

## CAFII Executive Operations Committee Meeting Agenda

**Date:** Tuesday, March 30, 2021  
**Chair:** R. Dobbins  
**Location:** [Virtual MSTeams Meeting](#)

**Time:** 2:00 – 4:00 p.m. EST  
**Dial-in:** 437-703-4263  
**Phone Conference ID:** 965 295 258#

1. Welcome, Call to Order, and Priority Matters	2:00 p.m.	Presenter	Action	Page #	Document
a. Call to Order		R. Dobbins		3	
b. Welcome to New EOC Member: Fernando Heleno, RBC Insurance		R. Dobbins		4	

2. Consent Items	2:03 p.m.	Presenter	Action	Page #	Document
a. Consultations/Submissions Timetable				6	✓
b. Regulatory Update				-	✓
c. Regulator and Policy-Maker Visit Plan				7	✓
d. Summary of Board and EOC Action Items				9	✓
e. Board-Approved Schedule Of CAFII 2021 Meetings And Events				10	✓

3. Financial Management Matters	2:05 p.m.	Presenter	Action	Page #	Document
a. CAFII Financial Statements as at February 28/21		T. Pergola	Update	12	✓
b. Forecast For CAFII 2021 Fiscal Year as at February 28/21		T. Pergola	Update	16	✓
c. Update on KPMG Audit of CAFII 2020 Fiscal Year Financial Statements		B. Wycks	Update	19	

4. Committee Updates	2:15 p.m.	Presenter	Action	Page #	Document
a. Research & Education		A. Stuska			
i. CAFII 2020-21 Consumer Research Project With Pollara Strategic Insights On Consumers' Digitization Preferences: Progress Report		A. Stuska/K. Martin	Update	20	
b. Media Advocacy		C. Blaquiere	Update		
i. Finalization/Launch of CAFII Motion Graphic Website Video On Credit Protection Critical Illness Insurance and Credit Protection Disability Insurance; Media Release; and Sharing of This News with Insurance Regulators and Policy-Makers Across Canada		K. Martin	Update	21	
ii. Proposed Website Blog As An Ongoing CAFII Initiative (Visitor: D. Moorcroft, CAFII Media Consultant)		K. Martin	Discussion/ Approval	24	✓
c. Market Conduct & Licensing		B. Kuiper	Update	29	
d. Travel Medical Insurance Experts		A. Baig	Update	30	
e. Networking & Events		S. Kirby	Update		
i. Cancellation of Planned CAFII Fireside Chat Webinar with Helen Troup		R. Dobbins/K. Martin	Update	31	
ii. Plans For CAFII 2021 Webinars: -Glen Padassery, EVP and Chief Consumer Officer, FSRA; -RIA Regimes in Canada; -The Future of Travel Insurance As The World Emerges From COVID-19; -Lesli Martin, Pollara Strategic Insights, On Results Of CAFII 2020-21 Consumer Research On Consumers' Digitization Preferences: (i) Webinar 1 For CAFII Board, EOC, and Other Member Representatives; (ii) Webinar 2 For Allied Industry Association Representatives; (iii) Webinar 3 For Insurance Regulators and Policy-Makers -Two Relatively New Superintendents of Insurance (Alberta and Newfoundland) and Their Priorities; -BCFSA and Its Priorities (Introduction To/Profile-Raising of Blair Morrison and Peta Wales); -Consumer-Focused Innovation In The Life and Health Insurance Industry		K. Martin/B. Wycks	Update/ Discussion	32	

5. Recent and Upcoming Strategic and Regulatory Initiatives	2:50 p.m.	Presenter	Action	Page #	Document
a. New Brunswick's "An Act To Amend The Insurance Act," Tabled March 17/21		B. Wycks/K. Martin	Update/ Discussion	33	✓

b.	AMF's Recently Confirmed <i>Distribution Act</i> Interpretation Which Requires That A Licensed Insurer Representative Be Involved In The Sale/Distribution of A Group Policy to The Distributor, Including Auto Dealers; and Industry Monitoring of/Intervention on This Issue Under CLHIA	M. Costello/R. Dobbins	Update/ Discussion	40	✓
c.	Updates Arising From CAFII's and Members' Monitoring of Developments Around FCAC's "Appropriateness Guideline" Initiative	K. Martin/B. Wycks	Update/ Discussion	46	✓
i.	Proposed CAFII Working Group on Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance	M. Boyle	Update/ Discussion	50	✓
d.	Outcomes of March 24/21 Special FSRA-Called Meeting with CLHIA and CAFII Around Concerns Raised By Group Insurance/Employee Benefits Advisors Related To How Section 7 (Incentives) of Proposed UDAP Rule Would Apply To Their Sector Within Life and Health Insurance	B. Wycks/K. Martin	Update	52	✓ (2)
e.	CAFII Data Improvements Working Group With RSM Canada Around Quarterly CPI Benchmarking Study: Progress Report	K. Martin	Update	62	✓
f.	Insights Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact Of COVID-19 On Travel Insurance Industry	B. Wycks/K. Martin	Update	77	

6.	Governance Matters	3:25 p.m.	Presenter	Action	Page #	Document
a.	Proposed Mechanisms for Creating Better Engagement/Succession Pipeline of CAFII Committee Chairs and Other Volunteer Leadership Roles; and Need To Secure Near-Term Successor Chairs for Two CAFII Committees		R. Dobbins/M. Gill	Discussion	78	
b.	Application Review and Admission of RSA as a New CAFII Associate		B. Wycks/K. Martin	Approval	79	✓
c.	Draft Minutes of February 11/21 Special Purpose Board Meeting		B. Wycks	Approval	81	✓
d.	Draft Minutes of February 23/21 EOC Meeting		B. Wycks	Approval	85	✓

7.	Read Only Items		Presenter	Action	Page #	Document
a.	CAFII Response Submission On FSRA's Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices				92	✓
b.	Decision to Defer/Delay Contemplated CAFII Website Video on Consumer Protections Built Into Credit Protection Insurance Offered By CAFII Members				100	(Briefing Note Only)
c.	CAFII 2021 Website Investments				101	(Briefing Note Only)

8.	Other Business	3:40 p.m.	Presenter	Action	Page #	Document

9.	In Camera Session	3:40 p.m.	Presenter	Action	Page #	Document

10.	Tracking Issues		Presenter	Action	Page #	Document
a.	Upcoming AMF Consultations on Updated Sound Commercial Practices Guideline and Draft Regulation Respecting Complaint Processing					
b.	BC Ministry of Finance Drafting of Regulations To Implement Financial Institutions Amendment Act, 2019					
c.	FCAC: Phase 2 of Domestic Bank Retail Sales Practices Review					

**Next Board Meeting:** Tuesday, April 13/21, 2:00 to 4:00 p.m., Virtual MSTeams Meeting

**Next EOC Meeting:** Tuesday, April 27/21, 2:00 to 3:30 p.m., Virtual MSTeams Meeting

## **Briefing Note**

**CAFII EOC Meeting 30 March 2021—Agenda Item 1(a)**  
**Call to Order**

### **Purpose of this Agenda Item**

Start of meeting.

### **Background Information**

### **Recommendation / Direction Sought -- *Update***

Not applicable

### **Attachments Included with this Agenda Item**

No attachments.

## **Briefing Note**

**CAFII EOC Meeting 30 March 2021—Agenda Item 1(b)**  
**Welcome to New EOC Member**

### **Purpose of this Agenda Item – *Update***

Update only.

### **Background Information**

Welcome to new EOC member Fernando Heleno of RBC Insurance, and an opportunity for him to introduce himself to his EOC member colleagues.

### **Recommendation / Direction Sought -- *Update***

Not applicable.

### **Attachments Included with this Agenda Item**

No attachments.



## **Briefing Note**

### **CAFII EOC Meeting 30 March 2021—Agenda Item 2 (a-e) Consent Items**

#### **Purpose of this Agenda Item**

To provide documentation for the EOC to review, which does not require updates, discussion, or decisioning.

#### **Background Information**

The Consent Items that do not require any discussion or decisions are:

- Consultations/Submissions Timetable;
- Regulatory Update;
- Regulator and Policy-Maker Visit Plan;
- Summary of Board and EOC Action Items;
- Board-Approved Schedule of CAFII 2021 Meetings and Events.

#### **Recommendation / Direction Sought – *Information Only***

Not applicable.

#### **Attachments Included with this Agenda Item**

5 attachments.

## CAFII Consultations/Submissions Timetable 2021-22

Regulatory Issue	Deliverable	Deadline	Accountable
BC Ministry of Finance 10-Year Review of FIA (Initial Public Consultation Paper released June 2, 2015)	<ul style="list-style-type: none"> <li>Revised Financial Institutions Act (FIA) tabled in the legislature</li> <li>CAFII Meeting with Ministry of Finance staff executives</li> <li><i>CAFII Follow-up Meeting (Virtual) with Ministry officials Re CPI Sales Practices and Related Fair Treatment of Consumers Considerations</i></li> <li><b>CAFII submissions on draft Regulations in support of Revised FIA</b></li> </ul>	<ul style="list-style-type: none"> <li>October 21/19</li> <li>October 25/19</li> <li>Q2 or Q3 2021</li> <li><b>Q2 through Q4 2021</b></li> </ul>	<ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Committee; Co-EDs to monitor</li> </ul>
AMF Sound Commercial Practices Guideline Update	<ul style="list-style-type: none"> <li>AMF releases consultation document for 60 day period</li> <li><b>CAFII submission on updated Sound Commercial Practices Guideline</b></li> </ul>	<ul style="list-style-type: none"> <li><u>Q2 2021 (expected)</u></li> <li><b>Q2 2021</b></li> </ul>	<ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Cttee; Co-EDs to monitor</li> </ul>
Quebec Bill 141 and Related Regulations (including Regulation Respecting Alternative Distribution Methods, RADM)	<ul style="list-style-type: none"> <li>CAFII sends AMF “creative solutions” submission on degree to which industry can meet AMF’s requirements around RADM’s applicability to credit card-embedded insurance benefits</li> <li>CAFII receives AMF acknowledgement response to July 7/20 submission, indicating “We acknowledge receipt of your correspondence and will get back to you with comments following the analysis of the issues raised</li> <li>AMF responds to CAFII’s “creative solutions” submission</li> <li>AMF launches consultation of Draft Regulation Respecting Complaint Processing</li> <li><b>CAFII submission on Draft Regulation Respecting Complaint Processing</b></li> </ul>	<ul style="list-style-type: none"> <li>July 7/20</li> <li>July 9/20</li> <li><u>Q2 2021 (expected)</u></li> <li><u>Q2 2021 (expected)</u></li> <li><b>Q2 2021</b></li> </ul>	<ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Committee; Co-EDs to monitor</li> </ul>
CCIR/CISRO Guidance: Conduct of Insurance Business and Fair Treatment of Customers	<ul style="list-style-type: none"> <li>CAFII sends letter to CCIR/CISRO FTC Working Group asking it to obtain information on incentives and compensation models used by member distributors directly and privately, to avoid Competition Act violations</li> <li><i>CCIR/CISRO FTC Working Group accepts proposal in CAFII’s July 2/20 letter</i></li> </ul>	<ul style="list-style-type: none"> <li>July 2/20</li> <li>August 31/20</li> </ul>	<ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Cttee; Co-EDs to monitor</li> </ul>
SK Bill 177	<ul style="list-style-type: none"> <li>FCAA delays implementation of new Act and Regulations to Jan 1/20</li> <li>FCAA releases transition-related Guidance and Interpretation Bulletin</li> <li>FCAA releases further transition-related Guidance/Interpretation Bulletin(s)</li> </ul>	<ul style="list-style-type: none"> <li>November 26, 2018</li> <li>May 17, 2019</li> <li><u>Q2 2021 (expected)</u></li> </ul>	<ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Cttee; Co-EDs to monitor</li> </ul>
FCNB Insurance Act Rewrite and Introduction of RIA Regime	<ul style="list-style-type: none"> <li>FCNB launches industry consultation on RIA licensing regime model</li> <li>CAFII submission on FCNB’s RIA Regime licensing regime model</li> <li><i>FCNB launches informal stakeholder consultation on applicability of A&amp;S insurance provisions of various provincial Insurance Acts to New Brunswick</i></li> <li><i>CAFII responds to FCNB consultation on A&amp;S Insurance Act provisions</i></li> <li><b>CAFII/CLHIA send joint response to FCNB’s further Insurance Act Rewrite questions (received November 6/20)</b></li> <li><u>FCNB announces tabling of An Act to Amend The Insurance Act in NB legislature; and that implementation Rule will follow in late 2021 (with 60 day public consultation)</u></li> </ul>	<ul style="list-style-type: none"> <li>November 29, 2019</li> <li>January 31, 2020</li> <li>July 2020</li> <li>October 22/20</li> <li>December 22/20</li> <li><u>March 17/21</u></li> </ul>	<ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Cttee; Co-EDs to monitor</li> </ul>
Financial Services Regulatory Authority of Ontario (FSRA) Regulatory Consultations	<ul style="list-style-type: none"> <li>FSRA launches preliminary consultation on Transforming FSCO’s Unfair or Deceptive Acts or Practices (UDAP) Regulation Into A FSRA Rule</li> <li>CAFII responds to FSRA’s preliminary consultation on Transforming FSCO’s Unfair or Deceptive Acts or Practices (UDAP) Regulation Into A FSRA Rule</li> <li>FSRA launches consultation on FY 2021-22 Statement of Priorities and Budget</li> <li>CAFII responds to FSRA consultation on FY 2021-22 Proposed Statement of Priorities and Budget</li> <li>CAFII speaks to its submission on FSRA’s FY 2021-22 Statement of Priorities and Budget at Stakeholder Advisory Committee meeting with FSRA Board</li> <li>CAFII responds to FSRA consultation on Unfair and Deceptive Practices (UDAP) Rule</li> <li><u>CAFII meets with FSRA and CLHIA virtually re follow-up questions arising from UDAP Rule submissions</u></li> </ul>	<ul style="list-style-type: none"> <li>September 2020</li> <li>October 7, 2020</li> <li>October 7, 2020</li> <li>November 3, 2020</li> <li>November 25/20</li> <li>March 18/21</li> <li><u>March 24/21</u></li> </ul>	<ul style="list-style-type: none"> <li>Mkt Conduct &amp; Licensing Cttee; Co-EDs to monitor</li> </ul>

Underline = new/updated item since previous publication; **Boldface** = CAFII response pending; *Italics* = CAFII meeting with regulators/policy-makers pending

**Agenda Item 2(c)**  
**March 30/21 EOC Meeting**

**CAFII Insurance Regulator and Policy-Maker Meetings/Interactions**  
**From February 19/21 To March 24/21**

<b><u>Date</u></b>	<b><u>Event/Occasion</u></b>	<b><u>Who</u></b>
March 12 to 24, 2021	Organization of CAFII Fireside Chat Webinar With Glen Padassery, Executive Vice-President, Policy and Chief Consumer Officer, Financial Services Regulatory Authority of Ontario (FSRA); includes interaction with Diba Kohandani, FSRA's Engagement & Events Co-ordinator, Public Affairs	Keith Martin reaches out to Glen Padassery with a pitch email inviting him to be the discussant/presenter in a CAFII Fireside Chat Webinar about recent FSRA initiatives being pursued under his responsibility/authority as EVP, Policy and Chief Consumer Officer, including his direction/management of FSRA's Consumer Advisory Panel launched on January 23/20. Webinar now confirmed for Wednesday, April 28/21 from 1:00 to 2:00 p.m. EDT, with a practice session/dry run to be set up with Glen Padassery for the prior week.
March 22, 2021	Virtual Meeting of the Canadian Association of Pension Supervisory Authorities (CAPSA)'s Capital Accumulation Plan Guideline Industry Working Group's Communication/Fees Subcommittee	Brendan Wycks, CAFII's representative on this Industry Working Group, attends meeting and interacts with Angela Mazerolle, Vice-President, Regulatory Operations and Superintendent of Insurance at the Financial and Consumer Services Commission of New Brunswick (FCNB), who is the Chair of this IWG in her capacity as a provincial pension supervisor and a Vice-Chair at CAPSA, the national co-ordinating body of pension regulators.

March 24, 2021	Special FSRA-Called Meeting with CLHIA and CAFII Around Concerns Raised By Group Insurance/Employee Benefits Advisors Related To How Section 7 (Incentives) of FSRA's Proposed UDAP Rule Would Apply To Their Sector Within Life and Health Insurance (but which also included unexpected questioning about CAFII's and CLHIA's written submissions on FSRA's Proposed UDAP Rule)	Keith Martin and Brendan Wycks from CAFII – along with Lyne Duhaime, Brent Mizzen, and Justin Glinski from CLHIA – meeting with several FSRA staff executives, including Stuart Wilkinson, Jennifer Chan, and Chris(tine) Caldarelli
----------------	---	--

Summary of CAFII Board and EOC Action Items					
	Source	Action Item	Responsible	Deadline	Status Feb 19 2021
		<b>Association Strategy and Governance</b>			
1	EOC and Board: October 2019	Launch CAFII EOC Working Group to Explore a New Lower Dues Category of CAFII Membership, via a first meeting and a draft Terms of Reference for this Working Group.	B. Wycks/K. Martin	31-Dec-21	In progress/ See #2
2	BOD: June 9, 2020	Revisit the launch of the CAFII Working Group On A Proposed Lower Dues Category Of CAFII Membership once the economic environment stabilizes	K. Martin	31-Dec-21	In progress
3	EOC May 29, 2018	Develop a summary job description for the CAFII EOC Chair role and circulate it to EOC Members.	B. Wycks/K. Martin	31-Dec-21	In progress
4	EOC February 27, 2018	Document in writing the process for reviewing, approving, and admitting applicants for CAFII Members and Associate status	B. Wycks	31-Dec-21	In progress
5	EOC October 29, 2020	FRFI EOC members to share with Co-Executive Directors the work being done within their organizations on the FCAC's Appropriateness Guideline and about their organization's involvement in this file with the CBA; relevant EOC members	Elevant EOC members	31-Dec-21	In progress
		<b>Regulatory Initiatives</b>			
6	EOC: Sept 22, 2020	Resuscitate the Working Group on CPI Best Practices and add the FCAC appropriateness test to its mandate	K. Martin	31-Dec-21	In Progress
7	EOC Feb 23, 2021	Inform insurance regulators and policy-makers across Canada that a new CAFII website video on critical illness insurance CPI and disability CPI videos has been published on the CAFII website and on Youtube	K. Martin	15-Mar-21	Completed
8	EOC Feb 23, 2021	Distribute Critical Path for CAFII's response submission on FSRA's UDAP Rule consultation and launch Market Conduct & Licensing Committee response development process	B. Wycks/K. Martin	15-Mar-21	Completed
		<b>Website and Media Initiatives</b>			
9	EOC Feb 23, 2021	Communicate to the EOC and Board when the video on critical illness CPI and disability CPI is published on the CAFII website and on Youtube	K. Martin	15-Mar-21	Completed

**CAFII Board-Approved 2021 Schedule of Meetings and Events**  
**(Approved by Board at October 15/20 Meeting)**

**EOC Meetings:** *To be held for 2 hours or 1.5 hours, in alternating months, via teleconference*

- **Tuesday, January 26, 2021** (2:00-4:00 p.m. )
- Tuesday, February 23, 2021 (2:00 – 3:30 p.m.)  
*(Family Day stat holiday: Monday, February 15)*
- **Tuesday, March 30, 2021** (2:00-4:00 p.m. )  
*(Good Friday, April 2; Easter Monday, April 5)*
- Tuesday, April 27, 2021 (2:00 – 3:30 p.m.)
- **Tuesday, May 25, 2021** (2:00-4:00 p.m. )  
*(Victoria Day stat holiday: Monday, May 24)*
- Tuesday, June 22, 2021 (2:00 – 3:30 p.m.)  
*(St. Jean Baptiste Day: Thursday, June 24; Canada Day: Thursday, July 1)*
- Tuesday, July 20, 2021 , tentative summer meeting (2:00 – 3:30 p.m.)
- Tuesday, August 17, 2021, tentative summer meeting (2:00 – 3:30 p.m.)  
*(Civic Stat Holiday: Monday, August 2)*
- **Tuesday, September 14, 2021** (2:00-4:00 p.m. ) *If in-person meeting is possible, switch to 2:00-4:30 p.m. meeting, hosted by TBA.*  
*(Rosh Hashanah: September 7 & 8; Yom Kippur: September 16)*
- Tuesday, October 26, 2021 (2:00 – 3:30 p.m.)  
*(Thanksgiving Stat Holiday: Monday, October 11)*
- **Tuesday, November 23, 2021** (2:00-4:00 p.m. ) *If in-person meeting is possible, switch to 2:00-4:30 p.m. meeting, hosted by TBA.*
- EOC Annual Dinner: TBA in conjunction with September or November 2021 in-person EOC meeting, if public health requirements allow.

**Board Meetings:**

- **Tuesday, April 13, 2021** (2:00-4:00 p.m.; Virtual Meeting possibly followed by CAFII Webinar).
- **Tuesday, June 8, 2021** (2:00-5:00 p.m., immediately preceded by 2021 CAFII Annual Meeting of Members, and possibly followed by CAFII Webinar).
- **Tuesday, October 5, 2021** (2:00-4:00 p.m.; Virtual Meeting possibly followed by CAFII Webinar). *If in-person meeting is possible, switch to 2:20-4:00 p.m. meeting, immediately following liaison lunch and Industry Issues Dialogue with AMF staff executives, hosted by Desjardins Insurance in Levis, Quebec.*
- **Tuesday, December 7, 2021** (2:00-4:00 p.m.; Virtual Meeting possibly followed by CAFII Webinar). *If in-person meeting is possible, switch to 2:00-5:00 p.m. meeting, followed by Reception, hosted by CIBC Insurance.*

**2021 Annual Members Luncheon:**

- *Tentative Date: Tuesday, March 9, 2021 from 12 Noon to 1:30 p.m. EST (Virtual-only Webinar)*

**2020 Board meetings Hosted by:**

None, due to COVID-19 pandemic situation

**2019 Board meetings Hosted by:**

CUMIS (National Club), Manulife Financial, National Bank Insurance, TD Insurance

**2018 Board Meetings Hosted by:**

CAFI; ScotiaLife Financial; BMO Insurance; The Canada Life Assurance

**2017 Board Meetings Hosted by:**

TD Insurance; CAFI; Desjardins; CIBC Insurance

**2016 Board Meetings Hosted by:**

CUMIS Group; Assurant Solutions; RBC Insurance; BMO Insurance

**2015 Board Meetings Hosted by:**

CIBC Insurance; ScotiaLife Financial; Desjardins; Canadian Premier

**Recent Years' Annual Members' Luncheons****2020 Annual Members Luncheon Webinar**

Date: Wednesday, October 21, 2020 from 12 Noon to 1:00 p.m. EDT

Topic: "Setting the Bar Higher: How the Financial Consumer Protection Framework Sets a New Standard for Fairness and Transparency"

Speaker: Frank Lofranco, Deputy Commissioner, Supervision and Enforcement, Financial Consumer Agency of Canada

Venue: Virtual-Only Webinar

**2019 Annual Members Luncheon**

Date: Tuesday, February 19, 2019 from 11:45 a.m. to 2:15 p.m.

Topic: "The Changing Regulatory Environment – Challenges, Risks and Opportunities"

Panelists: Stuart Carruthers, Partner, Stikeman Elliott LLP, Koker Christensen, Partner, Fasken, Jill McCutcheon, Partner, Torys LLP. Panel Moderator: Nicole Benson, CEO, Canadian Premier Life / valeyo

Venue: Arcadian Loft, 401 Bay St., Simpson Tower, 8<sup>th</sup> Floor, Toronto, ON

**2018 Annual Members Luncheon**

Topic: "Leading For Success in A Volatile World"

Speaker: Richard Nesbitt, CEO, the Global Risk Institute

Venue: Arcadian Loft, 401 Bay St., Simpson Tower, 8<sup>th</sup> Floor, Toronto, ON

**2017 Annual Members Luncheon**

Topic: Tomorrow is Today: Insurtech Disruption in the Life and Health Insurance Sector

Speaker: Keegan Iles, Director, Insurance Consulting Leader, PwC Canada

Venue: Arcadian Loft, 401 Bay St., Simpson Tower, 8<sup>th</sup> Floor, Toronto, ON

**2016 Annual Members Luncheon**

Topic: Innovation in Insurance: Opportunities in a Changing Market

Speaker: Alison Salka, Ph.D, Senior Vice President and Director Research, LIMRA

Venue: Arcadian Loft, 401 Bay St., Simpson Tower, 8<sup>th</sup> Floor, Toronto, ON

## **Briefing Note**

**CAFII EOC Meeting 30 March 2021—Agenda Item 3(a)  
CAFII Financial Statements as at February 28/21**

### **Purpose of this Agenda Item – *Update***

To update the EOC on the Association's finances as at February 28, 2021.

### **Background Information**

Treasurer Tony Pergola will provide an update on the CAFII Financial Statements as at February 28, 2021.

### **Recommendation / Direction Sought – *Update***

This is an update only.

### **Attachments Included with this Agenda Item**

1 attachment.



# CAFII

411 Richmond Street E, Suite 200  
Toronto, ON M5A 3S5

## Statement of Operations As at February 28th 2021

	Current Month	Budget Feb-21	Variance to Monthly Budget	Current YTD	Budget '21 YTD	Variance Budget to YTD	Budget 2021
<b>Revenue</b>							
Membership Dues	78,139	\$76,540	\$1,599	\$155,479	\$153,079	\$2,400	\$918,475
Interest Revenue	18	\$25	(\$7)	38	\$50	(\$12)	\$300
<b>TOTAL REVENUE</b>	<b>78,157</b>	<b>\$76,565</b>	<b>\$1,593</b>	<b>\$155,517</b>	<b>\$153,129</b>	<b>\$2,388</b>	<b>\$918,775</b>
<b>Expenses</b>							
Management Fees	41,453	\$40,648	(\$804)	83,038	\$81,297	(\$1,741)	\$487,780
CAFII Legal Fees/Corporate Governan	-	\$4,167	\$4,167	-	\$8,333	\$8,333	\$50,000
Audit Fees	1,395	\$1,395	\$0	2,790	\$2,791	\$1	\$16,743
Insurance	449	\$504	\$55	897	\$1,008	\$111	\$6,050
Website Ongoing Maintenance	379	\$596	\$218	1,060	\$1,193	\$133	\$7,156
Telephone/Fax/Internet	104	\$477	\$374	783	\$955	\$172	\$5,730
Postage/Courier	-	\$13	\$13	-	\$25	\$25	\$150
Office Expenses	201	\$417	\$216	499	\$833	\$335	\$5,000
Bank Charges	18	\$39	\$22	18	\$78	\$61	\$470
Miscellaneous Expenses	-	\$42	\$42	-	\$83	\$83	\$500
Depreciation Computer/Office Equipm	95	\$95	\$0	189	\$189	\$0	\$1,136
Provincial Regulatory Visits	-	\$0	\$0	-	\$0	\$0	\$0
Research/Studies	-	\$0	\$0	-	\$0	\$0	\$60,000
Website SEO and Enhancements	-	\$3,496	\$3,496	4,520	\$6,992	\$2,472	\$41,950
Regulatory Model(s)	-	\$0	\$0	-	\$0	\$0	\$0
Federal Financial Reform	-	\$0	\$0	-	\$0	\$0	\$0
CAFII Benchmarking Study/RSM Canada	-	\$0	\$0	-	\$0	\$0	\$67,800
FCAC Presentation	-	\$0	\$0	-	\$0	\$0	\$0
Media Outreach	-	\$500	\$500	-	\$1,000	\$1,000	\$6,000
Media Consultant Retainer	2,260	\$2,260	\$0	4,601	\$4,520	(\$81)	\$27,120
Marketing Collateral	-	\$417	\$417	-	\$833	\$833	\$5,000
Contingency Fund	-	\$0	\$0	-	\$0	\$0	\$50,000
CAFII Reception Events	-	\$0	\$0	-	\$0	\$0	\$0
<b>TOTAL EXPENSE</b>	<b>46,352</b>	<b>55,065</b>	<b>8,713</b>	<b>98,395</b>	<b>110,131</b>	<b>11,736</b>	<b>838,585</b>
<b>NET INCOME</b>	<b>31,805</b>	<b>21,499</b>	<b>10,306</b>	<b>57,123</b>	<b>42,998</b>	<b>14,124</b>	<b>80,190</b>

### Explanatory Notes:

- 1 - Amortization of office equipment based on 4 year straight line depreciation
- 2 - Management fees includes Managing Matters and Executive Director
- 3 - Website includes hosting cafii.com, subscription and website improvements

# CAFI I

411 Richmond Street E, Suite 200  
Toronto, ON M5A 3S5

## Balance Sheet

As at February 28th 2021

	CAFI Operations			CCBPI Project			Combined		
ASSETS	28-Feb 2021	31-Jan 2021	31-Dec 2020	28-Feb 2021	31-Jan 2021	31-Dec 2020	28-Feb 2021	31-Jan 2021	31-Dec 2020
<b>Current Assets</b>									
Bank Balance	\$480,287	\$262,984	\$308,624	\$0	\$0	\$0	\$480,287	\$262,984	\$308,624
Savings Account	\$102,316	\$102,298	\$102,278	\$12,151	\$12,151	\$12,151	\$114,467	\$114,449	\$114,429
Accounts Receivable	\$225,509	\$0	\$0	\$0	\$0	\$0	\$225,509	\$0	\$0
Prepaid Expenses	\$11,799	\$8,915	\$14,037	\$0	\$0	\$0	\$11,799	\$8,915	\$14,037
Computer/Office Equipment	\$8,014	\$8,014	\$8,014	\$0	\$0	\$0	\$8,014	\$8,014	\$8,014
Accumulated Depreciation -Comp/Equip	(\$7,067)	(\$6,972)	(\$6,878)	\$0	\$0	\$0	(\$7,067)	(\$6,972)	(\$6,878)
<b>Total Current Assets</b>	<b>\$820,857</b>	<b>\$375,239</b>	<b>\$426,075</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$833,009</b>	<b>\$387,390</b>	<b>\$438,226</b>
<b>TOTAL ASSETS</b>	<b>\$820,857</b>	<b>\$375,239</b>	<b>\$426,075</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$833,009</b>	<b>\$387,390</b>	<b>\$438,226</b>
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Accrued Liabilities	\$18,042	\$33,597	\$32,852	\$0	\$0	\$0	\$18,042	\$33,597	\$32,852
Credit Card	\$379	\$458	\$352	\$0	\$0	\$0	\$379	\$458	\$352
Account Payable	\$36,094	\$9,346	\$9,012	\$0	\$0	\$0	\$36,094	\$9,346	\$9,012
Deferred Revenue	\$325,361	(\$77,340)	\$0	\$12,151	\$12,151	\$12,151	\$337,512	(\$65,189)	\$12,151
<b>Total Current liabilities</b>	<b>\$379,876</b>	<b>(\$33,938)</b>	<b>\$42,216</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$392,027</b>	<b>(\$21,787)</b>	<b>\$54,367</b>
<b>TOTAL LIABILITIES</b>	<b>\$379,876</b>	<b>(\$33,938)</b>	<b>\$42,216</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$392,027</b>	<b>(\$21,787)</b>	<b>\$54,367</b>
<b>UNRESTRICTED NET ASSETS</b>									
Unrestricted Net Assets, beginning of year	\$383,859	\$383,860	\$230,223	\$0	\$0	\$0	\$383,859	\$383,860	\$230,223
Excess of revenue over expenses	\$57,123	\$25,318	\$153,636	\$0	\$0	\$0	\$57,123	\$25,318	\$153,636
<b>Total Unrestricted Net Assets</b>	<b>\$440,982</b>	<b>\$409,177</b>	<b>\$383,859</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$440,982</b>	<b>\$409,177</b>	<b>\$383,859</b>
<b>Total Unrestricted Net Assets</b>	<b>\$440,982</b>	<b>\$409,177</b>	<b>\$383,859</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$440,982</b>	<b>\$409,177</b>	<b>\$383,859</b>
<b>TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS</b>	<b>\$820,857</b>	<b>\$375,239</b>	<b>\$426,075</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$12,151</b>	<b>\$833,009</b>	<b>\$387,390</b>	<b>\$438,226</b>
<b>Financial Reserves Targets as per 2019 Budget:</b>									
Minimum 3 months (25%) of Annual Operating Expenses=			\$ 209,646						
Maximum 6 months (50%) of Annual Operating Expenses=			\$ 419,293						
<b>Current Level of Financial Reserves (total unrestricted net assets):</b>			<b>\$440,982</b>						
<b>Current Level of Financials Reserve (%):</b>			<b>53%</b>						

## CAFII

411 Richmond Street E, Suite 200  
Toronto, ON M5A 3S5

### Membership Fees

		<b>Feb-21</b>		<b>Jul-21</b>	
		<u>To be billed</u>	<u>Received</u>	<u>To be billed</u>	<u>Received</u>
BMO Bank of Montreal	2021 Upper Tier Member	\$ 38,555		\$ 38,555	
CIBC Insurance	2021 Upper Tier Member	\$ 38,555	24-Feb-21	\$ 38,555	
RBC Insurance	2021 Upper Tier Member	\$ 38,555	2-Mar-21	\$ 38,555	
ScotiaLife Financial	2021 Upper Tier Member	\$ 38,555	18-Feb-21	\$ 38,555	
TD Insurance	2021 Upper Tier Member	\$ 38,555	12-Feb-21	\$ 38,555	
Desjardins Financial Security Life Assurance Company	2021 Upper Tier Member	\$ 38,555		\$ 38,555	
National Bank Life Insurance Company	2021 Upper Tier Member	\$ 38,555	12-Feb-21	\$ 38,555	
Manulife Financial	2021 Upper Tier Member	\$ 38,555	3-Mar-21	\$ 38,555	
The Canada Life Assurance Company	2021 Upper Tier Member	\$ 38,555	24-Feb-21	\$ 38,555	
Assurant Solutions	2021 Lower Tier Member	\$ 19,277	3-Mar-21	\$ 19,277	
Canadian Premier Life Insurance Company	2021 Lower Tier Member	\$ 19,277	25-Feb-21	\$ 19,277	
Cumis Group Ltd/Co-operators Life Insurance Co.	2021 Lower Tier Member	\$ 19,277	26-Feb-21	\$ 19,277	
Valeyo	2021 Lower Tier Member	\$ 19,277		\$ 19,277	
Sun Life Financial	2020 Initiation Members (Upper Tier)	\$ 23,133		\$ 23,133	
RSM Canada	Associate	\$ 4,800			
Willis Towers Watson	Associate	\$ 4,800	25-Feb-21		
KPMG MSLP	Associate	\$ 4,800	25-Feb-21		
Optima Communications	Associate	\$ 4,800	10-Mar-21		
RGA Life Reinsurance Company of Canada	Associate	\$ 4,800	24-Feb-21		
Torys LLP	Associate	\$ 4,800	11-Feb-21		
Dog and Pony Studios	Associate	\$ 4,800	11-Feb-21		
Stikeman Elliott LLP	Associate	\$ 4,800			
<b>Feb Invoices</b>		<b>\$485,637</b>		<b>\$447,237</b>	
<b>July Invoices</b>		<b>\$447,237</b>			
<b>Total Membership Fees</b>		<b>\$932,875</b>			
Total amount to realocate monthly Jan-Sept		<b>\$77,740</b>			
Total amount to realocate monthly Oct-Dec		<b>\$77,740</b>			

## **Briefing Note**

**CAFII EOC Meeting 30 March 2021 —Agenda Item 3(b)  
Forecast For CAFII 2021 Fiscal Year as at February 28/21**

### **Purpose of this Agenda Item – *Update***

To update the EOC on the Association's forecast for the 2021 fiscal year as at February 28/21.

### **Background Information**

Treasurer Tony Pergola will provide an update on the CAFII 2021 fiscal year forecast as at February 28/21.

### **Recommendation / Direction Sought – *Update***

This is an update only.

### **Attachments Included with this Agenda Item**

1 attachment.

2021 CAFII Budget

	2018 Actuals	2019 Actuals	2020 Actuals	CAFII 2021 Operating Budget	2021 YTD Feb 2021	2021 Forecast	Comment/Rationale
<b>Revenue</b>							
Membership Dues	\$695,545	\$734,664	\$884,721	\$918,475	\$155,479	\$932,875	See breakdown in Member Dues Revenue Tab (includes one new Member at Lower Tier Dues as CPL and Valeyo intend to become two separate CAFII Members)
Annual Members' Luncheon "Additional Seats" Revenue	\$0	\$195	\$0	\$0	\$0	\$0	
Interest	\$0	\$982	\$399	\$300	\$38	\$300	Interest from the Savings Account
<b>TOTAL REVENUE</b>	<b>\$ 695,545</b>	<b>\$ 735,841</b>	<b>\$ 885,120</b>	<b>\$ 918,775</b>	<b>\$ 155,517</b>	<b>\$ 933,175</b>	
<b>EXPENSE</b>							
Management Fees	\$460,299	\$465,134	\$476,844	\$487,780	\$83,038	\$487,780	Includes MM Fees (2.0% contractual increase) and two Co-Eds (2.5% increase each)
Legal and consulting costs associated with regulatory submissions and initiatives	\$563	\$0	\$28,975	\$50,000	\$0	\$50,000	For streamlining/simplicity, this line now includes expenses previously captured under Regulatory Model(s) (Row 39), where \$15,000 was budgeted in 2020. 2021 Budget amounts are based on 2020 actuals (recognizing that while in 2020, zero expenses will be incurred under Regulatory Models, that is largely due to the COVID-19 pandemic) and the expectation that CAFII will likely need to tackle heightened regulatory communications/submissions and advocacy/relationship-building work in 2021 as regulators clear their abeyance "backlog" caused by COVID-19.
Audit Fees	\$14,432	\$14,799	\$16,743	\$16,743	\$2,790	\$16,743	Same as 2020 Forecast
Insurance	\$5,258	\$5,338	\$5,385	\$6,050	\$897	\$6,050	Increase by 10% over 2020 Budget, as per advice from insurance broker Marsh, as a buffer for 2021 renewal in June 2021
Website Ongoing Maintenance	\$6,461	\$10,022	\$5,765	\$7,156	\$1,060	\$7,156	Includes CG Technology (\$233 per month (3% increase)), Constant Contact (\$62.83 per month (3% increase)), Soda PDF Premium (\$56.47), Zoom (\$237.60 per month), Survey Monkey (\$307.36), Virtual Platform (\$500)
Telephone/Fax/Internet	\$5,939	\$6,494	\$5,808	\$5,730	\$783	\$5,730	Includes Office Line (\$56.50 per month), Conference Line (\$47.46 per month) & Co-Eds phone and internet lines
Postage/Courier	\$458	\$159	\$53	\$150	\$0	\$150	Monthly Cheque Run and Ad Hoc Mailing
Office Expenses	\$2,423	\$2,025	\$2,158	\$5,000	\$499	\$5,000	Increased from 2020 Budget to cover possible replacement computer hardware and peripherals expenses in 2021 for the Co-Executive Directors
Bank Charges	\$23	\$112	\$236	\$470	\$18	\$470	Annual Credit Card Fee (\$190) plus a possible new digital/electronic Accounts Payable process in 2021 (\$280.00)
Depreciation Computer/Office Equipment	\$1,136	\$1,136	\$1,136	\$1,136	\$189	\$1,136	Same as 2020 Forecast
Miscellaneous Expense	\$0	\$0	\$0	\$500	\$0	\$500	Same as 2020 Forecast
<b>Board/EOC/AGM</b>							
Annual Members Luncheon	\$10,503	\$12,052	\$0	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency line item below
Board Hosting (External)	\$19,515	\$14,001	\$0	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
Board/EOC Meeting Expenses	\$20,715	\$35,419	\$4,676	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
Industry Events	\$1,270	\$0	\$0	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
EOC Annual Appreciation Dinner	\$763	\$2,193	\$4,244	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
Speaker fees & travel	\$191	\$1,189	\$0	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
Gifts	\$0	\$200	\$0	\$0	\$0	\$0	Same as 2020 Budget
Networking Events	\$0	\$0	\$0	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
CAFII Reception Events	\$0	\$0	\$0	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
CAFII 25th Anniversary Celebration	\$0	\$0	\$0	\$0	\$0	\$0	This line item is a placeholder. But this expense will actually occur in 2022, CAFII's "silver anniversary" year
<b>Total Board/EOC/AGM</b>	<b>\$52,957</b>	<b>\$65,053</b>	<b>\$8,920</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
Provincial Regulatory Visits and Relationship-Building	\$11,230	\$16,833	\$983	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
Federal Regulatory Visits and Relationship-Building	\$0	\$442	\$540	\$0	\$0	\$0	Not budgeted for in Recommended Option. However, expenses for possible occurrence in 2021 provided for in Contingency Expense line item at bottom.
Research/Studies	\$77,345	\$5,368	\$28,646	\$60,000	\$0	\$60,000	Same as 2020 Budget
Website SEO and Enhancements	\$21,702	\$40,914	\$31,144	\$41,950	\$4,520	\$41,950	Same as 2020 Budget
Regulatory Model(s)	\$6,490	\$7,555	\$0	\$0	\$0	\$0	Combined with Legal Fees; and this line item will be removed/dispensed with, beginning with the 2021 CAFII budget
CAFII Benchmarking Study/RSM Canada	\$0	\$0	\$68,365	\$67,800	\$0	\$67,800	Continuation of CAFII CPI Benchmarking Study with RSM Canada, estimated at \$60K plus HST.
FCAC Presentation	\$0	\$0	\$20,905	\$0	\$0	\$0	
Media Outreach	\$6,883	\$5,683	\$350	\$6,000	\$0	\$6,000	Expenses related to CAFII Media Releases including Wire Service charges (new split into separate Media Outreach and Media Consultant Retainer (David Moorcroft's S2C retainer) expenses)
Media Consultant Retainer	\$31,639	\$27,120	\$27,685	\$27,120	\$4,601	\$27,120	Monthly retainer fees for David Moorcroft, S2C (new split into separate Media Outreach and Media Consultant Retainer (David Moorcroft's S2C retainer) expenses)
Marketing Collateral	\$557	\$1,629	\$845	\$5,000	\$0	\$5,000	Same as 2020 Budget
Tactical Communications Strategy	\$0	\$0	\$0	\$0	\$0	\$0	This line item is being removed/dispensed with, beginning with the 2021 CAFII budget
Contingency For Possible Resumption Of In-Person Meetings/Events, Etc. in 2021	\$0	\$0	\$0	\$50,000	\$0	\$50,000	Includes Annual Members' Luncheon (\$12,000); Board Hosting External (\$7,500); Board/EOC Meeting Expenses (\$13,500); Industry Events (\$1,000); EOC Annual Appreciation Dinner (\$3,000); Provincial Regulatory Visits and Relationship-Building (\$9,000); Federal Regulatory Visits and Relationship-Building (\$4,000)
<b>TOTAL EXPENSE</b>	<b>\$ 705,793</b>	<b>\$ 675,816</b>	<b>\$ 731,485</b>	<b>\$ 838,585</b>	<b>\$ 98,395</b>	<b>\$ 838,585</b>	
<b>Excess of Revenue over Expenses</b>	<b>(\$10,248)</b>	<b>\$60,025</b>	<b>\$153,636</b>	<b>\$80,190</b>	<b>\$57,123</b>	<b>\$94,590</b>	
Unrestricted Net Assets (beginning of year)	\$180,447	\$170,198	\$230,223	\$383,859	\$383,859	\$383,859	
Unrestricted Net Assets (end of year)	\$170,198	\$230,223	\$383,859	\$464,049	\$440,981	\$478,449	

Explanatory Notes:

- (1) Assumes Two Co-Executive Directors, one @ 5 days per week; one @ 4.5 days per week; plus Managing Matters Admin support
- (2) Amortization of office equipment based on 4 year straight line depreciation
- (3) \$45,000 Legal Expense for Marc Dequette/Norton Rose Fulbright to complete legal opinion re: AMF Spousal Coverage Issue. Alternative for paying for legal opinion is to use the remaining funds from the CCPBI Special Project Fund

Actual/Forecasted Financial Reserves	2018 Actuals	2019 Actuals	2019 Actuals	2021 Operating Budget	2021 Forecast
Minimum 3 months (25%) of Annual Operating Expenses =	\$176,448	\$168,954	\$182,871	\$209,646	\$209,646
Maximum 6 months (50%) of Annual Operating Expenses =	\$352,897	\$337,908	\$365,742	\$419,293	\$419,293
Actual/Forecasted Level of Financial Reserves:	\$170,198	\$230,223	\$383,859	\$464,049	\$478,449
Actual/Forecasted Level of Financial Reserves %:	24%	34%	52%	55%	57%

### 2019 Operational Budget - Member Dues Breakdown

#### 2018 Member Dues Breakdown

Upper Tier Member	73,438.00	5	367,190.00
DFS	55,079.00	1	55,079.00
Lower Tier Member	36,719.00	4	146,876.00
Initiation Members	44,000.00	2	88,000.00
Associate	4,800.00	8	38,400.00
			695,545.00

#### 2019 (Base) Member Dues Breakdown

Upper Tier Member	73,438.00	6	440,628.00
Lower Tier Member	36,719.00	4	146,876.00
Initiation Members	44,000.00	3	132,000.00
Associate	4,800.00	8	38,400.00
			757,904.00

### 2019 Operational Budget - Member Dues Breakdown - Revised

#### 2019 Member Dues Breakdown

Upper Tier Member	73,438	6	440,628.00
National Bank	55,079	1	55,079.00
Lower Tier Member	36,719	3	110,157.00
Initiation Members	44,000	2	88,000.00
Associate	4,800	8.5	40,800.00
			734,664.00

### 2020 Operational Budget - Member Dues Breakdown - 5% Dues Increase

#### 2020 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	3	115,664.85
Initiation Members (Uj)	46,266	1	46,265.94
Initiation Members (Lc)	23,133	0	0.00
Associate	4,800	11	52,800.00
			908,719.89

### 2020 Operational Budget - Member Dues Breakdown - 5% Dues Increase

#### 2020 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	3	115,664.85
Initiation Members (Uj)	46,266	1	46,265.94
Initiation Members (Lc)	23,133	0	0.00
Associate	4,800	6	28,800.00
			884,719.89

#### 2020 Upper Tier Member

BMO Bank of Montreal  
CIBC Insurance  
RBC Insurance  
ScotiaLife Financial  
TD Insurance  
Desjardins Financial Security Life Assurance Company  
National Bank Life Insurance Company  
Manulife Financial  
The Canada Life Assurance Company

#### 2020 Lower Tier Member

Assurant Solutions  
Canadian Premier Life Insurance Company  
Cumis Group Ltd/Co-operators Life Insurance Co.

#### 2020 Initiation Members (Upper Tier)

Sun Life Financial

#### 2020 Associate

RSM Canada  
Willis Towers Watson  
KPMG MSLP  
Optima Communications  
RGA Life Reinsurance Company of Canada  
Torys LLP

\*TBC

\*TBC

\*Associate Candidates - Stikeman Elliott, Norton Rose, Deloitte, Dog and Pony - To be confirmed

Did not renew in 2020

PWC  
Munich Reinsurance Company Canada Branch (Life)  
RankHigher.ca

### 2021 Operational Budget - Member Dues Breakdown - No Dues Increase

#### 2021 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	4	154,219.80
Initiation Members (Upper Tier)	46,266	1	46,265.94
Initiation Members (Lower Tier)	23,133	0	0.00
Associate	4,800	5	24,000.00
			918,474.84

#### 2021 Upper Tier Member

BMO Bank of Montreal  
CIBC Insurance  
RBC Insurance  
ScotiaLife Financial  
TD Insurance  
Desjardins Financial Security Life Assurance Company  
National Bank Life Insurance Company  
Manulife Financial  
The Canada Life Assurance Company

#### 2021 Lower Tier Member

Assurant Solutions  
Canadian Premier Life Insurance Company  
Valeyo  
Cumis Group Ltd/Co-operators Life Insurance Co.

#### 2021 Initiation Members (Upper Tier)

Sun Life Financial

2 Year

#### 2021 Associate

RSM Canada  
Willis Towers Watson  
KPMG MSLP  
Optima Communications  
RGA Life Reinsurance Company of Canada  
Torys LLP

### 2021 Forecast

#### 2021 Member Dues Breakdown

Upper Tier Member	77,110	9	693,989.10
Lower Tier Member	38,555	4	154,219.80
Initiation Members (Upper Tier)	46,266	1	46,265.94
Initiation Members (Lower Tier)	23,133	0	0.00
Associate	4,800	8	38,400.00
			932,874.84

#### 2021 Upper Tier Member

BMO Bank of Montreal  
CIBC Insurance  
RBC Insurance  
ScotiaLife Financial  
TD Insurance  
Desjardins Financial Security Life Assurance Company  
National Bank Life Insurance Company  
Manulife Financial  
The Canada Life Assurance Company

#### 2021 Lower Tier Member

Assurant Solutions  
Canadian Premier Life Insurance Company  
Valeyo  
Cumis Group Ltd/Co-operators Life Insurance Co.

#### 2021 Initiation Members (Upper Tier)

Sun Life Financial

2 Year

#### 2021 Associate

RSM Canada  
Willis Towers Watson  
KPMG MSLP  
Optima Communications  
RGA Life Reinsurance Company of Canada  
Torys LLP  
Dog and Pony Studios  
Stikeman Elliott LLP

## **Briefing Note**

**CAFII EOC Meeting 30 March 2021—Agenda Item 3(c)  
Update on KPMG Audit of CAFII 2020 Fiscal Year Financial Statements**

### **Purpose of this Agenda Item – *Update***

Update only.

### **Background Information**

To update the EOC on the Association’s critical path for KPMG’s audit of CAFII’s 2020 fiscal year financial statements.

### **Recommendation / Direction Sought – *Update***

This is an update only.

### **Attachments Included with this Agenda Item**

No attachments.

## **Briefing Note**

**CAFII EOC Meeting 30 March 2021—Agenda Item 4(a)(i)**

**Research & Education – CAFII 2020-21 Consumer Research Project With Pollara Strategic Insights: Progress Report**

### **Purpose of this Agenda Item – *Update***

Update only.

### **Background Information**

An update will be provided on the CAFII consumer research project with Pollara Strategic Insights on Canadian consumers' views and preferences around digitization, including next steps and timelines. Pollara Strategic Insights reports that they expect to be in a position to deliver the draft report on the results of the study to CAFII by early April 2021.

### **Recommendation / Direction Sought – *Update***

This is an update only.

### **Attachments Included with this Agenda Item**

No attachments.



## **Briefing Note**

**CAFII EOC Meeting 30 March 2021—Agenda Item 4bi**

**Media Advocacy—Finalization/Launch of CAFII Motion Graphic Website Video On Credit Protection Critical Illness Insurance and Credit Protection Disability Insurance: Media Release; and Sharing of This News with Insurance Regulators and Policy-Makers Across Canada**

### **Purpose of this Agenda Item – *Update***

Update only.

### **Background Information**

CAFII has been working with its website consultant Operatic Agency (formerly RankHigher) on its website enhancement plan including the production of a motion graphic video on Credit Protection Critical Illness Insurance and Credit Protection Disability Insurance.

The video is now posted on our website in English and French, and on YouTube. The links to the video on the CAFII website are as follows:

English

<https://www.cafii.com/critical-illness-and-disability-insurance/>

<https://www.cafii.com/mortgage-disability-insurance/>

<https://www.cafii.com/mortgage-critical-illness-insurance/>

<https://www.cafii.com/critical-illness-insurance-for-loans/>

<https://www.cafii.com/disability-insurance-for-loans/>

French

<https://www.cafii.com/fr/assurance-invalidite-et-assurance-maladie-grave/>

<https://www.cafii.com/fr/assurance-hypothecaire-pour-invalidite/>

<https://www.cafii.com/fr/assurance-hypothecaire-pour-maladie-grave/>

<https://www.cafii.com/fr/assurance-pret-pour-maladie-grave/>

<https://www.cafii.com/fr/assurance-invalidite-pour-prets/>

CAFII also issued a press release which can be found on the “news” section of the CAFII website:

<https://www.cafii.com/news/>

CAFII also send notice of the video release to over 200 regulators and policy-makers across the country, with the following message:

*Dear XX Insurance Regulator/Policy-Maker:*

*I’m pleased to advise that CAFII has just posted a new consumer-focused, plain language video on Disability Credit Protection Insurance and Critical Illness Credit Protection Insurance on our Association website.*

*This is one in a series of videos meant to help consumers improve their financial literacy, and is part of our Members' commitment to transparency, providing helpful information, and fair treatment of customers.*

*The sections of our website where the new video appears and associated links are provided below.*

*Best regards,*

*--Keith*

We received numerous positive responses from regulators and policy-makers, which are summarized below.

<u>Individual</u>	<u>Title</u>	<u>Organization</u>	<u>Comment</u>
Ron Fullan	Executive Director	Insurance Councils of Saskatchewan	<i>Thanks Keith. This is great material to have.</i>
Judy Pfeifer	Chief Public Affairs Officer	Financial Services Regulatory Authority of Ontario (FSRA)	<i>Thanks Keith. My team is looking forward to reviewing them. Perhaps we can follow up at a later date.</i>
Frank Chong	VP and Deputy Superintendent, Regulation	BC Financial Services Authority	<i>Received, with thanks. Frank</i>
April Stadnek	Director of Compliance	Insurance Councils of Saskatchewan	<i>Thank you kindly Keith. Always good information provided by CAFII.</i>
Bryan Davies	Chairman of the Board	Financial Services Regulatory Authority of Ontario (FSRA)	<i>Thanks for sharing, Keith. Very clear as befits "plain language". Bryan</i>
Adrienne Warner Canadian	Policy Manager	Canadian Insurance Services Regulatory Organizations (CISRO)	<i>Thanks Keith. I will share with CISRO members. Regards, Adrienne</i>

Jennifer Calder	Deputy Superintendent of Insurance	Nova Scotia	<p><b>FIRST EMAIL:</b></p> <p><i>Thanks so much for this Keith. I appreciate you sharing this with our office. I'm certain consumers will find this information very helpful.</i></p> <p><i>Stay safe,</i></p> <p><i>Jen</i></p> <p><b>SECOND EMAIL:</b></p> <p><i>We have forwarded the link to a group our office works with supporting financial literacy. They will help spread the word.</i></p> <p><i>Happy Friday.</i></p> <p><i>Jen</i></p>
Chervahun Emilien	Assistant Comptroller General and Superintendent of Insurance	Government of Northwest Territories	<p><i>Good Morning Keith,</i></p> <p><i>Received and thank you.</i></p>
Sean Clark	Superintendent of Insurance	Government of Nunavut	<p><i>Hi Keith. Thanks for this.</i></p> <p><i>Sean</i></p>
Robert Bradley	Superintendent of Insurance	Government of Prince Edward Island	<p><i>Hi Keith,</i></p> <p><i>Thanks for the update and CAFII's initiative.</i></p> <p><i>Robert</i></p>

**Recommendation / Direction Sought – Update**

This is an update only.

**Attachments Included with this Agenda Item**

1 attachment.

## **Briefing Note**

**CAFIL EOC Meeting 30 March 2021—Agenda Item 4b(ii)**

**Media Advocacy – Proposed Website Blog As An Ongoing CAFIL Initiative (Visitor: D. Moorcroft, CAFIL Media Consultant)**

### **Purpose of this Agenda Item – *Discussion/Approval***

Discussion and Approval.

### **Background Information**

CAFIL is proposing the development of a website blog that will allow us to post 6 to 8 blogs a year on issues of interest. This is another way to position CAFIL's key messages on our website, and will be another source of rich content there.

### **Recommendation / Direction Sought – *Discussion/Approval*.**

This item is for discussion and approval. CAFIL Media Consultant David Moorcroft will join the meeting as a visitor to provide details on the Proposed Website Blog initiative and to answer questions.

### **Attachments Included with this Agenda Item**

1 attachment.

**Agenda Item 4(b)(ii)**  
**March 30/21 EOC Meeting**

**Proposed Website Blog As An Ongoing CAFII Initiative**

**Benefits to CAFII Of Having A Website Blog**

One of the most effective ways for CAFII to build awareness online is through blogging. A regular blog can help drive traffic to the CAFII website, reinforce CAFII as an industry authority, and ultimately create more awareness around the association and its work.

**4 Key Ways Blogging Can Provide Value to CAFII:**

**1. SEO** – Blogging can help drive Search Engine Optimization (SEO) value on a website. Essentially, SEO involves creating content around specific keywords and topics (e.g. CPI and travel insurance). When a user searches on a search engine (Google, Bing, Yahoo, etc.) about these topics, the CAFII website appears in that list of results. Blogging about topics and keywords relevant to CAFII is a good long-term strategy to drive traffic and growth to a website and association.

**2. Public Engagement** – Sharing knowledge and information online with the general public, media, industry employees, etc. is a great way to build engagement. Everyday, consumers are searching keywords and topics that are relevant to our industry and association; blogging gives us the opportunity to capture their attention. A blog provides people with an extra reason to visit our website and stay up to date on association news.

**3. Build brand as a thought leader** – Blogging about industry issues and providing the public with useful product information is a great way to further the association's reputation for thought leadership. As consumers, regulators, media, etc. discover and follow an association's blog, it helps to enhance that association's reputation as an authority on the topic. This may even help in efforts to recruit new members to CAFII.

**4. Drive long-term results** -- Let's say we sit down for an hour and write and publish a blog post today that nets us 100 views. We get another 50 views tomorrow as a few more people find it on social media and some of our followers get caught up on their email and RSS. But after a couple days, most of the fanfare from that post dies down and we've netted 150 views. It's not done. That blog post is now ranking in search engines -- for days, weeks, months. In fact, about 70% of the traffic each month on the average blog comes from posts that weren't published in the current month. They come from old posts. These types of blog posts are referred to as "compounding" posts and they help to build long-term search results.

**How does it work?**

Think about the ways people can find our website: They could type "CAFII" right in to their browser, but that's an audience we already have. They know who we are, and that doesn't help us get more traffic on top of what we are already getting. So, how can we drive more traffic? *In short: blogging, social media, and search engines.*

Think about how many pages there are on our website. Not a lot. And think about how often you update those pages. Not that often. (How often can we really update our About Us page, or our product descriptions?)

Blogging helps solve both of those problems. Every time we write a blog post, it's one more indexed page on our website, which means one more opportunity for CAFII to show up in search engines and drive traffic to our website in organic search.

Blogging also helps us to get discovered via social media. Every time we write a blog post, we're creating content that people can share on social networks -- Twitter, LinkedIn, Facebook -- which helps expose CAFII to a new audience that may not know us yet.

### **How often do we need to blog?**

When it comes to the number of blog posts, quality is more important than quantity. So instead of letting the volume of work overwhelm us, we should start small. Say 6 to 12 blog posts a year. Each of these posts will drive extra traffic to the CAFII website, and the compounding factor of each blog will continue to add to search results long after it is first posted. Each post would have the byline of Keith Martin and/or Brendan Wycks. We could also have guest blogs from our Chair person.

### **Sample CAFII Blog Post #1 (470 words)**

#### **New video helps explain insurance products**

By (name of CAFII executive)

CAFII recently posted a new motion-graphic video to its website and on YouTube that explains the features and benefits of critical illness credit protection insurance and disability credit protection insurance.

The two-minute video describes how these insurance products work, and how they provide protection against different types of risk.

For example, disability insurance will pay all or part of an insured person's monthly debt obligation to their bank or credit union while they are unable to work due to disability.

In contrast, critical illness insurance is not related to ability to work, and an insured person can receive a benefit regardless of their employment status. This type of insurance can pay off all or a portion of the insured debt obligations in one lump sum, thereby freeing up money for other uses.

The video is the latest in a series aimed at simplifying insurance products and services for Canadian consumers. It supplements five other educational videos already on the website that explain how popular consumer insurance products such as Mortgage Life Insurance, Travel Insurance, Travel Medical Insurance, and Credit Protection Insurance work. There is also a video that explains who CAFII is and how we are trying to make insurance simple, accessible and affordable for Canadians.

Our consumer-facing website was created in 2017 to help Canadians become more aware of the range of insurance options available in Canada and to understand more about them. Since then, we have added definitions and explanations for more than a dozen types of insurance, a series of frequently asked questions, vignettes about the benefits of various insurance products, and information with links for making an insurance claim to a CAFII member financial institution. We even have details about consumer research commissioned by CAFII, and news about the Association.

As an Association, we have made consumer education a priority because our members believe that informed consumers can make better insurance choices to fit their personal circumstances, and that they are ultimately more satisfied with their experience when they choose the right products.

That's one of the reasons we continue to add new content to our website each year. For example, we recently added some new product definitions, consumer situation example vignettes, and FAQs to the website, and we are planning to add another three new videos and some new consumer research later this year.

To date, our efforts have been well received by consumers who find surfing the web a convenient way to get information, especially during a pandemic. For example, our website attracted 28,000 visitors last year, a 34% increase over 2019.

While we're pleased that a record number of consumers came to our website last year to learn more about insurance, we hope that even more will discover us in 2021!

### **Sample CAFII Blog Post #2 (550 words)**

#### **What types of insurance should homebuyers consider?**

*By (name of CAFII executive)*

Spring is the time of year when many Canadians think about buying their first home or selling and trading up to a better one. And, when they start thinking about the many issues that come with buying a house.

The first two questions potential buyers need to ask themselves is "How much house can I afford?" and "What size mortgage will I qualify for?". Luckily, most financial institutions can help answer those questions if a customer shares information about their financial situation and how much of a down payment they would like to use for the purchase.

Insurance is another topic a home buyer will want to consider, and that consideration should include at least three products; Mortgage Default Insurance, Mortgage Life Insurance, and Home Insurance. The first two of these products – Mortgage Default Insurance and Mortgage Life Insurance – are sometimes confused by consumers, especially with first-time buyers.

Mortgage Default Insurance allows borrowers to obtain a mortgage on a property with a lower down payment (as low as 5% for homes under \$500,000, and 10% for the portion up to \$1,00,000) than for a conventional mortgage. This type of insurance is required on all mortgages with down payments of less than 20% of the purchase price and is known as a high-ratio mortgage. The premium is calculated as a percentage of the mortgage, and the maximum available amortization for a high-ratio mortgage is 25 years.

This insurance provides a “safety net” for federally regulated financial institutions, such as banks, that lend money on the security of residential real estate, and increases the number of Canadians who may be able to qualify for a mortgage. Premiums for Mortgage Default Insurance are based on the amount of the mortgage and can be added to the mortgage amount and repaid over the full duration of the mortgage.

Conventional mortgages, which require a minimum down payment of 20%, do not require Mortgage Default Insurance. Any home over \$1,000,000 requires a 20% down payment.

Mortgage Life Insurance is a type of optional Credit Protection Insurance that pays out your mortgage balance (up to the maximum specified in the certificate of insurance) in the event of your death, making it affordable for your surviving spouse and/or family to remain in your home without financial duress. If your family relies on your income to make their mortgage payments, Mortgage Life Insurance is one way to protect their financial future.

Consumers who purchase Mortgage Life Insurance usually have the option to add disability, critical illness, and job loss coverage, to protect their family further against not being able to make their mortgage payments.

Home Insurance can provide valuable financial protection against incidents that can cause damage to the property you own—including fire, lightning strike, wind and hail, explosions, falling objects, vandalism, theft, and other risks or “perils.” This insurance typically covers both property damage and liability exposure, including medical payments in case someone gets hurt on your premises.

If you get a mortgage to purchase your home, your lender will require that you have Mortgage Insurance to cover these types of risk.

When contemplating the cost of buying and maintaining a home, Canadian consumers should think about whether they will need these three types of insurance or more, and what the cost will be.



## **Briefing Note**

### **CAFII EOC Meeting 30 March 2021—Agenda Item 4(c) Market Conduct & Licensing**

#### **Purpose of this Agenda Item – *Update***

Update only.

#### **Background Information**

Brad Kuiper, Chair, Market Conduct & Licensing Committee, will provide an update on recent and upcoming regulatory submissions under this committee's area of purview.

#### **Recommendation / Direction Sought – *Update***

This is an update only.

#### **Attachments Included with this Agenda Item**

No attachments.

## **Briefing Note**

**CAFII EOC Meeting 30 March 2021—Agenda Item 4(d)  
Travel Medical Insurance Experts Working Group**

### **Purpose of this Agenda Item – *Update***

Update only.

### **Background Information**

Afzal Baig, Chair of the Travel Medical Insurance Experts Working Group, will provide an update on this committee's recent initiatives.

### **Recommendation / Direction Sought – *Update***

This is an update only.

### **Attachments Included with this Agenda Item**

No attachments.

## **Briefing Note**

**CAFII EOC Meeting 30 March 2021—Agenda Item 4(e)(i)**

**Networking & Events—Cancellation of Planned CAFII Fireside Chat Webinar with Helen Troup**

### **Purpose of this Agenda Item – *Update***

Update only.

### **Background Information**

An update on the cancellation of the Helen Troup webinar planned for 30 March, 2021 will be provided.

### **Recommendation / Direction Sought – *Update***

This is an update only.

### **Attachments Included with this Agenda Item**

No attachments.

## **Briefing Note**

### **CAFII EOC Meeting 30 March 2021—Agenda Item 4(e)(ii) Networking & Events—Plans For CAFII 2021 Webinars**

#### **Purpose of this Agenda Item – *Update/Discussion***

Update and discussion.

#### **Background Information**

An update on the proposed plans for 2021 CAFII webinars will be provided, which include:

- Glen Padassery, EVP and Chief Consumer Officer, FSRA (*confirmed for 28 April, 2021*);
- RIA Regimes in Canada;
- Review by Lesli Martin, Pollara Strategic Insights, of the CAFII consumer research results on digitization;
- The Future of Travel Insurance As The World Emerges From COVID-19 (panelists from CLHIA, THIA, and CAFII);
- Two Relatively New Superintendents of Insurance (Alberta and Newfoundland) and Their Priorities;
- BCFSA and Its Priorities (Introduction To/Profile-Raising of Blair Morrison and Peta Wales);
- Consumer-Focused Innovation In The Life and Health Insurance Industry

#### **Recommendation / Direction Sought – *Update/Discussion***

This is an update with an opportunity for EOC discussion and feedback, including other webinar topics which EOC members may wish to propose.

#### **Attachments Included with this Agenda Item**

No attachments.

## **Briefing Note**

**CAFII EOC Meeting 30 March 2021—Agenda Item 5(a)**

**New Brunswick’s “An Act To Amend The Insurance Act,” Tabled March 17/21**

### **Purpose of this Agenda Item – *Update/Discussion***

Update and discussion.

### **Background Information**

New Brunswick’s government has written to CAFII and other industry stakeholders to announce that new piece of legislation called *An Act to Amend The Insurance Act* has been tabled in the province’s legislature; and that it will subsequently be augmented by a detailed implementation Rule, to be released later in 2021 for a 60 day public consultation.

### **Recommendation / Direction Sought – *Update/Discussion***

This is an update with an opportunity for EOC discussion and feedback on proposed CAFII next steps.

### **Attachments Included with this Agenda Item**

1 attachment.

**Agenda Item 5(a)**  
**March 30/21 EOC Meeting**

**New Brunswick's "An Act To Amend The Insurance Act," Tabled March 17/21**

**From:** Brendan Wycks  
**Sent:** March-24-21 9:10 AM  
**To:** Weir, David (FCNB) <david.weir@fcnb.ca>  
**Cc:** Mazerolle, Angela (FCNB) <angela.mazerolle@fcnb.ca>; Sutherland Green, Jennifer (FCNB) <jennifer.SutherlandGreen@fcnb.ca>; Keith Martin <Keith.Martin@cafii.com>; Albert Lin <albert.lin@cafii.com>  
**Subject:** RE: Act to Amend the Insurance Act

Thanks very much, David, for your timely and helpful responses below.

We'll get back to you next week, after our March 30 EOC meeting, on your kind offer of a virtual meeting sometime within the next few weeks.

Best regards,

**Brendan Wycks, BA, MBA, CAE**

Co-Executive Director  
Canadian Association of Financial Institutions in Insurance  
[Brendan.wycks@cafii.com](mailto:Brendan.wycks@cafii.com)  
T: 647.218.8243  
Alternate T: 647.361.9465  
[www.cafii.com](http://www.cafii.com)

**From:** Weir, David (FCNB) <[david.weir@fcnb.ca](mailto:david.weir@fcnb.ca)>  
**Sent:** March-24-21 8:43 AM  
**To:** Brendan Wycks <[brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com)>  
**Cc:** Mazerolle, Angela (FCNB) <[angela.mazerolle@fcnb.ca](mailto:angela.mazerolle@fcnb.ca)>; Sutherland Green, Jennifer (FCNB) <[jennifer.SutherlandGreen@fcnb.ca](mailto:jennifer.SutherlandGreen@fcnb.ca)>; Keith Martin <[Keith.Martin@cafii.com](mailto:Keith.Martin@cafii.com)>  
**Subject:** RE: Act to Amend the Insurance Act

Hi Brendan,

Nice to hear from you and thank you for the congratulations. It is a definite milestone in a project that has been a lot of work. I hope that you and your colleagues at CAFII are doing well.

Please see my responses below, **in red font**. I trust that you will find the information helpful.

**David Weir**

**From:** Brendan Wycks <[brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com)>  
**Sent:** Tuesday, March 23, 2021 5:50 PM  
**To:** Weir, David (FCNB) <[david.weir@fcnb.ca](mailto:david.weir@fcnb.ca)>  
**Cc:** Mazerolle, Angela (FCNB) <[angela.mazerolle@fcnb.ca](mailto:angela.mazerolle@fcnb.ca)>; Sutherland Green, Jennifer (FCNB) <[jennifer.SutherlandGreen@fcnb.ca](mailto:jennifer.SutherlandGreen@fcnb.ca)>; Haines, Catherine (FCNB) <[Catherine.Haines@fcnb.ca](mailto:Catherine.Haines@fcnb.ca)>; Keith Martin <[Keith.Martin@cafii.com](mailto:Keith.Martin@cafii.com)>  
**Subject:** RE: Act to Amend the Insurance Act

Hello, David and thanks very much for including CAFII as a key stakeholder in your major announcement of March 17/21, on behalf of FCNB, below.

Kudos and congratulations to you and your FCNB colleagues for advancing the vitally important Insurance Act Rewrite modernization initiative to the point where legislation to amend the province's Insurance Act has been tabled and is at the First Reading stage.

CAFII has two key follow-up questions for you at this time:

- with respect to the new Rule that will be forthcoming from the Commission later in 2021, will you be holding a public/industry consultation on the proposed contents of the new Rule (i.e. on an advanced/refined draft of the Rule)?; and

The Commission practice is to post a proposed Rule for 60 days to allow for stakeholder comment. As you may recall, we had done this for our proposed Rule for fee changes several years ago. The Rule will have significant details for the insurance intermediary licensing framework. If there are issues that we need feedback on prior to the posting, we will reach out to targeted stakeholders as required.

- with respect to any new measures/compliance requirements that are introduced in either the amended Insurance Act or the new Rule which will have IT systems change and/or consumer notification implications for industry players, will there be a reasonable transition period allowed prior to the "in force date" of any new measure or requirement? As you may recall, CAFII always requests a transition period of 12 to 18 months whenever changes are introduced which have IT systems change implications.

As you can appreciate, the Commission has been seeking to update our intermediary framework for a long time. Therefore, we feel that it important to not delay introducing the changes too long. However, we appreciate that some stakeholders may require some lead up time before implementation.

We feel that many of the changes that are in the Act or will be in the Rules with respect to intermediary licensing are matters that have already been discussed in the several consultation papers that the Commission had published.

Although there are some changes to the proposals based on feedback from the consultation, the essence of the proposals is intact. Also, many of the proposals mirror what is already in place in some other jurisdictions. Given that the Bill has been introduced, we are hopeful that industry will be looking into what, if any, IT changes will be required. Are there any specific matters that cause CAFII particular concern in this regard?

Given our Association's highly relevant expertise and experience in the area of restricted insurance representative licensing regimes, we are very keen to have a consultation opportunity -- including a face-to-face or virtual meeting with you and/or other FCNB colleagues -- to provide feedback on "the details of the restricted insurance representative licence and the various consumer protections specific to the licence" which you've indicated will be in the new Rule.

As I'm sure you can appreciate, CAFII's view is that when it comes to introducing such a new licensing regime in New Brunswick, the details will be critically important to its efficient and effective functioning; and, in an apt phrase, "the devil will be in the details."

As indicated, we will be publishing our proposed Rule for 60 days comment. The Rule will have the details of the restricted insurance representative framework. However, I would welcome discussions with CAFII on any thoughts that you may have about our proposals beyond the feedback that CAFII had provided in your response to our consultation paper. Perhaps we can set up a virtual meeting in a few weeks.

As there is a CAFII Executive Operations Committee virtual meeting coming up on the afternoon of Tuesday, March 30/21, we'd appreciate hearing back from you on our follow-up questions before then, David.

Best regards and stay safe,

**Brendan Wycks, BA, MBA, CAE**

Co-Executive Director

Canadian Association of Financial Institutions in Insurance

[Brendan.wycks@cafii.com](mailto:Brendan.wycks@cafii.com)

T: 647.218.8243

Alternate T: 647.361.9465

[www.cafii.com](http://www.cafii.com)



**From:** Weir, David (FCNB) <[david.weir@fcnb.ca](mailto:david.weir@fcnb.ca)>  
**Sent:** March-17-21 12:07 PM  
**Cc:** Mazerolle, Angela (FCNB) <[angela.mazerolle@fcnb.ca](mailto:angela.mazerolle@fcnb.ca)>; Sutherland Green, Jennifer (FCNB) <[jennifer.SutherlandGreen@fcnb.ca](mailto:jennifer.SutherlandGreen@fcnb.ca)>; Haines, Catherine (FCNB) <[Catherine.Haines@fcnb.ca](mailto:Catherine.Haines@fcnb.ca)>  
**Subject:** Act to Amend the Insurance Act

Dear stakeholder,

As you may be aware, today the Minister of Finance and Treasury Board introduced a Bill seeking to amend the New Brunswick *Insurance Act*. The Bill is not posted yet, but should be later today or tomorrow on this page - <https://www.gnb.ca/legis/bill/FILE/60/1/Bill-33-e.htm>

The primary purpose of this Bill is to update our intermediary licensing frameworks. This is a two stage process as some of the proposals for modernizing the intermediary licensing framework will be in the amended Act and other parts will be in a new Rule that will be forthcoming from the Commission later in the year.

As one of our key stakeholders, below you will find highlights of some of the changes found in the Bill:

- **Rule-Making Authority** – As alluded to above, the Bill will provide the Financial and Consumer Services Commission with concurrent authority to make rules on various matters within the Commission's regulatory mandate. Rules are similar to regulations passed by government and must be approved by the Minister. The ability to make Rules provides greater flexibility to deal dynamically with an ever-changing insurance marketplace. While the Bill introduces many changes respecting licensing of intermediaries, many of the details of the licensing framework will be in the Rule. The intent is that the Rule will incorporate and update many things that are currently in various regulations (e.g., licensing levels, qualifications and market conduct matters) and provide specific details on other licences that are being introduced (adjusting firms, agencies, managing general agents and restricted licences).  
Most of these items had previously been raised in consultation papers issued by the Commission on various topics. The Bill also proposes to repeal some provisions in the Act. The intent is to move some of these to the new Rule. This includes certain exemptions to licensing requirements currently found in the Act and the requirements related to trust accounts. Other antiquated provisions are being eliminated. When the draft Rule is complete, the Commission will publish it for comment and then make any necessary changes to finalize the Rule.

With respect to licensing, the Bill includes the following changes:

- **Eliminating Distinct Non-Resident Licence** – New Brunswick currently has a distinct non-resident broker licence for general insurance. Eliminating it means that all licence holders carrying out similar activities will hold the same licence and be subject to the same qualifications and responsibilities. The Rule will allow for equivalences for non-residents.

- *Eliminating Agent/Broker Distinction for licensing purposes* - The Bill proposes merging agents and brokers for licensing purposes for general insurance with a new definition of “agent” that captures both. Again, this will ensure that all licence holders carrying out similar activities will hold the same licence and be subject to the same qualifications and responsibilities. The Bill protects brokers and consumers by placing restrictions on who can hold themselves out as a “broker or brokerage”. The specific classes and levels of agent licences will be in the Rule.
- *Prohibiting the use of unlicensed individuals or businesses* – Although the Act currently prohibits individuals from acting as an intermediary without a licence, the Bill introduces a clear prohibition against an insurer or others allowing individuals or businesses to act on their behalf if the individual or business is not licensed or otherwise authorized or exempted.
- *Licensing Corporations, Partnerships and Sole Proprietorships* – The Bill introduces licensing of adjusting firms and agencies (which includes brokerages). The Bill also introduces licensing for managing general agencies (MGAs) and third-party administrators (TPAs) to clearly bring them within the Commission’s regulatory authority.
- *Licensing for Incidental Sales of Insurance* – The Bill introduces authority for the Superintendent to issue a restricted insurance representative licence to certain individuals and businesses that sell insurance incidentally to the sale of other products or the provision of services (e.g., life insurance on a mortgage). The details of the restricted insurance representative licence and the various consumer protections specific to the licence will be in the Rule.
- *Insurance with Unlicensed Insurers Through Special Insurance Brokers* – The Bill will expand the types of insurance that can be obtained from an unlicensed insurer beyond just fire and marine insurance. The amendments will allow all lines of insurance other than automobile, life and accident and sickness to be arranged through a special insurance broker. This allows insureds with hard to place risks to go outside New Brunswick or even Canada.

The Commission also recommends requiring the special broker to advise a consumer of certain risks about purchasing insurance through an unlicensed insurer.

- *Elimination of Damage Appraiser Licence* – The Bill will eliminate licensing of damage appraisers (New Brunswick is the only province that currently licenses damage appraisers). However, the Bill maintains regulatory oversight of individuals engaged in damage appraising. In particular, an insurer or adjusting firm allowing a damage appraiser to act on its behalf must ensure that the damage appraiser is properly qualified and must provide oversight. The Superintendent will also have the authority to prohibit an individual from acting as a damage appraiser if the person is not suitable.

Other changes include:

- Eliminating the Requirement on Insurer to File Notice or Process – This requirement does not provide a lot of information on industry practices or trends to the Commission. Reviewing court decisions and accessing insurers' annual market conduct statements provide better information to help understand what is happening in the marketplace. Eliminating the requirement would remove an unnecessary burden on insurers.
- Allowing for Diagnostic and Treatment Protocols – The amendments provide authority to introduce diagnostic and treatment protocols for motor vehicle accident victims who suffer a common collision injury. The over-riding objective of the protocols is to ensure that people who are injured in collisions receive fast and effective treatment to support their recovery. This would be accomplished by regulation, but the Act needs to be amended to include regulation-making authority to enable the adoption of the protocols.

While some of the changes will be coming into effect as soon as the Bill receives Royal Assent, several provisions will come into effect at a later date (on proclamation). This will allow time for the Rule to be finalized and for the Commission's systems to be updated.

I trust that you will find this information helpful. Although you are free to discuss the subject matter with others in your organization, I would ask that you keep it within your organization. If you have any comments or questions, please do not hesitate to contact me.

Best regards,

**David Weir**

Tel/Tél : 866-933-2222

Fax/Téléc : 506-453-7435

Financial and Consumer Services Commission  
Commission des services financiers et services aux consommateurs

## **Briefing Note**

**CAFII EOC Meeting 30 March 2021—Agenda Item 5(b)**

**AMF's Recently Confirmed *Distribution Act* Interpretation Which Requires That A Licensed Insurer Representative Be Involved In The Sale/Distribution of A Group Policy to/with The Distributor; and Industry Monitoring of/Intervention on This Issue Under CLHIA**

### **Purpose of this Agenda Item – *Update/Discussion***

This is an update and discussion item.

### **Background Information**

Michelle Costello and Rob Dobbins will provide an update on an interpretation from the AMF which would require a licensed insurer representative to be involved In the sale/distribution of a group policy to/with certain types of distributors.

### **Recommendation / Direction Sought – *Update/Discussion***

This is an opportunity for discussion on how to approach this matter with the AMF.

### **Attachments Included with this Agenda Item**

1 attachment.

**Agenda Item 5(b)**  
**March 30/21 EOC Meeting**

AMF's Recently Confirmed Distribution Act Interpretation Which Requires That A Licensed Insurer Representative Be Involved In The Sale/Distribution Of A Group Policy To The Distributor, Including Auto Dealers; and Industry Monitoring of/Intervention on This Issue Under CLHIA

**From:** Michelle Costello <michelle.costello@cumis.com>

**Sent:** March-24-21 9:28 AM

**To:** Rob Dobbins <rob.dobbins@assurant.com>; Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>

**Cc:** Cecillia Xiao <Cecillia.Xiao@assurant.com>

**Subject:** RE: Discussion Of "Development Around AMF Interpretation Relating to Credit Protection Insurance Distribution" At March 30/21 EOC Meeting

Hi Brendan,

I actually have an update on this issue. The interpretation of AMF was discussed yesterday during the CLHIA Quebec Legal Committee. In summary, the lawyers on the call supported the interpretation of AMF which requires a licensed representative as per s. 4 of the *Distribution Act* (see exception from paragraph 2). Therefore, no external opinion will be requested by CLHIA.

4. A group insurance representative is a natural person who offers insurance products in group insurance of persons or group annuities from one or more insurers.

Actuaries who, in pursuing activities as an actuary, offer insurance products in group insurance of persons or group annuities are not group insurance representatives.

1998, c. 37, s. 4; 2018, c. 23, s. 507.

The *Insurers Act* contains an exception at s. 73 for bank, financial institution or reinsurers.

**DIVISION V**

**SPECIAL PROVISIONS RESPECTING ACTIVITIES BETWEEN FINANCIAL INSTITUTIONS**

2018, c. 23, s. 3.

73. Except for the first paragraph of section 50 and Division IV, this chapter does not apply if the authorized insurer's client is a bank or another financial institution.

Nor does this chapter apply to reinsurer activities.

2018, c. 23, s. 3.

My team is meeting today to discuss our next steps.

Kind regards,

Michelle

**Michelle Costello | Business Compliance Manager, Creditor Insurance Product, Pricing & Operations**  
**CUMIS | The Co-operators**

**From:** Rob Dobbins <[rob.dobbins@assurant.com](mailto:rob.dobbins@assurant.com)>

**Sent:** March-23-21 10:21 AM

**To:** Michelle Costello <[michelle.costello@cumis.com](mailto:michelle.costello@cumis.com)>; Keith Martin <[Keith.Martin@cafii.com](mailto:Keith.Martin@cafii.com)>; Brendan Wycks <[brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com)>

**Cc:** Cecillia Xiao <[Cecillia.Xiao@assurant.com](mailto:Cecillia.Xiao@assurant.com)>

**Subject:** RE: CAFII--Development Around AMF Interpretation Relating to Credit Protection Insurance Distribution

Thanks Michelle. CLHIA's email was silent on the auto dealer space component of the issue which I should have picked up on. I would definitely appreciate any update you get from the CLHIA Quebec Legal Committee on the matter.

Rob

Rob Dobbins, CPA, CA  
Senior Director, Compliance  
Assurant - Canada

**From:** Michelle Costello <[michelle.costello@cumis.com](mailto:michelle.costello@cumis.com)>

**Sent:** Tuesday, March 23, 2021 8:49 AM

**To:** Rob Dobbins <[rob.dobbins@assurant.com](mailto:rob.dobbins@assurant.com)>; Keith Martin <[Keith.Martin@cafii.com](mailto:Keith.Martin@cafii.com)>; Brendan Wycks <[brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com)>

**Cc:** Cecillia Xiao <[Cecillia.Xiao@assurant.com](mailto:Cecillia.Xiao@assurant.com)>

**Subject:** CAFII--Development Around AMF Interpretation Relating to Credit Protection Insurance Distribution

Hi Rob,

Thanks for reaching out on this as I was just reviewing the email from Luke.

The issue is evolving and I believe that it was just recently confirmed by Michelle Helie that it's only applicable to the auto dealer space. Unfortunately, this is where our current issue resides and the AMF is looking for us to follow up on this by April 9<sup>th</sup>.

My Quebec Legal Counsel is the lead on this and my understanding is that this issue was to be brought forth yesterday or today at the CLHIA Quebec Legal committee as it impacts other insurers and not just us. So I am just waiting for an update and would be happy to share it with you once I hear more.

Please let me know if you have any other questions or would like to jump on a quick call to discuss this further.

Kind regards,  
Michelle  
**CUMIS** | **The Co-operators**

**From:** Rob Dobbins <[rob.dobbins@assurant.com](mailto:rob.dobbins@assurant.com)>  
**Sent:** March 22, 2021 5:28 PM  
**To:** Keith Martin <[Keith.Martin@cafii.com](mailto:Keith.Martin@cafii.com)>; Brendan Wycks <[brendan.wycks@cafii.com](mailto:brendan.wycks@cafii.com)>; Michelle Costello <[michelle.costello@cumis.com](mailto:michelle.costello@cumis.com)>  
**Cc:** Cecillia Xiao <[Cecillia.Xiao@assurant.com](mailto:Cecillia.Xiao@assurant.com)>  
**Subject:** FW: CAFII--Development Around AMF Interpretation Relating to Credit Protection Insurance Distribution  
**Importance:** High

On Friday afternoon, Luke O'Conner (CLHIA) sent an e-mail to the Alternate and Creditors Distribution Committee which included an update on this issue i.e. **Regarding distribution without a representative in Quebec: AMF position that the contract for creditor's group insurance has to be facilitated by a licensed agent**

Apparently, Michele Helie has been informed by the AMF that creditor's group insurance distributed by financial institutions is exempt from this position.

Michelle – I believe you also received the email and wanted to get your thoughts/reaction to it?

Thanks  
Rob  
Rob Dobbins, CPA, CA  
Senior Director, Compliance  
Assurant - Canada

**From:** Keith Martin <[Keith.Martin@cafii.com](mailto:Keith.Martin@cafii.com)>  
**Sent:** Friday, February 26, 2021 1:55 PM  
**To:** EOC and Other Committee Members  
**Cc:** Board Members and Board Surrogates  
**Subject:** [External] CAFII--Development Around AMF Interpretation Relating to Credit Protection Insurance Distribution

Dear CAFII Member,

A CAFII Member has brought an important AMF development to CAFII's attention. While this has received some attention at the CLHIA and you may be aware of the issue, we wanted to share this with our members so that everyone is alerted to this development.

While the specific case relates to distribution of credit protection insurance through an auto dealer, we are carefully monitoring it as it may apply more widely.

This is a very new issue and was recently raised to CLHIA and some of their committees this week.

- The AMF has recently confirmed that their interpretation of the Distribution Act requires that a licensed group representative be involved in the sale/distribution of the group policy with the distributor.
- Some of our members have a current process whereby their MGA delivers the group policy on the organization's behalf to the distributor (such as an auto dealer). So based on the AMF's interpretation of the Distribution Act these members are not compliant with the interpretation of the AMF.
- CLHIA members were reportedly "shocked" by this AMF interpretation, which may have implications for many members.
- CLHIA members also expressed concerns that they feel this might have a bigger impact than just credit protection insurance sold via auto dealers, and that it might impact other lines of business such as travel insurance that is sold in Quebec by non-licensed representatives.

CLHIA is doing the following:

1. They will be reaching out to the AMF on behalf of all CLHIA members to get a clearer understanding of where the AMF's position is coming from;
2. They are going to form an internal working group to engage all insurers impacted by this interpretation;
3. They are going to engage their Legal Committee to review this item and provide support.

CAFII will be monitoring this very carefully and we will be sharing any additional information we receive. This will be an agenda item at the upcoming 30 March, 2021 EOC Meeting.

Thank you,

--Keith

**Keith Martin**

Co-Executive Director / Co-Directeur général  
Canadian Association of Financial Institutions in Insurance



**From:** Michelle Costello <michelle.costello@cumis.com>  
**Sent:** February-26-21 10:30 AM  
**To:** Rob Dobbins <rob.dobbins@assurant.com>; Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>  
**Subject:** New Issue that has come up with the AMF

Hi Rob, Brendan and Keith,

Just wanted to make you all aware of a recent issue that has come up with the AMF. This is a very new issue and was recently raised to CLHIA and some of their committees this week.

So I wanted to make sure that I made you aware of it as well.

Here is a summary of the issue:

- The AMF has recently confirmed that their interpretation of the Distribution Act requires that a licensed group representative is required to be involved in the sale/distribution of the group policy with the distributor.
- Our current process is that our MGA delivers the group policy on our behalf to the distributor (auto dealer). So based on the AMF's interpretation of the Distribution Act – we are not compliant.
- We were the member that brought this issue to CLHIA as the issue actually came to light as part of a recent request for information that we received from the AMF.
- CLHIA members were “shocked” by this interpretation and looks like we aren't the only insurer that is impacted by this.
- Members also expressed concerns that they feel this might have a bigger impact than just creditor sold via auto dealers and that it might impact other lines of business such as travel insurance that is sold in Quebec by non-licensed reps

Here are CLHIA's next steps:

4. They will be reaching out to the AMF on behalf of all members to get a clearer understanding on where their position is coming from
5. They are going to form an internal working group for all insurer's impacted by this
6. They are going to engage their Legal Committee to review this item and provide support

Please feel free to reach out if you have any questions or would like to chat more about this.

Thanks,  
Michelle

**Michelle Costello | Business Compliance Manager, Creditor Insurance Product, Pricing & Operations**

**CUMIS | The Co-operators**

151 North Service Road, Burlington, ON, L7R 4C2

Tel: 905-632-1221 Ext. 614805 | Toll Free: 1-800-263-9120 Ext. 614805

## **Briefing Note**

**CAFIL EOC Meeting 30 March 2021—Agenda Item 5(c)**

**Updates Arising From CAFIL's and Members' Monitoring of Developments Around FCAC's "Appropriateness Guideline" Initiative**

### **Purpose of this Agenda Item – *Update/Discussion***

This is an opportunity for CAFIL members to provide updates on their internal work on and/or any intelligence gathered about the FCAC's Appropriateness Guideline.

### **Background Information**

The Board has asked CAFIL members to share, as appropriate, what internal efforts they are making around the FCAC's Appropriateness Guideline.

### **Recommendation / Direction Sought – *Update/Discussion***

This is an opportunity for the EOC to provide updates on how members are dealing with the FCAC's Appropriateness Guideline.

### **Attachments Included with this Agenda Item**

1 attachment.

**Agenda Item 5(c)**  
**March 30/21 EOC Meeting**

Updates Arising From CAFII's and Members' Monitoring of Developments Around FCAC's "Appropriateness Guideline" Initiative

**From:** Keith Martin <Keith.Martin@cafii.com>

**Sent:** November-04-20 4:38 PM

**To:** EOC Members

**Cc:** Brendan Wycks <brendan.wycks@cafii.com>

**Subject:** Board Request for EOC Members To Find Out and Share What Their Organizations are Doing Internally on the Appropriateness Test

Dear EOC Member:

At the 15 October, 2020 Board meeting, the Board agreed on an Action Item calling for EOC members (especially those in banks) to gather internal company information on what their member organization was doing on the FCAC's Appropriateness Guideline; and sharing this with Brendan and me, preferably prior to the November 17/20 EOC meeting, so that we can compile the various inputs into an aggregated, anonymous summary document that we distribute prior to the 17 November EOC meeting, or failing that, during the November 17/20 EOC meeting.

A summary document outlining in more detail the status of this file is attached (*below*).

Many thanks,

--Keith

**Keith Martin**

Co-Executive Director / Co-Directeur général

Canadian Association of Financial Institutions in Insurance

L'association canadienne des institutions financières en assurance

[keith.martin@cafii.com](mailto:keith.martin@cafii.com)

T: 647.460.7725

[www.cafii.com](http://www.cafii.com)

**One-Pager on CAFII Board's Directive/Request To The Executive Operations Committee (EOC) on the FCAC's Looming Financial Consumer Protection Framework (FCPF)-Based Financial Products "Appropriateness Guideline"**

- The CAFII Board has asked CAFII EOC members to find out what their own organization is doing on this file internally:
  - This includes finding out what different departments within the overall company (e.g. parent bank), which may be more advanced than the Insurance section of the parent bank on how to respond to an Appropriateness Guideline, have done thus far or intend to do on this file
  - This also includes seeing what work internal legal counsel within members' organizations has done thus far or intends to do on the Appropriateness Guideline
- This needs to be reported to the CAFII Co-Executive Directors who, if an EOC member(s) so desires, can present it in an anonymous, aggregated form at the 17 November/20 EOC Meeting
- There may be a need to launch an EOC Working Group on this issue (perhaps as a relaunched CCBPI Industry Best Practices Working Group, but with a special, add-on/sidebar mandate), but that would be contingent upon EOC members bringing to the table and sharing meaningful intelligence at the 17 November/20 EOC meeting, derived from their internal investigations

**Excerpt From September 22/20 EOC Meeting Minutes**

**5.c. Briefing Documents Being Developed For CAFII Board and EOC Members On Federal Financial Consumer Protection Framework (Bill C-86) And Quebec Bills 64 and 53**

K. Martin reported that CAFII management has been asked to produce a Briefing Document on the FCAC's intention to develop an "appropriateness test" for financial products, along with a separate Briefing Document on Quebec Bills 64 and 53.

M. Boyle recommended that as part of CAFII's efforts on the FCAC appropriateness test, that the Working Group on CPI Best Practices be resuscitated, with the appropriateness test added to the mandate of the Working Group. It was also noted that CAFII will reach out to the CBA to find out what work it has done on this file.

***[Action Item: resuscitate the Working Group on CPI Best Practices and add the FCAC appropriateness test to its mandate; K. Martin, 31 October, 2020.]***

**Excerpt From October 15/20 CAFII Board Meeting Minutes**

**Briefing Document on Federal Bill C-86, including Financial Consumer Protection Framework (FCPF); and Related Development of "Appropriateness Guideline"**

B. Wycks and K. Martin summarized the briefing note developed for Board members on Bill C-86, including what we have learned around an appropriateness guideline that the FCAC is preparing. There was discussion about how to proceed, with a desire to get information from the CBA on what it was planning to do. It was also recommended that the EOC should look at this issue and offer its recommendations on how best to proceed.

***[Action Item: Get EOC engaged in the issue of an FCAC Appropriateness Guideline, B. Wycks/K. Martin, 1 December 2020.]***

**Excerpt From October 29/20 CAFII EOC Meeting Minutes**

**5b. CAFII Board Directive/Request For Ongoing EOC Engagement in Monitoring FCAC's Development Of "Appropriateness Guideline" and Related Sharing of Members' Insights**

K. Martin summarized the desire of the Board that the CAFII EOC gather information on what their member organizations were doing around the FCAC's looming Appropriateness Guideline, and share this with the CAFII Co-Executive Directors, who, if an EOC member(s) so desires, could present the information in an anonymous, aggregated summary. The EOC should play a leadership role on this issue, and findings should be reported back to the Board. The Board also asked the EOC to find out what work the CBA was doing on this and share this with the Co-Executive Directors.

## **Briefing Note**

**CAFII EOC Meeting 30 March 2021—Agenda Item 5(c)(i)**

**Proposed CAFII Working Group On Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance**

### **Purpose of this Agenda Item – *Update/Discussion***

This is an opportunity for Martin Boyle of BMO Insurance to present a proposal that a special purpose CAFII Working Group be formed; and for fellow EOC members to offer their views on the proposal.

### **Background Information**

The CBA is currently providing feedback to the FCAC on its first draft of an Appropriateness Guideline, with a full public/stakeholder consultation on a refined draft to follow at a later date.

### **Recommendation / Direction Sought – *Update/Discussion***

This is an opportunity for the EOC members to provide feedback/input on a proposal from Martin Boyle of BMO Insurance that CAFII form a *Working Group On Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance*.

### **Attachments Included with this Agenda Item**

1 attachment.

***Agenda Item 5(c)(i)  
March 30/21 EOC Meeting***

**Proposed CAFII Working Group on Industry Alignment Re Interpretation of FCAC's Appropriateness Guideline's  
Application to Authorized Insurance Products/CPI; and Potential Approaches to Compliance**

**From:** Boyle, Martin <Martin.Boyle@bmo.com>

**Sent:** March-24-21 9:38 AM

**To:** Rob Dobbins <rob.dobbins@assurant.com>; Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>

**Subject:** EOC Meeting - FCAC Appropriateness Standard

Good morning gentlemen,

As you know, the FCAC is currently in consultations with the CBA on developing the appropriateness standard. While it is still in draft form, the implementation date is April 2022.

As a result, many (if not all) of CAFII's banking members are currently working on approaches for compliance to the standard. I think that there would be value in working together to get alignment on interpreting the standard's application to our industry as well as alignment in terms of the potential approaches to compliance.

I am sure that you are now well advanced in the development of the agenda for next week's EOC meeting, but I was wondering if this could be added as an item for discussion/decision (i.e., whether there is interest among the members to work together on the appropriateness standard).

Thanks,

**Martin Boyle**

Director, Governance & BUCO

**BMO Insurance** | 11<sup>th</sup> Flr, BMO Life Bldg, 60 Yonge St | Toronto, ON M5E 1H5

416-596-3900 ext.5030

[martin.boyle@bmo.com](mailto:martin.boyle@bmo.com)

## **Briefing Note**

**CAFII EOC Meeting 30 March 2021—Agenda Item 5(d)**

**Outcomes of March 24/21 Special FSRA-Called Meeting with CLHIA and CAFII Around Concerns Raised By Group Insurance/Employee Benefits Advisors Related To How Section 7 (Incentives) of Proposed UDAP Rule Would Apply To Their Sector Within Life and Health Insurance**

### **Purpose of this Agenda Item – *Update***

This is an update only.

### **Background Information**

FSRA's Stuart Wilkinson invited CAFII and CLHIA to participate together in a meeting about stakeholder feedback on the implications of the new FSRA UDAP Rule for certain industry groups.

### **Recommendation / Direction Sought – *Update/Discussion***

This is an update on what was discussed and learned at the meeting with FSRA; and what FSRA has asked of CAFII in terms of meeting outcomes/next steps.

### **Attachments Included with this Agenda Item**

2 attachments.



# Proposed Rule: Unfair or Deceptive Acts or Practices (UDAP) – Discussion with Group 3

# FSRA

Financial Services Regulatory  
Authority of Ontario

Date: March 24, 2021





## Agenda

---

- Welcome – Opening Remarks (10 minutes)
  - Introductions
  - Background on UDAP / Rule
  - Purpose of Discussion
- Discussion questions (45 minutes)
- Next Steps (5 minutes)





## Introductions

---

- FSRA
  - Policy – Auto/P&C
  - Policy – Market Conduct
  - Legal and Enforcement
  - Market Conduct – Insurance Conduct
- Ministry of Finance
- Canadian Association of Financial Institutions in Insurance (CAFII)
- Canadian Life and Health Insurance Association (CLHIA)



## Background on UDAP

- The Proposed Rule is intended to promote safety, fairness and choice for insurance customers. It supports FSRA's cross-cutting commitments to enhancing effectiveness and transparency, removing barriers to innovation, aligning with international best practices and transitioning towards principles-based regulation.
- Section 439 of Part XVIII of the *Insurance Act* prohibits Unfair or Deceptive Acts or Practices (UDAP), which are prescribed in Ontario Regulation 7/00 (UDAP regulation) under the Act.
- The UDAP regulation prescribes specific actions that are considered as unfair or deceptive, and may apply to everyone engaged in the business of insurance (only lawyers are exempt from certain sections in the regulation).
- FSRA is adopting a staged approach to transforming UDAP in Ontario. The first stage is intended to:
  - enable the definition of UDAP by a FSRA rule;
  - reduce identified barriers to innovation with a focus on incentives (e.g., rebates and inducements); and
  - redraft in an outcomes-focused manner in support of transitioning towards principles-based regulation.
- The draft rule is intended to preserve the substantive intent of the regulation where key consumer harms are at issue.
- A second stage of UDAP rulemaking is intended with a focus on issues that were deemed out of scope for stage one, including further transition towards principles-based regulation.



## Purpose of Discussion

- The statutory 90-day consultation period closed on March 18, 2021.
- FSRA received 24 comments, 10 questions and 26 submissions from stakeholders.
- FSRA received a number of comments from insurance advisors in the group benefits field, particularly with respect to the proposed Section 7 on Incentives / rebating.
- The focus of today's discussion is on the concerns FSRA has heard around Section 7 and how it would apply to the life and health insurance sector, specifically to group insurance / employee benefits plans.



## Discussion Questions – Group 3 (1/2)

- FSRA has heard concerns from a number of advisors in the group benefits field that:
  - Benefit plans might be initially underfunded, when the rebate is taken into account, leading to increase in premiums at renewal –
    - as a result, employers might experience significant and disproportionate costs on renewal
    - the costs and inconvenience of finding a new provider might reduce the chances employers would switch to new, more appropriate coverage
    - this experience might, in some cases, lead employers to withdraw from providing benefits
  - Insurers might use rebates to obtain business, driving others out of the market; insurers might then increase pricing, leading to issues with availability of insurance.



## Discussion Questions – Group 3 (2/2)

- FSRA has heard concerns that:
  - There is the possibility of rebates not being passed on to the end consumer, such as in cases where the insurer pays a rebate to a plan sponsor even though the individual member is responsible for paying premiums.
  - There could be tax implications –
    - are the rebates taxable income, and will insurers report them as such
    - might rebates taint the tax classification of disability benefits where an employee otherwise pays for all of the premiums; might the resulting benefits be at risk of being classified as taxable income
- How do your member companies intend to implement Section 7 on Incentives?
- Other concerns?



## Next Steps

- Review feedback from stakeholders, and hold follow-up consultation meetings for clarification where necessary.
- Integrate stakeholder feedback into proposed UDAP rule, as appropriate.
  - If changes are material, a second consultation period would be held.
- If no material changes are needed, FSRA would submit the proposed UDAP rule to the Minister of Finance for approval after the consultation closes.
- The FSRA Act provides a 60-day timeline for the Minister to review a rule submitted for approval. The coming into force of the rule could take longer if FSRA chooses to tie the coming into force of the rule to a future date or the coming into force of supporting legislative changes.

**Questions?**



**Agenda Item 5(d)(2)  
March 30/21 EOC Meeting**

**Outcomes of March 24/21 Special FSRA-Called Meeting With CLHIA and CAFII Around Concerns Raised By Group Insurance/Employee Benefits Advisors Related To How Section 7 (Incentives) of Proposed UDAP Rule Would Apply To Their Sector Within Life and Health Insurance**

**From:** Jennifer Chan <Jennifer.Chan@fsrao.ca>

**Sent:** March-25-21 1:57 PM

**To:** Lyne Duhaime <LDuhaime@clhia.ca>; Brent Mizzen <bmizzen@clhia.ca>; Brendan Wycks <brendan.wycks@cafii.com>; Keith Martin <Keith.Martin@cafii.com>; Justin Glinski <jglinski@clhia.ca>

**Cc:** Stuart Wilkinson <Stuart.Wilkinson@fsrao.ca>

**Subject:** Thank you / Action items - FSRA-UDAP discussion

Good afternoon everyone,

Thank you for participating in the yesterday's discussion on FSRA's Unfair or Deceptive Acts or Practices (UDAP) proposed rule. We appreciate you sharing your concerns in more detail.

There were a few actions from the meeting, in the context of section 7 Incentives:

- CAFII to bring back to members to consider and provide feedback on whether it would be appropriate for the following two situations to be an unfair or deceptive act or practice: 1) offering an inducement to a person who is ineligible, and 2) offering an inducement to someone who is outside of the target market;
- CLHIA to bring back the same situations as above to its members in its group insurance committee and credit insurance and alternative distribution committees for consideration. Additionally, two other items: 1) CLHIA to bring back the tax administration question around a rebate as taxable income to its tax colleagues. 2) CHLIA to solicit members' thoughts on how they may split the return of a rebate in a group insurance product (e.g., between the master policy holder and the certificate holder).

During the meeting, we had expressed the hope to receive this information as soon as possible – we understand this may present a challenge, and after reflecting on what we heard in our meetings with you and other groups, we think we have enough information right now to report back to our Board. We would still be happy to receive your response at a later date. Please let us know what a realistic timeline would be for your response.

Please do not hesitate to reach out if you have any questions.

**Jennifer (Jenn) Chan**

Senior Policy Analyst

Market Conduct Policy Division

Financial Services Regulatory Authority (FSRA)

C: 416.627.1314

E: [Jennifer.Chan@fsrao.ca](mailto:Jennifer.Chan@fsrao.ca)

*Change of address*

*Effective February 1, 2021 our new address is:*

*25 Sheppard Avenue West, Suite 100, Toronto, ON M2N 6S6*

## **Briefing Note**

**CAFII EOC Meeting 30 March 2021—Agenda Item 5e**

**CAFII Data Improvements Working Group With RSM Canada Around Quarterly CPI Benchmarking Study: Progress Report**

### **Purpose of this Agenda Item – *Update***

This is an update only.

### **Background Information**

A meeting was held on 16 March, 2021 with RSM Canada and representatives of the nine CAFII participants contributing data to the RSM Quarterly Benchmarking Study around ways to improve the data comparability and quality of the study.

### **Recommendation / Direction Sought – *Update***

This is an update on the Working Group's efforts to improve the data comparability and quality of the RSM Canada Quarterly Benchmarking Study.

### **Attachments Included with this Agenda Item**

1 attachment.



# CAFII BENCHMARKING WORKING GROUP DISCUSSION

63

MARCH 16, 2021



# Agenda

---

**Background**

**3**

**Potential improvements**

**4**

**Questions and open discussion**

**12**

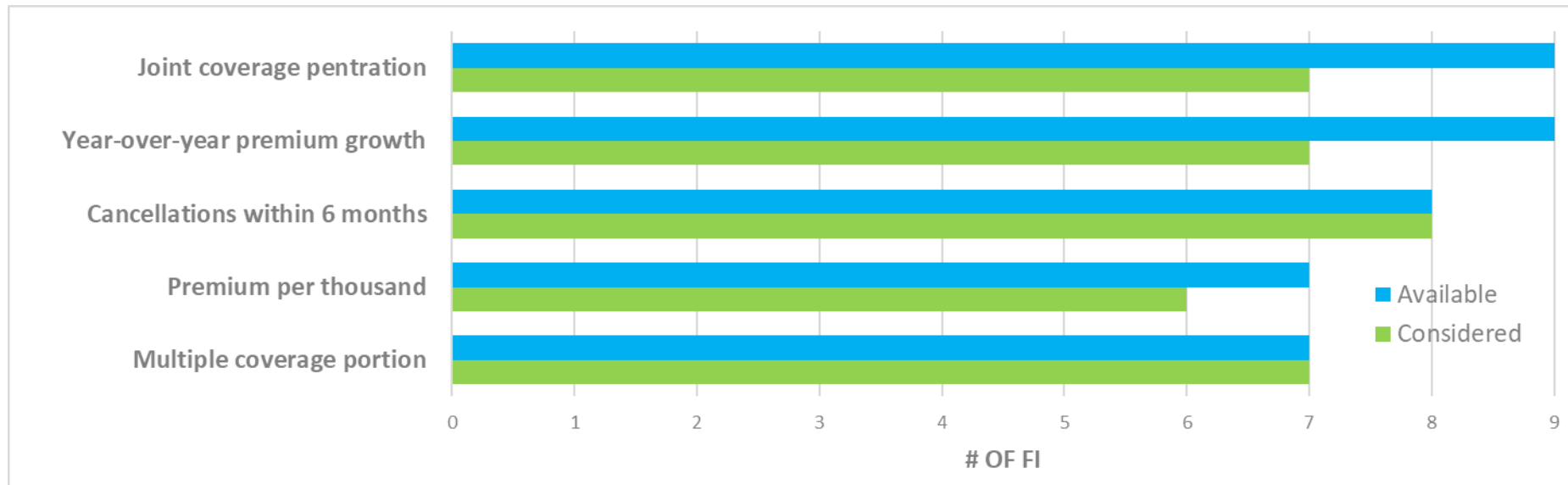
# Background

---

- A survey was sent in late January to each of the benchmarking report participants (“FIs”)
- The survey focused on three areas:
  - Additional metrics aside from penetration that can be benchmarked
  - Sales channels and products which can be included going forward
  - Identifying differences in penetration definitions and finding commonalities amongst the FIs
- The anonymized results of the survey will be shared throughout today's discussion
- Any improvements or changes to the report will be decided upon by this working group, and subject to CAFII legal input with respect to competition considerations prior to implementation
- This should be an open discussion regarding the benchmarking report

# Survey results – metrics

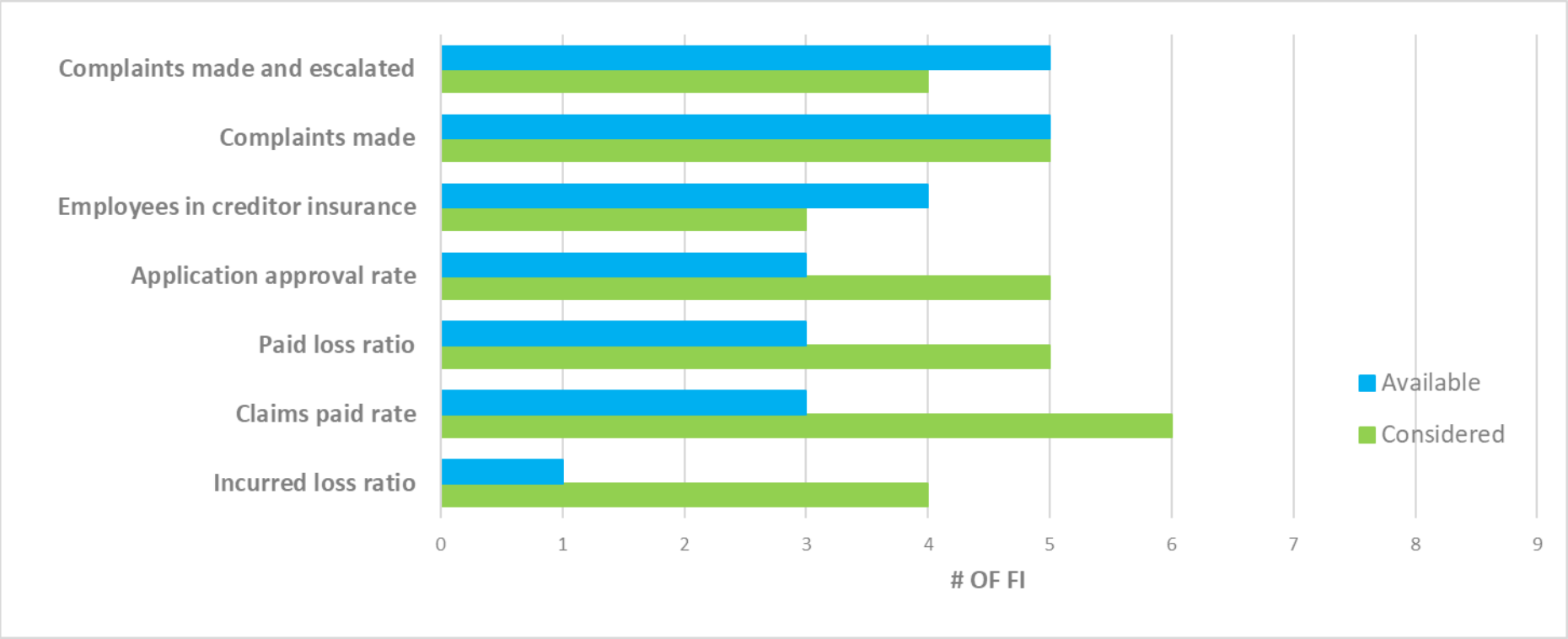
- **Most popular metrics by availability and interest:**



- Joint coverage penetration provides the percentage of policies sold that are joint policies
- For the cancellations within 6 month metric, multiple participants had requested that we instead look at 3 months

# Survey results – metrics

- Other metrics will less availability or interest:



# Survey results – metrics

## METRICS

### CONSIDERED

- Joint coverage penetration
- Year-over-year premium growth
- Cancellations within 6 months (or within 3 months)
- Premium per thousand
- Multiple coverage portion

### NOT PREFERRED

- Complaints made
- Complaints escalated
- Employees in creditor insurance
- Application approval rate
- Paid/incurred loss ratio
- Claims paid rate

## METRICS

### OTHER REQUESTED METRICS

- Average premium per policy
- Claim payment lag (average # of days from claims reported to paid)
- Number of lives
- Portfolio level cancellation rates
- Total insured amount
- Total premium

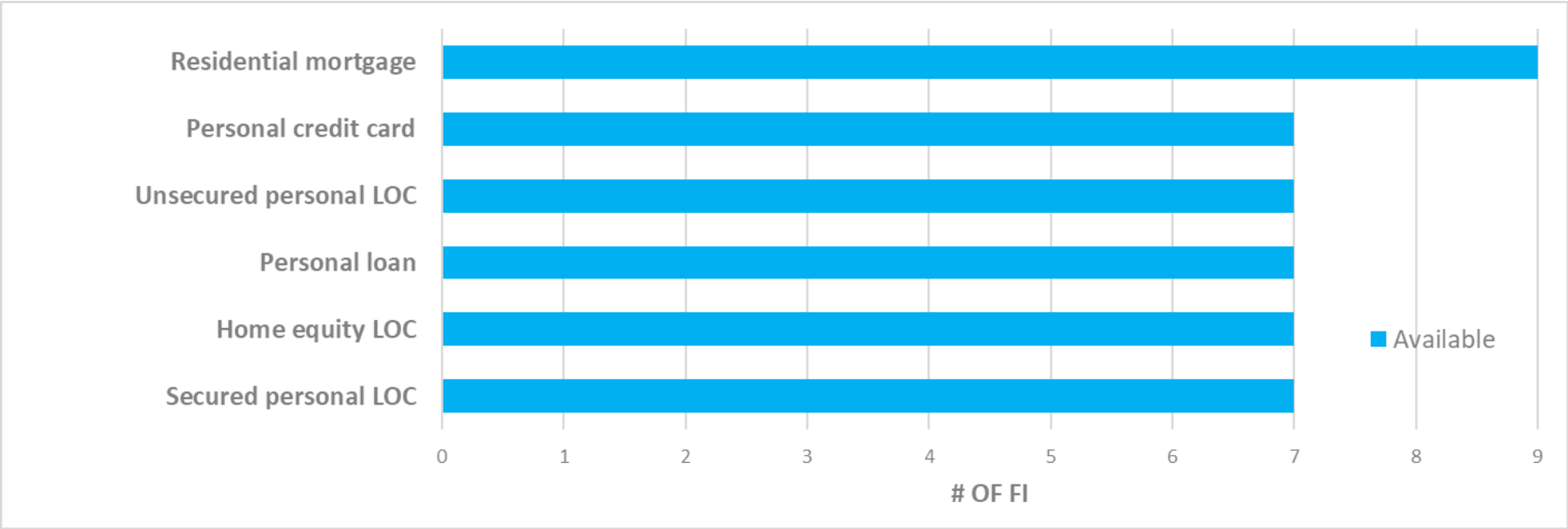
### COMMON CONCERNS

- Privacy considerations for size metrics (i.e. total premium)
- Data availability



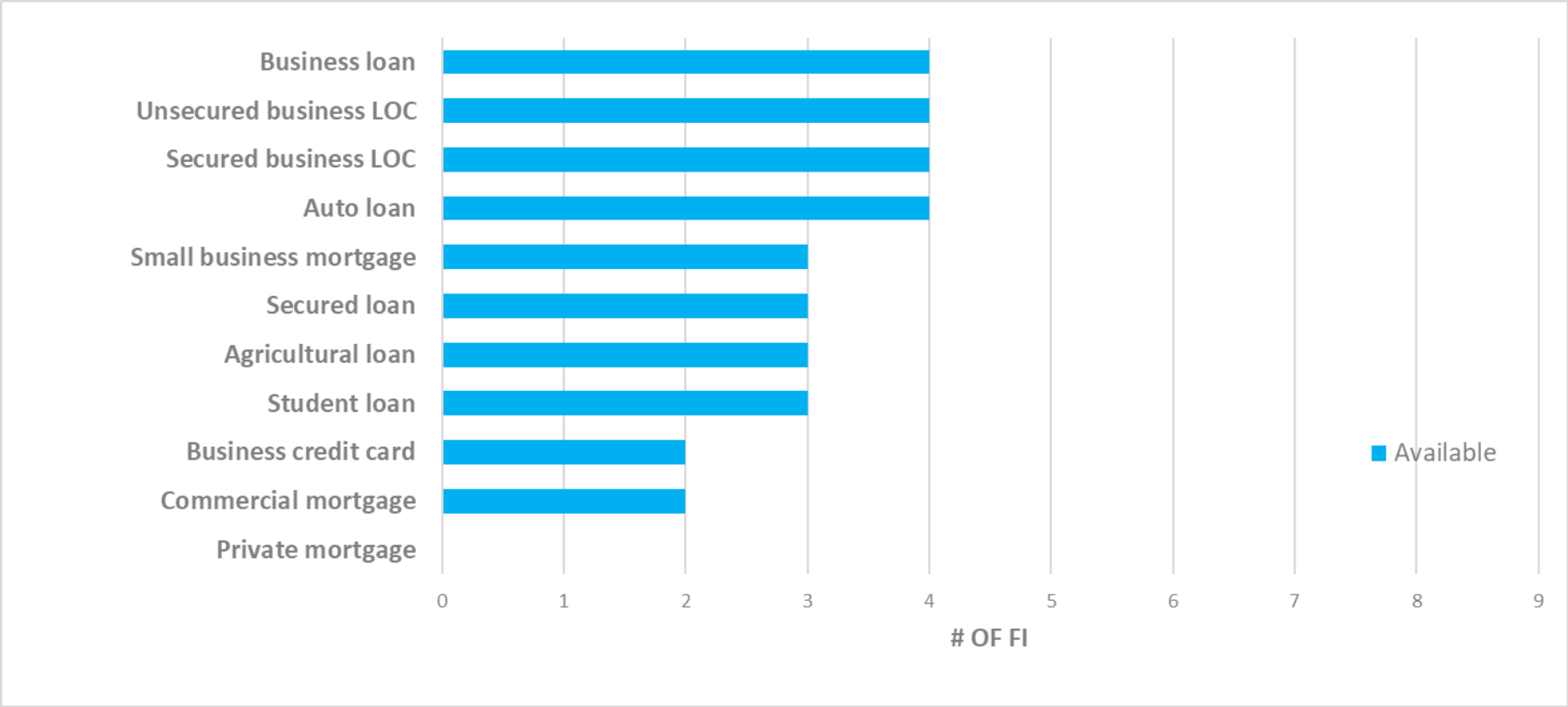
# Survey results – products

- Products that often have penetration metrics tracked by the FIs:



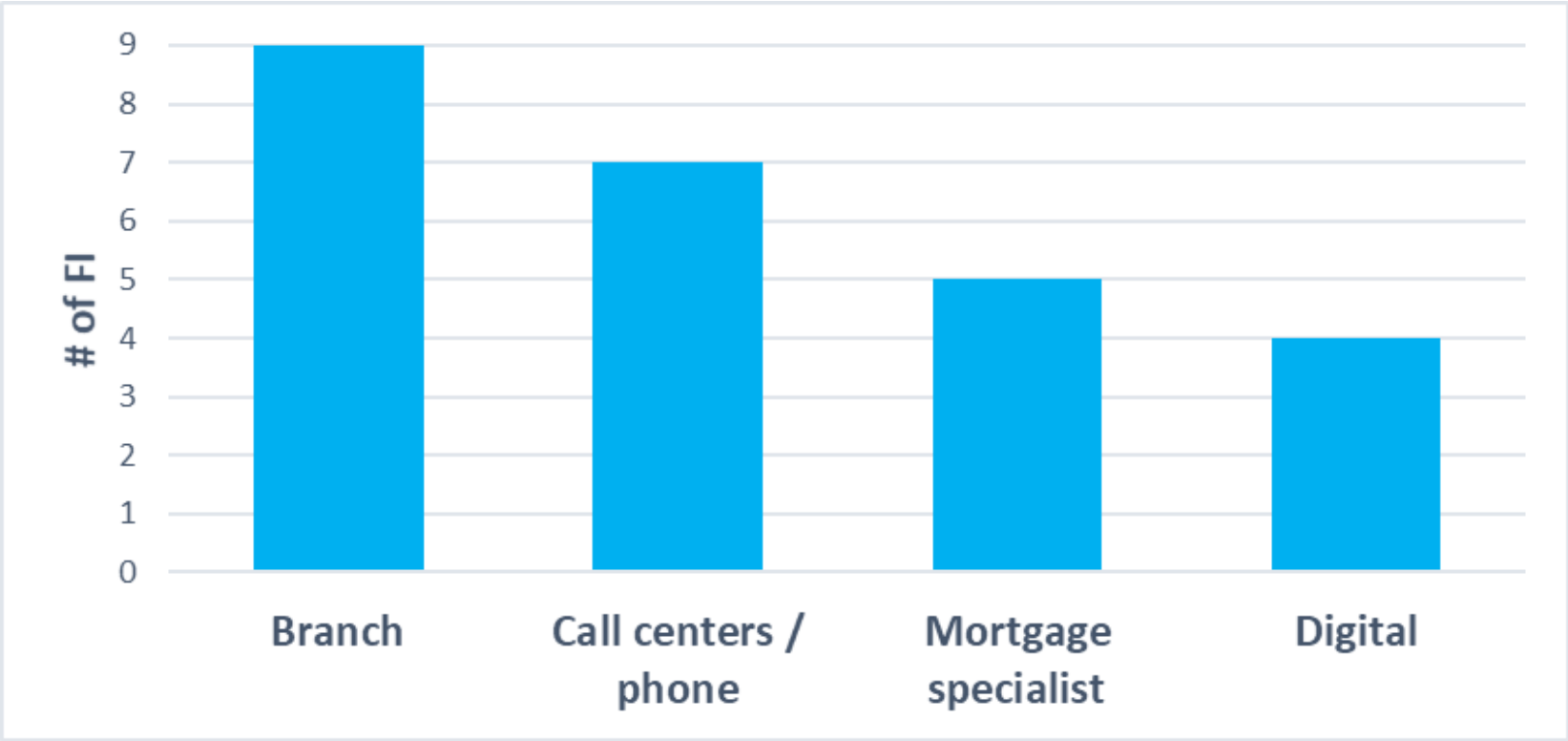
# Survey results – products

- Products that do not have penetration metrics frequently tracked by the FIs:



# Survey results – sales channels

- Main sales channels used by the FIs:



# Survey results – products and sales channels



## Products tracked frequently:

- Residential mortgage
- Personal credit card
- Unsecured personal LOC
- Personal loan
- Home equity LOC
- Secured personal LOC



## Products tracked infrequently:

- Business loan
- Unsecured business LOC
- Secured business LOC
- Auto loan
- Small business mortgage
- Secured loan
- Agricultural loan
- Student loan
- Business credit card
- Commercial mortgage
- Private mortgage



## Main sales channels:

- Branch
- Call centers / phone
- Mortgage specialist
- Digital

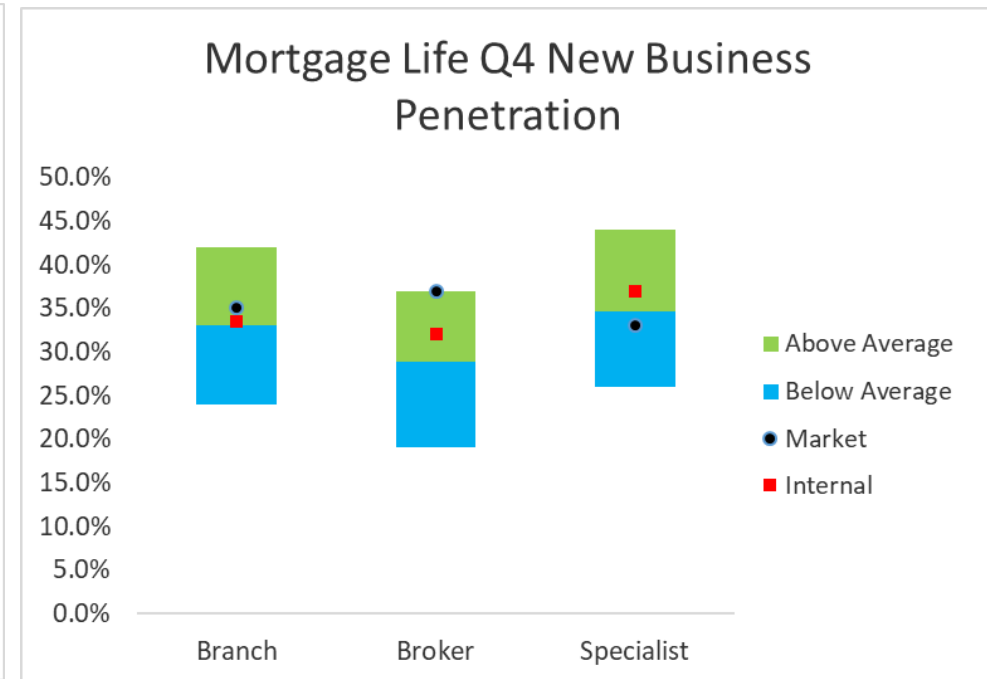
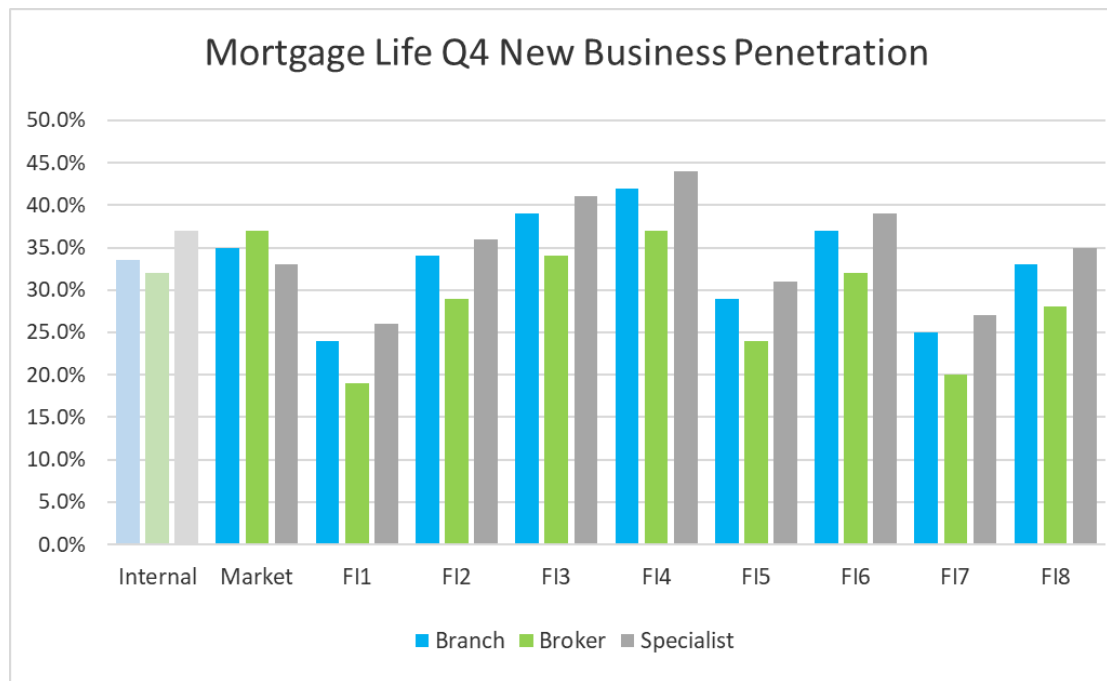


## Product + sales channel:

- Branch – all products
- Call centers / phone – all products
- Mortgage specialist – mortgages and secured LOCs
- Digital – LOCs and credit cards

# Suggested penetration changes

- To maintain internal consistency, we propose to continue to report penetration under two methodologies:
  1. A common methodology utilized in the reporting and shared amongst FIs; and
  2. An internally consistent metric to assist in the review of the report within each FI



# Summary of survey results – penetration definition

- Penetration was calculated differently across the FI, below is the most common definitions:

Penetration	Number of loans	Number of policies
The number of policies as a percentage of number of loans	Number of <b>loans eligible</b> for the insurance product	Number of <b>new policies issued during the period</b>

- Other considerations
  - Other calculation methods for number of policies – insurance policies applied for (but not necessarily approved), new policies remaining inforce at month-end
  - 5 of 9 FIs do not include loans issued prior to the period (ie. renewals, new insurance sales on existing loans, etc.) in new business penetration



# QUESTIONS AND ANSWERS



#### **rsmcanada.com**

This document contains general information, may be based on authorities that are subject to change, and is not a substitute for professional advice or services. This document does not constitute audit, tax, consulting, business, financial, investment, legal or other professional advice, and you should consult a qualified professional advisor before taking any action based on the information herein. RSM Canada LLP, RSM Alberta LLP and RSM Canada Consulting LP, and their affiliates and related entities are not responsible for any loss resulting from or relating to reliance on this document by any person. This communication is being sent to individuals who have subscribed to receive it or who we believe would have an interest in the topics discussed.

RSM Canada LLP is a limited liability partnership that provides public accounting services and is the Canadian member firm of RSM International, a global network of independent audit, tax and consulting firms. RSM Alberta LLP is a limited liability partnership and independent legal entity that provides public accounting services. RSM Canada Consulting LP is a limited partnership that provides consulting services and is an affiliate of RSM US LLP, a member firm of RSM International. The firms of RSM International collaborate to provide services to global clients, but are separate and distinct legal entities that cannot obligate each other. Each firm is responsible only for its own acts and omissions, and not those of any other party. Visit [rsmcanada.com/aboutus](http://rsmcanada.com/aboutus) for more information regarding RSM Canada and RSM International.

RSM, the RSM logo and The power of being understood are registered trademarks of RSM International Association, used under licence.

© 2021 RSM Canada Consulting LP. All Rights Reserved.



**Briefing Note**

**CAFII EOC Meeting 30 March 2021—Agenda Item 5(f)**

**Insights Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact Of COVID-19 On Travel Insurance Industry**

**Purpose of this Agenda Item – *Update***

Update only.

**Background Information**

CAFII, CLHIA, and THIA meet weekly to discuss the impact of COVID-19 on the travel medical insurance industry.

**Recommendation / Direction Sought -- *Update***

This is an update only.

**Attachments Included with this Agenda Item**

No attachments.

## **Briefing Note**

**CAFII EOC Meeting 30 March 2021—Agenda Item 6(a)**

**Proposed Mechanisms for Creating Better Engagement/Succession Pipeline of CAFII Committee Chairs and Other Volunteer Leadership Roles; and Need To Secure Near-Term Successor Chair for One CAFII Committee**

### **Purpose of this Agenda Item – *Discussion***

Discussion.

### **Background Information**

CAFII Committees generally have a Chair who, when he/she needs to step down, must be replaced. It might be a better method also to have a Vice-Chair appointed for all CAFII Committees, so that a person can be up-to-speed on becoming the Chair with a known succession. Rob Dobbins and Moira Gill will present ideas around CAFII Committee leadership for discussion with EOC members. As well, Media Advocacy Chair Charles Blaquiere and Travel Medical Insurance Experts Working Group Chair Afzal Baig have indicated that they will be stepping down from their respective Chair responsibilities in the near future, and CAFII will therefore ask EOC members for possible nominees for (i) a new Media Advocacy Committee Chair; (ii) a Media Advocacy Committee Vice-Chair; (iii) a new Travel Medical Insurance Experts Working Group Chair; and (iv) a Travel Medical Insurance Experts Working Group Vice-Chair.

### **Recommendation / Direction Sought -- *Update***

This is an opportunity for discussion and feedback.

### **Attachments Included with this Agenda Item**

No attachments.

**Briefing Note**

**CAFII EOC Meeting 30 March 2021—Agenda Item 6(b)**

**Application Review and Admission of RSA as a New Associate**

**Purpose of this Agenda Item**

Approval.

**Background Information**

The EOC is being asked to approve RSA as a new CAFII Associate.

**Recommendation / Direction Sought – *Approval***

Approval.

**Attachments Included with this Agenda Item**

1 attachment.

## CAFII ASSOCIATE STATUS APPLICATION FORM: 2021

Organization Name: Royal & Sun Alliance Insurance Company of Canada

Representative's Name and Title: Shane Thom, Director, Business Development, Travel

Address: 18 York Street, Suite 800

City: Toronto

Province: Ontario

Postal Code: M5J 2T8

Phone - Main: 416.525.4504

Direct: 416.525.4508

Fax:

Email: sthom@johnson.ca

Website: rsagroup.ca

Parent Company (if applicable):

### Description and Dues Amount:

I. Associates ☐ \$4,800

Organizations that are suppliers to and/or supporters of the financial institutions in insurance industry in Canada or otherwise support the Association's goals are eligible to apply for CAFII Associate status. Associates receive invitations to have up to five representatives attend CAFII's Annual Members' Luncheon and Reception events (typically three per year); and also receive periodic CAFII-produced industry information/intelligence communications. For 2021, Associates pay \$4,800 per annum in one instalment with the invoice to be issued on or about February 1/21.

*Associate Status is valid from January 1 to December 31 each year.*



Signature of Applicant:

March 16, 2021

Date:

As a signing authority for my organization, I hereby acknowledge that as an applicant for Associate status in CAFII, my organization supports the Association's mission, objectives, and policy positions. For more information visit [www.cafii.com](http://www.cafii.com).

**Briefing Note**

**CAFII EOC Meeting 30 March 2021—Agenda Item 6(c)**

**Draft Minutes of February 11/21 Special Purpose CAFII Board Meeting**

**Purpose of this Agenda Item**

Approval.

**Background Information**

The EOC is being asked to recommend to the CAFII Board approval of the Draft Minutes of its February 11, 2021 Special Purpose Meeting.

**Recommendation / Direction Sought – *Approval***

EOC Recommendation to the Board for Approval.

**Attachments Included with this Agenda Item**

1 attachment.

**SPECIAL PURPOSE BOARD OF DIRECTORS MEETING  
CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE**

**Thursday, 11 February, 2021**

**MINUTES**

<b>Board Present:</b>	Chris Lobbezoo	RBC Insurance, <i>Chair</i>
	Nicole Benson	Valeyo
	Paul Cosgrove	Assurant Canada
	Janice Farrell-Jones	TD Insurance
	Zack Fuerstenberg	ScotiaLife Financial
	Louie Georgakis	The Canada Life Assurance Company
	Peter McCarthy	BMO Insurance
	Sophie Ouellet	Sun Life
	Rob Robinson	Canadian Premier Life Insurance
	Mica Sweet	CIBC Insurance
	Peter Thompson	National Bank Insurance
	Wally Thompson	Manulife Financial
	Kelly Tryon	CUMIS/The Co-operators

<b>Also Present:</b>	Rob Dobbins	Assurant, <i>Board Secretary and EOC Chair</i>
	Keith Martin	CAFII Co-Executive Director
	Brendan Wycks	CAFII Co-Executive Director
	Albert Lin	Managing Matters

**1. Call to Order and Meeting Confirmation**

C. Lobbezoo welcomed all to present to this Special Purpose Meeting of the CAFII Board of Directors on possible updates and adjustments to the Association's 3 to 5 Year Strategic Plan, and he called the meeting to order at 1:02 p.m. Albert Lin acted as Recording Secretary.

R. Dobbins, Board Secretary, confirmed that notice of this meeting had been sent to all Directors in accordance with the Association's By-Law; and that a quorum of Directors – more specifically, 13 of the Association's 14 Directors -- was present on the MSTeams platform.

C. Lobbezoo declared this meeting of the Board of Directors of the Canadian Association of Financial Institutions in Insurance duly convened and properly constituted for the transaction of business.

**1.a Welcome To A New CAFII Director and A New CAFII Member**

C. Lobbezoo noted that Co-Executive Director Brendan Wycks had confirmed to the Board via email that morning that all 13 existing CAFII Directors had signed and returned a Three-Part Written Resolution which had been circulated the previous week, such that the three important Association governance matters set out in that Written Resolution had been declared Approved, effective today.

Mr. Lobbezzo advised that he therefore wanted to take a few minutes at the outset of this meeting to make those matters completely official.

On behalf of the Board of Directors, Mr. Lobbezoo extended

- congratulations and a welcome to Valeyo as the newest and 14<sup>th</sup> Member of our Association; and
- congratulations to Nicole Benson on being confirmed for continuation on the Board as the Director from Valeyo, having previously been serving as the Director from Canadian Premier Life Insurance Company; and
- congratulations and a welcome to Rob Robinson on his appointment to the Board, as the Director from Canadian Premier Life Insurance Company.

Mr. Lobbezoo then invited new Director R. Robinson to introduce himself to his fellow CAFII Board members, and Mr. Robinson provided a self-introduction.

### **1.b Approval of Agenda**

*On a motion duly made, seconded and unanimously carried*

**IT WAS RESOLVED** that the meeting Agenda be and is approved as presented.

### **2. Review and Renewal of CAFII's 3 to 5 Year Strategic Plan**

C. Lobbezoo called upon K. Martin to provide a *CAFII 3 to 5 Year Strategic Plan Review and Refinement Opportunities* presentation for the Board.

As an opening precept, Mr. Lobbezoo noted that if substantive new items were to be added to the CAFII Strategic Plan, there would need to be discussion of what existing items might fall off, as too many priorities would dilute the Association's focus. As well, substantive new priorities would require resourcing, including human resources implications and budgeting considerations.

K. Martin provided a review and refinement opportunities presentation on the current CAFII 3 to 5 Year Strategic Plan which had been approved by the Board of Directors in February 2018; and he answered clarification questions posed by Directors.

Mr. Martin noted that comments from Board members at previous Board meetings had suggested that there was general comfort with the strategic direction that the Association was taking. However, with the pace of change in the industry, combined with the passage of time and the changes brought about due to the COVID-19 pandemic, the Board felt that this was an opportune moment to review the strategy and obtain feedback from the Board about whether any adjustments should be made to it.

Mr. Martin highlighted that the Strategic Plan review document included some proposed tweaks to the CAFII Mission Statement, with the intent being to modify the wording to reflect more specifically a consumer-centricity in CAFII's mission, including a fundamental emphasis on the fair treatment of customers.

On the issue of CAFII's primary focus on relationship-building, communications, and advocacy with insurance regulators and policy-makers across Canada, the Board felt that the current approach and goals being pursued by the Association were effective and should continue.

The Board supported adding the Financial Consumer Agency of Canada (FCAC) as a key regulatory relationship body, to be included in CAFII's regulatory priorities going forward.

There was agreement that CAFII should continue to explore ways to proactively, and not just reactively, influence regulators and policy-makers on CAFII members' key priorities.

The Board supported adding periodic webinars to CAFII's toolkit as a vehicle for building relationships and getting our key messages out to regulators and policy-makers. Webinars should not replace in-person meetings/visits, but rather should supplement them, even after the COVID-19 pandemic subsides and in-person visits are possible again. There was general agreement that webinars can effectively complement in-person meetings, and provide opportunities to connect with more regulators and policy-makers— both those who are sole or panelist presenters in the webinars as well as those who attend as audience members.

With respect to the discontinued Canadian Bankers Association (CBA) benchmarking study on credit protection insurance which CAFII took over and relaunched in 2020 with RSM Canada as actuarial services provider, for which the Association had allocated \$67K annually for four quarterly studies, the Board supported continuation of that initiative as well as trying to improve the study's data quality and comparability going forward.

The Board was asked if CAFII should build upon the RSM Canada study and make the collection and sharing of CPI industry data statistics a new strategic priority, much like CLHIA had done through its annual "Canadian Life & Health Insurance Facts." Board members did not indicate a desire to move in that direction at this time.

It was noted that Canada's insurance regulators and policy-makers are increasingly reviewing what their counterparts in other international jurisdictions are doing -- including the US, UK, Singapore, and Australia -- and considering whether their initiatives are relevant in the Canadian context. The Board was asked if CAFII should make the sharing with members of intelligence about international insurance policy and regulatory developments and trends a new strategic priority? Board members noted that CAFII does have its antennae out on international developments already, so this is not really a new focus. The Board validated the importance of CAFII's continuing to monitor and disseminate insights about international developments, as they have the potential to influence Canadian regulators and policy-makers.

It was noted that CAFII has raised its media and public profile in recent years, and has therefore generated more media coverage. The Board was asked whether CAFII should look for more speaking opportunities for CAFII management to promote the Association's key messages and our Members' commitment to fair treatment of customers? The Board felt that speaking events would arise naturally in response to opportunities, and where appropriate CAFII should engage in these events. But the Board did not see the need to proactively explore opportunities for engaging in more of these events.

It was noted that the Association's members have observed a dramatic increase in consumers' willingness to engage with companies digitally during the COVID-19 pandemic. CAFII had therefore commissioned a Pollara Strategic Insights consumer research study to see if this trend was likely to become a permanent reality. The Board felt that digital trends will be an important future reality for the industry. The Board did not feel that this was a new strategic priority, in that it is already woven into the research and monitoring elements of CAFII's mission. But the Board did feel that digitization should become more of a central focus for CAFII going forward.

### 3. Adjournment

*On a motion duly made, seconded and unanimously carried*

**IT WAS RESOLVED** that the meeting be adjourned at 2:00 p.m.



**Briefing Note**

CAFII EOC Meeting 30 March 2021—Agenda Item 6(d)  
Draft Minutes of February 23/21 EOC Meeting.

**Purpose of this Agenda Item**

Approval.

**Background Information**

The EOC is being asked to approve the minutes of its 23 February, 2021 meeting.

**Recommendation / Direction Sought – *Approval***

Approval.

**Attachments Included with this Agenda Item**

1 attachment.

**CAFII Executive Operations Committee Virtual Meeting**

**Tuesday, February 23, 2021**

**Minutes**

**EOC Present:**

Rob Dobbins, Assurant (Chair)  
Tony Pergola, ScotiaLife Financial (Treasurer)  
Carmelina Manno, ManuLife  
Aanchal Gulia, Sun Life  
Anaar Jessa, Sun Life  
Charles Blaquiére, Valeyo  
Monika Spudas, Manulife  
Martin Boyle, BMO Insurance  
Dana Easthope, Canadian Premier Life  
Edward Kuo, Sun Life  
Michelle Costello, CUMIS/The Co-operators  
Sharon Apt, Canada Life Assurance  
Emily Brown, Sun Life  
Pete Thorn, TD Insurance  
Isabelle Choquette, Desjardins Insurance  
Marie Nadeau, National Bank Insurance  
Brad Kuiper, ScotiaLife Financial  
Casandra Litniansky, CUMIS/The Co-Operators  
Kamana Tripathi, TD Insurance  
Karyn Kasperski, RBC Insurance  
Vivek Sahni, RBC Insurance  
Moir Gill, TD Insurance  
Afzal Baig, TD Insurance  
Corinna Gogin, CUMIS/The Co-Operators  
Anita Mukherjee, RBC Insurance  
Andrea Stuska, TD Insurance  
Twila Allen, TD Insurance (guest observer)

**Also Present:**

Brendan Wycks, *Co-Executive Director*  
Keith Martin, *Co-Executive Director*  
Albert Lin, CAFII/Managing Matters

**1. Welcome, Call to Order, and Priority Matters**

**1.a. Call to Order**

EOC Chair and Board Secretary R. Dobbins called the meeting to order at 2.02 p.m.

**1.b. Welcome to New EOC Members**

R. Dobbins welcomed new EOC member C. Manno from Manulife, as well as T. Allen, a guest observer from TD Insurance. Mr. Dobbins invited Ms. Manno and Ms. Allen to introduce themselves to EOC members, and both provided brief self-introductions.

## **2. Consent Items**

The following Consent Items that do not require any discussion or decision were tabled:

- Consultations/Submissions Timetable
- Regulatory Update
- Regulator and Policy-Maker Visit Plan
- Summary of Board and EOC Action Items
- Board-Approved Schedule Of CAFII 2021 Meetings And Events

## **3. Financial Management Matters**

### **3.a. CAFII Financial Statements as at January 31/21**

CAFII Treasurer T. Pergola provided an update on CAFII's financial statements as at 31 January, 2021. He noted that monthly revenue was \$77K and expenses were \$52K, resulting in a surplus of \$25K. He noted that some 2020 expenses would be incurred in 2021, including a portion of the expenses for the website and for the consumer research study. He highlighted that the Board had approved a \$50K contingency fund as part of the 2021 CAFII Operating Budget, which was intended to provide for the possibility that in-person events and travel would be permitted to resume in the latter half of 2021.

Mr. Pergola advised that CAFII's financial reserves as a percentage of annual operating expenses were currently at 49%. CAFII's Reserves Guideline called for the Association to strive to have financial reserves of between 25% and 50% of annual operating expenses at any given point in time, so we are within the targeted range.

There was \$12K still in the restricted special projects fund, and CAFII will discuss with auditor KPMG whether this should be returned to the general coffers, Mr. Pergola noted. CAFII has attracted three new paying Associates thus far in 2021: Dog and Pony Studios, RSM Canada, and Stikeman Elliott, he concluded.

### **3.b. Update on KPMG Audit of CAFII 2020 Fiscal Year Financial Statements**

B. Wycks provided an update on the critical path and timelines for KPMG's audit of CAFII's 2020 fiscal year financial statements.

### **3.c. Dissemination of 2021 First Instalment CAFII Member Dues Invoices**

B. Wycks noted that the first instalment of the 2021 CAFII member dues invoices had now been disseminated, with payments expected to be received in the near future.

## **4. Committee Updates**

### **4.a. Research & Education**

#### **4.a.i. CAFII 2020-21 Consumer Research Project With Pollara Strategic Insights: Progress Report**

Research & Education Chair A. Stuska noted that the Pollara consumer research project questionnaire was now complete, and was about to go to field.

Within the next few weeks, the polling phase should be complete, after which the results will be tabulated and a report developed by Pollara. K. Martin noted that two additional questions have been added to the study, one on whether the COVID-19 pandemic has made respondents more likely to purchase insurance, the other more specifically on whether the pandemic has made respondents more likely to purchase credit protection insurance.

#### **4.b. Media Advocacy**

##### **4.b.i. CAFII Motion Graphic Website Video On Credit Protection Critical Illness Insurance and Credit Protection Disability Insurance: Status Report Including Posting on Website; Transmittal to Regulators; and Media Release**

Media Advocacy Chair C. Blaquiére noted that the latest CAFII website video on critical illness CPI and disability CPI was now complete. K. Martin noted that closed captions had been added to the videos to assist people with disabilities. When the videos are posted on the website, a communiqué will be shared with EOC and Board members.

***[Action Item: Communicate to the EOC and Board when the video on critical illness CPI and disability CPI is published on the CAFII website and on Youtube; K. Martin, March 2021.]***

##### **4.b.ii. Draft CAFII Media Release On New Video On Credit Protection Critical Illness Insurance and Credit Protection Disability Insurance**

K. Martin reported that CAFII media consultant D. Moorcroft has recommended that the publication of the new CAFII website video on critical illness CPI and disability CPI should be accompanied by a media release. The angle for the media release is that this is evidence of CAFII's ongoing commitment to fair treatment of customers and to enhancing consumers' financial literacy. CAFII will also be sending to over 200 insurance regulator and policy-maker contacts an email informing them of the publication of the video.

***[Action Item: Inform insurance regulators and policy-makers across Canada that a new CAFII website video on critical illness insurance CPI and disability CPI videos has been published on the CAFII website and on Youtube; K. Martin, March 2021.]***

#### **4.c. Market Conduct & Licensing**

##### **4.c.i. FSRA Consultation on Proposed Rule [2020-002] – Unfair or Deceptive Acts or Practices, with March 18/21 Submission Deadline**

Market Conduct Chair B. Kuiper noted that FSRA's current UDAP Rule consultation was around a change that CAFII members generally viewed favourably, but that close attention still had to be paid to the details on this initiative. K. Martin noted that the objective of this FSRA consultation was to provide stakeholders with the opportunity to comment on FSRA's intention to eliminate an existing Regulation on Unfair or Deceptive Acts or Practices (UDAP) and replace it with a new Rule. The rationale for this change was to provide industry with greater clarity on expectations around UDAP, and to introduce new provisions that provide industry with greater flexibility around innovation.

**[Action Item: Distribute Critical Path for CAFII's response submission on FSRA's UDAP Rule consultation and launch Market Conduct & Licensing Committee response development process; B. Wycks, March 2021.]**

#### **4.d. Travel Medical Insurance Experts**

##### **4.d.i. Reactivation of CCIR Travel Insurance Working Group (TIWG) and Consultation With Industry Around Reforms Needed To Trip Cancellation Component of Travel Insurance; and Tweaks To Travel Insurance Data Gathered Via CCIR's 2022 Annual Statement on Market Conduct**

Travel Medical Insurance Experts Working Group Chair A. Baig noted that CCIR's Travel Insurance Working Group (TIWG) Chair Harry James had expressed some disappointment on response rates for some of the travel insurance-related questions on the most recent Annual Statement on Market Conduct (ASMC). Mr. Baig noted that different insurers collect data differently and not all were able to respond to some of the ASMC questions. Similarly, the new 2022 questions on travel insurance are intended to be answered on a best efforts basis, and not all insurers collect the data related to some of the questions in the survey.

#### **4.e. Networking & Events**

##### **4.e.i. Plans For CAFII Webinars In Q1 and Q2 of 2021**

Networking & Events Chair S. Kirby noted that CAFII is organizing some webinars for 2021 and the Co-Executive Directors would be in a position to follow up with details in the coming weeks.

B. Wycks noted that one initiative that CAFII was actively exploring was to invite Australian bancassurance executive/consultant Helen Troup, who had visited CAFII in Toronto two years ago, to participate in a webinar on recent developments in Australia around credit protection insurance. Several EOC members expressed enthusiastic support for a CAFII webinar featuring Helen Troup on recent bancassurance developments in Australia.

#### **5. Recent and Upcoming Strategic and Regulatory Initiatives**

##### **5.a. CAFII Board Chair and Vice-Chair Recommendations Arising From Recent Developments In FCAC's Crafting of an Appropriateness Guideline**

K. Martin updated the EOC on the current status of the FCAC's work on an Appropriateness Guideline. CAFII recently learned that the FCAC has released a *Discussion Paper on the FCPF's Appropriate Products Procedures Provisions*, with a 25 February, 2021 deadline for responses from members of its Financial Consumer Protection Framework (FCPF) Implementation Working Group (WG) which consists of 12 bank/FRFI representatives, along with the CBA as an observer.

Mr. Martin recalled that at the 1 December, 2020 CAFII Board meeting, there was clear direction from the Board for the Association to monitor the FCAC's work on developing an Appropriateness Guideline and to develop arguments as to why it should not apply to CPI; but there was also clear direction that CAFII **should not** engage with the FCAC or the CBA on this issue at this time.

However, circumstances had changed now that the FCAC had released the above-noted Discussion Paper to its FCPF Implementation Working Group. As a result, a recommendation was provided to the Board that CAFII should reach out to the FCAC and ask for a copy of the discussion paper and an opportunity to provide a submission on it.

This recommendation was emailed to the Board, but there was no consensus on this matter and a concern had been expressed by one Director that it would be premature to reach out to the FCAC at this time.

#### **5.b. Insights Gained From CAFII/CLHIA/THIA Weekly Calls Re Impact Of COVID-19 On Travel Insurance Industry**

B. Wycks reported on recent intelligence gleaned from weekly meetings being held with CLHIA and THIA around the impact of COVID-19 upon the travel insurance industry. The latest developments focused largely on Global Affairs Canada's efforts to impose stricter measures to discourage Canadians from traveling internationally at this time.

### **6. Governance Matters**

#### **6.a. Outcomes of February 11/21 CAFII Board Special Purpose Meeting To Review and Update CAFII Strategic Plan**

K. Martin reported that there had been a good discussion on the CAFII strategic plan at the Special Purpose Board Meeting on 11 February, 2021. In general, there seemed to be support for the current direction of the Strategic Plan, with some tweaks and enhancements being called for, including some additional monitoring of international developments, continued organization of webinars, and some dedicated attention to the impact of digitization on CPI. Board Member Zack Fuerstenberg was interested in exploring a CAFII training or certification related to Members' own employees, and that will be separately discussed at a future Board meeting. Additional detail on the outcomes of the meeting will be contained in the minutes of this Special Purpose Board Meeting, which will be circulated in the coming weeks.

#### **6.b. Draft Minutes of January 26/21 EOC Meeting**

The draft minutes of the 26 January, 2021 EOC meeting were approved.

#### **6.c. Application Review and Admission of RSA as a New CAFII Associate**

Deferred to agenda for March 30/21 EOC meeting.

#### **6.d. Application Review and Admission of Stikeman Elliott as a New CAFII Associate**

The EOC approved the admission of Stikeman Elliott as a new CAFII Associate.

#### **6.e. CAFII Marketing/Outreach For Attracting New Associates**

K. Martin and B. Wycks updated the EOC on CAFII's efforts to attract new Associates, with three new Associates having accepted our outreach thus far in 2021.

**6.f. Insurance Portal's Six Week Free Trial Subscription For CAFII Member Representatives**

B. Wycks reported that CAFII had organized a six-week free trial subscription for CAFII member representatives with the Insurance Portal, in connection with the Association's CAFII Alerts Weekly Digest.

**7. Meeting Termination**

There being no other business, the meeting was terminated at 3:15 p.m. and EOC members adjourned into an *In Camera Session* discussion.

**Briefing Note**

CAFII EOC Meeting 30 March 2021—Agenda Item 7(a)

Read Only Item—CAFII Response Submission On FSRA’s Proposed Rule [Rule 2020-002]: Unfair or Deceptive Acts or Practices

**Purpose of this Agenda Item**

Read only item.

**Background Information**

The EOC will be provided with the submission CAFII made to FSRA on its new Unfair or Deceptive Acts or Practices Rule.

**Recommendation / Direction Sought – *Approval***

Read only item.

**Attachments Included with this Agenda Item**

1 attachment.



March 18, 2021

Mr. Mark White, CEO  
Financial Services Regulatory Authority of Ontario (FSRA)  
5160 Yonge St., 17<sup>th</sup> Floor  
Toronto, Ontario  
M2N 6L9  
mark.white@fsrao.ca; and  
<https://www.fsrao.ca/engagement-and-consultations/fsras-first-proposed-insurance-rule-released-public-consultation-unfair-or-deceptive-acts-or-practices-udap-rule#comment>

Dear Mr. White:

**Re: CAFII Comments On FSRA's Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices**

The Canadian Association of Financial Institutions in Insurance (CAFII) thanks FSRA for the opportunity to comment on the Authority's *Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices* (UDAP).

We congratulate FSRA on developing the new draft Rule, and for involving industry stakeholders -- including our Association -- in a preliminary consultation process to that end.

Our Association concurs with FSRA that it is necessary and opportune to replace the existing, on-the-books UDAP Regulation with a new FSRA UDAP Rule under the *Insurance Act*; and that this initiative will move Ontario forward towards a clearly understood insurance regulatory regime that is adaptable to changing circumstances and creates conditions under which misconduct can be better identified, curbed, and sanctioned to protect the public interest.

Our feedback comments on *Proposed Rule [2020-002]* are set out below.

**INTRODUCTION**

CAFII supports FSRA's intention to replace the Unfair or Deceptive Acts or Practices (UDAP) Regulation which it inherited from FSCO with a new FSRA Rule on the same subject.

We support FSRA's intention to take an outcomes/principles-based approach to its Proposed UDAP Rule, which we believe will produce better results for both consumers and the industry, by facilitating innovation and responsiveness to consumer needs. We are therefore very comfortable with FSRA's stated objective for the Proposed UDAP Rule, as follows:

*Removing barriers to innovation in the area of customer incentives, including rebates and incentives provided that they:*

- *do not lead to decisions that are against the interests of consumers;*
- *are not prohibited by law;*
- *are transparently communicated; and*

- are not unfairly discriminatory, anti-competitive or reliant on prohibited factors. (Page 2.)

CAFII encourages FSRA to ensure that its Proposed UDAP Rule is as consistent and harmonized as possible with existing guidelines, rules, and regulatory frameworks in other Canadian jurisdictions; and, as such, we support FSRA's statement that

*The first stage of drafting is also intended to further alignment with particular Canadian Council of Insurance Regulators / Canadian Insurance Services Regulatory Organizations (CCIR / CISRO) Fair Treatment of Customers (FTC) Guidance standards as appropriate, including in relation to advice, product promotion, disclosures to policy holders and customers, compliance with laws, claims handling and settlements. (Page 2)*

Further, we understand and appreciate the logic of the sequential steps which FSRA plans to take for aligning its Proposed UDAP Rule with existing FTC guidance, stated as follows:

*FSRA considered further convergence with CCIR / CISRO FTC Guidance. FSRA determined that doing so should be reserved for stage two given the scope of rule-making authority established by the enabling legislation, as well as a lack of conceptual alignment between the existing regulation and other components of the guidance that could potentially lead to greater compliance costs and complexity in implementation of the stage one rule.*

While the logic of this phased approach makes good sense, CAFII encourages FSRA, in stage two of the Proposed UDAP Rule development, to continue to put harmonization and alignment with existing guidelines, rules, and regulatory frameworks at the front and centre of its deliberations and decision-making.

### **STRONG SUPPORT FOR ONTARIO'S COMMITMENT TO ALLOW FSRA TO OPERATE AN INSURANCE REGULATORY SANDBOX**

CAFII was pleased to learn recently of the Ontario government's new commitment to allow FSRA to operate an insurance regulatory sandbox, as confirmed by the following excerpt from the Proposed UDAP Rule consultation document:

*FSRA's objective of removing specific barriers to innovation through the Proposed Rule is aligned with the Ontario government's commitment to provide the CEO of FSRA with "the power to operate an insurance regulatory sandbox to pilot initiatives that bring new consumer-focused products and services to market more quickly in response to changing consumer needs." (Page 3)*

We believe that "regulatory sandboxes" are highly beneficial because they provide a safe, monitored space for testing innovative products, services, and distribution methods which existing rules may not allow, within sandbox boundaries that are subject to regulatory oversight; and thereby, they foster and support innovation while ensuring consumer protection.

In that same vein, CAFII firmly believes that regulatory frameworks should foster an open marketplace where consumers are able to choose how and where to purchase their insurance protection.

CAFII members distribute Authorized Insurance Products – more specifically, credit protection insurance (CPI; also known as creditor's group insurance), other types of life and health insurance, and travel insurance via financial institution branches, direct mail, contact centres, and the internet -- and we share regulators' objective of ensuring that consumers are protected while they purchase insurance products through their channel of choice.

It's our view that the future of life and health insurance will be marked by continued and accelerating innovation; and that regulation should embrace the role of all distribution channels in meeting the insurance needs of consumers.

In particular, consumers continue to demand greater access to insurance information, purchasing opportunities, servicing, and claims fulfillment through digital means; and we believe that the digital space will play an ever more important role in meeting the insurance needs of Canadians.

A number of financial services regulators – including the Financial Conduct Authority (FCA) in the UK; its counterparts in Australia and Singapore; and the Ontario Securities Commission (OSC LaunchPad) here at home – have established regulatory sandboxes, as projects designed to help companies test innovative products, services, and distribution methods with a limited number of users, for a limited period of time.

CAFII wholeheartedly supports FSRA's planned insurance regulatory sandbox initiative; and, in that connection, we highlight our support for the UK FCA's stated objectives for its own regulatory sandbox:

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

#### **ISSUE OF NOTEWORTHY CONCERN FOR CAFII MEMBERS**

With respect to the Proposed Rule's section on incentives, we note the following language (underlining added):

*7 Incentives 7(1) Payment, rebate, consideration, allowance, gift or thing of value being offered or provided, directly or indirectly, (i) as an incentive or inducement for a person to take an action or make a decision that would encourage that person to buy a product which would not, considering the options generally available in the marketplace, be recommended as a suitable insurance product by a reasonable person licensed to sell such an insurance product ...*

We want to draw to FSRA's attention to the fact that the words "suitable insurance product" – which imply the provision of "advice" to consumers -- in this definition of Incentives are problematic for Authorized Insurance Products/credit protection insurance (CPI).

The issue of concern around “suitability” stems from the fact that while the federal *Bank Act* and section 5(1) of the federal *Insurance Business (Banks and Bank Holding Companies) Regulations* (IBBRs) permit banks and other federally regulated financial institutions (FRFIs) to offer advice regarding Authorized Insurance Products/CPI, the offering of that advice is significantly tempered by provincial/territorial regulatory and licensing requirements.

The nature of the advice that banks/FRFIs are permitted to provide around an Authorized Insurance Product/CPI is strictly limited to the Authorized Insurance Product itself and must not include suitability-related measures such as a needs-based financial/insurance assessment, Know Your Client tools, or holistic advice.

In the case of Authorized Insurance Products/CPI, because the consumer is purchasing/enrolling in optional insurance related to a single and specific borrowing need such as a mortgage or line of credit – and that scenario falls within the scope of activity permitted to occur through a non-advisory sales channel, i.e. the business must provide consumers with sufficient information, which meets provincial/territorial regulations and industry commitments and guidelines, to enable them to make an informed decision – Authorized Insurance Products/CPI are typically offered by non-licensed individuals in Ontario and throughout Canada. Non-licensed individuals are strictly prohibited from offering advice and recommending an insurance product as “suitable.”

With respect to Authorized Insurance Products/CPI, given the prohibition against holistic advice engendered by the combination of the federal *Bank Act* and *IBBRs* with provincial/territorial regulatory and licensing requirements, banks/FRFIs legally can only ascertain a consumer’s “eligibility” for coverage and to make a claim at the time that an Authorized Insurance Product/CPI is being offered as optional insurance. Banks/FRFIs therefore prioritize establishing certainty of the consumer’s “eligibility” for coverage and to make a claim under the group CPI master policy.

This situation makes Authorized Insurance Products/CPI a unique product set – a product set to which the concept of product suitability does not apply due to legal constraints; but a product set to which the more limited concept of “eligibility” for coverage and to make a claim does indeed apply as a Fair Treatment of Customers (FTC) consideration.

As a proposed solution to deal with the problematic application of the words “suitable insurance product” in the Proposed UDAP Rule’s subsection 7(1)(i) to Authorized Insurance Products/CPI, CAFII recommends that those words be precisely defined within the Rule – perhaps through an approach which uses a superscript number and corresponding footnoted definition below -- and that the definition expressly state that “suitable insurance product” does not apply to Authorized Insurance Products as defined by the federal *Bank Act* and the federal *Insurance Business (Banks and Bank Holding Companies) Regulations*.

In that connection, we also want to bring to your attention CAFII’s strong view that any provision in the Proposed UDAP Rule or any other Regulation which would hamper the ability of consumers to obtain Authorized Insurance Products/CPI would contribute to the significant problem of Canadians being under-insured or even totally uninsured with respect to life and health insurance.

In 2019, according to LIMRA, half of Canadian adults did not own any life insurance coverage. Canadians should therefore be encouraged to obtain more life and health insurance, and the regulatory environment should foster fair treatment of consumers without inhibiting the industry’s ability to offer such coverage to Canadians.

Life and health insurance coverage is already inherently challenging to offer due to the fact that contemplating one's own mortality or the risk of contracting a serious illness or becoming disabled is not something people readily want to do.

#### **TECHNICAL/DRAFTING ERROR ISSUE; AND RELATED UNCERTAINTY**

CAFII would like to point out that the Proposed UDAP Rule consultation document's definition of "contract of insurance" (found in Appendix A and Appendix B) appears to contain a drafting error, by referring to the wrong sections in the current Ontario *Insurance Act*. The correct sections of the *Act* to be referenced with respect to "contract of insurance" are s. 171 (found in Part V: Life Insurance) and s. 190 (found in Part VII: Accident and Sickness Insurance).

In that connection, it is not clear whether or not the Proposed UDAP Rule intends to capture creditor's group insurance.

One of the more significant changes made when the province's *Insurance Act* was amended several years ago was to introduce clarity that creditor's group insurance is indeed included under the *Act*. However, those amendments did not then flow through to parallel amendments in the existing UDAP Regulation; and that may explain why it appears that creditor's group insurance has been overlooked in the Proposed UDAP Rule.

#### **RESPONSES TO TARGETED QUESTIONS**

1. Are there any parts of the Proposed Rule that are too general or require further detail, including for the purposes of clarity or closing possible gaps?

A principles-based approach is commendable because the avoidance of prescription enables a regulator to steer clear of imposing a compliance burden upon industry players and forcing them into an inefficient allocation of resources; but ironically, on the other hand, an overly high-level approach can lead to ambiguities and uncertainties. On balance, we feel that FSRA has struck the right balance in the Proposed UDAP Rule.

FSRA's consultations and ongoing dialogue with industry can provide greater clarity around regulatory expectations, and those measures constitute a better approach than trying to anticipate and respond to every possible eventuality. With the pace of change evident in business, technology, and society today, trying to anticipate every possible eventuality will be counter-productive and inefficient.

We also encourage enforcement of the Proposed UDAP Rule based solely upon data and objective evidence.

In a competitive environment, different industry players and channels will no doubt try to promote their own products and/or channels self-servingly, but at the end of the day consumer choice should be paramount.

The identification of problematic products, channels, acts or practices should therefore be based solely upon data and objective evidence such as complaints or clear conflicts of interest.

2. Are there any implementation considerations, such as transition issues or the coming into force date of the Proposed Rule, that interested parties would like to bring to FSRA's attention?

We have not identified any immediate implementation or transition issues that are of concern, but we encourage FSRA to continue its open, transparent, and consultative approach, so that any unintended consequences, hiccups, or outcomes can be rapidly brought to its attention by the industry.

3. FSRA has drafted the Proposed Rule to ensure that the intent of existing consumer protection provisions is preserved where no substantive policy change is being proposed. FSRA has deliberately erred on the side of maintaining consumer protections even where they may be redundant given other aspects of the Proposed Rule. An example includes provisions related to non-compliance with the Statutory Accident Benefits Schedule in section 5 (Unfair Claims Practices) given the contents of section 3 (Non-Compliance with Law). Are there sections of the Proposed Rule that are redundant and can be removed without compromising consumer protection?

We believe that the best approach to deal with possible redundancies is to reject a "once and done" approach; and instead view the UDAP Rule, and more generally all of FSRA's Rules and Regulations, as iterative, living, and readily amendable documents. In that regard, CAFII supports the staged approach that FSRA has espoused because we believe it will allow for post-implementation adjustments based on the experience of both FSRA and the industry.

4. Are there any other issues or amendments to the Proposed Rule that FSRA should consider as it proceeds to its intended second stage of work in this area?

CAFII has no other issues or amendments to the Proposed Rule to raise for FSRA's consideration at this time.

### Conclusion

As part of our concluding remarks, CAFII would like to reiterate a constructive comment we offered in our November 18, 2019 submission on FSRA's *Draft 2020-21 Priorities and Budget*. We noted then that while FSRA has certain rule-making authority, the extent of that authority in the life and health insurance sector is limited. CAFII believes that FSRA's securing of greater rule-making authority for life and health insurance will give the Authority the nimbleness and flexibility required to respond to industry developments more quickly. We therefore encourage FSRA to work on obtaining additional rule-making authority for life and health insurance through the appropriate government channels.

Thank you again for the opportunity to provide input and feedback on FSRA's *Proposed Rule [2020-002]: Unfair or Deceptive Acts or Practices*. Should you require further information from CAFII or wish to meet with representatives from our Association on this or any other matter at any time, please contact Keith Martin, CAFII Co-Executive Director, at [keith.martin@cafii.com](mailto:keith.martin@cafii.com) or 647-460-7725.

CAFII and its members remain committed to supporting FSRA in its critically important mission and mandate; and we look forward to continuing our involvement as key stakeholder contributors to the Authority's ongoing success.



Sincerely,



Rob Dobbins  
Board Secretary and Chair, Executive Operations Committee

### About CAFII

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

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

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

CAFII's members include the insurance arms of Canada's major financial institutions – BMO Insurance; CIBC Insurance; Desjardins Insurance; National Bank Insurance; RBC Insurance; Scotiabank Financial; and TD Insurance – along with major industry players Assurant; Canada Life Assurance; Canadian Premier Life Insurance Company; CUMIS Services Incorporated; Manulife (The Manufacturers Life Insurance Company); Sun Life; and Valeyo.

## **Briefing Note**

**CAFII EOC Meeting 30 March 2021—Agenda Item 7(b)**

**Read Only Item—Decision to Defer/Delay Contemplated CAFII Website Video on Consumer Protections Built into Credit Protection Insurance Offered By CAFII Members**

### **Purpose of this Agenda Item**

Read only item.

### **Background Information**

CAFII has developed a storyboard on consumer protections that consumers receive from CAFII members around the credit protection insurance and travel insurance products that they offer. However, it has been pointed out that federal Bill C-86 will produce additional consumer protections around transparency, disclosure, complaints handling etc. and that it may be prudent to delay production of the video until those changes are in place later in 2021. As a result, CAFII will delay this video until the Bill C-86 changes are in place.

### **Recommendation / Direction Sought – *Approval***

Read only item.

### **Attachments Included with this Agenda Item**

No attachments.



## **Briefing Note**

### **CAFIL EOC Meeting 30 March 2021—Agenda Item 7(c) CAFIL 2021 Website Investments**

#### **Purpose of this Agenda Item – *Update***

Read only item.

#### **Background Information**

CAFIL has now finalized its 2021 website investment plan with Operatic Agency, which will include:

- Additional FAQs;
- Two more motion graphic videos;
- Google My Business enhancements;
- The development of a new blog template on the website;
- Maintenance; and
- Reporting on the performance of the website.

#### **Recommendation / Direction Sought – *Update***

This is a read only item.

#### **Attachments Included with this Agenda Item**

No attachments.