



**CAFII EOC Meeting
Tuesday, March 26, 2013
Location: RBC Insurance
Royal Bank Plaza, South Tower, Capital Markets
200 Bay St., 5th Floor, DS Boardroom, Toronto, ON
2:00 – 5:00 pm**

Chair: J. Hines

Agenda

1. Call to Order J. Hines
2. Approval of Agenda All
3. Minutes All
 - a. EOC Minutes of February 19, 2013
4. CAFII Financials M. Fabian
 - a. Draft Audited Financial Statements For 2012 Fiscal Year
 - b. February 2013: Income Statement For Two Months Ended February 28, 2013; Balance Sheet As At February 28, 2013; and Membership Dues Received As At March 18, 2013
5. Regulatory Update
 - a. Regulatory Newsletter B. Wycks
 - b. FSCO Initiative To Improve Response Times To Consumer Complaints J. Lewsen/G. Grant/B. Wycks
 - c. CLHIA Restricted Insurance Agency Licensing In Saskatchewan Advisory Committee M. Gill
 - d. Regulator Visits B. Wycks
 - Regulator Visits Plan
6. CAFII Priorities and EOC Committees
 - a. CAFII Priorities by Committee B. Wycks
 - b. Distribution and Market Conduct Policy Committee S. Manson / W. Eccles
 - (i) CCIR Invitation For Pre-Consultation Discussion With Agencies Regulation Committee on Use and Oversight of Third Party Administrators in Group Life, Group Accident and Sickness, Credit Protection Insurance, and Travel Insurance
 - (ii) Follow-up Correspondence From Eric Stevenson, AMF Re Quebec Distribution Guide and Insurance Act
 - (iii) Proposed DMC Project on IAIS Core Principles
 - (iv) Proposed DMC Project on Industry Complaint Statistics
 - c. Licensing Efficiency Issues Committee M. Gill
 - d. Media & Advocacy Strategy Committee S. Gelgor / J. Lewsen
 - (i) Next Webinar For CCIR B. Wycks
 - (ii) Logo Redesign & Rebranding Initiative B. Wycks
 - (iii) Feedback/Commentary On June 7, 2012 CAFII Communications Strategy B. Wycks
 - e. Event & Networking Committee P. Yeung / M. Sanchez-Chung
 - (i) CAFII 15th Anniversary Event
 - (ii) Speaker for June 11 Regulator Reception



7. Other Business

- a. Possible CAFII Membership In Global Federation of Insurance Associations (GFIA) B. Wycks
- b. Possible CAFII Observer Status with International Association of Insurance Supervisors (IAIS) B. Wycks
- c. April 10 Board Meeting Chair (in Mark Cummings' possible absence) J. Hines

Next Board Meeting is April 10, 2013 hosted by RBC Insurance.

Next EOC meeting is April 23, 2013, in Toronto.

Conference call dial-in information:

416-764-8662 or 1.888-884-4534, participant pass code: 771017#, moderator pass code: 7661560#

CAFII

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

Statement of Operations As at February 28, 2013

REVENUE	Current Month	Current YTD	Budget 2013	%	YTD 2012 Balance	% Used YTD 2012
Membership Fees	\$34,175	\$68,350	\$410,100	17%	\$69,150	18%
Interest Revenue	\$58	\$122	\$750	16%	\$100	100%
TOTAL REVENUE	\$34,233	\$68,472	\$410,850	17%	\$69,250	18%
EXPENSE						
Association Operating Expenses						
Management Fees	\$18,693	\$36,205	209,150	17%	\$11,770	17%
Lawrie Savage Fees	\$0	\$0	-		\$29,358	17%
CAFII Legal Fees/Corporate Governance	\$0	\$0	10,500	0%	\$0	0%
Audit Fees	\$0	\$0	13,250	0%	\$0	0%
Insurance	\$237	\$473	5,368	9%	\$473	11%
Website (incl translation)	\$0	\$10	540	2%	\$0	0%
Telephone/Fax/Internet	\$0	\$58	750	8%	\$112	5%
Postage/Courier	\$0	\$4	500	1%	\$13	1%
Office Expenses	\$0	\$698	4,500	16%	\$124	5%
Bank Charges	\$0	\$0	-	0%	\$0	0%
Miscellaneous Expenses	\$0	\$0	-	0%	\$0	0%
Amortization Expense	\$0	\$0	-	0%	\$0	0%
Depreciation Computer/Office Equipm ¹	\$39	\$78	640	0%	\$0	0%
Distribution & Market Conduct Committee						
Provincial Regulatory Review	\$0	\$0	35,000	0%	\$0	0%
Research/Studies	\$0	\$0	42,000	0%	\$0	0%
Licensing Efficiency Issues Committee						
Regulatory Model (s)	\$0	\$0	12,000	0%	\$0	0%
Federal Financial Reform	\$0	\$0	-		\$0	0%
Media & Advocacy Strategy Committee						
Tactical Communications Strategy	\$0	\$0	25,000	0%	\$0	0%
Association Branding	\$0	\$0	7,000	0%	\$0	0%
Networking and Events Committee						
Board/EOC/AGM Expense ²	\$100	\$2,230	10,000	22%	\$3,014	14%
Networking Events	\$0	\$0	3,500	0%	\$0	0%
15th Anniversary Event	\$0	\$0	30,000	0%	\$0	0%
Media Relations, CAFII Consultant	\$0	\$0	-		\$0	0%
TOTAL EXPENSE	\$19,068	\$39,756	409,698	10%	\$44,863	9%
EXCESS OF REVENUE OVER EXPENSES	\$15,165	\$28,716	\$1,152		24,387.46	

Explanatory Notes:

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

CAFII

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Toronto, ON M4V 2Y7

Balance Sheet As at February 28, 2013

	Current 2013
ASSETS	
Current Assets	
Bank Balance	\$159,167
Investments ^A	\$52,097
Accounts Receivable	\$222,695
Interest Receivable	\$615
Prepaid Expenses	\$710
Computer/Office Equipment	\$2,334
Accumulated Depreciation -Comp/Equip	(\$117)
Intangible Assets-Trademarks	\$0
Accumulated Amortization-Trademark	\$0
Total Current Assets	<u>\$437,499</u>
TOTAL ASSETS	<u><u>\$437,499</u></u>
LIABILITIES	
Current Liabilities	
Account Payable ^B	\$56,702
Deferred Revenue	<u>\$165,500</u>
Total Current liabilities	<u>\$222,202</u>
TOTAL LIABILITIES	<u><u>\$222,202</u></u>
UNRESTRICTED NET ASSETS	
Unrestricted Net Assets, beginning of year	\$186,581
Excess of revenue over expenses	<u>\$28,716</u>
Total Unrestricted Net Assets	<u>\$215,297</u>
Total Unrestricted Net Assets	<u><u>\$215,297</u></u>
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	<u><u>\$437,499</u></u>

Minimum Reserve = Greater of:

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

2013 Reserve (based on 6 month Reserve):

CAFI
55 St Clair Ave West, Suite 255
Toronto, ON, M4V 2Y7
Balance Sheet Items
As at February 28, 2013

Item A

Investment Portfolio

Investment Type	Issue Date	Principal	Rate	Deemed Interest	Maturity Date
Cashable GIC #0087-8019718-11	May-07-12	\$52,096.99	1.45%	\$755.41	May-07-13
Total		\$52,096.99		\$755.41	

Item B

Accounts Payable

	Total
	99.65
	38,957.88
	5,367.50
	12,277.45
Total outstanding:	56,702.48

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CAFII

Toronto, ON M4V 2Y7

Membership Fees

As At February 28, 2013

	<u>Jan-13</u>		<u>Jul-13</u>	
	<u>Billed</u>	<u>Received</u>	<u>Billed</u>	<u>Received</u>
TD Insurance	\$23,500.00	8-Mar-13	\$23,500.00	
Assurant Solutions	\$11,750.00	22-Feb-13	\$11,750.00	
BMO Insurance	\$23,500.00		\$23,500.00	
Canadian Premier Life Insurance Company	\$11,750.00	1-Mar-13	\$11,750.00	
CIBC Insurance	\$23,500.00	8-Mar-13	\$23,500.00	
National Bank Insurance Company	\$11,750.00	8-Mar-13	\$11,750.00	
RBC Insurance	\$23,500.00		\$23,500.00	
ScotiaLife Financial	\$23,500.00		\$23,500.00	
Desjardins Financial Security Life Assurance Company	\$11,750.00	8-Mar-13	\$11,750.00	
AMEX Bank of Canada	\$11,750.00	15-Mar-13	\$11,750.00	
Avalon Actuarial	\$4,800.00			
CSI Brokers Inc.	\$4,800.00			
Dion, Durrell & Associates Inc.	\$4,800.00	15-Mar-13		
KPMG	\$4,800.00			
Laurentian Bank of Canada	\$4,800.00	15-Mar-13		
Oliver, Wyman Consulting Limited	\$4,800.00			
Optima Communications	\$4,800.00			
RGA Life Reinsurance Company of Canada	\$4,800.00	1-Mar-13		
Swiss Reinsurance Company Ltd	\$4,800.00			
Munich Re	\$4,800.00	8-Mar-13		
Aimia	\$4,800.00	15-Mar-13		
The Canada Life Assurance Company	\$4,800.00	1-Mar-13		
January Invoices	\$233,850		\$176,250	
July Invoices	\$176,250			
Total Membership Fees	\$410,100			

**CAFII EOC Meeting Minutes
Tuesday, February 19, 2013**

Action Items from the Meeting

Agenda Item	Action Item
3a. EOC Minutes	Action: Due to the release of the AML Regulations, B. Wycks to review and update the draft letter addressed to Nick Burbidge and circulate with the EOC.
3b. Board Minutes	Action: L. Duigu to add cover sheet of action items to the Board Minutes, similar to the EOC Minutes of January 8, 2013.
5a. Regulatory Newsletter	<p>Action: B. Wycks to distribute the Regulator newsletter to EOC members.</p> <p>Action: EOC members to review the Regulator newsletter and provide feedback to B. Wycks.</p> <p>Action: J. Lewsen to circulate AMF email regarding the distribution guide to EOC members.</p> <p>Action: B. Wycks to establish contact with L. Byrnes at CLHIA.</p>
5b. Regulator Visits	Action: B. Wycks to confirm if the SK Minister of Finance is a former broker or not.
6b. Distribution & Market Conduct Committee	<p>Action: B. Wycks to make enquiries with E. Stevenson on the Quebec DWR Consultation, confirm if they have started working on it and the anticipated release date.</p> <p>Action: The DMC Committee to consider what CAFII's role should/could be on the travel insurance issue, taking into consideration the participation of other associations such as CLHIA.</p> <p>Action: DMC to prioritize Ecommerce on their list of deliverables for the next committee meeting.</p>
6d. Media & Advocacy Strategy Committee	<p>Action: B. Wycks to follow-up on confirming a webinar date with C. Shevlin of CCIR.</p> <p>Action: B. Wycks to review CAFII's Communications Strategy with the Media & Advocacy Committee.</p>

6e. Event & Networking Committee	<p>Action: L. Duigu to follow-up with the March 26 guest speaker, Jane Carr regarding her travel arrangements to Toronto.</p> <p>Action: P. Yeung to confirm 15th Anniversary food and venue costs at RBC.</p> <p>Action: L. Duigu to circulate the proposed invitation list for the 15th Anniversary Celebration with EOC members.</p> <p>Action: J. Hines to follow up and confirm motivational speaker for 15th Anniversary Event.</p>
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CAFII EOC Meeting Minutes
Tuesday, February 19, 2013
Location: RBC Insurance
Royal Bank Plaza, South Tower, Capital Markets
200 Bay St, 5th Floor, DS Boardroom
Toronto, ON

Present: Rose Beckford ScotiaLife Financial
Wayne Eccles TD Insurance
Sara Gelgor ScotiaLife Financial
Maira Gill TD Insurance
Greg Grant CIBC Insurance
Jennifer Hines RBC Insurance *Chair*
John Lewsen BMO Insurance
Sue Manson CIBC Insurance
John Poolman Assurant Solutions (*teleconference*)
Maria Sanchez-Chung MBNA Bank of Canada (*teleconference*)
Paul Yeung RBC

Also Present: Leya Duigu T•O Corporate Services
Brendan Wycks CAFII

Regrets: Charles Blaquiere Canadian Premier Life Insurance Co.
Emily Brown BMO Insurance
Andre Duval Desjardins Financial Security Life Assurance
Matthew Fabian BMO Insurance *Treasurer*

1. Call to Order

The meeting was called to order at 1:05pm. J. Hines acted as chair and L. Duigu acted as recording secretary.

2. Approval of Agenda

Announcement of B. Wycks as CAFII Executive Director was added to the agenda under the Media & Advocacy Committee update. The agenda was approved as amended.

3. Minutes

a. EOC Minutes January 8, 2013

Members reviewed the action items from the last EOC meeting.

Action: Due to the release of the AML Regulations, B. Wycks to review and update the draft letter addressed to Nick Burbidge and circulate it to EOC members for review and feedback.

b. Board Minutes, December 11, 2012

Action: L. Duigu to add cover sheet of action items to the Board Minutes, similar to the EOC Minutes of January 8, 2013.

4. Financials

B. Wycks reviewed the financial statements for the month ended January 31, 2013 with EOC Members.

5. Regulatory Update

a. Regulatory Newsletter

B. Wycks is in the final stages of producing CAFII's first Regulatory Newsletter. Two versions of the CAFII newsletter will be produced for the following two distinct stakeholders: members and regulators. Members discussed the ideal timing of the newsletters including monthly and quarterly. It was decided that the circulation of the CAFII Regulatory newsletter should be as follows:

- Members version to align with Board and EOC meetings.
- Regulators version to be provided monthly except in July and August

Action: B. Wycks to distribute the draft Regulator newsletter to EOC members for review.

Action: EOC members to review the Regulator newsletter and provide feedback to B. Wycks.

AMF. Members briefly discussed the AMF's release of information on the distribution guide and that CAFII members aren't represented in any groups that are reviewing it.

Action: J. Lewsen to circulate AMF email regarding the Distribution Guide to EOC members.

Action: B. Wycks to establish contact with L. Byrnes at CLHIA on this issue.

b. Regulator Visits

Regulator Visit Plan

- Saskatchewan. It was reported that the Minister of Finance in Saskatchewan may be a former insurance broker.

Action: B. Wycks to confirm if the SK Minister of Finance is a former broker or not.

CISRO Meeting Re LLQP

The Powerpoint presentation entitled "Harmonized Life Insurance Licensing Qualification Program" presented at CISRO's LLQP Stakeholder Information Session on January 17, 2013 was included in the meeting materials for review.

FSCO Call Centre Visits

RBC has confirmed a Call Centre Visit for FSCO representatives. FSCO's Statement of Priorities 2012 provides some good insights into what they may be looking for.

FSCO Pre-Consultation Meeting Around Proposed Insurance Act Amendments Re Disciplinary Procedures For Independent Agents And Adjusters

B. Wycks has been liaising with G. Swanson and A. Monid of FSCO regarding a pre-consultation meeting for CAFII on this initiative.

6. CAFII Priorities and EOC Committee

a. CAFII Priorities by Committee

b. Distribution and Market Conduct Committee

The committee reviewed its goals for 2013 and raised the following questions with the EOC:

- Quebec Review of Distribution Guide. The DMC Committee has been charged with leading this initiative however it was noted that none of the members who met with Eric Stevenson of AMF on November 15 are on the Committee. It was decided that this issue should rest with the EOC.
- Quebec Distribution Without a Representative (DWR) Consultation. Legislation and/or regulations arising from this AMF initiative are expected to be released in 2014, which means the AMF should be beginning work on this item this year.

Action: B. Wycks to make enquiries with E. Stevenson on the Quebec DWR Consultation, confirm if they have started working on it and the anticipated release date.

- Alberta Travel Insurance. EOC members were polled on whether CAFII should be taking a position on the issues highlighted in the meeting handout and to what extent the association should get involved. A natural focus would be to look at issues related to the distribution of insurance rather than focus on products.

Action: The DMC Committee to consider what CAFII's role should/could be on the travel insurance issue, taking into consideration the participation of other associations such as CLHIA.

- Ecommerce. The DMC Committee to review and lead the discussion/recommendations from CAFII to CCIR in response to its E-

Commerce position paper expected to be released in April or May 2013. The consultation period is expected to be for 30 days.

Action: DMC to prioritize Ecommerce on their list of deliverables for the next committee meeting.

- Creditor Insurance Project. Members discussed the recommendations arising from this project, with a view to guiding the DMC Committee in preparing an update for the next Board meeting.

It was agreed that the following items should be removed from the DMC Committee's oversight list:

- Anti-Money Laundering
- MGAs; and
- Input on Provincial Regulator Strategic Plans

c. Licensing Efficiency Issues Committee

The Saskatchewan Insurance Council representation project is proceeding apace, in consultation with legal counsel.

CISRO has been meeting regularly in order to get the registry up to speed and revamp the Limited Licensing Qualification Program (LLQP). There has been some resistance to the modular aspect of the proposed new LLQP. From a CAFII viewpoint, there are some positive aspects to the proposal. The next LLQP Stakeholder Information Session will be held on April 9 in Toronto.

Also included in the meeting materials was an Advocis proposal to turn itself into a Self-Regulatory Organization, which is to be released on February 20.

d. Media and Advocacy Strategy Committee

Webinar. A planning meeting was held in January and follow-up items from this meeting are still pending. In terms of scheduling the presentation with CCIR members, B. Wycks has reached out to C. Shevlin at CCIR and is waiting for confirmation of dates.

Action: B. Wycks to follow-up on confirming a webinar date with C. Shevlin of CCIR.

Visual Identity Request For Proposal. The RFP was released to CompanyB and another graphic design firm familiar to B. Wycks. The initial feedback received indicated that the timelines specified were too tight. As a result, a proposal was received from only one firm and it was significantly in excess of CAFII's budget. Adjustments were therefore made to the deadlines and deliverables and a modified RFP was released. The new deadline for proposals is next week and the Media & Advocacy Strategy Committee will be updated at that time.

Media Planet Proposal. It has been decided that CAFII will not participate in the upcoming insurance-related supplement as proposed by Media Planet, because there isn't a clear strategy on communications. The issue of the communications strategy will be discussed at the next Media & Advocacy Committee meeting.

Action: B. Wycks to review CAFII's Communications Strategy with the Media & Advocacy Committee.

CAFII Executive Director Announcement. The announcement has been distributed to members of the association via the annual membership renewal. It would also be ideal to include the announcement in CAFII's first Regulatory Newsletter that will be sent to regulators.

e. **Event and Networking Committee**

CAFII Annual Members Luncheon – March 26, 2013

This year's speaker will be Jane Carr, Vice-President and Managing Attorney at Assurant Solutions Atlanta office. CAFII will be covering her economy air fare and one night accommodation for her speaking engagement in Toronto. An EOC meeting will be held after the luncheon at RBC.

Action: L. Duigu to follow-up with the March 26 guest speaker, Jane Carr, regarding her travel arrangements to Toronto.

CAFII 15th Anniversary Event

Julie Dickson, Superintendent of Financial Institutions, is not available to speak at this event. Alternative motivational speakers were proposed such as hockey player Jennifer Botterill, or sledge hockey player Greg Westlake, who can be available to speak for free via RBC. Members were in favour of a motivational speaker for the 15th Anniversary event.

For entertainment, it was suggested that Stephen Page could be available to perform a 30 minute set for \$15,000. It was suggested and agreed that this entertainment expenditure would be considered further, and Board Chair Mark Cummings would be consulted.

Action: P. Yeung to confirm 15th Anniversary food and venue costs at RBC.

Action: L. Duigu to circulate the proposed invitation list for the 15th Anniversary Celebration to EOC members.

Action: J. Hines to follow up and confirm motivational speaker for 15th Anniversary Event.

7. Other Business

8. Termination

There being no further business, the meeting terminated at 3:50 pm. The next EOC meeting will be held on Tuesday, March 26, 2013 at 2:00 pm in Toronto.

Date

Chair

Recording Secretary

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Volume 1, Issue 1

February/March 2013

CAFII Regulatory Issues And Perspectives Newsletter

FEDERAL/NATIONAL

March Is Fraud Prevention Month

March is Fraud Prevention Month; and on February 28, the federal Competition Bureau announced that it will be participating in a variety of initiatives aimed at helping Canadians protect themselves when faced with fraud. This year's Fraud Prevention Month theme is consumer empowerment, and the Bureau is encouraging Canadians to become informed and proactive in the fight against fraud.

"Consumers must be able to participate in today's economy with confidence," said Interim Commissioner of Competition John Pecman. "Consumers and businesses have an important role to play in stopping fraud, by arming themselves with the facts and reporting fraud when they encounter it."

The Competition Bureau is Chair of the Fraud Prevention Forum, which includes more than 125 private sector firms, consumer and volunteer groups, government agencies and law enforcement organizations that have banded together to help combat fraud and raise awareness. During Fraud Prevention Month, Forum members will participate in a number of activities across the country designed to raise awareness among consumers and businesses about the dangers of fraud.

One of the tools the Bureau has developed for educating consumers and businesses about fraud, and how to report it, is the *Canadian Edition of the Little Black Book of Scams*. Available on the Bureau's website, improvements are being made this year to improve the book's accessibility.

Also the Competition Bureau will be announcing its Top Two '2 Good 2 B True' Scams, as part of the first '2 Good 2 B True Day', on Tuesday, March 12. On that day, social media users will be encouraged to talk about scams using "#2Good2BTrue", in addition to "#FPM2013".

FRAUD: Recognize It. Report It. Stop It.

Anti-Money Laundering/Anti-Terrorist Financing Regulations Approved

On February 13, the Financial Transactions and Reports Analysis Centre (FINTRAC) announced that amendments to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act's Regulations had been approved.

The changes will take effect on February 1, 2014. More information about each change will be available in updates to the FINTRAC Guidelines in the fall of 2013.

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The approved Regulations take into account and reflect concerns expressed by CAFII during the Department of Finance's 2012 Consultation on Strengthening Canada's Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) Regime.

To read more, click [here](#).

The Government accepted CAFII's arguments that the Regulations should be structured to continue to exempt insurance products of immaterial (or no) cash value to the client, and those below a \$10,000 threshold for the cost of an annuity or insurance policy.

Removing that exemption, for products that pose very little AML/ATF risk, would have created a significant barrier to transactions carried out using alternate distribution channels such as e-commerce and telephone. And it also would have made it uneconomic to offer a number of important insurance products to the underserved middle market of Canadians: consumers whose insurance needs are too small to attract the personal attention of an individual broker.

On March 8, CAFII wrote to Nicholas Burbidge, Senior Director, AML and Compliance Division at Office of the Superintendent of Financial Institutions, to thank him for OSFI's willingness to engage with the industry and listen to stakeholder concerns, with a view to achieving the best possible outcome that balances AML/ATF risk with both consumer protection and business efficiency considerations.

The dialogue with OSFI permitted CAFII to explain

- the benefits of the existing AML/ATF exemptions to a sizeable segment of the Canadian population which constitutes an under-served market for life insurance and related products;
- the negligible AML/ATF risk associated with retention of the exemptions; and
- the significant risks to product distribution – and hence, consumer protection – associated with their removal.

CANADIAN COUNCIL OF INSURANCE REGULATORS

CCIR Considers National Database -- Would Allow Users To Find Out If An Insurance Agent Has Faced Disciplinary Action

In January, Investment Executive reported the following:

Insurance advisors who have been sanctioned for misconduct could soon see that enforcement activity recorded in a centralized, Canada-wide database, as regulators aim to make it easier for consumers to identify those advisors who have breached the rules.

To read more, click [here](#).

The Canadian Council of Insurance Regulators (CCIR) has established a committee to explore the feasibility of this kind of national database. The idea is to allow consumers, regulators and firms to search a single database to determine whether an insurance advisor has faced disciplinary action in any province across the country. The database would include listings for both life and property and casualty agents.

*"I think this is a way that we can help consumers better ascertain whether the agent that they're dealing with is reputable; that [the agent is] not on a disciplinary action list," says Grant Swanson, executive director of licensing and market conduct at the **Financial Services Commission of Ontario (FSCO)**.*

Under the current system, information about disciplinary action is scattered among multiple databases across the country, as this task is handled by provincial insurance regulators. Thus, even if an advisor is licensed in multiple jurisdictions, details of any disciplinary action against that advisor appear only on the website of the regulator in the province in which the misconduct took place.

"It's time-consuming," says Swanson, "for the public and the industry to conduct a search to determine whether there's been disciplinary action against an individual. There are a lot of websites to go to."

The CLHIA is urging the CCIR to take the national database concept even further by including not only disciplinary details but also licensing information for all insurance agents, as this information is also dispersed among different databases across the country.

Regulators might consider that in the future, Swanson says, but the focus right now is squarely on agents who have faced disciplinary action: "Generally, that's where the risk is. We've focused on where the largest immediate benefit could be obtained."

Despite the broad support for the national database, the committee responsible for the project must overcome a variety of technological, legal and operational hurdles in order to implement the database. For example, from a legal perspective, access to information laws vary slightly among the provinces, so regulators must ensure the database is constructed in compliance with the laws of each province.

From an operational standpoint, there are challenges associated with distinguishing between agents with the same name: regulators want to avoid having an advisor with a clean record mistaken for one with a history of misconduct.

To address this issue, the Alberta Insurance Council (AIC) is pushing for each insurance advisor across the country to be assigned a unique registration number.

IAIS/IMF Audit of Canada Around Insurance Core Principles

CCIR has shared with CAFII the news that, likely due to limited time and resources, the auditors/reviewers from the International Monetary Fund (IMF) will be taking a sample-based approach to Canada.

They'll be looking at just Ontario and Quebec, and the other provinces and territories will get off lightly. The auditors will be on-site beginning in June, and working mainly out of Ottawa. They'll be looking at a wide range of financial system areas including banking, securities, clearing, solvency, and insurance.

How much time they'll have to focus on market conduct in insurance is unknown, but because the Insurance Core Principles (ICPs) are new, they may give that area a generous amount of time.

So Ontario (FSCO) and Quebec (AMF) are having to devote a lot of time and resources now to self-assessment processes against the ICPs; and their CCIR colleagues are providing support and encouragement.

CANADIAN INSURANCE SERVICE REGULATORY ORGANIZATIONS (CISRO)

CISRO Provides Update On Harmonized Life Insurance Licensing Qualification Program

CISRO's LLQP Committee, chaired by Ron Fullan, Executive Director of Saskatchewan's Insurance Council, provided a comprehensive update on the Harmonized Life Insurance Licensing Qualification Program (LLQP) at a Stakeholder Information Session held at the FSCO office in Toronto on January 17.

To read more, click [here](#).

At this information session, Fullan and LLQP Committee colleagues from B.C., Alberta, Ontario, Quebec, and New Brunswick updated attendees on the following:

- the harmonized LLQP's features, program governance, and development/implementation timeline;
- progress to date in developing the new program;
- stakeholder feedback and CISRO responses;
- their stakeholder engagement plan; and
- next steps in the process.

The Committee's Powerpoint presentation is posted on CISRO's web site at <http://www.cisro-ocra.com/publications/Stakeholder%20Information%20Session%20LLQP%20Jan%202013%20EN.pdf>.

Information will continue to be posted on the CISRO site as the project progresses; and quarterly stakeholder information sessions will also continue. There will be opportunities for written submissions to CISRO at key points in the process. The next quarterly stakeholder information session is scheduled for Tuesday, April 9 in Toronto.

JOINT FORUM OF FINANCIAL MARKET REGULATORS

Role And Future Direction Of The Joint Forum Of Financial Market Regulators

In 2011, the Joint Forum of Financial Market Regulators began a review to determine what its role and future direction should be going forward. The consensus feedback of the constituent organizations (CCIR, CSA, CAPSA, CISRO) was that changes should be made to enhance the value of the Joint Forum. There were concerns regarding resource commitments and the need to align the work of the Joint Forum with the priorities of the individual constituent organizations.

At its September 2012 meeting, the Joint Forum decided that the next step in defining its role and future direction would be to arrange a session in April 2013 with participation from members of the Joint Forum and other senior decision-makers from each of its constituent organizations.

The Spring 2013 Joint Forum meeting will be held on April 10 in Toronto.

ALBERTA

Alberta Insurance Council To Begin Publishing Disciplinary Decisions Effective April 1

On February 25, the Alberta Insurance Council announced that it will begin publishing disciplinary decisions effective April 1, 2013.

The Minister of Finance has issued an order directing the Alberta Insurance Council to publish the decisions of the General, Life and Adjusters' Insurance Councils effective April 1, 2013. There will be a link placed on the web site directing interested parties to the source of the decision.

Alberta Insurance Council Announces Changes To Certificate Expiry, Penalties and Fees Regulation, AR 125/2001

The Alberta Insurance Council recently announced that the Certificate Expiry, Penalties and Fees Regulation has been amended to provide for a single annual renewal date that applies to all classes of certificates. The new renewal term will run from July 1 of one year to June 30 of the following year. All sectors (Life, General and Adjusters) will be transitioned to the new term by June 30, 2014. Fees for the certificate will be prorated during the transitional term.

To read more, click [here](#).

The changes will be phased in over the next year's renewal beginning with the Life and Accident and Sickness agents in December of 2012, with holders receiving a certificate that will expire on June 30, 2014. This is an additional 135 days and the fee for the certificates are prorated accordingly. Continuing Education requirements remain at the current 15 hour requirement.

In April 2013, Adjusters certificate holders will be issued a certificate that will expire on June 30, 2014. This is an additional 30 days and the fee will be prorated for the transitional term. Continuing Education requirements remain at the current 15 hour requirement.

In September 2013, General Insurance Agents will receive a certificate that will expire on June 30, 2014, resulting in a license term that is reduced by approximately four months. The fee for this group of certificates will be reduced on a prorated basis. Continuing Education requirements for general insurance agents are reduced to 10 credit hours during the transitional period and will return to 15 credit hours following the transition.

Complete details of the changes, a table of prorated fees, and links to the regulation can be viewed on the Alberta Insurance Council website at www.abccouncil.ab.ca.

BRITISH COLUMBIA

In late January, the B.C. Government passed an Order-in-Council (OIC) to implement amendments to the province's *Financial Institutions Act* that were passed in 2010.

Two provisions of the OIC are of particular relevance to CAFII members. To read more, click [here](#).

First, the Order brings into force an updated administrative penalty framework set out in section 253.1 of the Act and also enacts a regulation listing provisions of the statute and related regulations for which an administrative penalty may be imposed, along with the maximum penalty for a contravention of each provision. The relevant section reads as follows:

SECTION 34: [*Financial Institutions Act, section 253.1*] replaces an administrative penalty scheme, for which regulations have not yet been enacted, with one that, among other things,

- authorizes the commission to impose monetary penalties for contraventions of prescribed provisions of the Act and regulations and of conditions of business authorizations, orders under certain sections of the Act and undertakings under section 208 and 244 (2) (g) of the Act;
- requires the person to either pay or dispute the penalty within 14 days;
- if a person disputes the penalty, requires the commission to provide an opportunity to be heard, by written submissions only for penalties below specified amounts or by written submissions or oral hearing for penalties above those amounts;
- allows a person to appeal an order, made after a hearing, confirming the penalty, in accordance with existing appeal provisions in the Act;
- authorizes the commission, if a corporation has committed a contravention, to impose, in accordance with the section, an administrative penalty on an officer, director or agent of the corporation who authorized, permitted or acquiesced in the commission of the contravention;
- changes the time limit for imposing an administrative penalty from 6 months to 2 years after the commission first becomes aware of the facts leading to the administrative penalty notice;
- establishes a maximum on the administrative penalty (\$50,000) the commission may impose under the section.

A second change relates to the exemption available for the sale of credit insurance by a lender from the obligation to use a licensed insurance agent, **which has now been expanded to include regulated insurers that themselves advance credit.**

ONTARIO

FSCO Granted New Powers To Impose AMPs In Ontario Insurance Sector

The Financial Services Commission of Ontario (FSCO) recently announced that changes made by the Ontario Government to the province's insurance-related statutes grant it new powers to levy Administrative Monetary Penalties (AMPs) for contraventions of legislation or regulations that occur on or after January 1, 2013.

An AMP is a financial penalty imposed by a regulator such as FSCO, instead of a court, for contraventions of law. AMPs encourage regulatory compliance and prevent financial benefit from violations.

To read more, click [here](#).

The introduction of AMPs is in keeping with the Ontario Government's commitment to modernize financial regulation and regulatory practices. This enforcement tool provides FSCO with more flexibility in assessing appropriate penalties for non-compliance and misconduct in the insurance sector. AMPs also give FSCO an authority similar to other financial services regulators across Canada.

The changes allow FSCO to apply AMPs for existing contraventions that are identified in the AMP regulations. They do not create new compliance requirements.

The contraventions to which an AMP can apply include listed unfair or deceptive acts or practices by any person or entity including insurers, agents, brokers, adjusters and those involved in the provision of goods and services to insurance claimants.

AMPs can be imposed for breaches of orders, undertakings and licence conditions, as well as for contraventions of statutory provisions such as:

- Failure of agent to meet annual continuing education requirements
- Failure of agent to notify Superintendent of address change
- False billing practices
- Failure of insurer to charge authorized rates
- Engaging in prohibited acts and/or practices
- Acting as an agent when unlicensed or suspended
- Other unfair or deceptive acts/practices

The following statutes and regulations contain the provisions regarding AMPs:

- Insurance Act, Ontario Regulation 408/12
- Compulsory Automobile Insurance Act, Ontario Regulation 409/12
- Automobile Insurance Rate Stabilization Act, 2003, Ontario Regulation 410/12

A new Part XVIII.1 of the Insurance Act outlines the procedures for imposing an AMP as well as hearing and appeal processes.

FSCO Holds Pre-Consultation Meetings Around Modernizing Discipline Hearings For Ontario Insurance Agents And Adjusters

On February 14, FSCO held a pre-consultation meeting with CAFII and CLHIA representatives to discuss

- A new model for holding hearings and disciplining insurance agents and adjusters; and
- The Superintendent's authority to issue interim orders and maintain jurisdiction once a disciplinary process is underway.

FSCO's desire is to replace the current Advisory Board (AB) disciplinary model – unique to insurance agents and adjusters in Ontario, and limited to licensing decisions – with the Financial Services Tribunal (FST), which has adjudicative powers with respect to other industry players, as the body that holds hearings and issues orders.

To read more, click [here](#).

Making this change would require changes to the Insurance Act to remove the requirement for the Superintendent to appoint AB panels to conduct hearings. Under the current model for agents and adjusters, an AB prepares a “Findings of Fact” Report following a disciplinary hearing and issues non-binding recommendations for the Superintendent to consider, but the Superintendent is not a “party to” the hearing.

The FST model is seen as a more modern and streamlined disciplinary process as compared to the AB model, which involves more steps and sometimes increased costs, time, and risk of uncertainty and inconsistency. For example, currently an agent or adjuster facing both an Administrative Monetary Penalty (AMP) or fine and licensing discipline must go through two different processes to deal with the same set of facts because the due process for imposing an AMP falls under the FST disciplinary process rather than an AB.

The Superintendent's disciplinary toolbox was expanded recently to include Administrative Monetary Penalties (AMPs) or fines. With this new tool now at its disposal, FSCO intends to make greater use of AMPs, either stand-alone or in combination with licensing sanctions (suspension or revocation).

Another drawback that FSCO highlighted with respect to the current AB model for agents and adjusters is that it is inconsistent with the more explicit and comprehensive powers that the Superintendent has in other regulated sectors. Currently, the Insurance Act doesn't provide the Superintendent with the explicit authority to issue Interim Orders to suspend an agent's or adjuster's license; nor does it ensure that the Superintendent retains jurisdiction after a disciplinary process has begun.

In terms of next steps, after its round of pre-consultation meetings, FSCO plans to release a formal Consultation Paper imminently, which will include an invitation for written submissions by April 15, 2013. The outcomes of that consultation will then be shared with the Government, to inform its decision as to whether to make the changes to the Insurance Act.

FSCO Requests Meeting With CAFII Around Consumer Complaint Handling

On March 1, FSCO contacted CAFII to arrange a meeting to discuss its plan to make changes to its consumer complaint handling timelines to accommodate faster response times to consumers. That meeting has since been confirmed for Thursday, March 21 from 1:30 to 2:30 p.m. at the FSCO office.

QUEBEC

AMF Announces Senior Management Appointment

On February 8, the *Autorité des marchés financiers* (AMF) announced the appointment of Patrick Déry as Superintendent, Solvency, effective February 18.

To read more, click [here](#).

In this role as Superintendent, Solvency, Déry will be responsible for standards and deposit insurance, the supervision of deposit institutions, control of the right to practise and the supervision of insurers. Déry returns to the AMF after previously serving as Superintendent, Client Services, Compensation and Distribution from July 2011 to September 2012.

Déry, who holds a master's degree in economics, also has extensive management experience at the Québec Ministry of Finance. In particular, he served as Assistant Deputy Minister, Federal-Provincial and Financial Policies and was instrumental in managing the impact of the 2007-08 financial crisis on financial institutions operating in Québec.

AMF Strikes Insurance Firms Off Roll; Imposes Penalties Of \$100,000

On January 17, the AMF announced that on December 20, 2012, its Bureau de décision et de révision (the "Bureau") had approved an agreement to deregister Sherpa Holding and Déry Capital inc., as well as impose an administrative penalty of \$50,000 upon each firm.

These insurance firms and their officers set up a scam, which enabled them to sell to targeted clients a life insurance product in which part of the premium paid by the client was reimbursed after the payment had been made to the insurer.

The scam enabled the firms and their officers to sell a life insurance product, typically Universal Life, for a face amount of more than \$1 million, thus earning a commission greater than the amount of the annual premium reimbursed to the client. As a result of this scam, the firms earned significant commissions.



Canadian Association of Financial Institutions in Insurance Appoints Executive Director

The Board of Directors of the Canadian Association of Financial Institutions in Insurance (CAFII) is pleased to announce the appointment of Brendan Wycks, BA, MBA, CAE as Executive Director of the Association, effective immediately.

Brendan brings to CAFII leadership experience with several industry and professional Associations in the areas of government and regulatory relations; self-regulation and protection of the public interest; public and media relations, including national branding campaigns; and delivering compelling member value. He has served as Executive Director of the Marketing Research and Intelligence Association and the Insurance Brokers Association of Canada, and as a staff executive with the Institute of Chartered Accountants of Ontario.

Brendan holds a BA from the University of Western Ontario, an MBA from the University of Toronto, and the Certified Association Executive (CAE) designation from the Canadian Society of Association Executives.

The Canadian Association of Financial Institutions in Insurance (CAFII), established in 1997, is a not-for-profit industry association that represents and provides a voice for financial institutions involved in selling insurance products and services through a variety of distribution methods. CAFII members offer travel, life, health, property and casualty, and creditor's group insurance through call centres, agents and brokers, travel agents, direct mail and the internet. CAFII believes consumers are best served when they have meaningful choice and easy access in the purchase of insurance products and services.

GLOBAL/INTERNATIONAL

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Global Federation Of Insurance Associations Established

. . . CLHIA Head Elected Inaugural Chair

On October 9, 2012, 32 national insurance industry associations -- representing insurers and re-insurers in 56 countries, and collectively 87 per cent of the world-wide insurance business -- formally established the Global Federation of Insurance Associations (GFIA). The GFIA is incorporated in Switzerland and its secretariat is based in Brussels.

GFIA's founding Canadian members are the Canadian Life and Health Insurance Association (CLHIA) and the Insurance Bureau of Canada (IBC). Frank Swedlove, President of CLHIA, was elected GFIA's inaugural Chair.

"This is a great day for the insurance industry around the world. The Federation will give our associations the ability to respond on a timely basis to international issues affecting our industry and to speak with one voice," said Swedlove. "I am honoured to have the opportunity to be the inaugural chair of the Federation and will strive to ensure that our industry's views are heard."

Welcoming the creation of the federation, Peter Braumüller, Chairman of the executive committee of the **International Association of Insurance Supervisors (IAIS)**, said: "As the global insurance standard-setter, the IAIS values greatly the contributions of **IAIS Observers** – who represent international institutions, professional associations and insurance and reinsurance companies – to the development and implementation of IAIS supervisory material. We look forward to working with GFIA and its members as we all continue to promote effective and globally-consistent supervision of the insurance industry."

Under the membership provisions of the GFIA and IAIS, CAFII – as a national Association in the insurance sector – is eligible to become a GFIA member and an IAIS Observer.

The GFIA will be active in commenting on a broad range of issues affecting the international insurance industry, including developments in the systemic risk debate; the work of the IAIS in developing ComFrame, the common framework for the supervision of international groups; market conduct and trade issues; and initiatives in relation to financial inclusion and anti-money laundering.

Chairing the inaugural meeting of the GFIA on October 9 in Washington, DC, Governor Dirk Kempthorne, President and CEO of the American Council of Life Insurers, stated: “This is indeed a historic day. Regulation of the insurance industry is increasingly being set internationally. The establishment of the Global Federation of Insurance Associations will allow the industry to work more closely with international regulators in the development of sound and balanced regulation.”

Further information about GFIA can be found on its web site at www.GFIAinsurance.org.

Global Federation Of Insurance Associations Worried About Regulatory Constraints

On February 27, Investment Executive reported the following:

The insurance industry remains concerned about efforts to designate certain firms as systemically important, which would likely bring additional regulatory constraints.

In a letter to the International Association of Insurance Supervisors (IAIS), the Global Federation of Insurance Associations (GFIA) urges the IAIS to consider the questions raised by the industry as it finalizes the process for identifying global systemically important insurers (G-SIIs).

"Some of the open questions are complex, and need careful consideration as the outcomes are likely to have a significant impact on the targeted entities and thus, we believe, further analysis and exchange with the industry should be allowed for," it says.

In particular, the industry lobby says that it remains concerned about the proposed methodology for identifying G-SIIs, which, it says, will result in insurers being designated "not for the risk they pose to the financial system but because of their size."

To read more, click [here](#).

It also says it believes that "the potential systemic risk posed by certain insurers as a result of activities they engage in should be assessed versus the global financial system as a whole, and not versus other insurance companies, as currently suggested."

And, it maintains that it's not correct to think that insurers could benefit from being on a list of G-SIIs, as this status would give them access to more favourable funding conditions. "GFIA wishes to reiterate its strong opinion that such reasoning is excessively bank-centric and has no rationale in insurance," it says.

Additionally, the letter stresses that the GFIA is worried about the sorts of added regulatory constraints such firms could face.

For example, the group says that it "remains fundamentally concerned" about the possibility of firms facing higher capital requirements to address systemic risk concerns in insurance. It says that tougher capital rules should only be considered as a "last resort for specific activities which are a source of systemic risk."

Banking Rules Under Scrutiny In Canada--EU Trade Talks

... Canada Resisting EU Attempts To Weaken Oversight Of Financial Institutions

The following is an excerpt from a Canadian Press article published on February 27:

A leaked draft of part of the Canada-Europe trade talks shows that Canada's vaunted banking system is on the negotiating table. The Canadian Press has obtained the Feb. 1 version of the services chapter of the Canada-Europe trade deal that Europe has circulated to its member states.

It shows that Canada is struggling to maintain the traditional stringent standards it imposes to ensure financial stability and protect financial services in Canada from foreign control. "EU does not want to exclude financial services from the scope of performance requirements," says notes written into the draft text.

The documents also show that Canada is resisting European Union attempts to weaken oversight of financial institutions — leading to a heavily contested text that is one more obstacle to completing an agreement with Europe soon.

To read more, click [here](#).

Both sides want more access to each other's financial services markets. For Canada, the European market is a huge opportunity for big insurance companies located mainly in Ontario. And Germany in particular has been pushing for more financial services opportunities in Canada.

But the documents show Canada is taking a cautious approach, and will only allow a more open market if Canadian authorities can block business activity that would put the financial system at risk. Canada's caution is bumping up against an aggressive European drive for investor protections that have no strings attached.

Canada wants the text to say: "A party may prevent or limit transfers ... through the equitable, non-discriminatory and good-faith application of measures relating to maintenance of the safety, soundness, integrity or financial responsibility of financial institutions or cross-border financial service suppliers."

But that section of text is in bright red, indicating — like much of the financial services portion of the agreement — that the EU has not yet agreed.

"What the (European) Commission is doing: it feels obliged to wrestle Canada down," said Jan Kleinheisterkamp, a senior lecturer in the law department of the London School of Economics, who follows the investor-protection discussions closely.

Canada also wants to set up a special mechanism that would have governments resolve any disputes that arise from new forays into each other's financial services sector. The draft shows the EU is somewhat open to a version of this idea, but has deep reservations for fear Canada will use the mechanism as an excuse to block legitimate European investment. European officials have not agreed to many parts of the Canadian text in this area.

"EU has concerns about the potential for abuse of such a provision if it were to be used for reasons which are not prudential," notes to the draft text say.

"This is a strategic moment because the EU is setting out its emergent investment policy." At the same time, Europe should realize that for Canada, tinkering with the financial services sector will not be well received, Kleinheisterkamp added.

That's because the federal government speaks frequently about the strength of Canada's financial services, boasting about the oversight that allowed Canada to avoid the worst of the global financial crisis that is still undermining Europe's banks.

In Ottawa, a spokesman for International Trade Minister Ed Fast would not discuss the draft text, but said Canadian insurance companies would have a lot to gain from better access to the European market.

"The strength of Canada's financial institutions throughout the most recent global economic crisis reflects the strength and soundness of Canada's regulatory framework," spokesman Adam Taylor said in an emailed statement.

"In fact, for five straight years the World Economic Forum has said Canada has the soundest banking system in the world."

Canada and Europe had both hoped to sign the comprehensive trade deal by the end of last year, but have still not yet reached agreement on key issues such as drug patents, beef, pork, procurement, investment and automobiles.

Improving Complaint Handling Experience at FSCO



Financial Services
Commission
of Ontario

System of business regulation and LSCO by James

Anatol Monid, Director

Kathleen Hamilton, Senior Manager (A)

Market Regulation Branch as subject performance measures

FSCO Strategic Priorities and Performance Measures

- **Statement of Priorities reflects government and FSCO priorities**

- **Strategic Priority**

- continuous service improvement

- **Strategies**

1. review and recommend changes to better mitigate risk
2. increased efficiency, effectiveness and transparency
3. communicate, share knowledge and engage our staff and stakeholders

- **FSCO Performance Measures Framework**

- provide greater transparency, accountability and value for money
- measure what we do and focus on results that matter
- define success and deliver on our outcomes

Complaint Closing Measures

Current measures:

- 90% closed within 150 days
- 98% closed within 365 days

Current closing rates:

- YTD closing rate for fiscal 2011/12 is 82% within 150 days and 98% within 365 days (final figures available April 1, 2013).
- YTD closing rate for fiscal 2012/13 is 85% closed within 150 days (as we have not reached 365 days in the period the second measure is not available until April 1, 2014).

Proposed measures for consumer originated complaints:

- 80% closed within 75 days
- All other complaints:
- 90% closed within 150 days
- 99% closed within 365 days

Complaint Handling Experience

Since 2007 complaint volumes have increased on an annual average rate of 16% with a cumulative increase of 102% over all sectors.

FSCO has a continuous process improvement focus:

- Self assessment against ISO Standard for complaint handling - reasonably well aligned
- Self assessment against the IAIS Insurance Core Principles – good observance identified, improvements required

IT is building a new customer relationship management system to improve the customer on-line experience when dealing with FSCO

Role of the Company

- **FSCO supports an industry first response**
- **Companies are required to:**
 - Have a complaint handling protocol
 - Have a consumer complaint officer to liaise with FSCO and handle complaints
 - Issue a final position letter if complaint remains unresolved
 - Include information on the Ombuds Services

FSCO's Role

Consumer Protection

- Complaint is received and acknowledged within 5 business days
- If the final position letter is not part of the complaint, FSCO assists the complainant in obtaining it
- FSCO requires the insurer to respond within 30 business days
- Compliance Officer (CO) gathers information from the complainant, the insurer and the intermediary to assess compliance with the law
- Upon finalizing their review:
 - CO sends a closing letter to complainant or
 - advises file has been referred for further investigation and is assigned to a senior FSCO program manager

Improving the Complaint Handling Experience

- ❑ **FSCO can no longer afford to give margin on responses**
- ❑ **FSCO expects a priority to be placed on complaints it has received**
- ❑ **Responses must be complete and thoroughly respond to FSCO's questions**
- ❑ **Failures to respond will be dealt with by regulatory action**
- ❑ **The Industry First Response needs to work better**
- ❑ **There will be time to adjust but the targets must be met in the next fiscal year**

CAFII Regulator Visit Plan 2013¹

updated March 25, 2013

Jurisdiction	Regulator	Annual Courtesy Call	Purpose	Attendees	Date/Venue	Status
British Columbia	Insurance Council of BC: Gerry Matier, Exec. Dir.	X	-Update on Council priorities		Invite when in Toronto	B. Wycks to invite for a breakfast, lunch, or coffee meeting around CISRO LLQP Stakeholder Info Session or CCIR Meeting in Toronto, April 9-10, 2013
	Financial Institutions Commission(FICOM) Carolyn Rogers , CEO FICOM, Superintendent (interim CCIR chair) Doug McLean, Deputy Superintendent	X	-CLHIA Compliance and Consumer Complaints Annual Conference in Vancouver, May 8-10, 2013: meetings to be co-ordinated around conference.	M. Gill; S. Gelgor; J. Lewsen; J. Hines ?	Surrey, BC When Carolyn is in Toronto; or CAFII Board member in Vancouver	Targeted networking during CAFII 15 th Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host." Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10
Alberta	Alberta Insurance Council : Joanne Abram, CEO; Tom Hampton, Chief Operating Officer	X	-Update on Council priorities -Council Representation -Licensing for 3 rd party providers - Business number registration system		When Joanne or Tom is in Toronto; or CAFII Board member in Edmonton	Targeted networking during CAFII 15 th Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host." Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10

Jurisdiction	Regulator	Annual Courtesy Call	Purpose	Attendees	Date/Venue	Status
	Ministry of Finance: Mark Prefontaine, Superintendent of Insurance				When Mark is in Toronto; or CAFII Board member in Edmonton	Targeted networking during CAFII 15 th Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host." Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10
	New President of Treasury Board and Minister of Finance Doug Horner					
Saskatchewan	Sask. Insurance Council: Ron Fullan, Chair	X	-Review Council priorities -Council Representation		Invite when in Toronto	B. Wycks to invite for a breakfast, lunch, or coffee meeting around CISRO LLQP Stakeholder Info Session or CCIR Meeting in Toronto, April 9-10, 2013
	Financial and Consumer Affairs Authority, David Wild, Chairperson and Superintendent of Insurance; Ian McIntosh Deputy Superintendent of Insurance		-Courtesy visit, Introduction of CAFII -Insurance Act Review, ISI; Council Representation		When David or Ian is in Toronto; or CAFII Board member in Regina	
	Consultant (ex Superintendent) Jim Hall		Insurance Act review		When Jim is in Toronto; or CAFII Board member in Regina	

Jurisdiction	Regulator	Annual Courtesy Call	Purpose	Attendees	Date/Venue	Status
Manitoba	Ministry of Finance: Jim Scalena, Superintendent	X	Update on Insurance Act review. ISI regime		Winnipeg	Targeted networking during CAFII 15 th Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host." Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10
	Manitoba Insurance Council: Erin Pearson, Exec Director;	X	Review Council priorities Restricted cert holder representation on council		When Erin is in Toronto; or CAFII Board member in Winnipeg	
	Ministry of Finance Minister Stan Struthers		Letter of introduction sent, include on a visit of Chair to Manitoba. Wait until issues with Insurance act review are resolved			
Ontario	FSCO: Phil Howell, CEO & Superintendent	X			Toronto	Targeted networking during CAFII 15 th Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host." Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10

Jurisdiction	Regulator	Annual Courtesy Call	Purpose	Attendees	Date/Venue	Status
	FSCO: Grant Swanson, Exec Dir Licensing & Market Conduct division					On February 14, B. Wycks and Rosemary Troiani, RBC Insurance, met with G. Swanson, Isobel Scovino and Jim Fox around FSCO's plans for Modernizing Disciplinary Procedures For Life Insurance Agents and Independent Adjusters
	FSCO: Company Complaint Officer Day			-individual companies	Toronto November	
Quebec	AMF: Mario Albert, CEO	X			When Mario is in Toronto; or CAFII Board member in Quebec City	
	AMF: Superintendent, Eric Stevenson	X				Targeted networking during CAFII 15 th Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host." Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10
	AMF: Rendez-vous			-individual companies	October	

Jurisdiction	Regulator	Annual Courtesy Call	Purpose	Attendees	Date/Venue	Status
New Brunswick	Superintendent		<ul style="list-style-type: none"> -Review priorities -Discuss /educate on creditor's group insurance (CGI) and Avalon; -Licensing issues, electronic licensing; Insurance Act Review Status; <ul style="list-style-type: none"> -David Weir (Deputy Superintendent); Atlantic Taskforce on ISI (Chair) 		TBD Fredericton	Targeted networking during CAFII 15 th Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host." Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10
	Consumer Advocate For Insurance, Ronald Godin		<ul style="list-style-type: none"> -Review priorities -Discuss /educate on creditor's group insurance (CGI) and Avalon 		When Ronald Godin is in Toronto; or CAFII Board member in Fredericton	
Nova Scotia	Superintendent		<ul style="list-style-type: none"> -Review priorities -Discuss /educate on creditor's group insurance (CGI) and Avalon; -Atlantic Taskforce on ISI 		TBD Halifax	Targeted networking during CAFII 15 th Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host." Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10

Jurisdiction	Regulator	Annual Courtesy Call	Purpose	Attendees	Date/Venue	Status
PEI	Superintendent		Courtesy- Low priority for 2013 (only if CAFII Board member in Charlottetown)		Charlottetown	Targeted networking during CAFII 15 th Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host." Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10
Newfoundland	Superintendent		-Review priorities -Discuss /educate on creditor's group insurance (CGI) and Avalon		St John's	Targeted networking during CAFII 15 th Anniversary event on April 10, 2013; a CAFII EOC member should be assigned as dedicated "host". Also determine if separate meeting should be requested around CCIR meeting in Toronto on April 10
CCIR	Carol Shevlin, Policy Manager	X	Annual lunch. Discuss priorities		May Toronto	B. Wycks had a Get Acquainted Lunch with C. Shevlin in early January; and is in regular contact with her
	CCIR Executive		Meet when pressing issues or opportunistic meeting occasions arise.			

Jurisdiction	Regulator	Annual Courtesy Call	Purpose	Attendees	Date/Venue	Status
CISRO	Ron Fullan Chair				-invite when in Toronto	B. Wycks to invite for a breakfast, lunch, or coffee meeting around CISRO LLQP Stakeholder Info Session or CCIR Meeting in Toronto, April 9-10, 2013
Federal	Federal Finance		Educational – marketing of CGI			
	OSFI: Julie Dickson, Superintendent					
	OBSI: Doug Melville Ombudsman		Educational – marketing of CGI			
	Financial Consumer Agency of Canada (FCAC)		Financial Literacy re insurance			

¹ If meaningful liaison meeting discussions between CAFII representatives and key Regulator officials cannot be arranged in conjunction with other visits/meetings/conferences etc. as proposed in the plan above, then CAFII should invest in a dedicated Regulator Visits Tour (in full or in part) in order to nurture, maintain and build these critically important relationships.

As proposed in the Communications Strategy developed by the EOC in 2012, under the guidance of consultants Anne Riley and Richard Evans, this dedicated relationship-building approach would likely take the form of a cross-Canada tour for the Executive Director – either alone or accompanied by one or two volunteer leaders – armed with a short list of issues to discuss and prepared key messages. This would be an effective and efficient way to kick-start and advance the necessary relationship-building.

Such a cross-Canada tour – possibly broken up into two or three segments – should be repeated periodically, possibly annually but at least once every 18 months.

While there is a cost associated with such relationship-building travel (but one that can be carefully managed), the optics of making such a tour will be very positive for CAFII from the perspective of the Regulators. Investing in such a tour conveys and demonstrates to each Regulator that CAFII values and places significant importance upon its relationship with them that it's willing to invest in dedicated travel and visits to discuss issues of common interest, rather than meeting only when they're in Toronto or solely arranging such liaison meetings in conjunction with other events and travel opportunities.

CAFII Priorities by Committee – March 2013

Executive Operations Committee

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

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

Distribution and Market Conduct Policy Committee

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

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

5) Andre Duval, DSF 6) Rose Beckford Scotialife Financial **Mandate:** Oversee development of CAFII policy positions as directed by EOC. Oversee taskforces as required. Activities: Draft CAFII submissions, Manage and interpret industry research projects as approved by EOC

Item	Description	Activities Completed/Industry Developments	Status/Next Steps
Regulation of ISI	Quebec ▪ DWR(review of Act)	▪ CAFII members met with Eric Stevenson Nov 2012	▪ Deferred/Watch
	Quebec ▪ Review of Distribution Guide	▪ CAFII input provided on Guide (e.g. signature, remuneration) through letter sent to AMF June 2012, meeting with Eric Stevenson Nov 2012 and follow-up letter sent to AMF Dec 2012	▪ Active ▪ EOC issue ▪ DMC proposes information session
International Regulation of Creditor Insurance	PPI IAIS Core Principles	▪ Brendan reported on US and UK developments ▪ CAFII Project	▪ Active/Monitor ongoing ▪ Prepare for discussion with Board April 10 ▪ Post Implementation Review
		▪ Proposed committee work on impact of international regulations matrix	▪ Obtain EOC Input
Complaint Statistics		▪ Proposed committee work on Complaint Statistics	▪ Obtain EOC Input
Consultations	FSCO life insurance suitability review	▪ FSCO will hold a pre-consultation meeting with CAFII when ready to launch initiative	▪ Active/Coming up
	ecommerce	▪ CCIR and AMF – upcoming consultations	▪ Active/Coming up
	Provincial Insurance Acts	▪ Manitoba	▪ Active/Coming up
		▪ Saskatchewan	▪ Watch
		▪ Ontario	▪ Watch
Avalon Report Update	Survey members companies, update analysis and research	▪ Comparison of creditor insurance on mortgages with term life and individual disability insurance: pricing, approval rates, claim approval rates, etc.	▪ Active, draft timeline

AMF Distribution Guide Task Force

(Task Force of Distribution and Market Conduct Policy Committee)

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

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

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CAFII Priorities by Committee – March 2013

Licensing Efficiency Issues Committee

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

Chair: Moira Gill TD 2) John O’Hoski Cdn Premier 3)Sara Gelgor , ScotiaLife Financial 4) John Poolman, Assurant 5)Greg Grant CIBC

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

Priorities	Issues	Currently active issues	Status
Licensing operation issues Streamlining and harmonizing licensing requirements (training, CE, other)	Request for restricted certificates for 3 rd parties Alberta	v	CAFII letter to the Council (2011). Council responded that they did not support the request. Committee decision to address the issue with the Council again in 2012.
	CISRO project to redesign LLQP – project completion target Sept 2014		Quarterly Update Forums being held by CISRO, incl. January 17/13 Next Forum expected to be held in Toronto on April 9, 2013
	Licensing process -streamlining and harmonization		Identification of issues on going.
ISI regime implementation	Manitoba – issues to be resolved with implementing regulations		Included in Insurance Act spring 2012 Letter sent in August 2012
Provincial Insurance Councils and CISRO issues	Opportunities to have restricted licensees represented or otherwise participate on Council discussed with Saskatchewan and Alberta. Committee identified a need for an analysis of options for BC, Alberta & Saskatchewan. Council representation needed	v	Legal assistance engaged and analysis of options underway. Meeting with AIC Jan 2012. Meeting with Sask. held Meeting with Manitoba held
Electronic licensing	Promote use of electronic licensing systems by provincial regulators Possible use of “business numbers” to link		Letter of support sent to CISRO May 2012
Multi-jurisdictional licensing/ mutual recognition	Trade Agreements - promote mutual recognition (Ontario – Quebec, New West Partnership)		Attended trade agreement update meeting May 2012

Media and Advocacy Strategy Committee

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

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

Members: 3) Paul Yeung, 4) Moira Gill 5) Greg Grant

Resources: Leya Duigu, Brendan Wycks

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

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

Initiatives	Status/Explanation	Resp	Next steps
-Develop a Communications Strategy	-Update Communications Strategy: CAFII-branded “Regulatory Value Added Strategy” for website and regulator communication. Most materials exist but materials should be reviewed and recommendations made as to how to package and brand materials. Include concept of sending targeted messages to regulators when an issue is in the media. -bring strategy up to date, should be a refresher at every board meeting	ED	-ED B. Wycks provided Feedback/Commentary on Communications Strategy at March 21, 2013 MAC meeting -Update to be provided at March 26, 2013 EOC meeting -Update to be provided at April 10, 2013 Board meeting
<u>Website</u> -collect testimonials, post on site -Refresh CAFII mission statement -expand tabs to include other products & regulators/industry	-Testimonial (written or video)- 1 per member , have 7 or 8 available and determine how to rotate through (value –add to members) -review mission statement to ensure it is in line with branding, -incorporate alternate distribution (underserved market)	J Lewsen ED ED	-Website live May 2012. Email reminder sent w/o Oct 22, 2012; One written testimonial received to date. B. Wycks to follow-up with direct request to each Voting Member, via EOC members -In process with ED B. Wycks; for review and discussion at April 2013 MAC meeting -Underserved market material drafted, to be approved for website. In process with ED B. Wycks; for review and discussion at April 2013 MAC meeting

CAFII Priorities by Committee – March 2013

Initiatives	Status/Explanation	Resp	Next steps
<p>-Develop CAFII “Did you know” video to convey important facts</p> <p>-what’s new</p>	<p>- Travel insurance product – ED to reach out to travel association and CLHIA; look at it from distribution perspective</p> <p>-(Charles Blaquiere suggestion) Budget allocation request \$10,000</p> <p>-In place, ongoing update of news</p>	<p>ED</p> <p>ED</p> <p>ED</p>	<p>-Pending; target completion in April/May 2013; ED B. Wycks has meeting with three CLHIA Execs. on April 3; and is arranging meeting with John Thain, volunteer President of Travel Health Insurance Association of Canada, who works for Assurant Solutions</p> <p>-In process as part of CAFII Re-Branding and Visual Identity Modernization initiative</p> <p>-Ongoing</p>
<p><u>CAFII Branding</u></p> <p>-develop marketing tagline</p> <p>-CAFII newsletter for regulators</p> <p>-CAFII “look”</p> <p>-Acquire soft marketing tools (pads, pens etc),</p>	<p>several taglines to be sent to Board, -identify differentiating factor, eg advocating for insurance access , choice, all Canadians</p> <p>- include tagline on all submissions, website, swag, and letters to regulators</p> <p>-Insurance regulatory news to be collected monthly and shared with regulators as a value added service Budget Request re formatting?</p> <p>-Develop a font and layout unique to CAFII to be used in letters, submissions and newsletter; assess if new logo needed Budget allocation request \$10,000</p> <p>-Coasters suggested– include tagline and web address on next re-order -Budget allocation request</p>	<p>J Lewsen</p> <p>ED</p> <p>ED</p> <p>ED</p>	<p>Completed</p> <p>-In process; to be completed in conjunction with Re-Branding and Visual Identity Modernization initiative</p> <p>-Completed and ongoing. First issue produced in March 2013</p> <p>-In process. RFP issued for CAFII Re-Branding and Visual Identity Modernization</p> <p>-Pens, mugs and i-phone holders are in stock</p>
<p><u>Media Protocol</u></p>			

CAFII Priorities by Committee – March 2013

Initiatives	Status/Explanation	Resp	Next steps
-Develop and manage protocol for handling media requests -media training for ED	-Protocol needs to be revised for arrival of ED -Budget allocation request \$2,000	ED	-Completed; revised Media Protocol approved by MAC on January 17/13 -Schedule training for April/May 2013
-Monitor Media		ED	Ongoing
-Develop List of Friendly media			Paul & Moira have draft list. In process; for review and discussion at April 2013 MAC meeting
-Notify communications departments of member firms	-To be done when messaging is reviewed		
-News Release	-Send out notification re new ED		-Notice sent to all CAFII members. Included in first issue of Regulators' newsletter. Also to be sent to each regulator in first week of April
Develop 2-3 likely scenarios		ED	-B. Wycks reviewing material drafted by G. Grant. For review and discussion at April 2013 MAC meeting
Key Message Development - identify issues and develop key messages	-Key message document: develop and review stock messages to be used in communication opportunities	ED	-Key Messages document drafted by A. Riley for B. Wycks' review. In process; for review and discussion at April 2013 MAC meeting
-Regulator Kit -develop booklet /brochure	For new regulators. Compile package of information for regulators which can include -booklet - past submissions, -testimonials and -key fact sheet. Booklet - take images from website, testimonials, designed to highlight major issues. Small 10 page booklet that can be given out with business cards.	ED ED	-Some content developed by RBC intern -To be completed in conjunction with Re-Branding and Visual Identity Modernization initiative

CAFII Priorities by Committee – March 2013

Initiatives	Status/Explanation	Resp	Next steps
-Key Facts sheet	-develop a “Key Facts” sheet to be part of regulator package	ED	-To be completed in conjunction with Re-Branding and Visual Identity Modernization initiative
Manage research to support message (eg. Pollara) - develop key messages - manage plan of use of research - determine when and what research must be undertaken or renewed	-Pollara plan of use in place	MAC	-Plan of use to be reviewed by ED and feedback brought to MAC meeting in April/May 2013
-Industry Statistics	- identify and keep current statistics from LIMRA and CAFII research	ED	-overlapping responsibility with DMC. For possible referral/delegation to DMC.
-Webinars Develop and offer webinar education Determine distribution of webinar material	-develop / oversee development of new webinars -review and keep webinars current -track who has seen which webinars -plan number of webinars per year, have list of upcoming webinars -deliver webinars Budget allocation request \$10,000	ED	-Digital, apps and social media webinar in process with Davis Yoo and Debbie Dimoff of PwC; for delivery to CCIR audience on either Thursday, May 30 or Friday, May 31, during consultation period following release of CCIR’s follow-up discussion paper on e-commerce. Teleconference to review Content Outline for webinar -- involving Davis Yoo, Debbie Dimoff, Carol Shevlin of CCIR, and B. Wycks scheduled for March 28

Media Response Taskforce

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

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

CAFII Priorities by Committee – March 2013

Networking and Events Committee

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

Chair: Paul Yeung RBC 2) Maria Sanchez –Chung TD 3) Ex-officio: Jennifer Hines Resources: Leya Duigu, Brendan Wycks

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

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



March 22, 2013

Dear Stakeholder

RE: Invitation

I am writing to bring to your attention the next phase of work to be undertaken by the Agencies Regulation Committee (ARC) and invite your organization to meet with us.

ARC is a working committee that was established by the Canadian Council of Insurance Regulators (CCIR) to research whether the activities of managing general agents (MGAs), wholesale brokers and third part administrators (TPAs) cause risk to consumers and whether existing legislative and regulatory regimes provide adequate protection. If gaps are identified, part of ARC's mandate is to try to identify appropriate solutions, keeping in mind the desire for harmonized risk based regulatory approaches.

Recently ARC completed its review of the role of MGAs in the distribution of individual life products [add hyperlink to paper]. ARC is now intending to examine the use and oversight of TPAs in group life, group accident and sickness, creditor's protection insurance, and travel insurance.

The objectives of this work will be the following:

- Gather up-to-date information on current regulation of TPAs across Canada;
- Research industry practices regarding the use and oversight of TPAs in the targeted sectors;
- Identify if there are any regulatory issues or potential regulatory issues arising from insurers' use of TPAs in these sectors, including potential risks to consumers;
- Formulate proposed recommendations to mitigate any identified risks or potential risks;
- If legislative gaps exist, identify appropriate solutions; and
- If necessary, develop a position paper on the findings.

5160 Yonge Street, P.O. Box 85
Toronto ON M2N 6L9
Tel: (416) 226-7893
Fax: (416) 226-7878

www.ccir-ccrra.org

5160, rue Yonge, C.P. 85
Toronto (Ontario) M2N 6L9
Tel: (416) 226-7893
télécopieur: (416) 226-7878

As part of our information gathering, we would like to gather your preliminary input on the use and oversight of TPAs to ensure we are focusing on the correct areas. The committee envisions this could be done by teleconference with appropriate representatives of your organizations. We would also like to gather your feedback on the types of consultations or surveys that could be undertaken and, if applicable, the survey delivery method.

Please advise Carol Shevlin, at (416) 226-7893, whether you are interested in participating in this pre-consultation phase by April 5th. If you wish to participate, please also provide contact information for your principle representative.

We thank you for your time.

Regards,

Harry James
ARC Chair



Agenda Item 6 (b) (ii)

March 26, 2013 EOC Meeting

From: Stevenson Eric [mailto:Eric.Stevenson@lautorite.qc.ca]
Sent: March-20-13 2:03 PM
To: 'Brendan Wycks'
Subject: RE: Follow-up From CAFII Re AMF 2-Page Distribution Guide

Brendan,

Thank you very much for your e-mail. I am sorry it took me so long to get back to you.

In response to your enquiry for an update on the review of the Distribution Act, please note that works are still ongoing at the AMF. We are in the process of preparing recommendations for the Department of Finance, which should be issued before summer of this year. Should CAFII wish to discuss any suggestion you may have with regards to the review of this Act (besides the distribution guide and distribution without a representative as a whole for which we already received and discussed your comments and suggestions), we would be pleased to meet with you at our office or receive them in writing within the next few weeks.

In any case, the usual next step is for the Department of Finance to prepare a report that will be tabled by the Minister of Finance at the National Assembly. Such reports usually include broad recommendations on orientations to be taken in the review of the Act and do not go into details. The last step is the tabling and adoption of a bill at the National Assembly. These two last steps are therefore public and CAFII could also decide to get involved in the process at this stage.

With regards to the Insurance Act, AMF already issued its various recommendations to the Department of Finance. The next step would therefore be that the Department issue a report to the Minister and that such report be tabled at the National Assembly as described above.

We take good note of CAFII's interest for stakeholders consultations and will communicate with you if we conduct any consultation that we think would be of interest for CAFII.

With regard to the distribution guide, the meeting with CLHIA had for main purpose to update them on the project. They did not have the latest version (that CAFII had in November).

Please feel free to call me should you have any other questions.

Best Regards,

Eric

De : Brendan Wycks [<mailto:brendan.wycks@cafii.com>]

Envoyé : 19 mars 2013 12:09

À : Stevenson Eric

Objet : Follow-up From CAFII Re AMF 2-Page Distribution Guide

Bonjour, Eric.

It's my understanding that AMF and CLHIA representatives met last month to re-open the consultation process on the new 2-page Distribution Guide.

Just wondering if there is any update that you can provide to CAFII at this time on developments with respect to the Distribution Guide?

Brendan Wycks, BA, MBA, CAE

Executive Director

Canadian Association of Financial Institutions In Insurance

647-218-8243

Office: (416) 494-9224

Brendan.wycks@cafii.com

www.cafii.com

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

Sent: March-05-13 12:41 PM

To: 'Stevenson Eric'

Subject: Follow-up From CAFII Re Quebec Insurance Act and Distribution Act

Bonjour, Eric. Comment ca va?

Based on my notes from your meeting with a small group from CAFII on November 15 in Toronto (I participated by teleconference), you indicated that

- in October, the Quebec Government announced that the legislatively required Five Year Review of the province's Insurance Act and its Distribution Act would be getting underway;
- with respect to the Distribution Act, AMF had developed a list of issues that should form part of the Review. AMF was also working with Finance Department officials on the "principles" that should underlie the Review;
- with respect to the Insurance Act, AMF was preparing a report related to its Review that was almost ready to be filed with the Minister of Finance; and

- given that AMF doesn't control the timelines and agendas, and given when the National Assemblée sits, we are unlikely to see a new Insurance Act or new Distribution Act before 2014.

CAFII very much appreciated receiving this update that you provided, Eric.

And in that connection, we'd appreciate receiving at this time any further update, on developments since November, that you can provide on the Reviews of the two Acts.

In addition to CAFII's ongoing keen interest in Quebec's Distribution Guide, we'd like you to know that if and when the occasion arises, we would be very interested in being involved in a broader Review of the Insurance Act and of the Distribution Act, whether through a stakeholder consultation or some other means.

Thanks and best regards,

Brendan Wycks, BA, MBA, CAE

Executive Director

Canadian Association of Financial Institutions In Insurance

647-218-8243

Office: (416) 494-9224

Brendan.wycks@cafii.com

www.cafii.com

From: cdistasio@clhia.ca [<mailto:cdistasio@clhia.ca>]

Sent: March 22, 2013 4:19 PM

To: Brown, Emily

Subject: Re: Distribution Guide for Creditor Insurance

I now expect a revised draft guide by end of April and will circulate it for comments. AMF wants to move on this issue by end of June unless something else requires their immediate attention.

They are working from our last comments - copy provided last year to the committee on alternate distribution. The draft discussed on Feb 13 was essentially same as a year ago and is useless to us.

Regards,

From: "Brown, Emily" [Emily.Brown@bmo.com]
Sent: 22/03/2013 03:23 PM AST
To: Claude Di Stasio
Subject: Distribution Guide for Creditor Insurance

Hi Claude,

I am wondering if you are able to provide an update on the AMF's proposed new distribution guide (i.e. timing and next steps).

Are you able to provide a copy of the current version that the AMF is considering?

Thanks for your assistance and consideration,

Regards

Emily Brown MA

Product Manager, Creditor Insurance

416-913-3157

From: Erica M Hiemstra [mailto:ehiemstra@clhia.ca]
Sent: March-22-13 4:43 PM
To: Brendan Wycks
Cc: lbyrnes@clhia.ca
Subject: Re: AMF 2-Page Distribution Guide

Hi Brendan,

Just following up on your note.

We did meet with AMF in February to discuss the Distribution Guide and are awaiting AMF's follow up. Our main issues with the current drafting of the 2-page Guide relate to the requirement for a client's signature (difficult to manage without face-to-face interaction, potential misunderstanding on the consumer's part that the Guide: is a contract, provides confirmation of insurance coverage, constitutes advice). We also understand AMF would like greater compensation disclosure than is currently required and are unclear as to how they might go about this.

Of course, I'd be interested to learn what is CAFII doing on this issue. Let's keep in touch.

Cheers,

Erica Hiemstra
Director, Distribution and Consumer Affairs
P. 416-359-2013
C. 416-268-5609
Canadian Life and Health Insurance Association Inc.
1 Queen Street East, Suite 1700, Toronto, ON M5C 2X9

From: "Brendan Wycks" <brendan.wycks@cafii.com>
To: <lbyrnes@clhia.ca>, <ehiemstra@clhia.ca>,
Date: 03/19/2013 12:13 PM
Subject: AMF 2-Page Distribution Guide

Hello, Leslie and Erica.

Hope you won't mind me making this information-sharing request prior to our get acquainted meeting on April 3.

It's my understanding that AMF and CLHIA representatives met last month to re-open the consultation process on Quebec's new 2-page Distribution Guide.

Just wondering if there is any update that you can share with CAFII on developments with respect to the Distribution Guide?

Brendan Wycks, BA, MBA, CAE
Executive Director
Canadian Association of Financial Institutions In Insurance
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DCM Draft

Overview of Proposed Committee Work on IAIS Core Principles

March 21, 2013

Does EOC support this DMC project?

Project: Monitor international events and develop ongoing matrix of key issues

I. Why is International Events of Interest to CAFII?

- Be current on events since it is on Canadian regulator radar
- ICP (Insurance Core Principles) high profile with regulators for potential regulator action in the Alternate Distribution Market:
 - CCIR and FSCO spending considerable time reviewing
 - Quebec's Commercial Guidelines
 - Distribution Guide revisions
 - PPI analysis continues and changes to regulatory methods
 - US Debt Protection enforcement and review continues

II. How Do We Keep Abreast of These Events?

- Ongoing review of international press
- Create matrix to present to EOC on ICP
 - Cross-reference with PPI, CAFII Project, U.S Debt Protection
- Identify key issues areas for review such as
 - Monitoring
 - Complaints
 - Bundling
 - Conflict of Interest (e.g. lender compensation)
 - Suitability – eligibility (sufficient in place)
 - Insurance ending prior to Loan payout (e.g. age 70)
- Ongoing update of matrix for use by CAFII

III. Potential Outcomes

- Benchmarking CAFII members (in aggregate) on specific issue areas
- Use to respond to regulators (and potentially to media)
- Develop presentation material to use with regulators to reinforce industry alignment with key international issues (e.g. use in webinars; presentations to regulators)

IV. Questions for EOC

- Is this a useful DMC project? If so,
 - What kind of reporting and on what frequency would be helpful for CAFII?
 - Proposed accountabilities:
 1. ED (Brendan) to monitor UK and US press and provide updates
 2. DMC to update matrix and provide analysis and presentation material as applicable

Overview of Proposed Committee Work on Industry Complaint Statistics

March 19, 2013

Does EOC support this DMC project?

Project: Develop repository of regulator/provincial complaint statistics and definitions for creditor/alternate distribution and provide context

- I. Do we need to better understand what complaint reporting statistics are available for creditor and/or alternate distribution?
 - a. Why is it important?
 - To enhance ability to respond to consultations or regulators
 - Know who is collecting the information
 - What the available data shows
 - Be able to show how low actual creditor insurance complaints are
 - b. If we agree it is important, then DMC could:
 - Create a matrix of External Reporting Institutions definitions and statistics and update it regularly

- II. Proposed Matrix of External Reporting Institutions of Creditor Insurance Complaints
 - a. Who are the reporting institutions (e.g. mainly provinces and regulators)
 - FCAC: Consumer provision: Bank complaints related to authorized insurance activities
 - FSCO: Insurers report the complaints.
 - AMF: Insurer reports the complaints.
 - Provinces:
 - AB: Alberta Insurance Council annual report
 - NB: Annual report (office of Consumer Advocate)
 - OLHI: Consumers contact OLHI – escalated complaints
 - OBSI: Bank complaints
 - CLHIA:
 - Others?
 - b. What is a definition of a complaint?
 - Is it comparable across institutions?
 - c. What information is reported?
 - How is it reported (i.e. website, annual report)
 - Frequency
 - Definition of types of complaints reported (level 1, 2, etc.)
 - What data compiled (i.e. alternate, or just creditor, or lumped with life and health, do we include travel)
 - d. To enhance the usefulness of the data we will bring perspective of complaint data for traditional life & health and property & casualty insurance, e.g.
 - Compare complaints between creditor (alternate) and rest of L&H
 - Provide context, e.g. with number of insureds, premium amounts, etc
 - Where do we get this information to make the comparisons (e.g. CLHIA Alternate Distribution Survey)

CAFII

External Communications Strategy
Presented to Board, April 10, 2012,
Updated with Direction from Board and
Communications Committee (Slide 10).

Context and Considerations

- The development of a strategy for external communications is in response to a request from the CAFII Board of Directors.
- This process has included reviews with the Media and Advocacy Committee and the EOC.
- This document is meant to facilitate discussion with the Board. Some questions to consider in this discussion include:
 - Is the range of options broad enough?
 - Each member has a different appetite for risk. Are we striking the right balance in being proactive versus reactive?
 - Are there risk concerns with the proposed strategy? Where do we need to detail and plan for any risks emanating from each Phase of the Plan?
- This document is meant to facilitate achieving consensus on strategic direction. More detailed analysis of resource requirements and cost to implement will need to be developed.

Broad Objectives that our External Communications Strategy Should Achieve

- CAFII wants to ensure that regulators and consumers are informed about the benefits of Creditor Insurance protection and the benefits to Canadians of easy, widespread access to a product that meets the needs of most Canadians.
 - Our research has good news that we want to share.
 - Example: there is a high level of satisfaction among purchasers of Creditor Insurance.
 - CAFII wants to leverage the positive messaging available from objective consumer research and new capabilities such as a newly designed, more consumer friendly website.
 - We want to be in a better position when the media calls. Less defensive.
- Enhance the perception of CAFII among key stakeholders so that:
 - CAFII is the “go to” resource for credible information related to Creditor Insurance.
 - CAFII and it’s members are seen to be advocates for multiple distribution channels and easy access to insurance products for consumers.
 - CAFII and it’s members value simple and convenient processes to meet consumer needs.
- CAFII wants to move from a largely reactive communications strategy to being more proactive, especially related to regulators and consumers.
 - CAFII wishes to be selectively more proactive with media and potentially, advisor/agent groups.
- CAFII wants to be better positioned to deal effectively with misinformation regarding Creditor Insurance products.

Current Situation: External Communications Approach

Strengths	Weaknesses	Opportunities	Threats
CAFII has completed research that reinforces the benefits of Creditor Insurance.	CAFII does not have a clear consensus from members for a well articulated strategy related to external communications, except for media contact contingencies.	Research with positive messages can be leveraged in the short term. More frequent reinforcement of messaging to regulators utilizing a variety of approaches: in person meetings, website content and webinars.	Existing research has a limited shelf life.
CAFII has additional capacity to deal with adverse media developments.	CAFII does not control the communications agenda related to Creditor Insurance.	New website provides a rationale for introducing CAFII and our key messages to a broader audience.	Being more public with positive research results provides opponents with new “intelligence.” Being more proactive may attract more negative attention.
Respect from most regulators. CAFII is a “go to” resource for regulators on issues related to Creditor Insurance and in many cases, insurance distribution.	CAFII is not a “go to” resource for the public or the media when issues arise related to Creditor Insurance.	Developing relationships with some consumer groups and media outlets better protects us for the future.	Lack of more visible messaging may make CAFII a target for opponents.
New web site initiative provides better communication potential.	Without a strong advocacy position, CAFII member employees may not be as confident in Creditor Insurance as they should be.	Enhanced advocacy may facilitate a better public awareness of the product and support member sales efforts.	Unexpected media or regulatory action.
The external environment related to Creditor Insurance has been relatively quiet.	Intelligence gathering on emerging media issues.	Potential to engage with advisor groups.	International developments with similar products may stir regulators and the media.

Current State: Who are CAFII's Stakeholders for our External Communications Activities? Current Approach?

Regulators and Governments

Strong relationships, good reputation, regular interaction.

Selected sharing of CAFII research.

The Media

Little or no interaction. Prepared to be reactive with media.

Selected use of CAFII research in "defence" scenarios currently contemplated.

The Public

No specific current objective or strategy.

New website contemplates some content designed for the public.

Future State: What is CAFII's Vision for External Communications?

Regulators and Governments

Regulators are fully aware of the needs of Canadians regarding Creditor Insurance and the role CAFII members play in providing this valuable service. CAFII represents ease of access for consumers.

CAFII interacts more frequently with regulators through a variety of approaches.

Research is leveraged. Messages for other stakeholders can be tested.

The Media

The benefits of creditor insurance are clearer.

Myths regarding Creditor Insurance are dispelled.

CAFII is seen to be a consumer advocate related to easy, convenient access to a straight forward product.

CAFII (and not others) is the go to place for credible information related to Creditor Insurance.

Information relies on fact based research.

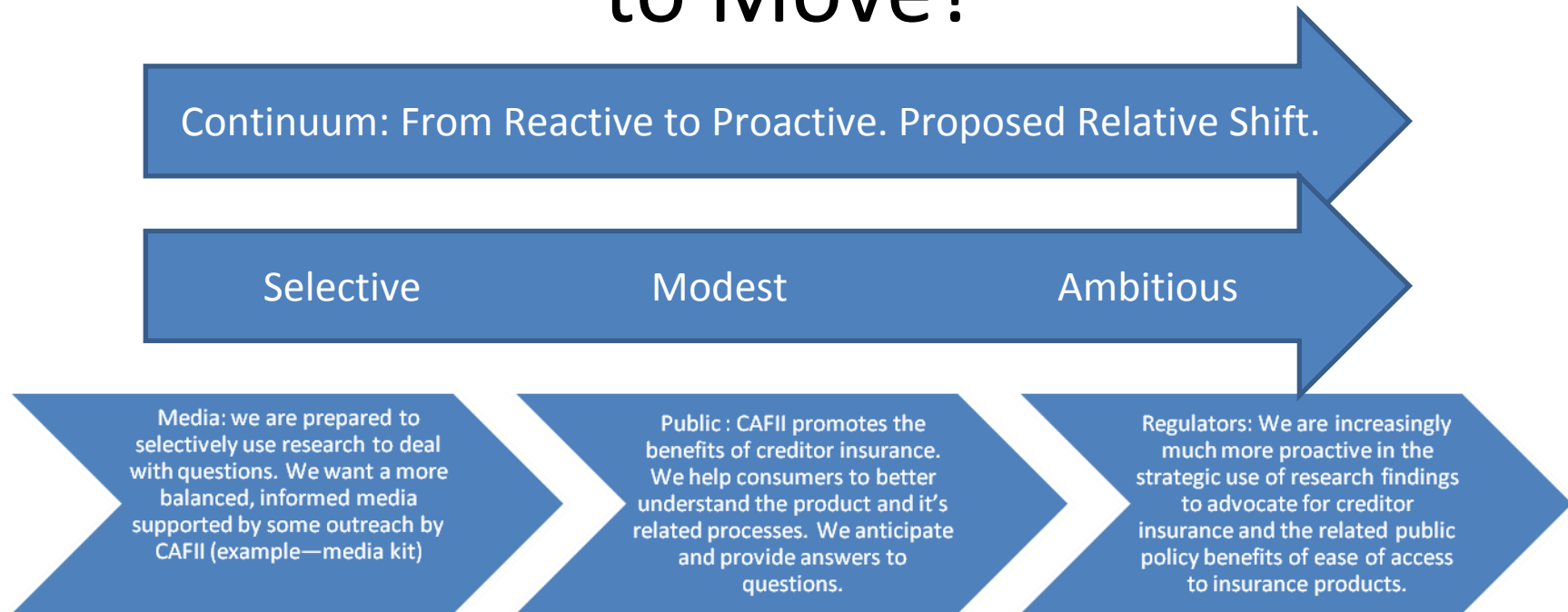
Where possible, detailed research findings are available to support public information.

The Public

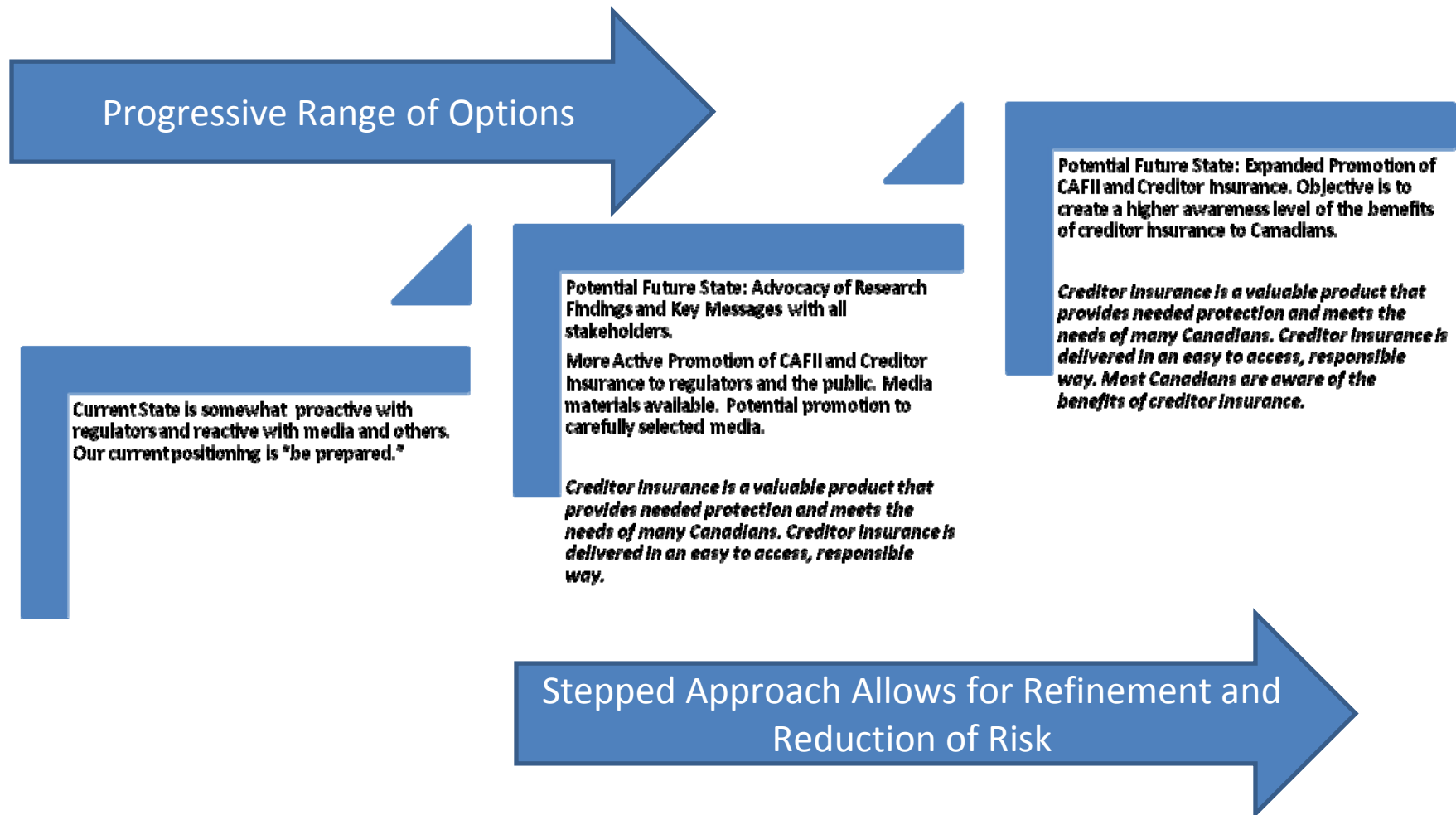
We are very proud to serve Canadians with a product that meets their needs both in terms of protection and availability.

Better information and facts are available regarding Creditor Insurance and CAFII in general.

From Reactive to Proactive; How Far to Move?



Future State: A Proposed Stepped Approach



Future State: CAFII's External Communications Approach for Message Delivery.

Governments and Regulators

In person meetings.
Regulator events.
Webinars.
Enhanced web content.

Initial, cross Canada tour with refined messages.

The Media

Media section on website.
Create "About Creditor Insurance" media kit.
Promote media kit to targeted test outlets .
Test other outreach approaches, such as releases to selected media.

The Public

Largely reliant on new website.
Consideration of a "contact us" capability for questions.
Outreach presentations to consumer and advisory groups.
Collection of more human stories that capture the impact of creditor insurance (video and/or printed story modes) for CAFII website.

Future development of social media capability such as proactive use of Twitter.

Summary of Strategic Direction (April Board Meeting and Subsequent Communications Committee Meeting of June 4, 2012)

- Our communication priority is to focus on regulators. This priority includes being more proactive with regulators when we should provide them with information due to adverse media coverage.
 - Our focus will include creditor insurance, broadened with more emphasis on CAFII being an advocate for access to alternative distribution, particularly for the underserved market. More messaging will be developed regarding the underserved market. CAFII will develop a “tag line” to reflect our focus. Members will be asked to support the development of testimonials for use on the CAFII website.
- Our media focus is to continue to improve our own preparedness. This will include the ongoing development of potential story scenarios, a broad inventory of updated stock answers and key messages. These will be shared with members for their own potential use.
- A more detailed Action Plan is available in a separate document.



**Brendan Wycks' Feedback/Commentary On
June 7, 2012 CAFII Communications Strategy Document**

(Comments Based Mainly On Slide 10: Summary Of Strategic Direction (April Board Meeting and Subsequent Communications Committee Meeting of June 4, 2012):

- Based on where CAFII is today – its strategic focus; scope; available resources; and the lack of a clear consensus and majority appetite for moving to a more proactive approach to media and public communications – my view is that the right decision was made to focus the Association’s communications efforts on regulators predominantly. And to maintain a “reactive but prepared” approach to media and public communications.
- Maximizing CAFII’s effectiveness and its ability to achieve results with its primary audience – Governments and Regulators (Slide 9) – will be largely dependent upon relationship-building, through face-to-face meetings and similar forms of interpersonal interaction over time.

Given that the Executive Director is the official spokesperson for CAFII and will be the Association’s “continuity” over time, it’s imperative that CAFII empower the Executive Director to be the front-and-centre relationship-builder with insurance and financial services regulators across the country, and invest in his/her capacity to travel to meet with regulators, as appropriate.

As per what’s proposed in Slide 9, an initial cross-Canada tour for the Executive Director – either alone or accompanied by one or two volunteer leaders – armed with prepared Key Messages would be an effective and efficient way to kick-start and advance the necessary relationship-building.

While there will obviously be other events and opportunities for interaction with regulators that will contribute to relationship-building, such a cross-Canada tour – possibly broken up into two or three segments – should be repeated periodically, possibly annually but at least once every 18 months.

To limit the Executive Director’s role and curtail his/her relationship-building and face-to-face interaction with regulators will only lead to blurred accountabilities and a lack of effectiveness, and is a recipe for failure.

- Even though “reactive but prepared” is the optimal approach for CAFII to take with respect to media communications at this time, that does not mean that the Association should shun and steer clear of future opportunities where the potential return outweighs the required investment of time, money and human resources; and the risk of any communications fallout is low or non-existent, eg. media opportunities where CAFII will be in complete control of “the pen” and there is low/no risk of negative repercussions. One such opportunity that will come up again in the future is Mediaplanet insurance supplements.
- If and when things evolve and CAFII becomes more confident, and a strong consensus favouring a proactive approach to media and public communications emerges, moving to a so-called “Selective” proactive approach will not work and is doomed to fail. An organization cannot be open, proactive and transparent with just certain media outlets, or just at certain times. Attempting that approach would only backfire before too much time has elapsed.

CAFII can only become a “go to” resource for the media and public if it is willing to be proactive, open, and transparent to all comers at all times.

- CAFII was well-advised by Richard Evans to consider using independent consumer/industry research as the basis for proactive media and public communications. I was the media spokesperson for MRIA’s very successful VoxPop media and public relations program that did exactly that.

Such objective consumer/industry research would need to be conducted with some regularity, and CAFII would need to budget for that.

- (Slide 4): It is definitely the case that CAFII does not currently control the communications agenda related to creditor insurance. The agenda has been hijacked by the media – specifically programs such as CBC’s Marketplace – to which CAFII, to date, has not responded.

In my view, the only way that CAFII can change that and gradually gain control of the communications agenda around creditor insurance is through a recurring, research-based media and public communications program.



Agenda Item 6 (e) (ii)

March 26, 2013 EOC Meeting

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

Sent: 2013, March, 22 2:15 PM

To: Yeung, Paul; 'Sanchez-Chung, Maria - TD'; Hines, Jennifer

Cc: 'Leya Duigu'

Subject: FW: Invite for Doug McPhie As A Possible Speaker at Canadian Association of Financial Institutions In Insurance event

Hi, Paul, Maria, Jennifer, and Leya.

See below. Toni Amato of E&Y has now confirmed that we can have Doug McPhie, Ernst & Young's Canadian Insurance Leader, as the speaker at our "Regulators Reception" event on June 11 **at no charge**.

I think his 2013 Canadian Insurance Outlook content will be relevant and interesting to our members, and to any guests we have present from FSCO or other regulators. In any event, E&Y is willing to work with us to tailor Doug's presentation.

Just want to confirm that you're comfortable with booking Doug McPhie.

Given the initial favourable feedback from Jennifer and Paul earlier this week, I've agreed to have an introductory teleconference discussion with Toni and Lily, two of Doug McPhie's associates/handlers, about this CAFII speaking opportunity for him.

That call is scheduled for Wednesday, March 27 at 11:00 a.m. and should only last about 20 to 30 minutes, so if you're available you might want to join us.

Brendan Wycks, BA, MBA, CAE

Executive Director

Canadian Association of Financial Institutions In Insurance

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From: Toni.Amato@ca.ey.com [<mailto:Toni.Amato@ca.ey.com>]

Sent: March-22-13 1:37 PM

To: brendan.wycks@cafii.com

Cc: Lily.Gutman@ca.ey.com

Subject: RE: Invite for Doug McPhie As A Possible Speaker at Canadian Association of Financial Institutions In Insurance event

Hi Brendan,

Sorry - my oversight. There would be no fee for Doug to participate in the event.

Thank you!

Toni

Find us on: [Facebook](#) | [LinkedIn](#) | [Twitter](#) | [YouTube](#)



Toni Amato | Thought Leadership Specialist | Marketing & Communications

Ernst & Young

222 Bay Street P.O. Box 251, Toronto, ON M5K 1J7, Canada

From: Toni.Amato@ca.ey.com [<mailto:Toni.Amato@ca.ey.com>]

Sent: March-22-13 1:25 PM

To: brendan.wycks@cafii.com

Cc: Lily.Gutman@ca.ey.com

Subject: Fw: Invite for Doug McPhie As A Possible Speaker at Canadian Association of Financial Institutions In Insurance event

Hi Brendan,

I hope you are well. I'm pleased to confirm that Doug McPhie is available to participate in this upcoming event.

Can we please set up a quick conference call next week to discuss this further and the expectations from Doug? I've included my co-worker Lily Gutman who works closely with Doug and will participate in the call.

We're available after 2 on Monday, 1-2 or 3-4:30 Tues or 11 am on Wed. Please let me know if any of these dates/times work for you.

Thanks!Toni

From: "Brendan Wycks" <brendan.wycks@cafii.com>
To: <toni.amato@ca.ey.com>
Date: 20/03/2013 01:11 PM
Subject: Follow-up From CAFII Re Doug McPhie As A Possible Speaker

Hello, Toni.

I'm following-up with you based on the indication below that Doug McPhie is available to speak on E&Y's 2013 Canadian Life Insurance Outlook.

CAFII has an event coming up on Tuesday, June 11, 2013 where Doug could be a relevant speaker for us.

Following a CAFII Board meeting that afternoon, we have a "Presentation and Reception" event from 5:00 to 7:00 p.m. where, in addition to representatives from CAFII member financial institutions and from Associate members, we are likely to have some guests from the Financial Services Commission of Ontario, federal financial regulators based in Toronto, and possibly from other provincial insurance regulators across the country.

Total audience would be about 60 people, and the event would be held at one of bank offices in downtown Toronto.

We'd be looking for a 20 to 30 minute overview presentation from Doug, beginning at about 5:15 or 5:20 p.m., followed by 10 to 15 minutes of Q&A. At the conclusion of his presentation, Doug would be welcome to remain and mix`n`mingle at the reception until it wraps up around 7:00 p.m.

Would Doug be interested and available for this possible speaking engagement on Tuesday, June 11. And, if so, would there be a cost to CAFII to have Doug speak at our event.

Brendan Wycks, BA, MBA, CAE
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From: Toni.Amato@ca.ey.com [<mailto:Toni.Amato@ca.ey.com>]

Sent: March-14-13 9:37 AM

To: info@cafii.com

Subject: Canadian life insurers in better shape than their US counterparts: Ernst & Young report

Hi,

This morning, Ernst & Young launched its 2013 Canadian life insurance outlook. The report highlights that tackling unique Canadian challenges will be critical for life insurers to achieve profitability targets in 2013. It also finds that Canadian life insurers are in better shape than their US counterparts, but that companies need to tackle challenges differently depending on their size.

The report outlines five key things Canada's life insurers will need to consider to respond to challenging market forces in 2013, including:

1. Rethink strategy for sustainable advantage
2. Manage the persistent slow growth, low interest rate environment
3. Address changes in distribution and consumer demographics
4. Position the business for regulatory and accounting change
5. Turn operational excellence and technology into competitive advantage

I'm sharing with you this report as I feel it would be of interest to your members. Doug McPhie, Ernst & Young's Canadian Insurance Leader is available to speak about the report should you have any upcoming events that would be suitable.

I've also copied our press release below for your info, which includes a link to the full report.

Best regards,
Toni

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Toni Amato | Thought Leadership Specialist | Marketing & Communications

Canadian life insurers in better shape than their US counterparts: Ernst & Young report
Tackling unique Canadian challenges critical to achieve profitability targets in 2013

(Toronto, March 14, 2013) Canadian life insurers enjoy a relatively good position compared to their US counterparts, says Ernst & Young. But companies need to creatively adjust their products, business strategies and services for growth in a competitive market characterized by lower margins and changing demographics.

"The Canadian life insurance market is made up of a few large companies and a number of small and medium-sized ones," says Doug McPhie, partner and Canadian Insurance Leader at Ernst & Young.

“They need to tackle challenges differently depending on their size.”

Ernst & Young’s [2013 Canadian life insurance outlook](#) outlines five key things Canada’s life insurers will need to consider — regardless of their size — to respond to challenging market forces in 2013:

1. Rethink strategy for sustainable advantage
2. Manage the persistent slow growth, low interest rate environment
3. Address changes in distribution and consumer demographics
4. Position the business for regulatory and accounting change
5. Turn operational excellence and technology into competitive advantage

“Larger insurers continue to enjoy robust assets and market share, but have difficulty growing organically,” says McPhie. “They’re looking to move into lines outside their core business or grow through foreign acquisitions.”

In contrast, McPhie says, smaller insurers should consider focusing on niche market opportunities. And — given the need for scale in the current economic environment — the best strategies for some small insurers may be joint ventures that allow them to offer complete insurance solutions.

The report notes that smaller insurers are likely to find implementing significant regulatory and accounting changes particularly onerous. But understanding the details and impact these changes will have on existing processes, controls, resources and IT is critical.

“Regulators are demanding the highest level of transparency, while solvency, capital calculation, adequacy and risk are also in the crosshairs,” says McPhie. “Layer on top of that emerging accounting standards, and insurers — large and small — really need to make sure that their systems, people and data are prepared and capable of implementing the new requirements. Their potential profitability depends on it.”

While they may maintain a better overall position compared to their US counterparts, McPhie says Canadian insurers can learn about operational excellence from their southern neighbours.

“US insurers were forced by the economic crisis to take significant steps toward operational excellence,” he explains. “Canadian insurers need fundamental process changes — such as investments in technology, predictive modelling and consumer analytics — to achieve similar efficiency, compete more effectively and increase margins.”

“Canada’s life insurers have a lot to consider in the coming year,” adds McPhie. “But with thoughtful responses to changing market forces, they can achieve their profitability targets and maintain a favourable position relative to their US neighbours.”

About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 167,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.



Agenda Item 7 (a)

March 26, 2013 EOC Meeting

Global Federation Of Insurance Associations

Under the membership provisions of the recently established Global Federation Of Insurance Associations (GFIA), CAFII – as a national Association in the insurance sector – is eligible to apply for membership in the GFIA.

The GFIA's Mission Statement is as follows:

The Global Federation of Insurance Associations (GFIA) is a non-profit association established to represent national and regional insurance associations that serve the general interests of life, health, general insurance and reinsurance companies and to make representations to national governments, international regulators and others on their behalf. The federation was established at a meeting of insurance associations in Washington on 9 October 2012, to increase industry effectiveness in providing input to international regulatory bodies and to contribute more effectively to the international dialogue on issues of common interest.

The federation:

- represents member association's interests to, among others, international regulatory groups, standard-setters and governments to increase the industry's effectiveness;
- contributes to an international dialogue on issues of common interest by formalising contact, cooperation and dialogue among national and regional insurance associations;
- co-operates with other international organisations, particularly those representing the insurance industry;
- shares non-commercially sensitive information and research; and
- provides information on positions taken by the federation.

The GFIA web site stipulates the following under "How To Join":

Formal national and regional insurance associations are eligible to become a member of the GFIA if they:

- represent life, health or general insurance companies or reinsurance companies;
- serve their members' general interest, and advocate on their behalf to national and international regulators; and,
- have no conflict of interest with the GFIA.

In order to join, please submit your written application to the Membership Executive:

255-55 St. Clair Ave West, Toronto, Ontario M4V 2Y7

Tel: (416) 494-9224 Fax: (416) 967-6320

Email: info@cafii.com Web: www.cafii.com

Leigh-Ann Pusey
Pusey@gfiainsurance.org

*American Insurance Association
Washington, D.C. Headquarters
2101 L Street, NW, Suite 400
Washington, DC 20037*

The two GFIA articles and one regulatory advocacy letter below provide background on the new global federation and what membership in it would entail for CAFII.

On October 9, 2012, 32 national insurance industry associations -- representing insurers and re-insurers in 56 countries, and collectively 87 per cent of the world-wide insurance business -- formally established the Global Federation of Insurance Associations (GFIA). The GFIA is incorporated in Switzerland and its secretariat is based in Brussels.

GFIA's founding Canadian members are the Canadian Life and Health Insurance Association (CLHIA) and the Insurance Bureau of Canada (IBC). Frank Swedlove, President of CLHIA, was elected GFIA's inaugural Chair.

"This is a great day for the insurance industry around the world. The Federation will give our associations the ability to respond on a timely basis to international issues affecting our industry and to speak with one voice," said Swedlove. "I am honoured to have the opportunity to be the inaugural chair of the Federation and will strive to ensure that our industry's views are heard."

Welcoming the creation of the federation, Peter Braumüller, Chairman of the executive committee of the **International Association of Insurance Supervisors (IAIS)**, said: "As the global insurance standard-setter, the IAIS values greatly the contributions of **IAIS Observers** – who represent international institutions, professional associations and insurance and reinsurance companies – to the development and implementation of IAIS supervisory material. We look forward to working with GFIA and its members as we all continue to promote effective and globally-consistent supervision of the insurance industry."

The GFIA will be active in commenting on a broad range of issues affecting the international insurance industry, including developments in the systemic risk debate; the work of the IAIS in developing ComFrame, the common framework for the supervision of international groups; market conduct and trade issues; and initiatives in relation to financial inclusion and anti-money laundering.

Chairing the inaugural meeting of the GFIA on October 9 in Washington, DC, Governor Dirk Kempthorne, President and CEO of the American Council of Life Insurers, stated: "This is indeed a historic day. Regulation of the insurance industry is increasingly being set internationally. The establishment of the Global Federation of Insurance Associations will allow the industry to work more closely with international regulators in the development of sound and balanced regulation."

Further information about GFIA can be found on its web site at www.GFIAinsurance.org.

Global Federation Of Insurance Associations Worried About Regulatory Constraints

On February 27, 2013, Investment Executive reported the following:

The insurance industry remains concerned about efforts to designate certain firms as systemically important, which would likely bring additional regulatory constraints.

In a letter to the International Association of Insurance Supervisors (IAIS), the Global Federation of Insurance Associations (GFIA) urges the IAIS to consider the questions raised by the industry as it finalizes the process for identifying global systemically important insurers (G-SIIs).

"Some of the open questions are complex, and need careful consideration as the outcomes are likely to have a significant impact on the targeted entities and thus, we believe, further analysis and exchange with the industry should be allowed for," it says.

In particular, the industry lobby says that it remains concerned about the proposed methodology for identifying G-SIIs, which, it says, will result in insurers being designated "not for the risk they pose to the financial system but because of their size."

It also says it believes that "the potential systemic risk posed by certain insurers as a result of activities they engage in should be assessed versus the global financial system as a whole, and not versus other insurance companies, as currently suggested."

And, it maintains that it's not correct to think that insurers could benefit from being on a list of G-SIIs, as this status would give them access to more favourable funding conditions. "GFIA wishes to reiterate its strong opinion that such reasoning is excessively bank-centric and has no rationale in insurance," it says.

Additionally, the letter stresses that the GFIA is worried about the sorts of added regulatory constraints such firms could face.

For example, the group says that it "remains fundamentally concerned" about the possibility of firms facing higher capital requirements to address systemic risk concerns in insurance. It says that tougher capital rules should only be considered as a "last resort for specific activities which are a source of systemic risk."

March 6, 2013

Hon. Michael McRaith
Chair
Technical Committee
International Association of Insurance Supervisors

Re: Volunteer Industry Participation in ComFrame Field Testing Task Force

Dear Director McRaith:

The Global Federation of Insurance Associations (GFIA) through its 32 member associations represents insurers that account for around 88% of total insurance premiums worldwide. The GFIA appreciates the constructive efforts by the International Association of Insurance Supervisors (IAIS) and national supervisors to foster a gap-free supervisory system through initiatives such as the development of new Insurance Core Principles (ICPs), the establishment of supervisory colleges, the Multilateral Memorandum of Understanding on Cooperation and Information Exchange (MMOU), and the ComFrame workstream. We also appreciate the opportunity to offer our comments on the two-phase approach to be carried out by the Field Testing Task Force (FTTF or Task Force) designed to test the ComFrame draft by applying its parameters and elements to appropriate internationally active insurance groups (IAIGs) over a multi-year period.

For the reasons set forth below, GFIA respectfully requests that the FTTF discussions include industry representatives in Phase 1 of the exercise and also in Phase 2 where discussions do not involve confidential company information.

A.THE FTTF WILL BE ABLE TO LEVERAGE OFF CONSIDERABLE INDUSTRY EXPERIENCE.

Observers have been and are participating in surveys and field work testing exercises around the world (e.g., the Solvency II quantitative impact studies, assessment of proposed IASB accounting standards, the NAIC's ORSA pilot projects). We believe that their experience as to what works and doesn't work would be very beneficial to the Task Force.

B.INDUSTRY INVOLVEMENT FROM THE BEGINNING SHOULD INCREASE EFFICIENCY OF THE PROCESS.

Rather than developing the field test independently, and then consulting the industry at a later stage, a significant amount of time and resources could be saved by removing this iteration and taking industry input on-board at the outset. The FTTF is working to an ambitious deadline, and this kind of involvement should help identify issues early, sparing the FTTF valuable time and resources exploring avenues that the collective experience of observers have already identified as problematic or unworkable.

C. CONFIDENTIALITY CONSIDERATIONS NECESSARILY REQUIRE INDUSTRY INPUT.

Observers' input to the development of confidentiality parameters for the field testing of ComFrame could help to allay concerns that some IAIGs have regarding participation in the field tests. As the GFIA has noted in prior submissions, strong confidentiality protections are an essential precondition to information exchange at every stage of the process contemplated by ComFrame, from the identification of IAIGs to the assessment of sensitive and proprietary areas such as group structure, strategy, governance, enterprise risk management, and financial condition.

Observers – particularly those that are IAIGs and anticipate being part of the field test - have an obvious interest in protecting any confidential or business sensitive information from the economic and reputational harm that can result from public exposure of such data. Indeed, IAIGs will not volunteer to participate in the process if they do not trust that their business sensitive information will be protected. Worse still, if confidentiality provisions are not appropriately resolved prior to the field test, IAIGs may find themselves running the risk of significant adverse consequences (harm caused by release of competitively sensitive information, civil/criminal penalties, financial losses, reputational impairment, or other adverse impact on the marketplace) if data disclosed through their participation ends up in the wrong hands in violation of – for example – applicable open records or securities laws. Please see below a couple of examples of where confidentiality considerations will need to be considered by the FTTF for the field testing exercise:

- The ComFrame draft does not currently contemplate how data confidentiality can be assured where it is shared with a supervisor (or a contracting third party) in a jurisdiction that affords less protection than the jurisdiction where the data originated. The field testing of ComFrame will necessarily involve the sharing of information among supervisors operating under different confidentiality and data security standards.
- ComFrame's data confidentiality standards and all supervisory college confidentiality agreements do not explicitly recognize, respect and protect the rights of IAIGs as the owners of the information. Recognition of the data ownership rights of IAIGs should lead the Task Force to adopt notice and other due process rights that ensure that the IAIG will be able to intercede before any harm can occur in the event confidential data is compromised during the field testing phase.

At the ComFrame Dialogue on January 15 in New Orleans, a suggestion was made to the IAIS that it form a small working group to focus on the potential confidentiality conflicts of law issues that need to be resolved. The Technical Committee appeared to be receptive to that suggestion. GFIA respectfully requests that observers be invited to participate, as appropriate, in the Task Force discussions to ensure that data security and confidentiality issues are resolved in a manner that will give all IAIGs the confidence to volunteer for the field testing process. Those issues include resolution of legally binding ways to: (a) protect confidential information against compulsory disclosure under open records laws; (b) prevent improper dissemination of material nonpublic inside information of or relating to an insurer; (c) preserve the higher confidentiality standard of either the jurisdiction in which the information is received or from which it was disclosed as data "travels" from jurisdiction-to-jurisdiction in the context of the field test; and (d) provide the IAIG with appropriate notice and other due process prior to the disclosure of information.

CONCLUSION

Observer involvement in the Task Force's work will allow them to offer suggestions that could enhance the confidence of prospective IAIGs to volunteer for field testing. The success of the field testing project will be critical to the success of ComFrame as a whole. Therefore, maximizing observer input in the Task Force's work (again, without jeopardizing the safety of confidential information) will help to ensure that ultimately ComFrame is designed in such a way that has the potential to bring benefits to the wide range of different IAIGs likely to fall within its scope, and will enable a smoother transition from finalisation of the draft framework, through field testing to implementation.

Indeed, industry representation on the FTTF is consistent with the IAIS mandate for this Task Force, which states that "[a]ll of these steps are to be taken in a transparent public manner involving consultation with IAIGs involved in field testing as well as the observers and the public more generally." In line with this, we urge that the Task Force's meetings be open to observers to the maximum extent possible.

With respect to Phase 2 of the FTTF, it is important that IAIGs selected for the field test are volunteers. It appears likely that the project will involve a substantial amount of company time, money and other resources, and those costs should not be imposed on companies that do not wish to volunteer. In addition, it is important that the IAIS seek to ensure that industry participation in the FTTF is representative of the broad range of potential IAIGs; including companies with different governance structures, from different geographical locations, and with different business portfolios (life, non-life, reinsurance).

Thank you for your consideration of these issues. The GFIA looks forward to working with the IAIS to ensure the successful testing of the ComFrame draft.

Thank you for your consideration,

Frank Swedlove
Chair, Global Federation of Insurance Associations



Agenda Item 7 (b)

March 26, 2013 EOC Meeting

**Observer Status In International Association of Insurance Supervisors (IAIS):
Something For CAFII To Consider For 2014?**

Under the terms and conditions spelled out on the International Association of Insurance Supervisors' web site, CAFII is eligible to apply for Observer status in the GFIA.

Excerpted below is the key information about this opportunity from the IAIS web site:

Observership for those other than insurance regulators/supervisors

Observership of the IAIS is open to all those who are not regulators or supervisors but who are interested in contributing to the work of the IAIS, for example insurance companies, insurance brokers or accounting firms. As an IAIS Observer, you would have the following benefits:

- be involved in the official consultation procedure for IAIS insurance standards and to make comments on draft IAIS standards
- participate in IAIS seminars and conferences
- receive all information and documentation distributed to observers
- have access to the observer area of the IAIS website

IAIS Observers

International Institutions

- [Association of Mutual Insurers and Insurance Cooperatives \(AMICE\)](#)
- [Federación Interamericana de Empresas de Seguros FIDES](#)

- Global Federation of Insurance Associations (GFIA)
- [Insurance Europe](#)
- [International Actuarial Association IAA](#)
- [International Cooperative and Mutual Insurance Federation](#)
- Institute of International Finance - IIF
- [The Geneva Association](#)
- World Federation of Insurance Intermediaries WFII

Canada

- [Assuris](#)
- [Canadian Life & Health Insurance Association Inc.](#)
- [Insurance Bureau of Canada](#)
- Manulife Financial

- [RGA International Corporation](#)
- Sun Life Financial

The IAIS web site specifies that “the standard observership fee for calendar year 2013 is CHF 19'000 but in certain cases a different fee may apply so please wait for confirmation from the Secretariat before making payment.”

At today's exchange rates, CHF 19,000 (Swiss francs) converts to \$20,739.00 CAD.