cooperatives*, R.S.Q., c. C-67.3
- *An Act respecting trust companies and savings companies*, R.S.Q., c. S-29.01.

This guideline applies to financial institutions operating independently as well as to financial institutions operating as part of a financial group.<sup>5</sup> As regards financial services cooperatives and mutual insurance associations that are members of a federation, the standards or policies adopted by the federation should be consistent with—and even converge on—the expected results regarding the fair treatment of consumers set out in this guideline.

The generic terms “financial institution” and “institution” refer to all entities covered<sup>6</sup> by the scope of this guideline.

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<sup>5</sup> For purposes of this guideline, “financial group” refers to any group of legal persons composed of a parent company (financial institution or holding company) and legal persons affiliated therewith.

<sup>6</sup> This guideline does not apply to insurers that are engaged only in reinsurance.

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## Implementation

This guideline express the expectations of the AMF dated June 13, 2013.

With respect to the legal requirement of institutions to adhere to sound commercial practices, the AMF expects each institution to comply with this requirement by developing strategies, policies and procedures commensurate with its nature, size, complexity and risk profile, and implement upon its publication in the AMF's Bulletin of June 13, 2013.

Where an institution has already implemented such a framework, the AMF may verify whether this framework enables the institution to satisfy the requirements prescribed by law.

This guideline will be updated in response to developments with respect to commercial practices and the fair treatment of consumers and in light of the AMF's observations in the course of its supervision of financial institutions, complaint data collected and investigations or surveys carried out among industry participants and consumers.

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## Concepts addressed in this guideline

### ***Commercial practices***

Commercial practices encompass the conduct of an institution towards its clients or any other market participant with an interest in the institution (e.g., shareholders, partners, counterparties, market analysts and regulatory bodies). Having sound commercial practices means notably acting fairly and responsibly.

The commercial practices' results that the AMF expects are expressed as follows:

- fair treatment of consumers is a core component of governance and corporate culture of financial institution;
- design and marketing of new products take into account the needs of the various target consumer groups;
- consumers have information allowing them to be properly informed and make enlightened decisions regarding products, before, during and after the purchase thereof;
- incentives do not affect the fair treatment of consumers;
- product advertising is accurate, clear and not misleading;
- claims are examined diligently and settled fairly, using a procedure that is simple and accessible to claimants;
- complaints are examined diligently and fairly, using a procedure that is simple and accessible to consumers;
- protection of the confidentiality of personal information policy adopted by a financial institution ensure compliance with the provisions of *An Act respecting the protection of personal information in the private sector*<sup>7</sup> and reflect best practices in this area.

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<sup>7</sup> *An Act respecting the protection of personal information in the private sector*, R.S.Q., c. P-39.1

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## ***Fair treatment of consumers***

Fair treatment of consumers is an integral part of sound commercial practices and a fundamental issue that impacts the reputation of every financial institution and consumer confidence in the financial system. It involves the institution's conduct at each stage of the life cycle of a product, from the moment product-related obligations arise until they expire.

Fair treatment of consumers is based on the core principles and guidance published by a variety of international bodies<sup>8</sup> to guide countries in bettering consumer protection across all financial services sectors. For the purpose of this guideline, the core principles and guidance considered can be summarized as follows:

- consumers are confident when dealing with a financial institution that makes the fair treatment of consumers a core component of its governance and corporate culture;
- the design and marketing of new products take into account the needs of the various target consumer groups;
- consumers have information allowing them to be properly informed and make enlightened decisions regarding products, before, during and after the purchase thereof; and
- the performance of the products and related services available to consumers are consistent with the institution's statements. When consumers want to switch products, change institution, or file a complaint or claim, procedures in place within institution facilitate such operations.

## ***Governance and corporate culture***

Corporate culture develops from a combination of values. These values<sup>9</sup> and the extent to which they are integrated in an organization's corporate culture are essential components of its governance system. They guide the conduct of persons within the organization.

It is the duty of the board of directors to define the corporate culture and the duty of senior management to promote it, in particular, by incorporating its values into a code, so that all staff are fully aware of the standards of conduct expected of them.

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<sup>8</sup> Including the principles on financial consumer protection developed jointly by the Organisation for Economic Co-operation and Development and the Financial Stability Board, which oversees the International Association of Insurance Supervisors, the Basel Committee on Banking Supervision and the International Organization of Securities Commissions. The other organizations concerned, such as the World Bank and the International Monetary Fund, must also report on their progress in implementing these principles.

<sup>9</sup> For example: Honesty, integrity, independent thought, openness, transparency and trust.

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### ***Empowerment of stakeholders***

In the provision of products and services, the institution shall take, upon first contact with the consumer, a commitment to him and hold it to the extinction of all its obligations, regardless of whether the network offer is or not independent of the institution. In this regard, the institution should adopt a conduct that ensures the fair treatment of consumers at all stages of their contractual relationship.

Accordingly, the institution should ensure compliance process control upon the supply of products and services (choice of intermediaries, contractual agreements, monitoring service delivery, etc.).

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## Governance and corporate culture

The AMF expects that the fair treatment of consumers is a core component of governance and corporate culture of financial institution.

Incorporating a fair treatment of consumers culture at each stage of the life cycle of a product, from its design to after-sales services and from the moment obligations arise until they expire, requires the involvement of all the institution's levels and processes, from strategic planning to decision-making and from governance structures to operations.

The AMF expects fair treatment of consumers to be implemented in every area of a financial institution's operations by concerted action, a firm commitment and strong leadership at decision-making levels.

Among the best practices identified by the AMF, institutions can refer to the following:

- the development of objectives, strategies and initiatives in line with the institution's fair treatment of consumers vision and values;
- the appointment of a senior officer in charge of ensuring the development, implementation and enforcement of fair treatment of consumers-related operational policies and practices;
- a compensation program that is consistent with the institution's fair treatment of consumers-related objectives and expected results;
- codes of ethics that maintain and reinforce a fair treatment of consumers culture, place a value on responsible conduct and compliance with internal and external obligations, and allow the institution to maintain high standards of ethics, integrity and competence;
- mechanisms and controls to identify and deal with any departure from the institution's strategies, policies and procedures, any conflicts of interest or any other situation likely to interfere with fair treatment of consumers;
- generation of management information that makes it possible:
  - to assess the institution's performance with respect to fair treatment of consumers;
  - to react, in a timely manner, to changes or risks likely to have a negative impact on the institution's clients; and
  - to prove that fair treatment of consumers forms part of the institution's corporate culture.

Lastly, the AMF believes that public disclosure of comprehensive information regarding an institution's initiatives, assessment tools and results pertaining to fair treatment of consumers could motivate the institution, and the industry in general, to achieve or improve fair treatment of consumers results, in addition to encouraging better market discipline.

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## Design<sup>10</sup> and marketing of products

The AMF expects that the design and marketing of new products take into account the needs of the various target consumer groups.

With the development of complex products, sometimes high-risk, or that may difficult to understand, a weakness in the design and marketing process can increase the likelihood of inappropriate choices of consumers.

In particular, the AMF expects that institutions:

- design and market products with long life cycles in the market;
- identify consumer groups for whom products are likely to be suitable, while access to consumers for whom products are likely to be unsuitable should be limited; and
- use distribution methods tailored to the products and target consumers, that is, methods taking into account the need for advice and disclosure and what potential impact the product can have on consumers' financial situations.

Among the best practices identified by the AMF, institutions can refer to the following:

- having a formal process for approving new products;<sup>11</sup>
- using of appropriate information to assess the needs of the various consumer groups;
- making an evaluation of the risks inherent in new products, in light of changes in the environment<sup>12</sup> that could harm consumers;
- proceeding to the assessment of new products and related disclosure documents by competent individuals from the relevant departments in the institution;<sup>13</sup>
- training the sales force to ensure it is knowledgeable about the institution's products, the disclosure documents and the target markets;

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<sup>10</sup> Including the selection of third-party products.

<sup>11</sup> Including material changes to existing products likely to have an impact on clients.

<sup>12</sup> For example: economic, legal and market environment.

<sup>13</sup> For example: Compliance, integrated risk management, finance, sales, taxation and actuarial.



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- developing outsourcing agreements that do not hinder the quality of services or jeopardize the institution's ability to fulfill its fair treatment of consumers-related obligations;<sup>14</sup>
  - monitoring of products after their launching to ensure that they do, in fact, meet the needs of the initial target consumers and that any necessary changes are made; and
  - making the assessment of the distribution methods used, particularly in terms of fair treatment of consumers.

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<sup>14</sup> *Autorité des marchés financiers*, Outsourcing Risk Management Guideline, December 2010.

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## Incentives management

The AMF expects that incentives do not affect the fair treatment of consumers.

The term "incentive" refers to a broad sense. It is for example fees, commissions, premiums and bonuses in compensation programs, and other benefits (sales contests, promotions, privileges, gifts).

In particular, the AMF expects that:

- consumers to be confident that products advised truly meet their needs;
- incentive do not interfere with the obligation of the institution or any intermediary between the institution and the client to act fairly when dealing with consumers.

Among the best practices identified by the AMF, institutions can refer to the following:

- performance criteria related to variable compensation that are clearly defined and measurable;
- institution adopts incentives that are not likely to affect the obligations of a representative to the detriment of his client;
- institution develops incentives to avoid conflicts of interest, for example, in light of the individual in question and his role within the institution;<sup>15</sup>
- institution promotes the development of incentives based on the fair treatment of consumers, in contrast, an incentive-oriented only towards the sale of specific products may affect the fair treatment of consumers;
- incentives paid take into account in particular the fair treatment of consumers-based performance of sales staff and sales managers;
- the prohibition of certain types of high-risk incentives, such as incentives based solely on sales volumes or incentives to stimulate the sale of investment products that present a risk for consumers;

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<sup>15</sup> For example: The sales manager with respect to his sales staff, staff in charge of examining claims or staff in charge of examining complaints.

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- maintaining a register of incentives, which describes the terms and conditions including incentives, duration, products, services and persons covered by these incentives;
  - frequent reassessment of the risks inherent in the incentives forming part of the compensation structure, in light of factors such as the product and method of distribution, so as to ensure the effectiveness of controls set up by the institution.

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## Disclosure to consumers

The AMF expects that consumers have information allowing them to be properly informed and make enlightened decisions regarding products, before, during and after the purchase thereof.

### **Disclosure before or at the time a product is purchased**

The AMF expects financial institution to implement appropriate disclosure system that allow consumer to make an enlightened decision and also be a source of information on which representatives can rely in order to provide advice, when required. The level of product information depends on the type and complexity of the product.

In particular, the AMF expects the disclosure to consumers:

- clearly identify the institution and provide its contact information;
- clearly identify the product and set out its main features;<sup>16</sup>
- clearly identify the risks associated to the product;
- clearly identify any right of termination or resolution;
- be drafted in clear and plain language and in a manner that is not misleading;
- be presented in a format that is easy to read and understand;<sup>17</sup>
- be up to date and available, in a timely manner, on paper or any other durable medium;
- disclose any situation that could potentially place the institution in a conflict of interest.

Among the best practices identified by the AMF, institution may submit information relating to a product testing with target consumers in order to ensure that the information is intelligible and suits their needs.

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<sup>16</sup> For example: Conditions, exclusions, restrictions, fees, as well as interest rate fluctuations. When granting credit, this could include factors taken into account when assessing the borrower's ability to repay the loan. When dealing with bundled products, the consumer should be able to understand the various components.

<sup>17</sup> In certain cases, the AMF may prescribe formats allowing consumers to compare similar competing products and services. For example: AMF's Guideline on Individual Variable Insurance Contracts Relating to Segregated Funds, January 2011.

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### **Disclosure after a product is purchased**

The AMF expects that the disclosure system established by the institution allows consumers to determine whether the product continues to suit their needs and expectations. This system should include the disclosure of information on:

- after-sales transactions;
- performance;
- contract amendments during the term of the contract;
- if applicable, the rights and obligations of consumers in connection with the changes;
- event of the substitution or replacement of a product;
- event portfolio transfers;
- changes in the environment, such as legislative amendments that have an impact on the products they hold; and
- organizational or operational changes involving the institution that have an impact on clients, products or related services.

When consumers wish to replace or substitute a product or change suppliers, the AMF expects that the procedures in place within the institution facilitate such operations.

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## Product advertising

The AMF expects that product advertising is accurate, clear and not misleading.

In particular, the AMF expects that:

- the name of the institution is clearly indicated on all material in accordance with legal requirements;
- complete address of the institution are given;
- advertising is tailored to the target consumer group;
- written advertising is presented in a format that is easy to read and understand;
- messages sent electronically are visible and remain accessible for a reasonable period of time;
- if applicable, the source of any statistics used is identified;
- testimonials used are authentic and whether the institution pays for a testimony, a statement is made.

Among the best practices identified by the AMF, institutions can refer to the following:

- prior to being disseminated, advertising material regarding the institution's products is reviewed independently of the person that prepared or designed it for the institution; and
- any product advertising that is misleading, unclear or inaccurate is immediately modified or withdrawn.

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## Claims examination and settlement<sup>18</sup>

The AMF expects that claims are examined diligently and settled fairly, using a procedure that is simple and accessible to claimants.

The claims examination and settlement process are key indicators for assessing an institution's performance regarding the fair treatment of consumers.

In particular, the AMF expects that:

- consumers are aware of the existence of the claims examination and settlement service and the contact information for accessing the service;
- claimants are aware of the main steps of the claims examination process and the anticipated time frame;
- claimants are informed, on a timely basis, of his rights and obligations;
- claimants are provided with a clear and careful explanation of the determining factors of the assessment and the reasons for the total or partial rejection of a claim, where applicable. If a claim cannot be examined within the anticipated time frame, the claimants are informed of the cause of the delay and the moment when the examination will be completed; and

Among the best practices identified by the AMF, institutions can ensure that inappropriate behaviour by staff in charge of the claims examination and settlement process are identified and appropriate measures taken.

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<sup>18</sup> Applicable only to the insurance sector.

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## Complaint examination and dispute resolution

The AMF expects that complaints are examined diligently and fairly, using a procedure that is simple and accessible to consumers.

Pursuant to the provisions in the laws administered by the AMF,<sup>19</sup> institutions<sup>20</sup> are required to comply with complaint examination obligations. For more information on these obligations, please visit the AMF website at <http://www.lautorite.qc.ca/en/complaint-examination.html>.

The complaint examination and dispute resolution process are key indicators for assessing an institution's performance regarding the fair treatment of consumers. The AMF expects that consumers know about the existence of a complaints examination and dispute resolution service and the contact information for accessing the service.

Among the best practices identified by the AMF, institutions can refer to the following:

- common underlying causes of complaints are identified and appropriate measures taken to eliminate or reduce them; and
- inappropriate behaviour by staff in charge of the complaint examination and dispute resolution process are identified and appropriate measures taken.

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<sup>19</sup> *An Act respecting insurance*, R.S.Q., c. A-32, ss. 285.29 to 285.36;  
*An Act respecting financial services cooperatives*, R.S.Q., c. C-67.3, ss. 131.1 to 131.7;  
*An Act respecting trust companies and savings companies*, R.S.Q., c. S-29.01, ss. 153.1 to 153.7.

<sup>20</sup> Except holding companies controlled by an insurer.



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## Protection of personal information

The AMF expects that protection of the confidentiality of personal information policy adopted by a financial institution ensure compliance with the provisions of *An Act respecting the protection of personal information in the private sector*<sup>21</sup> and reflect best practices in this area.

The theft, loss or inappropriate use of personal information<sup>22</sup> obtained from consumers represents a risk to consumers and a threat to the reputation of institutions.

The protection of personal information is a key issue for a financial institution. The sustainability of its operations depends, among other public confidence in this regard. Consumers expect that their information remains confidential and be handled accordingly.

In particular, the AMF expects that:

- consumers are notified, on a timely basis, of any breach in confidentiality liable to jeopardize their interests or rights;
- institution inform AMF of any violation of the protection of personal information liable to jeopardize the interests or rights of consumers and the institution's reputation;
- responsible individuals within the institution are informed of any breach in confidentiality on a timely basis.

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<sup>21</sup> *An Act respecting the protection of personal information in the private sector*, R.S.Q., c. P-39.1

<sup>22</sup> The concept of "personal information" is defined in section 2 of *An Act respecting the protection of personal information in the private sector*, R.S.Q., c. P-39.1.

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## Supervision of commercial practices

To foster the establishment of sound commercial practices within financial institutions, the AMF, acting within the scope of its supervisory activities, intends to assess the extent to which financial institutions are achieving the expected results set forth in this guideline in light of the specific attributes of each institution. To do so, the AMF will use the traditional supervisory tools provided for in its supervisory framework.<sup>23</sup> Moreover, the AMF intends to review its disclosure standards and use other supervisory tools.<sup>24</sup> All of this will allow the AMF to be proactive in identifying risks related to inadequate practices liable to interfere with the fair treatment of consumers.

The degree of supervision of a given institution's commercial practices will depend, among other things, on the level of risk it faces and risk it represents for consumers, any other market participants and for Québec's financial system.

Consequently, the AMF will examine the effectiveness and relevance of the strategies, policies and procedures adopted by financial institutions as well as the quality of the oversight and control exercised by them in light of their results with respect to the fair treatment of consumers.

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<sup>23</sup> *Financial Institutions Supervisory Framework*, Superintendence of Solvency, October 2011.

<sup>24</sup> For example: Investigations or surveys carried out among industry participants and consumers.

**CAFII Regulator Visit Report**  
**Confidential: Not For Distribution**

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**Regulator:** AMF  
**Date:** June 7, 2013  
**Location:** Restaurant Michelangelo  
Quebec City

**Attendees:**

AMF: Mario Albert, President and CEO; Eric Stevenson, Superintendent, Client Services and Distribution Oversight; Julien Reid, Senior Director, Standards and Deposit Insurance; and Louise Gauthier, Director, Distribution Practices and Self-Regulatory Organizations

CAFII: Richard Hébert, National Bank Insurance; Isabelle Choquette, Desjardins Financial Security; Moira Gill, TD Insurance; Rose Beckford, ScotiaLife Financial; and Brendan Wycks, Executive Director, CAFII.

**CCIR's Electronic Commerce Position Paper**

The AMF will not release a separate paper from the CCIR on this topic. Since they (ie. Eric Stevenson being the prime drafter) held the pen on the CCIR paper, they are in agreement with the direction expressed. There are no e-commerce issues that the AMF feels are unique to Quebec.

That said, Quebec may need to make changes to the province's Distribution Act to facilitate e-commerce and to clarify the role of the intermediary/representative in the evolving insurance marketplace. This will be folded into the review of the Insurance and Distribution Acts now underway at the National Assembly. The review of the Distribution Act (currently with the Minister of Finance) is likely to be completed by the end of 2013, but any legislative changes will probably not see the light of day until 2014, or even later if there is another election.

The AMF has no intention of recommending to the Minister that an agent must be involved in an e-commerce transaction. However, it is possible, but not certain, that they would require us to provide access to an agent.

In response to a question from CAFII, the AMF representatives said that they in no way feel that they have a responsibility to safeguard the livelihoods of intermediaries/representatives/agents as the insurance marketplace evolves, nor to cushion or facilitate their adaptation to marketplace realities.

We discussed CAFII's agreement with and general support for the direction of the CCIR paper, the only exceptions being two or three points about which CAFII will respond with its feedback and, possibly, counter-proposals.

We talked a lot about the difference between providing “advice” and providing “information.” The CCIR paper stresses the importance of “advice” in several places.

It was clear from our discussion with the AMF representatives, particularly Eric Stevenson, that some of those references should really have been to “information.” This is an important distinction because providing advice comes with many obligations and would usually require a licensed agent. Hence, it will be very important for CAFII to drive that point home in its response on the relevant Consumer Protection Objective in CCIR’s E-Commerce Position Paper.

### **Update on AMF’s Commercial Practices Guideline**

After a long hiatus, the AMF expects to be in a position to issue its Commercial Practices Guideline very shortly, perhaps as early as the week of June 10-14. It is currently with the Minister of Finance but nearing finalization.

The Guideline will be “outcomes-based” and it will focus largely on the IAIS’ Insurance Core Principle #19 on “Treat the Customer Fairly.” It will have a strong emphasis on “governance” and place an onus on insurers and related organizations to implement a culture of treating the customer fairly.

There will also be some focus on “reputational risk” related to insurers and their business partners.

### **Update on AMF’s two-page Distribution Guide**

Given the significant allocation of AMF staff resources to preparation for the IMF’s assessment visit around the IAIS’ ICPs, there has been only modest progress made on the two-page Distribution Guide in recent months and the next iteration is not yet ready for release.

However, Louise Gauthier -- who now has direct responsibility for this file along with recent hire Stephane Langlois, Senior Director (as delegated by Eric Stevenson) – reported that the next iteration of the DG should be ready for release within the next four to six weeks, and there will definitely be a formal consultation process on it.

When the AMF met with CLHIA on the DG in February 2013, CLHIA made many of the same points that CAFII made in its written submission to Eric Stevenson in December 2012.

The AMF is open to incorporating some of the content that CAFII and other life and health insurance stakeholders had originally proposed for the DG, but it needs to maintain an encompassing, overarching approach because the DG will apply to p&c distributors as well.

The idea of implementing the DG on a “voluntary basis” is still on the table with the AMF, but that may or may not be the ultimate outcome.

Right now, the AMF feels that it is working its way through an informal consultation process, towards fine-tuning a DG that stakeholders will be comfortable with. But there will definitely be a formal consultation process before the DG is ever finalized and released for implementation.

**IMF's Visit to AMF for Assessment of Québec Regulations in the context of IAIS' Insurance Core Principles**

The IMF assessors will be visiting the AMF starting next week, and their review will take several days. They will also be spending significant time with OSFI and with FSCO in the month of June.

It has been a mammoth and herculean task to prepare for this visit, given the number and depth of assessment questionnaires that had to be completed.

Given that Desjardins is such a dominant insurer in the province, the IMF asked the AMF to focus predominantly on how it monitors and regulates Desjardins.

The AMF representatives thanked Desjardins for their co-operation in helping it prepare for the assessment visit. The IMF officials will be visiting Desjardins' offices during their time in Quebec.

**Overhaul of the Québec Insurance Act recently announced in the National Assembly**

The 52 proposed changes to the Act are pretty well all related to corporate structure matters and to a major housekeeping clean-up of a piece of legislation that has had numerous piecemeal changes made to it since the 1970s.

So everything here is related to prudential/solvency regulation, including the AMF's seeking new powers to be able to compel the hand-over of documents, and not much related to market conduct regulation.

**CCIR's "Review of Third Party Administrators" initiative: any particular issues in Québec?**

Eric Stevenson advised that there are no particular/unique TPA issues in Quebec.

He advised that CCIR's Agencies Regulation Committee, under the Chairmanship of Harry James from FICOM in BC, is approaching this issue with a "blank slate" and looking for CAFII and other industry stakeholders to educate it about the prevalence and use of TPAs in the industry, and to help it shape the scope of its review. This corroborates what Carol Shevlin of CCIR and Gerry Matier of the Insurance Council of BC have previously advised CAFII in liaison discussions.

Eric Stevenson sits as AMF's representative on CCIR's ARC. He said that the most important thing to keep in mind – what the ARC members will be looking for – is that there are solid Agreements between insurers and TPAs in which roles and responsibilities are well-established; and accountability is not blurry.

**Licensing Harmonization: CISRO's LLQP initiative and improvements to Québec's electronic system**

Everyone agreed that this is a critically important initiative for the industry, particularly in terms of national harmonization.

Quebec has signed the Service Agreement, so is « in » with both feet.

Eric Stevenson advised that he will be attending a meeting of an LLQP-related Working Group (possibly around the Curriculum Design Document or the Competency Profile) in Toronto on July 8. However, the date of the next quarterly LLQP Stakeholder Information Session is still to be determined.

(The July 8 Working Group meeting in Toronto may present an opportunity for CAFII to meet with Ron Fullan, Eric Stevenson, or other provincial regulator(s) who will be in town.)

On a related matter, the AMF recently launched a web-based certificate renewal system. This is an online portal with real-time transaction capability. Use of this system speeds up certificate renewals tremendously. Its use is currently not mandatory, but the AMF has the power to make it mandatory.

The second step with the new online portal will be the electronic filing of financial compliance documents by insurers.

**AMF's Consumer Financial Literacy Initiative**

This is a key Strategic Initiative for the AMF, and Mario Albert and other members of the executive team are extensively involved in it, including doing speaking engagements.

The Financial Literacy Index – which is derived from research with 1,500 Quebecers who are the financial decision-makers in their households – is now well-developed and will allow for tracking change over time.

The Index reveals that currently only about 50% of the populace has even « a clue » about the things they need to be considering about retirement planning; about developing a credible, trust relationship with a financial advisor; and about avoiding becoming the victim of financial fraud, the three things that the Financial Literacy is focusing on. The findings were similar in a near parallel study in the U.S.

The objective of the Financial Literacy campaign is to increase Quebecers' adoption of « 40 wise financial behaviours » by 3% over a five year period, which seems modest but realistic for such campaigns.

The AMF is investing significantly in this Financial Literacy campaign, spending about \$4 million annually in recent years on TV advertising, web, and social media components, along with funding some project proposals from external parties.

The AMF has come to realization that if it is to elevate the reach and impact of its Financial Literacy efforts, it is going to have to partner with financial institutions as they have the greatest breadth, depth and frequency of relationship with financial consumers. In floating an initial trial balloon with some Quebec Fis, the AMF found the response to be lukewarm at best. The AMF is therefore going back to the drawing board, and may approach CAFII with a proposal in about a year's time.

The Financial Literacy initiative is funded entirely by the AMF's Education and Good Governance Fund, which is in turn funded entirely by Administrative Monetary Penalties imposed upon industry players for regulatory transgressions.

### **Travel Insurance Survey Re Solvency**

In response to this matter raised by CAFII, Eric Stevenson advised that he presented the preliminary findings of the AMF's recent Travel Insurance Solvency Survey at the Travel and Health Insurance Association's annual conference in Hollywood.

He ended up being the keynote speaker on the final morning of the conference, whereas he had originally assumed he was going to be part of a panel presentation. Audience members seemed to be intently interested in the survey's findings, and seemed to find them surprising.

Travel insurance premiums in Quebec represent approximately 1% of total industry premiums (both life and p&c) in the province.

Eric agreed to forward his presentation from the THIA Conference to Brendan Wycks, for dissemination to CAFII members.

### **Louis Morisset succeeds Mario Albert as AMF President and CEO**

Wednesday, June 19, 2013

**Montréal** – Today the Cabinet of the Government of Québec appointed M<sup>e</sup> Louis Morisset President and Chief Executive Officer of the *Autorité des marchés financiers* (the “AMF”) for a five-year term, effective July 2, 2013.

M<sup>e</sup> Morisset will take over from Mario Albert, who has led the AMF since 2011, further to Mr. Albert’s appointment as a member of the board of directors and President and Chief Executive Officer of *Investissement Québec*.

Since joining the AMF in May 2006, M<sup>e</sup> Morisset has served as Superintendent, Securities Markets. In this position, he oversaw the enforcement of legislation and regulations pertaining to public offerings by companies and mutual funds, the continuous disclosures that these entities are required to provide and their governance, take-over bids and issuer bids, the creation and marketing of derivatives, and market operations. He was also tasked with the supervision of exchanges and clearing houses that carry on activities in Québec, as well as the Québec activities of the Investment Industry Regulatory Organization of Canada (IIROC). Over the years, he has assumed other responsibilities, such as overseeing market structures and derivatives markets in 2009 and, in 2012, AMF Public Affairs and Communications, which includes the development and implementation of financial education initiatives.

Through his active participation on the AMF’s Executive Committee, M<sup>e</sup> Morisset has acquired in-depth knowledge of the issues facing an integrated regulator such as the AMF, including consumer protection, the solvency of financial institutions and insurers, market monitoring and surveillance, the oversight of market intermediaries, the emergence of new financial products and services, and investor education. His contribution to the development of the 2012-2017 strategic plan and his role as Chair of the AMF Integrated Risk Management Committee are also noteworthy.

Recently, M<sup>e</sup> Morisset initiated and greatly contributed to discussions by the AMF on the role of boards facing unsolicited take-over bids which led to the launch of an important consultation in March 2013. In 2011 and 2012, he directed the work which resulted in the AMF’s approval of the acquisition of TMX Group by the Maple Group.

M<sup>e</sup> Morisset actively participates in the regulatory co-ordination and harmonization initiatives of the Canadian Securities Administrators (CSA). On the international scene, he represents the AMF on the board of the International Organization of Securities Commissions (IOSCO), and has actively collaborated on IOSCO initiatives over the past several years, including co-chairing IOSCO’s special task force charged with examining the role of securities regulators in respect of systemic risk in the wake of the 2007-2008 financial crisis. He was also elected to serve two consecutive terms as chair of the Monitoring Group mandated to supervise the implementation and application of the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information.

Prior to joining the AMF, M<sup>e</sup> Morisset was a partner at the law firm Stikeman Elliott LLP, where he acquired extensive experience in Canada, the U.S. and Europe in securities law and corporate finance.

M<sup>e</sup> Morisset is a member of the Board of Directors of the Institute for Governance of Private and Public Organizations, Finance Montréal, the financial services cluster of Québec, and the Montreal Structured Finance and Derivatives Institute. He is also a member of the Accounting Standards Oversight Council (AcSOC).

Mr. Morisset graduated in law from the University of Montréal in 1995 and was called to the Bar of the Province of Québec in 1996.

The *Autorité des marchés financiers* (AMF) is the regulatory and oversight body for Québec’s financial sector.



### **Louis Morisset succède à Mario Albert à titre de président-directeur général de l'Autorité**

Le 19 juin 2013, le Conseil des ministres a nommé M<sup>e</sup> Louis Morisset à titre de président-directeur général de l'Autorité des marchés financiers pour un mandat de cinq ans à compter du 2 juillet 2013.

M<sup>e</sup> Louis Morisset prend la relève de Mario Albert qui dirigeait l'organisation depuis 2011, ce dernier ayant été nommé membre du conseil d'administration et président-directeur général d'Investissement Québec.

Depuis son arrivée à l'Autorité en mai 2006, M<sup>e</sup> Louis Morisset agissait à titre de surintendant des marchés de valeurs. À ce titre, il était responsable de l'application des lois et des nombreux règlements relatifs notamment à l'appel public à l'épargne des sociétés et des fonds d'investissement, à l'information continue que doivent produire ces émetteurs, à leur gouvernance, aux offres publiques d'achat et de rachat, à la création et la mise en marché d'instruments dérivés et au fonctionnement des marchés. Il était également responsable de la supervision des activités au Québec des bourses et chambres de compensation et de celles de l'Organisme canadien de réglementation du commerce des valeurs mobilières. Il s'est vu confier au cours des années des responsabilités additionnelles au sein de l'organisation, notamment la responsabilité de l'encadrement des structures de marchés et des instruments dérivés en 2009 et la direction responsable des affaires publiques, des communications de l'élaboration et de la mise en œuvre d'initiatives d'éducation financière en 2012.

Sa participation active au sein du comité de direction depuis son entrée en poste fait de M<sup>e</sup> Louis Morisset un dirigeant possédant une connaissance approfondie des divers enjeux auxquels fait face un régulateur intégré comme l'Autorité : protection du consommateur, solvabilité des institutions financières et des assureurs, contrôle et surveillance des marchés, encadrement des intermédiaires de marché, émergence de nouveaux produits et services financiers, éducation financière, etc. Sa contribution à l'élaboration du plan stratégique 2012-2017 et son rôle de président du comité de gestion intégrée des risques de l'Autorité en témoignent.

Récemment, M<sup>e</sup> Morisset a initié et grandement contribué à la réflexion entreprise par l'Autorité sur le rôle des conseils d'administration aux prises avec une offre publique d'achat non sollicitée, cette réflexion ayant mené au lancement d'une importante consultation en mars 2013. En 2011 et 2012, il a également piloté les travaux ayant mené à l'approbation par l'Autorité de l'acquisition du Groupe TMX par le Groupe Maple.

Dans le cadre de ses fonctions, M<sup>e</sup> Louis Morisset participe activement aux initiatives de coordination et d'harmonisation réglementaire des Autorités canadiennes en valeurs mobilières (ACVM). Sur la scène internationale, M<sup>e</sup> Louis Morisset représente l'Autorité notamment au sein du conseil de l'Organisation internationale des commissions de valeurs (OICV) et a contribué de façon significative au cours des dernières années aux travaux de cette organisation. Il a notamment codirigé les travaux du Groupe de travail spécial de l'OICV chargé d'examiner, au sortir de la crise financière de 2007-2008, le rôle des régulateurs de valeurs mobilières en matière de risques systémiques. Il a également été élu pour deux mandats consécutifs de président du Groupe de surveillance chargé de superviser la mise en œuvre et l'application de l'Accord multilatéral de l'OICV portant sur la consultation, la coopération et l'échange d'information.

Avant de se joindre à l'Autorité, M<sup>e</sup> Louis Morisset était associé au sein du cabinet d'avocats Stikeman Elliott S.E.N.C.R.L., s.r.l. où il a acquis une vaste expérience en matière de droit des valeurs mobilières et de financement d'entreprises tant au Canada, qu'aux États-Unis et en Europe.

M<sup>e</sup> Louis Morisset est membre du conseil d'administration de l'Institut sur la gouvernance d'organisations privées et publiques, de Finance Montréal, la grappe financière du Québec et de l'Institut de la finance structurée et des instruments dérivés de Montréal. Il est également membre du Conseil de surveillance de la normalisation comptable (CSNC).

Diplômé en droit de l'Université de Montréal en 1995, M<sup>e</sup> Louis Morisset est membre du Barreau du Québec depuis 1996.

### CAFII Regulator Visit Plan 2013<sup>1</sup>

updated June 21, 2013

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
British Columbia	<b>Insurance Council of BC:</b> Gerry Matier, Exec. Dir.	X	-Update on Council priorities -Maintain and strengthen relationship	S. Gelgor J. Lewsen R. Beckford T. VanMeggelen B. Wycks	Invite when in Toronto	Five CAFII reps has liaison lunch meeting with G. Matier in Toronto on May 15, 2013; covered range of topics in CAFII Briefing document
	<b>Financial Institutions Commission(FICOM):</b> Carolyn Rogers , CEO, FICOM & Superintendent of Insurance (CCIR chair); Doug McLean, Deputy Superintendent	X	-update on FICOM priorities -Maintain and strengthen relationship  (-CAFII has 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.)		Surrey, BC When Carolyn is in Toronto; or CAFII Board member in Vancouver	Targeted networking with C. Rogers occurred during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013; and at CLHIA Compliance Conference in Vancouver in May 2013
Alberta	<b>Alberta Insurance Council :</b> Joanne Abram, CEO; Tom Hampton, Chief Operating Officer; Ron Gilbertson, Chair (2012-15)	X	-Update on Council priorities -Council Representation -Licensing for 3 <sup>rd</sup> party providers - Business number registration system -Maintain and strengthen relationship	S. Gelgor M. Gill J. Lewsen R. Beckford T. VanMeggelen	When Joanne or Tom is in Toronto; or CAFII Board member in Edmonton	Five CAFII reps met with J. Abram and R. Gilbertson in Vancouver on May 7, 2013; discussion captured in Regulatory Visit Report
	<b>Ministry of Finance:</b> Mark Prefontaine, Superintendent of Insurance  Brad Geddes, 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 <sup>th</sup> Anniversary event on April 10, 2013

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	<b>New President of Treasury Board and Minister of Finance</b> Doug Horner					
Saskatchewan	<b>Sask. Insurance Council:</b> Ron Fullan, Chair	X	-Update on Council priorities -Council Representation -Maintain and strengthen relationship		Invite when Ron is in Toronto	Targeted networking with R. Fullan occurred during CAFII 15 <sup>th</sup> Anniversary Event on April 10, 2013, and during CLHIA Compliance Conference in May 2013.  R. Fullan will be in Toronto for CISO LLQP Stakeholder Info Sessions on Monday, July 8 and Thursday, September 12, 2013. These visits to Toronto may present opportunities for CAFII reps to meet with him re CAFII's Proposal For Restricted Licensee Representation in Sask.

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	<b>Financial and Consumer Affairs Authority</b> , David Wild, Chairperson and Superintendent of Insurance;  Ian McIntosh, Deputy Superintendent of Insurance		-Courtesy visit, Introduction of CAFII -Insurance Act Review, ISI; Council Representation -Maintain and strengthen relationship		When David or Ian is in Toronto; or CAFII Board member in Regina	
	<b>Consultant (ex Superintendent)</b> Jim Hall		-Update on Insurance Act review -Maintain and strengthen relationship		When Jim is in Toronto; or CAFII Board member in Regina	
Manitoba	<b>Ministry of Finance:</b> Jim Scalena, Superintendent	X	-Update of Insurance Act review and ISI regime -Maintain and strengthen relationship		Winnipeg	Targeted networking with J. Scalena occurred during CAFII 15 <sup>th</sup> Anniversary Event on April 10, 2013;  Manitoba's release of Draft ISI Regulations in early June 2013 (response date: July 2, 2013) will likely require a regulatory relations/advocacy visit by a CAFII rep(s) to Winnipeg, given that the draft regs contain a number of problematic issues for CAFII members

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	<b>Manitoba Insurance Council:</b> Erin Pearson, Exec Director;	X	-Update on Council priorities -Restricted Certificate holder representation on Council -Maintain and strengthen relationship		When Erin is in Toronto; or CAFII Board member in Winnipeg	
	<b>Ministry of Finance</b> Minister Stan Struthers		Letter of introduction sent; include on a visit of CAFII Chair or Board member to Manitoba. Wait until issues with Insurance Act review are resolved			
Ontario	<b>FSCO:</b> Phil Howell, CEO & Superintendent	X	-Update on FSCO priorities -Maintain and strengthen relationship		Toronto	Targeted networking during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013. P. Howell invited B. Wycks to contact his EA to arrange a lunch meeting to get better acquainted: now arranged for July 5, 2013

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	<p><b>FSCO:</b> Grant Swanson, Executive Director, Licensing &amp; Market Conduct Division</p> <p>Anatol Monid, Director, Market Regulation Branch</p>					<p>On February 14, B. Wycks and Rosemary Troiani, RBC Insurance, met with G. Swanson, Isobel Scovino and Jim Fox around FSCO's plans for Modernizing Disciplinary Procedures For Life Insurance Agents and Independent Adjusters</p> <p>At CAFII Regulator Reception on June 11, 2013, A. Monid introduced recent FSCO hire Adrienne Warner to several CAFII reps, as Adrienne is the delegated "point person" for FSCO's "Life Insurance &amp; Mortgage Broker Product Suitability Review." CAFII can expect to hear from her in near future in response to our request for a pre-consultation meeting.</p>

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
	FSCO: Company Complaint Officer Day			-individual companies	Toronto November	FSCO's Adrienne Warner advised on June 12 that FSCO's 6 <sup>th</sup> Annual Symposium for the Life and Health Insurance Sector will take place on Friday, November 22, 2013 from 8:00 a.m. to 12 Noon at Novotel in North York
Quebec	<b>AMF:</b> Mario Albert, CEO  <b>New CEO effective July 2, 2013: Louis Morisset</b>		-Update on AMF priorities -Maintain and strengthen relationship		When Louis is in Toronto; or CAFII Board member in Quebec City	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, 2013 for a very productive/informative two hour lunch liaison meeting
	<b>AMF:</b> Superintendant, Client Services and Distribution Oversight: Eric Stevenson  <b>AMF:</b> Superintendent of Solvency, Patrick Dery	X				Targeted networking with E. Stevenson and P. Dery occurred during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013
	<b>AMF:</b> Rendez-vous			-individual companies	October	

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
New Brunswick	Superintendent (Acting) Angela Mazerolle-Stephens		<ul style="list-style-type: none"> <li>-Update on Superintendent's priorities</li> <li>-Discuss /educate on creditor's group insurance (CGI) and Avalon;</li> <li>-Licensing issues, electronic licensing; Insurance Act Review Status;</li> <li>-Maintain and strengthen relationship</li> </ul>		TBD Fredericton	Targeted networking with A. Mazerolle-Stephens, Acting Superintendent of Insurance; and David Weir, Deputy Superintendent of Insurance, occurred during CAFII 15 <sup>th</sup> Anniversary Event on April 10, 2013
	Consumer Advocate For Insurance, Ronald Godin		<ul style="list-style-type: none"> <li>-Update on Consumer Advocate's priorities</li> <li>-Discuss /educate on creditor's group insurance (CGI) and Avalon</li> <li>-Build relationship</li> </ul>		When Ronald Godin is in Toronto; or CAFII Board member in Fredericton	
Nova Scotia	Superintendent Doug Murphy		<ul style="list-style-type: none"> <li>-Update on Superintendent's priorities</li> <li>-Discuss /educate on creditor's group insurance (CGI) and Avalon;</li> <li>-Atlantic Taskforce on ISI</li> <li>-Build relationship</li> </ul>		TBD Halifax	Targeted networking with D. Murphy occurred during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013
PEI	Superintendent Robert Bradley		<ul style="list-style-type: none"> <li>Courtesy- Low priority for 2013 (only if CAFII Board member in Charlottetown)</li> <li>-Update on Superintendent's priorities</li> <li>-Build relationship</li> </ul>		Charlottetown	Targeted networking with R. Bradley occurred during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013



Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
Newfoundland	Superintendent Douglas Connolly		-Update on Superintendent's priorities -Discuss /educate on creditor's group insurance (CGI) and Avalon -Build relationship		St John's	Targeted networking with D. Connolly occurred during CAFII 15 <sup>th</sup> Anniversary event on April 10, 2013
Atlantic Canada	Joint Forum of Insurance Regulators		- Update on Superintendents' priorities -Discuss /educate on creditor's group insurance (CGI) and Avalon -Build relationships		Moncton or Charlottetown ?	M. Gill to contact David Weir, Deputy Superintendent of Insurance, New Brunswick, re prospect of CAFII having a Joint Meeting with all four Atlantic Canada insurance regulators in Summer or Fall 2013
CCIR	Carol Shevlin, Policy Manager	X	-Annual lunch. Discuss priorities -Maintain and strengthen relationship		Toronto	B. Wycks had a Get Acquainted Lunch with C. Shevlin in January 2013; and is in regular contact with her
	CCIR Executive		Meet when pressing issues or opportunistic meeting occasions arise.		October 29-30, 2013 in Toronto	At CLHIA Conference in May 2013, C. Rogers, CCIR Chair, announced that CCIR will hold a Town Hall Meeting/Stakeholder Open Forum-type event in Toronto in October 2013

Jurisdiction	Regulator	Annual Courtesy Call	Purpose/Issues	Attendees	Date/Venue	Status
CISRO	Ron Fullan Chair		-Update on CISRO priorities -Maintain and strengthen relationship		-invite when in Toronto	B. Wycks has contacted R. Fullan to inquire if his travel plans and itinerary would allow for a breakfast, lunch, or coffee meeting around his trip to Toronto for CISRO LLQP Stakeholder Info Session on July 8, 2013.
Federal	<b>Federal Finance</b>		Educational – marketing of CGI			
	<b>OSFI:</b> Julie Dickson, Superintendent					
	<b>OBSI:</b> Doug Melville Ombudsman		Educational – marketing of CGI			
	<b>Financial Consumer Agency of Canada (FCAC)</b>		Financial Literacy re insurance			Ursula Menkes retiring from FCAC CEO role at end of May 2013; successor not yet named.  M. Gill had liaison lunch with FCAC contact in late April 2013; contact advised that FCAC is “not working on insurance at this time”

# CAFII Priorities by Committee – June 21, 2013

## 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 <b>Financial Reports</b>	
Keep environment open to key products	Be aware of current and emerging issues ( <b>Regulatory Update</b> ).	
	Develop responses to regulatory initiatives. Forward to board for approval as necessary. Oversight of <b>Distribution and Market Conduct Policy Committee (DMC)</b>	Regulation of ISI
		International regulation of creditor products
		Market Conduct Regulation
		Electronic Commerce
		Provincial Insurance Act Reviews
		Quebec Distribution Guide
Keep environment flexible /efficient	Identify barriers to efficient operations. Oversight of <b>Licensing Efficiency Issues Committee</b>	Licensing Irritants
		Provincial Insurance Councils and CISRO issues, including LLQP
		Electronic licensing
		Multi-jurisdictional licensing/mutual recognition
Develop communication plans and tools	Oversight of <b>Media and Advocacy Strategy Committee(MAC)</b>	Communications strategy, CAFII Branding Advocacy Strategy Website
Build relationships with key stakeholders	Connect with regulators. Manage and conduct regulator visits. (Manage <b>Regulator Visit Schedule</b> ) Approve attendees at regulator meetings, review meeting notes and manage follow-up actions	
	Oversight of <b>Networking and Events committee</b>	
Other items	Continuance under new Canada Not for Profit Corporations Act (CNCA)	Articles of Continuance to be filed by October 26, 2014
	Changes to CAFII Management structure – development of Executive Director role	Executive Director hired effective December 2012; oversight of establishment of ED's role, its evolution and effectiveness

**Distribution and Market Conduct Policy Committee**

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

**Co-Chairs:** 1) Sue Manson CIBC 2) Wayne Eccles TD **Other members:** 3) Emily Brown BMO 4) John Poolman, Assurant

5) Andre Duval, DSF 6) Rose Beckford ScotiaLife Financial **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

Item	Description	Activities Completed/Industry Developments	Status/Next Steps
<b>Regulation of ISI</b>	Quebec <ul style="list-style-type: none"> <li>DWR (review of Insurance Act)</li> </ul>	<ul style="list-style-type: none"> <li>CAFII members met with Eric Stevenson Nov 2012</li> <li>Insurance Act Overhaul/Re-write formally announced by Quebec Government on April 30, 2013</li> </ul>	<ul style="list-style-type: none"> <li>Active</li> </ul>
	Quebec <ul style="list-style-type: none"> <li>Review of Distribution Guide</li> </ul>	<ul style="list-style-type: none"> <li>CAFII input provided on Guide (e.g. signature, remuneration) through letter sent to AMF June 2012, meeting with Eric Stevenson Nov 2012 and follow-up letter sent to AMF Dec 2012</li> </ul>	<ul style="list-style-type: none"> <li>Active</li> <li>EOC involvement and oversight</li> <li>Met with AMF in Quebec City on June 7, 2013</li> <li>DMC proposes information session</li> </ul>
<b>International Regulation of Creditor Insurance</b>	PPI IAIS Core Principles	<ul style="list-style-type: none"> <li>Brendan reported on US and UK developments</li> <li>CAFII Project</li> </ul>	<ul style="list-style-type: none"> <li>Active/Monitor ongoing</li> <li>Board approval received on June 11 to secure draft communication of project outcomes</li> <li>Post Implementation Review</li> </ul>
		<ul style="list-style-type: none"> <li>Proposed committee work on impact of international regulations matrix</li> </ul>	<ul style="list-style-type: none"> <li>EOC Input obtained</li> <li>Active</li> </ul>
<b>Industry Complaint Statistics</b>		<ul style="list-style-type: none"> <li>Proposed committee work on Industry Complaint Statistics</li> </ul>	<ul style="list-style-type: none"> <li>EOC Input obtained</li> <li>DMC Subctte met on June 4 and 25, 2013</li> </ul>
<b>Consultations</b>	FSCO life insurance product suitability review	<ul style="list-style-type: none"> <li>FSCO will hold a pre-consultation meeting with CAFII when ready to launch initiative</li> </ul>	<ul style="list-style-type: none"> <li>Anatol Monid introduced Adrienne Warner to CAFII as FSCO point person for "Life Insurance &amp; Mortgage Broker Product Suitability Review." Adrienne to contact CAFII to</li> </ul>

CAFII Priorities by Committee – June 21, 2013

Item	Description	Activities Completed/Industry Developments	Status/Next Steps
	E-commerce	<ul style="list-style-type: none"> <li>CCIR and AMF – upcoming consultations</li> </ul>	<ul style="list-style-type: none"> <li>arrange requested pre-consultation meeting.</li> <li>Active with Release of CCIR E-Commerce Consultation Paper on May 23, 2013</li> </ul>
	Provincial Insurance Acts	<ul style="list-style-type: none"> <li>Manitoba</li> </ul>	<ul style="list-style-type: none"> <li>Draft ISI Regulations released on June 3, 2013; Licensing Committee to deal with this matter.</li> </ul>
		<ul style="list-style-type: none"> <li>Saskatchewan</li> </ul>	<ul style="list-style-type: none"> <li>Watch</li> </ul>
		<ul style="list-style-type: none"> <li>Ontario</li> </ul>	<ul style="list-style-type: none"> <li>Watch</li> </ul>
<b>Avalon Report Update</b>	Survey members companies, update analysis and research	<ul style="list-style-type: none"> <li>Comparison of creditor insurance on mortgages with term life and individual disability insurance: pricing, approval rates, claim approval rates, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Active</li> <li>Last conducted in late 2009/early 2010 on 2008 data</li> <li>DMC secured Board approval for refresh of this study, using 2013 data; to be conducted in late 2013 and first quarter of 2014.</li> </ul>

**AMF Distribution Guide Task Force**

(Task Force of Distribution and Market Conduct Policy Committee)

**Members:** Emily Brown, John Poolman, Rose Beckford, Moira Gill, Sue Manson

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

CAFII Priorities by Committee – June 21, 2013

**Licensing Efficiency Issues Committee**

**Membership** – 1 Chair who is a member of EOC and 3 members from representative companies.

Chair: Moira Gill TD 2) Sara Gelgor , ScotiaLife Financial 3) John Poolman, Assurant 4)Greg Grant CIBC 5) Sari Scherer, BMO

**Mandate:** Identify and manage licensing efficiency issues for restricted and individual licensing processes.

Priorities	Issues	Currently active issues	Status
<b>Licensing operation issues</b> Streamlining and harmonizing licensing requirements (training, CE, other)	Request for restricted certificates for 3 <sup>rd</sup> parties Alberta	v	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 in <u>year ?</u>
	CISRO project to redesign LLQP – project completion target Sept 2014		Quarterly Stakeholder Information Sessions being held by CISRO, incl. January 17/13 and April 9, 2013. Next Sessions to be held on July 8 and September 12, 2013.
	Licensing process -streamlining and harmonization		Identification of issues ongoing
<b>ISI regime implementation</b>	Manitoba – issues to be resolved with implementing regulations		Included in Insurance Act Spring 2012 <b>Letter sent in August 2012</b> <b>-CAFII response to draft ISI Regulations being prepared for July 2, 2013 deadline.</b> <b>May require more detailed follow-up submission and a visit by a CAFII rep(s) to Jim Scalena, Superintendent of Insurance, in Winnipeg</b>
<b>Provincial Insurance Councils and CISRO issues</b>	Opportunities to have restricted licensees represented or otherwise participate on Council discussed with Saskatchewan and Alberta. Committee identified a need for an analysis of options for BC, Alberta & Saskatchewan. Council representation needed	v	Legal assistance engaged and analysis of options underway. <b>Meeting with AIC Jan 2012.</b> <b>Meeting with Sask. held</b> <b>Meeting with Manitoba held</b>
<b>Electronic licensing</b>	Promote use of electronic licensing systems by provincial regulators; possible use of “business numbers” to link		<b>Letter of support sent to CISRO May 2012</b>
<b>Multi-jurisdictional licensing/ mutual recognition</b>	Trade Agreements - promote mutual recognition ( Ontario – Quebec, New West Partnership )		Attended trade agreement update meeting May 2012

CAFIL Priorities by Committee – June 21, 2013

**Media and Advocacy Strategy Committee**

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

**Co-Chairs:** 1) Sara Gelgor 2) John Lewsen

**Members:** 3) Paul Yeung, 4) Moira Gill, 5) Greg Grant 6) Charles Blaquiére

**Resources:** Leya Duigu, Brendan Wycks

**Mandate:** Identify key stakeholders and develop, recommend and implement communication and advocacy strategy. Oversee CAFIL branding. Oversight of Media Response taskforce.

**Areas of Interest:** Underserved Market: Creditor Insurance (value proposition, disclosure); Counter broker lobby messages

Initiatives	Status/Explanation	Resp	Next steps
-Develop a Communications Strategy	<p>-Update Communications Strategy: CAFIL-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.</p> <p>-bring strategy up to date, should be a refresher at every board meeting</p>	ED	<p>-ED B. Wycks provided Feedback/Commentary on Communications Strategy at March 21, 2013 MAC meeting and March 26, 2013 EOC meeting</p> <p>-Update provided at April 10, 2013 Board meeting</p> <p>-Draft Revised Communications Strategy to be completed by July 15, 2013 for review by MAC and, subsequently, by EOC (trying to arrange special purpose MAC and EOC meetings for July 24, 2013)</p>
<p><u>Website</u></p> <p>-collect testimonials, post on site</p> <p>-Refresh CAFIL mission statement</p> <p>-expand tabs to include other</p>	<p>-Testimonial ( written or video)- 1 per member , have 7 or 8 available and determine how to rotate through ( value –add to members)</p> <p>-review mission statement to ensure it is in line with branding,</p> <p>-incorporate alternate distribution ( underserved</p>	<p>J Lewsen</p> <p>ED</p> <p>ED</p>	<p>-Email reminder sent w/o Oct 22, 2012; One written and two video testimonials received to date. B. Wycks to follow-up with direct request to each Voting Member, via EOC members</p> <p>-Removed from MAC Priorities, as Mission Statement is solely within Board purview and typically is reviewed as part of Strategic Plan renewal. J. Hines and B. Wycks to discuss with Chair M. Cummings</p> <p>-Underserved market material drafted, to</p>

CAFII Priorities by Committee – June 21, 2013

Initiatives	Status/Explanation	Resp	Next steps
products & regulators/industry	market)		be approved for website. In process with ED B. Wycks
	- Travel insurance product – ED to reach out to travel association and CLHIA; look at it from distribution perspective	ED	B. Wycks met with CLHIA Execs. on April 1 and June 3; had get acquainted discussion with John Thain, volunteer President of Travel Health Insurance Association, who works for Assurant Solutions, at CAFII 15 <sup>th</sup> Anniversary event. Will have a full meeting with Thain in June or July, after THIA Conference.
-Develop CAFII “Did you know” video to convey important facts	-(Charles Blaquiere suggestion ) <b>Budget allocation request \$10,000</b>	ED	-In process as part of CAFII Re-Branding and Visual Identity Modernization initiative
-what’s new	-In place, ongoing update of news	ED	-Ongoing
<u>CAFII Branding</u> -develop marketing tagline	several taglines to be sent to Board, -identify differentiating factor, eg advocating for insurance access , choice, all Canadians	J Lewsen	Completed
	- include tagline on all submissions, website, swag, and letters to regulators	ED	-In process; to be completed in conjunction with Re-Branding and Visual Identity Modernization initiative
-CAFII newsletter for regulators	-Insurance regulatory news to be collected monthly and shared with regulators as a value added service <b>Budget Request re formatting?</b>	ED	-Completed and ongoing.
-CAFII “look”	-Develop a font and layout unique to CAFII to be used in letters, submissions and newsletter; assess if new logo needed <b>Budget allocation request \$10,000</b>	ED	-In process as part of CAFII Re-Branding and Visual Identity Modernization



CAFII Priorities by Committee – June 21, 2013

Initiatives	Status/Explanation	Resp	Next steps
-Acquire soft marketing tools (pads, pens etc),	-Coasters suggested– include tagline and web address on next re-order <b>-Budget allocation request</b>		-Pens, mugs and i-phone holders are in stock
<u>Media Protocol</u> -Develop and manage protocol for handling media requests  -media training for ED	-Protocol to be revised with arrival of ED  <b>-Budget allocation request \$2,000</b>	ED	-Completed; revised Media Protocol approved by MAC on January 17/13  -Schedule training for Q3 2013. Expand to include Board members who are interested and available on the day booked for media training.
-Monitor Media		ED	Ongoing
-Develop List of Friendly media			Paul & Moira have completed list
-Notify communications departments of member firms	-To be done when messaging is reviewed		
-News Release	-Send out notification re new ED		-Notice sent to all CAFII members. Included in first issue of Regulators' newsletter. Also to be sent directly to each regulator with a cover letter from M. Cummings
Develop 2-3 likely scenarios		ED	-B. Wycks reviewing material drafted by G. Grant.
Key Message Development - identify issues and develop key messages	-Key message document: develop and review stock messages to be used in communication opportunities	ED	-Key Messages document drafted by A. Riley for B. Wycks' review. In process; for review and inclusion in development of Revised Communications Strategy
-Regulator Kit  -develop booklet /brochure	For new regulators. Compile package of information for regulators which can include -booklet - past submissions, -testimonials and -key fact sheet. Booklet - take images from website, testimonials, designed to highlight major issues. Small 10 page	ED  ED	-Some content developed by RBC intern       -To be completed in conjunction with Re-Branding and Visual Identity

CAFII Priorities by Committee – June 21, 2013

Initiatives	Status/Explanation	Resp	Next steps
-Key Facts sheet	booklet that can be given out with business cards. -develop a “Key Facts” sheet to be part of regulator package	ED	Modernization initiative -To be completed in conjunction with Re-Branding and Visual Identity Modernization initiative
Manage research to support message (eg. Pollara) - develop key messages - manage plan of use of research - determine when and what research must be undertaken or renewed	-Pollara plan of use in place	MAC	-Plan of use to be reviewed by ED and feedback brought to MAC meeting in July 2013
-Industry Statistics	- identify and keep current statistics from LIMRA and CAFII research	ED	-overlapping responsibility with DMC. Referred/delegated to DMC.
-Webinars Develop and offer webinar education Determine distribution of webinar material	-develop / oversee development of new webinars -review and keep webinars current -track who has seen which webinars -plan number of webinars per year, have list of upcoming webinars -deliver webinars  <b>Budget allocation request \$10,000</b>	ED	-Digital commerce and social media webinar, developed by Davis Yoo and Debbie Dimoff of PwC, delivered to CCIR audience on May 30, 2013.  -Topic and timing of next webinar for CCIR under consideration.

**Media Response Taskforce**

**Membership:** Taskforce consists of any two members of the Media and Advocacy Strategy committee plus Brendan Wycks.

**Purpose:** Deal with media issues as they arise. Make recommendation to Board communications committee (Members: Mark Cummings, Scotialife Financial; Dave Minor, TD; Rick Lancaster, CIBC; Julie Barker-Merz BMO)

CAFII Priorities by Committee – June 21, 2013

**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: Jennifer Hines Resources: Leya Duigu, Brendan Wycks

**Mandate :** Operate CAFII events and receptions to maintain contact with regulators, associate members and other key stakeholders.

Priority	Activities	Status
<b>Plan Quarterly Speaker and reception events, and member-only event</b>	-February Speaker Event ( members only)	-Moved to March 26, 2013, with Jane Carr, Vice-President and Managing Attorney, Assurant Solutions, Atlanta, speaking on “Issues, Challenges and Opportunities in U.S. Debt and Other Protection Products.” -Completed and successful
	-April 10, 2013 CAFII 15 <sup>th</sup> Anniversary Event	-Completed and successful
	-June AGM/Regulator Reception Event	-Completed and successful. Doug McPhie, Ernst & Young’s Canadian Insurance Leader, was speaker on “2013 Canadian Life Insurance Outlook” for Regulator Reception event on June 11, 2013
	October Speaker Event	
	December Reception	
<b>Keep current lists of key contacts</b>		
<b>Christmas cards to key contacts?</b>		
<b>Seek out other opportunities to meet with contacts (eg. corporate table)</b>		



QUÉBEC, April 30, 2013 /CNW Telbec/ - The Minister of Finance and the Economy, Nicolas Marceau, today tabled the *Rapport sur l'application de la Loi sur les assurances et de la Loi sur les sociétés de fiducie et les sociétés d'épargne* in the National Assembly.

These two statutes stipulate that the Minister must report to the National Assembly on their application and make recommendations on the advisability of maintaining their provisions or amending them. Accordingly, the report tabled today proposes a variety of improvements that could be made to these two statutes to modernize them and adapt them to the realities facing the financial sector.

"We worked on this report with industry representatives. It contains 52 proposals designed to make the legislative framework more consistent and simpler by giving the industry the leeway it needs to continue growing, while ensuring that Quebecers remain well served and protected," the Minister said.

He indicated that these proposals will be submitted to industry stakeholders for comment. The proposals and comments received will form the basis for a complete revision of the two statutes. "We continue to work with the industry to propose promising legislative amendments for this major sector of our economy," the Minister concluded.

### **Overhaul of the Quebec Insurance Act**

[http://www.finances.gouv.qc.ca/documents/autres/en/AUTEN\\_loiassusoc.pdf](http://www.finances.gouv.qc.ca/documents/autres/en/AUTEN_loiassusoc.pdf)

Since its last major revision in 1974, the Insurance Act has undergone more than 200 legislative changes.

That's why "it would be appropriate as part of the five-year review to review the structure of the Insurance Act in order to make it more orderly," said Finance Minister Nicolas Marceau in the "Report on the Application of the Insurance Act," which was introduced Tuesday (today) at the National Assembly. The Report, which also focuses on the how the Act applies to trust companies and savings companies, makes 52 recommendations for legislative reforms to the law's application to those two sectors.

With respect to the Insurance Act, the Ministry of Finance is proposing to reorganize its content under two specific themes: (i) Corporate Processes (mergers, conversions, administration, etc.); and (ii) Supervision (business practices, solvency, and powers of AMF).

A whole chapter of the Report focuses on increasing the monitoring and supervisory powers of the AMF, which "must be able to require insurers, trust companies and savings companies to produce documents or information on their subsidiaries or on the company that controls them, in order to be able to assure itself that the laws are being respected.

In addition, the AMF should be able to investigate when it has reason to believe that violations of the law are have been committed," says the Report.

"This Report results from an analysis of the sector over the past decade, and from the fact that the AMF has asked that its powers be expanded," said Sylvain Thériault, spokesman for the regulator (AMF).

Notably, the Report proposes to harmonize the different powers that the AMF currently has with respect to insurers, their subsidiaries and their parent companies.

With respect to insurers, the Report proposes several changes related to the composition of their boards of directors, the role of auditors, topics to be discussed at annual meetings of shareholders, business reorganizations, and the required retention period for financial documents.

In addition, several recommendations are addressed to directors of insurers, particularly concerning their legal obligations and duties, as well as the range of powers that may be delegated by the directors.

André Chapleau, spokesman for Mouvement Desjardins, said "this is a welcome initiative, expected by the (insurance) industry." Having just learned of the report, the Mouvement can't comment yet, but he provided assurance that it will participate in the work that is sure to be launched by the Ministry of Finance to monitor implementation of the Report's recommendations.

Alongside Finance Minister Marceau, Mélanie Malenfant, Deputy Director of the Cabinet, said "it's necessary to give the industry time to familiarize itself with the Report; hence a period for submissions was planned."

The timelines for the necessary consultation among industry players, regulators and legislators to implement the Ministry's recommendations are not yet known.

### **Five-Year Review of the Distribution Act and Redesign of the FISF (Fonds D'Indemnisation des Services Financiers) Expected "Soon"**

More than a decade has passed since the last legislatively required five-year review of financial sector laws in Quebec.

Six of the laws governing Quebec's financial industry obligate the Minister of Finance to report every five years on their implementation and effectiveness. The last five-year review on the province's Insurance Act was carried out in 2001, Finance and Investment revealed last year.

The day after his election, Nicolas Marceau committed to "catch up on the delay which was occurred with these reports." Based on the findings that the five-year reviews on these laws bring forth, he foresaw "a Review of the various laws governing the financial sector" to improve them.

On April 25, Minister Marceau also wrote to Stéphane Bédard, parliamentary leader of the Parti Québécois, to inform him of the imminent filing of a Report, under the Act, respecting the distribution of financial products and services, and the enhancement of the province's Compensation Fund related to financial services.

In that letter, Finance Minister Marceau said "the AMF will soon publish a report on compensation for victims of fraud. In addition, we are currently preparing a Report under the Act respecting the distribution of financial products and services that addresses this issue. This Report will provide an opportunity for the government to propose improvements to the current compensation regime."