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

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CAFII Executive Operations Teleconference Committee Meeting

Date: Tuesday, June 26, 2018
Location: Teleconference Only
Chair: P. Thorn
Time: 2:00 – 3:00 p.m. EST
Dial-in: 416-477-0921 / 1-888-543-2249
Pin #: 1500

Agenda

Item	Presenter	Action	Document
1. Call to Order and Welcome to New EOC Member(s) **2:00 p.m.**	P. Thorn		
2. Consent Items **2:05 p.m.**			
a. Regulatory Update			✔
b. CAFII/CLHIA Joint Proposal to ICS Re RIA Advisory Committee			✔
c. CAFII Submission on CCIR/CISRO's "Guidance: Conduct of Insurance Business and Fair Treatment of Customers"			✔
d. CAFII Submission on BC FIA Review Preliminary Recommendations Paper			✔
3. CAFII Governance **2:07 p.m.**			
a. Debrief on June 5/18 CAFII Board Meeting and Reception	P. Thorn	Discussion	
i. CAFII EOC Chair Succession		Discussion	
ii. Update on Board Direction To Expedite Research Via Creditor's Group Insurance Consumer Survey	K. Martin	Update	
b. Tentative July 24/18 CAFII EOC Teleconference-Only Meeting: Confirm?	B. Wycks/K. Martin	Discussion	
c. Tentative August 14/18 CAFII EOC Teleconference-Only Meeting: Confirm?	B. Wycks/K. Martin	Discussion	
4. Recent and Upcoming CAFII Regulatory and Strategic Initiatives **2:20 p.m.**			
a. Passage of Quebec Bill 141	K. Martin	Update	✔
b. June 12/18 Speech By FCAC Commissioner Lucie Tedesco To Economic Club	B. Wycks/K. Martin	Update	✔ (2)
c. Possible Special Purpose CAFII In-Person CAFII Board Meeting with Lucie Tedesco and/or Brigitte Goulard, FCAC, As Guest Presenters/Discussants	B. Wycks/K. Martin	Discussion	
d. CLHIA Request for CAFII Letter of Support Re CLHIA Push-Back to Saskatchewan Re Certain Provisions of Revised Insurance Act and Related Regulations	B. Wycks/K. Martin	Discussion	✔
e. June 18/18 CAFII Webinar for CCIR/CISRO On 2018 Pollara Research	K. Martin/S. Manson	Update	✔
f. June 25/18 Public Release of Pollara Research Results: Media Release; Results Executive Summary; and Leave Behind Collateral	K. Martin/S. Manson/D. Quigley	Update	✔ (5)
g. Nova Scotia Superintendent of Insurance-Led Consultation on CFTA	B. Wycks/M. Gill	Update	✔
h. Summer 2018 CAFII Meeting with FCNB Re Plans for an RIA Regime	B. Wycks/K. Martin	Update	
i. CAFII Website Enhancements, Including "About CAFII Video"	K. Martin	Update	✔
j. Other Recent CAFII Media Efforts	K. Martin	Update	
5. Tracking Issues			
a. AMF Summer 2018 Consultation on Updating Sound Commercial Practices Guideline			
b. Alberta Government Plans to Create a Single Financial Services Regulator			
c. Phase 2 of FCAC's Domestic Bank Retail Sales Practices Review			
d. Australian Royal Commission on Banking			

Next EOC Meeting: Tuesday, July 24/18, 2:00 – 3:00 p.m., Teleconference-only meeting

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

Regulatory Update – CAFII Board of Directors and Executive Operations Committee, May 25, 2018

Prepared By Brendan Wycks, CAFII Co-Executive Director

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Federal/National

Financial Consumer Agency of Canada (FCAC)

FCAC Report Outlines Best Practices For Consumer Protection

The Financial Consumer Agency of Canada (FCAC) has found a lack of consumer protection around unfair treatment, according to its report on best practices in financial consumer protection which was released in May.

While FCAC found Canada's overall federal financial consumer protection framework to be strong, it noted areas that could be strengthened, including addressing consumer protection in legislation, better supporting the supervisory and enforcement work of the agency with additional tools, and introducing targeted measures to better empower and protect consumers.

For example, the report notes that, according to the G20 High-Level Principles, financial consumers should be treated equitably, honestly and fairly at all stages of their relationship with financial service providers. Yet, no provincial consumer protection laws mandate that consumers be treated "fairly," in particular, says the report.

However, it also notes that the Autorité des marchés financiers is currently considering including fair treatment as an integral part of governance for provincially regulated financial service institutions offering credit.

Also, The Bank Act prohibits specific practices such as coercive tied selling or charging for products or services without express consumer consent. However, "there are currently no provisions requiring fair treatment of consumers or prohibiting unfair treatment," says the report.

In March, FCAC released findings from a review of business practices across Canada's big banks, following media reports last year of questionable sales tactics. That report said the banks had insufficient controls in place to mitigate against risks of mis-selling.

The report on best practices comes in response to a request from the Minister of Finance that FCAC engage with provincial and territorial regulators and other key stakeholders to identify best practices in financial consumer protection in place across the country. Findings from the report will help inform the government's work on a new financial consumer protection framework.

The scope of FCAC's review focused on consumer protection measures that apply to financial products and services, such as credit products and deposit products. In parallel, FCAC assessed international best practices and the current federal framework.

The FCAC's full report is published on its website.

Canadian Life and Health Insurance Association (CLHIA)

CLHIA Delays New Compensation Disclosure Guideline By Six Months

On February 5/18, CLHIA announced that, in response to feedback from the advisor community, it was postponing the implementation of its new Guideline G19, Compensation Disclosure in Group Benefits and Group Retirement Services, **by six months** for new contracts to January 1, 2019.

"Advisors are valuable partners in delivering group benefits and retirement services to Canadians and their views on the new proposed standards and how to implement them are key. Consultations began earlier this year and we are listening to their views. That is why we took the immediate step of pushing back the implementation date," said Stephen Frank, CLHIA President and CEO.

The CLHIA media release noted that the Association was currently on a cross-country tour, meeting with advisors to explain the new Guideline and gather their views and recommendations on how best to implement G19. Further, the CLHIA was creating an advisory committee of advisors and insurers to provide their guidance. "We need the help of advisors to ensure successful implementation and we are committed to partnering with them on the new standards," said Frank.

CLHIA Ignoring Views on New Guideline G-19 Says Newly Formed Advisors Group

Rob Taylor of the newly formed National Coalition of Benefit Advisors (NCBA) says its pleas to CLHIA on the Association's new *Guideline G19, Compensation Disclosure in Group Benefits and Group Retirement Services* have mainly fallen on deaf ears.

"If you look at any industry, when one side of the table decides they want to get together on their own and try to impact all other stakeholders, we start to question what the actual intent is," he says. "We don't really think, deep down, that this is all about the consumer. It's about 'can we make more money and have access to more of the market' – that is what CLHIA is governed by."

In response, Taylor joined with group benefits advisors from across Canada to form NCBA earlier this year. Their primary mission is to provide a voice for their profession, thus acting as a counterpoint to the insurance providers. In his opinion, the role of the advisor is crucial in acting as a buffer between huge conglomerates and plan sponsors. And for that reason, he is skeptical of the insurers' reasoning for G-19.

"Does it mean they want to go direct – who knows? What I do know is that when other jurisdictions around the world tried to do the same thing, it failed miserably and the consumer was harmed by increased costs and less stewardship and protection," he says.

Speaking to Life-Health Professional, Lyne Duhaime, SVP, Quebec Affairs and President, ACCAP-Quebec, was adamant that advisor support was crucial to the successful roll-out of G-19. To achieve that, the CLHIA would hold a number of consultation meetings across Canada to gauge opinion on this issue. Taylor was present at one such meeting in Vancouver, but in his opinion, the important decisions had already been made by the insurers.

"What we know for a fact is the CLHIA is not consulting with anyone," Taylor says. "What they are doing is rolling out town hall sessions on implementation. These are not feedback sessions and it is very disingenuous for CLHIA to ever mention that they are embarking on a feedback tour." Rather than offering critique of G-19, Taylor wants advisors to have a proper seat at the table. In his view, the entire process has been massively flawed and lacking in transparency, which is bad news for brokers, but also for those buying group benefits.

"Insurers can put themselves at an advantaged position where a uniformed consumer might think going direct to an insurer might save them money, and an insurer could imply that," he says. "If an insurer is going to create a cost structure that is cheaper, it would mean clients who have intermediaries are likely going to subsidize the insurer delivering it cheaper."

Alberta

Alberta Treasury Board and Finance; and Alberta Insurance Council

Industry Will Be Consulted On Single Financial Services Regulator Proposal

During a panel presentation at the May 2-4/18 CLHIA Conference in Calgary, David Sorensen, the province's Deputy Superintendent of Insurance at Alberta Treasury Board and Finance, advised that his province's exploration of creating a single financial services regulator was still in its early stages; nothing had yet been decided; and industry would be consulted on this proposal. He did not provide a timeline for the rollout and advancement of the proposal.

Shedding more light on the situation, in a subsequent provincial insurance councils panel presentation at the same conference, Joanne Abram, CEO of the Alberta Insurance Council, said that the anticipated timeline for bringing the proposal to fruition was aggressive, with a short industry consultation period later this year before an early 2019 implementation date.

Québec

AMF

AMF To Seek Industry Input In Updating Sound Commercial Practices Guideline

During a panel presentation at the May 2-4/18 CLHIA Conference in Calgary, Louise Gauthier, Director, Distribution Practices at the AMF advised since the regulator's Sound Commercial Practices Guideline (the AMF's version of a Fair Treatment of Consumers Guideline) had not been updated since its introduction in 2013; the time was now ripe to do so and that would occur later this year. There will be a four to five week consultation period with industry stakeholders on the Guideline, she indicated, likely during the summer months.

Ms. Gauthier also indicated that if Bill 141 and Bill 150 are adopted in the National Assembly , there will be several years of work ahead for the AMF in drafting regulatory rules to support the legislation.

AMF Seeking Candidate Nominees For Distribution Practices Advisory Committee

On May 25/18, the AMF announced that it was seeking candidates to serve on an advisory committee that will examine the practices of representatives pursuing activities under the Act respecting the distribution of financial products and services (the "Distribution Act").

The Distribution Practices Advisory Committee will serve as a forum between the AMF and industry stakeholders involved in the distribution of financial products and services covered by the Distribution Act to gain practical insight into their field, foster an open dialogue with the industry, and help the AMF achieve its objectives, in particular by allowing it to develop a modern, responsive framework based on best practices.

The Committee's core mandate will be to examine topics proposed by the AMF pertaining in particular to product and service distribution practices in insurance and financial planning. Members will be invited to share their practical experience, concerns and advice on industry-related issues. They will also be called on to provide information, suggestions, focus areas and constructive solutions, in particular to help develop, interpret and implement the AMF's related framework (including regulations, notices, directives, guidelines and support).

The Committee will be composed of up to 15 outside experts from sectors related to the distribution of financial products and services in Québec, including damage insurance, insurance of persons, financial planning and claims adjustment, and whose activities are governed by the Distribution Act.

To ensure the best possible input into the work of the Committee, members are expected to have relevant experience in their respective fields and a solid understanding of the regulations applicable to financial products and services covered by the Distribution Act. All members must be active within the industry. A candidate's multi-sector practice will be an asset. Insofar as possible, the AMF will consider certain diversity criteria, including gender representation, experience and competency, when selecting Committee members.

Committee members will be appointed for an initial two-year term, which may be extended in accordance with conditions to be determined by the AMF. Committee meetings will be planned in co-operation with members and take place three to six times annually. The frequency and duration of meetings may vary based on topical issues, initiatives or ongoing developments. Members will not be remunerated for their participation in the Committee.

The AMF has provided on its website a related "Call For Candidates" background document; and the deadline for applications is June 15, 2018.

AMF Calls For Candidates For Technological Innovation Advisory Committee

On May 16/18, the AMF) announced that it was seeking candidates for new positions and one vacant position on its Technological Innovation Advisory Committee (TIAC).

"The TIAC, which currently has 14 members, serves as a forum to gain practical insight into technological innovation in the financial services and products industry and maintain an open dialogue between stakeholders and the AMF," said the regulator. It is made up of outside experts from various areas and professions related to technological innovation in the financial sector, and AMF representatives.

TIAC members are appointed for an initial two-year term. The term may be extended under certain conditions. Those interested in applying are invited to read the Information Sheet and submit their application in writing to the AMF. The deadline for submitting an application is June 5, 2018.

New Brunswick

Financial Consumer Services Commission of New Brunswick

FCNB "Well Advanced" In Developing RIA Licensing Regime For New Brunswick

In a CAFII liaison meeting with FCNB on May 14/18, Angela Mazerolle, Superintendent of Insurance, and David Weir, Deputy Director of Insurance, advised that there was serious interest in implementing a Restricted Insurance Agent (RIA) regime in New Brunswick, and that this initiative was already "well advanced."

Because it would need to be implemented after the Fall 2018 provincial election, the launch of an RIA regime is probably at least a year away, they indicated.

It was noted that unlike is the case in the three Western Canada jurisdictions that have an RIA regime, there are no plans to introduce an Insurance Council regulatory structure in New Brunswick. More specifically, New Brunswick intends to license "incidental sales of insurance" through an RIA regime; and will not reinvent the wheel, but rather look at other jurisdictions with such a regime already in place, with Manitoba being specifically mentioned. This would require some "bare bones" legislative amendments, with more specific framework details coming in the form of regulations that will be drafted by the Superintendent of Insurance, CAFII was advised.

Prince Edward Island

Superintendent Expresses Concern About Alleged Use Of Credit Scores In Claims Adjudication

The matter outlined in the article below was raised by PEI Superintendent of Insurance Robert Bradley as a matter of serious concern to him, in a May 16/18 liaison meeting with CAFII in Charlottetown. The following synopsis of a Canadian Underwriter article on the matter is provided as relevant background.

A major Ontario auto insurer is facing a lawsuit over allegedly using credit scores in adjusting accident benefits claims. The proposed class-action lawsuit, filed April 10 in Federal Court, is on behalf of all Canadians who made auto claims with The Personal Insurance Company after Jan. 18, 2012 "and who had their credit score information accessed by The Personal or its agents."

The insurer will be filing a statement of defence "in due course," a spokesperson for Desjardins General Insurance Group Inc., The Personal's parent company, told Canadian Underwriter Tuesday. DGIG was the top Ontario private passenger auto underwriter in 2016, with $1.85 billion in direct premiums written and 17.9% market share, according to Canadian Underwriter's 2017 Statistical Guide.

Allegations that The Personal accessed credit scores of accident benefits claimants have not been proven in court. The statement of claim asserts that The Personal does not have a "direct business need" for credit scores from accident benefits claimants and is in violation of the federal Personal Information Protection and Electronic Documents Act.

"The Personal respects and values the privacy of its customers but given the pending litigation, we cannot comment any further on the action," the Desjardins spokesperson wrote to Canadian Underwriter.

Lawyers with Waddell Phillips Professional Corporation, the law firm representing plaintiff auto claimants, are working on "court materials to support the motion for certification," lawyer Margaret Waddell said Tuesday in an interview. Waddell Phillips is aiming towards having the motion for certification heard "hopefully before" the end of 2018, Waddell added. "That's a pretty aggressive schedule for this kind of litigation, but the Federal Court moves very quickly," she noted.

There is no indication right now how many people may be included in the class, Waddell said.

The representative plaintiff is Kalevi Haikola. After an auto accident in 2012, in which he was injured, Haikola made a claim with The Personal. It is alleged in the statement of claim that Haikola was asked to give consent for The Personal to get a FICO score. That score is described by data analytics provider Fair Isaac Corporation as one that is derived by running data from credit reporting agencies through a scoring models developed by FICO.

In 2014, Haikola a filed formal complaint with the federal Office of the Privacy Commissioner.

In an OPC report released in October, 2017, which did not name The Personal, the Office of the Privacy Commissioner said the use of credit scores in adjusting an auto insurance claim "is not something that a reasonable person would consider to be appropriate."

The insurer that was subject to the 2014 complaint to the privacy commissioner had argued that "it has a direct business need for credit scores in order to detect and prevent fraud, and to control costs and clients' premiums," the Office of the Privacy Commissioner added at the time.

International

Australia

Australian Banking Royal Commission Reveals Malpractice That Has Ruined Lives: The Guardian
The following is a synopsis of an article on the Australian banking Royal Commission published in The Guardian on April 19/18.

What is the royal commission?

The banking royal commission was established in late December 2017, after years of public pressure from whistleblowers, consumer groups, the Greens, Labor, and some Nationals MPs.

Its first public hearings began on 13 March 2018, and they will run at irregular intervals through 2018. The royal commission has been asked to investigate whether any of Australia's financial services entities have engaged in misconduct, and if criminal or other legal proceedings should be referred to the commonwealth.

It's also been asked to consider if sufficient mechanisms are in place to compensate victims.

What have we found out so far?

We've heard evidence of appalling behaviour by Australia's major banks and financial planners from the past decade, including alleged bribery, forged documents, repeated failure to verify customers' living expenses before lending them money, and mis-selling insurance to people who can't afford it.

In this week's hearings, AMP admitted to lying to regulators, and the Commonwealth Bank admitted some of its financial planners have been charging fees to clients who have died. AMP's chief executive became the first high profile casualty of the commission announcing he was standing down from the company with immediate effect.

Which banks are involved ?

The so-called big four banks – Commonwealth Bank, Westpac, ANZ, National Australia Bank – are being looked at. They comprise four of the five largest companies in Australia by market value, holding an inordinate amount of power over the financial system.

Other companies including AMP, BT Financial, Aussie Home Loans, and St George, and a number of small car finance companies will also be called, and more financial institutions will be asked to appear as the year rolls on.

Has your financial future been destroyed by a bank?

Last year, the Commonwealth Bank, which is the largest company in the country, posted a full-year cash profit of $9.8bn, up 4.6%. It was followed by Westpac (full-year profit $8.1bn, up 3%), ANZ ($6.4bn, up 12%), and NAB ($6.6bn, up 2.5%).

Australia's seven largest authorized deposit-taking institutions (including the big four) hold roughly $4.6 trillion in assets – around two and a half times the size of Australia's $1.8 trillion economy, as measured by nominal GDP.

What is the problem with their financial advice?

The banks discovered long ago it was highly profitable to sell their customers financial advice and financial products. If they could charge customers for financial advice, and if that "advice" consisted of purchasing their financial products, then they would enjoy a profitable feedback loop.

The business model was called "vertical integration".

Earlier this year, the corporate regulator published a report scrutinizing the practice: "Vertically integrated institutions and conflicts of interest."

It looked at the quality of financial advice being offered by the two largest financial advice licensees owned or controlled by the Commonwealth Bank, ANZ Banking Group, Westpac, National Australia Bank and AMP.

It found their financial advisers had failed to comply with the best interests of customers in 75% of advice files reviewed.

It concluded there was an "inherent" conflict of interest arising from banks providing personal financial advice to retail clients while also selling them financial products.

<u>How has this affected customers?</u>
It's not just poor financial advice that's affected bank customers. The poor advice has combined with reprehensible behaviour by bank employees.

Since 1 July 2010, almost $250 million in remediation has had to be paid to almost 540,000 consumers by financial services entities for poor conduct in connection with home loans.

The poor conduct included fraudulent documentation, processing or administration errors, and breaches of responsible lending obligations.

Since 1 July 2010, almost $90 million in remediation has been paid to almost 17,000 consumers by financial services entities as a result of poor conduct in connection with car loans.

Over $11 million in remediation has been paid to over 34,000 consumers by financial services entities for breaching responsible lending obligations in connection with credit cards.

Over $128 million has been paid in remediation to consumers by financial services entities as a result of poor conduct in connection with add-on insurance.

<u>Aren't some banks already embroiled in scandal?</u>
They're involved in multiple scandals.

In August last year, the Australian Transaction Reports and Analysis Centre (Austrac) announced it was suing the Commonwealth Bank for 53,700 breaches of money laundering and counter-terrorism financing laws after the bank failed to report properly on $77 million worth of suspicious transactions through its intelligent deposit ATMs over a number of years.

In November, the federal court imposed pecuniary penalties of $10 million each on ANZ and NAB for attempting to manipulate the bank bill swap rate.

<u>What is the reaction so far to the royal commission?</u>
The Turnbull government realized this week how bad the situation is.

After AMP executive Anthony Regan admitted that AMP had lied repeatedly to the corporate regulator, the treasurer, Scott Morrison, warned wrongdoers could face jail. "That's how serious these things are," he said this week.

The former Nationals leader Barnaby Joyce admitted he was personally wrong to have argued against a royal commission.

The Nationals senator John Williams said he was concerned the inquiry had been given too little time to unearth wrongdoing, and if it needed an extension of time it should be given it. The finance minister, Mathias Cormann, made a similar argument.

But the government has also tried to take credit for the royal commission, saying it established it, and if it wasn't for the government, the terms of reference wouldn't be so robust.

<u>But wasn't it the Liberals and Nationals who were so opposed to the commission?</u>
Yes. The Coalition had to be dragged kicking and screaming to establish the royal commission.

For years, they rejected calls by the Greens and Labor to establish the commission, and when Malcolm Turnbull finally relented in November he presented the backdown as a "regrettable but necessary" step to deal with mounting political pressure and uncertainty for the industry.

He made the decision in the face of open revolt from some Nationals MPs and senators who had joined the push by the Greens and Labor to set up a banking commission of inquiry.

After Turnbull's announcement, Labor said it was "unforgivable" that the government had fought for 18 months against the opposition's calls for a royal commission, and noted that the prime minister had ruled out a royal commission just 48 hours earlier.

The Greens leader, Richard Di Natale, reminded voters that the Greens had been the first party to propose a royal commission "several years ago" and the idea had been consistently voted down by Labor, the Liberals and Nationals.

<u>So what happens next?</u>
The royal commission will run through the rest of this year. An interim report is due in September, and a final report is due in February 2019.

But there's a lot of time between now and then. It may have its time extended. It may have its terms of reference changed. It depends on the politics.

June 25, 2018

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

Dear Mr. Fullan,

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

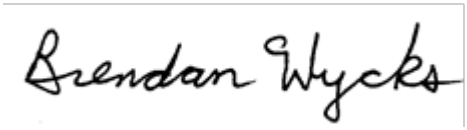
As you will recall at our meeting on October 27, 2017, we expressed our support for an RIA Advisory Committee that would ensure the Councils have the benefit of expert information and advice when dealing with issues involving restricted insurance agents. At the time, you had requested that the CLHIA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

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

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

Sincerely,

Assistant Vice President, Distribution
Canadian Life and Health Insurance Association



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

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

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

Mandate

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

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

Scope

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

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

Terms of Reference

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

Membership

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

The RIA Advisory Committee members will include:

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

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

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

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

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

Chair

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

Membership Rotation

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

Frequency of Meetings

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

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

Duration of Committee

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

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

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

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

Quorum

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

Distance Support

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

Agenda

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

Committee Records

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

Conflicts of Interest

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

Removal from the RIA Advisory Committee

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

Remuneration

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

Amending the Terms of Reference

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

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

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June 18, 2018

Ms. Louise Gauthier
Chair, CCIR/CISRO Fair Treatment of Customers (FTC) Working Group
Attention: ccirccrra@fsco.gov.on.ca

Subject: **CCIR/CISRO Guidance—Conduct of Insurance Business and Fair Treatment of Customers**

Dear Ms. Gauthier:

The Canadian Association of Financial Institutions in Insurance (CAFII) is pleased to offer its general observations and specific comments on the CCIR/CISRO Guidance – Conduct of Insurance Business and Fair Treatment of Customers consultation document.

General Comments

Our Association appreciates the emphasis which CCIR/CISRO is placing on the fundamental principle that customers need to be treated fairly; and we applaud the fact that the two regulatory organizations are working together in the interests of harmonization. We agree with the basic thrust of the draft Guidance, including that the interests of customers must be paramount and that information about financial transactions must be communicated in an accurate and transparent manner. We are generally comfortable with and support the draft Guidance because it is rooted in a principles-based approach, rather than prescriptive rules. We also find it helpful that the document is positioned at a high level, while still providing sufficient detail and clarity to ensure its usefulness.

CAFII agrees that treating customers fairly means putting their interests first and taking the time to understand their needs, as well as making every reasonable effort to ensure that they understand the benefits and limitations of the product(s) being considered, along with their rights and responsibilities as customers.

Definitions

We recommend that the definitions and terms used in the CCIR/CISRO Guidance align as closely as possible with those utilized in the International Association of Insurance Supervisors' Insurance Core Principles (ICPs) 18 and 19. In that connection, we believe that the Guidance's definitions of "Distribution Firm" and "Agent Firm" – which are not found in the ICPs -- are confusing; and we recommend that they be removed entirely.

Preamble

We recommend that CCIR/CISRO state clearly in the preamble that in the interests of clarity and consistency for industry participants, harmonization across jurisdictions, and, ultimately, for maximum customer protection, CCIR and CISRO member policy-makers and regulators are strongly encouraged to adopt the CCIR/CISRO FTC Guidance as their own provincial/territorial guideline, unless there is a compelling need or reason for adopting one that is unique to their particular province or territory. In addition, it would helpful to state in the preamble that in any such case, the unique FTC guideline should be aligned with the CCIR/CISRO document to the maximum degree possible, and any differences should be explained, with suggestions on how organizations are expected to reconcile differences between the CCIR/CISRO Guidance and any separate provincial/territorial guideline.

Even where different jurisdictions' guidelines have similar objectives, small differences in emphasis and language can produce significant, and often unnecessary, additional burden on the compliance efforts of organizations.

Question #1: Does this guidance present contradictions with existing or future local instruments related to fair treatment of customers?

Currently, only Quebec (*Sound Commercial Practices Guideline, June 2013*) has its own version of a Fair Treatment of Customers Guideline in place, which it is expected to update in the summer of 2018, while Ontario is expected to release an official and final version of *its Treating Financial Consumers Fairly Guideline* in the near future, having completed a consultation period on a draft version of the document in May 2018.

We do not see any significant contradictions between the CCIR/CISRO Guidance and these other two provincial guidelines; and it is precisely for that reason -- although they are all structured, written, and organized in different ways --that we question the purpose and efficacy of stating expectations of the industry in different ways, when the customer protection objectives are similar, if not identical, across all jurisdictions.

Question #2: Does this guidance strike the right balance between roles and responsibilities of insurers, distribution firms, agents and representatives?

We concur with the CCIR/CISRO Guidance's recognition that while insurers bear ultimate responsibility for ensuring fair treatment of customers, and insurers need to have careful oversight of their intermediaries, distributors, agents and representatives, that does not absolve those entities of responsibility for being in full compliance with the expectations of this Guidance themselves. Our insurer members make every effort to ensure that their distributors, agents, and representatives practise fair treatment of customers, including where necessary by incorporating specific language to that effect in their contracts with such third parties.

Scope

With respect to the section on scope—as well as to the preceding point on Agents and Representatives' responsibilities—we again encourage the use of language that is aligned as closely as possible with ICP 19. In that connection, we note that ICP 19.08 states that "the insurer has a responsibility for good conduct throughout the insurance life-cycle, as it is the insurer that is the ultimate risk carrier. *However, where more than one party is involved in the design, marketing, distribution and policy servicing of insurance products, the good conduct in respect of the relevant service(s) is a shared responsibility of those involved"* (the text in italics is what is missing in the draft Guidance). The section that reads "In the provision of products and services, Insurers should, upon first contact with Customers, make a commitment to them and hold it throughout the life-cycle of the product, regardless of the distribution channel used by the insurer" would then become a separate paragraph in the Guidance.

Conduct of Business

It is our view that the "tone at the top" is a critical feature of a business culture that fosters fair treatment of customers. We would therefore encourage, within the Guidance, the addition of an assertion that the business culture of an organization should consistently promote the importance of customers, and that the leadership of the organization needs to speak and act in accordance with that principle.

Explicitly specifying those features as part-and-parcel of an exemplary business culture would provide a valuable reinforcement of the important observations made in the section on "Corporate Culture."

With respect to the 7th bullet in this section -- which states: "take into account a Customer's disclosed circumstances when that customer receives advice and before concluding insurance contracts"—since not all products have an advice component, we suggest slightly modifying this statement as follows: "take into account a Customer's disclosed circumstances when providing that customer with advice for applicable products and before concluding insurance contracts."

With respect to the bullet that reads "have contractual arrangements between each other, that ensure fair treatment of Customers," we recommend the following alternative text: "ensure contractual relationships related to carrying out insurance business provide for the fair treatment of customers."

Fair Treatment of Customers

With respect to the 4th bullet and its words "ensuring that any advice given is of a high quality," since not all products require advice, we suggest alternative language such as "ensuring that any advice given, when applicable, is of a high quality."

Corporate Culture

We would encourage greater clarity within the Guidance around what "indicators" refers to—for example, does this include complaints? We would also encourage the use of language that is explicit about CCIR/CISRO's taking a risk-based approach to the Guidance, consistent, for example, with the approach taken by OSFI in its sound business and financial practices-related *Guideline E-13: Regulatory Compliance Management (RCM)*.

We feel that the statement "All levels of the Organization embrace the corporate culture and recognize the risks that could hinder the achievement of expected results regarding the fair treatment of Customers as well as the means to mitigate such risks" could be written in clearer language that is easier to follow.

We would suggest replacing the statement "The Organization understands the importance of reporting the achievement of expected results throughout the organization, using indicators in terms of fair treatment of Customers that are measured, monitored and driven by a cycle of continuous improvement" with the following alternative statement: "Organizations are expected to monitor their FTC activities and strive for continuous improvement. They are also expected to understand the importance of reporting their measured activities related to the fair treatment of customers across the organization."

Question #3: CCIR and CISRO are mindful that in some industry sectors, the introduction of this guidance may raise questions about the possibility that intermediaries may be subject to multiple audits by regulators, self-regulatory organizations and insurers in a given year. CCIR and CISRO will address any need for clarification and invite stakeholders to comment.

We appreciate the recognition that regulators must deploy an even-handed and reasonable approach to audits of industry players. Audits are only one mechanism available for monitoring compliance with regulatory expectations.

Relationships with Regulatory Authorities

The statement that insurers are expected to communicate and report to regulatory authorities about intermediaries that are unsuitable or not duly authorized should reference existing, relevant industry guidelines, legislation, and regulations, including CLHIA Guideline 8.

With respect to the bullet which reads "implement the necessary mechanisms to promptly advise regulatory authorities if they are likely to sustain serious harm due to a major operational incident that could jeopardize the interests or rights of Customers and the organization's reputation," we recommend deleting the opening words "implement the necessary mechanisms to promptly."

Customer outcomes and expectations

We request that clarification be provided with respect to the final bullet which reads as follows: "Remuneration, reward strategies and evaluation of performance take into account the contribution made to achieving outcomes in terms of fair treatment of Customers." We recommend the following ICP 19 statement which would provide clearer guidance in this area: "Where compensation structures do not align the interests of the insurer and intermediary, including those of the individuals carrying out intermediation activity, with the interests of the customer, they can encourage behaviour that results in unsuitable sales or other breach of the insurer's or intermediary's duty of care towards the customer."

Conflicts of Interest

In the opening statement, we recommend that the language be amended to say the following: "CCIR and CISRO expect that any potential or actual conflicts of interest, which cannot be properly managed, be avoided and not affect the fair treatment of Customers."

In addition, the language in the second to last bullet "and does not put an unreasonable onus on the Customer" is vague; and we recommend the use of more precise language. We do not believe that remuneration should be viewed as creating a conflict of interest without looking at the broader context of other factors and controls. We recommend language that is closely aligned with ICP 19, with a particular focus on the need to manage conflicts of interest.

Outsourcing

There is a section on Outsourcing, and another section on Intermediaries. It may make sense to combine these sections into one. In the bullet which reads "Retain full and ultimate responsibility for those outsourced functions and, consequently, monitor them accordingly," we recommend deleting "full and" from the text.

Design of Insurance Product

In the second bullet, we recommend replacing "Product development" with "The product development process." Regarding the section which reads "target the Consumers for whose needs the product is likely to be appropriate, while preventing or limiting, access by Consumers for whom the product is likely to be inappropriate," we would suggest that it is not "access by Consumers" but rather "sales to Consumers" that is the critical issue.

Disclosure to Customer

We recommend clarifications to two sections, perhaps using the following wording: "The information provided to customers should be sufficient to enable Customers to understand the characteristics of the product they are buying and help them understand whether and how it may meet their needs"; and "be accessible in written format, on paper or another durable medium, such as digital."

Product Promotion

We recommend that greater clarity be provided around the following statement: “To this end, the Insurer ensures that any promotional material regarding its products is reviewed by independent functions prior to being disseminated.”

Advice

Not all channels offer advice; yet the Guidance, as written, does not adequately recognize the marketplace reality that some alternate distribution channels are not advice-based. We encourage alignment with ICP 19.8.4, which notes that “the supervisor may wish to specify particular types of policies or customers for which advice is not required to be given.” In addition, the sentence “Before giving advice, appropriate information should be sought from Customers for assessing their insurance demands and needs” would be more easily understood if “demands” was replaced by “objectives.”

Claims Handling and Settlement

It would be helpful to clarify what is meant by "accessible" and what is the procedure to which this is referring. With respect to the comment about “common timelines” in the second bullet, common timelines could be fairly challenging depending upon the product because in order to properly adjudicate a claim, documentation is required (from the customer or other parties). As such, a time period can't necessarily be defined since it depends upon when the documentation is received.

Concluding Observations

We believe that a critical building block for enhancing the fair treatment of customers is raising their level of financial literacy. Customer education around financial literacy is a shared, multi-stakeholder responsibility. While customers are ultimately responsible for their purchase decisions, governments and regulators have an important role to play, alongside the industry, in providing education which can help customers better understand the benefits and limitations of products and improve their financial literacy.

In that connection, we believe that in their communications, CCIR and CISRO should emphasize, where appropriate, customers’ responsibilities with respect to financial and insurance products, in addition to their rights. CAFII members are committed to playing their part by ensuring that communications are easy to understand and written in plain language wherever possible. Our members will continue to make efforts to ensure the ease of understanding of our communications, but we believe it is also important to emphasize that customers need to read their policies, understand their features, and ask questions if there is anything they are uncertain about.

CAFII members place strong emphasis on ethical behaviour: not just on complying with regulations – as important as that is – but in a recognition that the principles which the regulations uphold are fundamental to our own businesses. We provide comprehensive and rigorous training to our own employees and to the staffs of suppliers we may engage to interact with consumers and customers on our behalf, such as third party administrators. We also have rigorous monitoring and controls; and together these are examples of areas where CAFII members dedicate significant resources to upholding the principles set out in the CCIR/CISRO Fair Treatment of Customers (FTC) Guidance.

With respect to any new expectations of the industry which may be introduced in the finalized FTC Guidance, we ask that a reasonable period of time for implementation be provided, with a minimum of 90 days provided for adjusting to new regulations; and that a longer period of at least six to nine months be built-in for implementing changes that require modifications to IT systems or processes.

CAFII appreciates the opportunity to comment on the CCIR/CISRO *Guidance—Conduct of Insurance Business and Fair Treatment of Customers* and we look forward to continued communication and input on policy matters. Should you require further information from CAFII or wish to meet with representatives of our Association at any time, please contact Brendan Wycks, CAFII Co-Executive Director, at brendan.wycks@cafii.com or 647.218.8243.

Sincerely,

Peter Thorn
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

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FIA & CUIA Review
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Subject: Financial Institutions Act & Credit Union Incorporation Act Review

CAFII is pleased to provide the following input in response to the recommendations set out in the Ministry's Preliminary Recommendations Paper which are relevant to our members' insurance-related activities. Our responses are offered from the perspective of insurers and distributors that:

- offer creditor's group insurance and travel insurance in BC and across Canada;
- offer insurance solutions through alternate, non-traditional distribution channels such as direct mail, contact centres, and the internet; and
- for the most part, are federally incorporated and subject to both federal and provincial regulation.

Objectives of the FIA and CUIA Legislative and Regulatory Framework for Financial Institutions and Intermediaries.

CAFII supports the legislative and regulatory framework's key goal of maintaining stability and confidence in the financial services sector by reducing the risk of failures and providing consumer protection. We also believe that companies operating in a competitive environment can enhance BC's economic vitality and spur innovation; and, in that connection, we applaud the Preliminary Recommendations Paper's recognition that it is important to reduce red tape and unnecessary regulations that hinder economic development.

We support harmonization of regulations and licensing requirements among provincial insurance regulators. This is a critical requirement for the industry, the absence of which leads to inefficiencies. We also support alignment with international regulatory best practices, such as the International Association of Insurance Supervisors' (IAIS) Insurance Core Principles.

Recommendation #1: Establish FICOM as a Crown agency.

CAFII supports the establishment of FICOM as a Crown agency which would be authorized to operate as an independent government agency, accountable to the provincial legislature through the Minister of Finance.

That said, while we generally support a funding model that would give FICOM greater independence, we have some concerns about a self-funded model if that model is based upon the Commission relying largely upon a revenue stream derived from Administrative Monetary Penalties (AMPs) and associated fines/monetary sanctions imposed upon the industry.

We recommend that, should this recommendation be implemented, FICOM be required to adopt the budgeting and financial management best practices used by other self-funded regulatory authorities in Canada which are relevant comparators. In particular, we counsel against a model that is wholly dependent upon AMPs, fines, and/or other monetary sanctions to fund the Crown agency.

Consideration of whether or not to transform FICOM into a self-funded Crown agency should address questions about the adequacy of the Commission's resources under its current financial model; and whether it is making targeted, efficient use of its existing resources. A self-funded regulatory authority, by definition, imposes a significant financial burden upon industry participants and licensees; and it should not be assumed that new independence and an updated mandate for FICOM necessarily mean that its resources must increase. We believe that addressing issues related to the adequacy and the optimization of FICOM's financial resources should be part-and-parcel of the decision-making related to its becoming a self-funded Crown agency.

Recommendation #3: The Commission will appoint the CEO and statutory decision-makers of FICOM.
We support this recommendation, as giving the Commission the power to appoint FICOM's CEO and statutory decision-makers will enhance its independence and reputation in the business community, and support its effectiveness.

Recommendation #5: Provide FICOM with the authority to issue enforceable guidelines/rules. Guidelines/rules will require public consultation and Ministerial approval.
We agree with the general thrust of this recommendation, but must stress that the Ministry's fleshing out of the details which will mandate a thorough and meaningful public consultation process with respect to the issuance of FICOM guidelines and rules will be critical to its successful implementation.

Where a substantive rule change is being contemplated in any jurisdiction, CAFII believes that best practice is to publish the proposed rule for stakeholder/public consultation before adoption, following which the relevant Minister can either consent to or reject the proposed rule. If FICOM is to be granted rule-making authority, it should be required by statute to engage in a meaningful consultation process whenever it uses that authority.

It is also critically important to CAFII members that new rules, regulations, and guidelines, once adopted, be accompanied by sufficient time for implementation. This is particularly true in situations where our members need to make business process or system changes, which require investments of time and effort and the ability to test the changes to ensure that they are not going to adversely affect the consumer's experience or satisfaction.

Recommendation #10: Provide FICOM with clear authority to share information with the existing national insurance reporting database and/or the proposed new national market conduct database.
CAFII supports this recommendation related to FICOM's participation in national databases. Our Association has long been an outspoken advocate for an integrated national database to facilitate licensing and monitoring of insurance agents across all jurisdictions.

Recommendation #17: Do not amend the legislation to require financial institutions to make investments in financial literacy.
We support this recommendation because financial institutions' investments in financial literacy should be voluntary.

However, we also believe that a critical building block in enhancing the fair treatment of consumers is raising their level of financial literacy. Consumer education around financial literacy is a shared, multi-stakeholder responsibility and something in which CAFII members and other industry stakeholders are actively involved. While consumers are ultimately responsible for their purchase decisions, governments and regulators such as FICOM have an important role to play, alongside the industry, in providing education which can help consumers better understand the benefits and limitations of products and thereby improve their financial literacy.

In that connection, we believe that in its communications, FICOM should emphasize, where appropriate, consumers' responsibilities with respect to financial and insurance products, in addition to their rights. CAFII members are committed to playing our part by ensuring that communications are easy to understand and written in plain language wherever possible. Our members will continue to make efforts to ensure consumers' ease of understanding, but we believe it is also important to emphasize that consumers need to read their policies, understand their features, and ask questions if there is anything they are uncertain about.

Recommendation #43 : Provide FICOM with the authority to issue binding rules on records storage, with prior public consultation and Ministerial approval.

CAFII does not believe that any legislative and/or regulatory changes are required in this area, as the current FIA contains provisions requiring insurers to maintain facilities that the Superintendent considers adequate for FICOM to be able to obtain access to records. As well, insurance industry participants are required to comply with BC's *Personal Information Protection Act (PIPA)*. PIPA's *Part 9 – Care of Personal Information* sets out requirements for the protection and retention of such information.

With respect to federally-incorporated insurers and financial institutions, they must also adhere to the Personal Information Protection and Electronic Documents Act (PIPEDA) and follow the rules set out in sections 260 to 270 of the Insurance Companies Act. Records can be outsourced, but the Superintendent of OSFI can require records processing to be done in Canada if that is seen to be appropriate. OSFI Guideline B-10 sets out expectations for financial institutions related to outsourcing, including outsourcing to providers outside of Canada. Insurers are required to ensure that OSFI can readily access, in Canada, any records necessary to fulfill its mandate.

If legislative changes in this area are contemplated in BC, we encourage consideration of OSFI's approach, with a view to adapting and incorporating, in BC, the expectations in place at the federal level.

Recommendation #44 : Expand the restricted licensing regime currently applied to travel agencies to other incidental insurance sales, similar to the approach used in Alberta, Saskatchewan and Manitoba.

While CAFII believes that BC's current system of insurance retailing and licensing exemptions is working well, our members would be open to and supportive of the introduction of a Restricted Insurance Agent (RIA) regime in the province. We would encourage BC to harmonize with the existing RIA regimes in the other Western Canada provinces, to the maximum degree possible. A thorough consultation process with the industry will help ensure that such a new regime is structured in a way that will produce the results that the recommendation seeks.

If properly and fairly implemented, an RIA regime can be an effective tool for managing the sale of certain insurance products, including creditor's group insurance and travel insurance. We welcome proper oversight of the marketplace; our members place a strong emphasis on the fair treatment of consumers; and they dedicate significant resources to training staff and others acting on their behalf, and on controls and monitoring.

In that connection, we are pleased to highlight here, for your consideration, those features of an RIA licensing regime which our Association views as optimal.

Authorization for Contractors

Third parties contracted by a restricted licensee (such as a third party administrator) – where the licensee is a federally or provincially regulated financial institution – should be considered authorized under the financial institution's RIA licence.

It is critically important to include contractors of RIA licensees as parties authorized under the licence because most financial institutions now outsource certain business activities, functions, and processes to meet the challenges of technology innovation, increased specialization, cost control pressures, and heightened competition. The contractual arrangement between the financial institution and the contractor makes the financial institution liable for the actions of the contractor. Further, federally regulated entities are subject to OSFI's outsourcing Guideline B-10 which sets standards for monitoring and oversight of the contractor, and requires the financial institution to take ultimate responsibility for outsourced activities. Including contractors under the authority granted to financial institutions holding an RIA licence would recognize the application of OSFI's outsourcing guideline and be appropriate with respect to the continued distribution of incidentally-offered insurance products by national financial institutions in BC.

Adopting this optimal RIA regime feature – which is fully in place in Manitoba and largely facilitated in Saskatchewan (third party contractors can apply for their own RIA licence, based on an agency contract with an existing RIA licence holder); but is not yet in place in Alberta, the first province to introduce an RIA regime in 2000 – would also see BC's new RIA regime remain well-aligned with the principles of the province's own legislation –ie. (2(1)(b.1)(ii) of the Insurance Licensing Exemptions Regulation under the Financial Institutions Act -- which provides an exemption from licensing for a service provider under contract to a trust company, credit union, extra-provincial trust corporation, extra-provincial credit union, or bank in connection with incidental insurance.

Council Composition

Insurance Councils in Canada have been designed on the basis of "peer regulation and proportional representation," principles which are intended to remove conflict of interest and ensure that Council representatives have appropriate knowledge and experience of the business they are regulating. Given the unique nature of incidentally-offered insurance products and of alternate distribution channels, successful oversight of these products requires different expertise and relies on the effective management of competitive sensitivities relative to the matters before a Council at any given point in time. Having a Council's membership be comprised of all categories of stakeholders on a proportional basis is an important consideration and an approach that would ensure that the Council represents the interests of all stakeholders and permits a fair and informed approach to the oversight of all regulated entities.

Based on these considerations, we recommend that -- in conjunction with designing and introducing an RIA regime in BC -- the Ministry of Finance initiate an overall review of the Insurance Council of BC's structure and membership to ensure that its composition is structured appropriately, given its new oversight responsibility for incidentally-offered insurance products and to ensure that RIA licensees are represented appropriately in accordance with the principles of administrative law.

To be more specific, CAFII believes that the Insurance Council of BC should be structured and operated in a "channel neutral" manner. That is, the Council should be designed and populated such that the interests of all distribution channels are well-served and the representatives of any particular channel are not in a position to make decisions which could negatively impact consumers' access to competing distribution channels.

This principle should, in our view, be incorporated into a Restricted Insurance Agent licensing regime in BC; and that will likely necessitate the creation, at a minimum, of an RIA Advisory Committee to the Insurance Council. CAFII is working with the Canadian Life and Health Insurance Association (CLHIA) on recommendations to the Insurance Councils of Saskatchewan on such an RIA Advisory Committee, and we would be pleased to provide additional information on our progress on this key initiative to the BC Ministry of Finance and/or the Insurance Council of BC.

Other Optimal Features of an RIA Regime

We would also highlight the following three features as being part-and-parcel of an optimal RIA regime, a regime which strikes the "right balance" between achieving consumer protection through appropriately detailed and rigorous licensing, while not burdening business with overly restrictive requirements or red tape:

- ensuring sufficient clarity as to which insurance products may be offered under each RIA licence category, including insurance products as group accident insurance and travel insurance; and
- implementing an online licensing/registration portal and digital platform, with timely electronic reminders and notifications to RIA licensees; and
- offering a "Head Office exemption," ie. an exemption from licensing for head office employees of the RIA licensee, who perform solely administrative and support services related to the insurance products.

Recommendation #45: Provide FICOM with the authority to issue guidelines requiring insurers to provide more direct oversight of exempt sellers and/or sellers under a restricted licensing regime.

CAFII believes that insurers already shoulder an appropriate level of responsibility for their exempt sellers and that the current system is working well for most such relationships. The more prescriptive approach suggested here is inconsistent with a principles/risk-based approach to regulation, and it is unlikely that it would provide additional consumer protection benefits.

CAFII member insurers and distributors adhere to the market conduct and consumer protection provisions of BC's Financial Institutions Act, Insurance Act, and Personal Information Protection Act. In addition, all CAFII member client service representatives and the employees of third parties acting on behalf of our members are required to undergo comprehensive and recurring product training to ensure that they provide consumers with accurate and reliable information. That training ensures that representatives offering insurance have the knowledge and skills to do their jobs and serve clients well. It also ensures that they act in accordance with the Canadian Bankers Association (CBA) Code of Conduct for Authorized Insurance Activities; the Bank Act; federal and provincial privacy legislation; and CLHIA Guidelines, including G7 Creditor's Group Insurance, G9 Direct Marketing, and G5 Travel Insurance.

CAFII members are also compliant with OSFI Guideline E-13, Regulatory Compliance Management (RCM). Guideline E-13 contains provisions specifically related to oversight controls such as training, monitoring, testing, reporting, etc.

CAFII members pride themselves on having strong monitoring mechanisms in place, along with other processes, to ensure that the highest standards of ethical behaviour, fair treatment of consumers, and compliance with regulations—both the letter of the law as well as its spirit—are met.

Recommendation #47: Place restrictions on the sale of insurance products sold on a post-claims underwriting basis by exempt sellers and/or sellers under a restricted licensing regime.
CAFII strongly disagrees with the false assumptions and misunderstandings which underlie this recommendation; and we are therefore unequivocally opposed to it.

Underwriting refers to determining the risk involved in offering insurance to a potential policyholder, and then determining the premium or "price" required to assume that risk. At the time of offering the insurance at the appropriate premium/price, there is a trade-off between the amount of information gathered, and the simplicity and consumer-friendliness of the underwriting process. Creditor's group insurance products attempt to simplify the process by asking limited health-related questions at the time of application and avoiding, where possible, the taking of para-medical samples; and by enrolling the customer in a group policy, of which they then become a certificate-holder rather than an individual insured. With some simplified issue creditor's group insurance products, health-related questions are not asked at all at the time of application, but there is full disclosure at that time with respect to the consumer's eligibility to be enrolled under the group policy and to make a claim; any limitations or exclusions on the coverage; and claims filing and adjudication procedures.

At the time of a claim, the certificate holder's responses to the questions asked at the time of application need to be verified by the insurer. Similarly, the certificate holder's eligibility under a pre-existing condition clause would need to be verified by the insurer at claim time. This is not "post-claims underwriting," but rather standard insurance industry claims adjudication, which is carried out by all life and health insurers, including underwriters of term life insurance coverage. The objective of claims adjudication in all cases is to assess if the claim is payable under the terms of the contract

The unfounded beliefs and "post-claims underwriting" mis-labeling which underlie this recommendation are also not consistent with the independently verified, consistently high claims payout history of creditor's group insurance. A recent independent actuarial study conducted by the global consulting firm Towers Watson found that 95% of creditor's group mortgage life insurance claims were paid.[1]
The allegation of post-claims underwriting has been applied to a situation where a customer has misrepresented his or her health at the time of application (ie. responded "no" to a health question when should have responded "yes"), or he/she did not read or understand the disclosures made about their eligibility and obligations. Insurers of creditor's group products adjudicate claims in accordance with the contract provisions that are set out in the certificate of insurance, which is provided to the customer.

[1] Source: Towers Watson September 2015 Report: Comparison of the Customer Value Proposition of Creditor's Group Insurance on Mortgages with Individual Insurance (using 2013 data).

Based on the above facts, we are strongly opposed to the restrictions proposed in this recommendation. Furthermore, we would point out that no other jurisdiction in Canada – federal, provincial, or territorial --has imposed restrictions of this type on exempt sellers of insurance and/or RIA licensees.

More specifically, with respect to the three restrictions proposed under Recommendation #47, we address them separately as follows:

"Require education of salespersons so they are better able to advise the consumer about the meaning and importance of health questions and disclosure."
CAFII members are fully committed to clear and effective disclosure for consumers so that they can be knowledgeable about what they are buying, including the limitations and exclusions under an insurance policy. We are also committed, and dedicate significant resources to, educating our salespersons so that they are able to provide clear, substantive information and disclosures to consumers. While legislation specifically prohibits some of our members from providing advice to customers, we believe that the intent of the suggestion above is "information" as opposed to "advice"; and with that important caveat we are in complete support and agreement with the thrust of this suggestion. We are always supportive of further enhancing the knowledge of our salespeople so that they are better able to inform the consumer about the features of the product they are considering purchasing.

"Require specific point-of-sale disclosures or specific, standardized wording of health questions to ensure consumers are able to understand their obligations."
We would like to separate this suggestion into two components. Regarding point-of-sales disclosures, we are fully committed to full disclosure to consumers and our sales process includes full disclosure, including the sharing of information about eligibility and obligations; exclusions; restrictions; and limitations of insurance policies. These obligations to which our members adhere are also clearly set out in applicable CLHIA Guidelines and the CBA Code of Conduct. While the purpose of such industry best practices is to have well-informed consumers, if there are additional guidelines and disclosures, or additional requirements, that the Ministry of Finance would recommend, we would be open to a discussion on that.

Regarding, "specific, standardized wording of health questions" we would caution that while all of our members are committed to language that is as clear as possible, standardized language could lead to anti-competitive outcomes, including possible violation of the federal Competition Act, which we would obviously not support.

"Prohibit the denial of claims based on any innocent misrepresentation in respect of credit insurance sold under a licensing exemption (that is, other than by a licensed agent)."
We also would specifically call out that the suggestion to prohibit the denial of claims based on any **innocent misrepresentation** in respect of credit insurance sold under a licensing exemption (that is, other than by a licensed agent) appears at present to be a very undefined, open-ended concept which, until and unless fleshed out with much greater detail, could well create a flawed, "slippery slope" in this sector of life and health insurance. While common law concepts related to fraudulent, negligent and innocent misrepresentation exist, it is not clear how the Ministry of Finance wishes to define "innocent misrepresentation." Similarly, the introduction of such a new element to the terms and conditions, in the context of creditor's group insurance, would add undue complexity for consumers to what is intended to be a simple, affordable product, and would also likely have a negative impact on product availability and pricing – both of which would be detriments to consumers.

Concluding Comments on Recommendation #47
By way of general summary regarding Recommendation #47, we would emphasize that it is important for consumers to understand their coverages and obligations, and we are committed to that objective. That objective is the critical requirement, as opposed to eliminating or restricting coverage for consumers who in Canada are already vastly underinsured or uninsured.

With creditor's group insurance, consumers enjoy the convenience of simplified underwriting; and restrictions on this type of coverage would be a loss to consumers. Claims adjudication involves verification of answers provided to health questions; or of eligibility, which is standard for most life and health insurance products, not just those sold by exempt sellers or sellers under a restricted licensing regime.

Under creditor's group insurance, consumers also benefit from pre-existing condition clauses because they are covered for all claim reasons other than pre-existing conditions for the first 6 to 12 months, following which they are covered even for the pre-existing conditions.

At the end of day, it is critical to provide Canadians with a competitive mix of insurance products, including convenient creditor's group insurance, and we encourage a regulatory framework that does not unnecessarily restrict the access of British Columbians to that competitive choice.

Recommendation #48: Require insurers to treat consumer fairly; delegate authority to FICOM to develop a code of conduct for insurers and to develop rules based on the code.
CCIR/CISRO is currently consulting with the industry and public on a *Conduct of Insurance Business: Fair Treatment of Customers Guidance*, a process in which CAFII is actively engaged. In the interests of harmonization and consistency across jurisdictions, we support BC FICOM's adoption of CCIR/CISRO's Guidance on the Fair Treatment of Customers. We are also supportive of the statement issued by FICOM Superintendent of Insurance Frank Chong on May 3, 2018, which included the following statement: "Today's consultation on national guidance announced by Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO) – two national organizations that FICOM is very active in – is a positive step in making sure fair treatment of customers is front and center in all insurance."

Recommendation #51: Provide privilege for the self-assessment programs of financial institutions (insurance companies, credit unions, trust companies).
CAFII believes that the benefits of implementing a compliance self-evaluative privilege outweigh the costs of limiting evidence available in court proceedings.

Legislating a self-evaluative privilege protection for insurers promotes open and transparent self-assessments by companies and ultimately contributes to consumer protection improvements that can be achieved through regulators' use of such assessments.

We would also point out that providing a self-evaluative privilege protection is a position recommended by CCIR that was adopted with minimal modifications by Alberta and Manitoba in their most recent Insurance Act reviews. In addition, Saskatchewan recently legislated a self-evaluative privilege into its Insurance Act re-write that will come into force at the time of the new Act's proclamation.

That said, we strongly recommend that self-evaluative privilege not be limited to insurers, credit unions and trust companies, as currently written, but also include deposit-taking institutions as licensees under an RIA regime.

Recommendation #52: Allow FICOM to withhold information under the Freedom of Information and Protection of Privacy Act (FOIPPA) when it is provided by other regulators in confidence.
We agree that where information is provided by other regulators in confidence, FICOM should have the option of withholding it.

Recommendation #54: Expand the number of Insurance Council members appointed by the LGIC from eleven to thirteen by adding two additional independent agent representatives.
In connection with this recommendation, CAFII recommends that the BC government remove the residency requirement for participation in the Insurance Council of BC, so as to permit expert advice and input from those who conduct business in BC, even if they do not reside in the province.

Recommendation #57: Draw on the CCIR's recommendations to put in place a flexible legal framework that enables insurers to offer their products online while protecting consumers.
We support allowing consumers to have choice in a competitive marketplace. Consumer choice means that they have options to purchase insurance through a licensed broker, or to purchase it directly from an insurance company through whatever channel they prefer, depending on their preference. Consumers have a wealth of information available to them in today's marketplace, including about the products of CAFII members; and it is the consumer's right to decide what channel, level of advice, or method of purchase they prefer.

We therefore support the overall thrust of this recommendation, while counselling against use of the words "and making consumers aware of the importance of obtaining advice" which is a biased statement, favouring one purchase channel over others. Consumers differ in their level of knowledge, and some products may not require advice and can be purchased more efficaciously via a direct channel and without the involvement of a commissioned agent. It is for the consumer to make that decision, without the competitive marketplace being tilted by favouring one channel or method of purchase over another.

Conclusion
Thank you for the opportunity to share CAFII's comments and recommendations in this important legislative review. We look forward to engaging with the Ministry on next steps in this process. Should you require further information from CAFII or wish to meet with representatives from our Association at any time as the review progresses, please contact Brendan Wycks, CAFII Co-Executive Director, at brendan.wycks@cafii.com or 647-218-8243. In particular, we would be pleased to meet with Ministry officials – in-person or by phone, as may be preferred – to clarify and elaborate upon our views expressed in this submission.

Sincerely,

Peter Thorn
Board Secretary and Chair, Executive Operations Committee

About CAFII

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

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

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

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

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Agenda Item 4(a)

June 26/18 EOC Meeting

Quebec's Bill 141 is adopted
by Andrea Lubeck , Justine Montminy June 14, 2018 01:30 p.m.

Quebec's Bill 141, An Act mainly to improve the regulation of the financial sector, the protection of deposits of money and the operation of financial institutions, was passed June 13, two days before the end of the legislative session.

Finance Minister Carlos J. Leitão underlined that the bill required more than 60 hours of study in a legislative committee. He also announced that the government plans to create an advisory committee of consumers of financial products and services. This committee's mission will be to provide Quebec's financial markets regulator, the Autorité des marchés financiers (AMF), with a consumer perspective.

Leitão once again reiterated that keeping Quebec's insurance SROs, the Chambres, poses problems and eventually should be corrected.

"It remains clear that integrating the Chambres with the AMF…to improve consumer protection is, in our opinion, an inevitable logical solution that would be in the long-term interest of consumers, representatives and firms," he said.

The Insurance Bureau of Canada (IBC) says it sees the adoption of Bill 141 as positive, particularly with respect to the modernization of the legislative framework for the financial sector.

"Significant advances have been made that will allow property and casualty insurers to adapt their practices to the realities of today and to offer Quebec consumers products that meet their constantly changing needs, in line with the pace of technology innovation," said Johanne Lamanque, Vice-President, Quebec, of the IBC.

For its part, the Coalition des associations de consommateurs (consumer associations coalition) believes that the bill is far from meeting the needs of the consumer. "The bill was missing elements that would have been necessary to protect consumers with respect to online sales," said Jacques St-Amant, analyst at the Coalition, in an interview with The Insurance and Investment Journal.

Carlos Leitao backtracks and reluctantly keeps both Quebec insurance SROs
by Denis Méthot June 6, 2018 11:30 a.m.

Quebec's Committee on Public Finance was the scene June 5 of a spectacular about-face. At the beginning of the session, Finance Minister Carlos Leitão announced that he was abandoning the integration of Quebec's self regulatory insurance organizations – the Chambre de la sécurité financière and the Chambre de l'assurance de dommages – into Quebec's financial regulator, the Autorité des marchés financiers (AMF). The two SROs will therefore continue to exist distinctly and evolve within the scope of their consumer protection mandates of monitoring the ethical practices of licensees.

This decision may have been the price to pay for passage of Bill 141 by June 15 when the legislative session ends.

“I still think it's a very bad idea and it would be important to have one supervisory authority that can intervene in a comprehensive and coherent manner," Leitão commented in a resigned tone. “By letting the

Chambres continue to function the way they operate, there is a risk of duplication and inconsistency and I really hope that there will be no unpleasant event in the meantime. I think that a future legislature will have to agree on the best way to supervise the players in the financial system. But for now, we are withdrawing the proposals (from the bill) and both Chambres will continue to exist."

Carlos Leitão thus has yielded on the question of the SROs just 10 days before the end of the legislative session, whereas he had appeared intractable up until now.

"I think it's a very good compromise," said Nicolas Marceau, a Parti Quebecois Member of the National Assembly (MNA), who had made keeping the Chambres one of his main priorities. The Minister and I have not come to the same diagnosis. I think the current model works well and I believe in the virtues of self-regulation."

He recalled that there had been no consensus around the abolition of Chambres and their integration into the AMF. Some industry players were in favor, while others, such as consumer associations, were opposed to it, he added.

Another MNA from the CAQ party, François Bonnardel, who was also opposed to the abolition of Chambres, also welcomed Minister Leitão’s flip-flop.

Even though MNAs have reached a consensus, the decision to maintain the Chambres has not yet been formalized. Amendments to Bill 141 to permit this will be tabled and made public today (June 6), when the Committee on Public Finance resumes its work.

Sources told the Journal de l'assurance, a sister publication of The Insurance and Investment Journal, however, that the clause-by-clause study of Bill 141 should be completed this evening.

If so, the Committee on Public Finance would adopt, tonight, its final report which would then be tabled in Quebec’s National Assembly for adoption early next week.

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Agenda Item 4(b)(i)

June 26/18 EOC Meeting

Strengthening financial consumer protection – what has to be the driving force
Speech Delivered by Lucie Tedesco, Commissioner of the Financial Consumer Agency of Canada
June 12, 2018, Toronto ON; Economic Club of Canada
Check against delivery

Thank you very much.

It is truly a pleasure to be here, and I am delighted to see so many familiar faces.

Thank you to the Economic Club of Canada for providing this podium for thought leaders and decision-makers to share ideas and plans for advancing the lives of Canadians.

I am here today – eager – to share with you what the findings of our recent review of bank sales practices mean for the financial institutions we regulate, as well as for us at the FCAC.

I appreciate that many of you here might not represent financial institutions.

But regardless of the organization in which you work, if you are serving or otherwise dealing with clients, I can assure you that my messages are relevant.

If this is the case, I can assure you that my messages are pertinent to you too.

Soon after the story of Wells Fargo surfaced in the US in the fall of 2016, we decided to conduct our own review of sales practices at Canada's largest retail banks.

Our initiative started last spring. Now here we are, a little over a year later, our report in the public domain, with its findings and recommendations on addressing sales practices risk.

For those we regulate, these recommendations are not just printed words.

They are actually a plan for action.

And for the Agency, they represent not only the culmination of extensive research and analysis, but also the point at which we transition into the next stage of our evolution as a regulator.

Some of you may recall the objective of our review: To identify the drivers of sales practices that could increase risks to consumers.

During the course of our review, one of the key drivers identified as influencing sales practice was culture.

Corporate culture – a set of shared values and norms – has been described as the only sustainable competitive advantage.

It is the sole aspect of an organization that cannot be replicated.

Everything else – from strategies and products, to services and marketing – can be imitated.

But culture is the one true identifier.

An organization's DNA, so to speak.

Our industry review confirmed that the changing business models of retail banking culture are anchored in sales.

As a result, performance management and incentive programs are designed to foster sales, and distribution channels and practices do not give the interests of consumers the consideration that they require.

In other words: A culture than can be rich soil for mis-selling to consumers and for breaching market conduct obligations.

Now, couple this with controls and governance frameworks that are underdeveloped, and what results is a fault line that undermines consumer protection.

We also noted that roles, responsibilities and accountabilities related to the oversight and management of sales practices and market conduct risk are not always well defined.

As an outcome of this, CEOs, executives and boards are not getting the full picture.

Information that is currently gathered and reported on in isolation must be pulled together in a way that provides them with a comprehensive and holistic assessment of their market conduct risk.

When I meet with CEOs and boards, they express a firm belief in and commitment to customer centricity.

It is a value they believe is at the heart of their organizations' culture.

From my perspective and from what we have learned from our review, however, this culture has become misaligned with their belief and values.

So then, how did we end up with a retail banking culture that is so strongly rooted in sales?
What has happened is that the underlying programs, infrastructure and focus on returns have caused a misalignment with the conviction of consumer centricity.

In the words of the Group of Thirty in their report on Banking Conduct and Culture, "Banks should look at culture, and achieving consistent behavior and conduct aligned with firm values, as key to strategic success, rather than as a separate work stream or add-on process to respond to short-term regulatory or enforcement priorities."

The good news is that industry executives are willing to act and strengthen their governance frameworks and controls to better mitigate sales practices risk.

I am encouraged by this.

Our report sets out a number of expectations.

The most important one is that financial institutions must make financial consumer protection, fairness and product suitability a priority.

Because market conduct is more than just compliance with regulations, policies and procedures.

As the UK's Financial Conduct Authority expresses, "Firms now need to shift more of their attention outwardly to consider whether their actions are causing or have the potential to cause harm to customers or markets."

The Financial Conduct Authority is assisting financial institutions with this shift through its 5 Conduct Questions Programme.

This program aims to systematically improve conduct by enabling financial institutions to challenge themselves and to informally benchmark their efforts across the industry.

Each institution is responsible for defining its own approach to market conduct.

And to guide institutions in defining their approach, the Financial Conduct Authority asks them to answer 5 conduct questions.

As an example, one of the questions reads: "How do you encourage the individuals who work in front, middle, back office and control and support functions to feel and be responsible for managing the conduct of the business?"

This question touches on the importance of the Tone from the Top.

Although Tone from the Top in our banks is usually, as I noted previously, consumer centric, the review found that middle management is in a much stronger position to shape the sales culture in branches and call centres.

In some circumstances, middle managers can undermine the strength of the messages that are disseminated from the Top.

Leadership must be aligned not only in its messaging but also in modeling the right behaviours.

After all, market conduct is everyone's business.

That is why we expect financial institutions to expand market conduct discussions beyond the lines of defence to include those areas, for example, responsible for product development and business lines.

In fact, we have already met with several business teams from the large banks to initiate such discussions.

But expanding our communication and outreach is not the only FCAC initiative contributing to a more evolved supervisory and enforcement approach.

Throughout our existence, we have learned, evolved and gained more responsibilities and relevance within the financial services sector.

The Agency keeps progressing and is driven to keep pace with trends and emerging issues within the financial marketplace.

This review has contributed to this progress.

It has changed the way we work.

Because we now have a greater understanding of the context within which the institutions we regulate operate, as well as a greater understanding of the nature of the market conduct-related data they capture.

So, it will no longer be enough, for instance, for us to ensure that the policies and procedures meant to protect consumers are in place.

Moving ahead, we must confirm that these policies and procedures are being properly applied and are yielding the outcomes intended.

This will be achieved through, what I call, deeper dives into the consumer provisions of the legislation and regulations we oversee.

So, by applying the lessons we learned from the review, and by acting on the measures we have outlined in the report, we will become more resilient, more agile and well positioned for the future.

To illustrate, we are currently creating an infrastructure for the implementation of a modernized supervision framework.

Under this framework, financial institutions will proactively identify, address and monitor their conduct risk and report to the FCAC on how they are measuring up.

We, in turn, will be increasingly proactive in our efforts to understand emerging risks before they impact consumers, and proactive in communicating vital information that will assist institutions in complying with their obligations.

We will also continue to assess, evaluate and improve our supervisory and enforcement processes in order to ensure sustained efficiency and effectiveness.

In addition to our work on the framework, we are readying the Agency to better respond to the expectations of the marketplace by increasing our bench strength and diversifying our skill set.

With these investments, we will be equipped to engage in more comprehensive oversight activities, and to conduct the necessary follow-up work resulting from this and future reviews.

We are introducing changes to become more flexible, more rigorous and, above all, more impactful.

As we do so, we must also be realistic about our objectives.

We must acknowledge our limitations.

FCAC can be everything a modern, effective regulator should be, but we can only be as effective as the institutions we regulate are committed to the primacy of their customers.

Rounding out my presentation to you on what is required to strengthen financial consumer protection, I encourage financial institutions to engage in their own deep dives.

Above all, they need to know if their organization is virtuous – that is, truly committed at the core and heart of its culture to customer centricity.

In the very wise words of the former Governor of the Bank of Canada, Mark Carney, with whom I have had the pleasure to work during my tenure as FCAC's Commissioner:

"Virtue cannot be regulated. Even the strongest supervision cannot guarantee good conduct."

I will leave it at that.

Thank you again for being here. I would be pleased to answer questions.

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Agenda Item 4(b)(ii)

June 26/18 EOC Meeting

CAFII Insights/Intelligence Notes From June 12/18 Speech by FCAC Commissioner Lucie Tedesco to Economic Club of Canada; and Ensuing Private Conversation

(See also Strengthening financial consumer protection – what has to be the driving force Speech Delivered by Lucie Tedesco, Commissioner of the Financial Consumer Agency of Canada June 12, 2018, Toronto ON; Economic Club of Canada, agenda item 4(b)(i))

Private Conversation of Brendan Wycks and Keith Martin of CAFII with Lucie Tedesco, FCAC Commissioner; and Brigitte Goulard, FCAC Deputy Commissioner, Following Conclusion of Event

-Phase 2 of the FCAC's Review of domestic banks' sales practices will consist solely of carrying out a similar review of the sales practices of small and medium-sized federally regulated financial institutions, as the initial review looked only at the "Big 6" federally chartered banks. Continuing communications/stakeholder engagement around the results of the initial Review; a Phase 2 Review focused on small and medium-sized FRFIs; and the launch of the new, modern FCAC Supervision Framework will be the Agency's sole areas of focus for the balance of 2018.

-There could possibly be further Phases of the Review – perhaps focusing on an individual product line or on particular distribution channels – but any additional Phase along those lines wouldn't occur until 2019 at the earliest.

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

Lucie Tedesco's Prepared Speech

-The sales culture which permeates our domestic banks today creates a "fault line" for professed customer-centricity, such that middle managers can actually undermine the "Tone from the Top" messages around Fair Treatment of Consumers/Customers.

-How do you encourage individuals at middle and junior levels in the banks to place top priority upon and to model behaviours that are aligned with the Tone from the Top?

-It's also critically important to get the people who are involved in such things as product development and distribution planning/execution to be responsible for customer-centricity and FTC "by design".

-The FCAC has been evolving and progressing since its inception in 2001; and this latest Review of domestic banks' sales practices has contributed to our progress because we now have a greater understanding of how the financial institutions we regulate actually work (e.g. their internal policies, procedures etc.), as well as of the market conduct-related data which they capture.

-On a go forward basis, the FCAC will be doing "deeper dives" into how the banks we regulate are applying the consumer provisions of the legislation and regulations which we oversee. We will be developing a "risk profile" for each FI.

-We are on the verge of releasing a new, modern FCAC "Supervision Framework" which we are planning to implement this Fall after a few more necessary direct consultations on it have taken place. Under this framework, FIs will have to proactively identify, address and monitor their conduct risk and report to the FCAC on how they are measuring up.

And the FCAC, in turn, will be increasingly proactive in identifying emerging risks before they impact consumers, and proactive in communicating information that will assist FIs in complying with their obligations. The new Supervision Framework will allow us to be more proactive, transparent, and predictable as a Regulator.

Q&A Session Following Lucie Tedesco's Prepared Speech

-The Australian Royal Commission on Banking is not very relevant to Canada because the environment in Australia is much different than it is in Canada, completely different in fact. Canada has a very strong prudential regulator, OSFI; and, we believe, a very strong market conduct regulator as well, the FCAC.

Our Review of the domestic banks' sales practices was not akin to the Australian Royal Commission, but more like the US Office of the Comptroller General's recent review of all US banks other than Wells Fargo.

-Through the very deep dives that were part of our Review of the domestic banks' sales practices, we realized that the banks gather and have at their disposal an inordinate amount of data which seems to "just sit there" but could be used to identify underlying risks and improve things.

-The FCAC has a very good collegial and collaborative relationship with OSFI. Both regulators are members of the federal government's Financial Institutions Standing Committee (FISC). There will be instances in the future where the FCAC will choose to do a joint review with OSFI; and other circumstances where we won't.

-When the FCAC was established in 2001, its work largely consisted of reacting to consumer complaints. Then, some years later, we became able to identify systemic issues through data analysis. Now, after our recent Review of domestic banks' sales practices, we've realized how we need to do our work going forward, to be optimally effective.

So a more proactive, "deep dive" approach – looking at things microscopically re how policies and procedures are being applied – has become a "natural evolution" in the FCAC's history.

From: Craig Anderson [mailto:CAnderson@clhia.ca]
Sent: Wednesday, June 13, 2018 2:09 PM
To: Brendan.wycks@cafii.com; keith.martin@cafii.com
Cc: Erica M Hiemstra; Kate Walker; Kim Doran
Subject: Saskatchewan Insurance Act

Hi Brendan and Keith

Very nice to see you both again.

Attached is our letter to Roger Sobotkiewicz on the issues we have remaining with the new Insurance Act and regulation. Jan replied advising they are looking at our issues and will respond.

Any support you could provide on these issues would be most appreciated.

If you have any questions on the issues raised please reach out to either Kate or me at your convenience.

Thanks

Craig Anderson
Vice President and General Counsel
Direct: 416-359-2015

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

June 5, 2018

Via email to: roger.sobotkiewicz@gov.sk.ca

Mr. Roger Sobotkiewicz
Superintendent of Insurance
Chair and CEO
Financial and Consumer Affairs Authority
601-1919 Saskatchewan Drive
Regina, Saskatchewan
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Re: The Insurance Act and Regulation

The Canadian life and health industry has provided written[1] and verbal commentary on the pending Insurance Act and regulation on several occasions. We appreciate the opportunities that we have had to provide comments and the many improvements that have been made to date to the Act and regulation for the benefit of both consumers and the businesses that are subject to the legislation.

The CLHIA represents life and health insurers accounting for 99% of the life and health insurance business in Canada. The industry is a significant economic and social contributor in Saskatchewan. Employing nearly 4,000 people in the province, the industry provides a wide range of financial protection and income security products to help 900,000 Saskatchewan residents safeguard themselves and their families against the financial risks that can come with life situations such as illness, retirement and premature death. In 2016, Saskatchewan residents received $2.2 billion in benefit payments. In addition, the industry has $20 billion invested in Saskatchewan's economy. A large majority of life and health insurance providers that carry on business in Canada are licensed to operate in Saskatchewan, with three being headquartered in the province.

We are writing today however, because we still have some very serious unresolved issues with respect to several provisions of the Act as they are currently written. Our concerns relate to a number of issues in the Act and regulations that will be costly to implement without proportionate benefit to consumers.

Indeed, some provisions might also have the unintended consequence of confusing consumers rather than helping them.

[1] See our letters dated Feb. 18, 2015, Apr 7, 2016, and Dec. 9, 2016

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The issues which remain, all of which are detailed in the attached Appendix, include:

1) Insurer's Representatives as currently defined could mean thousands of employees, primarily outside of Saskatchewan, who are not engaged in the selling of insurance would now need to be licensed;

2) Insurers' contact information for correspondence and some advertising requires a Saskatchewan address and a Saskatchewan telephone number that will result in consumers being initially directed away from the locations established by insurers to assist them, resulting in delay, upset and confusion;

3) Insurers are required to keep physical records in Saskatchewan even though most, if not all, of those records are either in an electronic format and/or are stored at insurers' head offices located in other provinces;

4) Requirements for notice of insurance to Insured Person are unclear, very costly to administer and, most importantly, will confuse and impose a burden on consumers; and

5) The industry requires clear transition rules for many of the new requirements well in advance of the proclamation of the Act.

We have set out a detailed explanation of our concerns, the sections of the Act to which they relate and suggested steps that we recommend be taken to address each issue in the Appendix to this letter. This Appendix includes the five issues mentioned above as well as ten others, all of which are important to our industry. We strongly urge that the Act, wherever possible, be aligned with the insurance legislation of other provinces that have updated their legislation so that provincial insurance legislation may be harmonized across Canada, to the greatest extent possible.

Our primary and most urgent concern at this time though, is that in the absence of addressing these issues our members will have great difficulty in complying with the provisions of the new Act and regulation by January 1, 2019. We are therefore writing to respectfully request that Saskatchewan delay proclamation of the Act until further direction and clarity can be provided to our industry and to allow us time to fully comply with the required changes. This will greatly assist us in making a transition that is seamless and effective for consumers.

We feel strongly about the need to address these important concerns and would like to meet with you and your staff in person to discuss these matters in more detail.

Yours very truly,

"Craig Anderson"

Vice President and General Counsel

APPENDIX
THE INSURANCE ACT
UNRESOLVED ISSUES

1) **Section 1-2 and 5-5(1) & (2), The Insurance Act**
Section 5-2(1) The Insurance Regulations - Insurer's Representatives (Definition)

The combination of the definitions of Insurer's Representative and Insurance Agent under the Act are so broadly worded that they will, in their present form, arguably require numerous employees of insurers who do not have any direct involvement with the sale of insurance to be licensed at significant cost. These costs will, ultimately, increase the cost of insurance to consumers. The exemption under the Regulations, while helpful, may not completely resolve this issue because it arguably is not broad enough to exclude all employees who have no identifiable need to be licenced. This issue is also of concern with respect to employees of third party administrators where insurers outsource clerical and administrative functions.

It is our view that the focus for licensing requirements should be on those individuals who are engaged in the sale and negotiation of insurance. If employees are not involved in the sale or negotiation of insurance (such as an employee who prints and mails an insurance policy to a consumer), then there should be no need to license them.

Ideally these sections should be amended; or alternatively, they should be clarified through regulation in a manner that is similar to British Columbia's *Financial Institutions Act* - Insurance Licensing Exemptions Regulation which, among other exemptions to insurance licensing, contains an exemption for "a person who is an employee of an insurer or insurance agent if the employee does not solicit insurance, is paid a salary by the insurer or insurance agent and does mainly clerical work".

It is not clear what specific risks are being addressed by the provisions as they are currently written, but the resulting cost and burden of the extra level of licensing to the industry will be greatly disproportionate to any intended protection.

2) **Section 7-11, The Insurance Act**
Section 7-2(1) The Insurance Regulations - Insurer's Contact Information

This section of the Act requires extra-provincial insurers to include both the address and telephone number of their head office as well as the address and telephone number of their chief office in Saskatchewan, on certain documentation. However, many life and health insurers do not actually have an office or phone number in Saskatchewan where employees are present that can assist consumers. As detailed below, we therefore request an exemption from this requirement for life and health insurers who provide their contact information (e.g. toll-free number and website) on the relevant documents.

The Regulations do provide an exception to these requirements for advertising or general correspondence in Saskatchewan which involve either campaigns that include other regions as well as Saskatchewan and are not targeted specifically to residents of Saskatchewan. However, they do not go far enough to reduce the considerable burden these requirements impose.

These requirements, in their present form, are impractical if Saskatchewan consumers are seeking assistance, will be costly to comply with and will cause more confusion than help for Saskatchewan consumers. The reasons for this are:

- most insurers who are licensed in Saskatchewan do not have any physical presence in the province other than an office for service through an agent physically located in Saskatchewan, as required under section 10-25 of the new Act. These insurers have offices physically located in other provinces which provide

- customer service to Saskatchewan consumers and to which concerns should be directed so that they may be dealt with as expeditiously as possible. Directing consumers to these section 10-25 agent offices will not assist consumers and only delay their contact with those persons who can assist them with their questions;

- requiring a Saskatchewan address to be included on a group policy could cause confusion for plan members because in addition to the point above, members insured under a single group policy may reside in Saskatchewan or in another province or territory across Canada. Including a Saskatchewan address in addition to the proper office to provide assistance will cause plan members both within and outside Saskatchewan to contact an office that will only be able to redirect them; and,

- it would be impractical and costly to insurers, and potentially confusing to consumers, to include multiple street addresses and phone numbers in the various types of documentation that would be unique to Saskatchewan and not used in any other provinces or territories.

It is a reality of today's business world and the experience of our industry that consumers are primarily communicating through the internet and/or through customer service centers by telephone through a toll-free number. Recognizing this, insurers already clearly communicate how to be contacted through a website address and toll-free telephone numbers so they can effectively and expeditiously respond to their customers' questions and concerns. Providing a physical address within the Province of Saskatchewan is unlikely to be of any benefit and will lead to confusion and delay in providing customer service for Saskatchewan residents.

Ideally this section should be amended or clarified through regulation in a manner that is similar to section 91 of British Columbia's *Financial Institutions Act* which requires insurers to clearly state "its identity" on certain documents or section 508 of the Alberta's *Insurance Act*, which requires the conspicuous disclosure of an insurers name on all advertising, correspondence, contracts of insurance and policies. This would meet Saskatchewan's policy objectives and align with existing requirements in other provinces.

3) Section 2-39 The Insurance Act – Records to be Kept in Saskatchewan or Approved Location

Under section 2-39, insurers are required to keep physical records in the province or "in any other location that the Superintendent may approve". While section 2-7 of the regulation sets out particulars on records retention, it is silent on whether extra-provincial insurers can maintain the records electronically or at their head office locations where access can be made available to them upon request. We ask that an insurer's head office be specified by regulation as an approved location for records retention in advance of the proclamation date of the Act.

4) Section 8-108(2), 8-171(2) The Insurance Act – Notice of Insurance to 3rd Party Insured Person

Under section 8-108(1), individuals who have an insurable interest in their own lives and in the lives of other people, including the individuals' spouse and children, as set out in section 8-108(1), may place insurance on the lives of those other people. Section 8-171(1) creates a similar rule for accident and sickness insurance. How to ensure the person being insured is aware of insurance being placed on their life or health is an issue that we have raised and discussed in the context of section 8-108(2) and 8-171(2).

While very positive changes were made to this section by Sections 15 and 19 of *The Insurance Amendment Act, 2017* (not yet passed) we still are concerned that the sections are too broad in their requirements and they will be redundant in their effect. While we agree that it is generally important that people should know if someone else places insurance on their lives or health, we believe that separate notice is not needed in all cases. We recommend

that a new regulation be created that will set out express exceptions to the notice requirements for insurers in the circumstances specified below.

- Where the insured person has signed the application for insurance, or has otherwise provided the insurer with evidence that they are insurable for the insurance in question
    - in this case, the insured person clearly already knows about the insurance, and has agreed to it

- Where the insured person is a minor, and their parent or guardian has signed the application of insurance on behalf of the minor, or otherwise consented to the insurance
    - in this case, the person who is responsible for the life and health of the minor insured person is aware of the insurance, and has agreed to it

- In group life and health insurance
    - life insurance on anyone other than the group member is typically small unless the member applies for optional life insurance
    - for optional life insurance, the person to be insured must typically provide evidence of insurability and consent to the insurance, before the insurer will issue it
    - group health insurance such as dental, extended health, pharmacy benefits, vision care, etc. does not raise any risk for the insured person
    - currently, insurers do not obtain a separate address for dependents, and don't have any place in their systems to put this information; updating systems to enable insurers to send the letter required under 8-108(2) and 8-171(2) would require significant work at significant cost for little benefit. Insurers cannot reasonably achieve this by January 1, 2019.

Ideally, all the circumstances listed above should be exempted from this provision by a new regulation. Alternatively, we ask that clarification be provided through an Information Bulletin prior to the proclamation of the Act.

5) Transition Regulation Required

The industry requests guidance through a regulation be provided on how the transition is to be made with respect to the application of new provisions on existing insurance contracts, certificates and claims.

If it would be of assistance, we would be pleased to provide you with a full list of the affected sections and recommended transition rules based on our experience with other jurisdictions. Assistance in the form of a transition regulation was provided to the industry by both British Columbia and Alberta when they amended their respective Insurance Acts which was very helpful in identifying sections that only applied to existing contracts when they were to be renewed or replaced. It is worth noting though that in those provinces, the transition provisions of the Acts clearly stated which sections were subject to transition regulations: see Alberta s. 640(1), 697(1) and British Columbia s. 39(1), 94(1).

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

The new Saskatchewan law gives owners the right to rescind insurance within 10 days of purchasing it. Like the CLHIA Guideline G10, "10-Day Insurance Contract Rescission Right", it exempts group and creditor's group accident & sickness contracts. Unlike the Guideline G10, it does not exempt group and creditor's group life insurance contracts. This appears to have been an oversight, and we presume that Saskatchewan intended to exempt both.

We ask that the exception in the regulation be extended to apply to group life and creditor's group life insurance contracts.

7) Notification of Right to Make Complaint: Information Bulletin Required to Clarify s. 7-25 of The Insurance Act

Section 7-25 requires insurers to notify the insured of their right to make a complaint against the insurer to the OmbudService for Life & Health Insurance within 5 days after denial of a claim or after a "dispute" arises regarding the payment of claim. However, the OmbudService will not address a complaint until the complainant has exhausted the insurer's own internal appeal and complaint process.[2] Also, it's not clear what a "dispute" is in the section.

This section of the Act will create serious implementation challenges to our industry unless an Information Bulletin is released prior to the proclamation of the Act. The bulletin should:

- set out a clear distinction as to which provisions apply to our industry and which apply to property and casualty insurers
- harmonize the rules with other jurisdictions
- clarify how insurers' established complaints procedures should operate in conjunction with section 7-25 (i.e. insurer should not direct the consumer to the OmbudService until the internal complaints/appeal process is complete)
- define and thereby further clarify the term "dispute". We suggest the following definition:

  ""dispute" means a complaint in relation to a declined claim that has been through an insurer's complaint resolution process and remains unresolved."

8) Notice of Statutory Conditions – s. 8-18 of The Insurance Regulations – Missing Words

This section of the regulation specifies that certain wording must be included in a policy of insurance as follows:

"Despite any other provision in this contract, this contract is subject to the statutory conditions in The Insurance Act respecting contracts of accident insurance".

We believe that it was an oversight that the words: "…and sickness" were omitted immediately following the word "accident" in the above provision. (See Alberta section 707, British Columbia section 103, etc.) We request that this section be amended to include the missing words.

9) Suspension of Limitation Period – s. 7-23(6) of The Insurance Act

Saskatchewan's new 7-23 introduces a rule, unique in the common law provinces, that "[d]uring any period of negotiation or settlement discussions between an insurer and an insured with respect to payment of a claim or loss under a contract of insurance... the applicable limitation period is suspended." This new provision suspends the limitation period in certain circumstances. We have several serious concerns with this rule, and for the reasons set out below, request that Saskatchewan pass a regulation stating that this rule does not apply to life or accident and sickness insurance.

[2] https://www.olhi.ca/complaints/our-process/

The problems with the new rule include:

- The circumstances under which the limitation period is suspended are ambiguous and will be difficult to track
- Insurers, consumers and their lawyers will therefore all be at risk, because it will be hard for them to know when the limitation period expires
- It's not clear why (6) requires insurers to give notice to the insured to restart the limitation period, rather than to the claimant as defined in 7-23(1) (e.g. the beneficiary)
    - If the insured is both the owner and the insured person for life insurance, the rule in (6) would require us to track down the estate and give the executor or administrator notice, even though they have no right to the insurance money
    - This is the only way for us to restart the limitation period
- The terms "negotiation" and "settlement" are also not defined so it is unclear at what point the limitation period is suspended
    - There is much greater certainty for other forms of insurance covered under the Act, such as those to which a formal dispute resolution process under 8-11, 8-28 or 8-41 applies
- It also means that insurers will find it difficult to know when the negotiation is over and they must provide notice under section 7-23(6) and 7-23(2)(e) to comply with this subsection.

It is our concern that this rule will result in confusion and increased litigation with respect to uncertainty over limitation periods.

We request that life and accident and sickness insurance be exempted from the scope of this rule by way of a new regulation. Alternatively, in the interim, we ask that an Information Bulletin be issued prior to the proclamation of the Act to provide further clarification on the section and the meaning of the undefined terms.

10) Information Folder for Individual Variable Insurance Contracts (IVICs): Exception be Made for Group Insurance – s. 7-19 of The Insurance Act

The industry requests that s. 7-19 be amended by regulation to clarify that it only applies to individual insurance and not to group insurance. While many insurers offer segregated funds for both individual investors and for employee-sponsored group savings and pension plans, information folders are only prepared for segregated funds for individual insurance.

CLHIA Guideline G2 requires insurers to prepare an information folder for each individual variable insurance contract. Each information folder is reviewed by a neutral third-party reviewer who confirms that it complies with G2, and the insurer then files the pre-approved information folder with the regulator in each jurisdiction where the IVIC will be offered, together with the reviewer's comfort letter. Before an application for an IVIC is signed, the applicant must receive a true copy of the most recent information folder. In Ontario, this process is required by law, under Ontario Regulation 132/97 ("Variable Insurance Contracts") made under the *Insurance Act*.

There is no similar process or rule anywhere in the common-law provinces for group insurance contracts.

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

It appears that in combining rules from various parts of the existing law into section 7-5(2) and (3), Saskatchewan inadvertently introduced a rule that requires insurers to refund premiums on life insurance calculated on a prorated basis when the insurance is terminated. We request a regulation to clarify that this rule does not apply to life insurance.

Under the current Saskatchewan Insurance Act, there are rules requiring the insurer to refund a pro-rata portion of premiums (or an amount based on this calculation) where fire,[3] auto[4] or accident and sickness[5] insurance is terminated. However, there is no similar rule for life insurance. In fact, in the Liquidation part of the Act, the existing law clearly states that the liquidator should, if possible, set aside assets to pay claims for refunds of unearned premiums for all types of insurance **except** life insurance (see section 413).

Life insurance is not priced for this refund. We therefore request a regulation to clarify that this rule does not apply to life insurance.

12) Amend Definition of "Travel Insurance" sold under a Restricted Licence to Match the definition in Alberta, British Columbia and Manitoba – s. 5-69 of The Insurance Act

Under section 5-69, "travel insurance' means (a) a policy that provides certain insurance regarding trip cancellation, interruption, or baggage loss or delay, and (b) group insurance against certain other risks. In Alberta, British Columbia and Manitoba, the word "group" is not included in subsection (b) of the definition regarding restricted licensing.[6]

While Saskatchewan is updating its Insurance Act, it would be extremely helpful to harmonize this rule with the other provinces that have restricted insurance agents' licences.

13) Financing Agreements May Override the Duty of Good Faith Disclosure – s. 7-17(3) of The Insurance Act

Under section 7-17(3), it appears that creditors will be able to require life and health insurers to amend their insurance contracts. The insurer may need to pay benefits to the creditor even if the owner made a material misrepresentation in the application or, in a more extreme example, murdered the insured person. This appears to be an error as the section in the current law does not apply to life or health insurance. We request that life insurance be exempted from this section by regulation prior to the proclamation of the Act.

14) Electronic Beneficiary Declarations, etc. - Approved Procedures – s. 7-24 of The Insurance Act

Section 8-4 of The Insurance Act allows records to be provided to an insurer in electronic form. In accordance with section 7-24, such records may include beneficiary declarations provided that, in any given case, the declaration is made by the insured directly to the insurer and "in accordance with procedures approved by the Superintendent".

We are unaware at this time whether any procedures under section 7-24 are being contemplated. However, as it has done for the Alberta Superintendent of Insurance, the CLHIA would be pleased to offer our assistance in drafting a process document for your review and approval.

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[3] Saskatchewan Insurance Act s. 128, Statutory Condition 5.
[4] Saskatchewan Insurance Act s. 192, Statutory Condition 8.
[5] Saskatchewan Insurance Act s. 234, Statutory Condition 5.
[6] British Columbia "Insurance Licensing Exemptions Regulation" under the *Financial Institutions Act*, s. 1(1) "travel insurance," Alberta "Classes of Insurance Regulation" under the *Insurance Act*, s. 1(1)(t) "travel insurance," Manitoba "Insurance Agents and Adjusters Regulation" under the *Insurance Act*, s. 23 "personal travel insurance".

15) Our Support for Section 7-16 of The Insurance Act - Trading in Life Insurance Policies

We would like to take an opportunity to reinforce our concern that section 7-16 of the Act be proclaimed when the bulk of the Act is. In our letter of April 7, 2016, we detailed our concerns with respect to the addition of any exceptions being made by regulation to the new provision which, once in force, will prohibit the trafficking of life insurance policies in Saskatchewan. We continue to have serious concerns with respect to the significant risks of fraud and abuse that viatical settlements, life settlements and stranger-owned life insurance pose for consumers in the absence of a prohibition against the trading of life insurance policies. In Section 7-16, Saskatchewan will have a strong prohibition against the trafficking of life insurance policies that will protect consumers which should not be delayed pending the drafting of any related regulation.

We strongly support this section being included as part of The Insurance Act being proclaimed into law and request that no exceptions be made by regulation.

Travel Medical Insurance Study
Wave 2 Report

cafii The Canadian Association of Financial Institutions in Insurance

pollara strategic insights

March, 2018

Background and Methodology

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Study Background and Objectives

- In 2015, a survey was conducted by Pollara on behalf of CAFII, as part of an industry review of Travel Medical Insurance requested by the Canadian Council of Insurance regulators, triggered by concerns raised in the media. In 2018, CAFII decided to repeat this quantitative research to determine if consumer perceptions and experience changed over the past three years.

- The specific objectives of this study are to quantitatively test:
  - The general public's perceptions of the travel medical insurance sector and the level of confidence in travel medical insurance
  - Experiences and satisfaction levels with the travel medical insurance purchase process among recent buyers (past 12 months)
  - Experiences and satisfaction with the travel medical insurance claims submission process and outcomes among recent claimants (past 24 months)

- An online survey was conducted between February 16th and March 5th, 2018, with 1,200 Canadians aged 18 and and over:
  - General population - Non-buyers of insurance, or purchased more than 12 months ago: n=400
  - Purchased travel medical insurance over the past 12 months: n=800
  - Made a claim over the past 24 months: n=400 (with 255 being able to recall and speak about this claim)

- Results of this study are compared to the 2015 benchmark study wherever possible.

Attitudes Toward Travel Medical Insurance

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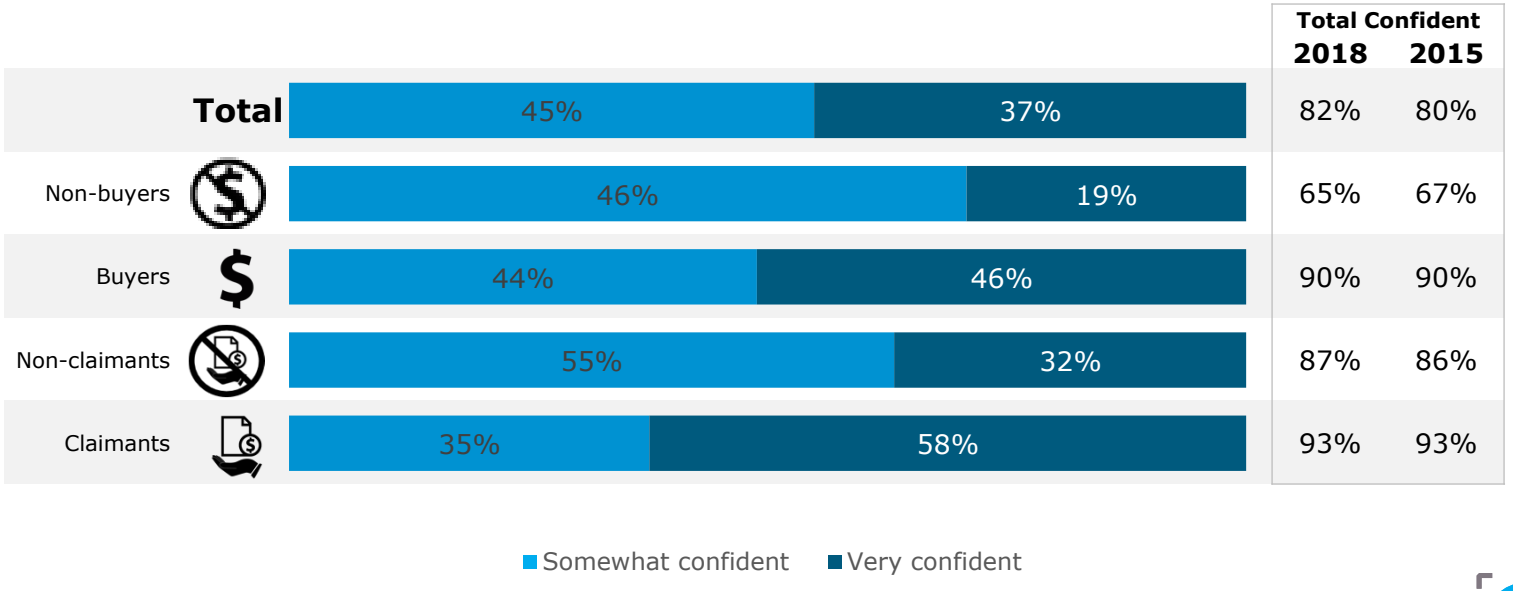
Eight in ten are confident that the travel medical insurance industry will provide the needed assistance in a medical emergency.

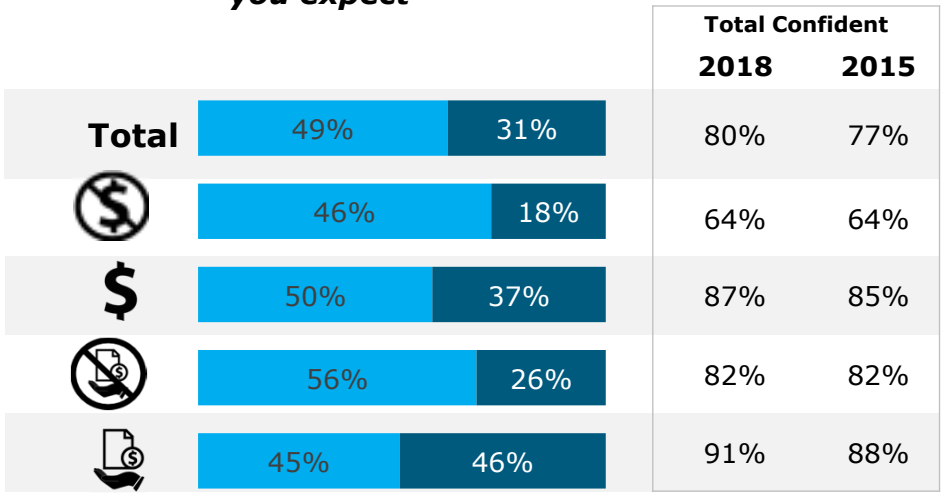
Confidence in travel medical insurance – *Provide the assistance you need*



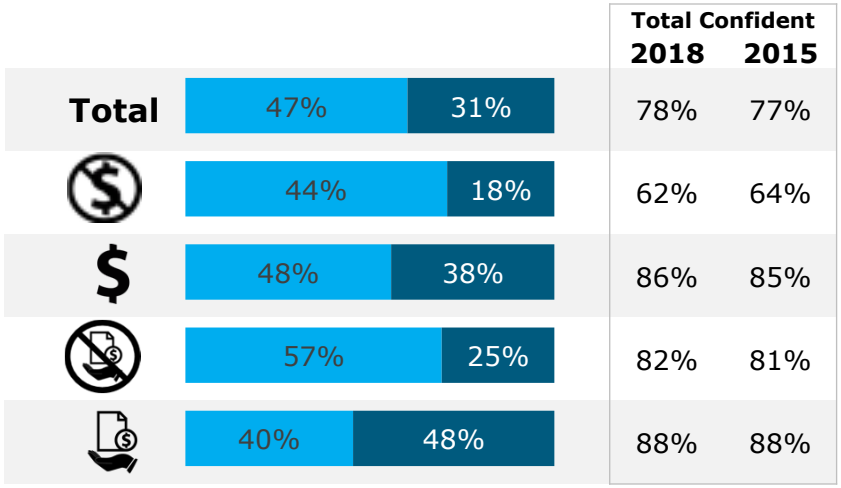
There is also confidence in policy coverage and quality of service

Confidence in travel medical insurance –

Provide the quality of service you expect



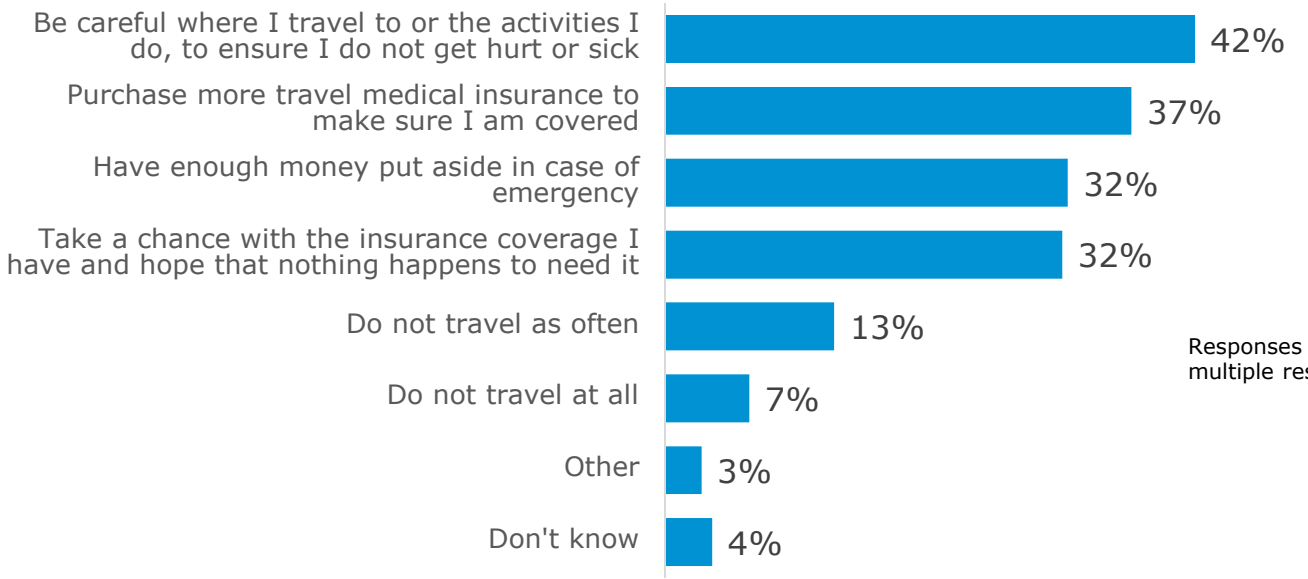
Cover your eligible claim expenses itemized in your insurance policy



Somewhat confident Very confident

Those who doubt their travel insurance will cover them proficiently, mostly try to stay safe while traveling, and/or buy more insurance to be covered.

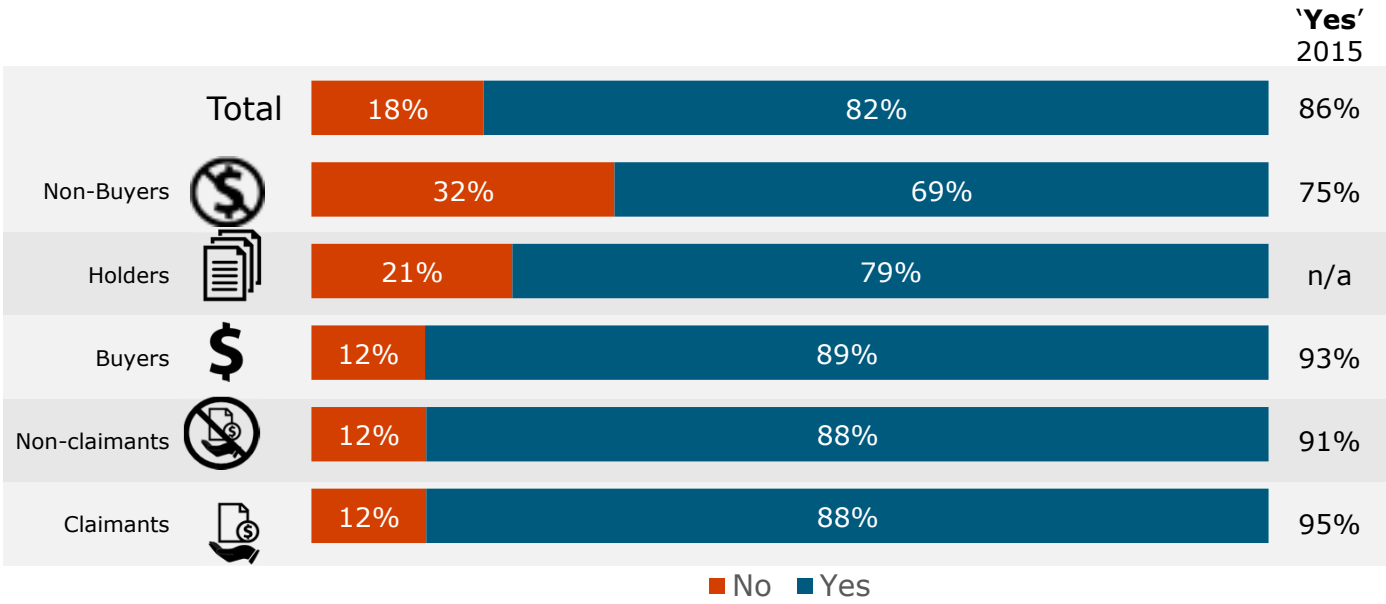
Ensuring Financial Coverage When Traveling Among Those Not Confident Travel Medical Insurance with Provide Needed Assistance



Responses do not equal 100% as multiple responses were allowed.

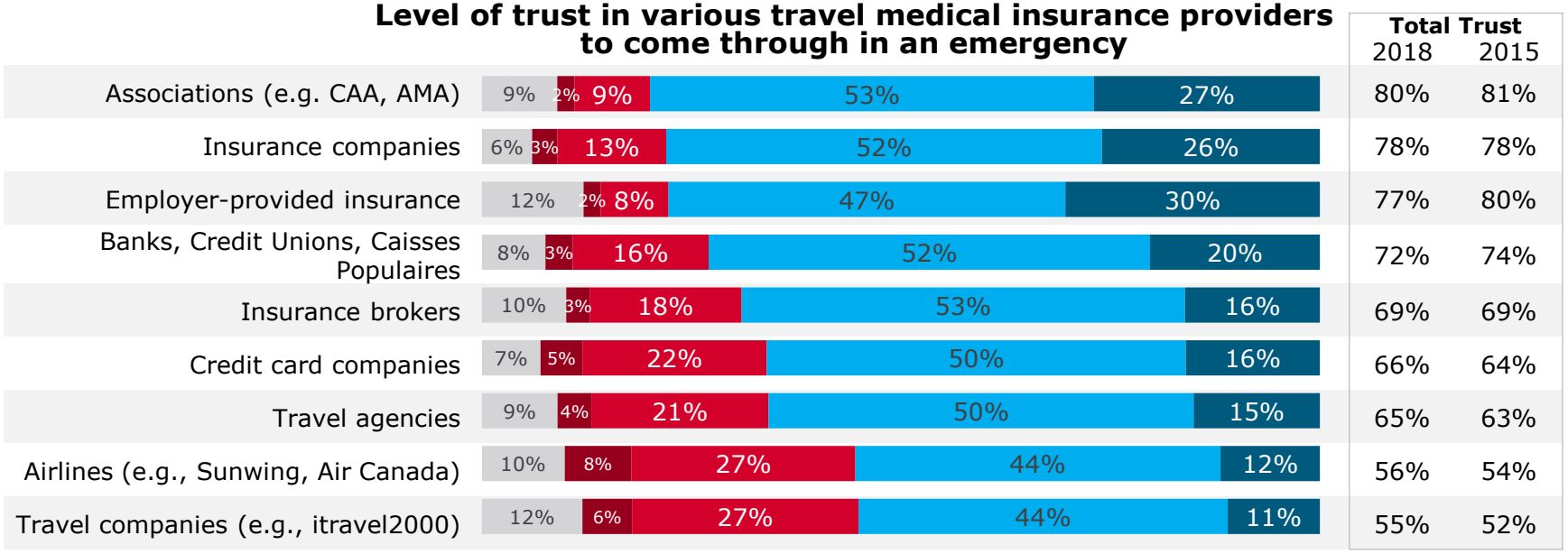
Respondents are quite confident they would know to call for information about their policy

Knowledge of who to call/contact to get needed information about policy



There is a good degree of trust toward many insurance providers, particularly associations, traditional insurers, and financial institutions.

Level of trust in various travel medical insurance providers to come through in an emergency



	Total Trust 2018	2015
Associations (e.g. CAA, AMA)	80%	81%
Insurance companies	78%	78%
Employer-provided insurance	77%	80%
Banks, Credit Unions, Caisses Populaires	72%	74%
Insurance brokers	69%	69%
Credit card companies	66%	64%
Travel agencies	65%	63%
Airlines (e.g., Sunwing, Air Canada)	56%	54%
Travel companies (e.g., itravel2000)	55%	52%

Workplace or Credit Card Travel Medical Insurance Coverage

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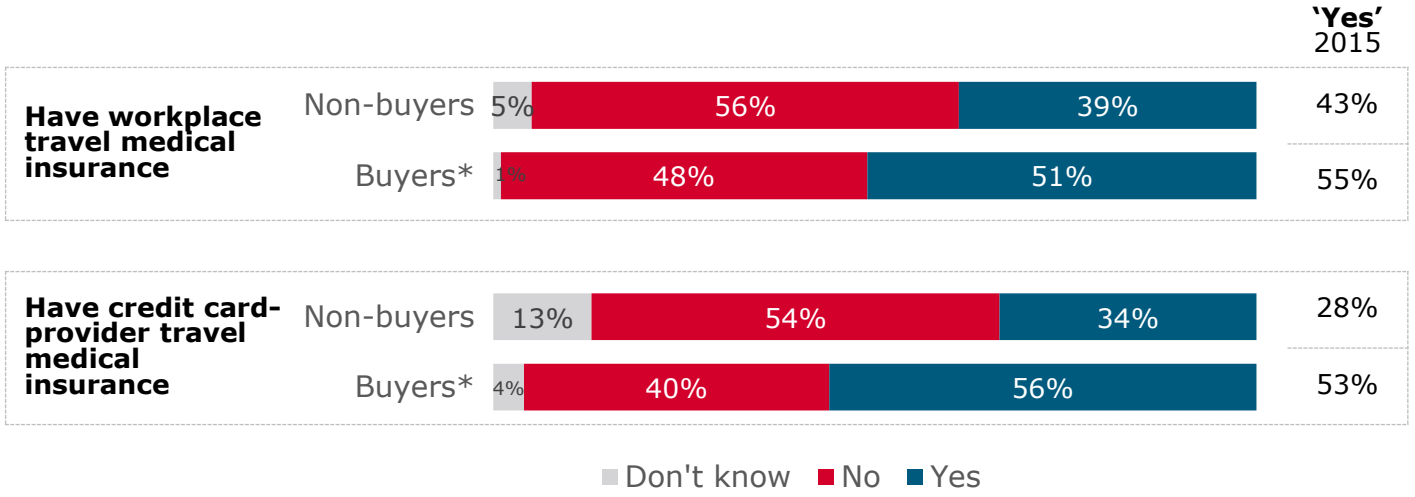
64% have access to work and/or credit card provided travel medical insurance.

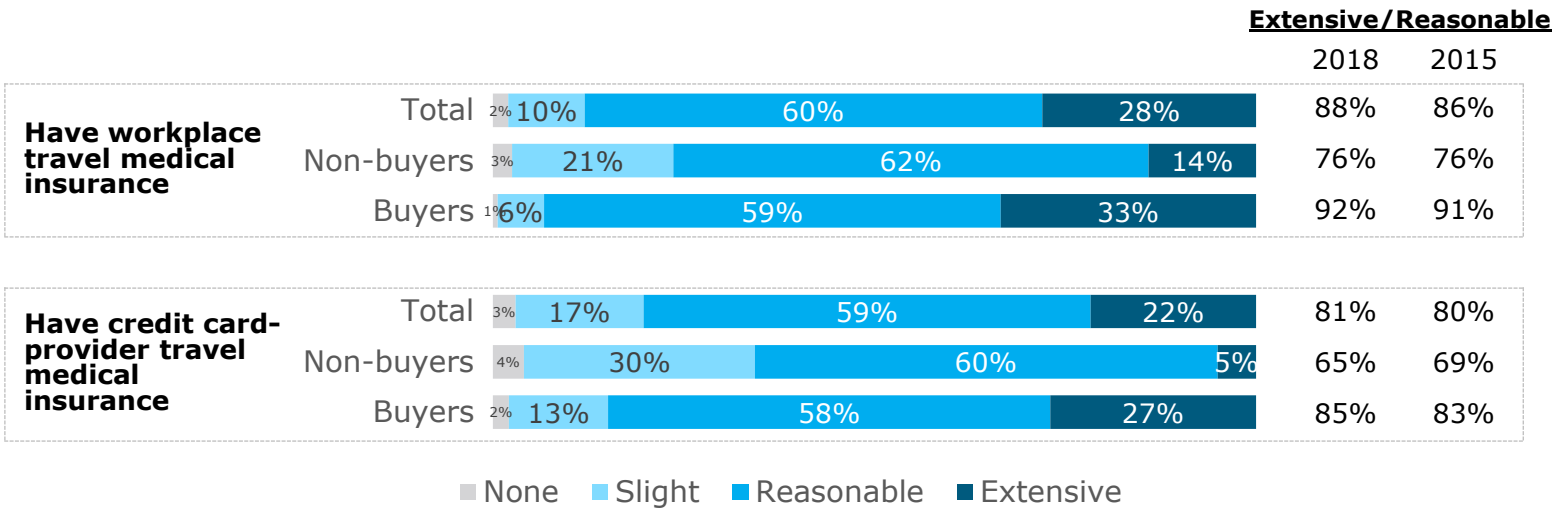
- Access to both workplace and credit card travel medical insurance: 31% (2015 30%)
- Access to neither workplace or credit card travel medical insurance: 32% (2015 38%)

Access to travel medical insurance (workplace/credit cards)



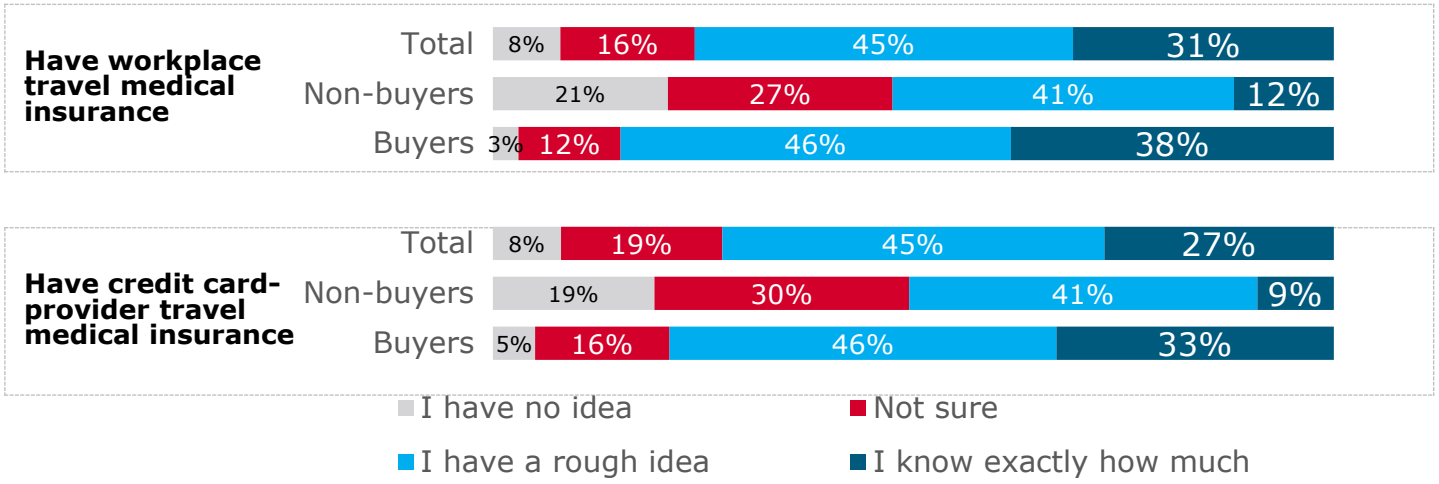
A majority of those who are covered by workplace or credit card insurance claim to have at least a reasonable level of understanding of what is and isn't covered by those policy terms.

Understanding of Policy Terms



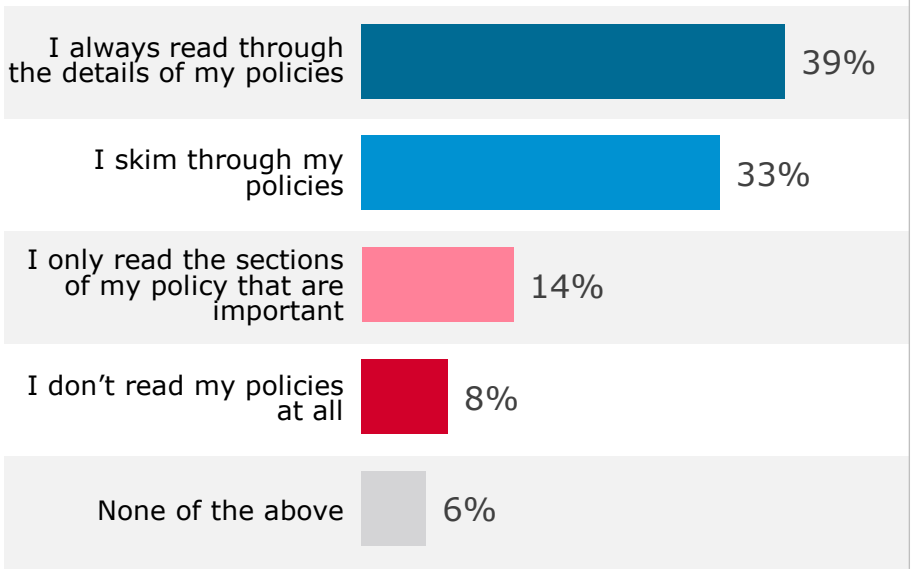
Most respondents have at least some idea of the maximum coverage of their work or credit card travel insurance policies.

Knowledge of Coverage Value

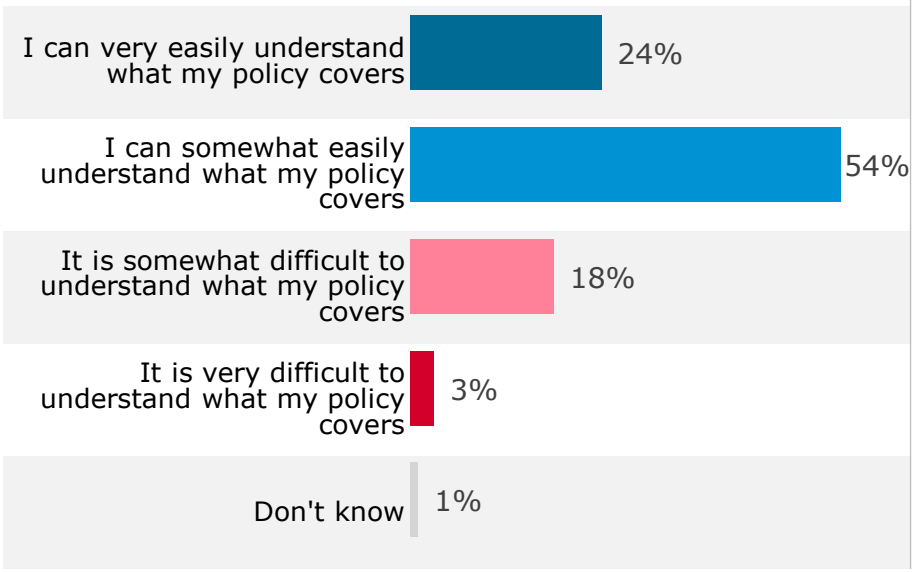


Most policy-holders tend to at least skim their policy before traveling and can at least somewhat easily understand their coverage. Diligence and clarity increases among purchasers and claimants.

Review of travel insurance policies



Policy Lay Out Easily Show Coverage



Travel Medical Insurance Purchase Experience

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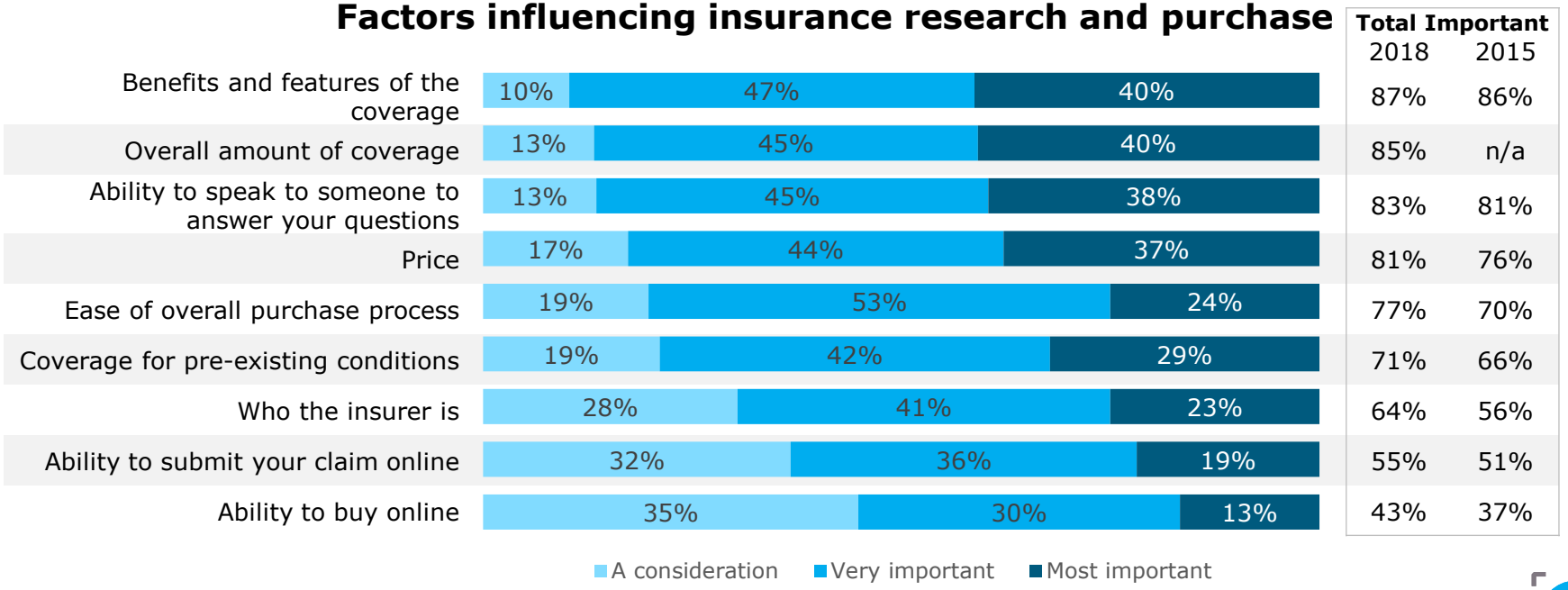
Purchase decisions remain most heavily influenced by product offering, with the overall amount of coverage a close second; the ability to speak with someone and price are also very important factors.

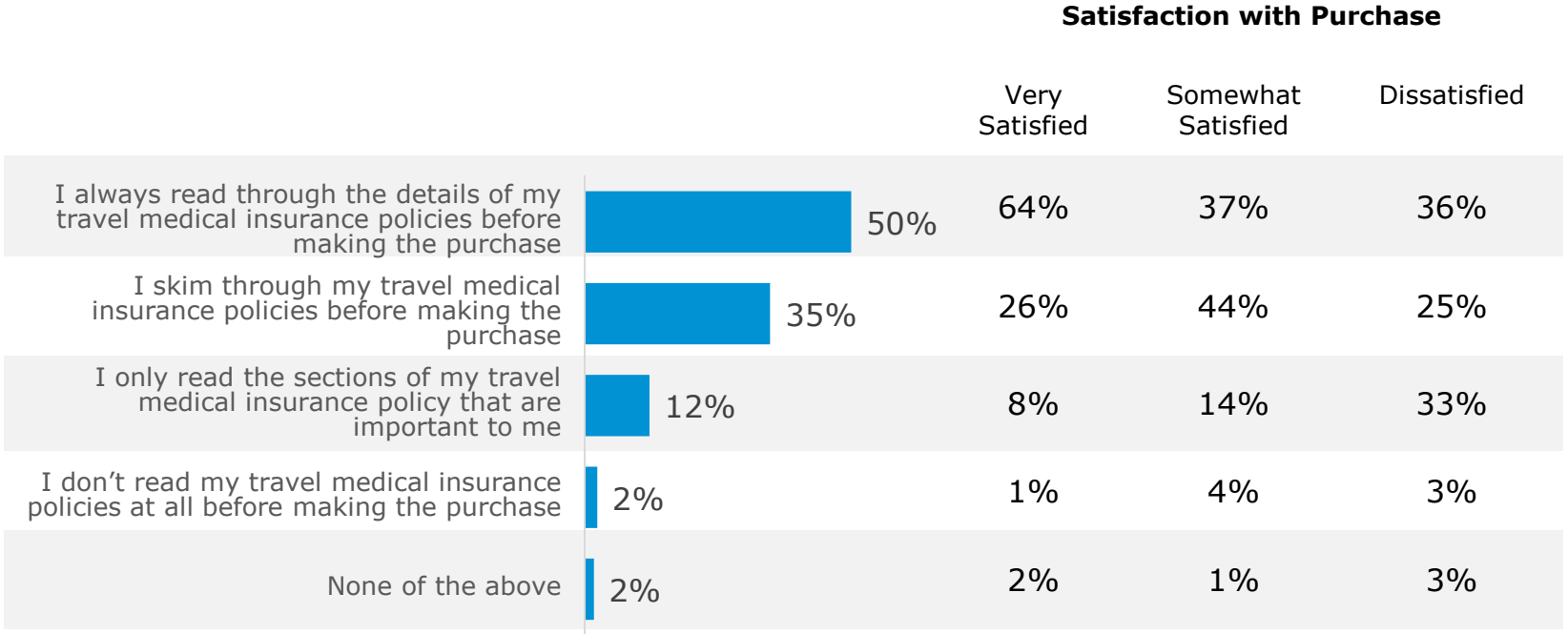
Factors influencing insurance research and purchase



	Total Important 2018	2015
Benefits and features of the coverage	87%	86%
Overall amount of coverage	85%	n/a
Ability to speak to someone to answer your questions	83%	81%
Price	81%	76%
Ease of overall purchase process	77%	70%
Coverage for pre-existing conditions	71%	66%
Who the insurer is	64%	56%
Ability to submit your claim online	55%	51%
Ability to buy online	43%	37%

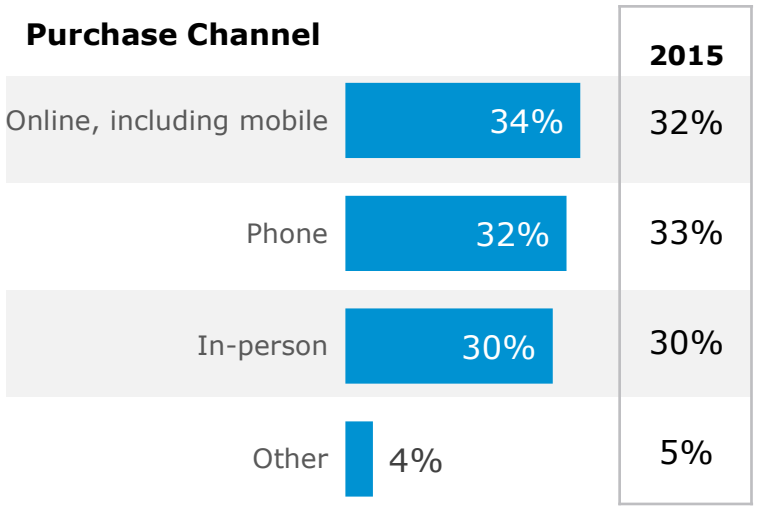
Half of travel medical insurance purchasers say they always read through all policy details before committing to their purchase.

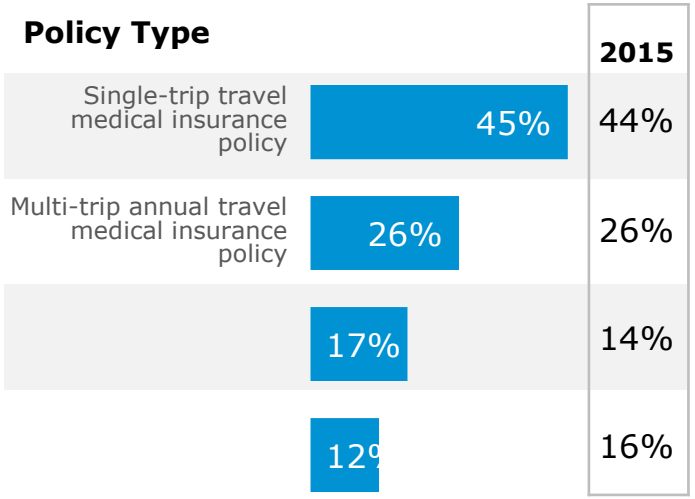
Behaviour when Reviewing Policies



Purchases were evenly divided among phone, online and in person channels. In terms of products, single-trip medical insurance was once again most popular.

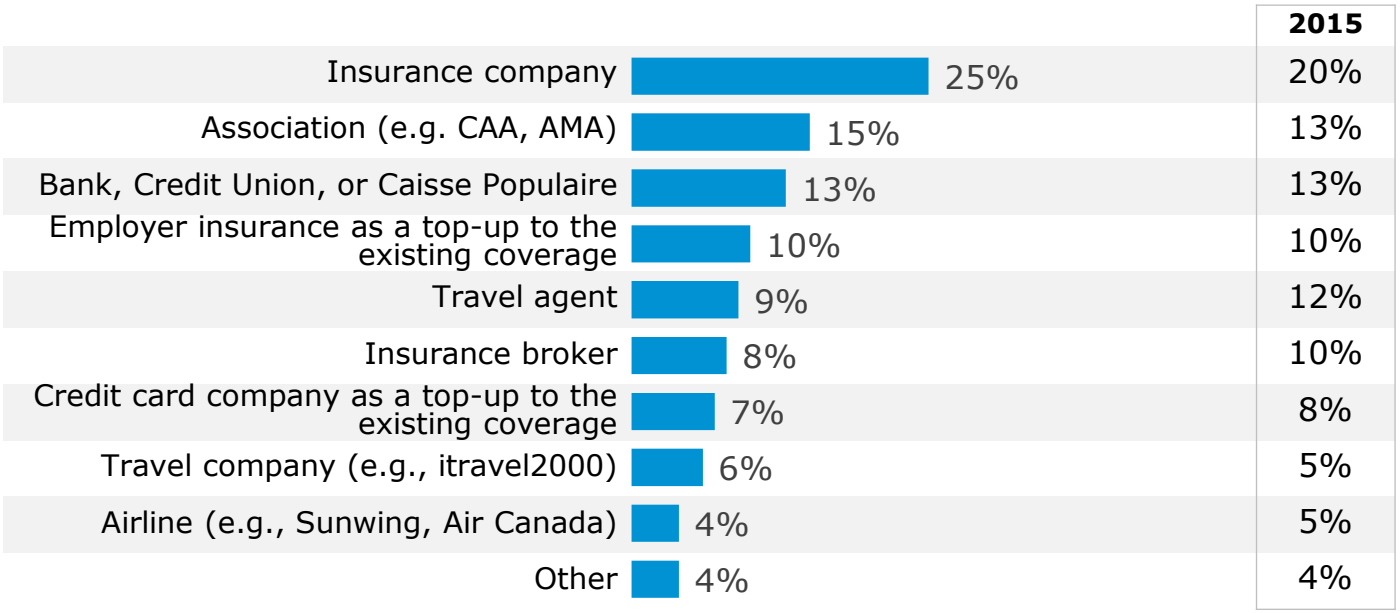
Purchased Travel Medical insurance in Past Year
2018:30% 2015:31%



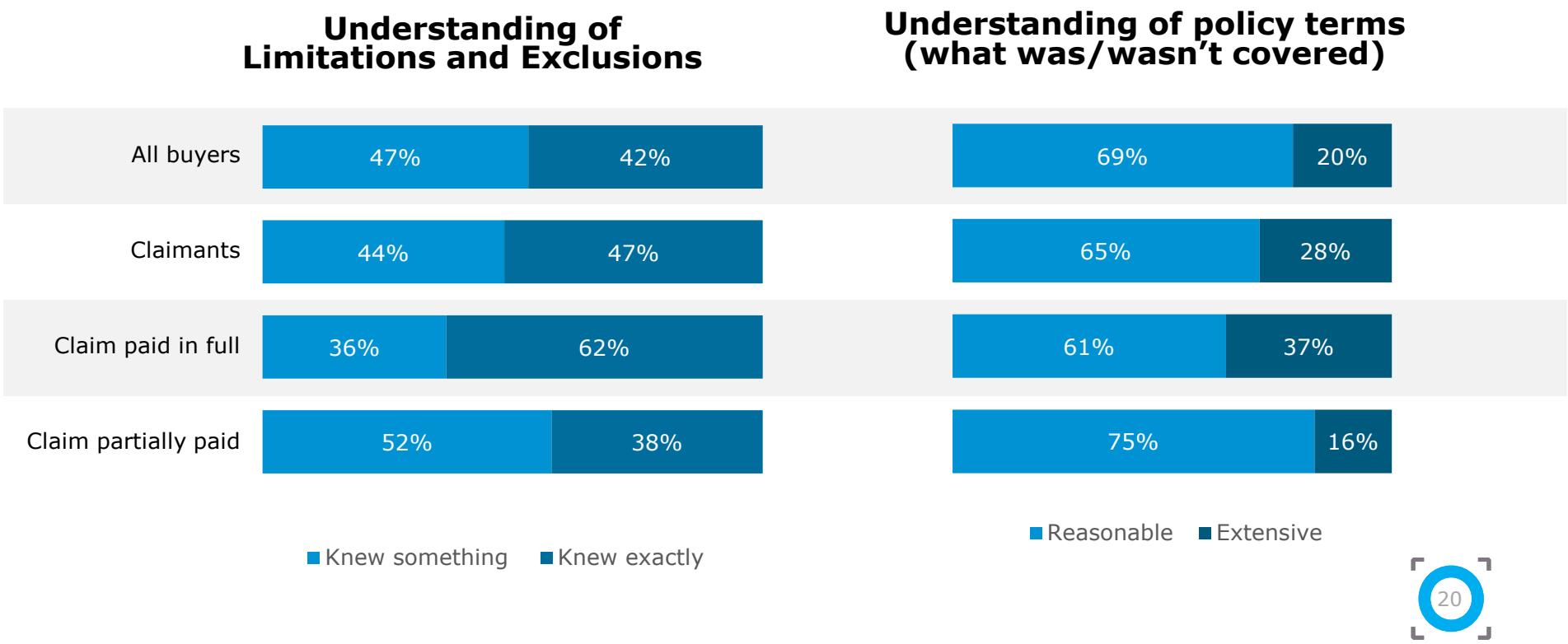


Insurance companies were most popular for those purchasing travel medical insurance in the past two waves, followed by associations and financial institutions.

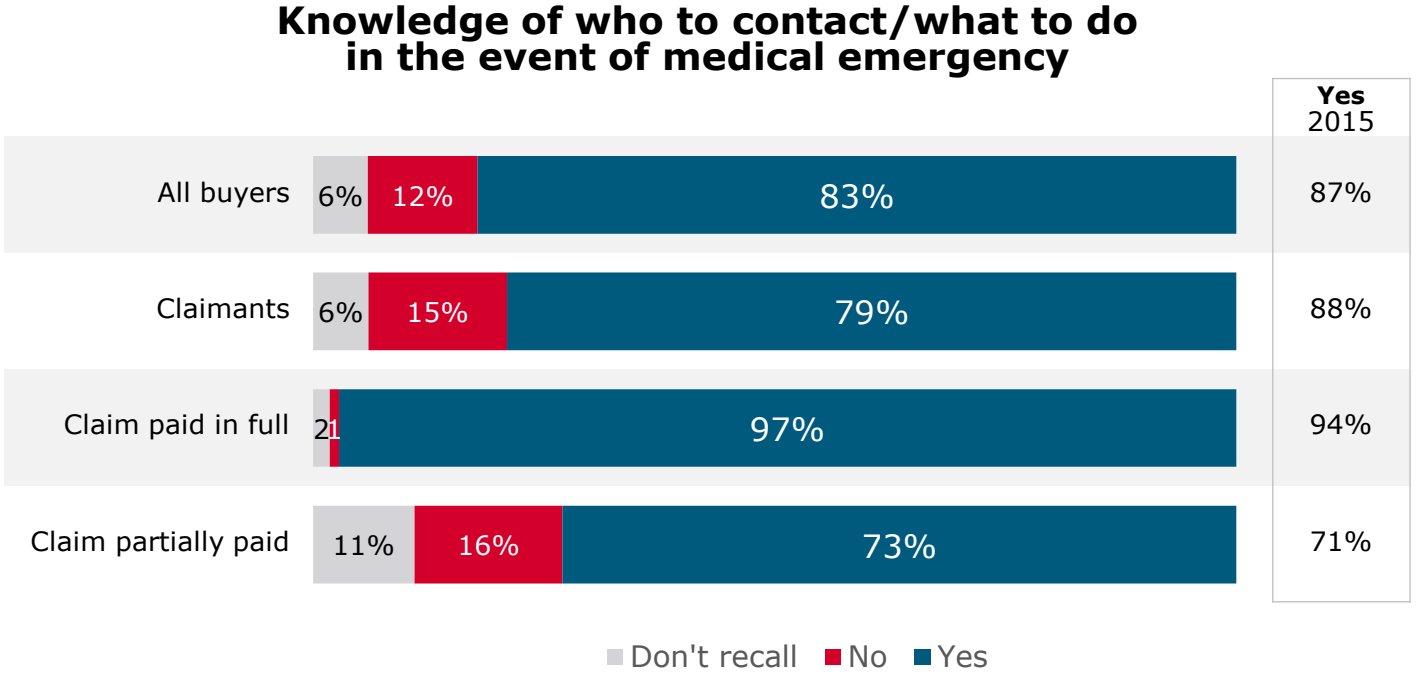
Purchase Source



Buyers were quite aware of the limitations and exclusions of their policies, and what was and was not covered



At the time of purchase, a vast majority claimed awareness of who to contact/what to do in the event of a medical emergency.



Satisfaction with Purchase Experience

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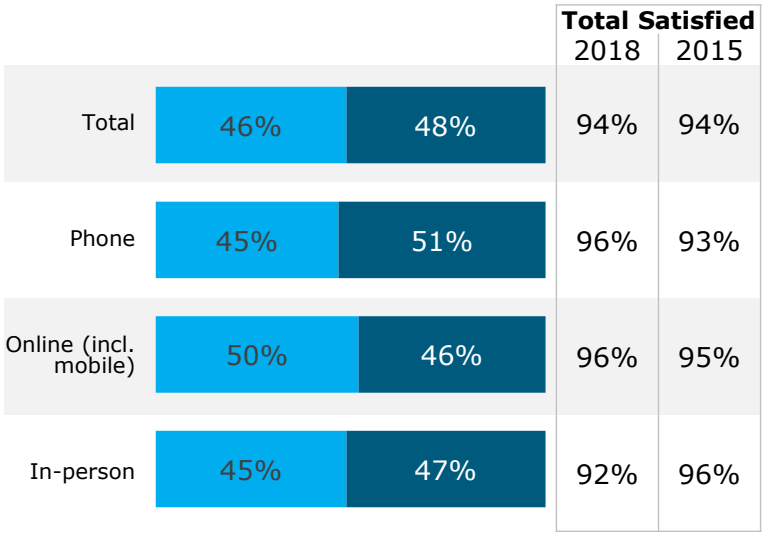
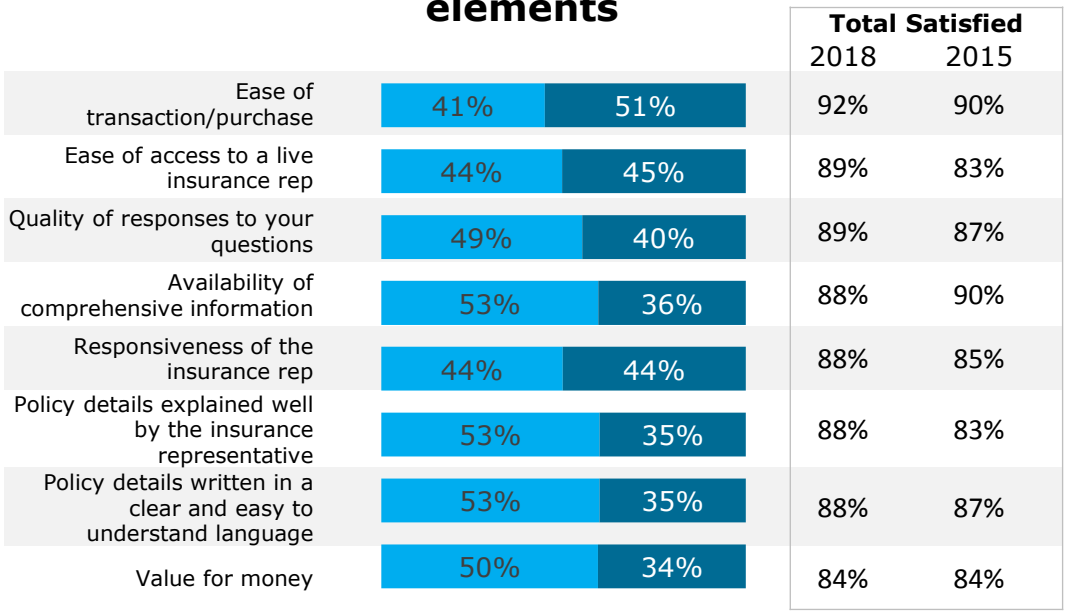
The level of satisfaction with the purchase experience and the range of elements that influence purchase remains high.

Satisfaction with the purchase experience



Satisfaction with specific purchase elements



Travel Medical Emergency Experience

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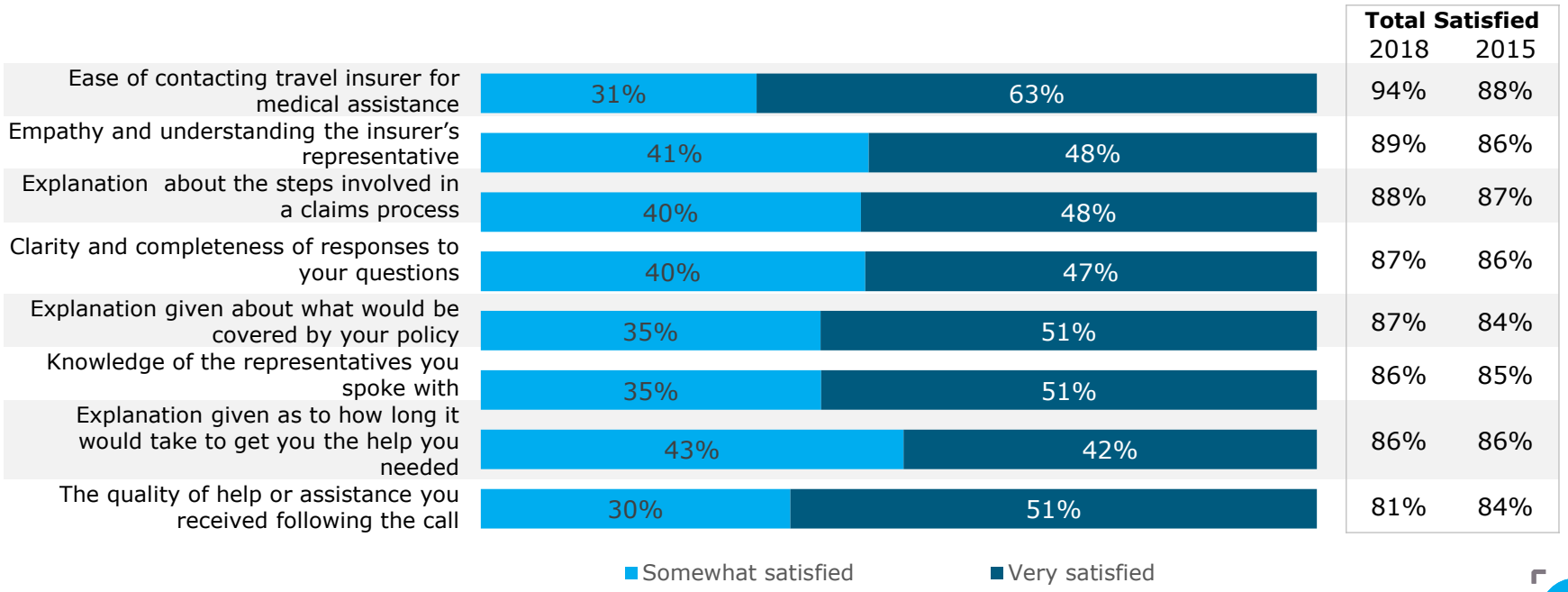
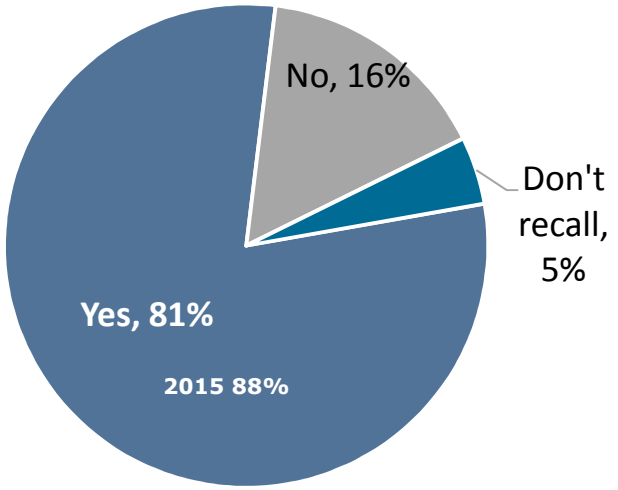
Claimants continue to be generally satisfied with all elements of their experience, particularly with the ease of contact

Satisfaction with specific elements of the emergency call experience

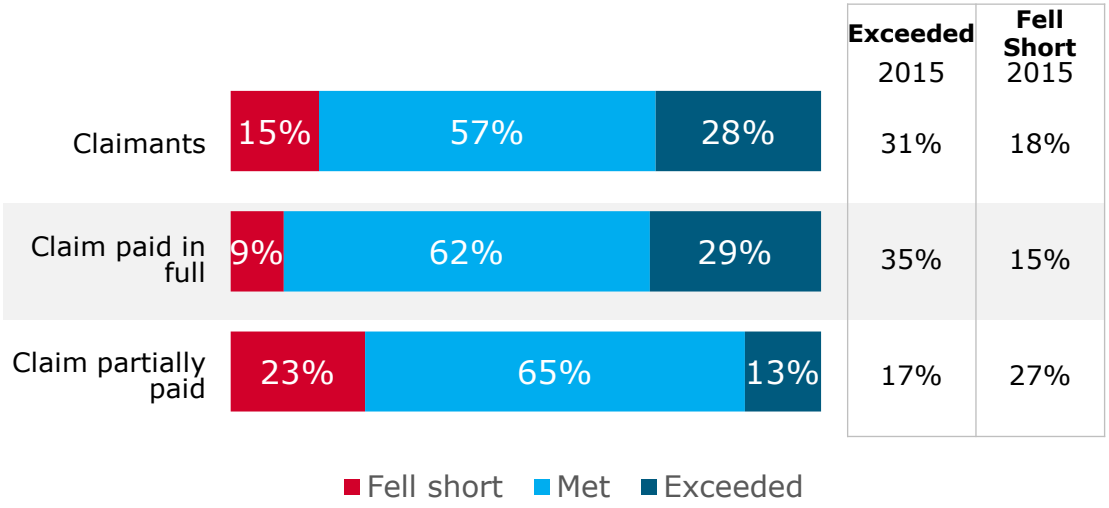


Support received during medical emergency was similar to initial expectations and met or exceeded expectations.

Similarity between the actual travel medical emergency experience and initial explanations



Delivery on expectations re: SUPPORT received during the travel medical emergency



	Exceeded 2015	Fell Short 2015
Claimants	31%	18%
Claim paid in full	35%	15%
Claim partially paid	17%	27%

Claim Experience And Satisfaction

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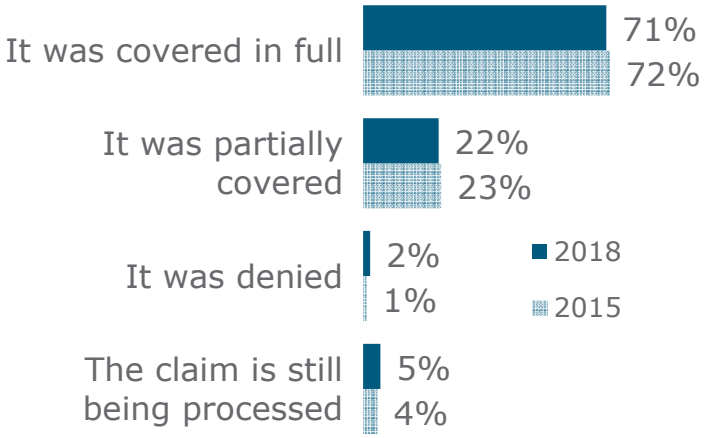
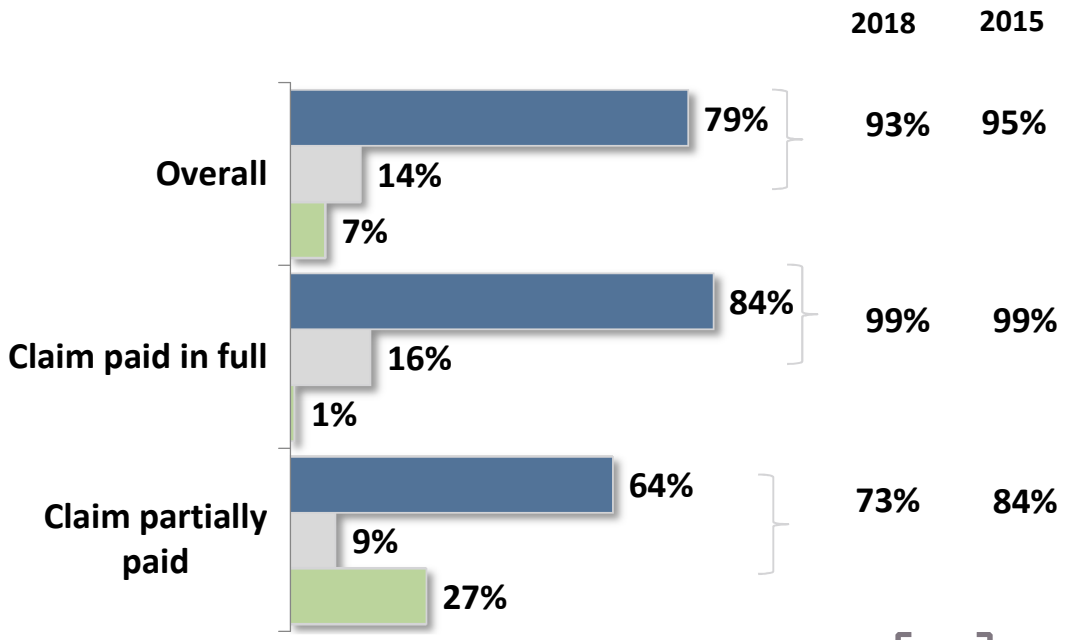
Virtually all claims were paid, with a vast majority of them paid in full. Most reported that the claim payment was in line with expectations.

Claim submission outcome

	2018	2015
Total claims paid	**93%**	**95%**
Total claims paid of all fully processed	**98%**	**99%**

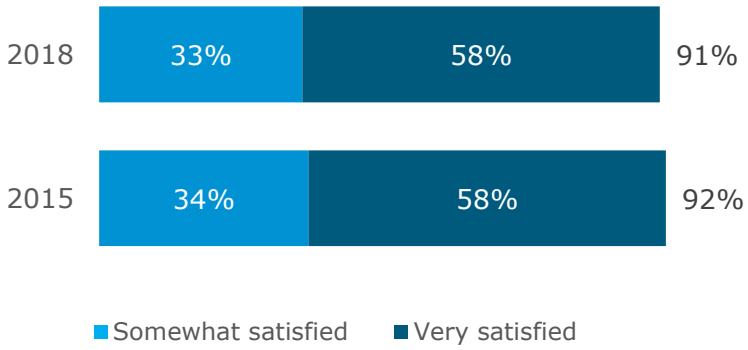


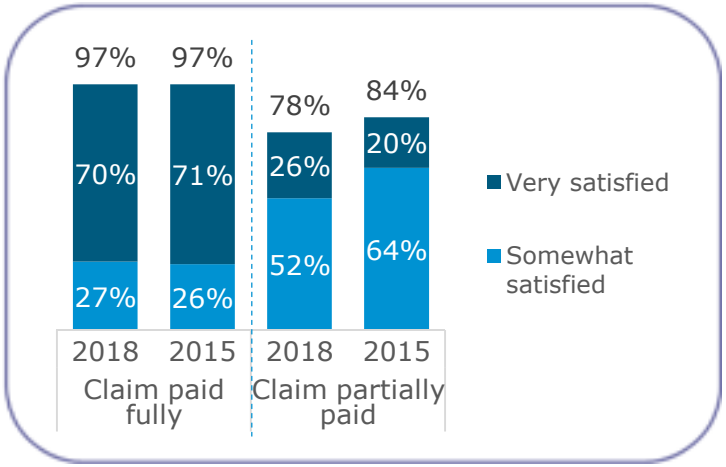
Delivery on expectations re: claim OUTCOME



Overall satisfaction with the entire claim experience, from the initial contact to the final outcome, remains very high.

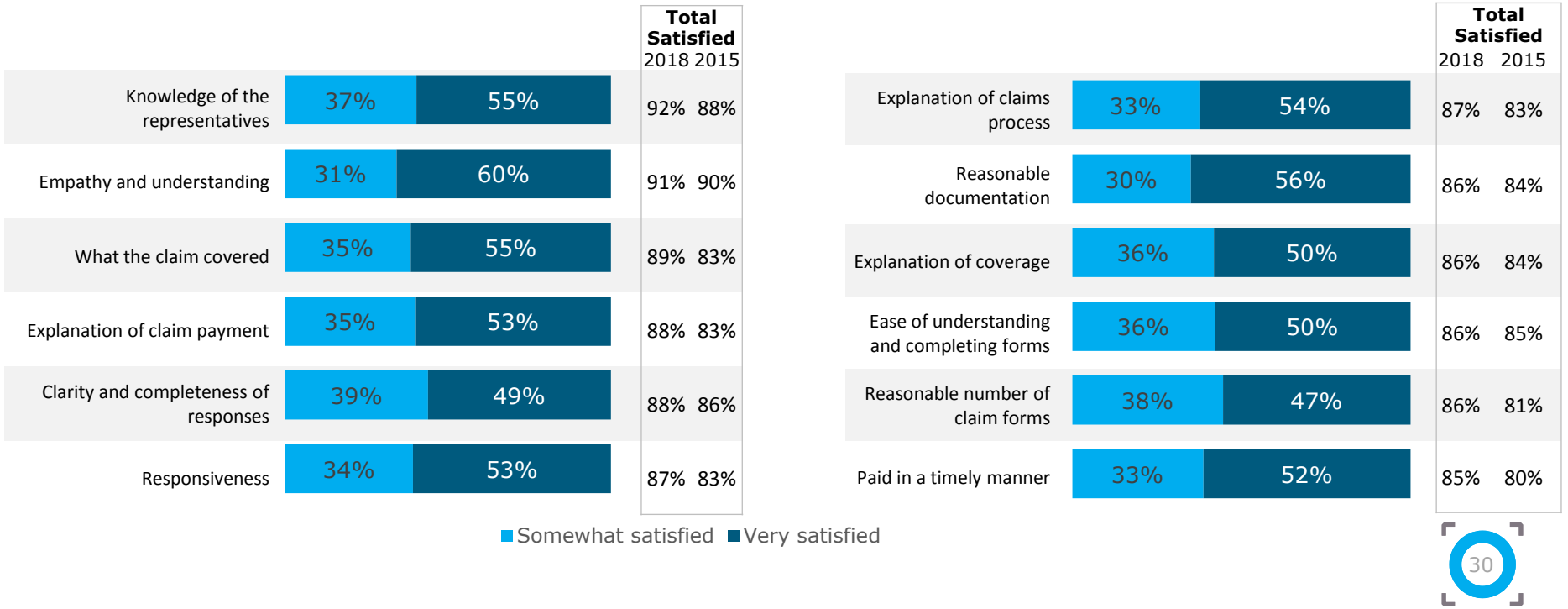
Satisfaction with the entire medical emergency claim experience (from the initial contact to the final outcome)





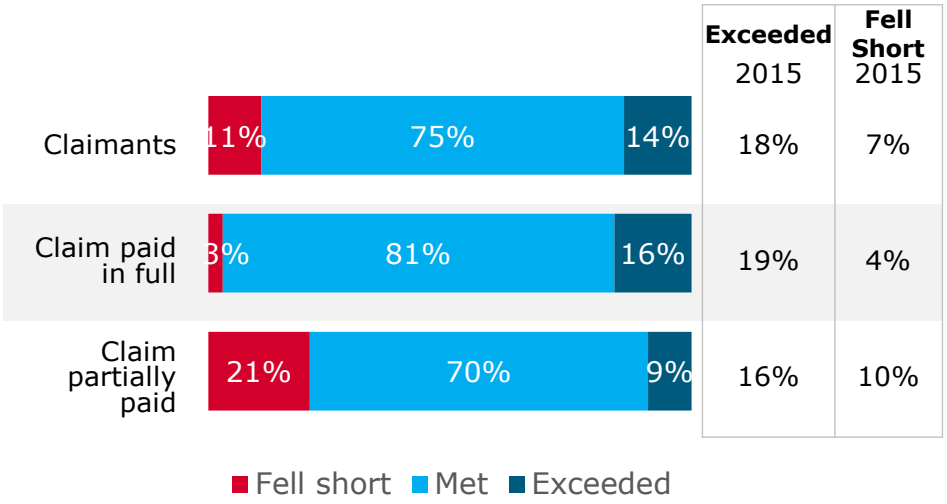
Satisfaction with the various aspects of the claim submission remains high, and higher than in 2015 for a number of measures.

Satisfaction with specific elements of the claim submission process

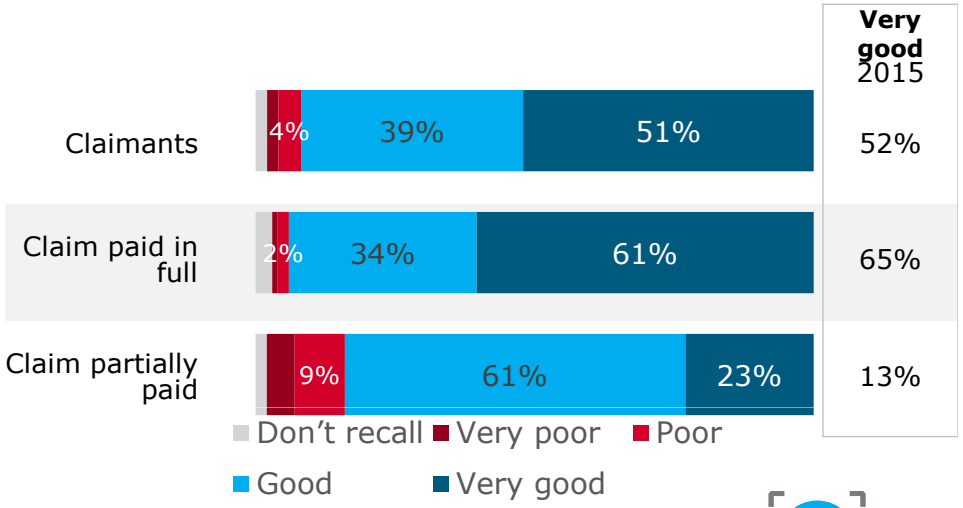


A vast majority of claimants felt that the claim submission experience met or exceeded their expectations and the explanation about their payment was clear

Delivery on expectations re: Claim SUBMISSION Experience



CLARITY OF EXPLANATION about the claim payment



Complaints

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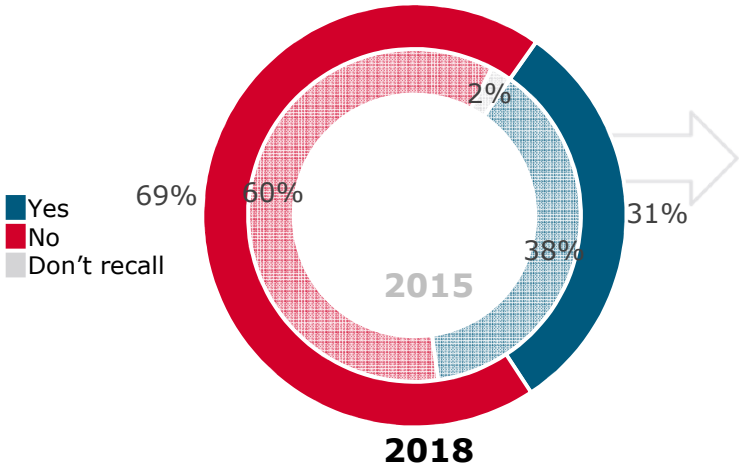
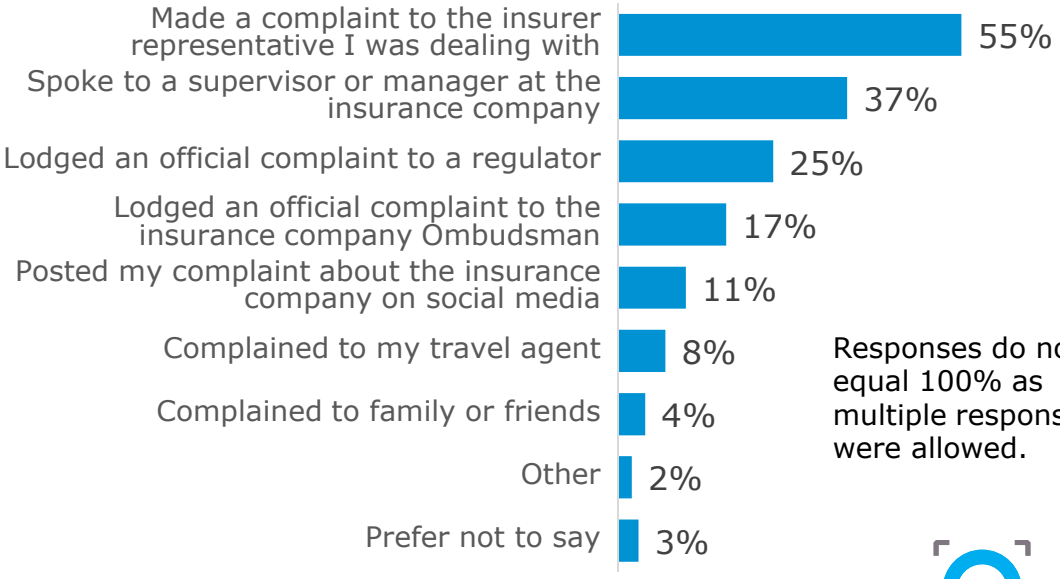
Three in ten claimants made a complaint at some point during or after the claim process, mostly to their insurance rep directly.

Made a complaint about the claim



Complaint Method*

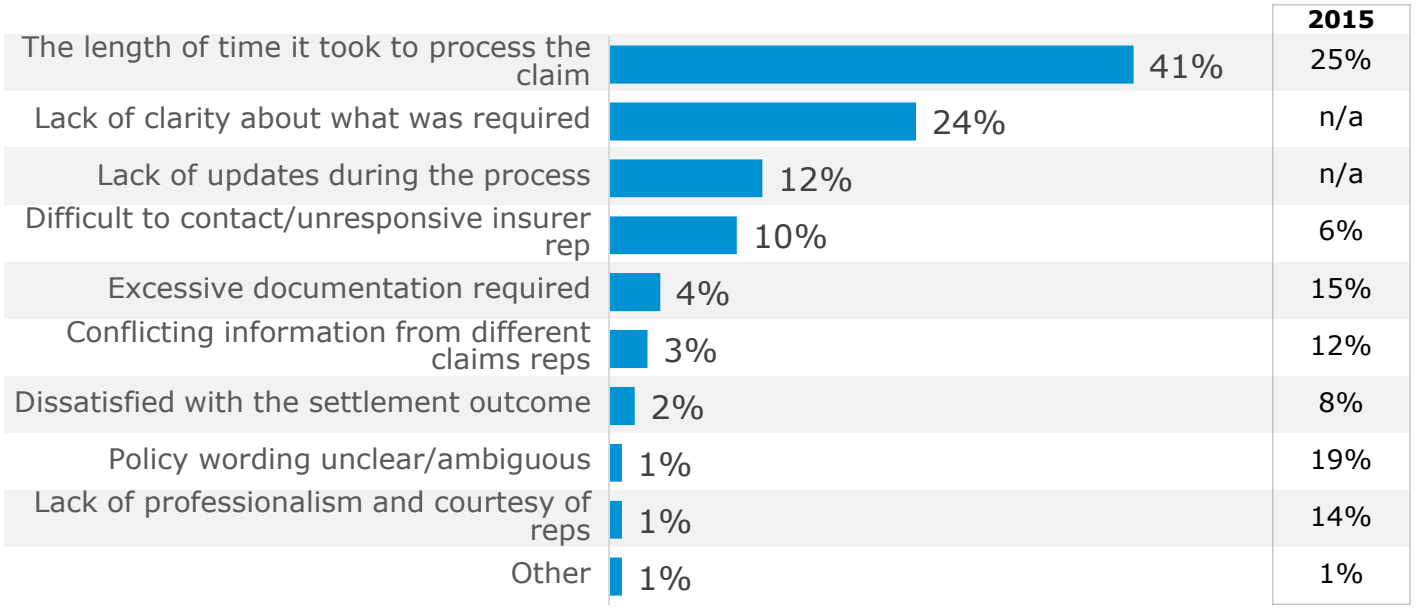


Responses do not equal 100% as multiple responses were allowed.

Caution: Low base size

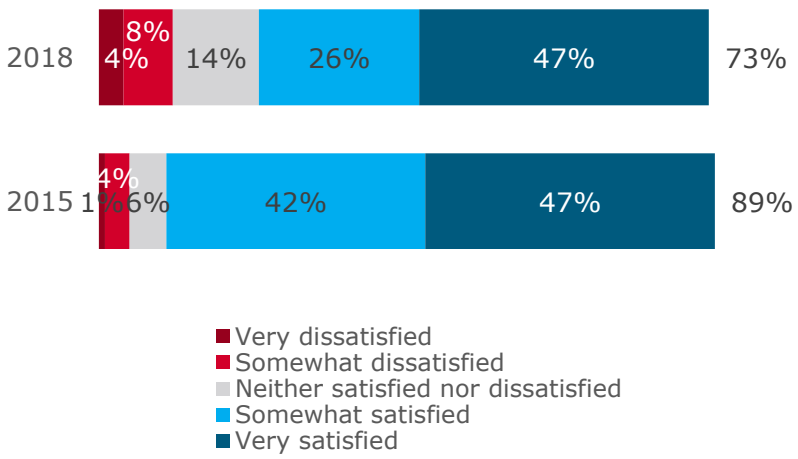
The two most common complaints were in relation to the claim processing timeliness, and lack of clarity about requirements.

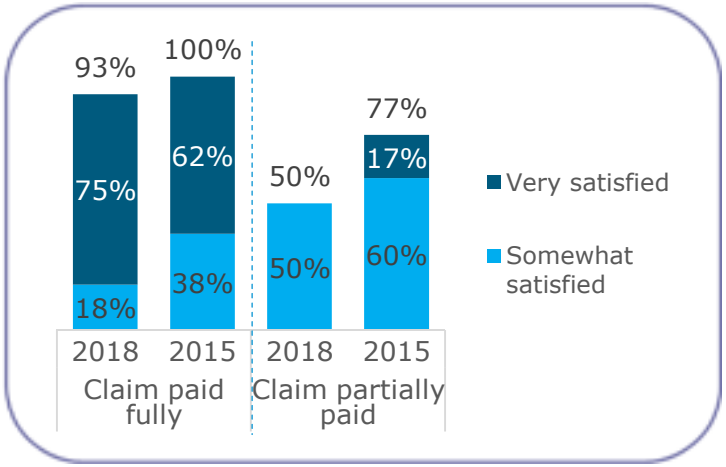
Reasons for Complaint*



While most claimants were happy with how their complaint was handled, this has decreased since 2015

Satisfaction with how the claim complaint was handled*





Conclusions

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Conclusions

Attitudes Toward Medical Insurance

- The confidence seen in the travel medical insurance industry in 2015 has continued this year. Additionally, the more dealings Canadians have with this industry the more trust they have; with buyers being more trustful than non-buyers and claimants more trustful than non-claimants.

- Canadians also have a good degree of trust toward many travel medical insurance providers, particularly Employers, Financial institutions, Associations or those in the primary business of insurance. In contrast, there is comparatively less trust in organizations whose core business is focused on travel. There is also less trust in credit card companies than other financial services.

Satisfaction with Purchase Experience

- Satisfaction with the purchase experience across all channels remains very high, similar to 2015 levels.

- Satisfaction is high across the range of measured factors that influence the overall purchase experience with no areas for concern.

Conclusions

Travel Medical Emergency Experience

- All aspects of the emergency call receive high satisfaction scores again this year.
- While agreement that the experience is in line with what was explained during the initial contact dropped slightly this year, more than four-fifths continue to say the experience met or exceeded their expectations, similar to 2015 findings.

Travel Medical Claim Submission

- As in the 2015 study, satisfaction with various aspects of the claim submission process *is strong and is in line with what they expected*, with most saying the experience was positive, regardless of their level of reimbursement.

Conclusions

Overall Claim Results

- *Almost all (93%)* of those who submitted a claim say they did receive payment. Of those whose claim process has been completed, *98% received payment*. Only 2% say they did not receive any payment for their claim. This is on par to 2015 findings

- *Overall satisfaction with the claim experience* remains very high. Most claimants say the outcome meets or exceeds their expectations. While one-quarter of those who received only part of claim payment said this did not meet their expectation (up from 16% in 2015), still the vast majority were expecting the outcome the received.

Complaints regarding Claim Submission

- Even though a vast majority declare satisfaction, three-in-10 made a complaint about the claims process, down slightly from last year. Most complaints were to the insurance representative or their supervisor and revolved around the timeline or clarity of requirements.

- While the majority remain satisfied with how their grievances were handed, this has declined since the first wave of study. Specifically, while almost half remain very satisfied with this issue, the number who are somewhat satisfied declined from 42% to 26%, leaving this year's total satisfaction score at 73%.

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Travel Medical Insurance Study
Wave 2 Report

cafii The Canadian Association of Financial Institutions in Insurance

pollara strategic insights

June, 2018

Background and Methodology

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Study Background and Objectives

- In 2015, a survey was conducted by Pollara on behalf of CAFII, as part of an industry review of Travel Medical Insurance requested by the Canadian Council of Insurance regulators, triggered by concerns raised in the media. In 2018, CAFII decided to repeat this quantitative research to determine if consumer perceptions and experience changed over the past three years.

- The specific objectives of this study are to quantitatively test:
  - The general public's perceptions of the travel medical insurance sector and the level of confidence in travel medical insurance
  - Experiences and satisfaction levels with the travel medical insurance purchase process among recent buyers (past 12 months)
  - Experiences and satisfaction with the travel medical claim submission process and outcomes among recent claimants (past 24 months)

- CAFII again engaged Pollara, an independent market research firm, to conduct a Canada-wide study that would provide answers to the aforementioned topics.

- Results of this study are compared to the 2015 benchmark study wherever possible.

Methodology

- Survey conducted nationally between February 16th and March 5th using an online methodology
  - First wave conducted August 17 - 28, 2015
- Stratified sample among in 2018 was increased to 1,200 adult Canadians from 1,000 in 2015 to allow for more in-depth analysis of purchasers and claimants:
  - General population - Non-buyers of insurance, or purchased more than 12 months ago: n=400 (n=400 in 2015)
  - Purchased travel medical insurance over the past 12 months: n=800 (n=600 in 2015)
  - Subsample #1: made a claim over the past 24 months: n=400 (2015 – made a claim over past 12 months n=300)
- Three-part survey, completed by the following respondent groups:
  - Section 1: Perceptions of the travel medical insurance – completed by all respondents (n=1,200 2015 n=1000)
  - Section 2: Travel medical insurance purchase experience and satisfaction - completed by buyers (n=800 2015 n=600)
  - Section 3: Experience and satisfaction with travel emergency experience, claims submission and outcomes– completed by claimants (n=400 (with 255 being able to recall and speak about this claim) 2015 n=300)
- Because of very low incidence levels of buyers and claimants, quota were set to ensure that a sufficient number of completes was obtained for these sub-segments

EXECUTIVE SUMMARY

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Key Takeaways

Consumers' depth of knowledge of their existing travel medical insurance coverage (i.e., through work and/or credit card) strongly correlates with the purchase of private policies

- Suggesting that existing policies are not sufficiently meeting consumers' needs. This highlights the importance of education, transparency and accessibility to private travel medical insurance

Confidence in the travel medical insurance industry is far higher among 'purchasers' and 'claimants' vs. the general population

- Implying that consumers' direct experiences with the industry has met or exceeded their expectations

Purchasers of travel medical insurance feel knowledgeable about the terms and conditions pertaining to the policies they buy

- Illustrating that the industry is doing a good job educating its consumers

The vast majority of claims are being paid and consumers are highly satisfied with the claims submission experience overall

- Providing further evidence that the industry is being open and transparent with consumers at the time of purchase and is also facilitating a client-friendly claim experience

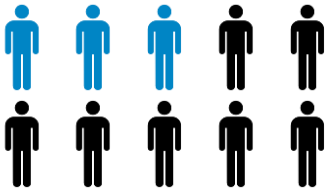
Approximately 1 in 3 Canadians buy travel medical insurance each year

- About one in ten Canadians who purchases travel medical insurance ends up making a travel medical insurance claim and very few experience a problem with a claim

% of Canadians Who Purchased Travel Medical Insurance (Past 12 Months)

30%

(-1% vs. 2015)



% of Canadians who Purchased Travel Medical Insurance who made a Claim

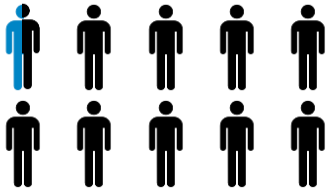
9%

(+2% vs. 2015)

% of Canadians who Purchased Travel Medical Insurance who Made a Complaint about a Claim

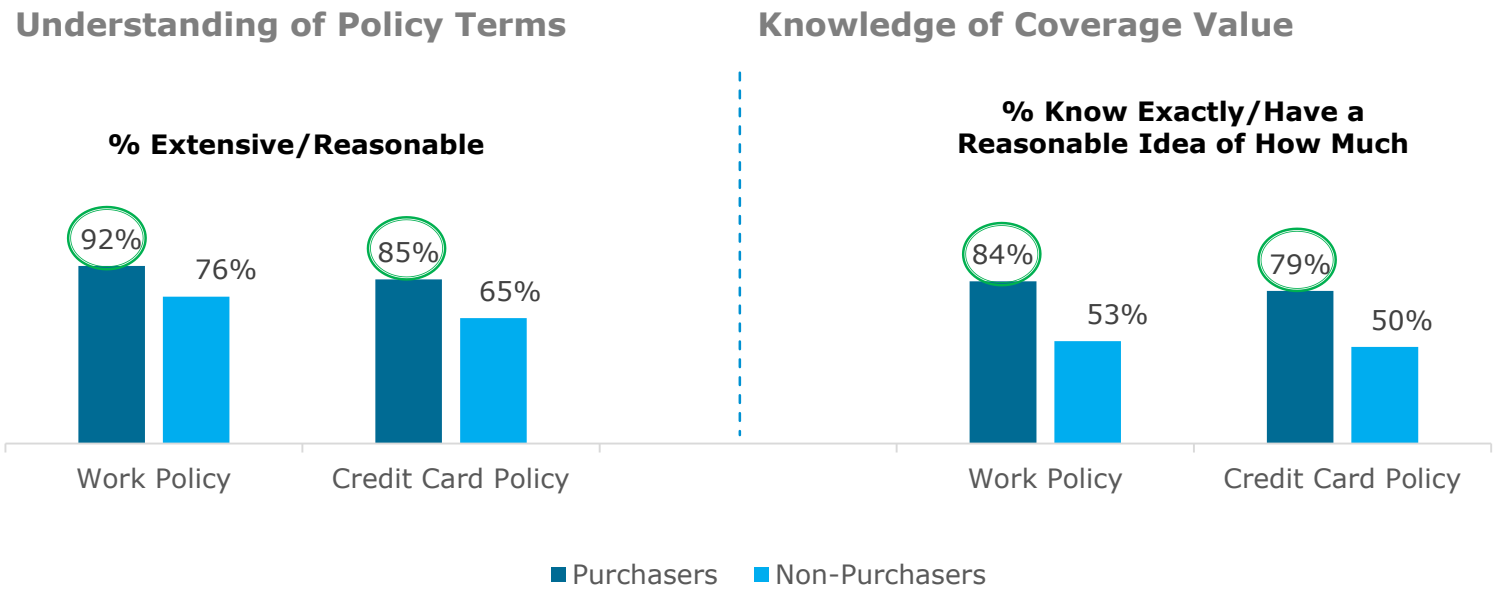
3%

(+1% vs. 2015)



Base: All 2018 N=1200

The greater one's depth of knowledge of existing policies the greater the likelihood to purchase private insurance

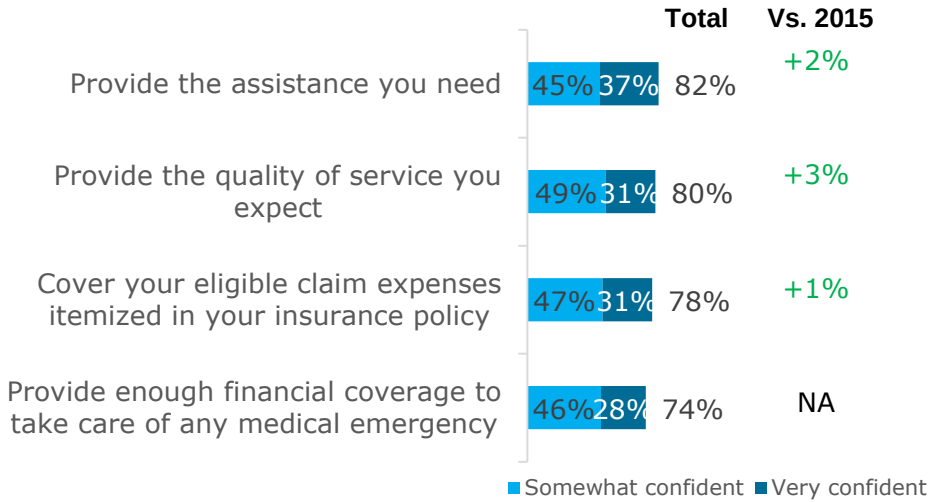


Base: All 2018 N=1200

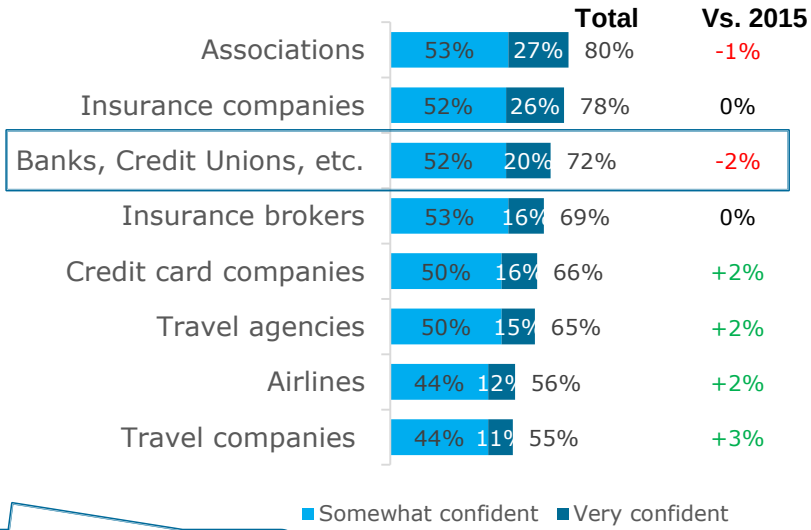
The Canadian market's confidence in the travel medical insurance industry remains high

- Confidence is highest in Associations and Insurance companies, followed by banks

Confidence in Travel Medical Insurance



Trust in Travel Medical Insurance Providers to Come Through in an Emergency



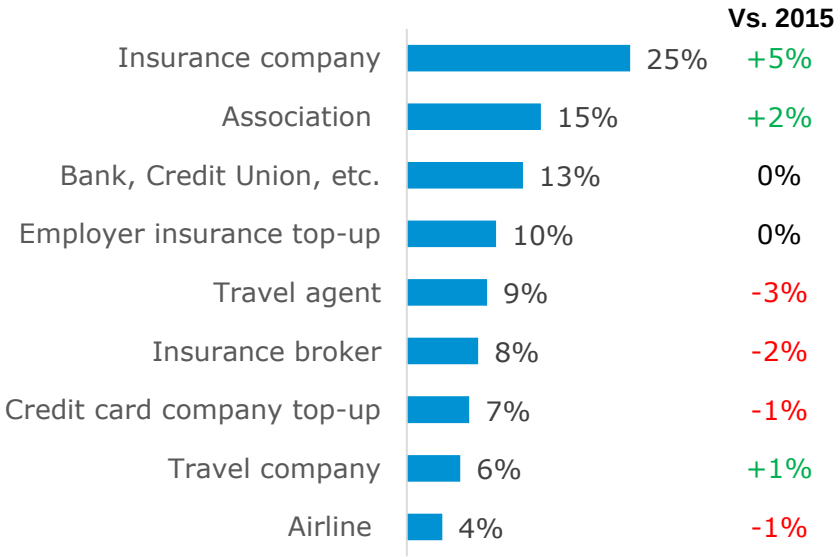
Confidence much higher among 'Purchasers' and 'Claimants'

Base: All 2018 N=1200

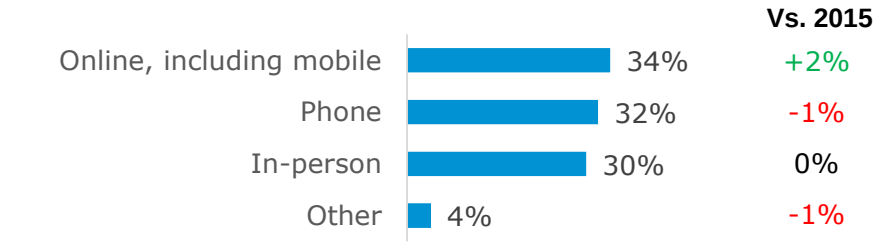
Consistent with 2015, Canadians continue to purchase a range of travel insurance policy types from a variety of sources and channels

- Purchases from the most trusted sources (i.e., Insurance Companies & Associations) is trending up

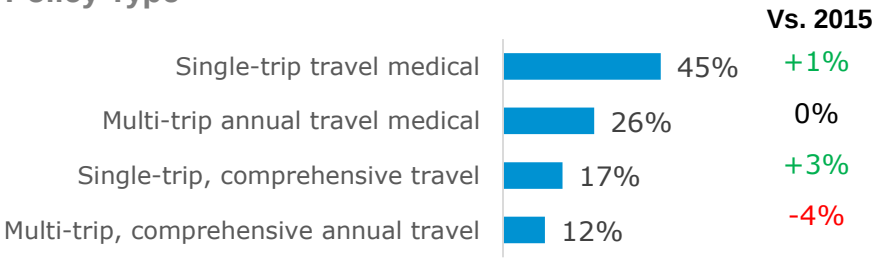
Purchase Source



Purchase Channel



Policy Type

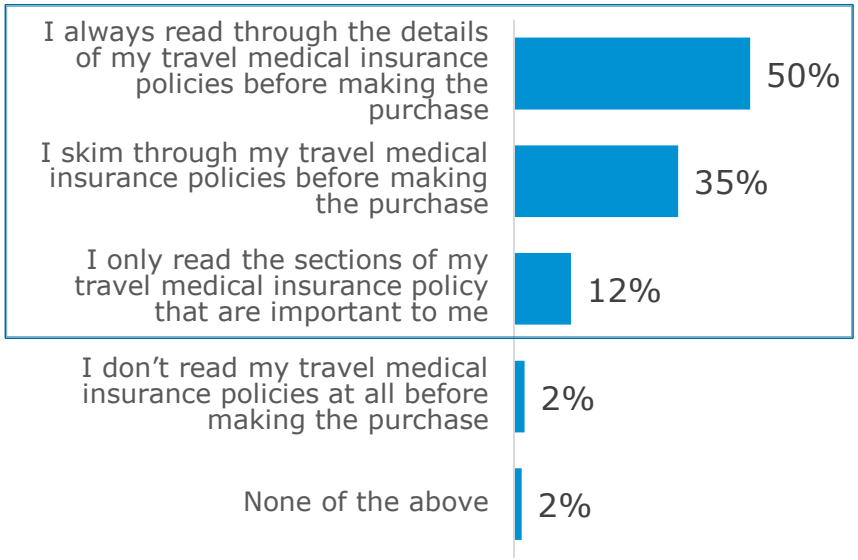


Base: Insurance Purchasers 2018 N=800

The vast majority of travel insurance purchasers read at least some portion of the policy details before purchasing

- As a result these consumers say they feel knowledgeable about policy terms and conditions

Behaviour When Reviewing Policies



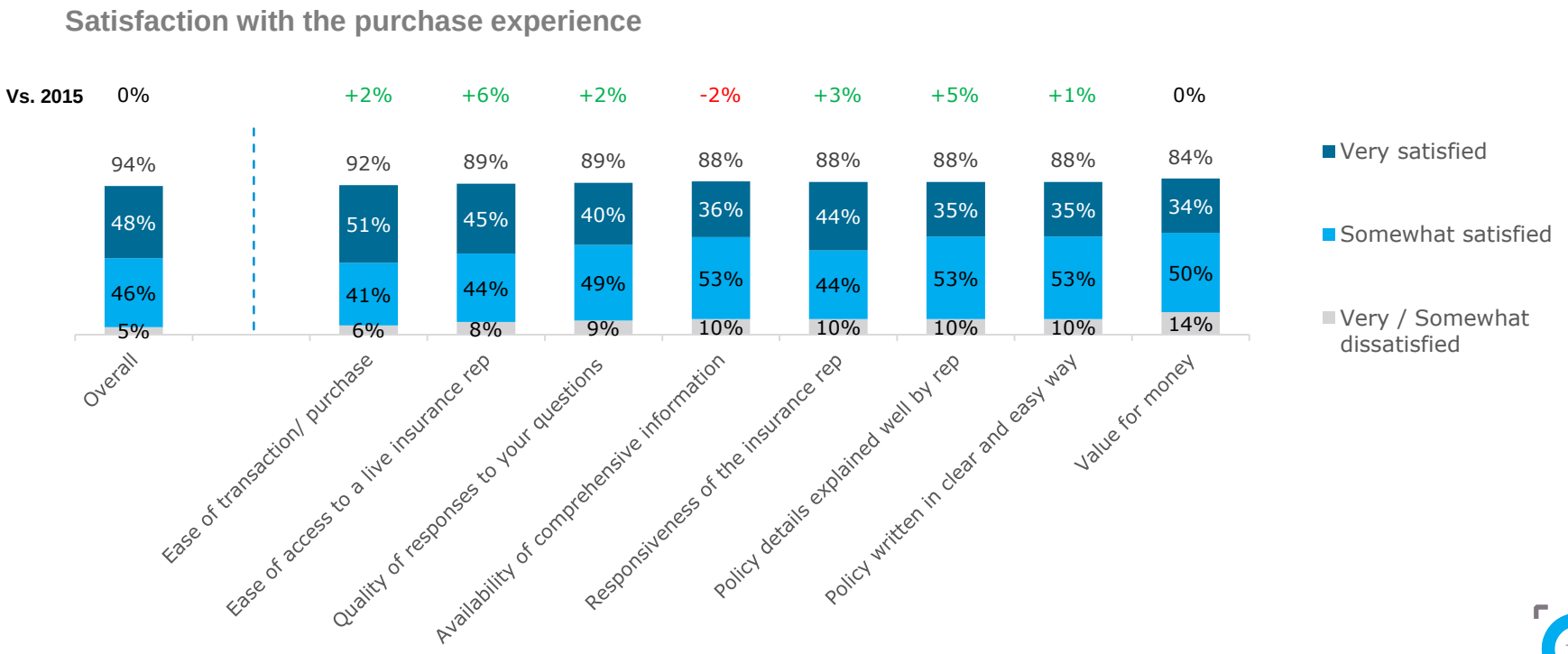
42% say they know exactly the limitations and exclusions

89% say they have at least a reasonable knowledge of policy terms

83% say they know who to contact in the event of a medical emergency

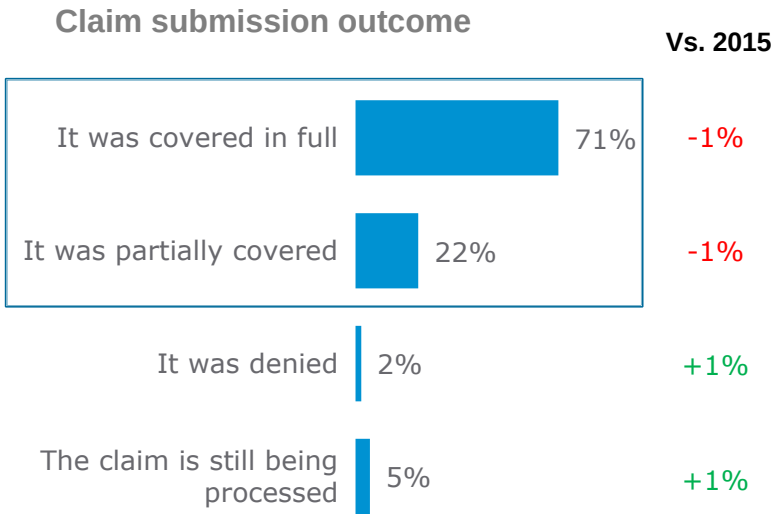
Base: Insurance Purchasers 2018 N=800

Satisfaction with the travel insurance purchase experience remains very high



Base: Insurance Purchasers 2018 N=800

For the most part travel insurance claims are covered in full, leading to continued high levels of satisfaction with the claim submission experience



Claim Submission Report Card

% Satisfied (vs. 2015)	
91% (-1%)	**Overall Satisfaction with Entire Claim Experience**
92% (+4%)	Knowledge of the representatives
91% (+1%)	Empathy and understanding the insurer's representative
89% (+6%)	Services/products the claim covered
88% (+5%)	Explanation of how the claim payment was determined
88% (+2%)	Clarity and completeness of responses to your questions
87% (+4%)	Responsiveness of the claims department
87% (+4%)	Explanation about the steps involved in a claims process
86% (+2%)	Required documentation was reasonable
86% (+2%)	Explanation given about what would be covered by your policy
86% (+1%)	Ease of understanding and completing the claim forms
86% (+5%)	Number of claim forms that you had to submit was reasonable
85% (+5%)	Claim was paid in a timely manner

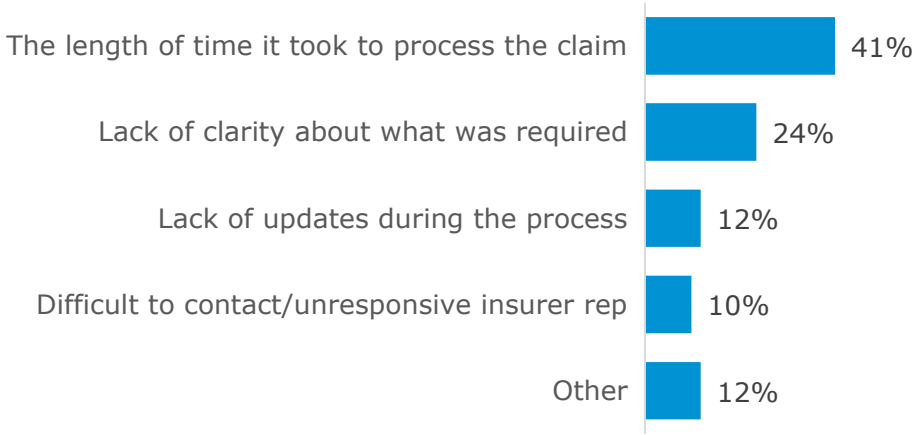
Base: Travel Insurance Claimants 2018 N=244

Complaints regarding the claim process most often relate to the length of processing time

- However, most of those with a complaint were satisfied with how it was handled by the provider

Approximately 1 in 3 claimants made a complaint about their claim at some point during the process

Reason for Complaint*



83% very / somewhat satisfied with how their complaint was handled among those who completed the claim process

Caution Low Base Size: Travel Insurance Claimants who Made a Complaint 2018 N=92

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Rapport sur la recherche sur l'assurance-maladie voyage, volet 2

acifa
L'association canadienne des institutions financières en assurance

pollara

Juin 2018

Contexte et méthodologie

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Contexte et objectifs de la recherche

- En 2015, un sondage a été mené par Pollara, pour le compte de l'ACIFA, dans le cadre d'une évaluation sectorielle de l'assurance médicale voyage, demandée par les organismes de réglementation du Conseil canadien des responsables de la réglementation d'assurance, suite à des certaines inquiétudes soulevées par les médias. En 2018, l'ACIFA a décidé de réitérer cette étude quantitative pour déterminer si les perceptions et l'expérience des consommateurs avaient changé au cours des trois dernières années.

- Les objectifs spécifiques de cette étude sont de tester quantitativement :
  - Les perceptions du grand public concernant le secteur de l'assurance médicale voyage et le degré de confiance qu'il accorde à cette assurance
  - Les expériences et le niveau de satisfaction concernant le processus d'achat de l'assurance médicale voyage chez les acheteurs récents (12 derniers mois)
  - Expériences et satisfaction concernant le processus de demande de remboursement des frais médicaux de voyage et les résultats obtenus par les demandeurs récents (24 derniers mois)

- L'ACIFA a de nouveau retenu les services de Pollara, une société d'études de marché indépendante, pour mener une étude pancanadienne, pour fournir des réponses relatives aux sujets susmentionnés.

- Dans la mesure du possible, un parallèle est établi entre les résultats de cette étude et celle de 2015.

Méthodologie

- Enquête réalisée à l'échelle nationale, entre le 16 février et le 5 mars, en utilisant une méthodologie en ligne
  - La première vague s'est déroulée du 17 au 28 août 2015
- L' échantillon stratifié est passé de 1 000 en 2015 à 1 200 adultes canadiens en 2018, pour une analyse plus approfondie des acheteurs et des demandeurs:
  - Population générale - ceux qui n'ont pas souscrit d'assurance, ou en ont acheté il y a plus de 12 mois : n = 400 (n = 400 en 2015)
  - Assurance médicale voyage achetée au cours des 12 derniers mois : n = 800 (n = 600 en 2015)
  - Sous-échantillon numéro 1 : a présenté une demande au cours des 24 derniers mois : n = 400 (2015 - a présenté une demande au cours des 12 derniers mois n = 300)
- Enquête en trois parties, remplie par les groupes de répondants suivants :
  - Paragraphe 1 : Perceptions de l'assurance médicale de voyage - rempli par tous les répondants (n = 1 200 2015 n = 1 000)
  - Paragraphe 2 : Expérience d'achat de l'assurance médicale voyage et satisfaction - remplie par les acheteurs (n = 800 2015 n = 600)
  - Paragraphe 3 : Expérience et satisfaction concernant l'expérience en matière d'urgence pendant le voyage, la soumission des demandes et les résultats - rempli par les demandeurs (n = 400 (255 étant en mesure de se rappeler et de parler de cette demande) 2015 n = 300)
- En raison du très faible taux d'incidence des acheteurs et des demandeurs, des quotas ont été établis pour s'assurer d'avoir un nombre suffisant de paragraphes complétés pour ces sous-segments

RÉSUMÉ DU RAPPORT

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Principaux points à retenir

La quantité d'informations que les consommateurs ont sur leur couverture d'assurance médicale voyage actuelle (c'est-à-dire, par le biais d'une carte de travail ou de carte de crédit) est fortement corrélée à l'achat de polices privies.

- Ce qui laisse à penser que les polices actuelles ne répondent pas suffisamment aux besoins des consommateurs. Cela souligne l'importance de l'information, de la transparence et de l'accessibilité à l'assurance médicale voyage privée.

La confiance en l'industrie de l'assurance médicale des voyageurs est beaucoup plus élevée chez les « acheteurs » et les « demandeurs » que chez la population en general.

- Ce qui implique que les expériences directes des consommateurs avec le secteur ont satisfait ou dépassé leurs attentes.

Les acheteurs de l'assurance médicale voyage se sentent bien informés sur les modalités et les conditions relatives aux polices qu'ils achètent.

- Ce qui montre que le secteur fait du bon travail en informant ses consommateurs.

La grande majorité des demandes sont payées et les consommateurs sont très satisfaits de l'expérience de soumission des demandes de règlement.

- Ce qui constitue une preuve supplémentaire que le secteur est ouvert et transparent avec les consommateurs, au moment de l'achat, faisant de la demande de règlement une expérience agréable.

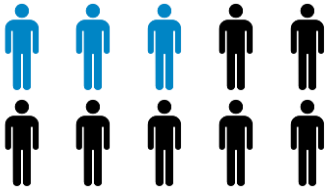
Environ un Canadien sur trois souscrit une assurance médicale voyage, par an

- Environ un Canadien sur dix finit par faire une demande d'assurance médicale voyage et très peu rencontrent des difficultés lors de réclamations.

Pourcentage de Canadiens ayant acheté une assurance médicale voyage (12 derniers mois)

30 %

(-1 % par rapport à 2015)



Pourcentage de Canadiens qui ont souscrit une assurance médicale voyage et présenté une demande de règlement

9%

(+2% par rapport à 2015)

Pourcentage de Canadiens qui ont souscrit une assurance médicale voyage et ont déposé une réclamation au sujet d'une demande de règlement

3 %

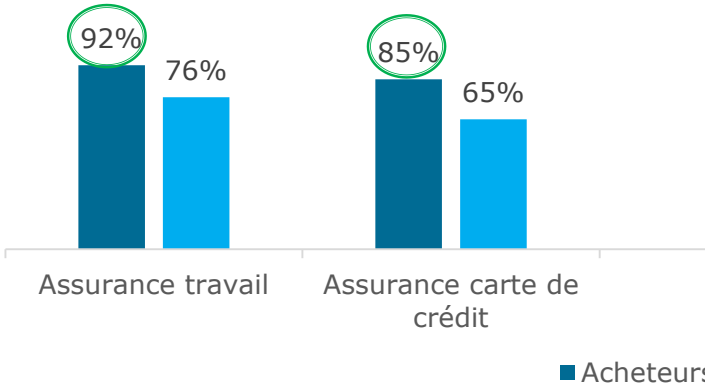
(+1% par rapport à 2015)

Échantillon : Tous 2018 N = 1200

Avoir une assurance médicale voyage laisse présager l'achat d'une assurance privée

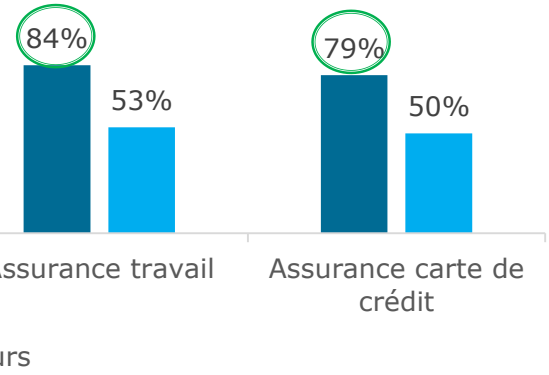
Compréhension des modalités de la police

Pourcentage très bien informé / global



Informations relatives à la valeur de la couverture

Pourcentage savent exactement / ont une idée globale de combien



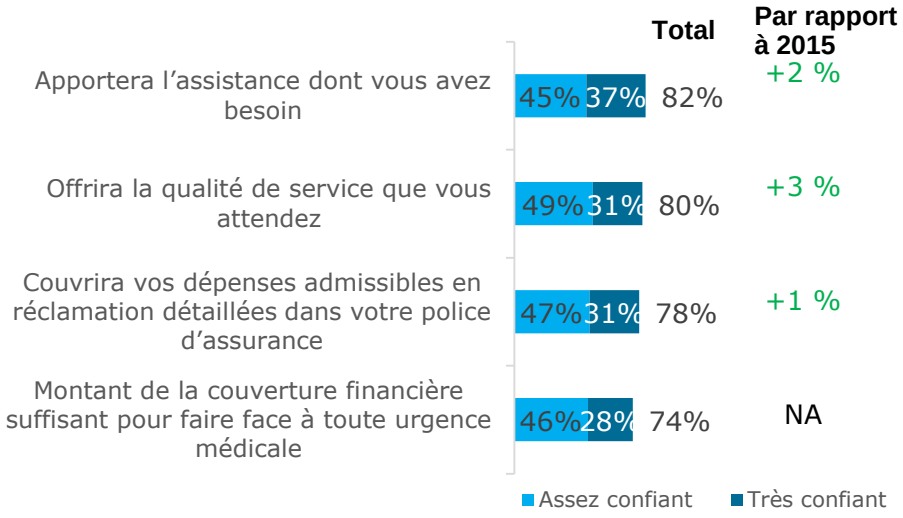
Acheteurs Non-acheteurs

Échantillon : Tous 2018 N = 1200

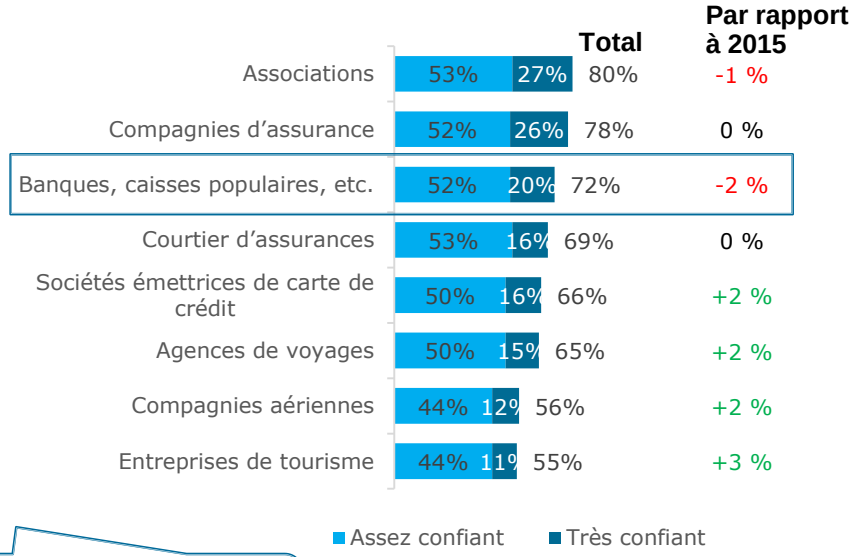
La confiance du marché canadien dans le secteur de l'assurance médicale voyage reste élevée

- Le plus haut degré de confiance est accordé aux associations et aux compagnies d'assurance, suivies par les banques.

Confiance en l'assurance médicale voyage



Confiance au fait que les prestataires d'assurances médicales voyage seront présents, en cas d'urgence



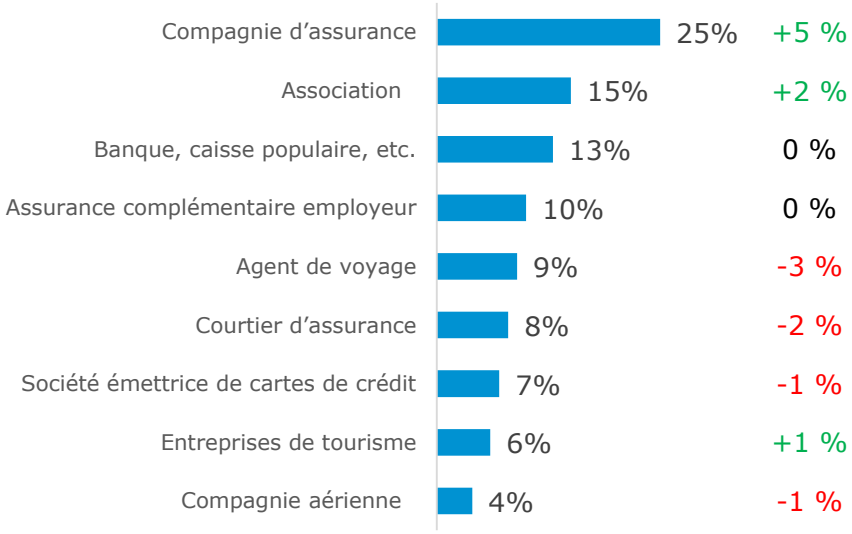
Niveau de confiance beaucoup plus élevé chez les « acheteurs » et les « demandeurs »

Échantillon : Tous 2018 N = 1200

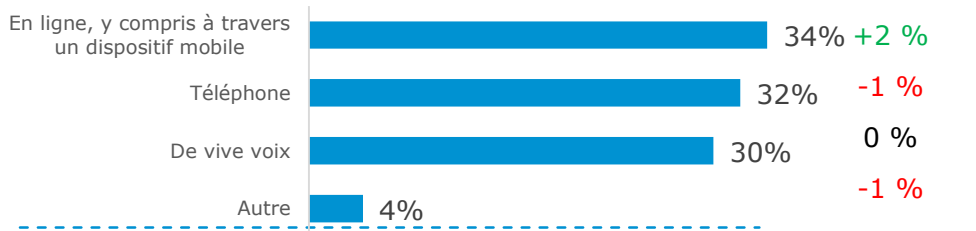
Comme en 2015, les Canadiens continuent à acheter des polices d'assurance voyage de divers sources et circuits de distribution

- Les achats auprès des sources les plus fiables (c'est-à-dire les sociétés et les associations d'assurance) sont à la hausse.

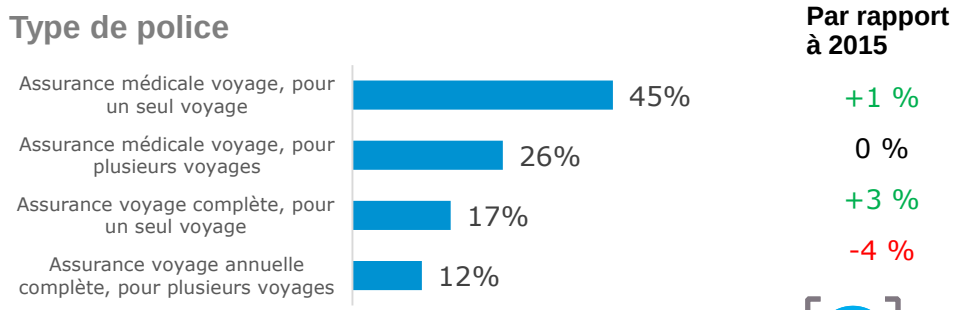
Source d'achat



Circuit d'achat



Type de police

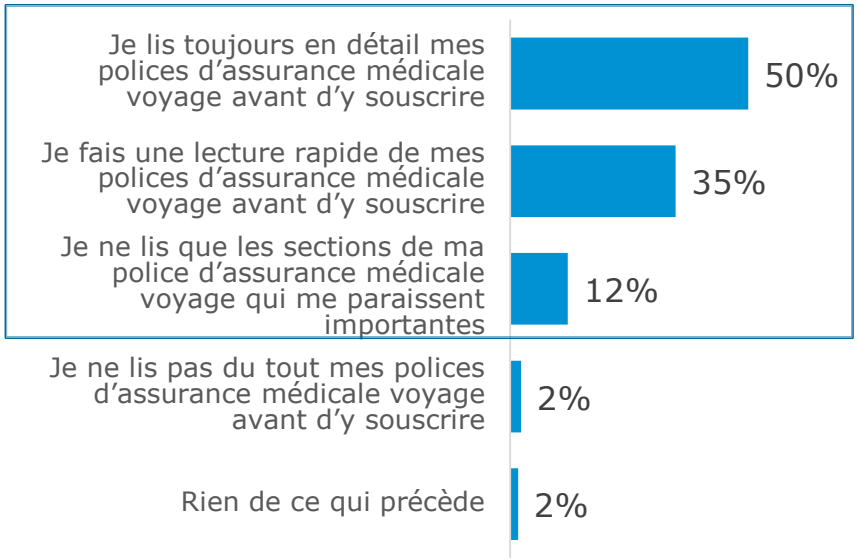


Échantillon : Ceux qui ont souscrit une assurance en 2018 N = 800

La grande majorité de ceux qui souscrivent une assurance voyage lisent au moins une partie des informations de la police avant de procéder à l'achat

- Par conséquent, ces consommateurs ont le sentiment d'être assez bien informés des modalités et conditions de la police.

Comportement lors de l'évaluation des polices d'assurance



42 % affirment être parfaitement au courant des limites et des exclusions.

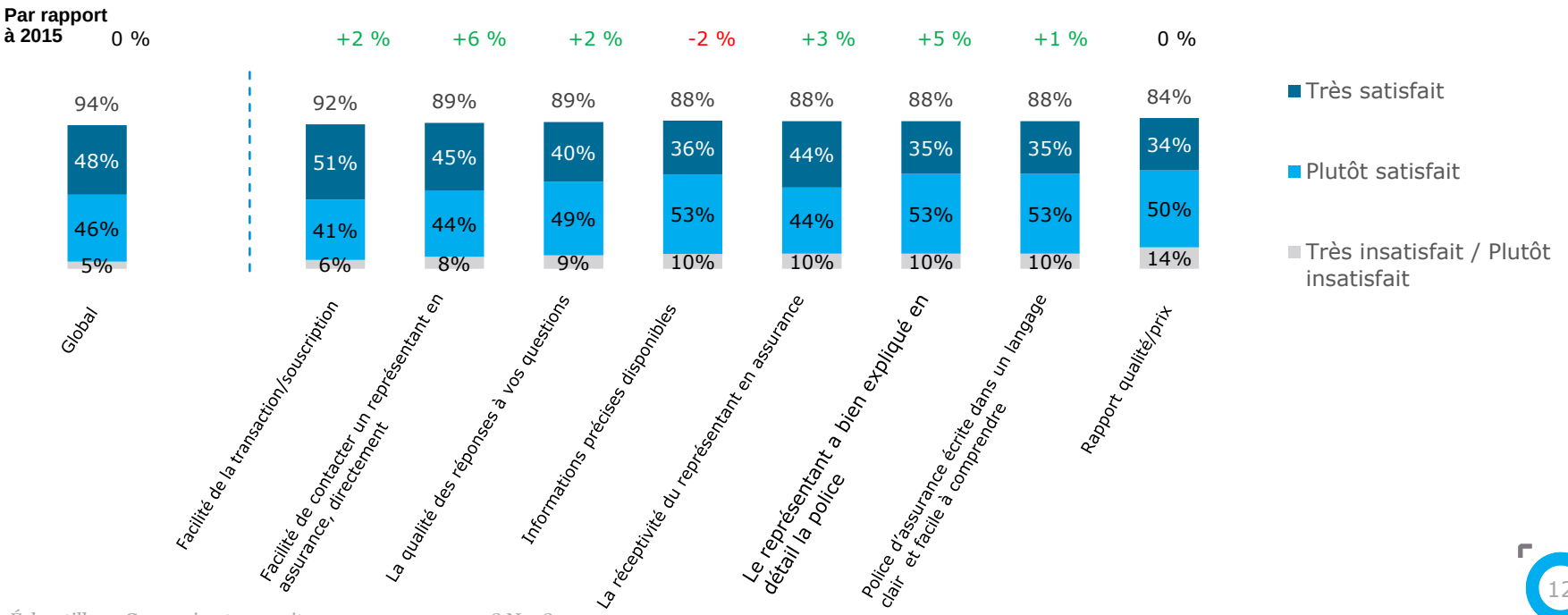
89 % affirment avoir une connaissance suffisante des modalités de la police.

83 % affirment savoir qui contacter en cas d'urgence médicale.

Échantillon : Ceux qui ont souscrit une assurance en 2018 N = 800

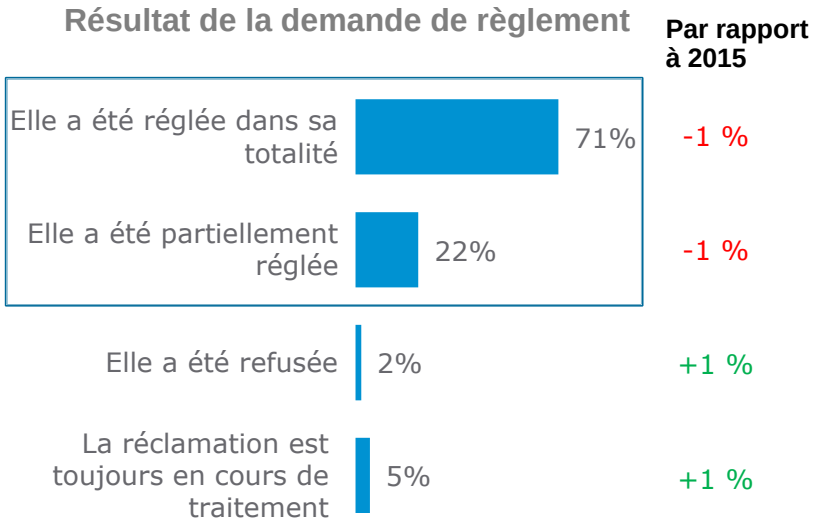
Le niveau de satisfaction relatif à l'expérience d'achat de l'assurance voyage reste très élevé

Niveau de satisfaction relatif à l'expérience d'achat



Échantillon : Ceux qui ont souscrit une assurance en 2018 N = 800

Dans la plupart des cas, les réclamations dans le cadre de l'assurance voyage sont entièrement couvertes, par conséquent, le niveau de satisfaction relatif à l'expérience de soumission des demandes de règlement reste très élevé



Fiche de soumission de demande de règlement

% Satisfait (par rapport à 2015)	
91 % (-1 %)	**Satisfaction globale pour l'ensemble de l'expérience de demande de règlement**
92% (+4 %)	Compétence des représentants en assurance
91 % (+1 %)	Empathie et compréhension du représentant en assurance
89% (+6 %)	Services/produits couverts par l'assurance
88 % (+5%)	Explication sur la façon dont le montant de paiement de la demande a été déterminé
88% (+2 %)	Clarté et exhaustivité des réponses à vos questions
87 % (+4 %)	Réactivité du service de réclamations
87% (+4 %)	Explication des étapes du processus de réclamation
86 % (+2 %)	La documentation requise était suffisante
86 % (+2 %)	Explication sur ce qui est couvert par votre police
86 % (+1 %)	Formulaires faciles à comprendre et à compléter pour les demandes de règlement
86 % (+5 %)	Le nombre de formulaires de demandes de règlement que vous avez dû soumettre était raisonnable
85 % (+5 %)	La demande de règlement a été payée dans les plus brefs délais

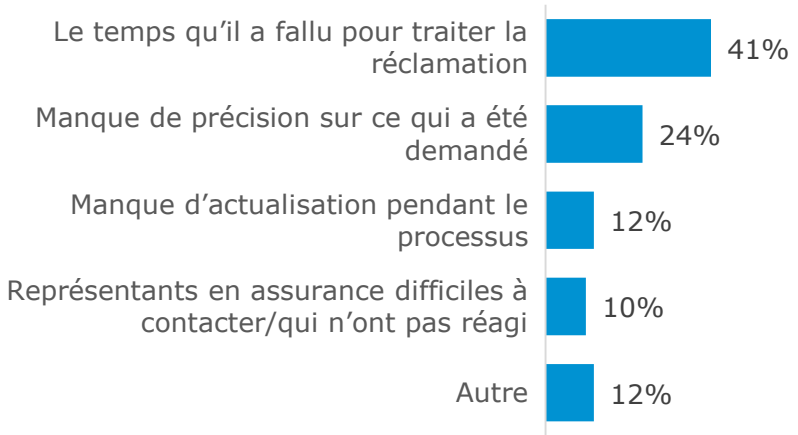
Échantillon : Demandeurs d'assurance voyage en 2018 N=244

Les réclamations concernant le processus de demande de règlement concernent le plus souvent la durée du traitement

- Cependant, la plupart de ceux qui avaient fait une réclamation étaient satisfaits de la façon dont le prestataire a géré la situation.

Approximativement un demandeur sur trois a déposé une réclamation à propos de sa demande, à un moment ou à un autre au cours du processus

Motif de la la réclamation *



83% de ceux qui ont complété le processus de réclamation sont satisfaits

** **Attention échantillon de petite taille :** Demandeurs d'assurance voyage qui ont fait une réclamation en 2018 N=92*

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TRAVEL MEDICAL INSURANCE CONSUMER RESEARCH STUDY

CANADIANS HAVE A POSITIVE VIEW OF TRAVEL MEDICAL INSURANCE

Approximately
1 in 3
Canadians buy travel medical insurance each year

About
1 in 10
Canadians
who purchase travel medical insurance end up making a travel medical insurance claim and very few experience a problem with a claim

30%
(-1% vs. 2015)
% of Canadians Who Purchased Travel Medical Insurance (Past 12 Months)

9%
(+2% vs. 2015)
% of Canadians who Purchased Travel Medical Insurance who made a Claim

3%
(+1% vs. 2015)
% of Canadians who Purchased Travel Medical Insurance who Made a Complaint about a Claim

The Canadian market's confidence in the travel medical insurance industry remains high

Confidence is highest in Associations and Insurance companies, followed by banks

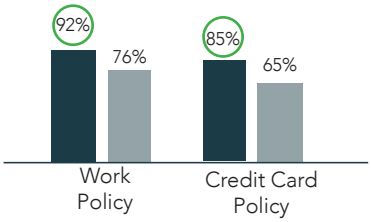
Confidence in Travel Medical Insurance	Somewhat confident	Very confident	Total	Vs. 2015
Provide the assistance you need	45%	37%	82%	+2%
Provide the quality of service you expect	49%	31%	80%	+3%
Cover your eligible claim expenses itemized in your insurance policy	47%	31%	78%	+1%
Provide enough financial coverage to take care of your medical emergency	46%	28%	74%	NA

Trust in Travel Medical Insurance Providers to Come Through in an Emergency	Somewhat confident	Very confident	Total	Vs. 2015
Associations	53%	27%	80%	-2%
Insurance companies	52%	26%	78%	0%
Banks, Credit Unions, etc.	52%	20%	72%	-2%
Insurance brokers	53%	16%	69%	0%
Credit card companies	50%	16%	66%	+2%
Travel agencies	50%	15%	65%	+2%
Airlines	44%	12%	56%	+2%
Travel Companies	44%	11%	55%	+3%

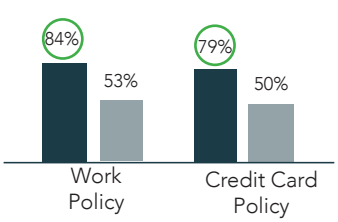
Confidence much higher among 'Purchasers' and 'Claimants'

> The greater one's depth of knowledge of existing policies the greater the likelihood to purchase private insurance

Understanding of Policy Terms
% Extensive/Reasonable



Knowledge of Coverage Value
% Know Exaclty/ Have a Reasonable Idea of How Much



Purchasers Non-Purchasers

GENERAL CONCLUSIONS

Consumers' depth of knowledge of their existing travel medical insurance coverage (i.e., through work and/or credit card) strongly correlates with the purchase of private policies

Suggesting that existing policies are not sufficiently meeting consumers' needs. This highlights the importance of education, transparency and accessibility to private travel medical insurance

Confidence in the travel medical insurance industry is far higher among 'purchasers' and 'claimants' vs. the general population

Implying consumers' direct experiences with the industry has met or exceeded their expectations

Purchasers of travel medical insurance feel knowledgeable about the terms and conditions pertaining to the policies they buy

Illustrating that the industry is doing a good job educating its consumers

The vast majority of claims are being paid and consumers are highly satisfied with the claims submission experience overall

Providing further evidence that the industry is being open and transparent with consumers at the time of purchase and is also facilitating a client-friendly claim experience

RELEASED JUNE 2018
Base: All 2018 N=1200

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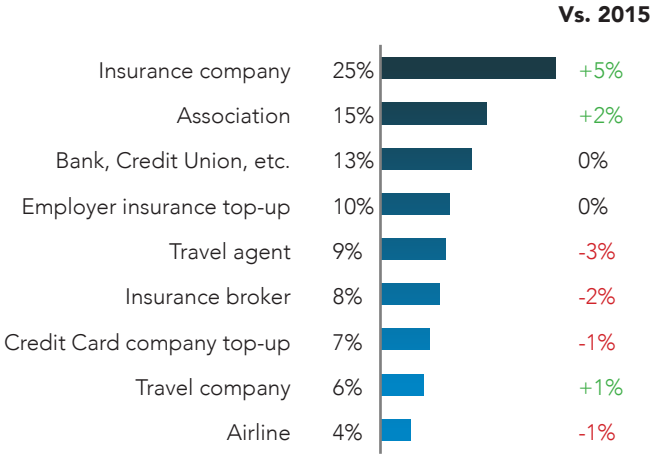
TRAVEL MEDICAL INSURANCE CONSUMER RESEARCH STUDY

CANADIAN TRAVEL MEDICAL INSURANCE PURCHASE EXPERIENCE IS POSITIVE

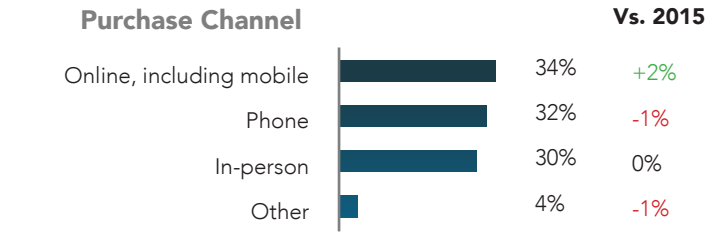
Consistent with 2015, Canadians continue to purchase a range of travel insurance policy types from a variety of sources and channels

Purchases from the most trusted sources (i.e., Insurance Companies & Associations) is trending up

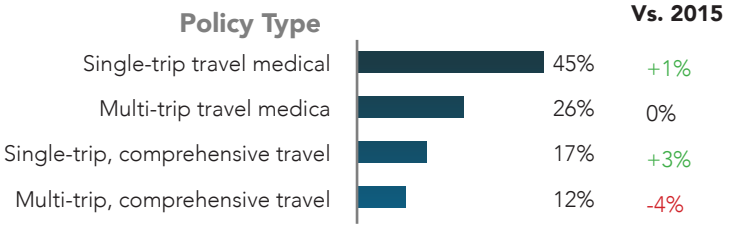
Purchase Source



Purchase Channel



Policy Type



The vast majority of travel insurance purchasers read at least some portion of the policy details before purchasing

Behaviour When Reviewing Policies

50% I always read through the details of my travel medical insurance policies before making the purchase

35% I skim through my travel medical insurance policie before making the purchase

12% I only read the sections of my travel medical insurance policy that are important to me

2% I don't read my travel medical insurance policies at all before making the purchase

2% None of the above

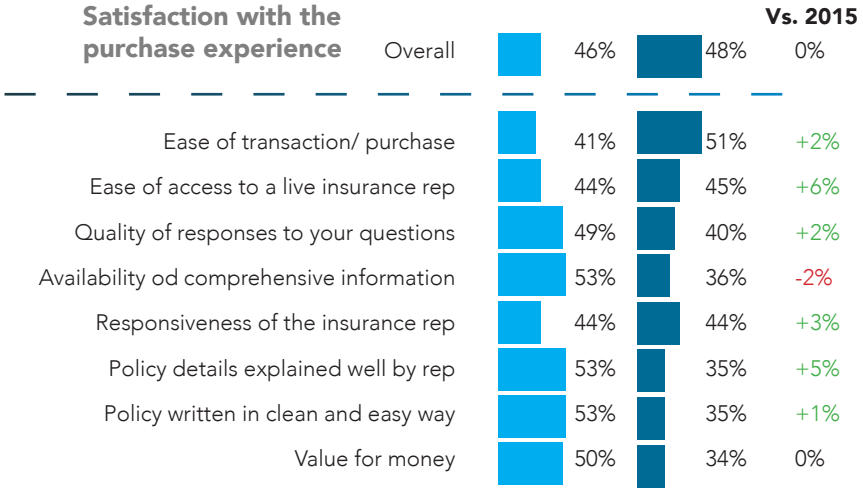
42% Say they know exactly the limitations and exclusions

89% Say they have at least a reasonable knowledge of policy terms

83% Say they know who to contact in the event of a medical emergency

As a result these consumers say they feel knowledgeable about the policy details before purchasing

Satisfaction with the purchase experience



Satisfaction with the travel insurance purchase experience remains very high

Somewhat satisfied

Very satisfied

RELEASED JUNE 2018

Base: Insurance Purchasers 2018 N=800

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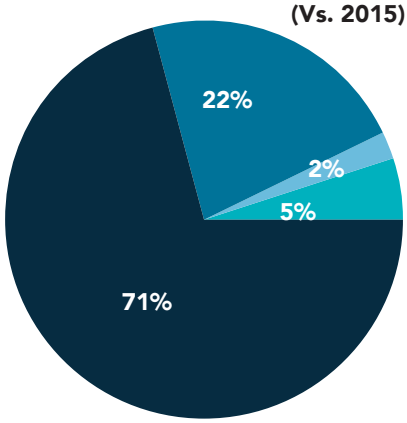
TRAVEL MEDICAL INSURANCE CONSUMER RESEARCH STUDY

CANADIANS HAVE A POSITIVE VIEW OF THE TRAVEL MEDICAL INSURANCE CLAIMS PROCESS, AND 98% OF CLAIMS ARE PAID (FULLY OR PARTIALLY)

For the most part travel insurance claims are covered in full, leading to continued high levels of satisfaction with the claim submission experience

Claim Submission Outcome (Vs. 2015)



- It was covered in full **(-1% vs. 2015)**
- It was partially covered **(-1% vs. 2015)**
- It was denied **(+1% vs. 2015)**
- The claim is still being processed **(+1% vs. 2015)**

Claim Submission Report Card

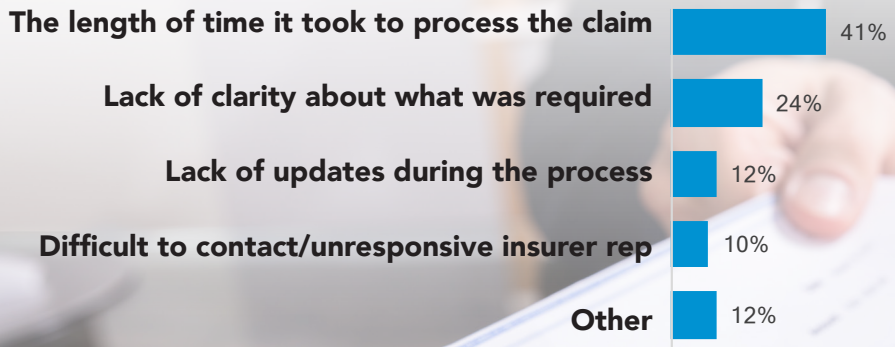
% Satisfied (Vs. 2015)	
91% (-1%)	Overall Satisfaction with Entire Claim Experience
92% (+4%)	Knowledge of the representatives
91% (+1%)	Empathy and understanding the insurer's representative
89% (+6%)	Services/products the claim covered
88% (+5%)	Explanation of how the claim payment was determined
88% (+2%)	Clarity and completeness of responses to your questions
87% (+4%)	Responsiveness of the claims department
87% (+4%)	Explanation about the steps involved in a claims process
86% (+2%)	Required documentation was reasonable
86% (+2%)	Explanation given about what would be covered by your policy
86% (+1%)	Ease of understanding and completing the claim forms
86% (+5%)	Number of claim forms that you had to submit was reasonable
85% (+5%)	Claim was paid in a timely manner

Complaints regarding the claim process most often relate to the length of processing time

Approximately 1 in 3 claimants made a complaint about their claim at some point during the process

However, most of those with a complaint were satisfied with how it was handled by the provider

Reason for Complaint*



83% very / somewhat satisfied with how their complaint was handled among those who completed the claim process

*Caution Low Base Size Travel Insurance Claimants who Made a Complaint 2018 N=92

RELEASED JUNE 2018

Base: Travel Insurance Claimants 2018 N=244

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RECHERCHE SUR L'ASSURANCE-MALADIE VOYAGE

Les canadiens satisfaits de leur assurance médical voyage

Environ

1 canadien sur 3

souscrit une assurance médicale voyage, par an

Environ

1 canadien sur 10

a avec une assurance médicale voyage, finit par faire une demande d'assurance médicale voyage et très peu rencontrent des difficultés lors de réclamations.

(+/-% par rapport à 2015)

30% (-1%)

Pourcentage de Canadiens ayant acheté une assurance médicale voyage (12 derniers mois)

9% (+2%)

Pourcentage de Canadiens avec une assurance médicale voyage ayant fait une demande d'assurance médicale voyage

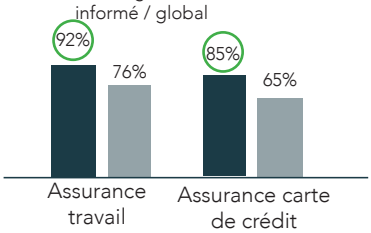
3% (+1%)

Pourcentage de Canadiens avec une assurance médicale voyage ayant déposé une plainte à propos d'une demande de règlement

> Avoir une assurance médicale voyage laisse présager l'achat d'une assurance privée

Compréhension des modalités de la police

Pourcentage très bien informé / global



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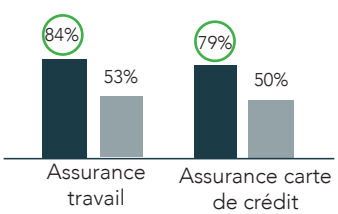

Acheteurs Non-acheteurs

La confiance du marché canadien dans le secteur de l'assurance médicale voyage reste élevée

Le plus haut degré de confiance est accordé aux associations et aux compagnies d'assurance, suivies par les banques.

Confiance en l'assurance médicale voyage	Assez confiant	Très confiant	Total	Par rapport à 2015
Apportera l'assistance dont vous avez besoins	45%	37%	82%	+2%
Offrira la qualitéde service que vous attendrez	49%	31%	80%	+3%
Couvrira vos dépenses admissibles en réclamation détaillées dans votre police d'assurance	47%	31%	78%	+1%
Montant de la couverture financière suffisant pour fair face à toute urgense médicale	46%	28%	74%	NA

Confiance au fait que les prestataires d'assurances médicales voyage seront présents, en cas d'urgence	Assez confiant	Très confiant	Total	Par rapport à 2015
Associations	53%	27%	80%	-2%
Compagnies d'assurance	52%	26%	78%	0%
Banques, caisses populaires, etc.	52%	20%	72%	-2%
Courtier d'assurances	53%	16%	69%	0%
Sociétés èmettrices de carte de crédit	50%	16%	66%	+2%
Agences de voyages	50%	15%	65%	+2%
Compagnies aériennes	44%	12%	56%	+2%
Entreprises de tourisme	44%	11%	55%	+3%

Niveau de confiance beaucoup plus élevé chez les « acheteurs » et les « demandeurs »

CONCLUSIONS GÉNÉRALES

La quantité d'informations que les consommateurs ont sur leur couverture d'assurance médicale voyage actuelle (c'est-à-dire, par le biais d'une carte de travail ou de carte de crédit) est fortement corrélée à l'achat de polices privies.

Ce qui laisse à penser que les polices actuelles ne répondent pas suffisamment aux besoins des consommateurs. Cela souligne l'importance de l'information, de la transparence et de l'accessibilité à l'assurance médicale voyage privée.

La confiance en l'industrie de l'assurance médicale des voyageurs est beaucoup plus élevée chez les « acheteurs » et les « demandeurs » que chez la population en general.

Ce qui implique que les expériences directes des consommateurs avec le secteur ont satisfait ou dépassé leurs attentes.

Les acheteurs de l'assurance médicale voyage se sentent bien informés sur les modalités et les conditions relatives aux polices qu'ils achètent.

Ce qui montre que le secteur fait du bon travail en informant ses consommateurs.

La grande majorité des demandes sont payées et les consommateurs sont très satisfaits de l'expérience de soumission des demandes de règlement.

Ce qui constitue une preuve supplémentaire que le secteur est ouvert et transparent avec les consommateurs, au moment de l'achat, faisant de la demande de règlement une expérience agréable.

PUBLIÉ JUIN 2018
Échantillon : Tous 2018 N = 1200

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RECHERCHE SUR L'ASSURANCE-MALADIE VOYAGE

Le niveau de satisfaction des Canadiens relatif à l'expérience d'achat de l'assurance voyage est très élevé

Comme en 2015, les Canadiens continuent à acheter des polices d'assurance voyage de divers sources et circuits de distribution

Les achats auprès des sources les plus fiables (c'est-à-dire les sociétés et les associations d'assurance) sont à la hausse.

Source d'achat

		Par rapport à 2015
Compagnies d'assurance	25%	+5%
Associations	15%	+2%
Banques, caisses populaires, etc.	13%	0%
Assurance complémentaire employeur	10%	0%
Agent de voyage	9%	-3%
Courtier d'assurances	8%	-2%
Sociétés èmettrices de carte de crédit	7%	-1%
Entreprises de tourisme	6%	+1%
Compagnies aériennes	4%	-1%

Circuit d'achat

		Par rapport à 2015
En ligne, y compris à travers un dispositif mobile	34%	+2%
Téléphone	32%	-1%
De vive voix	30%	0%
Autre	4%	-1%

Type de police

		Par rapport à 2015
Assurances médicale voyage, pour un seul voyage	45%	+1%
Assurance médicale voyage, pour plusieurs voyages	26%	0%
Assurances voyage complète, pour un seul voyage	17%	+3%
Assurances voyage complète, pour plusieurs voyages	12%	-4%

La grande majorité de ceux qui souscrivent une assurance voyage lisent au moins une partie des informations de la police avant de procéder à l'achat

Comportement lors de l'évaluation des polices d'assurance

50% Je lis toujours en détail mes polices d'assurances médicale voyage avant d'y souscrire

35% Je fais uns lecture rapide de mes polices d'assurances médicale voyage avant d'y souscrire

12% Je ne lis que les sections de ma police d'assurances médicale voyage qui me paraissent importantes

2% Je ne lis pas du tout mes polices d'assurance médicale voyage avant d'y souscrire

2% Rien de ce qui précède

42% disent qu'ils sont parfaitement au courant des limitations et des exclusions

89% disent qu'ils ont une connaissance suffisante des modalités de la police

83% disent qu'ils savent qui contacter en cas d'urgence médicale

Par conséquent, ces consommateurs disent qu'ils se sentent bien informés sur les modalités et conditions de la politique.

Niveau de satisfaction relatif à l'expérience d'achat

			Vs. 2015
Global	46%	48%	0%
Facilité de la transaction/souscription	41%	51%	+2%
"Facilité de contacter un représentant en assurance, directement"	44%	45%	+6%
La qualité des réponses à vos questions	49%	40%	+2%
Informations précises disponibles	53%	36%	-2%
La réceptivité du représentant en assurance	44%	44%	+3%
Le représentant a bien expliqué en détail la police	53%	35%	+5%
"Police d'assurance écrite dans un langage clair et facile à comprendre"	53%	35%	+1%
Rapport qualité/prix	50%	34%	0%

Le niveau de satisfaction relatif à l'expérience d'achat de l'assurance voyage reste très élevé

Plutôt satisfait

Très satisfait

PUBLIÉ JUIN 2018

Échantillon : Ceux qui ont souscrit une assurance en 2018 N = 800

acifa
L'association canadienne des institutions financières en assurance

pollara

RECHERCHE SUR L'ASSURANCE-MALADIE VOYAGE

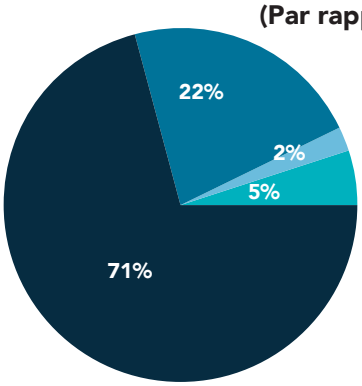
Le niveau de satisfaction des Canadiens relatif à l'expérience de soumission des demandes de règlement est très élevé, et 98 % des réclamations sont couvertes (entièrement ou partiellement)

Dans la plupart des cas, les réclamations dans le cadre de l'assurance voyage sont entièrement couvertes, par conséquent, le niveau de satisfaction relatif à l'expérience de soumission des demandes de règlement reste très élevé

% Satisfait (par rapport à 2015)	Fiche de soumission de demande de règlement
91% (-1%)	Satisfaction globale pour l'ensemble de l'expérience de demande de règlement
92% (+4%)	Compétence des représentants en assurance
91% (+1%)	Empathie et compréhension du représentant en assurance
89% (+6%)	Services/produits couverts par l'assurance
88% (+5%)	Explication sur la façon dont le montant de paiement de la demande a été déterminé
88% (+2%)	Clarté et exhaustivité des réponses à vos questions
87% (+4%)	Réactivité du service de réclamations
87% (+4%)	Explication des étapes du processus de réclamation
86% (+2%)	La documentation requise était suffisante
86% (+2%)	Explication sur ce qui est couvert par votre police
86% (+1%)	Formulaires faciles à comprendre et à compléter pour les demandes de règlement
86% (+5%)	Le nombre de formulaires de demandes de règlement que vous avez dû soumettre était raisonnable
85% (+5%)	La demande de règlement a été payée dans les plus brefs délais

Résultat de la demande de règlement

(Par rapport à 2015)



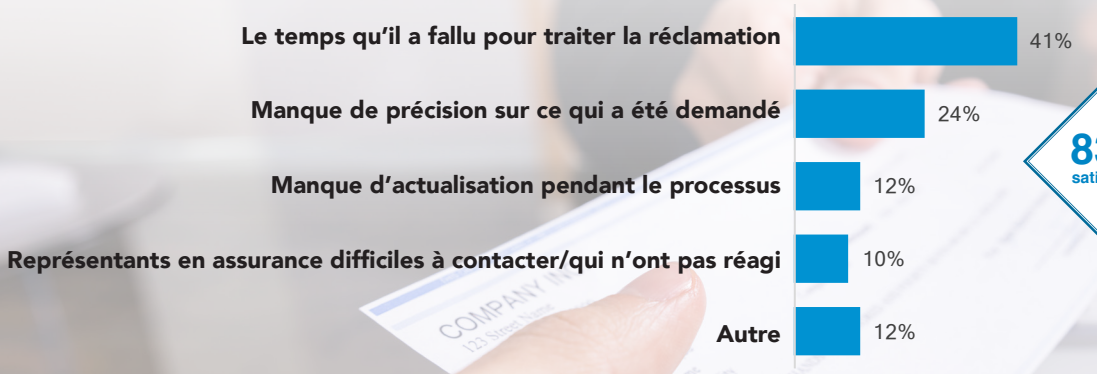
- Elle a été réglée sa totalité **(-1% vs. 2015)**
- Elle a été partiellement réglée **(-1% vs. 2015)**
- Elle a été refusée **(+1% vs. 2015)**
- La réclamation est toujours en cours de traitment **(+1% vs. 2015)**

Les réclamations concernant le processus de demande de règlement concernent le plus souvent la durée du traitement

Approximativement un demandeur sur trois a déposé une réclamation à propos de sa demande, à un moment ou à un autre au cours du processus

Cependant, la plupart de ceux qui avaient fait une réclamation étaient satisfaits de la façon dont le prestataire a géré la situation.

Motif de la la réclamation *



83% de ceux qui ont complété le processus de réclamation sont satisfaits

*** Attention échantillon de petite taille : Demandeurs d'assurance voyage qui ont fait une réclamation en 2018 N=92**

PUBLIÉ JUIN 2018

Échantillon : Demandeurs d'assurance voyage en 2018 N=244

cafii The Canadian Association of Financial Institutions in Insurance

CANADIANS POSITIVE ON TRAVEL MEDICAL INSURANCE
98% say claims paid; 8 in 10 satisfied with their experience

TORONTO, June 26, 2018 – The experience of Canadians who have purchased travel medical insurance is very positive, with more than 8 in 10 satisfied with the product and the value it provides. Furthermore, 98% of people who made travel medical insurance claims in the past year said they were fully or partially paid, with only 2% of claims being rejected. In addition, 91% of claimants said they were satisfied with their claim experience from initial contact to final outcome.

These are the key findings of new public opinion research by Pollara Strategic Insights (insert link to Pollara executive summary). These and other findings about travel medical insurance are consistent with results from similar research undertaken by Pollara in 2015.

According to the research, confidence among Canadians who have purchased travel medical insurance in the past year is high, with 87% confident they would receive the quality of service they expected. In addition, 90% were confident they would receive the assistance they needed, and 86% expected reimbursement to cover the cost of the travel medical emergency as per their policy. These results were even higher for those who had made a claim.

Canadians also said they have a reasonable understanding of the travel medical insurance coverage terms and limitations, amount of coverage, and who to contact in the event of an emergency. For example, at the time of purchasing their travel medical insurance policy, buyers said they were confident they knew the policy terms with 89% saying their knowledge was at least reasonable. Furthermore, 89% of buyers also said they had at least some knowledge of the limitations and exclusions of their policy at the time of purchase.

Fully 85% of claimants found the actual claim submission experience to be in line with what was explained to them during the initial contact, and 89% of claimants thought the claim submission experience was positive and either met (75%) or exceeded (14%) their expectations. However, despite the high levels of overall satisfaction, 31% of claimants (down from 38% in 2015) had a complaint about the claim experience, mostly about the length of time it took to process a claim, and lack of clarity about what was required.

When it comes to choosing their travel medical insurance, Canadians said the top six factors influencing their decisions were:

- features and benefits (87% vs 86% in 2015);
- overall amount of coverage (85% - not asked in 2015);
- ability to speak to someone (83% vs 81% in 2015);
- price (81% vs 76% in 2015);
- ease of purchase (77% vs 70% in 2015); and,
- coverage for pre-existing conditions (71% vs 66% in 2015).

The increase in the last three factors from 2015 is notable, which suggests consumer expectations for travel medical insurance are increasing, and that providers need to keep improving their product and service to maintain high levels of customer satisfaction.

“Canadian consumers have expressed a great deal of confidence in the travel medical insurance industry, and the products that our members provide,” said Keith Martin, Co-Executive Director of the Canadian Association of Financial Institutions in Insurance (CAFII), which sponsored the Pollara research. “On the other hand, consumers continue to raise the bar on what they expect from their policies in terms of product features, quality service and value, and rightly so.”

These are the key results from an online survey of 1,200 adult Canadians conducted by Pollara Strategic Insights between February 16th and March 5th, 2018. A random sample of this size would yield a margin of error of plus or minus 2.8%, 19 times out of 20.

- 30 –

About CAFII:
The Canadian Association of Financial Institutions in Insurance is a not-for-profit Association dedicated to the development of an open and flexible insurance marketplace. CAFII believes consumers are best served when they have meaningful choice in the purchase of insurance products and services. CAFII’s members include the insurance arms of Canada’s major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Financial Security; RBC Insurance; ScotiaLife Financial; and TD Insurance – along with major industry players American Express Bank Canada; Assurant; Canada Life Assurance; Canadian Premier Life Insurance Company; CUMIS Services Incorporated; and Manulife (The Manufacturers Life Insurance Company).

About Pollara Strategic Insights:
Founded in 1980, Pollara Strategic Insights is one of Canada’s premier full-service research firms – a collaborative team of senior research veterans who are passionate about conducting research through hands–on creativity and customized solutions. Taking full advantage of their comprehensive toolbox of industry-leading quantitative and qualitative methodologies and analytical techniques, Pollara provides research-based strategic advice to a wide array of clients across all sectors on a local, national, and global scale.

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LES CANADIENS SATISFAITS DE LEUR ASSURANCE MÉDICALE VOYAGE
98 % disent que les réclamations ont été payées; 8 sur 10 sont satisfaits de leur expérience

TORONTO, le 26 juin 2018 - L'expérience des Canadiens qui ont souscrit une assurance médicale voyage est très positive, plus de 8 sur 10 étant satisfaits du produit et de sa valeur. En outre, 98 % des personnes qui ont fait des demandes de règlement dans le cadre de l'assurance médicale voyage, au cours de la dernière année, ont déclaré avoir été entièrement ou partiellement payées, et seulement 2 % des demandes ont été refusées. En outre, 91 % des demandeurs ont déclaré être satisfaits de leur expérience en matière de réclamation, du premier contact au résultat final.

Telles sont les principales conclusions du nouveau sondage effectué par Pollara (insert hyperlink to Pollara summary). Ces conclusions et d'autres sur l'assurance médicale voyage sont conformes aux résultats de sondages similaires, effectués par Pollara en 2015.

Selon le sondage, la confiance des Canadiens qui ont souscrit une assurance médicale voyage au cours de la dernière année est élevée, 87% étant convaincus qu'ils recevraient la qualité de service qu'ils attendaient. De plus, 90 % étaient convaincus qu'ils recevraient l'aide dont ils avaient besoin et 86 % prévoyaient un remboursement pour couvrir le coût de l'urgence médicale liée au voyage, conformément à leur police d'assurance. Les résultats étaient encore plus élevés pour ceux qui en avaient fait la demande.

Les Canadiens ont également indiqué qu'ils avaient une bonne compréhension des modalités et des limites de la couverture de l'assurance médicale voyage, du montant de la couverture et des personnes à contacter en cas d'urgence. Par exemple, au moment de l'achat de leur police d'assurance médicale voyage, les acheteurs ont déclaré être sûrs de connaître les modalités de la police, 89 % d'entre eux affirmant que leur connaissance était suffisante. De plus, 89 % des acheteurs ont également déclaré avoir au moins certaines notions, des limites et des exclusions de leur police d'assurance, au moment de l'achat.

Au total, 85 % des demandeurs ont jugé que l'expérience de leurs demandes de règlement correspondait à ce qui leur avait été expliqué lors du contact initial, et 89% des demandeurs ont estimé que l'expérience était positive et était soit conforme à leurs attentes (75%) soit les dépassait (14%). Cependant, malgré le niveau élevé de satisfaction globale, 31 % des demandeurs (contre 38 % en 2015) se sont plaints de l'expérience en matière de sinistre, surtout en ce qui concerne le délai de traitement d'une demande et le manque de clarté relativement aux critères.

Au moment de choisir leur assurance médicale voyage, les Canadiens ont déclaré que six principaux facteurs influençaient leur décision :

- Les atouts et les avantages (87 % contre 86 %, en 2015) ;
- Le montant total de la couverture (85 % - non demandé en 2015) ;
- Pouvoir parler à quelqu'un (83 % contre 81 %, en 2015) ;
- Le prix (81 % contre 76 %, en 2015) ;
- La facilité à effectuer l'achat (77 % contre 70 %, en 2015) ; et,

- La couverture pour les affections préexistantes (71 % contre 66 %, en 2015).

L'augmentation de l'importance des trois derniers facteurs, par rapport à 2015 est notable, ce qui suggère que les attentes des consommateurs en ce qui concerne l'assurance médicale voyage sont plus élevées, et que les prestataires doivent continuer à améliorer leurs produits et services, pour que le niveau de satisfaction client reste élevé.

« Les consommateurs canadiens ont témoigné de leur grande confiance au secteur de l'assurance médicale voyage et les produits proposés par nos partenaires », a déclaré Keith Martin, codirecteur général de l'association canadienne des institutions financières en assurance (ACIFI), qui a parrainé les recherches de Pollara. « D'un autre côté, et à juste titre, les consommateurs mettent la barre toujours plus haut, en ce qui concerne leurs attentes quant aux polices d'assurance, en termes d'atouts du produit, de qualité de service et de valeur. »

Voici les principaux résultats d'un sondage en ligne réalisé par Pollara, entre le 16 février et le 5 mars 2018, auprès de 1 200 Canadiens adultes. La marge d'erreur d'un échantillon aléatoire de cette taille est de plus ou moins 2,8 %, 19 fois sur 20.

- 30 –

À propos de l'ACIFA:

L'Association canadienne des institutions financières en assurance (ACIFA) est une association sans but lucratif qui se consacre au développement d'un marché de l'assurance ouvert et flexible. L'ACIFA croit que les consommateurs sont mieux servis lorsqu'ils disposent de diverses possibilités pour l'acquisition de produits et services d'assurance. Les 12 membres de l'ACIFA comprennent les branches d'assurance des principales institutions financières du Canada - Assurance CIBC; BMO Assurance; Desjardins Sécurité financière; La Financière ScotiaLife; RBC Assurances; et TD Assurance, de même que les principaux acteurs de l'industrie, Assurant, Assurance-vie Canada, Banque American Express, CUMIS Services Incorporated, La Compagnie d'assurance-vie Première du Canada, et Manuvie (La Compagnie d'Assurance-Vie Manufacturers).

À propos de Pollara :

Fondée en 1980, Pollara est l'une des entreprise d'études de marché les plus complète du Canada en ce qui concerne la créativité et les solutions sur mesure. Son équipe de collaborateurs est composée d'experts en études de marché passionnés par la recherche personnalisée. Pollara se sert de ses techniques d'analyse et de ses connaissances des outils relatifs aux meilleures méthodes qualitatives et quantitatives de l'industrie pour fournir des conseils stratégiques fondés sur la recherche à de nombreux clients dans tous les secteurs à l'échelle locale, nationale et internationale.

Personne-ressource média pour l'ACIFA :
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NOVA SCOTIA

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June 7, 2018

Mr. Brendan Wycks, BA, MBA, CAE, Co-Executive Director
Canadian Association of Financial Institutions in Insurance
411 Richmond Street East, Suite 200
Toronto, ON M5A 3S5
Brendan.wycks@cafii.com

Dear Mr. Wycks:

On July 1, 2017, the Canadian Free Trade Agreement (CFTA) came into effect, replacing the Agreement on Internal Trade (AIT). This Agreement between the federal, provincial and territorial governments strengthens Canada's internal trade framework and produces benefits for businesses and consumers by supporting a modern, open and competitive Canadian economy. At its core, the CFTA prohibits discriminatory treatment of goods, services, workers and investments based on their province or territory of origin.

As you may know, the CFTA contains a forward-looking agenda with initiatives to further strengthen Canada's economic union, including a commitment with respect to financial services. The CFTA commits Parties to engage in exploratory discussions on financial services prior to commencing negotiations. These exploratory discussions and negotiations must conclude by January 1, 2020.

To assist with the exploratory discussions, I am writing to invite you to provide input on the incorporation of potential financial services areas to be considered for inclusion in the CFTA.

Specifically, I invite you as stakeholders to respond to the following questions:

1. Are there any interprovincial trade barriers that impact the ability of financial services businesses or sectors to operate across the country? If so, please provide details, quantifying the economic impact where possible and identifying the specific regulations, policies or procedures which act as an impediment to trade.

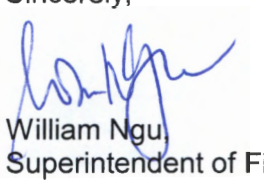
2. Are there specific financial services-related sectors or issues that you would like to see addressed through the CFTA? If so, please explain why.

3. Are there specific financial services-related sectors or issues that you would like to see excluded from the CFTA? If so, please explain why.

Please provide your responses via email before June 29, 2018 to Alexis Michael at: alexis.michael@novascotia.ca. Your feedback will assist Parties in determining the appropriate scope and priority areas for the upcoming negotiations.

Further information on the CFTA can be found at: https://www.cfta-alec.ca/. Thank you for your input. Your ideas are critical to helping formulate discussions applicable to financial services into the CFTA.

Sincerely,



William Ngu,
Superintendent of Financial Institutions

CAFII INTRODUCTORY VIDEO FOR WEBSITE – DRAFT 5

Audio	Story Board Description	Time
The Canadian Association of Financial Institutions in Insurance or CAFII is an industry association, whose members believe that insurance should be simple, accessible, and affordable for consumers.		8 sec
Our members are focused on making life, health and travel insurance easy-to-understand by providing helpful information for consumers, including on our website.		9 sec
We believe that when insurance can be purchased from a variety of sources, it makes it easier for consumers to get the coverage they need – particularly those who are underserved by traditional means.		10.5 sec
Our members offer life, health and travel insurance for consumers at affordable rates that can help them save money.		8.5 sec

We believe consumer choice is important, and that people should have the right to decide how they want to buy their insurance, and where.		9 sec
CAFII – making insurance simple, accessible and affordable.		5 sec
Total:		50 sec